ANNOUNCEMENT ON ANNUAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2022

The Board of Directors (Board) of MMG Limited (Company) is pleased to announce the consolidated results of the Company and its subsidiaries (Group) for the year ended 31 December 2022.

The financial information set out in this announcement does not constitute the Group's complete set of the consolidated financial statements for the year ended 31 December 2022, but rather, represents an extract from those consolidated financial statements.

The financial information has been reviewed by the Company's Audit and Risk Management Committee and the Company's auditor.

The audited consolidated results of the Group are annexed to this announcement.

MMG RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

KEY POINTS

- It is with deep sadness that MMG Limited confirms the death of two Barminco contractors, Trevor Davis and Dylan Langridge injured in an incident at the Dugald River operation in Queensland on February 15, 2023. In collaboration with mining contractor Barminco and the relevant authorities, investigations into the incident are underway.
- MMG recorded a Total Recordable Injury Frequency (TRIF) of 1.25 per million hours worked for the full year 2022. This is a 15% increase on the full year 2021 TRIF of 1.09 but is a 16% improvement on the result in the first half of 2022. The result represents continued low TRIF when compared with MMG's ICMM peers.
- Net profit after tax was US$243.5 million, including a profit of US$172.4 million attributable to equity holders of the Company. This compared to a net profit after tax of US$920.5 million in 2021, including a profit of US$667.1 million attributable to equity holders.
- EBITDA of US$1,535.4 million was 44% lower than 2021, due to lower sales of concentrate at Las Bambas and Rosebery, lower realised commodity prices and higher consumable unit prices across the group in line with cost escalation experienced across the mining industry.
- Las Bambas EBITDA of US$1,121.9 million was 45% lower than 2021. This result was largely due to lower concentrate sales volumes as a result of 173 days (2021: 106 days) of disruption to concentrate transport during the year and lower copper prices. Las Bambas annual production in 2022 was 254,836 tonnes of copper, slightly above the latest guidance of 250,000 tonnes, but 12% lower than 2021 following increased community protests which caused an operational shut of more than 50 days.
- Kinsevere EBITDA of US$131.7 million was 4% lower compared to 2021 due to lower copper prices. Kinsevere produced 49,070 tonnes of copper cathode in 2022, representing a 2% increase on 2021 results due to higher feed grade after the resumption of mining activity and increased supply of higher-grade third party ores.
- Dugald River recorded an EBITDA of US$210.2 million during 2022, 1% lower than 2021 due to increased mining contractor expenses to support the transition to owner miner model for production activities and onboarding of Redpath for development activities and increased development meters. Dugald River produced 173,395 tonnes of zinc in 2022, 4% below 2021 primarily due to COVID-19 impacts on workforce availability early in the year, alongside lower grade offset by record high recovery.
- Rosebery EBITDA of US$98.6 million represented a 52% decrease on 2021. This was due to lower production and lower silver prices. Rosebery produced 51,156 tonnes of zinc in 2022, 26% below 2021 levels due to declining ore grade, COVID-19 impact on workforce availability early in the year and resequencing of mining activities in the second and third quarter.
- Las Bambas' third ball mill was successfully commissioned during the fourth quarter. Supported by the third ball mill, the mine achieved the highest quarter milling throughput since 2020, which was also the second highest quarter throughput in the mine's history.
- Construction of the Kinsevere Expansion Project (KEP), including the transition to the mining and processing of sulphide ores and the commencement of cobalt production, is progressing. All civil work for the cobalt plant has been completed, long-lead time equipment is being shipped to the site and the installation of equipment has commenced. Detailed engineering for the concentrator and roaster plant is in progress. Earthworks of the new tailing dam have started.
- The Board did not recommend the payment of a dividend for the year.

Outlook

- Las Bambas copper production for 2023 is expected to be in the range of 265,000 and 305,000 tonnes. This represents an improvement on 2022 but is highly contingent on the swift resolution to wide-spread political protests in Peru and a resumption of stability in concentrate transport logistics.
- Kinsevere copper cathode production for 2023 is expected to be in the range of 40,000 and 48,000 tonnes.
- Dugald River zinc production for 2023 is expected to be in the range of 170,000 and 185,000 tonnes of zinc in zinc concentrate.
- Rosebery zinc production for 2023 is expected to be in the range of 55,000 and 65,000 tonnes of zinc in zinc concentrate.
- C1 costs are expected to increase at Las Bambas, Dugald River and Rosebery driven by a combination of cost inflation on energy and consumables and lower by-product credits.
- Total capital expenditure for 2023 is expected to be between US$700 and US$850 million. This includes approximately US$400 to US$450 million attributable to Las Bambas, subject to the timing of comprehensive agreement with the Huancuire community for the development of Chalcobamba. Capital expenditure for the Kinsevere expansion project is expected to be between US$200 to US$250 million.

MMG RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022 CONTINUED

YEAR ENDED 31 DECEMBER	2022 US$ MILLION	2021 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	3,254.2	4,255.0	(24%)
EBITDA	1,535.4	2,725.4	(44%)
EBIT	745.3	1,827.4	(59%)
Profit for the year before income tax	**460.5**	**1,503.8**	**(69%)**
EBITDA margin	47%	64%	(27%)
Net cash generated from operating activities	832.1	2,551.5	(67%)
Dividend per share	-	-	n/a
Basic profit per share	US 2.00 cents	US 7.95 cents	
Diluted profit per share	US 1.98 cents	US 7.86 cents	

CHAIRMAN'S LETTER

Dear Shareholders,

On behalf of the MMG Board, I am pleased to present the 2022 Annual Report.

This year was a challenging one for our business as we contended with community protests at Las Bambas, our largest asset, ongoing disruptions from Covid-19, a fire near our Rosebery operation and escalating costs due to global inflation and supply challenges.

In the face of these challenges, I am proud of our team's ability to keep driving our business forward while protecting the health and safety of our people and our communities.

Safety

MMG's core value is safety. While we have directed significant effort to ensuring that we are building a safety-focussed culture with the aim of eliminating injuries, I am saddened to report that two people, employed through our mining contractor Barminco at Dugald River mine, tragically lost their lives after a light vehicle they were travelling in fell into a stope on 15 February 2023.

The entire MMG team feels tremendous sorrow about this incident and we extend our sincere condolences to the families and friends of our lost colleagues Trevor Davis and Dylan Langridge.

The Company has commenced an investigation into how this event has occurred and we will take every measure necessary to ensure our workplaces are safe.

Our portfolio and performance

Challenging external conditions were reflected in our annual results with MMG achieving earnings before interest, tax, depreciation and amortisation (EBITDA) of US$1,535.4 million and net profit after tax of US$243.5 million. This result represents a 44% and 74% reduction respectively on 2021 due to lower sales at Las Bambas as well as lower realised commodity prices and higher costs across the business.

While we expect that the rapidly rising interest rates will act to slow global economic growth, we are confident that the reopening of China and robust demand for our products will provide a supportive environment over the medium term.

The development of the next phase of Las Bambas, through the Chalcobamba deposit, will meaningfully increase production to 380,000-400,000 tonnes per annum over the medium term. Securing a sustainable agreement with the Huancuire community is a critical enabler to this.

At Kinsevere we are continuing to progress the development of Kinsevere Expansion Project which will add a further 13 years of mine life and introduce cobalt production. Civil works on the cobalt plant have now been completed and the first cobalt production is expected in 2023. We also continue to invest in regional exploration projects in the Democratic Republic of Congo focusing on the areas near the Kinsevere operation.

At Dugald River we continue direct efforts on safe and sustainable production that will enable the site to maintain zinc equivalent production at approximately 200,000 tonnes per annum. And at Rosebery, our work to secure the life extension of the asset continues; with an exploration drilling program and investigation of tailings storage options to be conducted over the next two years.

Our strategy and growth

MMG remains a critical part of CMC's international growth strategy as it seeks to expand its footprint in the future-facing commodities that are critical to the energy transition.

In 2022 we revised our vision to create a leading international mining company for a low carbon future. To achieve this, we are focusing on maximising the value of our assets, improving competitiveness and pursuing disciplined growth in our target commodities.

Undoubtedly, our first priority is to achieve a sustainable dialogue and partnership-driven outcome to the Las Bambas community challenges. We are committed to growing this world class asset and sharing the benefits of its success with communities in a mutually beneficial manner that both improves the quality of life for local residents and enables us to deliver on Las Bambas' vast potential.

Management Changes

In March 2022 the Company announced the appointment of Mr Nan Wang to the position of Executive General Manager Australia and Africa. Mr Wang has held a number of senior mining and executive positions with a number of international mining companies and returned to MMG having previously spent six years in a senior mining position. He brings to the role strong technical acumen and extensive knowledge of our existing assets.

Outlook

In 2023, we expect Las Bambas production to be in the range of 265,000-305,000 tonnes of copper concentrate. This target, however, is highly contingent on a resolution in widespread political protests that commenced in December 2022 and the resumption in concentrate logistics. Kinsevere copper cathode production is expected to be in the range of 40,000-48,000 tonnes.

Group level zinc production is anticipated to be in the range of 225,000- 250,000 tonnes of zinc in zinc concentrate.

While we expect cost pressures to remain, we anticipate that global demand for our products will remain steady.

In closing

Delivering a bright future for MMG is not possible without our people and the support of our shareholders.

I extend my thanks to our people for their efforts and resilience in challenging year.

I also thank our shareholders, partners and communities for their ongoing support.

JIAO Jian
CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders

I am pleased to present our 2022 Annual Report.

SAFETY

It is with deep sadness that MMG Limited confirms the death of two Barminco contractors, Trevor Davis and Dylan Langridge injured in an incident at the Dugald River operation in Queensland on February 15, 2023. In collaboration with mining contractor Barminco and the relevant authorities, investigations into the incident are now underway.

Our deepest sympathies are with Trevor and Dylan's family and friends and the Barminco team as well as our Dugald River employees who have lost a colleague and friends in such tragic circumstances. I'd like to sincerely thank everyone involved in the emergency response to this incident and the support we have received from community and authorities.

MMG's total recordable injury frequency (TRIF) rate was 1.25 for the full year 2022, which is higher than the full year 2021 result of 1.09; however, it represents a 16% improvement on the first half of 2022 as we refocused efforts on driving a safety-first mindset across our operations.

MMG continues to maintain its strong TRIF performance when compared to our ICMM peers. Whilst this is a welcome achievement, we recognise there is still significant room for improvement. Across the business we are committed to eliminating the significant potential incidents that present injury risks and this means driving a culture that recognises the safety and wellbeing of our people as our guiding value and highest priority.

OPERATIONAL PERFORMANCE

In 2022, MMG produced 305,053 tonnes of copper and 224,551 tonnes of zinc. Total copper production was 10% lower than the prior year largely driven by the impact of community protests at Las Bambas. Total zinc production was also 10% below the 2021 result due to the impacts of Covid-19 on workforce availability at our Australian operations in early 2022, as well as lower ore grades.

In April 2022 Las Bambas suspended operations for more than 50 days after community members entered site. Since then, we have continued to engage in ongoing dialogue in order to transparently review commitments. We are optimistic about reaching a sustainable outcome to these discussions that is based on a shared vision. We have dedicated project resources to transforming the way we manage our relationships and commitments with communities and to support the importance of the mine and its significant contribution to local, regional and national-level economies.

Production at our Kinsevere operation increased by 2% in 2022 due to higher feed grades following the resumption of mining activity and increased supply of third-party ore. The construction of the Kinsevere Expansion Project, including the transition to the mining and processing of sulphide ores and the commencement of cobalt production, continues to advance. We anticipate the production of first cobalt to be achieved by the end of 2023 which is an important milestone in adding a new product to our existing portfolio of future-focused metals.

Our Dugald River zinc operation exceeded 200,000 tonnes of zinc equivalent production for 2022 and the highest mining rates over the previous two years in the fourth quarter.

In 2021 we launched our first MMG Climate Resilience Strategy to embed climate considerations and greenhouse gas reduction commitments into all aspects of our business strategy and future planning. I am pleased to advise that our operations are now working to determine potential decarbonisation pathways and are evaluating options to transition to renewable electricity supply. As a first step on that journey, in 2021 MMG's Dugald River mine entered into a 15-year renewable energy agreement which will supply solar power to Dugald River from early 2023, reducing its carbon footprint and providing immediate energy cost savings.

CHIEF EXECUTIVE OFFICER’S REPORT CONTINUED

FINANCIAL PERFORMANCE

MMG’s EBITDA result for 2022 was US$1,535.4 million, 44% below the 2021 result. This result was driven by the lower sales at Las Bambas and Rosebery operations, lower realised commodity prices and higher costs due to global and industry-wide inflationary pressures.

Net profit after tax was US$243.5 million, including a profit of US$172.4 million attributable to equity holders, 74% below the 2021 result.

OUTLOOK

In 2023 the management team’s priority will be to secure a strong future for our assets and protect the health and safety of our people and communities. This means safely increasing production over the coming years, building sustainable community relationships and careful resource management, particularly as we expect that inflationary pressures will take some time to abate.

Growing our assets remains a priority with constructive community dialogue at Las Bambas critical to the development of the Chalcobamba deposit. In 2023 we will also continue to advance the Kinsevere Expansion Project and maintain our focus on future proofing the Rosebery mine by securing a suitable tailings storage solution.

Despite a challenging 2022, I am confident in the future outlook of our business as demand for our products intensifies and we strengthen our growth pipeline.

We remain committed to growth through development of our existing portfolio as well as actively evaluating external opportunities that are value accretive to all of our shareholders.

Thank you for your continuing support of MMG.

LI Liangang
CHIEF EXECUTIVE OFFICER (INTERIM)

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

For the purpose of the management discussion and analysis, the Group's results for the year ended 31 December 2022 are compared with results for the year ended 31 December 2021.

YEAR ENDED 31 DECEMBER	2022 US$ MILLION	2021 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	3,254.2	4,255.0	(24%)
Operating expenses	(1,682.6)	(1,587.3)	(6%)
Exploration expenses	(30.8)	(21.3)	(45%)
Administration expenses	(16.0)	(20.8)	23%
Net other income	10.6	99.8	(89%)
EBITDA	**1,535.4**	**2,725.4**	**(44%)**
Depreciation and amortisation expenses	(790.1)	(898.0)	12%
EBIT	**745.3**	**1,827.4**	**(59%)**
Net finance costs	(284.8)	(323.6)	12%
Profit before income tax	**460.5**	**1,503.8**	**(69%)**
Income tax expense	(217.0)	(583.3)	63%
Profit after income tax for the year	**243.5**	**920.5**	**(74%)**
Attributable to:			
Equity holders of the Company	172.4	667.1	(74%)
Non-controlling interests	71.1	253.4	(72%)

Profit attributable to equity holders of the Company

MMG's profit of US$243.5 million for the year ended 31 December 2022 includes profit attributable to equity holders of US$172.4 million and profit attributable to non-controlling interests of US$71.1 million. This compares to a profit attributable to equity holders of US$667.1 million and a profit attributable to non-controlling interests of US$253.4 million for the year ended 31 December 2021. Amounts attributable to non-controlling interests relate to the 37.5% interest in Las Bambas not owned by the Company.

