ICMM
International Council on Mining & Metals

MINING WITH PRINCIPLES

MMG

We mine for **progress**

MMG Limited
Annual Report 2023

HKEX: 1208

We mine to **build wealth** through the development of our people, partnering with local communities to drive economic growth and the value we deliver to our shareholders.

Our vision is to create a **leading international mining company** for a low carbon future.

We work in **complex jurisdictions and across numerous cultures and communities**, who have vastly differing experiences with resource development.

A **long-term outlook**, our pride in mining our commitment to international standards and our respect for people, land and culture underpin our success.

We mine for **progress**

Contents

Chairman's Letter

Dear Shareholders,

I am pleased to present the 2023 Annual Report which is my first as the Chair of the Company. After six years on the Executive Committee and as a Director since May 2009, I am delighted to have the opportunity, together with the Management Team, to drive the future success of the business.

Safety, our first value

First, let me start with our safety performance. At MMG, safety is our first value and we continue to place significant effort on eliminating fatalities and serious injuries from our workplaces.

However, I am deeply saddened by the deaths of Barminco contractors Mr Trevor Davis and Mr Dylan Langridge at Dugald River in February 2023. I offer my sincere condolences to their families and friends. This incident serves as a sad and lasting reminder of the paramount importance of safety, and our commitment to eliminate injuries and fatalities across MMG.

In 2024, we will maintain a close focus on learning from incidents and particularly significant events with energy exchange. We will continue to take a proactive approach to risk management and field task observations to ensure that we are actively reducing risks for our people. Nothing is more important than ensuring our people can return home safely to their families and friends.

Strategy and portfolio

While 2023 has presented challenges with price fluctuations in our core commodities, the medium and long-term outlook for our products remains very strong. Global trends such as urbanisation, decarbonisation and electrification will continue to drive demand for copper and zinc. China also remains deeply committed to a strong decarbonisation agenda domestically and is actively advancing clean energy technologies which are very supportive of the mining sector.

The need for minerals that are critical to the energy transition will continue to grow and evolve and will require many sources of investment, technology and manufacturing capability - with China to remain a key partner.

As a producer with a commitment to the highest operating standards, and as an active member of the International Council on Mining and Metals, MMG remains an important international growth platform for our major shareholder, China Minmetals Corporation (CMC).

CMC's support has enabled us to enter into a Share Purchase Agreement to acquire the Khoemacau Mine in Botswana in November 2023. This acquisition reaffirms our commitment to build a portfolio of high-quality mines and aligns to our vision of creating a leading international mining company for a low carbon future. Khoemacau is a high-quality operating mine with a very robust expansion case and is located in one of the most prospective mining regions in Africa, the Kalahari Copperbelt. This acquisition is closely aligned to our strategy of delivering long-term value for shareholders by pursuing value-accretive external opportunities while continuing to focus on pursuing organic growth opportunities across our existing asset base.

Across the entire MMG portfolio we have also continued to focus on growth drilling and on progressing the key development projects which include the Chalcobamba development at Las Bambas and the Kinsevere Expansion Project (KEP). I am pleased to report that we have made steady progress on both throughout 2023.

In Peru, we have worked closely with the Government of Peru and community members in transparent and constructive dialogue. Discussions with the Huancuire community have continued to progress and we have signed agreements with a number of community companies which have been able to commence early works at Chalcobamba. While we have not yet reached final agreements with the community, we remain positive regarding progress as we work together to share the success of Las Bambas.

The construction of the Kinsevere Expansion Project, which will enable us to transition to mining sulphide ores and introduce cobalt into our product portfolio, remains on track. We were pleased to celebrate the commissioning of the cobalt plant in the fourth quarter of the 2023, having achieved the first production of Kinsevere's cobalt hydroxide. The new tailings storage facility at site was also commissioned to support cobalt production and progress has been made in the installation of the concentrator and roaster as well as the gas cleaning and acid plant to support copper production from sulphide ore.

Executive team changes

In February 2024, we welcomed the appointment of Mr Song Qian as the Executive General Manager Finance, following the retirement of Chief Financial Officer Mr Ross Carroll who will depart the business in July 2024.

Mr Qian brings to MMG significant experience within CMC where he has held a number of senior executive roles, most recently as the Chief Financial Officer of Minmetals Innovative Investments Co. He was also employed by the Company from 2010 to 2012 and has a strong understanding of the MMG business.

In early 2024, we further undertook a review of executive portfolios and realigned a number of executive accountabilities. As part of this process, we have created a new role of Executive General Manager Operations to integrate group operational accountability and excellence. Mr Nan Wang, formerly Executive General Manager Australia and Africa, has been appointed and commenced in this role on 1 February 2024.

A new position of Executive General Manager – Commercial and Development has been created to focus on strategy, projects, mergers and acquisitions with the Interim Chief Executive Officer performing this role until the recruitment process is completed.

On behalf of the Board, I extend my gratitude to Mr Carroll for his valuable contributions to the Company since he joined MMG in late 2015.

Conclusion

Finally, in 2024 we will continue to focus our efforts on driving strong operational performance and excellence in project delivery across the business.

Our success would not be possible without our people or the support of our shareholders. On behalf of the Board, I extend my gratitude to our people for their commitment and contributions and we thank our shareholders, partners and communities for their ongoing support.

XU Jiqing
Chairman

Chief Executive Officer's Report

Dear Shareholders,

I am pleased to present our 2023 Annual Report.

Safety

At MMG, our first value is safety.

In a tragic start to 2023 two people, employed through our mining contractor Barminco at our Dugald River mine, lost their lives after a light vehicle they were travelling in fell into a stope on 15 February 2023.

The loss of Dylan Langridge and Trevor Davis has had a profound impact on us all and our united focus remains on doing everything we can to promote a safe workplace and culture and to ensure every person returns safely home to their loved ones.

MMG's total recordable injury frequency (TRIF) was 1.97 for the full year 2023, which is higher than the full year 2022 result of 1.25. We recognise there is still significant room for improvement – particularly in reducing significant potential incidents - and during the fourth quarter we saw a significant reduction in injury rates.

Operational performance

Overall, our sites have delivered strong results with production and cost performance, in line with or exceeding our updated guidance.

In 2023, MMG produced 347,264 tonnes of copper (copper cathode plus copper in concentrate) and 203,470 tonnes of zinc (zinc in concentrate).

Copper production in 2023 was 14% higher than in 2022 driven by uninterrupted operations at Las Bambas. This result further demonstrates the site's strong operational performance throughout the year which included achieving a record in milled ore throughput and the second highest annual sales volume, with over 1.1 million tonnes of concentrate sold.

Copper production at the Kinsevere mine was 10% lower than in 2022 largely due to unstable power supply from the national grid. Construction of the Kinsevere Expansion Project continues to advance with the cobalt plant commissioned in the fourth quarter.

Zinc production at Dugald River mine was 12% lower than in 2022, due to the impact of suspension of operations in the first quarter.

Annual production at Rosebery mine was 1% above 2022 levels, largely driven by the mining sequence with the ore mined and milled volume results in the fourth quarter the highest for the year.

Financial performance

In 2023, MMG recorded a net profit after tax of US$122.1 million, including a profit of US$9.0 million attributable to equity holders of the Company. This compared to a net profit after tax of US$243.5 million in 2022, including a profit of US$172.4 million attributable to equity holders.

Driven by strong cashflows, the Company reduced net debt levels by US$783.6 million, lowering overall gearing ratio by 5% to 50% at the end of 2023.

Pleasingly, revenue increased by US$1,092.3 million (34%) for the period, primarily driven by higher sales volumes from Las Bambas, which more than offset the impact of lower copper and zinc prices.

