

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**MMG LIMITED**

**五礦資源有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(STOCK CODE: 1208)**

## **FOURTH QUARTER PRODUCTION REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2021**

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 Fourth Quarter Production Report for the three months ended 31 December 2021.

The report is annexed to this announcement.

By order of the Board  
**MMG Limited**  
**LI Liangang**  
*Interim CEO and Executive Director*

Hong Kong, 24 January 2022

*As at the date of this announcement, the Board comprises seven directors, of which one is an executive director, namely Mr Li Liangang; three are non-executive directors, namely Mr Jiao Jian (Chairman), 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.*

# 2021 FOURTH QUARTER PRODUCTION REPORT

FOR THE THREE MONTHS ENDED 31 DECEMBER 2021					
	4Q21	4Q21 VS 4Q20	4Q21 VS 3Q21	YTD21	YTD21 VS YTD20
<b>Copper (cathode, tonnes)</b>					
Kinsevere	11,223	-36%	-4%	48,017	-33%
<b>Total</b>	<b>11,223</b>	<b>-36%</b>	<b>-4%</b>	<b>48,017</b>	<b>-33%</b>
<b>Copper (contained metal in concentrate, tonnes)</b>					
Las Bambas	65,349	-31%	-18%	290,097	-7%
Rosebery	422	-4%	54%	1,567	2%
<b>Total</b>	<b>65,771</b>	<b>-31%</b>	<b>-18%</b>	<b>291,665</b>	<b>-7%</b>
<b>Zinc (contained metal in concentrate, tonnes)</b>					
Dugald River	42,869	-18%	-11%	180,313	1%
Rosebery	18,529	3%	38%	69,454	3%
<b>Total</b>	<b>61,397</b>	<b>-13%</b>	<b>-1%</b>	<b>249,767</b>	<b>2%</b>
<b>Lead (contained metal in concentrate, tonnes)</b>					
Dugald River	4,919	-35%	-10%	20,361	-15%
Rosebery	6,269	2%	21%	25,053	8%
<b>Total</b>	<b>11,188</b>	<b>-19%</b>	<b>5%</b>	<b>45,414</b>	<b>-4%</b>
<b>Molybdenum (contained metal in concentrate, tonnes)</b>					
Las Bambas	924	-30%	-33%	4,985	57%
<b>Total</b>	<b>924</b>	<b>-30%</b>	<b>-33%</b>	<b>4,985</b>	<b>57%</b>

## KEY POINTS

- Total Recordable Injury Frequency (TRIF) for the fourth quarter 2021 was 0.88 per million hours worked and 1.09 for the full year 2021. This represents a 21% decrease on the full year 2020 TRIF of 1.38.
- Total copper production (copper cathode plus copper in concentrate) of 339,682 tonnes for the full year 2021 was 12% below 2020 due to lower ore grades and over 100 days of community roadblocks at Las Bambas as well as lower ore grades at Kinsevere as the site prepares to transition to the mining and processing of the sulphide ore body. Total zinc production of 249,767 tonnes in the full year 2021 was 2% above 2020, due to record production at Dugald River and consistent mining and plant performance at Rosebery.
- Las Bambas' annual production in 2021 was 290,097 tonnes, 7% lower than 2020 due to lower average grades and community roadblocks that led to a complete shutdown of the mine in December for around two weeks. Roadblocks were removed after a joint meeting of community members, the Government and Las Bambas on 30 December 2021. The mine has since returned to full capacity in January 2022.
- Annual production at Kinsevere was 48,017 tonnes, 33% lower than 2020 due to the suspension of mining activity. However, processing plant performance remained very strong with an increased average recovery rate for the year.
- Dugald River and Rosebery produced 180,313 tonnes and 69,454 tonnes of zinc respectively in 2021. On a zinc equivalent basis, Dugald River's production exceeded 200,000 tonnes for the second consecutive year and Rosebery's production of 157,482 tonnes was 11% higher than 2020.
- Dugald River has entered into a long-term solar offtake agreement with energy provider, APA Group. The solar agreement will supply the Dugald River mine with renewable energy to reduce its carbon footprint and provide immediate energy cost savings once supply commences in early 2023.
- Mr Li Liangang has been appointed as the Interim CEO of the Company and an Executive Director following the resignation of Mr Geoffrey Gao on 5 January; Mr Jiao Jian (Jerry) has been appointed as the Chairman of the Company following the departure of Mr Guo Wenqing who has resigned as the Chairman of the Company and as a Non-executive Director.

### 2022 Outlook

- Subject to Government permits and approvals and community negotiations, development of the Chalcobamba pit at Las Bambas is expected from mid-2022, followed by first production during the second half. Dependent on this timing, Las Bambas production for 2022 is expected to be in the range of 300,000 to 320,000 tonnes of copper in concentrate. C1 costs are expected to be in the range of US\$1.30 to US\$1.40/lb driven by a combination of inflationary pressures and one-off factors. Higher production levels from 2023 onwards will partially mitigate this C1 increase in subsequent years.
- Copper cathode production at Kinsevere for 2022 is expected to be in the range of 45,000 - 50,000 tonnes. Mining of the remaining oxide reserves is expected to resume in April 2022, following the wet season. Early work for the Kinsevere Expansion Project continues, pending anticipated company approval in Q1 2022. The Project will drive higher copper production for future years and add meaningful cobalt production to MMG's portfolio.
- Dugald River is expected to produce between 170,000 and 190,000 tonnes of zinc in zinc concentrate and Rosebery is expected to produce between 55,000-65,000 tonnes of zinc in zinc concentrate in 2022.
- The recent level of COVID-19 infection from the Omicron variant is currently impacting the availability of employees and contractors at all sites. While hospitalisation rates remain very low and hygiene, access and testing protocols have been adapted to the high transmissibility of the variant, production impacts remain possible over the coming weeks and months.