The following table provides a reconciliation of reported profit after tax attributable to equity holders.

YEAR ENDED 31 DECEMBER	2022 US$ MILLION	2021 US$ MILLION	CHANGE % FAV/(UNFAV)
Profit after tax – Las Bambas 62.5% interest	118.4	422.3	(72%)
Profit after tax – Other continuing operations	154.6	232.4	(33%)
Exploration expenses	(30.8)	(21.3)	(45%)
Administration expenses	(16.0)	(20.8)	23%
Net finance costs (excluding Las Bambas)	(81.7)	(94.7)	14%
Other	27.9	149.2	(81%)
Profit for the year attributable to equity holders	**172.4**	**667.1**	**(74%)**

Overview of operating results

The Group's continuing operations comprise Las Bambas, Kinsevere, Dugald River and Rosebery. Exploration, corporate activities and other subsidiaries are classified as 'Other'.

YEAR ENDED 31 DECEMBER	REVENUE 2022 US$ MILLION	REVENUE 2021 US$ MILLION	REVENUE CHANGE % FAV/(UNFAV)	EBITDA 2022 US$ MILLION	EBITDA 2021 US$ MILLION	EBITDA CHANGE % FAV/(UNFAV)
Las Bambas	2,086.8	2,965.2	(30%)	1,121.9	2,047.3	(45%)
Kinsevere	421.5	437.3	(4%)	131.7	137.6	(4%)
Dugald River	484.3	482.9	0%	210.2	212.7	(1%)
Rosebery	259.9	365.2	(29%)	98.6	203.3	(52%)
Other	1.7	4.4	(61%)	(27.0)	124.5	(122%)
Total	**3,254.2**	**4,255.0**	**(24%)**	**1,535.4**	**2,725.4**	**(44%)**

The following discussion and analysis should be read in conjunction with the financial information.

Revenue decreased by US$1,000.8 million (24%) to US$3,254.2 million compared to 2021 due to lower sales volumes (US$667.8 million) and lower realised commodity prices (US$333.0 million).

Sales decreased by US$667.8 million compared to 2021 driven by lower sales of copper concentrate (US$484.3 million) and molybdenum concentrate (US$61.7 million) at Las Bambas due to 173 days of road blockages throughout the year (2021: 106 days) and the forced suspension of operations between 21 April 2022 to 10 June 2022 due to protest activities by neighbouring communities. Rosebery zinc and lead concentrate sales volumes were lower by US$99.7 million driven by lower production due to COVID–19 impacts on workforce availability earlier in the year as well as lower ore grades, in line with the currently planned mining sequences.

Unfavourable commodity price variances of US$333.0 million were driven by lower realised prices for copper (US$345.4 million), silver (US$34.7 million), gold (US$8.0 million) and lead (US$1.6 million). This was partly offset by higher realised prices for zinc (US$46.9 million) and molybdenum (US$9.8 million). Price variances also include mark-to-market adjustments on open sales contracts and the impacts of commodity hedging.

REVENUE BY COMMODITY YEAR ENDED 31 DECEMBER	2022 US$ MILLION	2021 US$ MILLION	CHANGE % FAV/(UNFAV)
Copper	2,227.7	3,050.4	(27%)
Zinc	547.1	575.8	(5%)
Lead	72.9	89.3	(18%)
Gold	151.5	174.4	(13%)
Silver	135.8	194.0	(30%)
Molybdenum	119.2	171.1	(30%)
Total	**3,254.2**	**4,255.0**	**(24%)**

Price

Average LME base metals prices were lower in the year ended 31 December 2022 compared to the prior corresponding period for all metals, except for zinc and molybdenum.

AVERAGE LME CASH PRICE [(1)] YEAR ENDED 31 DECEMBER	2022	2021	CHANGE % FAV/(UNFAV)
Copper (US$/tonne)	8,815	9,315	(5%)
Zinc (US$/tonne)	3,485	3,005	16%
Lead (US$/tonne)	2,153	2,205	(2%)
Gold (US$/ounce)	1,801	1,800	0%
Silver (US$/ounce)	21.75	25.17	(14%)
Molybdenum (US$/tonne)	41,411	34,930	19%

(1) Sources: zinc, lead, and copper: LME cash settlement price; Molybdenum: Platts; gold and silver: LBMA. 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.

Sales volumes

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER	2022	2021	CHANGE % FAV/(UNFAV)
Copper (tonnes)	272,132	322,008	(15%)
Zinc (tonnes)	185,606	213,554	(13%)
Lead (tonnes)	36,461	43,808	(17%)
Gold (ounces)	89,049	97,209	(8%)
Silver (ounces)	6,707,204	7,621,998	(12%)
Molybdenum (tonnes)	3,156	4,935	(36%)

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER 2022	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES	MOLYBDENUM TONNES
Las Bambas	221,918	-	-	62,901	3,293,364	3,156
Kinsevere	49,048	-	-	-	-	-
Dugald River	-	140,980	19,116	-	1,342,406	-
Rosebery	1,166	44,626	17,345	26,148	2,071,434	-
Total	**272,132**	**185,606**	**36,461**	**89,049**	**6,707,204**	**3,156**

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER 2021	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES	MOLYBDENUM TONNES
Las Bambas	272,299	-	-	59,673	3,581,185	4,935
Kinsevere	48,096	-	-	-	-	-
Dugald River	-	153,992	18,988	-	1,184,179	-
Rosebery	1,613	59,562	24,820	37,537	2,856,635	-
Total	**322,008**	**213,554**	**43,808**	**97,210**	**7,621,999**	**4,935**

Operating expenses include expenses of operating sites, excluding depreciation and amortisation. Site expenses include mining and processing expenses, changes in inventories, royalty expenses, selling expenses and other operating expenses.

Total operating expenses increased by US$95.3 million (6%) in 2022, driven by higher consumable unit prices across the group (US$157.2 million), particularly for diesel and explosives, due to broader industry cost pressures, and higher mining costs at Kinsevere (US$42.4 million) attributable to the resumption of mining activities in April 2022.

This was partly offset by favourable stock movement at Las Bambas (US$70.3 million) due to a higher net build-up of finished goods reflecting lower copper concentrate sales volumes and favourable exchange rate impacts at the Australian operations (US$31.2 million).

Further detail is set out below in the mine analysis section.

Exploration expenses increased by US$9.5 million (45%) to US$30.8 million in 2022 due to higher expenditure at Las Bambas (US$4.1 million) with exploration activities focused on Ferrobamba Deeps targets. Exploration costs at Kinsevere were also higher by US$4.1 million with exploration activities concentrating on potential satellite copper targets within a 50km radius of the Kinsevere mine.

Administrative expenses decreased by US$4.8 million (23%) to US$16.0 million in 2022 mainly due to the weaker Australian dollar (US$2.8 million) and lower short term incentive (STI) expenses (US$0.9 million).

Net other income decreased by US$89.2 million (89%) mainly due to the gain recognised on the reduction in the Century Bank Guarantee (US$136.3 million) in 2021, partly offset by the recognition of provisions in 2021 in relation to the VAT 2011/2012 matter in Peru ($15.5 million) and favourable foreign exchange gains ($US15.2 million).

Depreciation and amortisation expenses decreased by US$107.9 million (12%) to US$790.1 million in 2022. The decrease was due to lower depreciation expenses at Las Bambas (US$67.1 million) and Rosebery (US$32.8 million) due to lower mining and milling volumes.

Net finance costs decreased by US$38.8 million (12%) to US$284.8 million compared to 2021. The decrease was mainly due to lower debt balances (US$41.0 million) and a refund of interest from SUNAT (US$9.5 million), partly offset by higher net interest costs driven by a rising interest rate environment (US$17.4 million).

Income tax expense decreased by US$366.3 million, reflecting the decrease in the Group's underlying profit before income tax from the prior year. The effective tax rate for 2022 was 47.1%, with a prima facie income tax rate from operations of 32%, which was impacted by non-creditable withholding tax expenses (7.8%) and Democratic Republic of the Congo (DRC) Special Tax on Excess Profits (STEP) provisions (6.1%).

MINES ANALYSIS

Las Bambas

YEAR ENDED 31 DECEMBER	2022	2021	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	43,178,984	59,878,802	(28%)
Ore milled (tonnes)	44,043,203	48,476,799	(9%)
Waste movement (tonnes)	116,206,593	135,003,377	(14%)
Copper in copper concentrate (tonnes)	254,836	290,097	(12%)
Payable metal in product sold			
Copper (tonnes)	221,918	272,299	(19%)
Gold (ounces)	62,901	59,673	5%
Silver (ounces)	3,293,364	3,581,185	(8%)
Molybdenum (tonnes)	3,156	4,935	(36%)

YEAR ENDED 31 DECEMBER	2022 US$ MILLION	2021 US$ MILLION	CHANGE% FAV/(UNFAV)
Revenue	**2,086.8**	**2,965.2**	**(30%)**
Operating expenses			
Production expenses			
Mining	(401.2)	(244.1)	(64%)
Processing	(261.5)	(235.8)	(11%)
Other	(403.5)	(413.7)	2%
Total production expenses	**(1,066.2)**	**(893.6)**	**(19%)**
Freight (transportation)	(86.1)	(77.2)	(12%)
Royalties	(59.4)	(89.9)	34%
Other (i)	263.4	185.0	42%
Total operating expenses	**(948.3)**	**(875.7)**	**(8%)**
Other expenses	(16.6)	(42.2)	61%
EBITDA	**1,121.9**	**2,047.3**	**(45%)**
Depreciation and amortisation expenses	(665.7)	(732.8)	9%
EBIT	**456.2**	**1,314.5**	**(65%)**
EBITDA margin	**54%**	**69%**	**(22%)**

(i) Other operating expenses include changes in inventories, corporate recharges and other costs of operations.

Las Bambas produced 254,836 tonnes of copper in 2022, 35,261 tonnes (12%) below 2021 due to continued community protests including an operational shut of more than 50 days in the second quarter. Ore milled grades were also lower than 2021 (0.67% vs. 0.69%) mainly due to processing of lower grade rehandled ores in the fourth quarter of 2022 when mining was impacted by community protests.

Las Bambas' third ball mill was successfully commissioned during the fourth quarter. Supported by the third ball mill, the mine achieved the highest quarter milling throughput since 2020, which was also the second highest quarter throughput in the mine's history.

Production of molybdenum and silver by–products were also 36% and 8% lower respectively due to the reduced ore processing throughput impacted by community protests. Gold production was 5% higher due to higher grades.

Revenue of US$2,086.8 million was 30% lower than 2021 due to lower copper (US$482.7 million) and molybdenum sales volumes (US$61.7 million) and lower realised commodity prices (US$346.0 million).

Copper sales volumes were 19% lower compared to the prior year, primarily due to increased community protests that caused over 173 days (2021: 106 days) of disruption to concentrate transport in 2022. From early December 2022, Peru has experienced widespread social unrest following the impeachment of Pedro Castillo, the previous President of Peru. The widespread protests have caused disruptions along the Southern Road Corridor, affecting the broader mining industry. Lower molybdenum sales volumes were also impacted by road disruptions and lower molybdenum production due to lower feed grades in 2022.

As a result of transport disruptions, the concentrate inventory levels on site increased to approximately 85,000 tonnes of copper in concentrate at the end of 2022, compared to approximately 59,000 tonnes at the end of 2021. This stockpiled copper concentrate is expected to be drawn down and shipped by the fourth quarter of 2023, subject to the resolution to current nationwide protests followed by stability in concentrate transport logistics.

Total production expenses of US$1,066.2 million were US$172.6 million or 19% above 2021. This was mainly driven by higher unit costs of diesel ($65.0 million), explosives ($36.9 million) and reagents and grinding media ($27.3 million). Total production expenses were also unfavourably impacted by lower deferred mine capitalisation costs (US$63.4 million) as a result of delays to stripping activities caused by persistent community disruptions and focus on ore mining. Increased risk mitigation expenses due to social conflicts ($34.9 million) also contributed to the higher costs. This was partly offset by lower material mined and milled volumes ($40.4 million) due to the temporary suspension of operations and deferral of maintenance for the mine fleet ($12.9 million).

The higher production expenses were largely offset by favourable stock movement of US$70.3 million due to a net build-up of finished goods (US$92.9 million) reflecting lower copper concentrate sales volumes, partly offset by a draw-down of ore stockpiles (US$27.3 million). Royalty expenses were lower by US$30.5 million reflecting lower revenue and other expenses were also lower by US$25.6 million predominantly due to favourable foreign exchange rates. Freight costs were higher by US$8.9 million due to revised sea freight rates in 2022 reflecting current market conditions offset by lower sales volumes.

Depreciation and amortisation expenses of $665.7 million were 9% lower than 2021 due to lower mining and milling volumes.

C1 costs of US$1.53/lb in 2022 were below our guidance range of US$1.60-1.65/lb, however the result was higher than the US$1.02/lb result in 2021. Higher unit costs were a function of increased prices for energy and consumables and lower production. Excluded from the calculation of C1 costs in 2022 (but reported as part of the Total Operating Expenses) were care and maintenance costs for the period of the shutdown in Q2 of US$97.4 million. This is to better reflect the direct costs of production.

2023 Outlook

Following transport disruptions caused by widespread social unrest in early 2023, Las Bambas has been forced to slow down its operation rate due to a shortage of critical supplies in the first quarter of 2023. Levels of critical supplies remain low and should the situation remains unchanged, the mine will be forced to commence a period of care and maintenance.

Las Bambas copper production for 2023 is expected to be in the range of 265,000 and 305,000 tonnes. This represents an improvement on 2022 but is highly contingent on the swift resolution to the widespread political protests that Peru is currently experiencing and a resumption of stability in transport logistics. Subject to a resolution of this social unrest, followed by reaching a comprehensive agreement with the Huancurie community, development of the Chalcobamba deposit is targeted to commence in the second half of 2023.

Las Bambas C1 costs in 2023 are expected to be in the range of US$1.70 – US$1.90/lb representing an increase on 2022 due to cost inflation on consumables, higher levels of concentrate transported, lower capitalised mining and increased development and maintenance activities deferred from 2022.

Kinsevere

YEAR ENDED 31 DECEMBER	2022	2021	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	3,100,273	20,075	15,343%
Ore milled (tonnes)	2,348,699	2,448,517	(4%)
Waste movement (tonnes)	7,087,508	-	n/a
Copper cathode (tonnes)	49,070	48,017	2%
Payable metal in product sold			
Copper (tonnes) (i)	49,048	48,096 (ii)	2%

YEAR ENDED 31 DECEMBER	2022 US$ MILLION	2021 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**421.5**	**437.3**	**(4%)**
Operating expenses			
Production expenses			
Mining	(62.5)	(20.1)	(211%)
Processing	(118.7)	(85.7)	(39%)
Other	(74.3)	(78.2)	5%
Total production expenses	**(255.5)**	**(184.0)**	**(39%)**
Freight (transportation)	(5.0)	(8.3)	40%
Royalties	(23.6)	(25.9)	9%
Other (iii)	(10.2)	(54.1)	81%
Total operating expenses	**(294.3)**	**(272.3)**	**(8%)**
Other income	4.5	(27.4)	116%
EBITDA	**131.7**	**137.6**	**(4%)**
Depreciation and amortisation expenses	(27.8)	(29.1)	4%
EBIT	**103.9**	**108.5**	(4%)
EBITDA margin	**31%**	**31%**	0%

(i) Kinsevere sold copper includes copper cathode and copper scrap.
(ii) Kinsevere 2021 sold copper volume is adjusted in this report for inclusive of copper scrap.
(iii) Other operating expenses include changes in inventories, corporate recharges and other costs of operations.