Delivering growth

In 2023 we also achieved a major milestone having entered into a Share Purchase Agreement to acquire the Khoemacau Mine.

LI Liangang
Chief Executive Officer (Interim)

The Khoemacau Mine is a large, long-life copper mine located in northwest Botswana, in the emerging Kalahari Copperbelt. The tenement package hosts the tenth largest African copper mineral resource by total contained copper metal and is one of the largest copper sedimentary systems in the world outside of the Central African Copperbelt.

Commitment to sustainability

I am proud that the minerals we produce are essential to ensuring that we can successfully transition to a more sustainable world. MMG plays a key role in providing these metals to our customers to drive the development of green technology that will replace fossil fuels.

As part of our commitment to achieve Net Zero we have set an interim 2030 target of reducing Scope 1 and Scope 2 operational greenhouse gas emissions from our operated assets by 40%, from a 2020 baseline. This interim target aligns with science-based methodologies, in line with ambitions set out in the Paris Agreement.

Growing our assets, while maintaining an unwavering commitment to sustainable development, is what drives our business.

Executive committee changes

In January 2024, the Board announced that Mr Ross Carroll will retire from his role as the Chief Financial Officer (CFO) of MMG and will depart the company on 1 July 2024, following a transition period. Mr Carroll was appointed as CFO of the Company in December 2015. On behalf of everyone at MMG I would like to take this opportunity to express my sincere gratitude to Mr Carroll for his valuable contribution to MMG over many years.

Mr Song Qian joined MMG on 1 February 2024 as the Executive General Manager Finance and brings to the business significant executive experience within CMC. He brings to MMG valuable experience in global treasury systems and a strong understanding of commercial and investment banking, financial markets, and cross-cultural integration in mining assets and multi-industrial assets within China and internationally.

Additional changes to the Executive Team include a rebalancing of responsibilities with the creation of the role of Executive General Manager Operations to integrate group operational accountability and operational excellence. Mr Nan Wang, formerly Executive General Manager Australia and Africa, was appointed to this role and commenced on 1 February 2024. Mr Troy Hey, the Executive General Manager Corporate Relations, has taken accountability for the Legal and Company Secretary functions alongside his existing accountabilities.

I am confident that the new structure will enable our leadership to drive successful outcomes as we work towards our vision of creating a leading international company for a low carbon future.

Future focus

As we look ahead to 2024, we are focused on securing the next stage of growth for our business.

At Las Bambas, this means working closely with the Huancuire community to progress the Chalcobamba development.

We will also continue to focus on advancing the Kinsevere Development Project and the completion and subsequent integration of Khoemacau.

Across all operations we remain focused on safe and stable production while adding value to our assets through expansion and life extension.

Thank you for your ongoing support of MMG.

LI Liangang
Chief Executive Officer (Interim)

Board of Directors

Mr XU Jiqing
Chairman

Mr LI Liangang
Executive Director

Mr ZHANG Shuqiang
Non-executive Director

Dr Peter CASSIDY
Independent Non-executive Director

Mr LEUNG Cheuk Yan
Independent Non-executive Director

Mr CHAN Ka Keung, Peter
Independent Non-executive Director

Executive Committee

Mr LI Liangang
Interim Chief Executive Officer

Mr Song QIAN
Executive General Manager – Finance

Mr Troy HEY
Executive General Manager - Corporate Relations

Mr WEI Jianxian
Executive General Manager – Americas

Mr Nan WANG
Executive General Manager – Operations

Mr Ross CARROLL
Retiring

Mineral Resources and Ore Reserves

Executive Summary

Mineral Resources and Ore Reserves for MMG have been estimated as at 30 June 2023 and are reported in accordance with the guidelines in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 JORC Code) and Chapter 18 of the Listing Rules. Mineral Resources and Ore Reserves tables are provided on pages 8 to 14, which include the 30 June 2022 and 30 June 2023 estimates for comparison. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources that have been converted to Ore Reserves. All supporting data are provided within the Technical Appendix, available on the MMG website.

Mineral Resources and Ore Reserves information in this statement have been compiled by Competent Persons (as defined by the 2012 JORC Code). Each Competent Person consents to the inclusion of the information in this report, that they have provided in the form and context in which it appears. Competent Persons are listed on page 15.

MMG has established processes and structures for the governance of Mineral Resources and Ore Reserves estimation and reporting. MMG has a Mineral Resources and Ore Reserves Committee that regularly convenes to assist the MMG Governance and Nomination Committee and the Board of Directors with respect to the reporting practices of the Company in relation to Mineral Resources and Ore Reserves, and the quality and integrity of these reports of the Group.

Key changes to the Mineral Resources (contained metal) since the 30 June 2022 estimate relate to depletion[1] at all sites together with increased costs, increased metal price assumptions, cut-off grade increase and updates to the models at all sites. Cost increases are the primary driver across the business. At Las Bambas, cost increases account for 1,475kt of copper metal removed from the Mineral Resources. Results from drilling in Ferrobamba pit have led to further reductions of about 380kt of copper metal. Increased metal price assumptions have only partially offset the reductions. At Dugald River, updated estimates have added around 280kt of lead metal. Rosebery has almost replaced milled depletion on a zinc equivalent basis despite upward cost pressures with drilling success in Z and U lenses. Mining depletion has reduced the cobalt metal by around 30% at Kinsevere, while the Mwepu Resource has increased 70% for copper.

Key changes to the Ore Reserves (contained metal) since the 30 June 2022 estimate are mostly related to depletion[1]. At Rosebery, all metal has reduced by around 20% which is proportionate to mine life. Dugald River milled depletion has almost been replenished by Resource to Reserve conversion. Las Bambas is mostly impacted by changes to the model through drilling in Ferrobamba pit and costs partially offset by metal price assumptions.

Following a favourable preliminary ruling by the International Chamber of Commerce in a preliminary arbitration proceeding filed in Q4 2022, and engagement with La Générale des Carrières et des Mines S.A. (Gécamines) and local authorities, the armed forces and third parties present on the Sokoroshe II and Nambulwa leases, left the sites in late 2022. MMG re-established control of both sites shortly afterwards.

MMG is continuing to engage with Gécamines to resolve outstanding matters and conclude the legal processes and to complete the renewal of the Kinsevere, Nambulwa and Sokoroshe II permits for a further 15 years. MMG wishes to work with Gécamines to ensure a strong future for the Kinsevere asset, as well as maintaining its long-standing relationship.

Pages 16 and 17 provide further discussion of the Mineral Resources and Ore Reserves changes.

1 Depletion in this report refers to material processed by the mill and depleted from the Mineral Resources and Ore Reserves through mining and processing.

Mineral Resources and Ore Reserves Continued

Mineral Resources[1]

All data reported here is on a 100% asset basis, with MMG's attributable interest shown against each asset within brackets.

