FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

	NOTES	SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED) US$ MILLION	 2020 (UNAUDITED) US$ MILLION
Revenue	3	2,433.5	1,180.3
Other income		16.4	3.3
Expenses (excluding depreciation and amortisation)	4	(951.2)	(800.0)
Earnings before interest, income tax, depreciation and amortisation expenses – EBITDA		**1,498.7**	**383.6**
Depreciation and amortisation expenses	4	(454.1)	(406.9)
Profit/(loss) before interest and income tax – EBIT		**1,044.6**	**(23.3)**
Finance income	5	0.8	1.2
Finance costs	5	(170.0)	(221.6)
Profit/(loss) before income tax		**875.4**	**(243.7)**
Income tax (expense)/credit	6	(291.4)	61.0
Profit/(loss) for the period		**584.0**	**(182.7)**
Profit/(loss) for the period attributable to:			
Equity holders of the Company		400.1	(158.0)
Non-controlling interests		183.9	(24.7)
		584.0	**(182.7)**
Profit/(loss) per share attributable to the equity holders of the Company			
Basic earnings/(loss) per share	7	US 4.91 cents	US (1.96) cents
Diluted earnings/(loss) per share	7	US 4.86 cents	US (1.96) cents

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	SIX MONTHS ENDED 30 JUNE	
	2021 (UNAUDITED) US$ MILLION	**2020 (UNAUDITED) US$ MILLION**
Profit/(loss) for the period	**584.0**	**(182.7)**
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Movement on hedging instruments designated as cash flow hedges	38.4	(3.8)
Cash flow hedge gains transferred to profit or loss	7.9	-
Income tax (expense)/credit relating to cash flow hedges	(14.0)	1.2
Other comprehensive income/(loss) for the period, net of income tax	**32.3**	**(2.6)**
Total comprehensive income/(loss) for the period	**616.3**	**(185.3)**
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	424.0	(159.6)
Non-controlling interests	192.3	(25.7)
	616.3	**(185.3)**

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	NOTES	AS AT 30 JUNE 2021 (UNAUDITED) US$ MILLION	AS AT 31 DECEMBER 2020 (AUDITED) US$ MILLION
ASSETS			
Non-current assets			
Property, plant and equipment	9	9,909.7	10,075.9
Right-of-use assets	10	113.3	122.8
Intangible assets		541.6	546.5
Inventories		79.3	76.2
Deferred income tax assets		189.5	238.6
Other receivables	11	78.8	78.6
Derivative financial assets		9.4	-
Other financial assets		2.4	1.7
Total non-current assets		**10,924.0**	**11,140.3**
Current assets			
Inventories		363.4	416.5
Trade and other receivables	11	675.0	522.8
Current income tax assets		31.3	25.7
Cash and cash equivalents		804.5	192.7
Derivative financial assets		44.2	-
Total current assets		**1,918.4**	**1,157.7**
Total assets		**12,842.4**	**12,298.0**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	3,220.1	2,917.6
Reserves and retained profits	13	(1,558.5)	(1,981.2)
		1,661.6	**936.4**
Non-controlling interests		1,925.6	1,733.3
Total equity		**3,587.2**	**2,669.7**

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION CONTINUED

	NOTES	AS AT 30 JUNE 2021 (UNAUDITED) US$ MILLION	AS AT 31 DECEMBER 2020 (AUDITED) US$ MILLION
LIABILITIES			
Non-current liabilities			
Borrowings	14	5,966.3	6,306.7
Lease liabilities	15	120.6	128.5
Provisions		546.5	546.5
Derivative financial liabilities		-	10.7
Other financial liabilities		122.9	145.4
Trade and other payables	16	138.3	112.2
Deferred income tax liabilities		1,007.9	865.2
Total non-current liabilities		**7,902.5**	**8,115.2**
Current liabilities			
Borrowings	14	622.7	872.8
Lease liabilities	15	18.8	20.2
Provisions		109.3	97.9
Derivative financial liabilities		-	29.3
Trade and other payables	16	477.9	470.2
Current income tax liabilities		124.0	22.7
Total current liabilities		**1,352.7**	**1,513.1**
Total liabilities		**9,255.2**	**9,628.3**
Net current assets/(liabilities)		**565.7**	**(355.4)**
Total equity and liabilities		**12,842.4**	**12,298.0**

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	FOR SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)					
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
US$ MILLION	SHARE CAPITAL (Note 12)	TOTAL RESERVES (Note 13)	(ACCUMULATED LOSSES)/ RETAINED PROFITS (Note 13)	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At 1 January 2021	**2,917.6**	**(1,917.7)**	**(63.5)**	**936.4**	**1,733.3**	**2,669.7**
Profit for the period	-	-	400.1	**400.1**	183.9	**584.0**
Other comprehensive income for the period	-	23.9	-	**23.9**	8.4	**32.3**
Total comprehensive income for the period	**-**	**23.9**	**400.1**	**424.0**	**192.3**	**616.3**
Transactions with owners						
Issue of shares, net of share issue costs	299.0	-	-	**299.0**	-	**299.0**
Employee share options exercised and performance awards vested	3.5	(1.3)	-	**2.2**	-	**2.2**
Total transactions with owners	**302.5**	**(1.3)**	**-**	**301.2**	**-**	**301.2**
At 30 June 2021	**3,220.1**	**(1,895.1)**	**336.6**	**1,661.6**	**1,925.6**	**3,587.2**

	FOR SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)					
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
US$ MILLION	SHARE CAPITAL	TOTAL RESERVES	ACCUMULATED LOSSES	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At 1 January 2020	**2,912.2**	**(1,899.1)**	**(0.9)**	**1,012.2**	**1,665.7**	**2,677.9**
Loss for the period	-	-	(158.0)	**(158.0)**	(24.7)	**(182.7)**
Other comprehensive loss for the period	-	(1.6)	-	**(1.6)**	(1.0)	**(2.6)**
Total comprehensive loss for the period	**-**	**(1.6)**	**(158.0)**	**(159.6)**	**(25.7)**	**(185.3)**
Transactions with owners						
Employee share options exercised and performance awards vested	4.2	(4.1)	-	**0.1**	-	**0.1**
Employee share options lapsed	-	(2.1)	2.1	**-**	-	**-**
Employee long-term incentives	-	(1.8)	-	**(1.8)**	-	**(1.8)**
Total transactions with owners	**4.2**	**(8.0)**	**2.1**	**(1.7)**	**-**	**(1.7)**
At 30 June 2020	**2,916.4**	**(1,908.7)**	**(156.8)**	**850.9**	**1,640.0**	**2,490.9**

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	SIX MONTHS ENDED 30 JUNE	
	2021 (UNAUDITED) US$ MILLION	2020 (UNAUDITED) US$ MILLION
Cash flows from operating activities		
Receipts from customers	2,427.6	1,377.6
Payments to suppliers and employees	(1,104.5)	(1,042.6)
Payments for exploration expenditure	(11.8)	(8.1)
Income tax (paid)/refunded	(3.2)	39.7
Net cash generated from operating activities	**1,308.1**	**366.6**
Cash flows from investing activities		
Purchase of property, plant and equipment	(273.9)	(254.5)
Purchase of intangible assets	(4.0)	(0.8)
Net cash used in investing activities	**(277.9)**	**(255.3)**
Cash flows from financing activities		
Proceeds from issue of shares	302.1	-
Payment of issue costs	(3.1)	-
Proceeds from external borrowings	-	354.1
Repayments of external borrowings	(636.1)	(631.0)
Proceeds from related party borrowings	270.0	200.0
Repayments of related party borrowings	(230.0)	-
Proceeds from shares issued upon exercise of employee share options	2.2	0.1
Repayment of lease liabilities	(16.7)	(20.3)
Interest and financing costs paid on external borrowings	(100.2)	(153.5)
Interest and financing costs paid on related party borrowings	(2.2)	(0.2)
Withholding taxes paid in respect of financing arrangements	(5.1)	(8.5)
Interest received	0.7	1.4
Net cash used in financing activities	**(418.4)**	**(257.9)**
Net increase/(decrease) in cash and cash equivalents	**611.8**	**(146.6)**
Cash and cash equivalents at 1 January	192.7	217.5
Cash and cash equivalents at 30 June	**804.5**	**70.9**

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND INDEPENDENT REVIEW

MMG Limited (the "Company") is a limited liability company and was incorporated in Hong Kong on 29 July 1988. The address of its registered office is Unit 1208, 12/F, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong. The principal place of business of the Company is disclosed in the Corporate Information section to the Group's 2021 Interim Report.