Copper cathode production of 49,070 tonnes was 1,053 tonnes (2%) higher than 2021 due to the higher average plant feed grade in 2022 (2.18% vs. 2.00%) attributable to the resumption of mining activity in April 2022 and increased supply of higher-grade third-party ores.

Kinsevere revenue decreased by US$15.8 million or 4% to US$421.5 million compared to the 2021 due to lower realised copper prices (US$24.4 million), partly offset by higher copper sales volumes in line with higher production (US$8.6 million).

Total production expenses increased by US$71.5 million or 39% compared to 2021. This was mainly driven by higher mining costs (US$42.4 million) due to the resumption of mining activities in April 2022. Processing costs were also higher than 2021 by US$33.0 million due to higher unit prices for sulphuric acid (US$10.8 million) and energy (US$6.1 million), higher cost of third-party ores driven by increased consumption and price (US$7.6 million) and higher maintenance cost (US$1.8 million).

Other operating expenses were lower compared to 2021 (US$43.9 million) mainly driven by favourable stock movement ($40.9M) due to net build up of ore stockpiles in 2022 compared to a net drawdown in 2021.

C1 costs for 2022 were US$2.55/lb, higher than the US$1.95/lb in 2021 while at the lower end of the guidance (US$2.50-2.80/lb). Increased C1 costs than 2021 were mainly driven by higher cash production expenses due to the resumption of mining activities, which was partly offset by stronger second-half production.

2023 outlook

Kinsevere copper cathode production for 2023 is expected to be in the range of 40,000 and 48,000 tonnes. This represents the declining oxide ore tonnes with the transition from the mining of oxide ores to the mining sulphide ores. First cobalt production from the Kinsevere Expansion Project (KEP) is expected in 2023.

C1 costs in 2023 are expected to be in the range of US$2.50 – US$2.80/lb, largely unchanged from the prior year representing cost pressures from consumable prices, transport costs and power prices, partly offset by an increase in by-product credits from the commencement of cobalt production. From 2024 onwards, higher copper production and cobalt by-product credits are expected to lower the mine's C1 costs considerably when at a steady state of operation, placing Kinsevere in the bottom half of the global cost curve.

Dugald River

YEAR ENDED 31 DECEMBER	2022	2021	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	1,873,332	1,862,862	1%
Ore milled (tonnes)	1,844,212	1,891,701	(3%)
Zinc in zinc concentrate (tonnes)	173,395	180,313	(4%)
Lead in lead concentrate (tonnes)	20,869	20,361	2%
Payable metal in product sold			
Zinc (tonnes)	140,980	153,992	(8%)
Lead (tonnes)	19,116	18,988	1%
Silver (ounces)	1,342,406	1,184,179	13%

YEAR ENDED 31 DECEMBER	2022 US$ MILLION	2021 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**484.3**	**482.9**	**0%**
Operating expenses			
Production expenses			
Mining	(111.6)	(91.1)	(23%)
Processing	(68.6)	(73.4)	7%
Other	(69.3)	(71.0)	2%
Total production expenses	**(249.5)**	**(235.5)**	**(6%)**
Freight (transportation)	(18.2)	(12.9)	(41%)
Royalties	(20.7)	(18.6)	(11%)
Other [(i)]	10.9	(4.6)	337%
Total operating expenses	**(277.5)**	**(271.6)**	**(2%)**
Other income/(expenses)	3.4	1.4	143%
EBITDA	**210.2**	**212.7**	**(1%)**
Depreciation and amortisation expenses	(57.7)	(59.8)	4%
EBIT	**152.5**	**152.9**	**0%**
EBITDA margin	**43%**	**44%**	**(2%)**

(i) Other operating expenses include changes in inventories, corporate recharges and other costs of operations.

Dugald River produced 173,395 tonnes of zinc in zinc concentrate in 2022, 4% lower than 2021. The reduction is primarily due to COVID-19 impacts on workforce availability early in the year, alongside lower ore feed grade compared to 2021 (10.5% vs. 10.8%). This was partly offset by record high annual zinc recovery rates of 89.3% compared to 87.9% in 2021. In the fourth quarter, Dugald River achieved the highest mining rates in the past two years, driven by better workforce availability and improved equipment utilisation. On a zinc equivalent basis, Dugald River production exceeded 200,000 tonnes for the third consecutive year.

Revenue marginally increased by US$1.4 million to US$484.3 million due to higher realised zinc prices (US$38.8 million) and higher by-products sales volumes (US$4.2 million). This was partly offset by an 8% drop in zinc concentrate sales volumes (US$35.0 million) in line with lower production and lower realised silver (US$5.0 million) and lead prices (US$1.6 million).

Total production expenses were higher by US$14.0 million compared to 2021. This was mainly attributable to higher contractor mining expenses (US$20.6 million) to support the transition to owner miner model for production activities and onboarding of Redpath for development activities and increased development metres. Costs were also impacted by higher unit prices for gas (US$3.8 million), diesel (US$1.5 million) and other processing consumables (US$3.5 million). This was partly offset by favourable exchange rates with the weakening of the Australian dollar (US$20.9 million).

Freight costs were also higher by US$5.3 million due to revised sea freight rates in 2022 reflecting current market conditions.

Dugald River's zinc C1 costs were US$0.84/lb in 2022, lower than our revised guidance of US$0.85 – US$0.95/lb but higher than US$0.67/lb in 2021. Higher C1 costs were attributable to lower production volumes and higher treatment charges.

2023 outlook

Dugald River zinc production for 2023 is expected to be in the range of 170,000 and 185,000 tonnes of zinc in zinc concentrate.

C1 costs in 2023 are expected to be in the range of US$0.90 – US$1.05/lb. Cost escalation includes increased mining costs in the current highly competitive market and a soaring domestic gas price. Dugald River is transitioning to an owner miner model for production activities, which will partially mitigate cost escalation. Redpath has been awarded a contract for development to ensure a dedicated focus on these activities. Dugald River has also 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. The solar farm commissioning period started in February 2023 and we expect it to be in commercial operations in March 2023.

Rosebery

YEAR ENDED 31 DECEMBER	2022	2021	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	886,118	1,004,168	(12%)
Ore milled (tonnes)	896,861	1,022,487	(12%)
Zinc in zinc concentrate (tonnes)	51,156	69,454	(26%)
Lead in lead concentrate (tonnes)	18,077	25,053	(28%)
Copper in precious metals concentrate (tonnes)	1,147	1,567	(27%)
Gold (ounces)	26,709	43,010	(38%)
Silver (ounces)	2,178,998	3,375,624	(35%)
Payable metal in product sold			
Copper (tonnes)	1,166	1,613	(28%)
Zinc (tonnes)	44,626	59,562	(25%)
Lead (tonnes)	17,345	24,820	(30%)
Gold (ounces)	26,148	37,537	(30%)
Silver (ounces)	2,071,434	2,856,635	(27%)

YEAR ENDED 31 DECEMBER	2022 US$ MILLION	2021 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**259.9**	**365.2**	**(29%)**
Operating expenses			
Production expenses			
Mining	(70.5)	(76.5)	8%
Processing	(31.0)	(32.5)	5%
Other	(26.7)	(27.6)	3%
Total production expenses	**(128.2)**	**(136.6)**	**6%**
Freight (transportation)	(10.1)	(8.9)	(13%)
Royalties	(12.8)	(18.8)	32%
Other (i)	(10.2)	2.4	(525%)
Total operating expenses	**(161.3)**	**(161.9)**	**0%**
Other expenses	-	-	-
EBITDA	**98.6**	**203.3**	**(52%)**
Depreciation and amortisation expenses	(46.9)	(79.7)	41%
EBIT	**51.7**	**123.6**	**(58%)**
EBITDA margin	**38%**	**56%**	**(32%)**

(i) Other operating expenses include changes in inventories, corporate recharges and other costs of operations.

Rosebery produced 51,156 tonnes of zinc and 18,077 tonnes of lead in 2022. This represented a 26% and 28% drop in zinc and lead production respectively, compared to 2021. The reduction in production from the prior year is mainly a reflection of COVID-19 impact on workforce availability early in the year, declining ore feed grades and resequencing of mining activities in the second and third quarters.

Precious metal production for 2022 totalled 11,087 ounces of gold and 5,624 ounces of silver, with both decreasing compared to 2021 due to mining sequence change and decreasing grades.

Revenue decreased by US$105.3 million (29%) to US$259.9 million due to lower zinc (US$40.5 million), lead (US$15.0 million) and other by-product sales volumes (US$44.2 million) and lower realised silver prices (US$11.5 million). This was partly offset by higher realised zinc prices (US$8.1 million).

Total production expenses decreased by US$8.4 million (6%) compared to 2021 mainly due to favourable exchange rates with the weakening of the Australian dollar in 2022 (US$10.3 million), partly offset by higher diesel prices (US$2.3 million).

Rosebery full-year C1 costs of US$0.26/lb were at the lower end of revised guidance of US$0.25 – US$0.35/lb but higher than 2021 as a result of the lower production rates and lower by-product prices.

2023 outlook

Rosebery zinc production for 2023 is expected to be in the range of 55,000 and 65,000 of zinc in zinc concentrate. This is an improvement on 2022 due to higher ore grades and higher ore mined tonnes due to improved workforce availability.

C1 costs in 2023 are expected to be in the range of US$0.35 – US$0.50/lb, an increase on 2022 due to the cost escalation experienced across mining industry, lower anticipated by-product credits and increased treatment charges, which will be partly offset by higher production.

CASH FLOW ANALYSIS

Net cash flow

YEAR ENDED 31 DECEMBER	2022 US$ MILLION	2021 US$ MILLION
Net operating cash flows	832.1	2,551.5
Net investing cash flows	(538.7)	(573.7)
Net financing cash flows	(1,176.5)	(915.2)
Net cash (outflows)/inflows	**(883.1)**	**1,062.6**

Net operating cash inflows decreased by US$1,719.4 million (67%) to US$832.1 million driven by lower EBITDA (US$1,190.0 million) attributable to lower commodity prices and lower sales volumes at Las Bambas. Operating cash flows were also unfavourably impacted by net working capital movements (US$314.8 million) and higher tax payments in Peru (US$157.3 million), Australia (US$46.1 million) and the DRC (US$21.1 million).

Net investing cash outflows decreased by US$35.0 million (6%) to US$538.7 million. This was mainly due to final receipt from the sale of Sepon (US$27.5 million) in 2022. Capital expenditure at Las Bambas was also lower by US$83.9 million predominantly due to decreased capitalised mining costs. This was largely offset by higher capital expenditure at Kinsevere (US$60.9 million) attributable to expenditure on the Kinsevere Expansion Project.

Net financing cash outflows was unfavourable by US$261.3 million (29%) compared to 2021. This was mainly due to a US$500.0 million early payment on the Las Bambas Project facility and net proceeds received from the share placement in 2021 (US$299.0 million). This was partly offset by a higher net drawdown on working capital facilities (US$310.0 million). Financing costs of US$286.9 million (2021: US$288.5 million) were consistent between the two periods.

FINANCIAL RESOURCES AND LIQUIDITY

	31 DECEMBER 2022 US$ MILLION	31 DECEMBER 2021 US$ MILLION	CHANGE US$ MILLION
Total assets	12,535.5	13,024.1	(488.6)
Total liabilities	(8,307.0)	(9,096.1)	789.1
Total equity	**4,228.5**	**3,928.0**	**300.5**

Total equity increased by US$300.5 million to US$4,228.5 million as at 31 December 2022, mainly due to the profit for the year of US$243.5 million.

The gearing ratio for the Group is defined as net debt (total borrowings excluding finance charge prepayments, less cash and cash equivalents) divided by the aggregate of net debt and total equity as set out in the following table:

MMG GROUP	31 DECEMBER 2022 US$ MILLION	31 DECEMBER 2021 US$ MILLION
Total borrowings (excluding prepaid finance charges) (i)	5,456.9	6,348.3
Less: cash and cash equivalents	(372.2)	(1,255.3)
Net debt	**5,084.7**	**5,093.0**
Total equity	4,228.5	3,928.0
Net debt +Total equity	**9,313.2**	**9,021.0**
Gearing ratio	**0.55**	**0.56**

(i) Borrowings at an MMG Group level reflect 100% of the borrowings of the Las Bambas Joint Venture Group. Las Bambas Joint Venture Group borrowings at 31 December 2022 were US$2,981.7 million (31 December 2021: US$3,762.4 million) and Las Bambas Joint Venture Group cash and cash equivalents at 31 December 2022 were US$171.8 million (31 December 2021: US$836.3 million). For the purpose of calculating the gearing ratio, Las Bambas Joint Venture Group's borrowings have not been reduced to reflect the MMG Group's 62.5% equity interest. This is consistent with the basis of preparation of MMG's financial statements.

Under the terms of relevant debt facilities held by the Group, the gearing ratio for covenant compliance purposes is calculated exclusive of US$2,161.3 million (31 December 2021: US$2,261.3 million) of shareholder debt that was used to fund the MMG Group's equity contribution to the Las Bambas Joint Venture Group. For the purpose of the above, it has, however, been included as borrowings.

Available debt facilities

At 31 December 2022, the Group (excluding the Las Bambas Joint Venture Group) had available to it undrawn debt facilities of US$300.0 million (31 December 2021: US$560.0 million). This was represented by:

(i) US$300.0 million (31 December 2021: US$300.0 million) that was undrawn and available under a US$300.0 million revolving credit facility with ICBC maturing in December 2023.

Note: An undrawn US$80.0 million facility under a US$85.0 million facility with China Development Bank was terminated in June 2022; and an undrawn US$180.0 million under a US$450 million Dugald River project facility with Album Trading Company has matured in June 2022 as the availability period has lapsed.

At 31 December 2022, the Las Bambas Joint Venture Group had available in its undrawn debt facilities of US$800.0 million (31 December 2021: US$1,150.0 million). This was represented by:

(i) US$650.0 million (31 December 2021: US$800.0 million) that was undrawn and available under a US$800.0 million revolving credit facility to support the operations and general corporate purposes of Las Bambas, with the revolving credit facility borrowed from China Development Bank, Bank of China, Bank of Communications and The Export-Import Bank of China maturing in October 2023;

(ii) US$150.0 million (31 December 2021: nil) that was undrawn and available under a new US$350.0 million revolving credit facility provided by Album Enterprises Limited which maturing in August 2023.