	2023								2022							
Deposit	Tonnes (Mt)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Mo (ppm)	Co (%)	Tonnes (Mt)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Mo (ppm)	Co (%)
Las Bambas (62.5%)																
Ferrobamba Oxide Copper																
Indicated	0.02	1.3							0.03	1.7						
Inferred																
Total	**0.02**	**1.3**							**0.03**	**1.7**						
Ferrobamba Primary Copper																
Measured	380	0.59			2.6	0.05	220		470	0.56			2.3	0.04	210	
Indicated	220	0.66			3.2	0.06	180		270	0.70			3.3	0.06	180	
Inferred	39	0.80			2.8	0.07	190		110	0.84			4.2	0.08	170	
Total	**640**	**0.63**			**2.8**	**0.05**	**200**		**850**	**0.64**			**2.9**	**0.05**	**190**	
Ferrobamba Total	**640**								**850**							
Chalcobamba Oxide Copper																
Indicated	6.2	1.4							6.8	1.4						
Inferred	0.53	1.2							0.1	1.5						
Total	**6.7**	**1.4**							**6.9**	**1.4**						
Chalcobamba Primary Copper																
Measured	150	0.51			1.5	0.02	120		140	0.54			1.7	0.02	140	
Indicated	190	0.60			2.2	0.03	120		180	0.64			2.5	0.03	110	
Inferred	43	0.47			1.9	0.02	100		29	0.56			2.4	0.03	130	
Total	**380**	**0.55**			**1.9**	**0.02**	**120**		**340**	**0.60**			**2.1**	**0.03**	**120**	
Chalcobamba Total	**387**								**347**							
Sulfobamba Primary Copper																
Indicated	93	0.62			4.4	0.02	140		84	0.67			4.7	0.02	170	
Inferred	110	0.54			6.0	0.02	64		98	0.58			6.5	0.02	120	
Total	**210**	**0.58**			**5.2**	**0.02**	**98**		**180**	**0.62**			**5.7**	**0.02**	**140**	
Sulfobamba Total	**210**	**0.58**			**5.2**	**0.02**	**98**		**180**	**0.62**			**5.7**	**0.02**	**140**	
Oxide Copper Stockpile																
Indicated	14	1.1							14	1.1						
Total	**14**	**1.1**							**14**	**1.1**						
Sulphide Stockpile																
Measured	25	0.36			2.2		110		30	0.38			2.2		130	
Total	**25**	**0.36**			**2.2**		**110**		**30**	**0.38**			**2.2**		**130**	
Las Bambas Total	**1,300**								**1,400**							

1 S.I. units used for metals of value; Cu=copper, Zn=zinc, Pb=lead, Ag=silver, Au=gold, Mo=molybdenum, Co=cobalt.

Mineral Resources and Ore Reserves
Continued

Mineral Resources[1]

Deposit	2023								2022							
	Tonnes (Mt)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Mo (ppm)	Co (%)	Tonnes (Mt)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Mo (ppm)	Co (%)
Kinsevere (100%)																
Oxide Copper																
Measured	1.4	2.7						0.09	2.6	2.9						0.08
Indicated	4.3	2.5						0.10	4.4	2.6						0.12
Inferred	2.2	2.0						0.08	2.0	2.0						0.09
Total	**8.0**	**2.4**						**0.09**	**9.0**	**2.6**						**0.10**
Transition Mixed Copper Ore																
Measured	0.7	2.0						0.11	1.0	2.2						0.16
Indicated	2.1	2.0						0.11	2.5	2.0						0.12
Inferred	1.0	1.6						0.09	1.3	1.7						0.08
Total	**3.8**	**1.9**						**0.10**	**4.8**	**1.9**						**0.12**
Primary Copper																
Measured	1.2	2.0						0.17	2.2	2.5						0.23
Indicated	17	2.3						0.09	18	2.2						0.10
Inferred	8	1.7						0.06	10.0	1.6						0.07
Total	**26**	**2.1**						**0.09**	**31**	**2.1**						**0.10**
Oxide-TMO Cobalt																
Measured																
Indicated	0.31	0.24						0.30	0.70	0.21						0.32
Inferred	0.40	0.16						0.31	0.73	0.16						0.33
Total	**0.7**	**0.20**						**0.31**	**1.4**	**0.2**						**0.32**
Primary Cobalt																
Measured																
Indicated	0.06	0.53						0.30	0.17	0.31						0.20
Inferred	0.10	0.29						0.30	0.24	0.26						0.22
Total	**0.16**	**0.38**						**0.30**	**0.41**	**0.28**						**0.21**
Stockpiles																
Measured																
Indicated	18	1.6							14	1.5						
Total	**18**	**1.6**							**14**	**1.5**						
Kinsevere Total	**56**	**1.9**							**61**	**1.9**						

1 S.I. units used for metals of value; Cu=copper, Zn=zinc, Pb=lead, Ag=silver, Au=gold, Mo=molybdenum, Co=cobalt.

Mineral Resources and Ore Reserves Continued

Mineral Resources[1]

	2023								2022							
Deposit	**Tonnes (Mt)**	**Cu (%)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**Au (g/t)**	**Mo (ppm)**	**Co (%)**	**Tonnes (Mt)**	**Cu (%)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**Au (g/t)**	**Mo (ppm)**	**Co (%)**
Sokoroshe 2 (100%)																
Oxide Copper																
Measured																
Indicated	2.7	2.1						0.39	2.8	2.1						0.39
Inferred	0.17	1.1						0.10	0.16	1.1						0.10
Total	**2.9**	**2.1**						**0.37**	**2.9**	**2.1**						**0.37**
Transition Mixed Copper Ore																
Measured																
Indicated	0.07	1.6						0.23	0.1	1.6						0.23
Inferred																
Total	**0.07**	**1.6**						**0.22**	**0.1**	**1.6**						**0.23**
Primary Copper																
Measured																
Indicated	0.62	1.5						0.48	0.62	1.50						0.47
Inferred																
Total	**0.62**	**1.5**						**0.47**	**0.62**	**1.5**						**0.47**
Oxide Cobalt																
Measured																
Indicated	0.64	0.24						0.52	0.63	0.24						0.51
Inferred	0.31	0.37						0.31	0.31	0.35						0.31
Total	**0.95**	**0.28**						**0.45**	**0.93**	**0.27**						**0.45**
Primary Cobalt																
Measured																
Indicated	0.05	0.54						0.65	0.05	0.53						0.64
Inferred																
Total	**0.05**	**0.54**						**0.65**	**0.05**	**0.53**						**0.64**
Sokoroshe 2 Total	**4.6**	**1.6**						**0.40**	**4.6**	**1.6**						**0.40**
Nambulwa (100%)																
Oxide Copper																
Measured																
Indicated	1.2	2.2						0.11	1.1	2.2						0.11
Inferred	0.12	1.7						0.07	0.10	1.9						0.07
Total	**1.3**	**2.1**						**0.11**	**1.2**	**2.1**						**0.11**
Transition Mixed Copper Ore																
Measured																
Indicated																
Inferred																
Total																
Oxide-TMO Cobalt																
Measured																
Indicated	0.21	0.14						0.27	0.17	0.14						0.27
Inferred																
Total	**0.21**	**0.14**						**0.27**	**0.2**	**0.14**						**0.27**
Nambulwa Total	**1.5**	**1.9**						**0.13**	**1.4**	**1.9**						**0.13**

1 S.I. units used for metals of value; Cu=copper, Zn=zinc, Pb=lead, Ag=silver, Au=gold, Mo=molybdenum, Co=cobalt.

Mineral Resources and Ore Reserves Continued

Mineral Resources[1]