The Company is an investment holding company and is listed on the main board of The Stock Exchange of Hong Kong Limited ("HKEx"). The Company and its subsidiaries (the "Group") are engaged in the exploration, development and mining of copper, zinc, gold, silver,molybdenum and lead deposits around the world.

The condensed consolidated interim financial statements for the six months ended 30 June 2021 are presented in United States Dollars ("US$" or "USD") unless otherwise stated and have been approved for issue by the Board of Directors of the Company (the "Board") on 18 August 2021.

The financial information relating to the year ended 31 December 2020 that is included in these condensed consolidated interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.
- The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The condensed consolidated interim financial statements for the six months ended 30 June 2021 are unaudited and have been reviewed by the audit committee and the external auditor of the Company.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the HKEx and Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting,* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

The condensed consolidated interim financial statements have been prepared on a 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 of the Group regularly monitors 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.

At 30 June 2021, the Group had net current assets of US$565.7 million (31 December 2020: net current liabilities US$355.4 million) and cash and cash equivalents of US$804.5 million (31 December 2020: US$192.7 million). For the six months ended 30 June 2021, the Group generated a net profit of US$584.0 million (2020: net loss US$182.7 million) and operational cash flows of US$1,308.1 million (2020: US$ 366.6 million).

In June 2021, the Group raised equity of US$299.0 million, net of issue costs, through share placement. The Group has various revolving credit facilities to assist with liquidity requirements. At 30 June 2021, these include undrawn facilities of US$580.0 million (31 December 2020: US$650.0 million) for the Group (excluding Las Bambas), US$1,150.0 million for Las Bambas (31 December 2020: US$1,150.0 million) and undrawn Dugald River project facility of US$180.0 million (31 December 2020: nil).

The Group has also hedged part of its interest rate exposure in relation to the project finance facility at Las Bambas, as well as entered into hedges for copper and zinc sales in 2021 to mitigate downward price risks.

The Group continues to have the support of its ultimate shareholder China Minmetals Corporation ("CMC"). CMC may provide support to Group in the form of additional debt facilities, deferral of debt service and repayment obligations in relation to existing shareholder loans, or through further equity contribution.

Based on the improvement in financial performance, the execution of the equity placement and a review of forecast financial position and results of the Group for the twelve months from approval of these condensed consolidated interim financial statements, management is of the view that the Group will be able to meet its debts as and when they fall due and accordingly the condensed consolidated interim financial statements have been prepared on a going concern basis.

2.1 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 December 2020, except for the adoption of new amendments to the existing standards as set out below.

(a) Amendments to existing standards effective and adopted in 2021 but not relevant or significant to the Group

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKFRS 9 Financial Instruments, HKAS 39 Financial Instruments: Recognition and Measurement, HKFRS 7 Financial Instruments: Disclosures, HKFRS 4 Insurance Contracts and HKFRS 16 Leases	Interest Rate Benchmark Reform – Phase 2

1. The Group has early adopted the amendment, which has been issued and are effective for the Group for reporting periods beginning on 1 January 2021. The application of this amendment has had no material impact on the Group's financial positions and performance for the current and prior periods.

(b) Derivative financial instruments and hedge accounting

As at 30 June 2021, the Group had Commodity Collar Options, Fixed Price Swap, Quotation Period ("QP") Swap and Interest Rate Swap instruments, all of which have been detailed in note 20 (b) and note 20 (c). Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

For the purpose of determining whether a forecast transaction (or a component thereof) in a cash flow hedge is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of interest rate benchmark reform (for which both Phase I and II have been adopted by the Group).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

In assessing the economic relationship between the hedged item and the hedging instrument the Group assumes that the interest rate benchmark on which the hedged cash flows and/or hedged risk are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

The effective portion of changes in the fair value of the hedging instrument designated as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in 'other income/expense' (for any other hedges, e.g., a commodity hedge). As to cash flow statements disclosure, cashflow resulting from commodity hedge is part of 'operating activities'.

2.2 IMPACT OF THE INITIAL APPLICATION OF AMENDMENTS TO HKFRS 9, HKAS 39, HKFRS 4 AND HKFRS 16 "INTEREST RATE BENCHMARK REFORM PHASE 2"

For the year ended 31 December 2020, the Group early adopted the Phase 1 amendments for the Interest Rate Benchmark Reform—Amendments to HKFRS 9/ HKAS 39 and HKFRS 7. These amendments modified specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

The Phase 2 amendments for the Interest Rate Benchmark Reform—Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (issued in August 2020) has been adopted by the Group, being mandatory for reporting periods beginning on or after 1 January 2021. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

Both the Phase 1 and 2 amendments are relevant to the Group as it applies hedge accounting for the interest rate benchmark exposure in respect of the interest rate swap hedge on the Las Bambas project finance facility. Please refer to Note 20 for further details on the interest rate swap hedge and the impact of the amendments on the hedge instruments.

The Group will continue to apply the Phase 1 amendments until the uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of underlying cashflows to which the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference the London inter-bank offered rates (LIBOR) expire or are revised. LIBOR are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of alternative benchmark rate are determined. As a result of adoption of Phase 1 amendments, the Group will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reform.

In respect of the Phase 2 amendments:

- When contractual terms of the Group's borrowings are amended as direct consequence of the interest rate benchmark reform and the new basis of determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group shall change the basis for determining the contractual cash flows prospectively by revising the effective interest rate. Any additional changes not directly related to the reforms will be accounted for in line with applicable requirements of HKFRS 9.

- The Group currently does not have any leases with an IBOR as the basis for lease payments. In case the Group may acquire such leases and if the interest rate reforms impact the basis for determining lease payments, then if the new basis is economically equivalent to the previous basis, the Group shall remeasure the lease liability to reflect the revised lease payments discounted using the revised discount rate.
- When any changes shall be made to hedging instrument or the hedged item and hedged risk as a result of these reforms, the Group shall update the hedge documentation without discontinuing the hedge relationship.
- In respect of the cash flow hedge reserve, if the hedged item is modified due to the interest rate benchmark reform, the cumulative gain or loss in the cash flow hedge reserve shall be deemed to be based on the alternative benchmark rate.
- The Group currently does not have any fair value hedges.

Please refer to Notes 14 and 20 for further details on impacts from the amendments.

2.3 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial statements requires management of the Group to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Significant judgement and estimates applied by management in assessing recoverability of non-financial assets have been disclosed in Note 9.

Other than the above, the significant judgements made by management of the Group in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

3. 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 moly 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 Democratic Republic of the Congo ("DRC").
Dugald River	The Dugald River mine is an underground zinc mining operation located near Cloncurry in North West Queensland.
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 condensed consolidated interim 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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

The segment revenue and result for the six months ended 30 June 2021 are as follows:

US$ MILLION	LAS BAMBAS	KINSEVERE	DUGALD RIVER	ROSEBERY	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
Revenue by metals						
-Copper	1,591.6[1]	225.8[1]	-	8.6	1.8	**1,827.8**
-Zinc	-	-	196.3[1]	73.0	-	**269.3**
-Lead	-	-	20.9	25.3	-	**46.2**
-Gold	60.9	-	-	34.0	-	**94.9**
-Silver	56.3	-	17.9	39.3	-	**113.5**
-Molybdenum	81.8	-	-	-	-	**81.8**
Revenue from contracts with customers	**1,790.6**	**225.8**	**235.1**	**180.2**	**1.8**	**2,433.5**
EBITDA	**1,182.4**	**94.7**	**101.7**	**106.2**	**13.7**	**1,498.7**
Depreciation and amortisation expenses	(382.4)	(14.6)	(29.4)	(27.7)	-	**(454.1)**
EBIT	**800.0**	**80.1**	**72.3**	**78.5**	**13.7**	**1,044.6**
Finance income						**0.8**
Finance costs						**(170.0)**
Income tax expense						**(291.4)**
Profit for the period						**584.0**

1. Commodity derivative related gains and losses were included in "Revenue". For six months ended 30 June 2021, net realised losses and unrealised gains with an amount of US$0.6 million (2020: nil) and US$23.3 million (2020: nil) respectively were under Las Bambas; unrealised gains with an amount of US$2.1 million (2020: nil) were under Kinsevere; realised losses and unrealised gains with an amount of US$8.0 million (2020: nil) and US$0.3 million (2020: nil) respectively were under Dugald River. The transaction is mainly with related party of the Group. Refer to Note 17(a) for further details.