Note: A US$175.0 million revolving credit facility provided by BOC Sydney and a US$175.0 million revolving credit facility provided by ICBC Luxembourg, for general corporate purposes had expired in August 2022.

Some of 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 31 December 2022. The financial covenants are measured with reference to the financial performance of the Group or its subsidiaries and may be influenced by future operational performance.

DEVELOPMENT PROJECTS

Chalcobamba project, the next phase of development at Las Bambas, is located around 3km from the current processing plant. The Peru Ministry of Energy and Mines released the regulatory approval for the development of the Chalcobamba pit and associated infrastructure in March 2022. However, the development of Chalcobamba pit was delayed by the community disruption in 2022.

MMG remains committed to working closely with the Government of Peru and the Huancuire community members to review all of its commitments and to engage in transparent and constructive dialogue. Discussions with the Huancuire community resumed in January 2023 but unfortunately, the dialogue table has been forced to pause due to security concerns amid nation-wide protests. We look forward to progressing these discussions once the social unrest dissipates.

The project is significant for the economy of Peru and will support additional social contributions and financial and business opportunities for local and regional communities. It will underpin a production increase to a range of 380,000 to 400,000 tonnes over the medium term.

Kinsevere Expansion Project, the next phase of Kinsevere development, is progressing. This project will enable the mining and processing of Kinsevere's sulphide copper and cobalt reserves and is expected to extend Kinsevere's mine life for at least 13 years from 2022. It will result in total annual production of approximately 80,000 tonnes of copper cathode and between 4,000-6,000 tonnes of cobalt in cobalt hydroxide once fully ramped up.

All civil work for the cobalt plant has been completed, long-lead time equipment is being shipped to site and the installation of equipment has commenced. Detailed engineering for the concentrator and roaster plant is in progress. Earthworks of the new tailing dam have started. First cobalt production is expected in 2023 and the first copper from the sulphide plant in 2024.

Rosebery mine life extension will be supported by an accelerated exploration program over the next two years. The site continues to engage with the Minister and the Department of Climate Change, Energy, the Environment and Water (DCCEEW) and provide all required information and documentation while awaiting the Minister's decision on the proposed preliminary works at South Marionoak. Concurrently the mine is continuing to investigate potential options for safe and viable short-term capacity increases at existing tailings storage facilities. A sustainable tailings storage solution that supports the Rosebery mine life extension remains a key priority for our operation and we will continue to proactively explore all feasible options.

There were no other major development projects noted during the year ended 31 December 2022.

CONTRACTS AND COMMITMENTS

A total of 685 contracts have been established during 2022, either through market engagements or in-contract renegotiations. The annual operational or capital value addressed by these activities is US$1,056.48 million.

Significant additional contracting activities were undertaken for all the Company's operations throughout 2022 to ensure the security of supply for critical inputs and other requirements as necessary to enable continued operations and the management of risks in the post-pandemic era as well as other disruptions.

Las Bambas

New and revised agreements were finalised to support optimising production and development options for Las Bambas, including contracts for projects construction, mining services, concentrate logistics by truck, general cargo consolidation and transport, mobile equipment maintenance, drilling services, plant shutdown services, equipment renting, major component repair, supply of grinding media, components, spares and other consumables, and contracts for engineering, earthmoving, road maintenance and civil works. Significant activity was also undertaken to maintain the safety and surety of supply under frequent blockades to support continued operations.

Kinsevere

New and revised agreements were finalised for various contracts supporting steady Kinsevere operations. With the resumption of mining activities, the main mining services contract was finalised along with other supporting contracts ahead of the resumption of mining. The relaxation of the COVID-19 controls has enabled more competitive shipping costs and fewer delays caused by quarantine in the second half of 2022. Support towards the Kinsevere expansion project is ongoing with the cobalt plant construction package, third tailing storage facility (TSF3) construction package, roaster-gas plant-acid plant (RGA) EPC contract package and concentration plant design package awarded.

Dugald River

New and revised agreements were finalised for requirements in support of optimising production performance and operations, including contracts related to inbound logistics, goods and services requirements for site infrastructure projects, multiple contracts for the purchase of mobile equipment and contractor services related to the insource of production mining, development mining services, and other site support services. A major ongoing activity during this period was the review of long-term energy options to drive cost reduction and increase uptake of renewable energy.

Rosebery

New and revised agreements were finalised with regards to significant goods and services including outbound rail haulage, inbound logistics, operational mine rehab and development services, fleet maintenance and condition monitoring. Various other agreements included contracts for engineering services and consultancy agreements for project-related requirements, and partial mobile fleet replacement.

Group

New and revised agreements were finalised with regard to various goods and services, including corporate insurance broker service and captive management contracts, market intelligence services contracts, IT-related services and licence agreements, and several professional services consultancy agreements (including services for the human resources, tax, supply, sustainability and social performance, and operational technology).

PEOPLE

As at 31 December 2022, the Group employed a total of 4,296 full-time equivalent employees (2021:4,238) in its continuing operations (excluding contractors and casual employees) with the majority of employees based in Australia, Peru, the DRC, China and Laos.

Total employee benefits expenses for the Group's operations for the year ended 31 December 2022, including Directors' emoluments, totalled US$321.9 million (2021: US$306.3 million). The increase was primarily driven by the closing bonus for the collective agreement at Las Bambas and increased annual salaries as a result of the annual remuneration review.

The Group has remuneration policies that align with market practice and remunerates its employees based on the accountabilities of their role, their performance, market practice, legislative requirements and the performance of the Group. Employee benefits include market-competitive fixed remuneration, performance-related incentives, a limited company equity scheme and, in specific cases, insurance and medical support. A range of targeted training and development programs are provided to employees across the Group that are designed to improve individual capability and enhance employee and Group performance.

EXPLORATION ACTIVITIES

Las Bambas

During 2022 exploration drilling was performed at the Chalcobamba South and Chalcobamba Deeps near-surface, skarn and porphyry copper targets located along the southern margin of the Chalcobamba Deposit. Drilling was also performed at the Ferrobamba East, Ferrobamba Deeps and Ferrobamba South targets. A total of 46 drill holes were completed for 24,374 metres. All core has been logged and assayed.

At the Chalcobamba South target, drilling targeted the extension of mineralisation along the southern edge of the future Chalcobamba pit.

Drilling at Ferrobamba East project targeted breccias associated with elevated levels of gold, silver, copper, molybdenum, lead and zinc in surface rock and soil samples.

Drilling at the Ferrobamba Deeps target is designed to test the depth projection of higher-grade mineralisation currently being mined by the open pit. The targeted mineralisation could serve to deepen the open pit or provide future ore for underground mining activity. A proof of concept study for potential underground mining at Ferrobamba Deeps is underway and will be completed in the first quarter of 2023.

Kinsevere

In the DRC, exploration activities continued to focus on the resource development of satellite copper and cobalt deposits within an operating radius of the Kinsevere mine that may be suitable for economic exploitation and processing at the Kinsevere plant. Exploration also completed scout drilling in the Regional Tshangalele project.

The main activities in 2022 include 1) resource extension and delineation drilling in Mwepu Main, Sokoroshe II, and Kimbwe Kafubu projects, 2) resource testing drilling in Mwepu South and Shandwe South Projects, 3) prospect testing drilling in Tumbwe West, Kamafesa, Tshangalele Central, Mwadingusha East, Mwadingusha West, and Karavia West projects, and 4) geotechnical and hydrogeological drilling in Mwepu Main project.

Dugald River

Surface drilling continued within the mining lease at Dugald River throughout 2022 to further test the host slate horizons on the periphery of the known deposit and along strike into the southern leases of the Dugald River mine for zinc. A secondary aim was to further test the copper mineralisation through the hanging wall schists, calc-silicate and slate units. Drilling was targeted around the southern-most area of the zinc deposit to improve confidence in the Mineral Resource for mine design as well as testing for copper mineralisation. Drilling was also completed to target disseminated copper targets along the southern periphery of the known zinc lode. Further drilling is planned for 2023 to focus on the periphery of the know zinc orebody. Geophysical studies are planned for 2023 to expand on the geological understanding of the drilling results from 2022.

Underground resource drilling continued with a third drill rig mobilised to site in July. Drilling was conducted to convert areas of Indicated to Measured Resource. Underground Resource Delineation and Reserve Definition drilling continues to expand our understanding of the structural complexity of the Dugald River deposit.

Rosebery

During 2022, in-mine drilling activities continued to focus on Resource Testing, Resource Delineation and Reserve Definition around Z, U, V, H, K and P lenses. These will be a key focus in 2023. Resource Testing programs focussed on Z lens and Oak prospect at the northern extensions of the Rosebery deposit.

Renewed orebody knowledge lead to the identification of new prospects in the West Rosebery domain including Perseus and Sterling prospects, which were tested during the year with follow up work in 2023 to be completed. Surface drilling recommenced during the year testing the host position between the historic Jupiter and Hercules mines.

Drilling totals were impacted for the year against budget due to Covid-19 in Tasmania and gaining access to key underground platforms. Crew and platform availabilities are a primary focus ahead of the growth drilling program planned in 2023.

PROJECT	HOLE TYPE	METERAGE (METRES)	NUMBER OF HOLES	AVERAGE LENGTH (METRES)
Americas				
Las Bambas	Diamond (Chalcobamba Deeps)	565	1	565
	Diamond (Ferrobamba Deeps)	16,841	27	624
	Diamond (Chalcobmaba South)	3,693	9	410
	Diamond (Ferrobamba South)	842	4	210
	Diamond (Ferrobamba East)	2,433	5	487
Africa				
Kinsevere	Diamond (Sokoroshe II Resource)	239	1	239
	Diamond (Sokoroshe II)	707	6	118
	Diamond (Nambulwa - Kimbwe Kafubu Resource)	5,427	22.8	238
	Diamond (Mwepu Main Resource)	3,306	20	165
	Diamond (Mwepu Main Geotech)	927	11	84
	Reverse Circulation (Mwepu Main Hydrogeology)	656	5	131
	Diamond (Mwepu South Resource)	2,028	12	169
	Reverse Circulation (Karavia West)	2,133	17	125
	Reverse Circulation (Mwadingusha East)	2,876	23	125
	Reverse Circulation (Mwadingusha West)	1,360	10	136
	Reverse Circulation (Tshangalele Central)	1,874	14	134
	Reverse Circulation (Shandwe)	394	4	99
	Reverse Circulation (Tumbwe West)	700	7	100
	Reverse Circulation (Kamafesa)	3,000	20	150
Australia				
Dugald River	Diamond Surface	14,269	17	861
	Diamond Underground	94,676	386	245
Rosebery	Diamond Surface	9,834	15	678
	Diamond Underground	71,170	301	236
Total		**239,950**	**938**	**256**

MATERIAL ACQUISITIONS AND DISPOSALS

The Group made no material acquisition or disposal in the year ended 31 December 2022.

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.

- On 31 January 2023, SUNAT released its 2016 Income Tax Assessment which was appealed to SUNAT on 28 February 2023; and

- Subsequent to 31 December 2022, Las Bambas has continued to be impacted by nationwide political protests. The Group has been able to secure critical supplies that have enabled production to continue at a reduced rate, however levels of critical supplies remain low and should the situation remain unchanged, Las Bambas will be forced to commence a period of care and maintenance.

FINANCIAL AND OTHER RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks, including commodity price risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk and risk arising from the interest benchmark reform. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group can use derivative financial instruments such as interest rate swaps, collar hedges and commodity swaps to manage certain exposures. The Group does not and is prohibited from entering into derivative contracts for speculative purposes.

Financial risk management is carried out by the Group Treasury function under proposals approved by the Board. Group Treasury identifies, evaluates and manages financial risks in close cooperation with the Group's operating units. The Board approves written principles for overall risk management, as well as policies covering specific areas, such as those identified below.

(a) Commodity price risk

The prices of copper, zinc, lead, gold, silver and molybdenum 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 year ended 31 December 2022, the Group entered into various commodity trades to hedge the sales prices for copper and zinc. This included:

- Zero/low-cost collar hedges:
    - 9,800 tons of zinc with put strike price ranging from US$ at US$3,300/ton to US$3,700/ton and call strike price ranging from US$3,800/ton to US$4,100/ton;
    - 4,400 tons of copper with put strike price ranging from US$9,500/ton to US$10,000/ton and call strike price ranging from US$10,500/ton to US$10,750/ton.
- Fixed price swap hedges:
    - 4,900 tons of zinc with fixed price ranging from US$3,030/ton to US$3,040/ton;
    - 54,000 tons of copper with fixed price ranging from US$8,267/ton to$8,582/ton.
- Above hedges settlement ranged from January to March 2023.

A change in commodity prices during the year 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:

US$ MILLION	Term	Carrying amount of hedging instrument	Favourable/(Unfavourable) changes in fair value used for measuring ineffectiveness		Settled portion of hedging instrument realised gains/ (losses)	Hedging gain/(loss) recognised in cash flow hedge reserve	Cost of hedging reserve
			Hedging instrument	Hedged item			
Cash flow hedges:							
At 31 December 2022							
Derivative financial assets/(liabilities)	March 2022 to December 2022	-	-	-	47.0	-	-
At 31 December 2021							
Derivative financial assets/(liabilities)	January 2021 to December 2021	-	-	-	(8.0)	-	-

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 taking into account the commodity hedges, with all other variables held constant, the Group's post-tax profit would have changed as set out below:

	2022		2021	
Commodity	Commodity price movement	Increase/(decrease) in profit US$ million	Commodity price movement	Increase/(decrease) in profit US$ million
Copper	+10%	(21.5)	+10%	(23.9)
Zinc	+10%	0.3	+10%	1.1
Total		**(21.2)**		**(22.8)**

Commodity	Commodity price movement	Increase in profit US$ million	Commodity price movement	Increase/(decrease) in profit US$ million
Copper	-10%	21.8	-10%	25.5
Zinc	-10%	-	-10%	(1.7)
Total		**21.8**		**23.8**

(b) 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. Deposits and borrowings at fixed rates expose the Group to fair value interest rate risk.