Deposit	2023 Tonnes (Mt)	2023 Cu (%)	2023 Zn (%)	2023 Pb (%)	2023 Ag (g/t)	2023 Au (g/t)	2023 Mo (ppm)	2023 Co (%)	2022 Tonnes (Mt)	2022 Cu (%)	2022 Zn (%)	2022 Pb (%)	2022 Ag (g/t)	2022 Au (g/t)	2022 Mo (ppm)	2022 Co (%)
DZ (100%)																
Oxide Copper																
Measured																
Indicated	1.0	1.8						0.12	0.94	1.8						0.13
Inferred	0.05	1.9						0.11	0.04	1.9						0.12
Total	**1.1**	**1.8**						**0.12**	**0.98**	**1.8**						**0.13**
Oxide-TMO Cobalt																
Measured																
Indicated	0.34	0.2						0.27	0.33	0.22						0.27
Inferred	0.01	0.13						0.25	0.01	0.14						0.25
Total	**0.35**	**0.22**						**0.27**	**0.33**	**0.22**						**0.27**
DZ Total	**1.4**	**1.4**						**0.16**	**1.3**	**1.4**						**0.16**
Mwepu (100%)																
Oxide Copper																
Measured	0.37	2.0						0.15								
Indicated	1.5	2.6						0.14	0.75	2.5						0.17
Inferred	0.38	2.3						0.02	0.45	2.7						0.29
Total	**2.3**	**2.4**						**0.12**	**1.2**	**2.6**						**0.22**
TMO Copper																
Measured	0.05	1.3						0.13								
Indicated	0.25	1.5						0.17	0.20	1.3						0.18
Inferred	0.10	1.9						0.03	0.18	1.4						0.22
Total	**0.40**	**1.6**						**0.13**	**0.4**	**1.3**						**0.20**
Oxide-TMO Cobalt																
Measured																
Indicated	0.08	0.6						0.40	0.04	0.71						0.45
Inferred																
Total	**0.08**	**0.6**						**0.40**	**0.09**	**0.69**						**0.45**
Primary Cobalt																
Measured																
Indicated	0.12	0.32						0.44	0.07	0.25						0.31
Inferred																
Total	**0.12**	**0.31**						**0.44**	**0.27**	**0.26**						**0.39**
Mwepu Total	**2.9**	**2.2**						**0.15**	**2.0**	**1.9**						**0.25**

1 S.I. units used for metals of value; Cu=copper, Zn=zinc, Pb=lead, Ag=silver, Au=gold, Mo=molybdenum, Co=cobalt.

Mineral Resources and Ore Reserves Continued

Mineral Resources[1]

Deposit	2023								2022							
	Tonnes (Mt)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Mo (ppm)	Co (%)	Tonnes (Mt)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Mo (ppm)	Co (%)
Dugald River (100%)																
Primary Zinc																
Measured	16		12.8	1.9	58				12		13.5	2.2	71			
Indicated	13		11.3	1.4	16				15		12.0	0.9	16			
Inferred	28		11.3	1.4	5.8				33		11.3	0.8	8			
Total	**57**		**11.7**	**1.6**	**23**				**61**		**11.9**	**1.1**	**23**			
Primary Copper																
Inferred	4.8	1.6				0.2			4.5	1.5				0.1		
Total	**4.8**	**1.6**				**0.2**			**4.5**	**1.5**				**0.1**		
Dugald River Total	**62**								**65**							
Rosebery (100%)																
Rosebery																
Measured	7.4	0.22	7.6	2.8	120	1.3			7.3	0.20	7.4	2.7	118	1.2		
Indicated	4.7	0.21	7.1	2.0	83	1.2			4.6	0.18	6.9	1.9	75	1.1		
Inferred	6.5	0.19	7.5	2.3	85	1.1			7.9	0.19	7.0	2.1	77	1.1		
Total	**19**	**0.21**	**7.4**	**2.4**	**99**	**1.2**			**20**	**0.19**	**7.1**	**2.3**	**92**	**1.1**		
Rosebery Total	**19**								**20**							
High Lake (100%)																
Measured																
Indicated	7.9	3.0	3.5	0.3	83	1.3			7.9	3.0	3.5	0.3	83	1.3		
Inferred	6.0	1.8	4.3	0.4	84	1.3			6.0	1.8	4.3	0.4	84	1.3		
Total	**14**	**2.5**	**3.8**	**0.4**	**84**	**1.3**			**14**	**2.5**	**3.8**	**0.4**	**84**	**1.3**		
Izok Lake (100%)																
Measured																
Indicated	13	2.4	13.3	1.4	73	0.18			13	2.4	13.3	1.4	73	0.18		
Inferred	1.2	1.5	10.5	1.3	73	0.21			1.2	1.5	10.5	1.3	73	0.21		
Total	**15**	**2.3**	**13.1**	**1.4**	**73**	**0.18**			**15**	**2.3**	**13.1**	**1.4**	**73**	**0.18**		

1 S.I. units used for metals of value; Cu=copper, Zn=zinc, Pb=lead, Ag=silver, Au=gold, Mo=molybdenum, Co=cobalt.

Mineral Resources and Ore Reserves Continued

Ore Reserves[1]

All data reported here is on a 100% asset basis, with MMG's attributable interest shown against each asset within brackets.

	2023								2022							
Deposit	Tonnes (Mt)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Mo (ppm)	Co (%)	Tonnes (Mt)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Mo (ppm)	Co (%)
Las Bambas (62.5%)																
Ferrobamba Primary Copper																
Proved	310	0.63			3.0	0.05	220		340	0.65			2.9	0.05	200	
Probable	130	0.73			3.9	0.07	190		130	0.91			4.6	0.08	180	
Total	**440**	**0.66**			**3.3**	**0.06**	**210**		**470**	**0.72**			**3.4**	**0.06**	**200**	
Chalcobamba Primary Copper																
Proved	96	0.62			2.0	0.03	120		100	0.65			2.1	0.03	130	
Probable	130	0.68			2.7	0.03	110		130	0.71			2.7	0.03	110	
Total	**220**	**0.66**			**2.4**	**0.03**	**120**		**230**	**0.68**			**2.4**	**0.03**	**120**	
Sulfobamba Primary Copper																
Proved																
Probable	57	0.77			5.8	0.03	159		54	0.80			5.9	0.03	160	
Total	**57**	**0.77**			**5.8**	**0.03**	**159**		**54**	**0.80**			**5.9**	**0.03**	**160**	
Primary Copper Stockpiles																
Proved	25	0.36			2.2		110		30	0.38			2.2		130	
Total	**25**	**0.36**			**2.2**		**110**		**30**	**0.38**			**2.2**		**130**	
Las Bambas Total	**740**	**0.66**			**3.2**		**170**		**780**	**0.70**			**3.2**		**170**	
Kinsevere (100%)																
Oxide/TMO Copper and Cobalt																
Proved	0.9	2.5						0.11	3.0	2.5						0.12
Probable	3.2	2.3						0.11	5.7	2.2						0.12
Total	**4.1**	**2.3**						**0.11**	**8.6**	**2.3**						**0.12**
Primary Copper and Cobalt																
Proved	1.2	2.0						0.17	1.9	2.3						0.21
Probable	15	2.3						0.09	16	2.2						0.10
Total	**16**	**2.2**						**0.10**	**18**	**2.2**						**0.11**
Stockpiles																
Proved																
Probable	18	1.6							14	1.5						
Total	**18**	**1.6**							**14**	**1.5**						
Kinsevere Total	**38**	**2.0**							**40**	**2.0**						
Sokoroshe 2 (100%)																
Oxide Copper and Cobalt																
Proved																
Probable	2.5	1.9						0.42								
Total	**2.5**	**1.9**						**0.42**								
Primary Copper and Cobalt																
Proved																
Probable	0.1	0.95						0.65								
Total	**0.1**	**0.95**						**0.65**								
Sokoroshe Total	**2.5**	**1.9**						**0.43**								

1 S.I. units used for metals of value; Cu=copper, Zn=zinc, Pb=lead, Ag=silver, Au=gold, Mo=molybdenum.

Mineral Resources and Ore Reserves Continued

Ore Reserves[1]

