

CHIEF EXECUTIVE OFFICER'S REPORT

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

Dear Shareholders,

I am pleased to present our 2023 Interim Report.

Safety

At MMG, our first value is safety.

While we continue to strive to improve our safety-focused culture, in a tragic start to the year two people, employed through our mining contractor Barminco at Dugald River mine, lost their lives after a light vehicle they were travelling in fell into a stope on 15 February 2023.

This incident is a reminder to do everything we can to promote a safe workplace and culture - to look after each other so that every person returns safely home to their friends and family.

For the first half of the year, MMG recorded a TRIF of 1.20. This represents a decrease on the full year 2022 TRIF of 1.25. We remain focused on our critical controls in order to eliminate the potential harm to our people.

Financial performance

In the first half of the year, MMG achieved a significant increase in net cash flow from operations, totalling US\$425.6 million, representing growth of 216 per cent compared to the first half of 2022. This performance is primarily attributed to favourable working capital movements with an inventory drawdown at Las Bambas compared to a build-up in the first half of 2022.

Revenue increased by US\$488.2 million (35 per cent) for the period, primarily driven by higher sales volumes from Las Bambas, which more than offset the impact of lower copper and zinc prices.

Despite this, MMG recorded a net loss after tax of US\$24.9 million, including a loss of US\$58.8 million attributable to equity holders of the Company. The first half EBITDA of US\$635.8 million experienced a two per cent decrease compared with the first half of 2022.

This decline was partly attributed to lower prices for copper and zinc, lower sales at Dugald River following the suspension of operations and higher consumption of third-party ores at Kinsevere to offset reduced oxide ore mined during the transition to mining sulphide ores.

Operational performance

Las Bambas produced 139,594 tonnes of copper in the first half of 2023, 38 per cent above the first half of 2022. Concentrate transportation has remained stable since the removal of roadblocks in March, supported by the State of Emergency implemented by the government of Peru which remained in place throughout the quarter. The mine achieved record sales in the second quarter of around 417,000 tonnes of copper concentrate, with around 43 per cent of sales coming from a draw-down of stockpiles.

Kinsevere produced 21,641 tonnes of copper cathode, a two per cent decrease from the prior comparable period. The construction of the cobalt plant is on track, with the majority of the structural and mechanical installation completed by the end of June. First cobalt production is expected in 2023.

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Dugald River produced 57,374 tonnes of zinc in the first half of 2023, which is 28 per cent lower than the production in the first half of 2022. The site was impacted after operations were suspended for 34 days following the fatal incident in February.

Rosebery produced 23,102 tonnes of zinc in zinc concentrate and 8,637 tonnes of lead in lead concentrate during the first half of 2023, representing a two per cent and seven per cent decline from the prior corresponding period respectively.

Outlook

As we look ahead to the rest of 2023, MMG will continue its focus on a strong safety-first culture, maintaining stable operations, and careful cost management and capital allocation in a volatile global economic environment.

We remain committed to progressing our growth projects in Las Bambas and Kinsevere. The Las Bambas team is working hard to reach enduring agreements for the development of the Chalcobamba deposit with the Huancaire community. We are hopeful that the development can commence by the end of 2023.

The construction of our Kinsevere expansion project is on track and we expect the first cobalt production in the second half of the year and the first copper cathode from sulphides in 2024. The Kinsevere Expansion Project is expected to extend the mine life to 2035 and take annual production up to 100,000 tonnes of copper equivalent production once we reach full ramp-up in 2025.

Las Bambas copper production for 2023 is expected to remain in the range of 265,000 to 305,000 tonnes, contingent upon continued access to site for supplies, personnel, and logistics. Kinsevere is now expected to produce 40,000 to 48,000 tonnes of copper cathode for 2023. Dugald River production in 2023 is expected to be in the range of 135,000 to 150,000 tonnes of zinc, with Rosebery expected to produce between 55,000 and 65,000 tonnes of zinc in zinc concentrate in 2023.

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 ongoing support of MMG.

Li Liangang
CHIEF EXECUTIVE OFFICER (INTERIM)