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 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:

US$ MILLION	Term	Notional amortising amount	Carrying amount of hedging instrument	Favourable / (Unfavourable) changes in fair value used for measuring ineffectiveness		Settled portion of hedging instrument realised gains / (losses)	Hedging gain recognised in cash flow hedge reserve	Hedge ineffectiveness recognised in profit or loss
				Hedging instrument	Hedged item			
Cash flow hedges:								
At 31 December 2022								
Derivative financial assets	June 2020 – June 2025	1,560	113.9	82.1	(82.1)	17.9	55.8	-
At 31 December 2021								
Derivative financial assets	June 2020 – June 2025	1,860	31.8	42.5	(42.5)	(6.8)	29.0	-

1. In 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$2,653.6 million outstanding at 31 December 2022, maturing in July 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 June 2021 to June 2025);

2. The hedging gain recognised in cash flow hedge reserve is the amount after tax.

At 31 December 2022 and 2021, 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:

	2022				2021			
	+100 basis points		-100 basis points		+100 basis points		-100 basis points	
US$ MILLION	Increase/ (decrease) in profit after tax	Increase in OCI	Increase/ (decrease) in profit after tax	Decrease in OCI	Increase/ (decrease) in profit after tax	Increase in OCI	Increase/ (decrease) in profit after tax	Decrease in OCI
Financial assets								
Cash and cash equivalents	2.5	-	(2.5)	-	8.5	-	(8.5)	-
Financial liabilities								
Borrowings (taking into account the impact of the interest rate swap)	(9.7)	13.6	9.7	(13.6)	(14.8)	26.5	2.9	(24.9)
Total	**(7.2)**	**13.6**	**7.2**	**(13.6)**	**(6.3)**	**26.5**	**(5.6)**	**(24.9)**

(c) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency exchange risk. The Group's reporting currency and functional currency of the majority of subsidiaries within the Group is US dollars. The majority of revenue received by the Group is in US dollars. The Group's foreign currency exchange risk arises predominantly from the currency of the countries in which the Group's operations are located. Any decision to hedge foreign currency risk is assessed periodically in light of the Group's exposure, the prevailing foreign currency market and any funding counterparty requirements.

Based on the Group's net monetary assets and financial liabilities at 31 December 2022 and 2021, a movement of the US dollar against the principal non-functional currencies as illustrated in the table below, with all other variables held constant, would cause changes in post-tax profit as follows:

	2022		2021	
	Weakening of US dollar	Strengthening of US dollar	Weakening of US dollar	Strengthening of US dollar
US$ MILLION	Decrease in profit after tax	Increase in profit after tax	(Decrease)/ increase in profit after tax	(Decrease)/ increase in profit after tax
10% movement in Australian dollar (2021: 10%)	(5.6)	5.6	(5.7)	5.7
10% movement in Peruvian sol (2021: 10%)	(5.2)	5.2	0.7	(0.7)
Total	**(10.8)**	**10.8**	**(5.0)**	**5.0**

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to counterparty credit risk through sales of metal products on normal terms of trade, through deposits of cash and settlement risk on foreign exchange transactions. While the most significant exposure to credit risk is through sales of metal products on normal terms of trade, the majority of sales for mining operations were made under contractual arrangements whereby provisional payment is received promptly after delivery and the balance within

30 to 120 days from delivery. 100% of the trade receivables balance is aged less than 6 months based on invoice date. The carrying amount of the Group's trade receivables at fair value through profit or loss (FVTPL) best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

Investments in cash, short-term deposits and similar assets are with approved counterparty banks. Counterparties are assessed prior to, during and after the conclusion of transactions to ensure exposure to credit risk is limited to acceptable levels. There has been no change in the estimation techniques or significant assumptions made during the year ended 31 December 2022 in assessing the ECL for these financial assets. The limits are set to minimise the concentration of risks and therefore mitigate the potential for financial loss through counterparty failure. Impairment is provided for where the credit risk is perceived to exceed the acceptable levels and there are concerns on recoverability of the relevant assets. The management of the Group considers cash and cash equivalents that are deposited with financial institutions with high credit rating to be low credit risk financial assets.

Other receivables include balances related to various matters including other taxes, indemnities. These balances are assessed at the reporting date considering contractual and non-contractual legal rights to receive such amounts as well as the expectation of recoverability based on expert third party advice and management assessment based on all available information. There are no significant increases in credit risk for these balances since their initial recognition and the Group provided impairment based on a 12 month ECL. For the years ended 31 December 2022 and 2021, the Group assessed the ECL for these balances and considered no significant impact to the consolidated financial statements.

The Group's most significant customers are CMN, Citic Metal Peru Investment Limited (CITIC Metal), and Trafigura Pte Ltd (Trafigura). Revenue earned from these customers as a percentage of total revenue was:

	2022	2021
CMN	34.5%	38.2%
CITIC Metal	16.2%	16.6%
Trafigura	14.0%	13.2%

The Group's largest debtor at 31 December 2022 was CMN with a balance of US$85.7 million (2021: US$18.1 million) and the five largest debtors accounted for 84.0% (2021: 96.2%) of the Group's trade receivables. Credit risk arising from sales to large concentrate customers is managed by contracts that stipulate a provisional payment of at least 90% of the estimated value of each sale. For most sales a second provisional payment is received within 60 days of the vessel arriving at the port of discharge. Final payment is recorded after completion of the quotation period and assaying.

The credit risk by geographic region was:

	AT 31 DECEMBER	
US$ MILLION	2022	2021
Asia	154.0	28.7
Europe	31.2	20.9
Australia	6.4	1.8
Other	21.1	12.5
	212.7	**63.9**

(e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

Management utilises short and long-term cash flow forecasts and other consolidated financial information to ensure that appropriate liquidity buffers are maintained to support the Group's activities.

The table below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in each maturity grouping are the contractual undiscounted cash flows for financial instruments.

US$ MILLION	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying value
At 31 December 2022						
Financial assets						
Cash and cash equivalents	372.2	-	-	-	**372.2**	**372.2**
Trade receivables	212.7	-	-	-	**212.7**	**212.7**
Other receivables	114.7	145.5	9.9	-	**270.1**	**270.1**
Derivative financial assets	75.0	51.0	-	-	**126.0**	**126.0**
Other financial assets	1.5	-	-	-	**1.5**	**1.5**
Financial liabilities						
Trade and other payables	(535.5)	(217.5)	-	-	**(753.0)**	**(753.0)**
Derivative financial liabilities	(0.3)	-	-	-	**(0.3)**	**(0.3)**
Borrowings (including interest)	(1,510.1)	(1,357.8)	(2,530.6)	(1,090.5)	**(6,489.0)**	**(5,412.6)**
Lease liabilities (including interest)	(32.7)	(25.4)	(59.6)	(85.4)	**(203.1)**	**(138.7)**
	(1,302.5)	**(1,404.2)**	**(2,580.3)**	**(1,175.9)**	**(6,462.9)**	**(5,322.1)**
At 31 December 2021						
Financial assets						
Cash and cash equivalents	1,255.3	-	-	-	**1,255.3**	**1,255.3**
Trade receivables	63.9	-	-	-	**63.9**	**63.9**
Other receivables	150.6	135.6	14.3	-	**300.5**	**300.5**
Derivative financial assets	0.5	26.7	5.5	-	**32.7**	**32.7**
Other financial assets	1.8	-	-	-	**1.8**	**1.8**
Financial liabilities						
Trade and other payables	(451.0)	(164.8)	-	-	**(615.8)**	**(615.8)**
Derivative financial liabilities	(4.9)	-	-	-	**(4.9)**	**(4.9)**
Borrowings (including interest)	(899.6)	(1,610.8)	(3,212.0)	(1,644.1)	**(7,366.5)**	**(6,298.1)**
Lease liabilities (including interest)	(30.0)	(24.8)	(49.7)	(98.2)	**(202.7)**	**(131.1)**
	86.6	**(1,638.1)**	**(3,241.9)**	**(1,742.3)**	**(6,535.7)**	**(5,395.7)**

(f) Risks arising from the interest rate benchmark reform

- **Interest rate related risks:**

  For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

  There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

- **Litigation risk:**

If no agreement is reached to implement the interest rate benchmark reform on contracts which have not been transitioned to the relevant alternative benchmark rates (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

- **Interest rate basis risks:**

Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. The Group will monitor this risk to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.

Progress towards implementation of alternative benchmark interest rates

As part of the Group's risk management for transition, new contracts entered into by the Group are linked to interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

The Group is planning to transition the majority of its remaining IBOR-linked contracts through introduction of, or amendments to, fallback clauses into the contracts which will change the basis for determining the interest cash flows from IBOR to alternative reference rate at an agreed point in time.

The following table shows the total amounts of outstanding contracts and the progress in completing the transition to alternative benchmark rates. The amounts of financial assets and liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

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 2023 to July 2032	1,713	1,713
US$ debt linked to LIBOR designated in cash flow hedge [1]	Non-derivative liability	June 2025	1,560	1,560
Interest rate swap converting LIBOR to Fixed (cash flow hedge)	Derivatives	June 2025	1,560	113.9

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 US$ LIBOR interest rate risk components continue to be reliably measurable.

Country and community risks

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, changing political conditions and governmental regulations and community disruptions. Changes in any aspects above and in the country where 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 continue to result in an increased tax burden on mining companies.

Las Bambas has faced continuous community disruptions during 2022. A site invasion in April resulted in 52 days of full operation cessation, due to safety precautions for both protestors and the Las Bambas workforce. Further community disruption continued once Las Bambas recommenced operation with blockades intermittently impacting transport of concentrate to the Matarani port. Late in 2022, the Peru President Pedro Castillo, was impeached, removed from office and arrested. Dina Boluarte was installed as the new President on 7 December 2022. Since that time, community protests have escalated preventing movement of concentrates on the national highways. A total of 173 days of transport disruption were experienced in 2022. As the political situation evolves, the Group will continue to work closely with the relevant authorities and community groups to minimise the potential direct risk of social instability and disruptions to the Las Bambas operations.

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.

CONTINGENT LIABILITIES

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 31 December 2022, these guarantees amounted to US$297.5 million (2021: US$291.5 million).

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, Zambia and the DRC. No disclosure of an estimate of financial effect of the subject matter has been made in the consolidated financial statements as, in the opinion of the management, 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, 2016 and 2017)

Included within such uncertain tax matters are audits of the 2014, 2015, 2016 and 9 months ended 30 September 2017 tax periods 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 estimated date of Peru Tax Court resolution are PEN178.0 million (approximately US$46.6 million), PEN579.9 million (approximately US$151.8 million), PEN724.9 million (approximately US$189.8 million) and PEN532.3 million (approximately US$139.3 million) for 2014, 2015, 2016 and 2017 tax periods 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.

Peru –2016 Income Tax

In January 2023, MLB received assessment notices from SUNAT in connection with the 2016 income tax audit (2016 Income Tax Assessment). The assessment was issued on the basis that all of the loan interest expensed during 2016 tax year were non-deductible. It is partly based upon the same interpretation of the Peru Income Tax Law by SUNAT as previous assessments in relation to withholding taxes in respect of China bank loans. SUNAT denied all loan interest deductions on the basis that the alleged related party debt should be included in calculating MLB's related party debt to equity ratio. SUNAT also alleges interest payable upon a shareholder loan from a shareholder of MLB, MMG Swiss Finance A.G. is non-deductible, due to the application of the "Causality Principle". Further, SUNAT separately alleges that the accounting treatment of the merger should have resulted in a negative equity adjustment meaning MLB should be regarded as having no equity for the purposes of calculating its thin capitalisation allowance. The Assessment issued by SUNAT for tax, interest and penalties totalled approximately US$160 million. Similar deductions were also made by MLB in subsequent years which are likely to be subject to the same interpretation by SUNAT.

MLB strongly disagrees with these interpretations. The Group filed an appeal for the 2016 Income Tax Assessment to SUNAT and, if unsuccessful, intends to appeal the assessment to the Tax Court. The Group will also review other avenues for resolution of the dispute, however if MLB is not successful in rebutting or appealing such challenges, this could result in significant additional tax liabilities.

CHARGES ON ASSETS

As at 31 December 2022, certain borrowings of the Group were secured as follows:

(a) Approximately US$2,653.6 million (31 December 2021: US$3,754.2 million) from China Development Bank, Industrial and Commercial Bank of China Limited, BOC Sydney and The Export-Import Bank of China was secured by share security over the entire share capital of MMG South America Management Co Ltd and each of its subsidiaries including MLB, a debenture over the assets of MMG South America Management Co Ltd, an assets pledge agreement and production unit mortgage in respect of all of the assets of MLB, assignments of shareholder loans between MMG South America Management Co Ltd and its subsidiaries and security agreements over bank accounts of MLB;

(b) Approximately US$22.1 million (31 December 2021: US$57.8 million) from ICBC Peru Bank, Banco de Crédito del Peru and Scotiabank Peru was secured by mine fleet equipment procured under asset finance arrangements.

FUTURE PROSPECTS

MMG's vision is to create a leading international mining company for a low carbon future. We mine to create wealth for our people, host communities and shareholders with an ambition to grow and diversify our resource, production and value, by leveraging Chinese and international expertise. Our strong relationship with China draws upon the strength of the world's largest commodities consumer, provides deep understanding of markets and access to its sources of funding.

The Company is focused on maximising value of our existing assets by increasing our safety performance, competitiveness, containing costs, continually improving productivity, building successful relationships with our host communities and governments and growing our resource base. We are actively pursuing our next phase of disciplined growth.

We expect global commodity markets to remain robust, with improved economic growth in China as they enter the post zero-COVID era, and demand for our core commodities will grow, as global decarbonisation efforts accelerate.

Las Bambas copper production in 2023 is expected to be in the range of 265,000 and 305,000 tonnes. Its annual production is expected to reach 380,000-400,000 tonnes in the medium term with the extended contribution from the Chalcobamba project. The company will continue to progress dialogues with the community members once the social unrest dissipates in Peru. The aim is to reach a long term solution to persistent community disruptions. The continued development of Las Bambas is significant for the economy of Peru and will support additional social contributions and financial and business opportunities for local and regional communities.

MMG expects to produce between 40,000 and 48,000 tonnes of copper cathode at Kinsevere, and between 225,000 and 250,000 tonnes of zinc at its Dugald River and Rosebery operations in 2023.

In the DRC, MMG continues to progress the next phase of Kinsevere Expansion Project, namely the transition to the mining and processing of sulphide ores. This project will extend Kinsevere's mine life and increase copper production back to around 80,000 tonnes of copper cathode per annum and 4,000 to 6,000 tonnes of cobalt in cobalt hydroxide. All civil work for the cobalt plant has been completed, with first cobalt production expected in 2023. First cathode production from the sulphide orebody is expected in 2024. MMG will continue to invest in regional exploration programs focusing on proving up discoveries within an operating radius of the Kinsevere mine.

In relation to Dugald River, the Company continues to focus on safe and sustainable production to deliver annual ore mined throughput of two million tonnes in the future years. This will pave the way for targeted zinc equivalent production to remain at around 200,000 tonnes annually. MMG will also continue to progress renewable energy initiatives at Dugald River having entered into a long-term solar offtake agreement with energy provider, APA Group. This will reduce Dugald River's carbon footprint and provide immediate energy cost savings once supply commences in early 2023. MMG will also continue to support other infrastructure initiatives that seek to provide reliable and cost-effective power including CopperString 2.0, which aims to connect Queensland's North West Minerals Province to the National Electricity Grid.

At Rosebery, an accelerated resource extension and near mine exploration drilling program will be conducted over the next two years to support a mine life extension. MMG remains committed to extending the operating life of this important asset, including significant resource extension drilling and a proactive investigation of all feasible options to secure a sustainable tailings storage solution.

Total capital expenditure in 2023 is expected to be between US$700 million and US$850 million. US$400-450 million is attributable to Las Bambas, including the expansion of the Las Bambas tailings dam facility, Chalcobamba development and Ferrobamba pit Infrastructure. This is subject to the swift resolution to the wide-spread political protests that Peru is currently experiencing followed by reaching a comprehensive agreement with the Huancuire community on the development of Chalcobamba. At Kinsevere, capital expenditure related to the Kinsevere Expansion Project is expected to be between US$200-250 million.