Deposit	2023 Tonnes (Mt)	2023 Cu (%)	2023 Zn (%)	2023 Pb (%)	2023 Ag (g/t)	2023 Au (g/t)	2023 Mo (ppm)	2023 Co (%)	2022 Tonnes (Mt)	2022 Cu (%)	2022 Zn (%)	2022 Pb (%)	2022 Ag (g/t)	2022 Au (g/t)	2022 Mo (ppm)	2022 Co (%)
Dugald River (100%)																
Primary Zinc																
Proved	12		11.3	1.9	57				12		10.9	1.9	62			
Probable	8		10.0	1.4	14				10		10.1	0.9	14			
Total	**20**		**10.8**	**1.7**	**40**				**22**		**10.5**	**1.4**	**39**			
Dugald River Total	**20**		**10.8**	**1.7**	**40**				**22**		**10.5**	**1.4**	**39**			
Rosebery (100%)																
Proved	3.9	0.20	6.5	2.7	110	1.2			4.8	0.19	6.7	2.7	120	1.2		
Probable	0.63	0.18	5.6	2.2	82	1.2			0.77	0.20	6.1	2.1	79	1.3		
Total	**4.5**	**0.20**	**6.4**	**2.6**	**110**	**1.2**			**5.5**	**0.19**	**6.6**	**2.6**	**110**	**1.2**		
Rosebery Total	**4.5**	**0.20**	**6.4**	**2.6**	**110**	**1.2**			**5.5**	**0.19**	**6.6**	**2.6**	**110**	**1.2**		

1 S.I. units used for metals of value; Cu=copper, Zn=zinc, Pb=lead, Ag=silver, Au=gold, Mo=molybdenum, Co=cobalt.

Mineral Resources and Ore Reserves Continued

Competent Persons

Table 1 - Competent Persons for Mineral Resources, Ore Reserves and Corporate

Deposit	Accountability	Competent Person	Professional Membership	Employer
MMG Mineral Resources and Ore Reserves Committee	Mineral Resources	Rex Berthelsen[1]	HonFAusIMM (CP Geo)	MMG
MMG Mineral Resources and Ore Reserves Committee	Ore Reserves	Cornel Parshotam[1]	MAusIMM	MMG
MMG Mineral Resources and Ore Reserves Committee	Metallurgy: Mineral Resources / Ore Reserves	Andrew Goulsbra[1]	MAusIMM	MMG
Las Bambas	Mineral Resources	Hugo Rios	MAusIMM (CP Geo)	MMG
Las Bambas	Ore Reserves	Xiaolin Wu[1]	SME RM[4]	MMG
Kinsevere	Mineral Resources	Jeremy Witley[2]	Pr.Sci.Nat.	The MSA Group (Pty) Ltd
Kinsevere	Ore Reserves	Dean Basile	MAusIMM (CP Min)	Mining One Pty Ltd
Rosebery	Mineral Resources	Maree Angus	MAusIMM (CP Geo), MAIG	ERM Australia Consultants Pty Ltd
Rosebery	Ore Reserves	Andrew Robertson	FAusIMM	MMG
Dugald River	Mineral Resources	Maree Angus	MAusIMM (CP Geo), MAIG	ERM Australia Consultants Pty Ltd
Dugald River	Ore Reserves	Peter Willcox	MAusIMM (CP Min), RPEQ	MMG
High Lake, Izok Lake	Mineral Resources	Allan Armitage[3]	MAPEG (P.Geo)	Formerly MMG

1 Participates in the MMG Long-Term Incentive Plans which may include Mineral Resources and Ore Reserves growth as a performance condition.

2 South African Council for Natural Scientific Professions, Professional Natural Scientist

3 Member of the Association of Professional Engineers and Geoscientists of British Columbia

4 Registered Member of the Society for Mining, Metallurgy and Exploration

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by the listed Competent Persons, who are Members or Fellows of the Australasian Institute of Mining and Metallurgy (AusIMM), the Australian Institute of Geoscientists (AIG) or a Recognised Professional Organisation (RPO) and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Each of the Competent Persons has given consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Mineral Resources and Ore Reserves Continued

Summary of significant changes

Mineral Resources

Mineral Resources as at 30 June 2023 have changed, since the 30 June 2022 estimate, for several reasons with the most significant changes outlined in this section.

Mineral Resources (contained metal) have decreased globally for copper (-13%), cobalt (-18%), molybdenum (-15%) and gold (-12%). Zinc (-5%) and silver (-7%) have also decreased from 2022 while lead has increased (17%). Variations to Mineral Resources (contained metal) on an individual site basis are discussed below:

Increases:

The increases in Mineral Resources (contained metal) are due to:

- continuous improvement in ore body modelling, specifically at Dugald River where improved lead modelling has resulted in a 35% increase or an additional 264kt Pb metal in estimated metal content after depletion;
- increased metal price assumptions have partially offset the impact of cost increases and milling depletions;
- drilling in 2022 at Rosebery resulted in approximately 90kt ZnEQ to be added which has offset the 83kt ZnEQ depleted by milling. Impact from increases in metal price assumptions has been negated by increased costs at the operation; and
- drilling in 2022 at Mwepu which resulted in a 70% increase of copper.

Decreases:

The decreases in Mineral Resources (contained metal) are due to:

- milled depletion at all producing operations;
- cost increases account for most of the decreased copper Mineral Resource at Las Bambas Drilling and remodelling at Las Bambas equating to approximately 1,260kt Cu metal. At Ferrobamba approximately 300kt of copper metal was removed resulting from new drilling information in Phase 3 and Phase 5 of the open pit;
- increased costs and cut-off grades at Kinsevere have resulted in removing 46kt Cu in addition to 32kt Cu of milled depletion and 13kt Cu from drilling and an updated estimate;
- zinc has decreased at Dugald River by 394kt Zn after depletion. Reclassification of some Inferred material, new drilling data and increased costs and cut-off grade have resulted in reductions of 297kt Zn, 118kt Zn and 69kt Zn respectively. These are partially offset by increases due to improved density estimation and effects of metal price assumptions; and
- removal of a further 12kt Cu from Sulfobamba deposit at Las Bambas due to illegal mining over the last 12 months taking the total estimated depletion due to illegal mining to 62kt Cu.

Mineral Resources and Ore Reserves Continued

Ore Reserves

Ore Reserves as at 30 June (contained metal) have decreased for copper (-9%), zinc (-7%), lead (-0.5%), silver (-8%), gold (-13%), molybdenum (-2%) but have increased for cobalt (7%).

Variations to Ore Reserves (contained metal) on an individual site basis are discussed below:

Increases:

Increases in Ore Reserves (metal) as stated above are due to:

- the inclusion of Sokoroshe II copper and cobalt deposit for the first time resulting in a global increase of cobalt Ore Reserves.
- improvements in geological modelling at Dugald River have resulted in increased estimates of lead across the deposit.

Decreases:

Decreases in Ore Reserves (metal) as stated above are due to:

- milling and mining depletion at all producing operations;
- reductions of copper, molybdenum, gold and silver at Las Bambas are due to cost increases and new drilling in Ferrobamba. Increased metal price assumptions have partially offset the impact;
- all metals at Rosebery (zinc, lead, silver, copper and gold) have reduced largely due to costs and subsequent cut-off grade increases. Negative drill results also resulted in reduction of K lens from the estimate; and
- minor reductions in zinc and silver metal at Dugald River are indictive of Resource to Reserve conversion, almost offsetting milling depleting and impacts due to increased cost assumptions and cut-off grades over the 12-month period.

Key assumptions

Prices and Exchange Rates

The following price and foreign exchange assumptions, set according to the relevant MMG Standard as at February 2023, have been applied to all Mineral Resources and Ore Reserves estimates. Price assumptions for all metals have changed from the 2022 Mineral Resources and Ore Reserves statement.

