

## CHIEF EXECUTIVE OFFICER'S REPORT

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.

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 per cent 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 per cent lower than the prior year largely driven by the impact of community protests at Las Bambas. Total zinc production was also 10 per cent 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 per cent 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.

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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.

### Financial performance

MMG's EBITDA result for 2022 was US\$1,535.4 million, 44 per cent 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 per cent 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)