## COMMODITY PRICES, MARKETING AND SALES

COMMODITY PRICES, MARKETING AND SALES						
	QUARTER-AVERAGE			QUARTER CLOSE		
	Q4 2021	Q3 2021	Q4 2020	Q4 2021	Q3 2021	Q4 2020
<b>Metal Price</b>						
Copper (US\$/lb)	4.40	4.25	3.25	4.40	4.10	3.51
Gold (US\$/oz)	1,795	1,789	1,875	1,820	1,736	1,891
Lead (US\$/lb)	1.06	1.06	0.86	1.06	0.96	0.89
Molybdenum (US\$/lb)	18.88	19.06	9.01	18.70	18.45	10.03
Silver (US\$/oz)	23.33	24.36	24.39	23.09	21.53	26.49
Zinc (US\$/lb)	1.53	1.36	1.19	1.65	1.37	1.24

Sources: zinc, lead, and copper: LME\*<sup>1</sup> cash settlement price; Molybdenum: Platts; gold and silver: LBMA.

### Copper prices and copper concentrate market

LME daily official settlement prices peaked at US\$10,652/t on 19 October 2021 and averaged US\$9,699/t for the fourth quarter of 2021 (+3.5% QoQ). Stronger prices were supported by a recovery in demand, particularly ex-China, along with ongoing mine disruptions and a sharp decline in visible inventories.

In the copper concentrate market, Freeport McMoRan and Jiangxi Copper were widely reported to have settled negotiations for 2022 treatment and refining charges (TC/RCs) at US\$65/t & 6.5c/lb. Antofagasta and other major Chinese buyers, including Tongling Nonferrous Metals, China Copper, and Jinchuan are reported to have followed this settlement. These prices represent a 9% increase on 2021 levels and will be the first rise in benchmark TC/RCs for seven years.

### Zinc and lead prices and concentrate market

The LME zinc price increased by over 30% in 2021, making zinc the second-best performer among all LME metals for the year. Several factors are underpinning the historically strong zinc price. Fundamentally, the zinc metal market was in a supply deficit during 2021. Trafigura announced in December that they will close Nyrstar's 160ktpa Auby zinc smelter in France due to high power prices. This followed the announcement from Glencore in November that it was placing its 135ktpa Portovesme zinc smelter in Italy on indefinite care and maintenance also due to high power prices. These smelter closure announcements sent the zinc price significantly higher during the December quarter on the expectation that supply cutbacks would exacerbate the metal supply deficit.

Demand for zinc is strong and analysts forecast that demand will further accelerate during 2022 as economies recover. Mine supply has also been impacted with Boliden suspending production at its Tara underground zinc mine in Ireland (Europe's largest zinc mine). Protests and blockades at Peruvian zinc mines continue to highlight further mine supply risks in South America.

The LME lead price also performed strongly during 2021, closing up 20% over the year. The lead price continues to be supported by the metal's fundamentals especially as the December quarter is traditionally the seasonal period of peak lead demand. A number of lead mines in Peru suspended their mine production during the December quarter due to protestor blockades, raising further concerns on mine supply given Peru is the world's 5th largest lead miner. Continued lead concentrate supply tightness, curtailed lead smelter production (due to power supply issues in China), and falling LME lead stocks are expected to continue to provide fundamental support to the lead price.

<sup>1</sup> LME (London Metal Exchange) data is used in this report under licence from LME; LME has no involvement and accepts no responsibility to any third party in connection with the data; and onward distribution of the data by third parties is not permitted.

The market for zinc and lead concentrates remained tight in the December quarter. Zinc treatment charges continued to trade around the US\$80/t level during the quarter, consistent levels for the entire 2021 and well below the annual benchmark level of US\$159/t. While the announced smelter closures in Europe have seen some concentrate released to the market, the impacts of this have been offset by the mine supply issues in Europe and South America as mentioned above. Strong zinc and lead metal demand and high metal prices will continue to encourage smelters to increase their metal production thus maintaining the already strong concentrate demand.

### Provisional Pricing

The following table provides a summary of the metal that was sold but which remains provisionally priced at the end of December 2021 and the month that final average pricing is expected to occur at the time of final invoicing.

	Payable Metal Quantity (Open QP)				Grand Total
	Jan-22	Feb-22	Mar-22	Apr-22	
Copper (tonnes)	19,665	17,279	23,494		60,439
Gold (ounces)	1,498	3,335	2,919		7,752
Lead (tonnes)	1,785	2,178	2,391		6,353
Molybdenum (pounds)	602	108	45	46	801
Silver (ounces)	191,265	317,388	401,406		910,059
Zinc (tonnes)	12,931	117	12,305		25,354

## OPERATIONS

### LAS BAMBAS

LAS BAMBAS					
	4Q21	4Q21 vs 4Q20	4Q21 vs 3Q21	YTD21	YTD21 VS YTD20
Copper (tonnes)	65,349	-31%	-18%	290,097	-7%
Molybdenum (tonnes)	924	-30%	-33%	4,985	57%

#### Fourth quarter and 2021 performance

Copper production of 65,349 tonnes in the fourth quarter 2021 was 31% lower than the prior-year comparative period, with operations significantly impacted by community roadblocks. These roadblocks, a result of community negotiations for business opportunities and additional contributions, restricted inbound and outbound logistics and people movement, and ultimately forced a complete shutdown from mid-December (refer to previous HKEX announcements on 16 December 2021 and 3 January 2022). Roadblocks were removed after a joint meeting of community members, the Government and Las Bambas on 30 December 2021. The mine has since returned to full capacity in January 2022. Due to the logistics shutdown, inventory levels on site increased to around 60,000 tonnes of copper metal (contained in concentrate) as at 31 December 2021. Current logistics capacity should enable this stockpiled copper concentrate to be drawn down and shipped in the first half of 2022, subject to there being no prolonged disruptions over this period.

Operational performance of the plant remained strong in 2021, with throughput 7% higher and recovery rates stable year on year. Copper production (290,097 tonnes) was 7% below 2020 however, due to lower average mill feed grades (0.69% vs. 0.79%), as permitting delays restricted planned access to higher grade Chalcobamba ores. Overall, 2021 production was significantly below plan following over 100 days of community roadblocks that restricted availability of critical inputs periodically throughout the year.

Molybdenum production for 2021 was 57% higher than the prior year due to the positive impact from the plant debottlenecking work that was completed in June 2020.

Full-year C1 costs of US\$1.02/lb were at the low end of the guidance range, and broadly in line with 2020 levels. Stable costs were a function of the ongoing deferral of planned project spending, including Chalcobamba development costs, strong cost controls and higher by-product credits (particularly Molybdenum) offsetting cost pressures associated with increased milling volumes, lower grades, higher social costs and consumables prices.