Table 2 - 2023 Price (real) and foreign exchange assumptions

	Ore Reserves	Mineral Resources
Cu (US$/lb)	3.92	4.71
Zn (US$/lb)	1.27	1.53
Pb (US$/lb)	0.91	1.10
Au US$/oz	1,575	1,890
Ag US$/oz	20.83	25.00
Mo (US$/lb)	11.19	13.43
Co (US$/lb)	23.37	32.72
USD:CAD	1.25	
AUD:USD	0.75	As per Ore Reserves
USD:PEN	3.80	

Mineral Resources and Ore Reserves Continued

Cut-Off Grades

Mineral Resources and Ore Reserves cut-off values are shown in Table 3 and Table 4 respectively.

Table 3 - Mineral Resources cut-off grades

Site	Mineralisation	Likely Mining Method[1]	Cut-Off Value	Comments
Las Bambas	Oxide copper	OP	1% Cu	Cut-off is applied as a range that varies for each deposit and mineralised rock type at Las Bambas. In-situ copper Mineral Resources constrained within US$4.71/lb Cu and US$13.43/lb Mo pit shell.
	Primary copper Ferrobamba		0.15% Cu (average)	
	Primary copper Chalcobamba		0.17% Cu (average)	
	Primary copper Sulfobamba		0.19% Cu (average)	
Kinsevere	Oxide copper & stockpiles	OP	0.5% CuAS[2]	*In-situ* copper Mineral Resources constrained within a US$4.71/lb Cu and US$32.72/lb Co pit shell.
	Transition mixed ore copper (TMO)	OP	0.7% Cu	
	Primary copper	OP	0.7% Cu	
	Oxide TMO Cobalt	OP	0.2% Co	*In-situ* cobalt Mineral Resources constrained within a US$4.71/lb Cu and US$32.72/lb Co pit shell, but exclusive of copper mineralisation.
	Primary cobalt	OP	0.2% Co	
Sokoroshe 2	Oxide	OP	0.6% CuAS[2]	*In-situ* copper Mineral Resources constrained within a US$4.71/lb Cu and US$32.72/lb Co pit shell.
	TMO Copper	OP	0.8% Cu	
	Primary copper	OP	0.8% Cu[2]	
	Oxide TMO cobalt	OP	0.2% Co	*In-situ* cobalt Mineral Resources constrained within a US$4.71/lb Cu and US$32.72/lb Co pit shell, but exclusive of copper mineralisation above cut off.
	Primary cobalt	OP	0.2% Co	
Nambulwa / DZ	Oxide copper	OP	0.6% CuAS[2]	In-situ copper Mineral Resources constrained within a US$4.71/lb Cu and US$32.72/lb Co pit shell.
	TMO copper	OP	0.9% Cu	
	Primary copper	OP	0.8% Cu	
	Oxide TMO cobalt	OP	0.2 Co	*In-situ* cobalt Mineral Resources constrained within a US$4.71/lb Cu and US$32.71/lb Co pit shell, but exclusive of copper mineralisation.
	Primary cobalt	OP	0.2 Cu	
Mwepu	Oxide copper	OP	0.7% CuAS[2]	*In-situ* copper Mineral Resources constrained within a US$4.71/lb Cu and US$32.71/lb Co pit shell.
	TMO copper	OP	1.0% Cu	
	Primary copper	OP	1.0% Cu	
	Oxide TMO cobalt	OP	0.3% Co	*In-situ* cobalt Mineral Resources constrained within a US$4.71/lb Cu and US$32.71/lb Co pit shell, but exclusive of copper mineralisation.
	Primary cobalt	OP	0.3% Co	
Rosebery	Rosebery (Zn, Cu, Pb, Au, Ag)	UG	A$177/t NSR[3]	All areas of the mine are reported using the same NSR cut-off value.
Dugald River	Primary zinc (Zn, Pb, Ag)	UG	A$161/t NSR[3]	All areas of the mine are reported using the same NSR cut-off value.
	Primary copper	UG	1% Cu	All areas of the mine are reported at the same cut-off grade
High Lake	Cu, Zn, Pb, Ag, Au	OP	2.0% CuEq[4]	CuEq4 = Cu + (Zn×0.30) + (Pb×0.33) + (Au×0.56) + (Ag×0.01): based on Long-Term prices and metal recoveries at Au:75%, Ag:83%, Cu:89%, Pb:81% and Zn:93%.
	Cu, Zn, Pb, Ag, Au	UG	4.0% CuEq[4]	CuEq[4] = Cu + (Zn×0.30) + (Pb×0.33) + (Au×0.56) + (Ag×0.01): based on Long-Term prices and metal recoveries at Au:75%, Ag:83%, Cu:89%, Pb:81% and Zn:93%.
Izok Lake	Cu, Zn, Pb, Ag, Au	OP	4.0% ZnEq[5]	ZnEq[1] = Zn + (Cu×3.31) + (Pb×1.09) + (Au×1.87) + (Ag×0.033); prices and metal recoveries as per High Lake.

1 OP = Open Pit, UG = Underground
2 CuAS = Acid Soluble copper
3 NSR = Net Smelter Return
4 CuEq = Copper Equivalent
5 ZnEq = Zinc Equivalent

Mineral Resources and Ore Reserves Continued

Table 4 – Ore Reserves cut-off grades

Site	Mineralisation	Mining Method	Cut-Off Value	Comments
Las Bambas	Primary copper Ferrobamba	OP	0.18% Cu (average)	Range based on rock type recovery.
	Primary copper Chalcobamba		0.21% Cu (average)	
	Primary copper Sulfobamba		0.23% Cu (average)	
Kinsevere	Oxide	OP	0.9% CuAS[1], 0.4% Co	Approximate cut-off grades shown in this table. Variable cut-off grade based on net value script. Copper cut-off assumes zero cobalt. Cobalt cut-off assumes zero copper. For Sokoroshe cut-offs calculated on an incremental cost basis to Kinsevere
	TMO	OP	1.0% Cu, 0.3% Co	
	Primary	OP	1.2% Cu, 0.4% Co	
Sokoroshe 2	Oxide	OP	0.75% CuAS[2], 0.35% Co	
Rosebery	(Zn, Cu, Pb, Au, Ag)	UG	A$177/t NSR[2]	
Dugald River	Primary zinc	UG	A$158/t NSR[3] (average)	

1 CuAS = Acid Soluble Copper

2 NSR = Net Smelter Return

3 Silver in Rosebery doré is calculated as a constant ratio to gold in the doré. Silver is set to 0.17 against gold being 20.7.

Processing Recoveries

Average processing recoveries are shown in Table 5. More detailed processing recovery relationships are provided in the Technical Appendix.

Table 5 - Processing Recoveries

		Recovery							Concentrate Moisture Assumptions
Site	Product	Cu	Zn	Pb	Ag	Au	Mo	Co	
Las Bambas	Copper Concentrate	86%	-	-	75%	71%			10%
	Molybdenum Concentrate						55.5%		5%
Rosebery	Zinc Concentrate		86%						7.8%
	Lead Concentrate		7%	77%	39%	16%			6%
	Copper Concentrate	59%			39%	37%			8.7%
	Doré[3] (gold and silver)				0.14	24%			
Dugald River	Zinc Concentrate	–	91%		32%	–			9.4%
	Lead Concentrate	–		63%	45%	–			9.3%
Kinsevere and satellites	Copper Cathode (Oxide)	86%							
	Copper Cathode (Sulphide)	83%							
	Cobalt Precipitate (Oxide)							60%	
	Cobalt Precipitate (Sulphide)							72%	

1 Silver in Rosebery doré is calculated as a constant ratio to gold in the doré. Silver is set to 0.17 against gold being 20.7.