The segment assets and liabilities as at 30 June 2021 are as follows:

US$ MILLION	LAS BAMBAS	KINSEVERE	DUGALD RIVER	ROSEBERY	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
Segment assets	10,542.9	509.8	650.8	305.1	613.0[1]	**12,621.6**
Current/deferred income tax assets						**220.8**
Consolidated assets						**12,842.4**
Segment liabilities	4,820.2	238.1	356.7	182.5	2,525.8[2]	**8,123.3**
Current/deferred income tax liabilities						**1,131.9**
Consolidated liabilities						**9,255.2**
Segment non-current assets	**9,503.5**	**402.2**	**566.9**	**299.5**	**151.9**	**10,924.0**

The segment revenue and result for the six months ended 30 June 2020 were as follows:

US$ MILLION	LAS BAMBAS	KINSEVERE	DUGALD RIVER	ROSEBERY	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
Revenue by metals						
-Copper	648.0	187.4	-	4.0	1.4	**840.8**
-Zinc	-	-	93.1	46.6	-	**139.7**
-Lead	-	-	15.7	15.6	-	**31.3**
-Gold	68.1	-	-	30.7	-	**98.8**
-Silver	30.7	-	12.1	22.5	-	**65.3**
-Molybdenum	4.4	-	-	-	-	**4.4**
Revenue from contracts with customers	**751.2**	**187.4**	**120.9**	**119.4**	**1.4**	**1,180.3**
EBITDA	**328.8**	**8.2**	**9.1**	**48.5**	**(11.0)**	**383.6**
Depreciation and amortisation expenses	(294.0)	(59.6)	(29.0)	(23.6)	(0.7)	**(406.9)**
EBIT	**34.8**	**(51.4)**	**(19.9)**	**24.9**	**(11.7)**	**(23.3)**
Finance income						**1.2**
Finance costs						**(221.6)**
Income tax credit						**61.0**
Loss for the period						**(182.7)**

The segment assets and liabilities as at 31 December 2020 are as follows:

US$ MILLION	LAS BAMBAS	KINSEVERE	DUGALD RIVER	ROSEBERY	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
Segment assets	10,166.7	513.3	672.6	323.6	357.5[1]	**12,033.7**
Current/deferred income tax assets						**264.3**
Consolidated assets						**12,298.0**
Segment liabilities	5,097.0	240.2	447.4	194.5	2,761.3[2]	**8,740.4**
Current/deferred income tax liabilities						**887.9**
Consolidated liabilities						**9,628.3**
Segment non-current assets	**9,625.2**	**430.6**	**583.6**	**310.3**	**190.6**	**11,140.3**

1. Included in segment assets of US$613.0 million (31 December 2020: US$357.5 million) for the other segment is cash of US$180.8 million (31 December 2020: US$42.8 million) mainly held at Group's treasury entities and trade receivables of US$280.1 million (31 December 2020: US$198.3 million) for MMG South America Company Limited ("MMG SA") in relation to copper concentrate sales.
2. Included in segment liabilities of US2,525.8 million (31 December 2020: US$2,761.3 million) for the other segment are borrowings of US$2,265.3 million (31 December 2020: US$2,496.2 million) and bank guarantee financial liabilities of US$122.9 million (31 December 2020: US$145.4 million), which are managed at Group level.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

4. EXPENSES

Profit/(loss) before income tax includes the following specific expenses:

	SIX MONTHS ENDED 30 JUNE	
	2021 (UNAUDITED) US$ MILLION	2020 (UNAUDITED) US$ MILLION
Changes in inventories of finished goods and work in progress	22.5	6.9
Write down of inventories to net realisable value	23.5	20.9
Employee benefit expenses[1]	135.8	98.6
Contracting and consulting expenses[3]	212.3	210.9
Energy costs	108.0	97.6
Stores and consumables costs	207.3	171.4
Depreciation and amortisation expenses[2]	439.6	391.4
Other production expenses[3]	55.2	48.2
Cost of goods sold	**1,204.2**	**1,045.9**
Other operating expenses[1]	16.5	17.1
Royalty expenses	83.6	46.1
Selling expenses[3]	54.9	45.6
Operating expenses including depreciation and amortisation[4]	**1,359.2**	**1,154.7**
Exploration expenses[1,2,3]	10.3	8.1
Administrative expenses[1,3]	10.3	13.6
Foreign exchange loss– net	8.5	9.7
(Gain)/loss on financial assets at fair value through profit or loss	(0.7)	1.3
Other expenses[1,2,3]	17.7	19.5
Total expenses	**1,405.3**	**1,206.9**

1. In aggregate, US$24.8 million (2020: US$23.9 million) of employee benefit expenses were included in administrative expenses, exploration expenses, other operating expenses and other expenses categories. Total employee benefit expenses were US$160.6 million (2020: US$122.5 million).
2. In aggregate, US$14.5 million (2020: US$15.5 million) of depreciation and amortisation expenses were included in exploration expenses and other expenses categories. Total depreciation and amortisation expenses were US$454.1 million (2020: US$406.9 million).
3. The expense under these categories include expenditure in respect of contracts assessed as leases but which did not qualify for recognition as right of use assets included US$25.7 million (2020: US$17.8 million) in respect of variable lease payments, US$2.7 million (2020: US$0.8 million) for short-term leases and US$0.7 million (2020: US$0.6 million) for low-value leases.
4. Operating expenses include mining and processing costs, royalties, selling expenses (including transportation) and other costs incurred by operations.

5. FINANCE INCOME AND FINANCE COSTS

	SIX MONTHS ENDED 30 JUNE	
	2021 (UNAUDITED) US$ MILLION	2020 (UNAUDITED) US$ MILLION
Finance income		
Interest income on cash and cash equivalents	0.7	1.2
Other finance income	0.1	-
Finance income – total	**0.8**	**1.2**
Finance costs		
Interest expense on bank borrowings	(101.4)	(152.9)
Interest expense on related party borrowings (Note 17(a))	(48.4)	(47.2)
Withholding taxes in respect of financing arrangements	(4.7)	(7.4)
Unwinding of discount on provisions	(3.7)	(5.2)
Unwinding of interest on lease liabilities	(6.6)	(7.2)
Other related party finance costs (Note 17(a))	(0.9)	(0.3)
Other external finance costs	(4.3)	(1.4)
Finance costs – total	**(170.0)**	**(221.6)**

6. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax is provided at a rate of 16.5% where there are net assessable profits derived for the period. The income tax rates applicable for the main jurisdictions in which the Group operates are: Australia (30.0%), Peru (32.0%) and 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 period 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 the 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.

