

# CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders,

I am pleased to present our 2021 Annual Report and my first as interim CEO.

In January 2022 we announced that I would be replacing Mr Geoffrey Gao who resigned as CEO of MMG after three and a half years of leading the business, to take up an opportunity with our major shareholder China Minmetals Corporation (CMC) in Beijing. I am excited to have this opportunity to lead MMG as interim CEO and I am grateful to Mr Geoffrey Gao and our former Chairman Mr Guo Wenqing, for having handed over a business in very good health with a solid platform of growth.

## SAFETY

In 2021 the COVID-19 pandemic has continued to impact the countries and communities in which we operate. I am proud of our team for their commitment and resilience which has enabled us to maintain continuous operation across our portfolio.

Throughout the year we continued to place our focus on eliminating injuries in the workplace and I am pleased to report that our Total Recordable Injury Frequency (TRIF) has reduced by 21% to 1.09 for the full year 2021.

I do however, regret to report that on 27 August 2021, a vehicle transporting 18 contractors from Cusco to the Las Bambas mine left the road in Hualpachaca area in the Cotabambas province causing the death of 16 passengers and leaving two people injured. This is a tragic loss that has impacted many of us at MMG and Las Bambas and we extend our deep sympathies to the families and friends of those lost.

We are committed to doing what we can, across our business, to ensure our people are safe and we continue to make strides towards eliminating injuries from our workplaces. We focus on driving a safety-first mindset at our sites, building a culture that places physical and mental

health at the core of our values, training our leaders to be on the ground, observing and leading by example and ensuring that our standards and controls are always followed.

## OPERATIONAL PERFORMANCE

In 2021, total copper production was 339,681 tonnes and total zinc production was 249,767 tonnes. Copper production was 12% below the 2020 result due to lower grades and 100 days of community roadblocks at Las Bambas, as well as lower ore grades at Kinsevere as it prepared to transition to mining and processing the sulphide ore body. Zinc production was 2% higher than 2020 as a result of record production at Dugald River and consistently solid mining and plant performance at Rosebery. Both Australian operations performed well in 2021 with Dugald River exceeding 200,000 tonnes on a zinc equivalent basis for the second consecutive year; Rosebery's production was 157,482 tonnes, 11% higher than 2020.

Following regulatory approval, we now expect the development of the Chalcobamba pit at Las Bambas to commence from mid-2022, followed by first production during the second half and 2022 copper production from Las Bambas is expected to be in the range of 300,000 to 320,000 tonnes of copper in concentrate.

On 24 March 2022, the Kinsevere Expansion Project was approved by the MMG Board. This project is set to drive higher copper production as well as adding cobalt production – a new commodity to our portfolio that increases our leverage to a low carbon economy. Production of copper cathode at Kinsevere is expected to be in the range of 45,000-50,000 tonnes in 2022 with mining of remaining oxide reserves expected to resume in April 2022, following the wet season.

Zinc in concentrate production from our Dugald River and Rosebery sites is expected to be between 225,000 and 255,000 tonnes in 2022, with a stable production outlook.



**With the world taking urgent steps towards a transition to a low carbon economy, MMG's portfolio is leveraged to the critical materials required to facilitate this change. Our portfolio and focus places us in a strong position to drive future growth for our business and to create greater value for our shareholders.**

## FINANCIAL PERFORMANCE

MMG delivered an EBITDA result of US\$2,725.4 million, 98% higher than 2020. Net profit after tax was US\$920.5 million including a profit of US\$667.1 million attributable to equity holders. This record result for MMG was driven by higher commodity prices and the gain recognised on the reduction of the Century mine bank guarantee.

In the year, strong operational cashflow and an equity placement in June also enabled us to substantially reduce debt and strengthen our balance sheet, readying us for the next phase of growth.

## OUTLOOK

As we look ahead to 2022, we have two clear organic growth projects in Chalcobamba and the Kinsevere Expansion Project. Together these projects will deliver a strong production outlook for Las Bambas and an extension to Kinsevere's mine life, strengthening our commitment to these critical regions. Similarly, the Australian operations continue to present compelling exploration results and we will carefully evaluate growth opportunities to extend our current portfolio.

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Thank you for your continuing support of MMG and I look forward to a strong year ahead.



**Li Liangang**  
**CHIEF EXECUTIVE OFFICER (INTERIM)**