The Technical Appendix published on the MMG website contains additional Mineral Resources and Ore Reserves information (including the JORC 2012 Table 1 disclosure).

Management Discussion and Analysis

Results for the year ended 31 December 2023

For the purpose of the management discussion and analysis, the Group's results for the year ended 31 December 2023 are compared with results for the year ended 31 December 2022.

Year ended 31 December	2023 US$ million	2022 US$ million	Change % Fav/(Unfav)
Revenue	**4,346.5**	**3,254.2**	**34%**
Operating expenses	(2,814.1)	(1,682.6)	(67%)
Exploration expenses	(49.6)	(30.8)	(61%)
Administration expenses	(12.9)	(16.0)	19%
Net other (expense)/income	(8.0)	10.6	(175%)
EBITDA	**1,461.9**	**1,535.4**	**(5%)**
Depreciation and amortisation expenses	(930.2)	(790.1)	(18%)
EBIT	**531.7**	**745.3**	**(29%)**
Net finance costs	(342.1)	(284.8)	(20%)
Profit before income tax	189.6	460.5	(59%)
Income tax expense	(67.5)	(217.0)	69%
Profit for the year	**122.1**	**243.5**	**(50%)**
Attributable to:			
Equity holders of the Company	9.0	172.4	(95%)
Non-controlling interests	113.1	71.1	59%

Profit attributable to equity holders of the Company

MMG's profit of US$122.1 million for the year ended 31 December 2023 includes profit attributable to equity holders of US$9.0 million and profit attributable to non-controlling interests of US$113.1 million. This compares to a profit attributable to equity holders of US$172.4 million and profit attributable to non-controlling interests of US$71.1 million for the year ended 31 December 2022. Amounts attributable to non-controlling interests relates 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	2023 US$ million	2022 US$ million	Change % Fav/(Unfav)
Profit after tax – Las Bambas 62.5% interest	188.6	118.4	59%
(Loss)/profit after tax – other continuing operations	(55.9)	154.6	(136%)
Exploration expenses	(49.6)	(30.8)	(61%)
Administration expenses	(12.9)	(16.0)	19%
Net finance costs (excluding Las Bambas)	(98.5)	(81.7)	(21%)
Other	37.3	27.9	34%
Profit for the year attributable to equity holders	**9.0**	**172.4**	**(95%)**

Management Discussion and Analysis Continued

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'.

	Revenue			EBITDA		
Year ended 31 December	2023 US$ million	2022 US$ million	Change % Fav/(Unfav)	2023 US$ million	2022 US$ million	Change % Fav/(Unfav)
Las Bambas	3,417.3	2,086.8	64%	1,396.7	1,121.9	24%
Kinsevere	354.6	421.5	(16%)	(32.0)	131.7	(124%)
Dugald River	331.2	484.3	(32%)	33.8	210.2	(84%)
Rosebery	240.0	259.9	(8%)	77.8	98.6	(21%)
Other	3.4	1.7	100%	(14.4)	(27.0)	47%
Total	**4,346.5**	**3,254.2**	**34%**	**1,461.9**	**1,535.4**	**(5%)**

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

Revenue increased by US$1,092.3 million (34%) to US$4,346.5 million compared to 2022 due to higher sales volumes (US$1,292.9 million), partly offset by lower commodity prices (US$200.6 million).

Sales volumes increased by US$1,292.9 million compared to 2022 driven by higher sales of copper concentrate (US$1,332.0 million) and molybdenum concentrate (US$33.3 million) at Las Bambas due to stable logistics since March 2023 compared to 173 days of road blockages throughout 2022. This was partly offset by lower copper cathode sales volumes at Kinsevere (US$43.6 million) in line with lower production due to declining oxide feed grades and lower ore milled caused by an unstable power supply from the national grid. Dugald River zinc and lead concentrate sales volumes were also lower (US$39.4 million), as a result of a 34-day suspension due to the tragic incident in February.

Unfavourable commodity price variances of US$200.6 million were driven by lower prices for zinc (US$159.2 million) and copper (US$117.6 million), partly offset by higher prices for gold (US$28.3 million), silver (US$25.5 million) and molybdenum (US$23.3 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	2023 US$ million	2022 US$ million	Change % Fav/(Unfav)
Copper	3,304.2	2,227.7	48%
Zinc	359.4	547.1	(34%)
Lead	67.9	72.9	(7%)
Gold	233.5	151.5	54%
Silver	205.7	135.8	51%
Molybdenum	175.8	119.2	47%
Total	**4,346.5**	**3,254.2**	**34%**

Management Discussion and Analysis
Continued

Price

Average LME base metals prices for zinc, copper and lead were lower in the year ended 31 December 2023 compared to the prior corresponding period. The averages for molybdenum, gold and silver were higher.

Average LME cash price[1] Year ended 31 December	2023	2022	Change % Fav/(Unfav)
Copper (US$/tonne)	8,483	8,815	(4%)
Zinc (US$/tonne)	2,649	3,485	(24%)
Lead (US$/tonne)	2,137	2,153	(1%)
Gold (US$/ounce)	1,943	1,801	8%
Silver (US$/ounce)	23.39	21.75	8%
Molybdenum (US$/tonne)	53,231	41,411	29%

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 products sold Year ended 31 December	2023	2022	Change % Fav/(Unfav)
Copper (tonnes)	419,584	272,132	54%
Zinc (tonnes)	176,292	185,606	(5%)
Lead (tonnes)	34,389	36,461	(6%)
Gold (ounces)	121,316	89,049	36%
Silver (ounces)	8,926,822	6,707,204	33%
Molybdenum (tonnes)	4,037	3,156	28%

Payable metal in products sold Year ended 31 December 2023	Copper tonnes	Zinc tonnes	Lead tonnes	Gold ounces	Silver ounces	Molybdenum tonnes
Las Bambas	374,743	-	-	94,925	5,361,326	4,037
Kinsevere	43,710	-	-	-	-	-
Dugald River	-	128,628	17,535	-	1,358,919	-
Rosebery	1,131	47,664	16,854	26,391	2,206,577	-
Total	**419,584**	**176,292**	**34,389**	**121,316**	**8,926,822**	**4,037**

Payable metal in products 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**

Management Discussion and Analysis
Continued

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$1,131.5 million (67%) in 2023. This increase was primarily driven by unfavourable stock movement (US$787.4 million) resulting from the drawdown of Las Bambas copper concentrate stockpiles, compared to a build-up in 2022. Additionally, higher production expenses (US$273.1 million) were mainly attributable to higher costs at Las Bambas (US$214.5 million) in line with higher material mined and milled volumes and higher copper concentrate transported. Furthermore, there was higher consumption of third-party ores (US$47.3 million) at Kinsevere to offset the reduced oxide ore mined during the transition to mining sulphide ores.

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

Exploration expenses increased by US$18.8 million (61%) to US$49.6 million in 2023. Expenditure at Las Bambas (US$8.1 million) was higher with drilling focused on various locations within the Ferrobamba pit, including Ferrobamba Deeps, Ferrobamba South, Ferrobamba East, and West Plant targets. Higher costs at Rosebery (US$7.2 million) were due to the accelerated diamond drilling program to support life extension. At Kinsevere, exploration expenses were higher by US$3.5 million driven by resource testing at Sokoroshe II and Nambulwa satellite deposits.

Administrative expenses decreased by US$3.1 million (19%) to US$12.9 million in 2023 mainly due to the weaker Australian dollar (US$3.5 million).

Net other expenses increased by US$18.6 million (175%) compared to a net other income of US$10.6 million in 2022. This was mainly attributable to foreign exchange losses in 2023 (US$3.5 million) in contrast to foreign exchange gains in 2022 (US$6.6 million).