	SIX MONTHS ENDED 30 JUNE	
	2021 (UNAUDITED) US$ MILLION	2020 (UNAUDITED) US$ MILLION
Current income tax expense – Overseas income tax	111.8	36.7
Deferred income tax expense/(credit) – Overseas income tax	179.6	(97.7)
Income tax expense/(credit)	**291.4**	**(61.0)**

Deferred income tax expense of US$14.0 million relating to items of other comprehensive income (2020: deferred income tax credit of US$1.2 million relating to other comprehensive loss) was recognised during the six months ended 30 June 2021.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

7. EARNINGS/(LOSS) PER SHARE

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

Diluted earnings/(loss) per share is 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 is 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 below is compared with the number of shares that would have been issued assuming the exercise of the share options and performance awards. For six months ended 30 June 2020, no conversion of dilutive potential ordinary shares was assumed as it would result in a decrease in loss per share.

	SIX MONTHS ENDED 30 JUNE	
	2021 (UNAUDITED) US$ MILLION	2020 (UNAUDITED) US$ MILLION
Profit/(loss) attributable to equity holders of the Company in the calculation of basic and diluted earnings/(loss) per share	400.1	(158.0)
	NUMBER OF SHARES '000	NUMBER OF SHARES '000
Weighted average number of ordinary shares used in the calculation of the basic earnings/(loss) per share	8,142,292	8,054,940
Shares deemed to be issued in respect of long-term incentive equity plans	83,948	-
Weighted average number of ordinary shares used in the calculation of the diluted earnings/(loss) per share	8,226,240	8,054,940
Basic earnings/(loss) per share	US 4.91 cents	US (1.96) cents
Diluted earnings/(loss) per share	US 4.86 cents	US (1.96) cents

For the six months ended 30 June 2021, the weighted average number of ordinary shares for the purpose of basic earnings per share have been adjusted for the share placement undertaken by the Group. Refer to Note 12 for further details.

8. DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: nil).

9. PROPERTY, PLANT AND EQUIPMENT

SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)	US$ MILLION
Net book amount at 1 January 2021	10,075.9
Additions	266.2
Depreciation and amortization	(432.2)
Disposals	(0.2)
Net book amount at 30 June 2021	**9,909.7**

IMPAIRMENT REVIEW OF NON-CURRENT ASSETS AND GOODWILL

In accordance with the Group's accounting policies and processes, the Group performs its annual impairment testing 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.

Management of the Group has reviewed indicators for impairment across all of the Group's CGUs. Management of the Group has concluded that no indicators for impairment or impairment reversal were identified during the reporting period in respect of any of the Group's CGUs, therefore no formal assessment of the recoverable amounts were performed.

In addition, management of the Group continue to closely monitor the assumptions and ongoing risks for each of its operations including the impact of the COVID-19 pandemic.

Key assumptions at Las Bambas that present the greatest risk to its recoverable value consistent with those disclosed in the 31 December 2020 financial report include: copper price, operating costs, land access (including permitting delays and the amount and timing of exploration potential to be realised) and discount rate.

Key assumptions at Kinsevere that present the greatest risk to its recoverable value consistent with those disclosed in the 31 December 2020 financial report include: adverse movements in copper and cobalt prices, the approval and completion of the Kinsevere Expansion Plan ("KEP"), uncertainties in relation to the application of the new Mining Code (2018), additional duties and taxes, recoverability of VAT receivable from the DRC Government and the outcome of certain litigation matters.

10. RIGHT-OF-USE ASSETS

SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)	US$ MILLION
Net book amount at 1 January 2021	122.8
Additions	1.6
Depreciation	(10.3)
Termination	(0.8)
Net book amount at 30 June 2021	**113.3**

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

11. TRADE AND OTHER RECEIVABLES

	30 JUNE 2021 (UNAUDITED) US$ MILLION	31 DECEMBER 2020 (AUDITED) US$ MILLION
Non-current other receivables		
Other receivables – government taxes (net of provisions)[1]	12.8	8.9
Sundry receivables[2]	66.0	69.7
	78.8	**78.6**
Current trade and other receivables		
Trade receivables[3]	508.1	369.2
Prepayments	25.0	19.4
Other receivables – government taxes (net of provisions)[1]	67.0	86.9
Sundry receivables[4]	74.9	47.3
	675.0	**522.8**

1. The government taxes amount mainly consists of VAT receivables associated with the Group's operations in Peru and the DRC.
2. Non-current sundry receivables include amounts relating to tax matters of Minera Las Bambas S.A. ("MLB") during Glencore's period of ownership.
3. At 30 June 2021 and 31 December 2020, 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 20 to 120 days from delivery. All the trade receivables at 30 June 2021 and 31 December 2020 were within six months from the due date of invoice and were measured at fair value at the balance sheet date which were subject to change in accordance with movements in the commodity price. At 30 June 2021, the Group's trade receivables and prepayments included an amount of US$269.1 million (31 December 2020: US$169.6 million), which was due from a related company of the Group (Note 17(c)). The carrying amounts of the Group's trade receivables are all denominated in US$.
4. Current sundry receivables include cash held in bank accounts in the DRC, which is restricted for use (Note 19(c)) and settled fixed price swap hedges receivables with an amount of US$13.2 million (31 December 2020: nil) which was due from a related company of the Group (Note 17(c)).

12. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES '000	SHARE CAPITAL US$ MILLION
Issued and fully paid:		
At 1 January 2020	8,054,787	2,912.2
Employee share options exercised	3,554	1.2
Employee performance awards vested	8,693	4.2
At 31 December 2020 (audited)	**8,067,034**	**2,917.6**
Shares issued	565,000	299.0
Employee share options exercised[1]	6,217	3.0
Employee performance awards vested[2]	835	0.5
At 30 June 2021 (unaudited)	**8,639,086**	**3,220.1**

1. During the first half of 2021, a total of 6,217,076 new shares were issued as a result of employee share options exercised at a weighted average exercise price of HK$2.29 per share under the Company's 2016 Share Options which were pursuant to 2013 Share Option Scheme. The weighted average share price during the period is HK$4.47 per share;
2. During the first half of 2021, a total 835,659 new shares were issued upon vesting of performance awards under the Company's 2018 Performance Awards.

On 8 June 2021, the Company undertook a shares placement with an issue of 565.0 million shares at a price of HK$4.15 per share. The net proceeds, after deducting share issue cost of US$3.1 million, was US$299.0 million.

13. RESERVES AND RETAINED PROFITS

US$ MILLION	SPECIAL CAPITAL RESERVE	EXCHANGE TRANS-LATION RESERVE	MERGER RESERVE[1]	CASH FLOW HEDGE RESERVE[2]	SURPLUS RESERVE	SHARE-BASED PAYMENT RESERVE	OTHER RESERVE	TOTAL RESERVES	ACCUM-ULATED LOSSES/ RETAINED PROFITS	TOTAL
At 1 January 2021 (audited)	**9.4**	**2.7**	**(1,946.9)**	**(10.1)**	**19.3**	**9.6**	**(1.7)**	**(1,917.7)**	**(63.5)**	**(1,981.2)**
Profit for the period	-	-	-	-	-	-	-	**-**	400.1	**400.1**
Other comprehensive income for the period	-	-	-	23.9[3]	-	-	-	**23.9**	-	**23.9**
Total comprehensive income for the period	**-**	**-**	**-**	**23.9**	**-**	**-**	**-**	**23.9**	**400.1**	**424.0**
Employee share options exercised and performance awards vested	-	-	-	-	-	(1.3)	-	**(1.3)**	-	**(1.3)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(1.3)**	**-**	**(1.3)**	**-**	**(1.3)**
At 30 June 2021 (unaudited)	**9.4**	**2.7**	**(1,946.9)**	**13.8**	**19.3**	**8.3**	**(1.7)**	**(1,895.1)**	**336.6**	**(1,558.5)**

1. Merger reserve represents the excess of investment cost in entities that have been accounted for under merger accounting for common control combinations in accordance with AG5 (Accounting Guideline 5 issued by the HKICPA) against their share capital.
2. The cashflow hedge reserve records the portion of the gain or loss on a hedging instrument and the related transaction in a cash flow hedge that are determined to be effective and are attributed to equity holders of the Company.
3. The cost of hedging reserve with an amount of US$9.3 million is included in this item. It represents the extrinsic (time) value of cash flow hedge instrument (collar hedges, refer Note 20(b)) and are recognised in "Other Comprehensive Income".

