

# CHAIRMAN'S LETTER

Dear Shareholders,

On behalf of the MMG Board, I am pleased to present our 2021 Annual Report to shareholders.

## MANAGEMENT & BOARD CHANGES

In early January 2022 we announced the appointment of an interim Chief Executive Officer and I was appointed to the role of Chairman, a position I previously occupied from August 2014 until February 2017.

These changes follow the resignation of Mr Geoffrey Gao as Chief Executive Officer in order to return to a role with our major shareholder China Minmetals Corporation (CMC) and Mr Guo Wenqing's resignation as the Chairman in order to focus on his duties as the President of CMC.

Mr Liangang Li, who was the Executive General Manager responsible for the Australian Operations and Commercial teams, has replaced Geoffrey as the interim CEO. I am pleased to have this opportunity to again lead MMG with Liangang, who was there at the very start of MMG more than 12 years ago as a Director of the Company with myself. He brings extensive global mining experience and has a deep appreciation for MMG's strengths and opportunities.

I extend my gratitude to both Mr Geoffrey Gao and Mr Guo Wenqing for their leadership of the Company over recent years. They leave a business that has a talented international team, quality assets and in this financial year, strong performance across safety, operations and financial metrics.

## OUR PERFORMANCE & GROWTH

In 2021 we continued to contend with the challenges presented by the global COVID-19 pandemic. I am pleased to report that with the commitment and tireless efforts of our people, we were able to maintain continuous operations. Global commodity markets remained robust throughout the year with higher commodity prices driving a record profit result. Earnings before tax, depreciation, amortisation and impairment (EBITDA) were US\$2,725.4 million, a result that

was 98% higher than 2020. During the year, we substantially strengthened our balance sheet reducing our net debt by US\$1,952.8 million on the back of strong operational cash flow and the proceeds from the US\$299.0 million equity issuance completed in June. Gearing also reduced substantially from 73% in 2020 to 56% in 2021.

Our stronger balance sheet positions us to pursue disciplined growth in our future-focused core commodities of copper, zinc and cobalt. Following approval of the Kinsevere Expansion Project in March 2022, our near-term focus will be the delivery of Chalcobamba project in Peru, expected to begin development in the first half of 2022. In the meanwhile, we will continue to actively pursue value-accretive external opportunities.

## A FUTURE-FOCUSED BUSINESS

As a business, and more broadly, as society we face both challenges and opportunities in the transition to a low carbon future. I am proud to be part of a business producing the products that are at the core of the green economy while also being resolute in playing our part in reducing greenhouse gas emissions across our operational footprint. As a Board and Management Team we are committed to delivering a robust climate resilience strategy from 2022 targeting net zero emissions by 2050, with an interim target of 40% reduction in emissions by 2030. Details of this strategy will be included through regular progress updates to shareholders and in our 2021 Sustainability Report.

Maintaining positive and enduring partnerships with our near-mine communities remains a priority for MMG. In 2021, we continued to contend with community blockades in Peru which caused the cessation of mining at Las Bambas for 12 days in the fourth quarter. The Company remains committed to working closely with the government of Peru and communities to maintain dialogue and to deliver on commitments and agreements. With a multi-decade mine life, Las Bambas will continue to be a significant contributor to the local, regional and national economies of Peru helping to drive community and economic development and providing employment and training opportunities.



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## IN CLOSING

With global commodity markets expected to remain robust and demand for our core products to grow as decarbonisation and a shift to electrifications intensifies, the future for our business is bright.

MMG is recognised as CMC's leading international mining company, and I am excited to again have this opportunity to lead the business into its next growth chapter.

Thank you to our employees, shareholders, partners and communities for your continuing support of MMG.



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CHAIRMAN