#### Community Update

Community blockades that impacted 2021 operations took place on a public road in the Chumbivilcas province, 200km away from the Las Bambas operation. These blockades were in relation to demands for a large number of logistics transport contracts, as well as demands for the Government classification of these communities as an area of direct influence.

On 30 December 2021, a joint meeting, which was attended by Company representatives, officials from the national, regional and local governments, elected and community representatives, was held in the Chumbivilcas province. Following the meeting, agreements have been established to allow for ongoing government-led dialogue with the communities. The mine then returned to capacity in January 2022 and concentrate transport was also restored to normal.

Planned dialogue continues throughout January with a number of communities along the logistics corridor. At a meeting on 20 January 2022, agreement was reached with a number of communities in Chumbivilcas for integration into the Las Bambas value chain and discussion continues to create zones of special interest for social development investment. The most recent disruptions bring total days of transport lost since the commencement of concentrate transport in early 2016 to over 400 days. While MMG remains committed to pursuing constructive dialogue, the actions of external agents, disproportionate demands on the Company and an inability to reach enduring agreements continue to limit Las Bambas' operations, future investment and economic contribution to regional communities and the Peruvian economy.

Further information about Las Bambas' concentrate logistics and its contribution to local development, as well as how it is managing social and community engagement can be found at [www.wemineforprogress.com](http://www.wemineforprogress.com).

## 2022 Outlook

Subject to Government permits and approvals and community negotiations, development of the Chalcobamba pit at Las Bambas is expected from mid-2022, followed by first production during the second half. Las Bambas production for 2022 is expected to be in the range of 300,000 to 320,000 tonnes of copper in concentrate, subject to the timing of the Chalcobamba approvals.

C1 unit cost guidance of US\$1.30-1.40/lb for 2022 represents a significant increase on 2021. Higher cost guidance is due to a number of factors including:

- Project development expenses that have been deferred from previous years, including pre-stripping at Chalcobamba;
- the likelihood of an industry standard bonus payment linked to labour contract negotiations scheduled for the first half of 2022;
- lower capitalised mining costs relative to 2021;
- increased material movement and consumables and energy usage as well as higher consumables and energy prices;
- lower budgeted contribution from by-product credits; and
- higher TC/RCs and selling costs.

From 2023 onwards, Las Bambas is expected to benefit from the development of Chalcobamba, investment in the new mine fleet and the third ball mill, resulting in higher production rates than the 2020 to 2022 period. This is expected to partly offset the impact of the higher C1 costs expected in 2022.

## KINSEVERE

KINSEVERE					
	4Q21	4Q21 vs 4Q20	4Q21 vs 3Q21	YTD21	YTD21 VS YTD20
Copper Cathode (tonnes)	11,223	-36%	-4%	48,017	-33%

### Fourth quarter and 2021 performance

Kinsevere produced 11,233 tonnes of copper cathode in the fourth quarter of 2021 and 48,017 tonnes for the full year. As previously advised, mining activity at Kinsevere stopped in the fourth quarter of 2020 as the site continues to prepare for the transition to mining and processing of the sulphide ore body. In the meantime, plant feed is reliant on medium and low-grade ore stockpiles and supplemented by higher-grade third-party ores, with an average feed grade of 2.00% in 2021 compared to 3.08% in 2020.

Despite the lower feed grades, processing plant performance remained very strong, with an average recovery rate of 96.6%, compared with 95.4% in 2020. The 2021-full-year C1 costs were US\$1.95/lb, below the prior guidance range with mining activity yet to resume.

### 2022 outlook

Copper cathode production for 2022 is expected to be in the range of 45,000-50,000 tonnes. Mining of the remaining oxide reserves is expected to resume in April 2022 following the wet season. This will improve the average plant feed grade, however, plant feed will continue to be supplemented by the lower grade remaining stockpiles and 3rd party ores, particularly during the first quarter of 2022.

MMG maintains a positive outlook for the Kinsevere expansion project and is progressing the feasibility study for the addition of sulphide ore and a cobalt processing circuit. An investment decision is expected in the first quarter of 2022. The project is progressing with the team currently undertaking early site works and detailed engineering in anticipation of project approval. The expansion will extend Kinsevere's mine life, see a return to higher copper production volumes in future years and add cobalt production to MMG's portfolio.

Reflecting the resumption of mining activity during the year, 2022 C1 costs are expected to be between US\$2.50 and US\$2.80/lb.

MMG will continue to invest in regional exploration programs focusing on proving up discoveries within a close operating radius of the Kinsevere mine.

## DUGALD RIVER

DUGALD RIVER					
	4Q21	4Q21 vs 4Q20	4Q21 vs 3Q21	YTD21	YTD21 VS YTD20
<b>Contained metal in concentrate</b>					
Zinc (tonnes)	42,869	-18%	-11%	180,313	1%
Lead (tonnes)	4,919	-35%	-10%	20,361	-15%

### Fourth quarter and 2021 performance

Dugald River produced 42,869 tonnes of zinc in zinc concentrate and 4,919 tonnes of lead in lead concentrate during the fourth quarter of 2021. This is a reduction in metal production for both zinc and lead on the third quarter due to lower milled throughput (-8%) from a planned shutdown in November. Full year zinc production of 180,313 tonnes was a record and was 1% above the prior year. This is due to improved stope performance, with higher mined grade (11.0% vs. 10.6%) and lower mined tonnes coupled with strong plant performance with improved recovery rates (87.9% vs. 86.8%) compared to 2020. On a zinc equivalent basis, production exceeded 200,000 tonnes for the second consecutive year.

The 2021 full year C1 cost was US\$0.67/lb, in line with guidance and lower than 2020. Lower costs were a reflection of the significant reduction in 2021 treatment charges, higher production rates, cost control and higher lead prices.

### 2022 outlook

Preliminary production guidance for Dugald River in 2022 is between 170,000 and 190,000 tonnes of zinc in zinc concentrate, which is a wider range than the prior-year guidance to reflect the current uncertainties associated with the escalating COVID situation in Queensland and the potential impact this could have on staff availability. Reflecting the wider production guidance range, C1 costs are expected to be in the range of US\$0.70-0.80/lb. Cash production expenses are expected to increase slightly due to higher prices for energy and consumables. C1 costs also remain sensitive to zinc treatment charges and lead and silver by-product prices, and this may provide a tailwind to full year C1 costs if current levels continue to prevail.