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

14. BORROWINGS

	30 JUNE 2021 (UNAUDITED) US$ MILLION	31 DECEMBER 2020 (AUDITED) US$ MILLION
Non-current		
Loans from a related party (Note 17(c))[1]	2,531.3	2,261.3
Bank borrowings, net	3,435.0	4,045.4
	5,966.3	**6,306.7**
Current		
Loan from a related party (Note 17(c))	-	230.0
Bank borrowings, net	622.7	642.8
	622.7	**872.8**
Analysed as:		
- Secured	4,106.2	4,742.3
- Unsecured	2,536.3	2,496.2
	6,642.5	**7,238.5**
Prepayments – finance charges	(53.5)	(59.0)
	6,589.0	**7,179.5**
Borrowings (excluding prepayments) are repayable as follows:		
- Within one year	629.1	879.5
- More than one year but not exceeding two years	688.9	722.2
- More than two years but not exceeding five years	3,760.0	3,912.0
- More than five years	1,564.5	1,724.8
	6,642.5	**7,238.5**
Prepayments – finance charges	(53.5)	(59.0)
Total (Note 20(e))	**6,589.0**	**7,179.5**

1. During the six months ended 30 June 2021, the bank borrowing from China Development Bank and BOC Sydney for Dugald River project was fully repaid and replaced by a new loan from Album Trading Company (a subsidiary of China Minmetals Non-ferrous Metals Co.,Ltd). Refer to Note 17(c) for further details.

The effective interest rate at 30 June 2021 was 3.9% (31 December 2020: 3.9%) per annum.

As noted in Note 2, the Group has adopted the amendments related to HKFRS 9 and HKAS 39 in respect of the interest rate benchmark reform. As of 30 June 2021, the Group is exposed to potential USD LIBOR replacement in respect of borrowings, hedge accounting in relation to the interest rate swap and certain operating related contracts. Borrowings include Dugald River project facility, Las Bambas acquisition facility, Las Bambas project facility and other revolving credit facilities. The long-term project facilities and interest rate swap refer to the 6-month LIBOR, the revolving credit facilities refer to 1, 2, 3, 4 or 6-month LIBOR and have provisions in the debt contracts on how to calculate the applicable interest rate if the LIBOR rate is not available for a specific period e.g. interpolation using two available rates. In addition, certain sales and supply contracts refer to LIBOR to calculate interest on overdue payments or interest on receiving early payments. They refer to the 1, 3 or 6-month LIBOR. Given the majority of the Group's contracts refer to 1, 3, or 6-month LIBOR, which are expected to be published until 30 June 2023, the Group does not expect any immediate impact to the effective interest rate, borrowings, hedge accounting or operating related contracts. The Group is actively managing the progressive transition to an alternate reference rate. Refer to Note 20 for further risk management details.

15. LEASE LIABILITIES

	30 JUNE 2021 (UNAUDITED) US$ MILLION	31 DECEMBER 2020 (AUDITED) US$ MILLION
Non-current		
Lease liabilities	120.6	128.5
Current		
Lease liabilities	18.8	20.2
Total	**139.4**	**148.7**
Lease liabilities are repayable as follows:		
- Within one year	18.8	20.2
- More than one year but not exceeding two years	16.2	18.3
- More than two years but not exceeding five years	26.7	29.4
- More than five years	77.7	80.8
Total (Note 20(e))	**139.4**	**148.7**

The Group currently does not have any lease liabilities which may be impacted by the interest rate reforms amendment noted in Note 2.

16. TRADE AND OTHER PAYABLES

At 30 June 2021, the balance of the trade payables was US$ 242.1 million (31 December 2020: US$269.1million), of which an amount of US$ 235.6 million (31 December 2020: US$265.7 million) was aged less than six months; and an amount of US$6.5 million (31 December 2020: US$3.4 million) was aged over six months.

17. SIGNIFICANT RELATED PARTY TRANSACTIONS

At 30 June 2021, 67.7% (31 December 2020: 72.5%) of the Company's shares were held by China Minmetals Non-ferrous Metals Co.,Ltd ("CMN") through its subsidiary, China Minmetals H.K. (Holdings) Limited ("Minmetals HK"). The remainder 32.3% of the Company's shares were widely held by the public. The Directors consider the ultimate holding company is CMC, a stated-owned company incorporated in the PRC, of which CMN is a subsidiary.

For the purposes of the related party transaction disclosures, the Directors believe that meaningful information in respect of related party transactions has been adequately disclosed. In addition to the related party information and transactions disclosed elsewhere in the condensed consolidated interim financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the period.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

(a) Transactions with CMC and its group companies (other than those within the Group)

	SIX MONTHS ENDED 30 JUNE	
	2021 (UNAUDITED) US$ MILLION	2020 (UNAUDITED) US$ MILLION
Revenue		
Sales of non-ferrous metals	1,179.4	480.7
Commodity derivatives	24.7	-
Purchases		
Purchases of consumables and services	(13.8)	(2.6)
Finance costs		
Finance costs (Note 5)	(49.3)	(47.5)

(b) Transactions and balances with other state-owned enterprises

During the six months ended 30 June 2021, the Group's significant transactions with other state-owned enterprises (excluding CMC and its subsidiaries) are sales of non-ferrous metals and purchases of consumables and the related receivables and payables balances. These transactions were based on terms as set out in the underlying agreements, on statutory rates, market prices, actual cost incurred, or as mutually agreed.

(c) Significant related party balances

	30 JUNE 2021 (UNAUDITED) US$ MILLION	31 DECEMBER 2020 (AUDITED) US$ MILLION
Amounts payable to related parties		
Loan from Top Create[1] (Note 14)	2,261.3	2,261.3
Loan from Top Create – working capital facility[2] (Note 14)	-	230.0
Interest payable to Top Create[1]	88.4	42.9
Loan from Album Trading Company[3] (Note 14)	270.0	-
Interest from Album Trading Company[3]	0.3	-
Trade payables to CMN	0.2	0.1
Other payable to CMN	-	0.9
	2,620.2	**2,535.2**
Amounts receivable from related parties		
Trade and other receivables from CMN (Note 11)	265.7	165.4
Prepayments from CMN (Note 11)	3.4	4.2
Sundry receivables (Note 11)	13.2	-
	282.3	**169.6**
Derivative financial assets/(liabilities) to related parties	**42.9**	**(21.4)**

1. The loan amount from Top Create represents the amounts drawn by the Company on 22 July 2014 (US$1,843.8 million) and 16 February 2015 (US$417.5 million) pursuant to a facility agreement dated 22 July 2014 between MMG SA and Top Create. In accordance with that agreement, a loan facility of up to US$2,262.0 million was made available to MMG SA, for a period of eleven years commencing on the date of the first drawdown of the loan. The loan repayments fall due in three separate tranches in July 2023 (US$700.0 million), July 2024 (US$700.0 million), and July 2025 (US$862.0 million). The facility incurs interest at a separate all-in fixed rate for each of the repayment tranches of between 2.20% and 4.50% per annum, which is payable annually.
2. The loan amount from Top Create represents amounts drawn from a US$300.0 million revolving credit facility with a maturity date in June 2021. The facility incurs interest at LIBOR plus 1.0% per annum.
3. The loan amount from Album Trading Company represents the amount drawn by the Company on 17 June 2021 under a project facility up to US$450.0 million. The facility incurs interest at LIBOR plus 2.7% per annum.

18. CAPITAL COMMITMENTS

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

	30 JUNE 2021 (UNAUDITED) US$ MILLION	31 DECEMBER 2020 (AUDITED) US$ MILLION
Property, plant and equipment		
Within one year	172.3	121.5
Over one year but not more than five years	-	25.0
	172.3	**146.5**

19. CONTINGENCIES

(a) Bank guarantees

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 30 June 2021, these guarantees amounted to US$423.0 million (31 December 2020: US$417.7 million).