MMG will continue to focus on the next phase of growth. Currently the company has no future plans for material investments or capital assets sanctioned by the Board, other than those detailed in this report or announced to the market.

OTHER INFORMATION

ANNUAL GENERAL MEETING

The annual general meeting (AGM) of the Company will be held on Thursday, 25 May 2023 (2023 AGM). The notice of the 2023 AGM will be published and despatched to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023, inclusive, during which period no transfer of shares will be registered.

In order to qualify for attending and voting at the 2023 AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 19 May 2023.

The record date for determining Shareholders' eligibility to attend and vote at the 2023 AGM will be on Thursday, 25 May 2023.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices by emphasising a quality Board, sound internal controls, and transparency and accountability to all Shareholders.

The Company has complied with all the code provisions set out in Part 2 of Appendix 14 of the Corporate Governance Code (CG Code) throughout the year ended 31 December 2022, except for the deviations as explained below.

Code provision C.2.7 requires the Chairman should at least annually hold meetings with the independent non- executive directors without the presence of other directors. During the year, the Chairman did not hold a separate meeting with the Independent Non-executive Directors. The Chairman is available to hold meetings with any director including the Non-executive Directors and Independent Non-executive Directors if required or necessary, besides the Board meetings. The preliminary section of each Board meeting was devoted to an exchange of ideas and discussion between the Chairman and the Directors.

Code provision F.1.1 requires the issuer should have a policy on payment of dividends. The Company does not have a dividend policy. The Board will decide on the declaration/recommendation of any future dividends after taking into consideration a number of factors, including the prevailing market conditions, the Company's operating results, future growth requirements, liquidity position, and other factors that the Board considers relevant. The recommendation of the payment of any dividend is subject to the discretion of the Board, and any declaration of dividend will be subject to the approval of Shareholders at the AGM.

Code provision F.2.2 requires the Chairman of the Board to attend and answer questions at the AGM. Mr Jiao Jian, the then Chairman of the Board, was not physically available for the Company's AGM held on 20 May 2022 due to inability to travel to Hong Kong as a result of COVID-19 restrictions but attended the AGM via video conferencing. Accordingly, Mr Leung Cheuk Yan, an Independent Non-executive Director, a member of the Audit and Risk Management Committee and the Governance, Remuneration and Nomination Committee of the Company, took the chair of the said meeting.

The Company adopted a Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised, delegated and discharged, having regard to principles of good corporate governance, international best practices and applicable laws. The Board Charter is adopted on the basis that strong corporate governance can add to the performance of the Company, create Shareholder value and engender the confidence of the investment market.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a model code for securities trading by Directors (Securities Trading Model Code) on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (Model Code).

Specific enquiry was made with all the Directors and all confirmed that they have complied with the requirements set out in the Model Code and the Securities Trading Model Code during the year ended 31 December 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprises five members including three Independent Non-executive Directors, namely Mr Chan Ka Keung, Peter as Chair, Dr Peter Cassidy and Mr Leung Cheuk Yan, and two Non-executive Directors, namely Mr Zhang Shuqiang and Mr Xu Jiqing.

The Audit and Risk Management Committee is principally responsible for (i) financial reporting related matters, such as reviewing financial information and overseeing financial reporting related systems and controls; and (ii) advising the Board on high-level risk related matters, risk management and internal control, including advising on risk assessment and oversight of the internal audit function.

The Audit and Risk Management Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is also published on the website of the Company (http://www.mmg.com/). The Company's 2022 Annual Report will be despatched to Shareholders and made available on the websites of the Hong Kong Exchange and Clearing Limited (www.hkexnews.hk) and the Company in due course.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2022 as set out in the announcement on annual results have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board of Directors on 7 March 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the announcement on annual results.

FINANCIAL INFORMATION OF THE GROUP

The financial information relating to the year ended 31 December 2022 and 2021 included in this preliminary announcement of annual results for 2022 does not constitute the Company's statutory consolidated financial statements for those years but is derived from those financial statements.

Further information relating to these statutory consolidated financial statements as required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

1. The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies in due course.
2. The Company's auditors have reported on these consolidated financial statements. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		YEAR ENDED 31 DECEMBER	
	NOTES	2022 US$ MILLION	2021 US$ MILLION
Revenue	3	3,254.2	4,255.0
Net other income	4	2.4	110.8
Expenses (excluding depreciation and amortisation)	5	(1,721.2)	(1,640.4)
Earnings before interest, income tax, depreciation and amortisation – EBITDA		**1,535.4**	**2,725.4**
Depreciation and amortisation expenses	5	(790.1)	(898.0)
Earnings before interest and income tax – EBIT		**745.3**	**1,827.4**
Finance income	6	15.0	5.4
Finance costs	6	(299.8)	(329.0)
Profit before income tax		**460.5**	**1,503.8**
Income tax expense	7	(217.0)	(583.3)
Profit for the year		**243.5**	**920.5**
Profit for the year attributable to:			
Equity holders of the Company		172.4	667.1
Non-controlling interests		71.1	253.4
		243.5	**920.5**
Earnings per share attributable to equity holders of the Company			
Basic earnings per share	8	US 2.00 cents	US 7.95 cents
Diluted earnings per share	8	US 1.98 cents	US 7.86 cents

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	YEAR ENDED 31 DECEMBER	
	2022 US$ MILLION	2021 US$ MILLION
Profit for the year	**243.5**	**920.5**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Movement on hedging instruments designated as cash flow hedges	82.1	50.5
Income tax expense relating to cash flow hedges	(26.3)	(16.0)
Item that may not be reclassified to profit or loss		
Remeasurement on the net defined benefit liability	-	1.2
Other comprehensive income for the year, net of income tax	**55.8**	**35.7**
Total comprehensive income for the year	**299.3**	**956.2**
Attributable to:		
Equity holders of the Company	207.3	692.0
Non-controlling interests	92.0	264.2
	299.3	**956.2**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	AT 31 DECEMBER 2022 US$ MILLION	2021 US$ MILLION
ASSETS			
Non-current assets			
Property, plant and equipment		9,509.4	9,763.1
Right-of-use assets		111.2	104.6
Intangible assets		534.2	537.3
Inventories		122.2	80.0
Deferred income tax assets		315.7	184.7
Other receivables	11	167.5	161.4
Derivative financial assets		113.9	31.8
Other financial assets		1.5	1.8
Total non-current assets		**10,875.6**	**10,864.7**
Current assets			
Inventories		872.6	602.9
Trade and other receivables	11	342.5	238.0
Current income tax assets		60.5	62.3
Derivative financial assets		12.1	0.9
Cash and cash equivalents	12	372.2	1,255.3
Total current assets		**1,659.9**	**2,159.4**
Total assets		**12,535.5**	**13,024.1**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	13	3,220.5	3,220.3
Reserves and retained profits		(1,081.5)	(1,289.8)
		2,139.0	**1,930.5**
Non-controlling interests		2,089.5	1,997.5
Total equity		**4,228.5**	**3,928.0**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

	NOTES	AT 31 DECEMBER 2022 US$ MILLION	2021 US$ MILLION
LIABILITIES			
Non-current liabilities			
Borrowings	14	4,209.6	5,639.0
Lease liabilities		117.4	112.5
Provisions		599.2	532.8
Trade and other payables	15	217.5	164.8
Deferred income tax liabilities		1,208.0	1,018.8
Total non-current liabilities		**6,351.7**	**7,467.9**
Current liabilities			
Borrowings	14	1,203.0	659.1
Lease liabilities		21.3	18.6
Provisions		81.0	217.0
Derivative financial liabilities		0.3	4.9
Trade and other payables	15	535.5	451.0
Current income tax liabilities		114.2	277.6
Total current liabilities		**1,955.3**	**1,628.2**
Total liabilities		**8,307.0**	**9,096.1**
Net current (liabilities)/asset		**(295.4)**	**531.2**
Total equity and liabilities		**12,535.5**	**13,024.1**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$ MILLION	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
	SHARE CAPITAL	TOTAL RESERVES	RETAINED PROFITS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	(Note 13)					
At 1 January 2022	**3,220.3**	**(1,862.7)**	**572.9**	**1,930.5**	**1,997.5**	**3,928.0**
Profit for the year	-	-	172.4	**172.4**	71.1	**243.5**
Other comprehensive income	-	34.9	-	**34.9**	20.9	**55.8**
Total comprehensive income for the year	**-**	**34.9**	**172.4**	**207.3**	**92.0**	**299.3**
Provision of surplus reserve	-	0.1	(0.1)	**-**	-	**-**
Employee long-term incentives	-	1.1	-	**1.1**	-	**1.1**
Employee share options exercised and vested	0.2	(0.1)	-	**0.1**	-	**0.1**
Total transactions with owners	**0.2**	**1.1**	**(0.1)**	**1.2**	**-**	**1.2**
At 31 December 2022	**3,220.5**	**(1,826.7)**	**745.2**	**2,139.0**	**2,089.5**	**4,228.5**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

US$ MILLION	SHARE CAPITAL	TOTAL RESERVES	(ACCUMULATED LOSSES)/ RETAINED PROFITS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
	(Note 13)					
At 1 January 2021	**2,917.6**	**(1,917.7)**	**(63.5)**	**936.4**	**1,733.3**	**2,669.7**
Profit for the year	-	-	667.1	**667.1**	253.4	**920.5**
Other comprehensive income	-	24.9	-	**24.9**	10.8	**35.7**
Total comprehensive income for the year	**-**	**24.9**	**667.1**	**692.0**	**264.2**	**956.2**
Provision of surplus reserve	-	30.8	(30.8)	**-**	-	**-**
Issue of shares, net of share issue costs	299.0	-	-	**299.0**	-	**299.0**
Employee long-term incentives	-	1.0	-	**1.0**	-	**1.0**
Employee share options exercised and vested	3.7	(1.6)	-	**2.1**	-	**2.1**
Employee share options lapsed	-	(0.1)	0.1	**-**	-	**-**
Total transactions with owners	**302.7**	**30.1**	**(30.7)**	**302.1**	**-**	**302.1**
At 31 December 2021	**3,220.3**	**(1,862.7)**	**572.9**	**1,930.5**	**1,997.5**	**3,928.0**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	YEAR ENDED 31 DECEMBER 2022 US$ MILLION	2021 US$ MILLION
Cash flows from operating activities			
Receipts from customers		3,402.1	4,689.1
Payments to suppliers and employees		(2,319.9)	(2,029.0)
Payments for exploration expenditure		(30.8)	(21.3)
Income tax paid		(268.0)	(41.1)
Net settlement of commodity hedges		48.7	(46.2)
Net cash generated from operating activities		**832.1**	**2,551.5**
Cash flows from investing activities			
Purchase of property, plant and equipment		(564.5)	(569.7)
Purchase of intangible assets		(1.7)	(4.1)
Proceeds from disposal of subsidiary		27.5	-
Proceeds from disposal of property, plant and equipment		-	0.1
Net cash used in investing activities		**(538.7)**	**(573.7)**
Cash flows from financing activities			
Proceeds from issue of shares		-	302.1
Payment of issue costs		-	(3.1)
Proceeds from external borrowings		500.0	-
Repayments of external borrowings		(1,491.4)	(930.3)
Proceeds from related party borrowing		200.0	270.0
Repayments of related party borrowing		(100.0)	(230.0)
Net settlement of interest rate swap		17.9	(6.8)
Proceeds from shares issued upon exercise of employee share options		0.1	2.1
Repayment of lease liabilities		(31.2)	(33.4)
Interest and financing costs paid on external borrowings		(182.2)	(179.1)
Interest and financing costs paid on related party borrowings		(95.6)	(99.9)
Withholding taxes paid in respect of financing arrangements		(9.1)	(9.5)
Interest received		15.0	2.7
Net cash used in financing activities		**(1,176.5)**	**(915.2)**
Net (decrease)/increase in cash and cash equivalents		**(883.1)**	**1,062.6**
Cash and cash equivalents at 1 January		1,255.3	192.7
Cash and cash equivalents at 31 December	12	**372.2**	**1,255.3**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

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 2022 Annual Report.

The Company is an investment holding company 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 consolidated financial statements for the year ended 31 December 2022 are presented in United States dollars ("US$") unless otherwise stated and were approved for issue by the Board of Directors of the Company (the "Board") on 7 March 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") – a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These consolidated financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities at fair value through profit or loss and through other comprehensive income, which are measured at fair value.

The preparation of consolidated financial statements in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the financial statements.

(a) Going Concern

The consolidated 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 continues to closely monitor 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.

As at 31 December 2022, the Group had net current liabilities of US$295.4 million (31 December 2021: net current assets of US$531.2 million) and cash and cash equivalents of US$372.2 million (31 December 2021: US$1,255.3 million). For the year ended 31 December 2022, the Group generated a net profit of US$243.5 million (2021: US$920.5 million) and operational cash flows of US$832.1 million (2021: US$2,551.5 million).

Cash flow forecasts, include an allowance for the intermittent disruption at Las Bambas, drawdowns from existing and new credit facilities and the successful extension of revolving credit facilities. With the inclusion of these assumptions, the Group will have sufficient liquidity to meet its operational, existing contractual debt service and capital expenditure requirements for the 12 month period from the approval of the consolidated financial statements.

The Directors of the Company (the "Directors") note the following considerations, relevant to the Group's ability to continue as a going concern:

- At 31 December 2022, total cash and cash equivalents of US$372.2 million (2021: US$1,255.3 million) were held by the Group;
- The Group has a number of undrawn facilities:
  - A US$650.0 million undrawn Revolving Credit Facility ("RCF") of US$800.0 million from external banks which is due to expire in October 2023;
  - A US$150.0 million undrawn RCF from Album Enterprises Limited of US$350 million shareholder loan is due to expire in August 2023;
  - An undrawn debt facility of US$300.0 million with ICBC. The maturity for this credit facility is December 2023. If required, the Group intends to consult with the bank to increase and extend the facility;
  - The Group is finalising documentation with external banks for a new US$425.0 million RCF, of which US$275 million is with BOC and US$150.0 million with ICBC. These new facilities have received the respective banks' credit approval; and
  - An additional RCF of US$100 million to US$200 million if required, the negotiations are on-going with other lenders.
- The Group's major shareholder, China Minmetals Non-ferrous Metals Co., Ltd ("CMN") remains committed to supporting the Group.During the year, CMN provided the following support:
  - In July 2022, a working capital facility of US$350.0 million was provided by Album Enterprises Limited (a subsidiary of CMN) with an option to extend for additional 12 months if required;
  - In December 2022, US$400.0 million of the US$700.0 million borrowing from Top Create Resources Limited ("Top Create") (a subsidiary of CMN) which was due in 2023 was deferred to 2026; and
  - In respect of the Kinsevere Expansion Project (KEP) project, the Group is finalising the loan agreement to receive an additional project facility of up to $300 million from Top Create.