Resource conversion and near-mine exploration drilling will continue to support the planned early-stage expansion studies.

## ROSEBERY

ROSEBERY					
	4Q21	4Q21 vs 4Q20	4Q21 vs 3Q21	YTD21	YTD21 VS YTD20
<b>Contained metal in concentrate</b>					
Zinc (tonnes)	18,529	3%	38%	69,454	3%
Lead (tonnes)	6,269	2%	21%	25,053	8%
Copper (tonnes)	422	-4%	54%	1,567	2%

### Fourth quarter and 2021 performance

Rosebery produced 18,529 tonnes of zinc in zinc concentrate and 6,269 tonnes of lead in lead concentrate during the fourth quarter of 2021. This was a 38% and 21% improvement on the third quarter of 2021 respectively, reflecting higher ore grades and a return to normal mining activity after a rockfall impacted the third quarter.



Full year zinc production of 69,454 tonnes was 3% above 2020 and at the upper end of 2021 guidance. On a zinc equivalent basis, production was 157,482 tonnes, 11% higher than 2020. Declining ore grades were offset by higher recoveries and increased mining and plant throughput.

Precious metal production for the year totaled 14,468 ounces of gold and 7,030 ounces of silver, both an increase on 2020 results and resulting in C1 costs of negative (US\$0.34/lb).

### **2022 outlook**

Rosebery is expected to produce between 55,000-65,000 tonnes of zinc in zinc concentrate in 2022 at a C1 cost of US\$0.00 to 0.15/lb. This guidance range reflects longer-term grade declines, lower by-product credits and higher costs associated with operating at depth as well as increasing energy prices. Similar to Dugald River, full year C1 costs remain highly sensitive to prevailing treatment charges and by-product prices.

Resource extension and near-mine exploration continue, with results indicating further extensions to the resource and mine life. As a result, the Company is currently investigating the potential for short-term capacity increases at existing tailings storage facilities while studying and permitting a proposed site for a new tailings storage facility to support an extended life of mine.

## GEOSCIENCE AND DISCOVERY

### Las Bambas

Drilling continued during the fourth quarter of 2021 on near-surface, skarn and porphyry copper mineralisation at the Chalcobamba Southwest Zone as well as along the southern margin of the Chalcobamba Deposit. Drilling was also performed at both the Ferrobamba South, Ferrobamba Deeps and Chalcobamba Deeps targets. All core has been logged and is in the process of being assayed. The analytical results for this drilling will be reported separately.

#### Chalcobamba Southwest Zone

Drilling continued at the Chalcobamba Southwest Zone, located immediately southwest of the current Chalcobamba Ore Reserve pit (Figure 1). Two drill holes were completed for a total of 565 metres in the fourth quarter.

#### Chalcobamba South

Six drill holes were completed at Chalcobamba South for a total of 1,928 metres. This drilling is targeting the extension of mineralization along the southern edge of the future Chalcobamba pit.

#### Chalcobamba Deeps

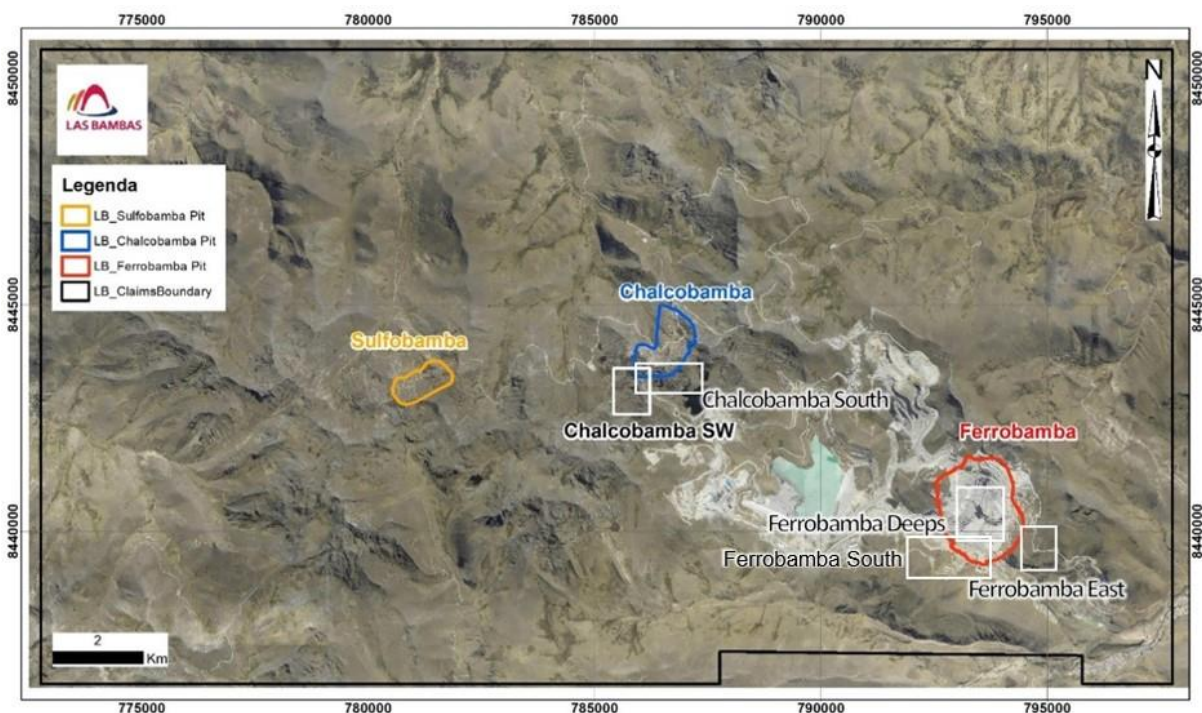
One drill hole was completed at Chalcobamba Deeps for a total of 258 metres. This drilling targets the extension of mineralization below the currently defined open pit at Chalcobamba.

#### Ferrobamba South

Six drill holes (2,512 meters) were completed at the Ferrobamba East project targeting breccias associated with elevated levels of gold, silver, copper, molybdenum, lead and zinc in surface rock and soil samples.