- The Group has an Australian dollar ("A$") 230.0 million (approximately US$172.8 million), revolving bank guarantee facility with BOC, Sydney ("BG Facility"), which is guaranteed by CMN. MMG has entered into a counter-indemnity agreement in favour of CMN for the maximum principal amount outstanding under the BG Facility.
- Following the sale of Century mine in 2017, the Group has procured certain bank guarantees amounting to US$122.9 million (31 December 2020: US$145.4 million) for the benefit of New Century until 31 December 2023. New Century is legally required to punctually meet all obligations and must use best endeavours to ensure that no demand is made under the bank guarantees. New Century must ensure that, within 90 days of the end of each half-year financial period, the bank guarantee is reduced by not less than 40% of the Century mine's EBITDA in respect of a half-year financial period. During the six months ended 30 June 2021, the bank guarantee has been reduced by A$7.6 million (US$5.7 million) to A$181.3 million (US$136.2 million) from a partial reduction of the rehabilitation reduction agreement between New Century and the Queensland Government's Department of Environment and Science ("DES"). Management of the Group agreed to defer any further EBITDA related reductions to the bank guarantee to the second half of 2021.

(b) 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 requires it to comply with various taxation obligations including corporation tax, royalties, withholding taxes, transfer pricing arrangements with related parties, resource and production-based taxes, environmental 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. No disclosure of an estimate of financial effect of the subject matter has been made in the condensed consolidated interim financial statements as, in the opinion of the management of the

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

Group, 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.

Peru – Withholding Taxes (2014, 2015 and 2016)

Included within such uncertain tax matters are audits of the 2014, 2015 and 2016 tax years for MLB in relation to withholding taxes on fees paid under certain loans, which were provided to MLB pursuant to facility agreements entered into among MLB and a consortium of Chinese banks in connection with the acquisition of the Las Bambas mine in 2014. MLB received assessment notices from the Peruvian tax authority (National Superintendence of Tax Administration of Peru or "SUNAT"), which advised that, in its opinion, MLB and the Chinese banks are related parties and thus a 30% withholding tax rate ought to be imposed rather than the 4.99% applied. The assessments of omitted tax plus penalties and interest until the estimate date of Peru Tax Court resolution are PEN199,030,760 (approximately US$51.0 million), PEN534,307,517 (approximately US$137.0 million) and PEN660,508,102 (approximately US$169.4 million) for 2014, 2015 and 2016 tax years respectively.

In relation to these assessments, having received external legal and tax advice, the Group has formed the view that the Company and its controlled entities are not related parties to Chinese banks under Peruvian tax law. MLB notes that the Peruvian tax law was amended to apply from October 2017 onwards to provide expressly that parties are not related by being under state ownership for the purposes of withholding taxes. MLB intends to appeal the assessments. SUNAT could bring a similar challenge regarding the rate of withholding tax applied by MLB for the part of the 2017 tax year before the amendment to the Peruvian tax law. Where MLB is not successful in rebutting or appealing such challenge(s), this could result in significant additional tax liabilities.

Peru – VAT refund claims (2011/12)

Included as an uncertain tax matter is the decision from the Peru Tax Court in relation to SUNAT's audit of MLB's VAT refund claims in the 2011 and 2012 years. SUNAT conducted an audit of MLB's tax affairs of the 2011 and 2012 financial years and challenged certain VAT matters. SUNAT disallowed MLB's claim, despite MLB providing a substantial amount of documentary evidence to support its position during and after the audit, which MLB is of the opinion it is entitled to do, pursuant to Peruvian law. Based on SUNAT issued assessments by the end of 2020, there will be approximately PEN687.0 million (approximately US$176.0 million) of VAT, penalties and interest in respect of the 2011 and 2012 financial years when the Las Bambas mine was under the ownership of Glencore plc.

MLB has appealed the judgment. Appeals in the Peruvian Judiciary System may take several years to resolve.

The assessed amount relates to the pre-closing period under the agreement signed with Glencore in 2014 ("Share Purchase Agreement") in respect of the acquisition of the Las Bambas mine, which clarified MMG can pursue indemnity and warranty claims against Glencore due to the matters before 2014 and, upon the Peruvian Tax Court upholding the assessment, MLB may seek reimbursement of some or all of the amount from Glencore plc by way of indemnity or warranty claims under that agreement.

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 condensed consolidated interim financial statements for such tax matters.

(c) Contingent liabilities – other contingencies

Mining Company Katanga SARL ("MCK") filed a claim against MMG Kinsevere SARL ("MMG Kinsevere"), a subsidiary of the Group, in relation to a mining services contract with its associate entity MCK Trucks (then known as NB Mining SA) in 2018.

MCK is seeking an award of losses suffered and punitive damages. MMG Kinsevere and the Company regard the claim as unfounded and the amount claimed as disproportionate to the losses that could reasonably have been suffered. The Group is contesting the claim. Court proceedings between MMG Kinsevere and MCK in the DRC are continuing. MCK obtained freezing orders in 2020 over certain assets of Kinsevere, which have been partly enforced over US$15.8 million cash held in bank accounts in the DRC.

Considering the uncertainty around this matter and the fact that there is no present obligation for Kinsevere to make any payments, nor such payment being reliably estimated at this time, no provision has been recognised for this matter.

20. FINANCIAL AND OTHER RISK MANAGEMENT

(a) Financial risk factors

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020.

There have been no changes in the risk management department or in any risk management policies since 31 December 2020, except as disclosed in relation to the interest rate reform amendments in HKFRS 9/HKAS 39.

(b) Commodity price risk

The prices of copper, zinc, lead, gold, silver and moly 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.

During the six months ended 30 June 2021, the Group entered into various commodity trades to hedge the sales prices for copper and zinc. This included:

› Zero/low-cost collar hedges:
  - 67,200 tons of zinc with put strike price ranging from US$2,550/ton to US$2,800 /ton and call strike price ranging from US$3,100/ton to US$3,340/ton;
  - 81,800 tons of copper at put strike price ranging from US$9,000/ton to US$9,550/ton and call strike price ranging from US$10,000/ton to US$11,350/ton;
  - Certain hedges will be settled in January and February 2022.

› Fixed price swap hedges: 20,500 tons of copper with fixed price ranging from US$9,708/ton to US$10,340/ton which will be settled in second half of 2021.

› QP hedges: 39,800 tons of copper with QP month from July 2021 to September 2021 were swapped to average price for the month of June 2021.

Management of the Group have designated the collar hedges with a QP settling in 2021 under a hedge relationship. The fair value of these collar hedges which remain unsettled at 30 June 2021 have been recognised as a derivative financial asset with an amount of US$18.4 million. Accordingly, the fair value movement, from hedge inception to reporting date, has been recognised in other comprehensive income with an amount of US$0.6 million. Management of the Group has excluded the extrinsic (time value) component from the hedge relationship, and accordingly, this has been recognised in other comprehensive income with an amount of US$12.6 million.

For all remaining derivatives, fair value change in reporting period is recognised through profit or loss.

A change in commodity prices during the reporting period can result in favourable or unfavourable financial impact for the Group.