In the event that forecast cash flow is not achieved or if existing or new debt facilities are insufficient or not obtained in a timely manner, the Group has the ongoing support of its major shareholder, CMN. Support to the Group may be in the form of providing additional debt facilities, deferral of debt service and repayment obligations in relation to existing shareholder loans from CMN, early payments for shipments of commodity or through further equity contributions.

The Directors are thus of the view that the Group will be able to meet its debts as and when they fall due and accordingly the consolidated financial statements have been prepared on a going concern basis.

(b) Amendments to existing standards effective and adopted in 2022 with no significant impact to the Group

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(c) New standards and amendments to standards that have been issued but not yet effective or early adopted by the Group

The Group has not early adopted the following new standards and amendments to standards that have been issued but are not effective for financial year 2022. The Group does not expect them to have material impact to the Group's financial results.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current liabilities with Covenant[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1. Effective for annual periods beginning on or after 1 January 2023.
2. Effective for annual periods beginning on or after a date to be determined.
3. Effective for annual periods beginning on or 1 January 2024.

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 molybdenum 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 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 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 consolidated 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.

The segment revenue and results for the year ended 31 December 2022 are as follows:

	FOR THE YEAR ENDED 31 DECEMBER 2022					
US$ MILLION	**Las Bambas**	**Kinsevere**	**Dugald River**	**Rosebery**	**Other unallocated items/ eliminations**	**Group**
Revenue by metal:						
-Copper[1]	1,795.9	421.5	-	8.6	1.7	2,227.7
-Zinc[2]	-	-	417.9	129.2	-	547.1
-Lead	-	-	38.1	34.8	-	72.9
-Gold	105.7	-	-	45.8	-	151.5
-Silver	66.0	-	28.3	41.5	-	135.8
-Molybdenum	119.2	-	-	-	-	119.2
Revenue from contracts with customers	**2,086.8**	**421.5**	**484.3**	**259.9**	**1.7**	**3,254.2**
EBITDA	**1,121.9**	**131.7**	**210.2**	**98.6**	**(27.0)**	**1,535.4**
Depreciation and amortisation expenses (Note 5)	(665.7)	(27.8)	(57.7)	(46.9)	8.0	(790.1)
EBIT	**456.2**	**103.9**	**152.5**	**51.7**	**(19.0)**	**745.3**
Finance income (Note 6)						15.0
Finance costs (Note 6)						(299.8)
Income tax expense (Note 7)						(217.0)
Profit for the year						**243.5**
Other segment information:						
Additions to non-current assets (excluding deferred tax assets, inventories and financial instruments)	354.4	44.8	59.1	52.3	38.3	**548.9**

The segment assets and liabilities at 31 December 2022 are as follows:

	AT 31 DECEMBER 2022					
US$ MILLION	**Las Bambas**	**Kinsevere**	**Dugald River**	**Rosebery**	**Other unallocated items/ eliminations**	**Group**
Segment assets[3]	**10,275.6**	**539.6**	**654.3**	**276.1**	**413.7**	**12,159.3**
Current/deferred income tax assets						376.2
Consolidated assets						**12,535.5**
Segment liabilities [4]	**3,965.4**	**240.2**	**358.4**	**175.4**	**2,245.4**	**6,984.8**
Current/deferred income tax liabilities						1,322.2
Consolidated liabilities						**8,307.0**
Segment non-current assets	**9,231.8**	**387.6**	**583.1**	**245.3**	**427.8**	**10,875.6**

The segment revenue and results for the year ended 31 December 2021 are as follows:

	FOR THE YEAR ENDED 31 DECEMBER 2021					
US$ MILLION	Las Bambas	Kinsevere	Dugald River	Rosebery	Other unallocated items/ eliminations	Group
Revenue by metal:						
-Copper[1]	2,595.4	437.3	-	13.9	3.8	3,050.4
-Zinc[2]	-	-	414.2	161.6	-	575.8
-Lead	-	-	39.5	49.8	-	89.3
-Gold	107.1	-	-	66.9	0.4	174.4
-Silver	91.6	-	29.2	73.0	0.2	194.0
-Molybdenum	171.1	-	-	-	-	171.1
Revenue from contracts with customers	**2,965.2**	**437.3**	**482.9**	**365.2**	**4.4**	**4,255.0**
EBITDA	**2,047.3**	**137.6**	**212.7**	**203.3**	**124.5**	**2,725.4**
Depreciation and amortisation expenses (Note 5)	(732.8)	(29.1)	(59.8)	(79.7)	3.4	(898.0)
EBIT	**1,314.5**	**108.5**	**152.9**	**123.6**	**127.9**	**1,827.4**
Finance income (Note 6)						5.4
Finance costs (Note 6)						(329.0)
Income tax expense (Note 7)						(583.3)
Profit for the year						**920.5**
Other segment information:						
Additions to non-current assets (excluding deferred tax assets, inventories and financial instruments)	451.3	23.5	47.5	37.3	2.0	**561.6**

The segment assets and liabilities at 31 December 2021 are as follows:

	AT 31 DECEMBER 2021					
US$ MILLION	Las Bambas	Kinsevere	Dugald River	Rosebery	Other unallocated items/ eliminations	Group
Segment assets[3]	**10,876.2**	**489.7**	**651.1**	**271.1**	**489.0**	**12,777.1**
Current/deferred income tax assets						247.0
Consolidated assets						**13,024.1**
Segment liabilities[4]	**4,642.9**	**262.4**	**368.1**	**180.5**	**2,345.8**	**7,799.7**
Current/deferred income tax liabilities						1,296.4
Consolidated liabilities						**9,096.1**
Segment non-current assets	**9,438.0**	**322.8**	**581.5**	**240.0**	**282.4**	**10,864.7**

1. Commodity derivative realised and unrealised net gains with a total amount of US$58.2 million (2021: US$23.4 million) were included in "Revenue" of copper.
2. Commodity derivative realised and unrealised net gains with a total amount of US$14.4 million (2021: net losses of US$16.4 million) were included in "Revenue" of Zinc.
3. Included in segment assets of US$413.7 million (2021: US$489.0 million) under the other unallocated items is cash of US$171.7 million (2021: US$353.2 million) mainly held in the Group treasury entities and US$102.9 million trade receivables (2021: nil) for MMG South America Company Limited ("MMG SA") in relation to copper concentrate sales.
4. Included in segment liabilities of US$2,245.4 million (2021: US$2,345.8 million) under the other unallocated items are borrowings of US$2,160.9 million (2021: US$2,265.6 million), which are managed at the Group level.

4. NET OTHER INCOME

	2022 US$ MILLION	2021 US$ MILLION
Loss on disposal of property, plant and equipment	(9.0)	(2.3)
Century Bank guarantee liability reduction[1]	-	136.3
Sundry income /(expense)	11.4	(23.2)
Total net other income	**2.4**	**110.8**

1. In 2017, the Group sold the assets and infrastructure associated with Century Mine. As part of the sales terms, the Group agreed to provide a bank guarantee facility against which a provision was recognised by the Group given the risk associated with providing such guarantee at the time. The provision has since been reduced in line with reduced bank guarantee levels. In 2021, New Century Resources Limited ("New Century") announced an undertaking of equity raise and replacement of the Group's bank guarantee. The bank guarantee has now been reduced to nil, and consequently, the Group has reversed the provision in relation to such bank guarantee in 2021.

5. EXPENSES

Profit before income tax includes the following expenses:

	2022 US$ MILLION	2021 US$ MILLION
Changes in inventories of finished goods and work in progress	(298.2)	(182.8)
Write-down of inventories to net realisable value	3.3	1.8
Employee benefit expenses[1]	277.9	260.9
Contracting and consulting expenses[3]	529.1	452.8
Energy costs	305.4	213.5
Stores and consumables costs	422.9	387.3
Depreciation and amortisation expenses[2]	773.8	873.7
Other production expenses[3]	165.5	135.6
Cost of goods sold	**2,179.7**	**2,142.8**
Other operating expenses	41.0	52.4
Royalty expenses	116.4	153.2
Selling expenses[3]	119.3	107.1
Total operating expenses including depreciation and amortisation[4]	**2,456.4**	**2,455.5**
Exploration expenses[1,2,3]	30.8	21.3
Administrative expenses[1,3]	16.0	20.8
Auditors' remuneration	1.7	1.5
Foreign exchange (gain)/loss – net	(6.6)	7.4
Loss/(gain) on financial assets at fair value through profit or loss	0.3	(0.1)
Other expenses[1,2,3]	12.7	32.0
Total expenses	**2,511.3**	**2,538.4**

1. In aggregate US$44.0 million (2021: US$45.4 million) employee benefit expenses by nature is included in the administrative expenses, exploration expenses, and other expenses categories. Total employee benefit expenses were US$321.9 million (2021: US$306.3 million).
2. In aggregate US$16.3 million (2021: US$24.3 million) depreciation and amortisation expenses are included in exploration expenses and the other expenses category. Total depreciation and amortisation expenses were US$790.1 million (2021: US$898.0 million).
3. The expense under these categories include certain amounts in respect of lease and non-lease contracts which were not recognised as right-of-use assets on the consolidated statement of financial position following the guidance as per HKFRS 16 or where the contracts were low value for a lease assessment under HKFRS 16 requirements. Expenditure in respect of such contracts assessed as leases but which did not qualify for recognition as right-of-use assets included US$87.8 million (2021: US$65.4 million) in respect of variable lease payments contracts and, US$1.0 million (2021: US$7.1 million) and US$1.3 million (2021: US$1.4 million) for short-term and low-value lease contracts, respectively.
4. Operating expenses include mining and processing costs, royalties, selling expenses (including transportation) and other costs incurred by operations.

6. FINANCE INCOME AND FINANCE COSTS

	2022 US$ MILLION	2021 US$ MILLION
Finance income		
Interest income	15.0	5.4
	15.0	**5.4**
Finance costs		
Interest expense-3rd party	(166.8)	(185.4)
Interest expense-related party	(96.1)	(95.3)
Withholding taxes in respect of financing arrangements	(10.3)	(9.0)
Unwinding of discount on lease liabilities	(11.8)	(12.8)
Unwinding of discount on provisions	(13.4)	(9.7)
Other finance refund/(cost) - 3rd party	0.1	(15.1)
Other finance cost - related party	(1.5)	(1.7)
Finance costs – total	**(299.8)**	**(329.0)**

7. INCOME TAX EXPENSE

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

	2022 US$ MILLION	2021 US$ MILLION
Current income tax expense		
– HK income tax	(2.6)	-
– Overseas income tax	(182.5)	(391.8)
Deferred income tax expense		
– HK income tax	(1.0)	-
– Overseas income tax	(30.9)	(191.5)
Income tax expense	**(217.0)**	**(583.3)**

The deferred income tax expense relating to items of other comprehensive income is US$26.3 million (2021: US$16.0 million) and it is included in other comprehensive income.

The tax on the Group's profit before income tax differs from the prima facie amount that would arise using the applicable tax rate to profit of the consolidated companies as follows:

	2022 US$ MILLION	2021 US$ MILLION
Profit before income tax	460.5	1,503.8
Calculated at domestic tax rates applicable to profits or losses in the respective countries	(128.5)	(460.0)
Net non-deductible amounts	(33.4)	(66.7)
Under-provision in prior years	(2.5)	(1.1)
Non-creditable withholding tax	(52.8)	(52.7)
Others	0.2	(2.8)
Income tax expense	**(217.0)**	**(583.3)**

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings for the year attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year.

Diluted earnings per share are 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.

	2022 US$ MILLION	2021 US$ MILLION
Earnings attributable to equity holders of the Company in the calculation of basic and diluted earnings per share	**172.4**	**667.1**

	NUMBER OF SHARES '000	
	2022	2021
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	8,639,618	8,392,739
Shares deemed to be issued in respect of long-term incentive equity plans	57,552	94,545
Weighted average number of ordinary shares used in the calculation of the diluted earnings per share	8,697,170	8,487,284
Basic earnings per share[1]	**US 2.00 cents**	**US 7.95 cents**
Diluted earnings per share	**US 1.98 cents**	**US 7.86 cents**

1. For the year ended 31 December 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 13 for further details.

9. DIVIDENDS

The Directors did not recommend the payment of an interim or final dividend for the year ended 31 December 2022 (2021: nil)

10. IMPAIRMENT TESTING OF NON-CURRENT ASSETS AND GOODWILL

In accordance with the Group's accounting policies and processes, the Group performs its impairment testing annually at 31 December. In addition, 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 at the reporting period.

In respect of Las Bambas, the CGU is subject to impairment testing due to goodwill being attributed to the CGU which requires an annual impairment assessment.

In respect of Kinsevere and Dugald River, impairment losses have been recognised in 2019 and 2015 respectively. Management has reviewed the operational performance and considered the operation's sensitivity to a range of factors including commodity prices, throughput, grade, recovery, operation, capital expenditure and progress of development projects and concluded that there is currently no further impairment or any requirement to reverse the previously recognised impairment.

No impairment indicators were noted in respect of Rosebery.

(i) Approach to recognition of an impairment loss

An impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of each CGU has been estimated using its fair value less costs of disposal ("Fair Value"), which is consistent with the approach from the prior year. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the Group's planning process, including Life of Mine Planning, three-year budgets, periodic forecasts and CGU specific studies. Expected operating performance improvements reflecting the Group's objectives to maximise free cash flow, optimise operational activity, apply technology, improve capital and labour productivity and other production efficiencies are also included along with the expected costs to realise the initiatives.

All reserves and resources have been included in the valuations at justifiable reasonable conversion rates, supported by proof of concept studies. Exploration targets are included in the valuation based on management's expectation of identifying and converting potential resources to reserves and successfully utilising such resources.

(ii) Key assumptions

The key assumptions impacting the discounted cash flow models used to determine the Fair Value include:

- Commodity prices;
- Operating costs;
- Production rates;
- Capital requirements;
- Political instability and social unrest impacting regulatory approvals and timing thereof;
- Real post-tax discount rates;
- Foreign exchange rates;
- Reserves and resources and conversion of exploration targets;
- Recovery of taxes;
- Optimisation of operational activity and productivity; and
- Rehabilitation timing.

In determining some of the key assumptions, management considered external sources of information where appropriate.

Commodity price and exchange rate assumptions are based on the latest internal forecasts benchmarked to analyst consensus forecasts. The long-term cost assumptions are based on actual costs adjusted for planned operational changes and input cost assumptions over the life of mine.

The long-term price assumed for copper is US$3.86 per pound (2021: US$3.35 per pound) and for zinc is US$1.25 per pound (2021: US$1.16 per pound).

The long term AUD:USD exchange rate remains unchanged at 0.75 (2021: 0.75).

The real post-tax discount rates used in the Fair Value estimates of the CGU's are listed below at 10.5% for Kinsevere (2021: 10%), 6.5% for Dugald River and Rosebery (2021: 6%) and 7.75% for Las Bambas (2021: 7.25%), reflecting a 0.5% increase in the Weighted Average Cost of Capital (WACC).

Management considers the estimates applied in this impairment assessment are reasonable. However, such estimates are subject to significant uncertainties and judgements. Refer to (iv) below for sensitivity analysis.