#### Ferrobamba Deeps

1,013 meters of drilling were completed on three drill holes at the Ferrobamba Deeps target. This drilling was designed to test the depth projection of higher-grade mineralization currently being mined by the open pit. The targeted mineralization could serve to deepen the open pit or provide future ore for UG mining activity. A Proof of Concept Study for potential UG mining at Ferrobamba Deeps is underway and will be completed in the first half of 2022.

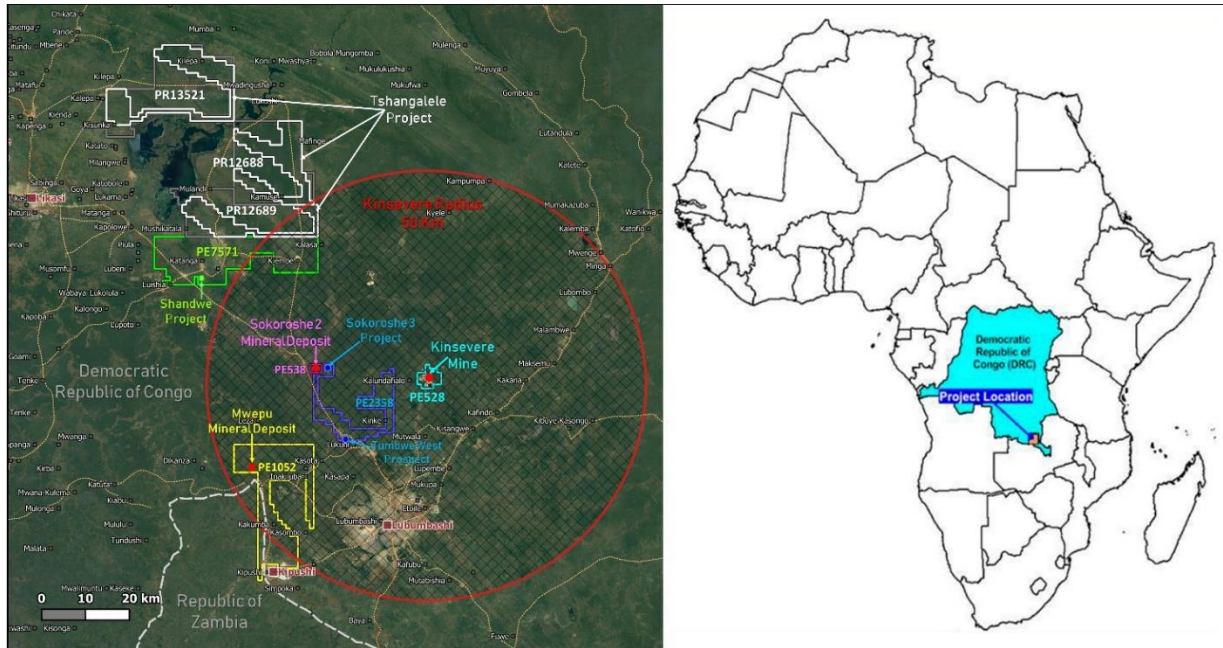


**Figure 1.** Outline of Las Bambas Mining Concessions highlighting the location of Reserves and Resources as well as the Chalcobamba Southwest Zone, Chalcobamba South, Ferrobamba Deeps and Ferrobamba East and South exploration areas.

## Kinsevere

In the fourth quarter of 2021, exploration activities continue to focus on the development of the satellite copper deposits within a roughly 50km radius of the Kinsevere Mine ("RAD50) that may be suitable for economic exploitation and processing at the Kinsevere plant. Exploration activities included resource delineation drilling at Sokoroshe 2 and Mwepu projects, and prospect testing drilling at Shandwe and Tumbwe projects.

The drilling campaign commenced in late September 2021 in the four projects using two drilling contractors.



**Figure 2:** Location map for the 2021 DRC projects.

### Sokoroshe II – PE538

The Sokoroshe satellite orebody has combined Indicated and Inferred oxide and sulphide Mineral Resources of 3.2 million tonnes @1.9% Cu and 0.46% Co. 2,450 meters of Diamond Drilling was completed in 2021 to delineate the extension of the southern orebody which is offset from the main orebody by an East-North-East structure with a down throw movement of the southern orebody. The southern orebody is cobalt-rich and expected to significantly increase the overall Sokoroshe II Cu and Co resource.

All the completed holes show good preliminary copper and cobalt assay results from the handheld XRF machine and assay results are pending.

### Mwepu – PE1052

The 2021 exploration activities consisted of Scoping Study and drilling to improve the confidence level of the Indicated Mineral Resources reported in 2020. 2,240 meters of Diamond Drilling was completed into infill zones of high-grade Cu variability to upgrade the Inferred Mineral Resource to Indicated. Most holes intersected copper mineralisation. Full assay results are pending.

### Shandwe – PE7571

In 2020, initial drilling campaign at Shandwe returned economic to sub-economic copper intercepts. In 2021, 3,200 meters of Reverse Circulation (RC) drilling was completed to determine the extension of mineralization and search for thicker and high-grade zones. The drilling program is ongoing.

