

# CHAIRMAN'S REVIEW

Dear Shareholders,

On behalf of MMG's Board of Directors I am pleased to present the Company's 2022 interim results.

During the first half of 2022, we have continued our focus on mitigating the risks and impacts of COVID-19 to our people and communities, particularly as regional infection rates have again risen due to the emergence of new virus variants.

The global pandemic has also continued to present challenges for the global economy with supply chain issues and rising energy costs, due in part to the Russia and Ukraine conflict, driving higher inflation and increasing uncertainty regarding the global economic outlook. In turn, these factors have weighed negatively on the price of copper with prices declining since March 2022. However, we expect that low inventories and continued supply disruptions will provide support to copper prices for the remainder of the year.

Zinc continued its strong performance during the first half, securing its place as one of the best performers on the London Metal Exchange (LME) on the back of robust fundamentals.

While the demand outlook for our core commodities remains strong, as the world intensifies its energy transition, we expect higher energy costs and a stronger US dollar in the near term. This is expected to drive cost pressures that will require a disciplined approach to cost management and capital allocation.

In the first half, MMG sold 104,437 tonnes of copper and 93,233 tonnes of zinc and achieved EBITDA of US\$651.7 million, 57% lower than in 2021. Net profit after tax was US\$89.8 million, including a profit of US\$79.5 million attributable to the equity holders of the Company.

The performance in the first half was significantly impacted by community protests at Las Bambas, during which community members had entered the mine site, requiring an operational shut for more than 50 days due to safety concerns. Production at Las Bambas resumed on 11 June 2022 after the six communities involved committed to participating in a Government-led dialogue process.

Finding a sustainable, dialogue-driven solution to the community challenges at Las Bambas remains our utmost priority and it is the key to unlocking the significant potential of this world-class asset. We are proud of our contributions to local communities and we remain steadfast in pursuing our purpose of mining for progress - by ensuring that our communities and our people share in the success of our mining investments.

As we look ahead to the rest of 2022, our focus will remain on resolving the community challenges at Las Bambas, advancing the Kinsevere Expansion Project, securing the future for Rosebery and maintaining workforce availability at Dugald River. Across our portfolio, we will continue to drive operational excellence and efficient cost control, particularly in the face of inflationary pressures and industry-wide cost escalation.

We are proud of our portfolio of future-focused metals which are essential to creating a more sustainable world. As a Company, we have also committed to incorporating sustainability targets as part of our performance metrics and to challenging ourselves to reduce emissions. To this end, in March the Board approved MMG's first Climate Resilience Strategy, which outlines our pathway to reducing greenhouse emissions and preparing our business for a low carbon future. We have committed ourselves to an interim 2030 target of reducing greenhouse gas emissions by 40% and the ultimate goal of achieving net zero carbon emissions by 2050.

Finally, while we anticipate that the global economic environment will remain volatile in the second half, we will pursue opportunities to expand our portfolio of future-focused commodities of copper, zinc and cobalt. MMG continues to maintain strong support from our major shareholder, China Minmetals Corporation (CMC) as a platform for international operations and growth.

On behalf of the MMG Board I extend my heartfelt thanks to our shareholders, communities, and partners for their ongoing support and to our talented team for their contributions.



A stylized white signature of JIAO Jian on a yellow background. The signature is written in a cursive, calligraphic style.

JIAO Jian  
CHAIRMAN



Image: Overview of Kinsevere open-pit mine.