(iii) Valuation methodology

Las Bambas

The Las Bambas Fair Value is determined through CGU discounted cash flows at 31 December 2022. The valuation is based on the current operation and further regional exploration targets included in the initial valuation to acquire the mine in 2014. Management continues to work with local communities to secure land access to continue its exploratory drilling activities, to materialise the potential from such exploration targets.

The cash flows assume additional capital investment in the processing plant, tailings facilities and mine developments as well as expected cost reductions from operational improvement programs. Significant upcoming projects are included that are subject to regulatory permits and approvals. Future cash flow forecasts include estimates for the cost of obtaining access to land where the rights do not currently exist.

Political instability at a national level may result in delays of environmental and drilling permits and the ability to engage with the community and carry out exploration drilling. Increased community protests including an operational shut of more than 50 days had a significant impact on Las Bambas' production in 2022 and will bring potential risks to operations in 2023. MMG remains committed to working closely with the government of Peru and community members, to reach an enduring agreement. Management continues to progress dialogue with local communities and the Government of Peru to ensure the continuity of road access into the future. This includes continuing to deliver on the Company's obligations in relation to social and community development programs and supporting the Government of Peru to progress public investment projects which will improve the condition of the public road which Las Bambas' uses for the transport of concentrate to the port, which is expected to reduce disruptions of road usage into the future.

The impairment assessment of the Las Bambas CGU at 31 December 2022 did not result in the recognition of any impairment although a limited headroom was observed.

Kinsevere

The Kinsevere Fair Value at 31 December 2022 assumes delivery of the Kinsevere Expansion Project (KEP), which was approved in March 2022 and construction is currently underway. KEP will extend the life of Kinsevere by modifying and extending the existing oxide processing facilities to include a sulphide ore and cobalt processing circuit.

The impairment assessment of the Kinsevere CGU at 31 December 2022 did not result in the recognition of any further impairment.

In 2019, management had recognised a pre-tax impairment of US$ 150.0 million due to operational challenges and risks associated with political and legislative matters. Significant risks and uncertainties still exist in respect of the application of the new Mining Code (2018), additional duties and taxes, and recoverability of VAT receivable from the DRC Government. The valuation is also sensitive to factors such as copper and cobalt price, discount rate, recovery, ore loss, KEP schedule and dilution.

Considering such risks and sensitivities, no reversal of previously recognised impairment was required. The Group will continue to monitor and assess if a reversal of impairment is required in future periods.

Dugald River

The impairment assessment of the Dugald River CGU at 31 December 2022 resulted in positive headroom requiring no impairment.

Previously, in 2015, management had recognised a pre-tax impairment loss of US$573.6 million for Dugald River. Given the value of the headroom and considering that the fair value is highly sensitive to zinc price, exchange rates and operational performance, management believes no reversal of previously recognised impairment is required. The Group will continue to monitor and assess if a reversal of impairment is required in future periods.

Rosebery

The Rosebery Fair Value is determined through the 2022 Life of Mine Planning discounted cashflows. No indicators of impairment were noted for Rosebery and the Fair Value currently supports the carrying value of the CGU. Consequently, no impairment was recognised.

(iv) Sensitivity analysis

Commodity prices, the level of production activity as well as the success of converting reserves, resources, exploration targets and increasing the resource estimates over the lives of mines are key assumptions in the determination of Fair Value. Due to the number of risk factors that could impact production activity, such as processing throughput, changing ore grade and/or metallurgy and revisions to mine plans in response to physical or economic conditions, no quantified sensitivity has been determined. Changes to these assumptions may however result in an impact on the Fair Value and result in an impairment in the future.

A sensitivity analysis is presented below for both Las Bambas and Kinsevere. The sensitivities assume that the specific assumption moves in isolation, whilst all other assumptions are held constant. However in reality, a change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact. Management action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

Las Bambas

The key assumptions to which the calculation of recoverable amount for Las Bambas is most sensitive are discount rate, copper prices, operating costs, tax disputes, permitting delays, land access and timing of identifying and converting potential resources and reserves thereby realising the exploration potential. An unfavourable movement in any one of these factors may result in a material impairment to the asset with a favourable movement resulting in a substantial improvement to the recoverable amount.

- A movement of 1% to the discount rate would impact recoverable amount by approximately US$900 million;
- A change of 5% in copper price over the remaining mine life would impact the recoverable amount by approximately US$1,000 million.; and
- A change of 5% in operating costs would impact the recoverable amount by approximately US$450 million.

Political instability and community blockades are potential risks which may result in delays in environmental and drilling permits and the ability to access land required for carrying out exploration activities and ultimately the development of operations. They may also cause delays to critical capital projects impacting cashflows. MMG remains committed to working closely with the government of Peru and community members to reach an enduring agreement. Potential impacts on Las Bambas' cashflows due to a level of delays in permits and disruptions by communities have been considered in the Las Bambas fair value.

At the time of the Las Bambas acquisition in 2014, the initial valuation included significant value to be realised from exploration targets. Las Bambas' future cash flows remain significantly dependent on the realisation of the value from exploration activities. Identification and exploitation of resources depends on obtaining permits and timely and continued access to drilling targets. There is also a risk that exploration activities may result in lower than expected actual resources whereby the value assigned to the exploration potential may not be fully recoverable.

Management expects that the impact of delays caused by community disputes, access to land or the amount and timing of exploration potential realised would result in a revision to the mine plan.

The occurrence of one or more of the above assumptions in isolation, without a change in other assumptions which may have an offsetting impact, is likely to result in recognition of a material impairment.

Kinsevere

The key assumptions to which the calculation of Fair Value for Kinsevere is most sensitive are copper and cobalt prices and discount rate. An unfavourable movement in any one of these factors in isolation may result in a material impairment to the asset with a favourable movement resulting in a substantial improvement to the recoverable amount.

- A change of 5% in copper price over the remaining mine life would impact the recoverable amount by approximately US$125 million;
- A change of 5% in cobalt price over the remaining mine life would impact the recoverable amount by approximately US$45 million; and
- A movement of 1% to the discount rate would impact recoverable amount by approximately US$45 million.

11. TRADE AND OTHER RECEIVABLES

	2022 US$ MILLION	2021 US$ MILLION
Non-current other receivables		
Other receivables – government taxes (net of provisions)[1]	11.4	5.4
Sundry receivables[2]	156.1	156.0
	167.5	**161.4**
Current trade and other receivables		
Trade receivables[3]	212.7	63.9
Prepayments	20.0	28.3
Other receivables – government taxes[1]	74.0	63.4
Sundry receivables	35.8	82.4
	342.5	**238.0**

1. The government taxes amount mainly consists of VAT receivables associated with the Group's operations in Peru and DRC.
2. Sundry receivables amount mainly consists of receivables from Glencore in MLB acquisition project and VAT2011/12 receivables from SUNAT.
3. At 31 December 2022 and 2021, 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 in line with requirement under the sales contract, usually within 30 days of submission of all required documentation and fulfilment of obligations under the respective incoterm for the sales; Upon issuance of final invoice at end of the quotational period, any remaining balance is then payable within 30 days from such final invoice being issued. All the trade receivables at 31 December 2022 and 2021 were within 6 months from the date of invoice. At 31 December 2022, there was no trade receivable past due (2021: nil). At 31 December 2022, the Group's trade receivables, other receivables and prepayments included an amount of US$106.4 million (2021: US$22.5 million) which were due from a related company of the Group. The carrying amounts of the Group's trade receivables are all denominated in US$.

12. CASH AND CASH EQUIVALENTS

	2022 US$ MILLION	2021 US$ MILLION
Cash at bank and in hand	191.2	269.6
Short-term bank deposits[2]	181.0	985.7
Total[1]	**372.2**	**1,255.3**

1. Total cash and cash equivalents include US$171.8 million (2021: US$836.3 million) of cash held limited for use by Las Bambas Joint Venture Group.
2. The effective interest rate on short-term bank deposits as at 31 December 2022 range from 4.37% to 4.55% (31 December 2021: 0.16% to 3.75%). These deposits have an average 18 days (2021: 54 days) to maturity.

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	2022 US$ MILLION	2021 US$ MILLION
US dollars	346.4	1,242.4
Australian dollars	-	1.2
Peruvian sol	21.2	7.1
Hong Kong dollars	1.8	2.4
Others	2.8	2.2
	372.2	**1,255.3**

13. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES		SHARE CAPITAL	
	2022 '000	2021 '000	2022 US$ MILLION	2021 US$ MILLION
Issued and fully paid:				
At 1 January	8,639,126	8,067,034	3,220.3	2,917.6
Shares issued	-	565,000	-	299.0
Employee share options exercised[1]	641	6,257	0.2	3.2
Employee performance awards vested	-	835	-	0.5
At 31 December	**8,639,767**	**8,639,126**	**3,220.5**	**3,220.3**

1. During the year ended 31 December 2022, a total of 640,980 (2021: 6,257,077) 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 Option Scheme which were pursuant to 2013 Share Option Scheme. The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK$3.08 (2021: HK$4.68).

14. BORROWINGS

	2022 US$ MILLION	2021 US$ MILLION
Non-current		
Loan from related parties	2,231.3	2,531.3
Bank borrowings, net	1,978.3	3,107.7
	4,209.6	**5,639.0**
Current		
Loan from related parties	400.0	-
Bank borrowings, net	803.0	659.1
	1,203.0	**659.1**
Analysed as:		
– Secured[1]	2,675.7	3,812.0
– Unsecured	2,781.2	2,536.3
	5,456.9	**6,348.3**
Prepayments – finance charges	(44.3)	(50.2)
	5,412.6	**6,298.1**
Borrowings (excluding: prepayments) were repayable as follows:		
– Within one year	1,208.8	665.1
– More than one year but not exceeding two years	1,136.8	1,406.6
– More than two years but not exceeding five years	2,181.6	2,844.5
– More than five years	929.7	1,432.1
	5,456.9	**6,348.3**
Prepayments – finance charges	(44.3)	(50.2)
Total	**5,412.6**	**6,298.1**

1. In June 2022, MLB made a prepayment on their project facility of US$500.0 million.

An analysis of the carrying amounts of the total borrowings (excluding prepayments) by type and currency is as follows:

	2022 US$ MILLION	2021 US$ MILLION
US dollars		
– At floating rates[1]	1,713.6	2,169.3
– At fixed rates	3,743.3	4,179.0
	5,456.9	**6,348.3**

1. Includes the floating interest rate MLB project facility (borrowings of US$2,653.6 million outstanding at 31 December 2022 (31 December 2021: US$3,754.2 million), maturing in July 2032), whereby the Group has entered into a notional US$2,100.0 million 5-year amortising interest rate swap with Bank of China Sydney Branch office ("BOC Sydney") in 2020 with notional principal US$1,560.0 million outstanding at 31 December 2022 (31 December 2021: US$1,860 million). The interest rate swap hedge will reduce 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 second to fifth years).

15. TRADE AND OTHER PAYABLES

The analysis of the trade and other payables is as follows:

	2022 US$ MILLION	2021 US$ MILLION
Non-Current		
Other payables and accruals	**217.5**	**164.8**
Current		
Trade payables		
- Less than 6 months	271.9	247.0
- More than 6 months	0.4	2.8
	272.3	249.8
Related party interest payable	37.6	37.2
Other payables and accruals	225.6	164.0
Total current trade and other payables	**535.5**	**451.0**
Aggregate		
Trade payables[1]	272.3	249.8
Related party interest payable	37.6	37.2
Other payables and accruals[2]	443.1	328.8
Total trade and other payables	**753.0**	**615.8**

1. At 31 December 2022, the Group's trade and other payables included an amount of US$3.5 million (2021: US$4.4million), which was due to a related company of the Group. The ageing analysis of the trade payables is based on the creditors' invoice date
2. At 31 December 2022, the Group's other payables and accruals included an amount of US$8.4 million (2021: US$5.6 million) accrued interest on external bank borrowings.

16. COMMITMENTS

Capital commitments

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

	2022 US$ MILLION	2021 US$ MILLION
Property, plant and equipment		
Within one year	143.9	100.9
Over one year but not more than five years	127.6	34.4
	271.5	**135.3**
Intangible assets		
Within one year	**2.7**	**-**

Aggregate	2022 US$ MILLION	2021 US$ MILLION
Property, plant and equipment and intangible assets		
Contracted but not provided for	**274.2**	**135.3**

GLOSSARY

2023 AGM	AGM to be held on Thursday, 25 May 2023
AGM	annual general meeting of the Company
associate(s)	has the meaning ascribed to it under the Listing Rules
Australia	The Commonwealth of Australia
Board	the board of directors of the Company
Board Charter	the board charter of the Company
BOC Sydney	Bank of China Limited, Sydney Branch
CDB	China Development Bank
CEO	Chief Executive Officer
China	has the same meaning as PRC
CITIC	CITIC Metal Peru Investment Limited
CMC	China Minmetals Corporation, a state-owned enterprise incorporated under the laws of the PRC
CMN	China Minmetals Non-ferrous Metals Company Limited, a subsidiary of CMC
Company	MMG Limited, a company incorporated in Hong Kong, the securities of which are listed and traded on the Main Board of the Stock Exchange
Director(s)	the director(s) of the Company
DRC	Democratic Republic of Congo
EBIT	earnings before interest (net finance costs) and income tax
EBITDA	earnings before interest (net finance costs), income tax, depreciation, amortisation and impairment expense
EBITDA margin	EBITDA divided by revenue
EPC	Engineering Procurement Construction
Executive Committee	the executive committee of the Group, which consists of all Executive Directors of the Company, Interim Chief Executive Officer, Chief Financial Officer, Executive General Manager – Corporate Relations, Executive General Manager – Americas and Executive General Manager – Australia and Africa
Group	the Company and its subsidiaries
HK$	Hong Kong dollar, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange	(please refer to the definition of 'Stock Exchange')
ICBC	Industrial and Commercial Bank of China Limited
ICBC Luxembourg	Industrial and Commercial Bank of China Limited, Luxemobourg
KEP	Kinsevere Expansion Project
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
LME	London Metal Exchange
MLB	Minera Las Bambas S.A., a non-wholly owned subsidiary of MMG and the owner of the Las Bambas mine
MMG Dugald River	MMG Dugald River Pty Ltd., a wholly subsidiary of the Company
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
Share(s)	fully paid ordinary share(s) of the Company
Shareholder(s)	the shareholder(s) of the Company
STEP	Special Tax on Excess Profits

GLOSSARY

Stock Exchange	The Stock Exchange of Hong Kong Limited
SUNAT	National Superintendence of Tax Administration of Peru
TRIF	total recordable injury frequency per million hours worked
US$	United States dollar, the lawful currency of the United States of America
VAT	value added tax

CORPORATE DETAILS

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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
Nan WANG, Executive General Manager – Australia and Africa

IMPORTANT DATES**

26 April 2023 – First Quarter Production Report
24 April 2023 – Annual Report lodged

***This information is subject to change.*

INVESTOR AND MEDIA ENQUIRIES

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

Hong Kong, 7 March 2023

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.