## Dugald River

### In-Mine Resource

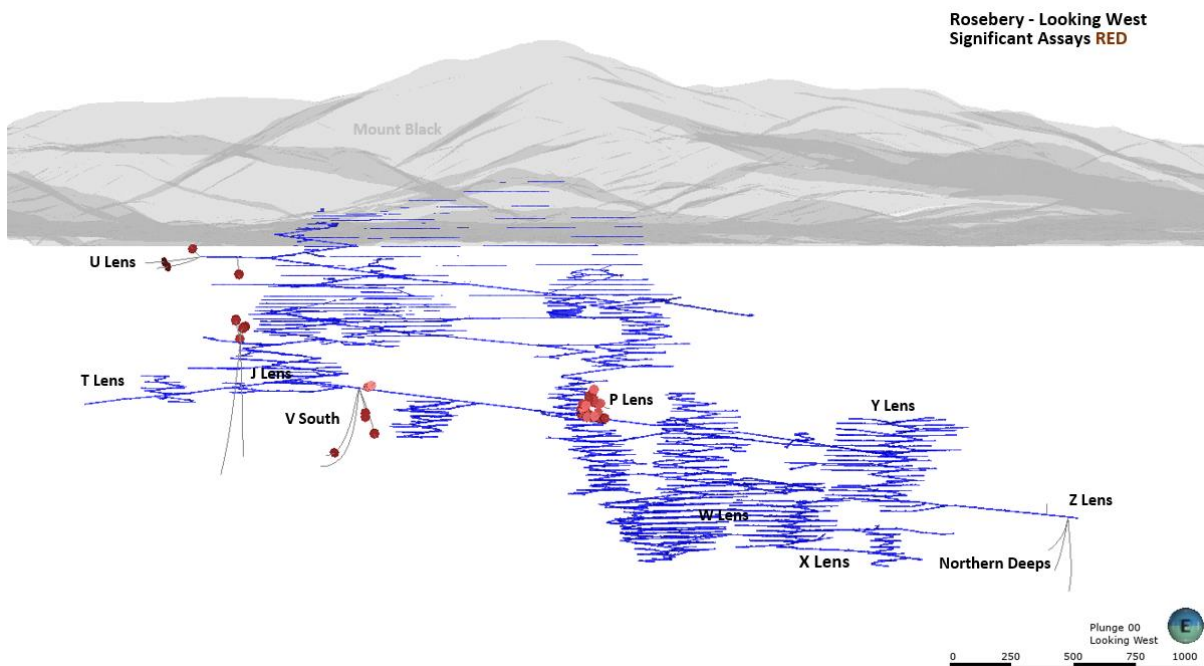
In-mine drilling continued through the fourth quarter focused on resource delineation deeper in the mine into Panels 4D to 6D and 5B to 6B. Drilling target spacing aimed at conversion from Indicated to Measured Resource.

### Near-mine Growth

Surface growth drilling continued in the fourth quarter of 2021. Drilling targeted the extension of the known zinc-lead-silver (Zn-Pb-Ag) Dugald River lode and local copper mineralisation. Three drill holes tested the edges of the northern and southern deep flank of the Inferred zinc-lead-silver Resource. Four drill holes tested deep sections of the southern flanks outside the Inferred Zn-Pb-Ag Resource. These holes served dual purposes; to fill data gaps in the Inferred Resource and extend it, and to test the limestone lithology boundary for planned and future mine development.

## Rosebery

In-mine drilling completed in the fourth quarter focused on resource conversion, resource delineation and resource extension drilling. Significant intercepts and drill hole locations of returned assays are highlighted in Figure 3. Resource extension programs in the J, K, U, V South and Northern Deeps; resource delineation for the U and Z Lenses; resource conversion for the P Lens continues. The addition of a fifth diamond drill rig in November 2021 allowed greater flexibility for target generation. Prospect testing from surface drilling targeting the Marionoak domain concluded for the year with results to be compiled over the next quarter.



**Figure 3:** Rosebery Mine - Looking west showing locality of holes drilled during the quarter and significant intercepts (red discs) with topography and mined development (blue).



## CORPORATE UPDATE

### CHANGE OF CEO AND CHAIRMAN

MMG's Board announced that with effect from 5 January 2022:

- (i) Mr Gao Xiaoyu (Geoffrey) resigned as the CEO of the Company and an Executive Director. Mr Gao will return to a role with China Minmetals Corporation (CMC) in Beijing;
- (ii) Mr Li Liangang has been appointed as the Interim CEO of the Company and an Executive Director. Mr Li has served on the Executive Committee of the Company since January 2020 in his capacity as the Executive General Manager - Commercial and more recently as Executive General Manager – Australia and Commercial with responsibilities for the Dugald River and Rosebery operations and Australia support functions and Supply and Marketing;
- (iii) Mr Guo Wenqing has resigned as the Chairman of the Company and as a Non-executive Director, in order to focus on his other duties as the President of CMC; and
- (iv) Mr Jiao Jian (Jerry) has been appointed as the Chairman of the Company. Mr Jiao has been a Director since 2010, including stints as Executive Director and the CEO of the Company from February 2017 to July 2018, and the Chairman of the Company from August 2014 to February 2017.

A permanent appointment to the CEO role will be determined in due course and the Company will make further announcements in accordance with the Listing Rules.

### SIGNING OF DEED OF RELEASE IN RELATION TO DISPOSAL OF THE CENTURY MINE AND PROFIT IMPACT

On 25 November 2021, MMG announced the cancellation and return of the bank guarantee in relation to the disposal by the Group of the Century Mine (Disposal) dated 28 February 2017. The value of the supported bank guarantees that remained outstanding at the time of the announcement was A\$181,291,150.06.

This followed a significant refinancing by New Century Resources that enabled it to replace the MMG supported bank guarantees with alternate third-party financiers.

As a result of the cancellation and return of the bank guarantees, MMG will report a Net Profit After Tax benefit of US\$136.3 million in 2021.

### RENEWABLE ENERGY TO CUT DUGALD RIVER EMISSIONS

On 1 November 2021, MMG advised that its Dugald River mine in Australia has entered into a long-term solar offtake agreement with energy provider, APA Group.

The solar agreement will supply the Dugald River mine with renewable energy to reduce its carbon footprint and provide immediate energy cost savings once operational in early 2023. The 44MW solar farm will be built and operated by APA Group at Mica Creek in Mount Isa, Queensland.

The provision of renewable energy will provide both environmental and economic benefits, reducing energy-related emissions by approximately 33 percent, and allowing the business to investigate options for future growth and asset planning.

The new agreement further supports MMG's commitment to supporting the global transition to a low carbon economy with the Company's key products, copper and zinc, playing a critical role in the development of sustainable technologies such as solar panels, wind turbines, electric vehicles and batteries.

### VOLUNTARY ANNOUNCEMENT LAS BAMBAS TAX UPDATE

On 16 October 2020, MMG announced that the Company's subsidiary, Minera Las Bambas S.A. (MLB), 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 US\$185 million of value-added tax (VAT), penalties and interest has been assessed in respect of the 2011 and 2012 financial years when the Las Bambas mine was under the ownership of

Glencore plc. The Peru Tax Court has confirmed that US\$170,660,389 is payable and subject to coercive enforcement (Amount Payable).