The following table contains details of the hedging instrument used in the Group's hedging strategy:

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

AT 30 JUNE 2021	TERM	CARRYING AMOUNT OF HEDGING INSTRUMENT US$ MILLION	FAVOURABLE/(UNFAVOURABLE) CHANGES IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS		SETTLED PORTION OF HEDGING INSTRUMENT REALISED LOSSES US$ MILLION	HEDGING GAIN/(LOSS) RECOGNISED IN CASH FLOW HEDGE RESERVE US$ MILLION	COST OF HEDGING RESERVE US$ MILLION
			HEDGING INSTRUMENT US$ MILLION	HEDGED ITEM US$ MILLION			
Cash flow hedges:							
Derivative financial liabilities	January 2021 to March 2021	-	-	-	5.5	-	-
Derivative financial assets	July 2021 to December 2021	18.4	18.4	(18.4)	-	0.6	12.6

The following table details the sensitivity of the Group's financial assets 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. At the reporting date, if the commodity prices increased/(decreased) by 10% and all other variables were held constant, the Group's post-tax profit would have changed as set out below:

	30 JUNE 2021			31 DECEMBER 2020		
COMMODITY	COMMODITY PRICE MOVEMENT	(DECREASE)/INCREASE IN PROFIT US$ MILLION	DECREASE IN OCI US$ MILLION	COMMODITY PRICE MOVEMENT	(DECREASE)/INCREASE IN PROFIT US$ MILLION	DECREASE IN OCI US$ MILLION
Copper	+10%	(22.8)	(22.0)	+10%	(11.0)	-
Zinc	+10%	0.6	(6.1)	+10%	2.0	(6.3)
Total		**(22.2)**	**(28.1)**		**(9.0)**	**(6.3)**

COMMODITY	COMMODITY PRICE MOVEMENT	INCREASE/(DECREASE) IN PROFIT US$ MILLION	INCREASE IN OCI US$ MILLION	COMMODITY PRICE MOVEMENT	DECREASE IN PROFIT US$ MILLION	INCREASE IN OCI US$ MILLION
Copper	-10%	23.3	25.8	-10%	(18.9)	-
Zinc	-10%	(0.7)	5.7	-10%	(2.0)	6.3
Total		**22.6**	**31.5**		**(20.9)**	**6.3**

(c) 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. Details of the Group's borrowings are set out in Note 14.

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

In June 2020, MLB entered into a notional US$2,100 million 5-year amortising interest rate swap with respect to the floating 6-month LIBOR base rate applicable under its existing project facility, converting the floating rate to a fixed base rate. The main sources of hedge ineffectiveness are considered to be the effects of counterparty credit risks on the hedging instrument, the possibility of LIBOR rates becoming negative and uncertainty associated with benchmark interest rate reform. Further, if LIBOR rates become negative for a period of time, then this corresponding component of the hedging instrument will be ineffective from year two to year five. A floor was purchased on LIBOR at zero for the first year of the hedge instrument.

The following table contains details of the hedging instrument used in the Group's hedging strategy:

AT 30 JUNE 2021	TERM	NOTIONAL AMORTISING AMOUNT US$ MILLION	CARRYING AMOUNT OF HEDGING INSTRUMENT US$ MILLION	FAVOURABLE/ (UNFAVOURABLE) CHANGES IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS		SETTLED PORTION OF HEDGING INSTRUMENT REALISED LOSSES US$ MILLION	HEDGING GAIN/(LOSS) RECOGNISED IN CASH FLOW HEDGE RESERVE US$ MILLION	HEDGE INEFFECTIVE-NESS RECOGNISED IN PROFIT OR LOSS US$ MILLION
				HEDGING INSTRUMENT US$ MILLION	HEDGED ITEM US$ MILLION			
Cash flow hedges:								
Derivative financial asset[1]	June 2020 - June 2025	1,940.0	9.4	20.1	(20.0)	(3.0)	13.6[2]	0.1

1. In June 2020, the Group has entered into a notional US$2,100 million 5-year amortising interest rate swap with BOC Sydney. The purpose of the arrangement is to fix approximately half of the remaining interest rate exposure accompanying the floating interest rate MLB project facility (borrowings of US$3,911.4 million outstanding at 30 June 2021, maturing in June 2032) from CDB, ICBC, BOC Sydney and The Export-Import Bank of China for a period of 5 years. The interest rate swap hedge will amortise in line with the MLB project facility and swap the 6-month LIBOR exposure for a fixed rate (0.5568% per annum in the first year and 0.5425% per annum from the year two to year five).
2. The hedging gain recognised in cash flow hedge reserve is the amount after tax.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

At 30 June 2021 and 31 December 2020, if the interest rate had increased/(decreased) by 100 basis points, taking into account the interest rate swap, with all other variables held constant, post-tax profit and other comprehensive income ("OCI") would have changed as follows:

	30 JUNE 2021				31 DECEMBER 2020			
	+100 BASIS POINTS		-100 BASIS POINTS		+100 BASIS POINTS		-100 BASIS POINTS	
US$ MILLION	INCREASE/ (DECREASE) IN PROFIT AFTER TAX	INCREASE IN OCI	DECREASE IN PROFIT AFTER TAX	DECREASE IN OCI	INCREASE/ (DECREASE) IN PROFIT AFTER TAX	INCREASE IN OCI	DECREASE IN PROFIT AFTER TAX	DECREASE IN OCI
Financial assets								
Cash and cash equivalents	5.5	-	(5.5)	-	1.3	-	(1.3)	-
Financial liabilities								
Borrowings (taking into account the impact of the interest rate swap)	(7.7)	39.6	(9.6)	(28.8)	(19.0)	39.1	(18.5)	(15.9)
Total	**(2.2)**	**39.6**	**(15.1)**	**(28.8)**	**(17.7)**	**39.1**	**(19.8)**	**(15.9)**

Effect of benchmark interest rates reform

As noted in Note 2, the Group has adopted the Phase I and Phase II Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform. Refer to Note 14 for details of borrowings which may be impacted by the interest rate benchmark reform.

Additionally, the Group has cash flow hedge relationship (as described above for the interest rate swap) which will also be subject to the interest rate benchmark reform. In respect of the interest rate swap, the amendments provide temporary relief from applying specific hedge accounting requirements to the hedging relationships if it directly gets affected by benchmark interest rates reform. This will prevent hedge accounting from terminating but may result in hedge ineffectiveness. Any hedge ineffectiveness continues to be recorded in the condensed consolidated interim statement of profit or loss.

Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements. The Group currently anticipates that the areas of greatest change will be amendments to the contractual terms of US$ LIBOR-referenced floating-rate debt and swaps, and updating hedge designations.

The Group is closely monitoring the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by IBOR regulators (including the Financial Conduct Authority 'FCA' and the US Commodity Futures Trading Commission) regarding the transition from IBOR (including the US$ LIBOR) to the Sterling Overnight Index Average rate ("SONIA"), the Secured Overnight Financing rate ("SOFR") and the Tokyo Overnight Average rate (TONA).

Below is the list of derivative and non-derivative financial instrument which will be impacted by IBOR replacement:

FINANCIAL INSTRUMENT	TYPE OF INSTRUMENT	MATURING IN	NOTIONAL VALUE US$ MILLION	CARRYING VALUE US$ MILLION
US$ debt linked to LIBOR[1]	Non-derivative liability	Through July 2021 to July 2032	2,365.9	2,365.9
US$ debt linked to LIBOR designated in cash flow hedge[1]	Non-derivative liability	June 2025	1,940.0	1,940.0
Interest rate swap converting LIBOR to Fixed (cash flow hedge)	Derivatives	June 2025	1,940.0	9.4

1. For the US$ Debt, the fallback clauses are under negotiation with lenders. This relief does not extend to the requirement that the designated interest rate risk component continues to be reliably measurable and if the risk component is no longer reliably measurable, the hedging relationship is discontinued. The Group has determined that USD LIBOR interest rate risk components continue to be reliably measurable.

In response to the announcements, the Group has put in place an interest rate benchmark transition programme being led by the Group's Treasury team. Treasury team has commenced the discussions with the internal and external stakeholders to understand the impact of the transition and work involved.

Risks arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition:

- **Interest rate basis risk:** There are two elements to this risk as outlined below:
  - If bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBOR publishing, there are significant uncertainties with regard to the interest rate that may apply. The Group is working closely with counterparties to avoid this from occurring.
  - Interest rate basis risk can arise if the move to the alternate benchmark rate occurs at different timing for the non-derivative instrument (the project finance facility) and the derivative instrument (the interest rate swap) held to manage the interest risk on the non-derivative. The Group will monitor this risk against its risk management policy which shall allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.
- **Liquidity risk:** There are differences between the LIBOR and the various alternative benchmark rates which the Group may be adopting. The LIBOR is published for a period (e.g., 1 month or 6 month) and includes an inter-bank credit spread, whereas the alternative benchmark rates are typically risk-free overnight rates with no embedded credit spread and published at the end of the overnight period. These differences can result in uncertainty regarding the floating rate interest payments which will require additional liquidity management. Management of the Group shall ensure sufficient liquidity is available to accommodate any unexpected increases in overnight rates.
- **Accounting risk:** If transition to alternate benchmark rates is finalised in a manner which does not permit the application of reliefs introduced in the Phase 2 amendments, this can lead to discontinuation of hedge accounting relationships (i.e., gains or losses recognised in the other comprehensive income will be re-classified to profit and loss). This can also lead to increased volatility in profit or loss if re-designated hedges are not fully effective and volatility in the profit or loss if non-derivative financial instruments are modified or de-recognised. Management of the Group aims to agree timely changes to the contracts to allow HKFRS 9 reliefs to apply and does not expect to close out derivatives and enter into new ones in respect of the existing hedge relationship.