SUNAT has collected the Amount Payable.

MLB has appealed the initial Tax Court decision to the judiciary. This appeal is ongoing, and it is noted that appeals in the Peruvian Judiciary System may take several years to resolve.

The Amount Payable 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 and the Company may seek reimbursement of some or all of the amount from Glencore plc by way of indemnity or warranty claims under that agreement once the matter is finally determined by the Peruvian judiciary.

-ENDS-

## CORPORATE DETAILS

### MELBOURNE OFFICE

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

### HONG KONG OFFICE

Unit 1208, 12/F, China Minmetals Tower  
79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong  
T +852 2216 9688

### POSTAL ADDRESS

GPO Box 2982, Melbourne, Victoria, 3001, Australia

### MMG LIMITED EXECUTIVE COMMITTEE

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

### SHARE REGISTRAR

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

### IMPORTANT DATE

24 March 2022– Annual Results Announcement

For details please contact Corporate Relations below.

### INVESTOR AND MEDIA ENQUIRIES

#### **Brent WALSH**

Head of Corporate Development and Investor Relations  
T +61 3 9284 4170  
E [InvestorRelations@mmg.com](mailto:InvestorRelations@mmg.com)

#### **Andrea ATELL**

Head of Corporate Affairs  
T +61 3 9288 0758  
E [CorporateAffairs@mmg.com](mailto:CorporateAffairs@mmg.com)

#### **Chinese Language:**

#### **Sandra GUAN**

General Manager Stakeholder Relations  
T +61 3 9288 0443  
E [ChinaRelations@mmg.com](mailto:ChinaRelations@mmg.com)

## APPENDIX – GUIDANCE

2022 GUIDANCE SUMMARY		
	2022 GUIDANCE	2021 ACTUAL
<b>Las Bambas</b>		
Copper – production	300,000-320,000 tonnes	290,097 tonnes
Copper – C1 costs	US\$1.30 - US\$1.40 / lb	US\$1.02 / lb
<b>Dugald River</b>		
Zinc – production	170,000 - 190,000 tonnes	180,313 tonnes
Zinc – C1 costs	US\$0.70 - US\$0.80 / lb	US\$0.67 / lb
<b>Kinsevere</b>		
Copper – production	45,000 - 50,000 tonnes	48,017 tonnes
Copper – C1 costs	US\$2.50 - US\$2.80 / lb	US\$1.95 / lb
<b>Rosebery</b>		
Zinc – production	55,000 - 65,000 tonnes	69,454 tonnes
Zinc – C1 costs	US\$0 - US\$0.15 / lb	US\$-0.34 / lb



## APPENDIX – PRODUCTION RESULTS

		LAS BAMBAS						
		QUARTER ENDED				FULL YEAR		
		DEC 2020	MAR 2021	JUN 2021	SEP 2021	DEC 2021	2021	2020
Ore mined - copper	tonnes	20,117,301	13,850,211	19,476,861	15,615,355	10,936,374	59,878,802	57,999,845
Ore milled - copper	tonnes	12,826,088	12,206,629	12,914,029	12,473,406	10,882,735	48,476,799	45,184,395
Waste movement	tonnes	34,793,489	35,254,426	35,256,793	37,875,223	26,616,934	135,003,377	137,484,467
<b>COPPER</b>								
Ore mined - grade	%	0.71	0.57	0.63	0.66	0.67	0.63	0.73
Ore milled - grade	%	0.86	0.63	0.72	0.74	0.68	0.69	0.79
Recovery	%	86.5	84.5	87.0	88.5	87.2	86.9	87.0
<b>Production</b>								
Copper concentrate	tonnes	269,420	196,436	240,113	232,164	194,342	863,056	892,851
Grade	%	35.4	32.8	33.4	34.5	33.6	33.6	34.8
Containing	tonnes	95,236	64,401	80,241	80,106	65,349	290,097	311,020
<b>Sales</b>								
Total concentrate sold	tonnes	277,498	216,773	287,918	208,221	109,897	822,809	903,531
Payable metal in product sold	tonnes	93,594	70,426	95,055	70,175	36,643	272,299	304,266
<b>GOLD &amp; SILVER</b>								
Payable metal in product sold - gold	oz	17,808	13,520	21,287	16,250	8,615	59,673	72,860
Payable metal in product sold - silver	oz	1,251,480	877,350	1,312,009	914,837	476,990	3,581,185	4,092,872
<b>MOLYBDENUM</b>								
<b>Production</b>								
Molybdenum concentrate	tonnes	2,777	2,387	3,278	2,838	1,969	10,471	6,667
Grade	%	47.3	47.1	47.9	48.2	46.9	47.6	47.5
Contained metal produced	tonnes	1,315	1,123	1,570	1,369	924	4,985	3,167
<b>Sales</b>								
Total product sold	tonnes	2,686	2,506	3,113	2,506	2,268	10,394	5,482
Payable metal in product sold	tonnes	1,282	1,183	1,469	1,190	1,093	4,935	2,609

KINSEVERE								
		QUARTER ENDED					FULL YEAR	
		DEC 2020	MAR 2021	JUN 2021	SEP 2021	DEC 2021	2021	2020
Ore mined - copper	tonnes	0	20,075	0	0	0	20,075	1,925,609
Ore milled - copper	tonnes	641,004	552,631	624,463	619,922	651,501	2,448,517	2,448,852
Waste movement	tonnes	0	0	0	0	0	0	8,773,208
<b>COPPER</b>								
Ore mined - grade	%	-	3.81	-	-	-	3.81	2.52
Ore milled - grade	%	2.82	2.37	2.15	1.87	1.66	2.00	3.08
Recovery	%	96.4	95.5	96.5	97.8	96.9	96.6	95.4
<b>Production</b>								
Contained metal produced - cathode	tonnes	17,479	12,490	12,632	11,671	11,223	48,017	72,007
<b>Sales</b>								
Total product sold - cathode	tonnes	17,228	12,278	12,389	11,555	11,104	47,325	70,787
Payable metal in product sold - cathode	tonnes	17,228	12,278	12,389	11,555	11,104	47,325	70,787

DUGALD RIVER								
		QUARTER ENDED					FULL YEAR	
		DEC 2020	MAR 2021	JUN 2021	SEP 2021	DEC 2021	2021	2020
Ore mined	tonnes	495,458	449,772	434,985	508,561	469,544	1,862,862	1,982,988
Ore milled	tonnes	529,499	501,149	399,805	515,799	474,948	1,891,701	1,958,672
<b>ZINC</b>								
Ore mined - grade	%	11.0	11.6	11.4	10.5	10.3	11.0	10.6
Ore milled - grade	%	11.2	11.0	11.4	10.7	10.4	10.8	10.5
Recovery	%	88.2	88.8	87.9	87.8	86.9	87.9	86.8
<b>Production</b>								
Zinc concentrate	tonnes	105,701	97,715	79,048	96,482	85,983	359,228	361,843
Grade	%	49.6	50.2	50.6	50.1	49.9	50.2	49.1
Containing	tonnes	52,446	49,049	40,027	48,368	42,869	180,313	177,704
<b>Sales</b>								
Total product sold	tonnes	103,878	89,069	98,125	94,996	83,595	365,786	371,666
Payable metal in product sold	tonnes	43,187	37,355	41,660	39,839	35,138	153,992	152,573
<b>LEAD</b>								
Ore mined - grade	%	2.2	1.9	1.8	1.6	1.6	1.7	1.9
Ore milled - grade	%	2.2	1.8	1.7	1.7	1.7	1.7	1.9
Recovery	%	64.8	62.5	61.9	63.8	62.4	62.7	65.3
<b>Production</b>								
Lead concentrate	tonnes	14,378	10,267	7,675	9,603	9,609	37,155	43,882
Grade	%	52.9	55.3	55.8	57.1	51.2	54.8	54.3
Containing	tonnes	7,601	5,675	4,281	5,486	4,919	20,361	23,847
<b>Sales</b>								
Total product sold	tonnes	13,724	9,933	10,278	10,298	6,008	36,516	44,397
Payable metal in product sold	tonnes	6,966	5,091	5,318	5,639	2,940	18,988	23,301
<b>SILVER</b>								
Ore milled - grade	g/t	55.3	47.9	31.9	33.6	41.7	39.1	56.0
Payable metal in product sold	oz	506,364	371,518	299,606	319,884	193,171	1,184,179	1,583,186

ROSEBERY								
		QUARTER ENDED					FULL YEAR	
		DEC 2020	MAR 2021	JUN 2021	SEP 2021	DEC 2021	2021	2020
Ore mined	tonnes	266,453	246,416	259,574	234,426	263,752	1,004,168	991,124
Ore milled	tonnes	242,644	228,317	286,028	243,039	265,103	1,022,487	979,718
<b>ZINC</b>								
Ore mined - grade	%	8.7	8.7	7.2	7.0	8.7	7.9	8.3
Ore milled - grade	%	8.8	9.9	7.5	6.6	8.1	8.0	8.1
Recovery	%	84.5	85.7	83.9	83.8	86.4	85.0	84.4
<b>Production</b>								
Zinc concentrate	tonnes	33,578	36,629	33,472	24,252	34,368	128,721	125,064
Grade	%	53.5	52.8	54.1	55.5	53.9	54.0	53.9
Containing	tonnes	17,974	19,350	18,110	13,466	18,529	69,454	67,393
<b>Sales</b>								
Total product sold	tonnes	36,801	29,798	34,467	34,253	28,643	127,161	134,113
Payable metal in product sold	tonnes	17,048	13,619	15,566	15,698	13,323	58,206	62,170
<b>LEAD</b>								
Ore mined - grade	%	3.1	3.1	3.1	2.7	3.3	3.0	3.3
Ore milled - grade	%	3.5	3.7	3.0	2.7	2.9	3.1	3.3
Recovery	%	73.1	80.3	79.4	80.1	80.3	80.0	72.2
<b>Production</b>								
Lead concentrate	tonnes	10,145	11,515	11,120	8,445	9,989	41,068	38,061
Grade	%	60.5	58.6	61.7	61.3	62.8	61.0	61.1
Containing	tonnes	6,133	6,751	6,860	5,173	6,269	25,053	23,272
<b>Sales</b>								
Total product sold	tonnes	12,227	6,606	16,486	10,789	9,170	43,051	37,840
Payable metal in product sold	tonnes	7,050	3,828	9,355	6,303	5,333	24,820	21,787

		ROSEBERY (continued)						
		QUARTER ENDED				FULL YEAR		
		DEC 2020	MAR 2021	JUN 2021	SEP 2021	DEC 2021	2021	2020
Ore mined	tonnes	266,453	246,416	259,574	234,426	263,752	1,004,168	991,124
Ore milled	tonnes	242,644	228,317	286,028	243,039	265,103	1,022,487	979,718
<b>OTHER METALS</b>								
Ore milled - gold	g/t	1.6	1.6	1.6	1.4	1.5	1.5	1.6
Ore milled - silver	g/t	128.7	129.8	119.7	95.3	110.5	113.8	122.2
Ore milled - copper	%	0.28	0.34	0.26	0.19	0.23	0.25	0.25
<b>Production</b>								
Precious metals concentrate	tonnes	2,576	2,580	2,497	1,700	2,407	9,183	8,823
Containing - copper	tonnes	440	437	434	274	422	1,567	1,537
Containing - gold	oz	4,929	4,241	5,211	3,634	4,844	17,930	20,079
Containing - silver	oz	498,139	383,904	491,343	331,316	451,125	1,657,688	1,735,261
Gold doré	oz	5,484	4,433	8,360	6,101	5,974	24,867	18,012
Containing - gold	oz	3,279	2,372	4,864	3,647	3,585	14,468	10,636
Containing - silver	oz	1,941	1,218	2,890	2,164	757	7,030	6,137
<b>Sales</b>								
Precious metals concentrate sold	tonnes	2,405	2,799	3,263	1,771	2,087	9,921	9,261
Gold doré sold	oz	4,416	4,812	7,057	6,235	4,982	23,086	16,658
Payable metal in product sold - copper	oz	391	460	528	291	334	1,613	1,562
Payable metal in product sold - gold	oz	8,943	8,145	11,775	8,787	8,830	37,537	36,476
Payable metal in product sold - silver	oz	783,856	534,252	945,005	673,032	704,346	2,856,635	2,742,882