Below are details of the hedging instruments and the related hedged items that will be subject to transition to alternative benchmark interest rates, by hedge type. The terms of the hedged items listed match those of the corresponding hedging instruments.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

HEDGE RELATIONSHIP	PRIOR TO TRANSITION INSTRUMENT TYPE	MATURING IN	NOTIONAL VALUE US$ MILLION	CARRYING VALUE US$ MILLION	HEDGED ITEM	TRANSITION PROGRESS
Cash flow hedge	Receive 6-month USD LIBOR, pay US dollar fixed interest rate swap	June 2025	1,940.0	9.4	USD LIBOR debt	Discussion with counterparty of derivatives are in process.

As noted earlier, the Group will continue to apply the Phase 1 amendments to HKFRS 9/HKAS 39 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of underlying cashflows to which the Group is exposed ends.

(d) Liquidity risk

Compared to 31 December 2020, there was no material change in the contractual undiscounted cash outflows for financial liabilities. The new derivatives including fixed price swaps, QP swaps and collar derivatives as noted under Note 20(b) are with a carrying value of US$18.4 million for derivatives designated under hedge accounting and with a carrying value of US$25.8 million for derivatives carried at fair value though profit or loss respectively. All of these derivatives will be maturing within 12 months from the reporting date.

The Group has sufficient debt facilities to manage liquidity. The Group's available external debt facilities are subject to covenant compliance requirements. The Group was not in breach of covenant requirements in respect of the Group's borrowings at 30 June 2021. Certain financial covenants are measured with reference to the financial performance of the Group or its subsidiaries and may be influenced by future operational performance and community related disruptions.

During six months ended 30 June 2021, the Group raised equity of US$299.0 million through a share placement.

In addition, at 30 June 2021, the Las Bambas Joint Venture Group had an agreement with CMC and CITIC, each as direct or indirect off-takers of Las Bambas production, for early payment on cargoes already shipped and invoiced as well as pre-payments for inventory held at both port and site. Early payment and pre-payments are permitted up to an aggregate amount of US$200.0 million, allocated to each party in their respective off-take proportions.

(e) Fair value of financial instruments

The fair values of cash and cash equivalents and short-term monetary financial assets and financial liabilities approximate their carrying values. The fair values of other monetary financial assets and liabilities are either based upon market prices, where a market exists, or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles.

The fair values of listed equity investments have been valued by reference to market prices prevailing at the reporting date.

The carrying values of trade and other receivables less impairment provisions and trade payables are a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables. The fair values of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

US$ MILLION	AMORTISED COST (ASSETS)	FINANCIAL ASSETS/ LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	CASH FLOW HEDGE	AMORTISED COST (LIABILITIES)	TOTAL CARRYING VALUE	TOTAL FAIR VALUE
As at 30 June 2021						
Financial assets						
Cash and cash equivalents	804.5	-	-	-	**804.5**	**804.5**
Trade receivables (Note 11)	-	508.1	-	-	**508.1**	**508.1**
Other receivables	195.4	-	-	-	**195.4**	**195.4**
Derivative financial assets	-	25.8	27.8	-	**53.6**	**53.6**
Other financial assets	-	2.4	-	-	**2.4**	**2.4**
Financial liabilities						
Trade and other payables	-	-	-	(616.2)	**(616.2)**	**(616.2)**
Other financial liabilities	-	(122.9)	-	-	**(122.9)**	**(122.9)**
Borrowings (Note 14)	-	-	-	(6,589.0)	**(6,589.0)**	**(6,589.0)**
Lease liabilities (Note 15)	-	-	-	(139.4)	**(139.4)**	**(139.4)**
Total	**999.9**	**413.4**	**27.8**	**(7,344.6)**	**(5,903.5)**	**(5,903.5)**
As at 31 December 2020						
Financial assets						
Cash and cash equivalents	192.7	-	-	-	**192.7**	**192.7**
Trade receivables (Note 11)	-	369.2	-	-	**369.2**	**369.2**
Other receivables	185.3	-	-	-	**185.3**	**185.3**
Other financial assets	-	1.7	-	-	**1.7**	**1.7**
Financial liabilities						
Trade and other payables	-	-	-	(582.4)	**(582.4)**	**(582.4)**
Other financial liabilities	-	(145.4)	-	-	**(145.4)**	**(145.4)**
Derivative financial liabilities	-	(21.4)	(18.6)	-	**(40.0)**	**(40.0)**
Borrowings (Note 14)	-	-	-	(7,179.5)	**(7,179.5)**	**(7,179.5)**
Lease liabilities (Note 15)	-	-	-	(148.7)	**(148.7)**	**(148.7)**
Total	**378.0**	**204.1**	**(18.6)**	**(7,910.6)**	**(7,347.1)**	**(7,347.1)**

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

(f) Fair value estimation

The table below analyses financial instruments carried at fair value, by the valuation method. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June 2021 and 31 December 2020.

US$ MILLION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
As at 30 June 2021				
Trade receivables (Note 11)	-	508.1	-	**508.1**
Financial assets at fair value through profit and loss – listed[1]	2.4	-	-	**2.4**
Derivative financial assets[2]	-	53.6	-	**53.6**
Other financial liabilities[3]	-	-	(122.9)	**(122.9)**
	2.4	**561.7**	**(122.9)**	**441.2**
As at 31 December 2020				
Trade receivables (Note 11)	-	369.2	-	**369.2**
Financial assets at fair value through profit and loss – listed[1]	1.7	-	-	**1.7**
Derivative financial liabilities[2]	-	(40.0)	-	**(40.0)**
Other financial liabilities[3]	-	-	(145.4)	**(145.4)**
	1.7	**329.2**	**(145.4)**	**185.5**

There were no transfers between levels 1, 2 and 3 during the reporting period.

1. The fair values of financial instruments traded in active markets are based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Instruments included in level 1 comprise investments in listed stock exchanges.
2. The fair value of the interest rate swap is determined based on discounted future cash flows. Future cash flows are estimated based on forward interest rates from observable yield curves at the end of the reporting period and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties. The fair value of the commodity swap, collar hedge and QP hedge are determined based on discounted future cash flows. Future cash flows are estimated based on London Metal Exchange contract future rates for commodities at the end of the reporting period and contracted commodity prices, discounted at a rate that reflects the credit risk of various counterparties and time value.
3. Reflecting the bank guarantees associated with the disposal of the Century mine in 2017. The amount of possible cash outflow is regularly assessed by the management of the Group and is the significant unobservable input to the fair value determination. Management of the Group considers the fair value is the maximum amount payable stipulated under the bank guarantee agreement at the reporting date.

(g) 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 continues 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.

21. EVENTS AFTER THE REPORTING DATE

Other than the matters outlined below, 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.

- As noted under contingent liabilities for tax, MLB received SUNAT's assessment notice for *Peru – Withholding Taxes (2014, 2015 and 2016)* in connection with audits undertaken in respect of the 2016 tax year in July 2021. MLB intends to appeal the assessments.

22. RE-CLASSIFICATION

Certain amounts in the prior period condensed consolidated interim financial statements have been reclassified to conform to the presentation of the current period condensed consolidated interim financial statements. These reclassifications had no effect on the previously reported total comprehensive loss for the reporting period.