Depreciation and amortisation expenses increased by US$140.1 million (18%) to US$930.2 million compared to 2022. The increase was primarily attributable to higher mining and milling volumes at Las Bambas (US$134.3 million).

Net finance costs increased by US$57.3 million (20%) to US$342.1 million compared to 2022. The increase was mainly due to higher net interest costs driven by a rising interest rate environment (US$67.0 million), higher discount unwind on mine rehabilitation provisions (US$9.5 million) and a refund of interest from SUNAT (US$9.5M million) in 2022. This is partly offset by lower debt balances (US$18.2 million) and higher interest income ($9.3 million) due to increased rates for funds on deposit.

Income tax expense decreased by US$149.5 million, reflecting the decrease in the Group's underlying profit before income tax from the prior year. Underlying income tax expense for 2023 of US$67.5 million reflects the impacts of non-creditable withholding tax expenses in Peru of US$47.3 million (2022: US$35.8 million) and the reversal of prior year tax provisions of US$38.7 million due to the completion of tax audits.

Mine Analysis

Las Bambas

Location

Peru

Products

Copper concentrate
Molybdenum concentrate

Cu Mo

Revenue (US$ million)

$3,417.3

Ore milled (tonnes)

52,871,670

Copper in concentrate produced (tonnes)

302,033

Ownership

MMG Limited	62.5%
Guoxin International Investment Co. Ltd.	22.5%
Citic Metal Co. Ltd.	15.0%


MMG

Mine Analysis: Las Bambas
Continued

Year ended 31 December	2023	2022	Change % Fav/(Unfav)
Production			
Ore mined (tonnes)	46,429,483	43,178,984	8%
Ore milled (tonnes)	52,871,670	44,043,203	20%
Waste movement (tonnes)	122,908,814	116,206,593	6%
Copper in copper concentrate (tonnes)	302,033	254,836	19%
Payable metal in product sold			
Copper (tonnes)	374,743	221,918	69%
Gold (ounces)	94,925	62,901	51%
Silver (ounces)	5,361,326	3,293,364	63%
Molybdenum (tonnes)	4,037	3,156	28%

Year ended 31 December	2023 US$ million	2022 US$ million	Change% Fav/(Unfav)
Revenue	**3,417.3**	**2,086.8**	**64%**
Operating expenses			
Production expenses			
Mining	(490.4)	(401.2)	(22%)
Processing	(316.3)	(261.5)	(21%)
Other	(474.0)	(403.5)	(17%)
Total production expenses	**(1,280.7)**	**(1,066.2)**	**(20%)**
Freight (transportation)	(96.2)	(86.1)	(12%)
Royalties	(104.5)	(59.4)	(76%)
Other[1]	(532.3)	263.4	(302%)
Total operating expenses	**(2,013.7)**	**(948.3)**	**(112%)**
Other expenses	(6.9)	(16.6)	58%
EBITDA	**1,396.7**	**1,121.9**	**24%**
Depreciation and amortisation expenses	(800.0)	(665.7)	(20%)
EBIT	**596.7**	**456.2**	**31%**
EBITDA margin	**41%**	**54%**	

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

Mine Analysis: Las Bambas Continued

Las Bambas produced 302,033 tonnes of copper in 2023, which was 47,197 tonnes (19%) higher than 2022 largely due to uninterrupted operations in 2023 that allowed 20% more ore to be processed compared to a production shutdown of more than 50 days in the second quarter of 2022.

Copper sales volumes were 69% higher compared to 2022 due to stable logistics since March 2023 compared to 173 days of road blockages throughout 2022. Copper concentrate sales of 1.1 million tonnes of concentrate (374,743 tonnes of payable metal) for the year 2023 marks as the second-highest level since the commissioning of the mine. As a result of the stability, on-site concentrate inventory was reduced to the minimal level of around 1,000 tonnes of copper in concentrate at the end of 2023, compared to approximately 85,000 tonnes at the beginning of the year.

Revenue of US$3,417.3 million was US$1,330.5 million (64%) higher than 2022 due to higher sales volumes for copper (US$1,236.8 million), gold (US$53.8 million), silver (US$41.4 million) and molybdenum (US$33.3 million) and higher sales prices for molybdenum (US$23.3 million). This was partly offset by lower copper prices (US$94.6 million).

Total production expenses of US$1,280.7 million were US$214.5 million or 20% above 2022. This was mainly driven by higher material mined and milled volumes (US$77.2 million), lower deferred mine capitalisation costs (US$67.6 million), higher copper concentrate transported (US$56.8 million) and increased maintenance works previously deferred (US$50.2 million). Production expenses were also higher due to increased execution of social programs ($22.5 million). This was partly offset by lower unit prices for diesel (US$21.1 million), explosives (US$14.1 million) and grinding media (US$5.5 million).

EBIT was further impacted by unfavourable stock movement of US$787.4 million due to a drawdown of concentrate inventory (US$468.3 million) in 2023, compared to a build-up (US$235.6 million) in 2022 and a higher drawdown of ore stockpiles (US$80.7 million). Royalty expenses were also higher by US$45.1 million reflecting higher revenue.

Depreciation and amortisation expenses were higher than 2022 by US$134.3 million (20%) due to higher mining and milling volumes.

The C1 costs of US$1.60/lb for 2023 were below our guidance range of US$1.65 – US$1.75/lb, although they were higher than the 2022 C1 costs of US$1.53/lb. The higher C1 unit costs in 2023 are attributed to higher production costs and the absence of care and maintenance cost exclusions for the period of the shutdown in 2022 (US$97.4 million), partly offset by increased copper production and higher by-product credits from molybdenum, gold and silver.

2024 Outlook

Full-year production for 2024 is expected to be between 280,000 and 320,000 tonnes of copper in concentrate. This is largely in line with 2023 but is subject to the timing of the development of Chalcobamba.

Las Bambas C1 costs in 2024 are expected to be in the range of US$1.60 – US$1.80/lb, representing an increase compared to 2023 primarily due to higher ore mined and milled volumes and lower by-product credits related to lower molybdenum price assumptions.

Mine Analysis

Kinsevere

Location

Democratic Republic of Congo

Product

Copper cathode
Cobalt hydroxide

Cu Co

Revenue (US$ million)

$354.6

Ore milled (tonnes)

2,107,223

Copper cathode produced (tonnes)

44,068

Ownership

MMG Limited 100.0%

Mine Analysis: Kinsevere
Continued

Year ended 31 December	2023	2022	Change % Fav/(Unfav)
Production			
Ore mined (tonnes)	1,726,145	3,100,273	(44%)
Ore milled (tonnes)	2,107,223	2,348,699	(10%)
Waste movement (tonnes)	32,646,890	7,087,508	361%
Copper cathode (tonnes)	44,068	49,070	(10%)
Cobalt (tonnes)	105	-	-
Payable metal in product sold			
Copper (tonnes)[1]	43,710	49,048	(11%)

Year ended 31 December	2023 US$ million	2022 US$ million	Change % Fav/(Unfav)
Revenue	354.6	421.5	(16%)
Operating expenses			
Production expenses			
Mining	(18.7)	(62.5)	70%
Processing	(188.0)	(118.7)	(58%)
Other	(90.8)	(74.3)	(22%)
Total production expenses	**(297.5)**	**(255.5)**	**(16%)**
Freight (transportation)	(7.3)	(5.0)	(46%)
Royalties	(17.8)	(23.6)	25%
Other[2]	(32.2)	(10.2)	(216%)
Total operating expenses	**(354.8)**	**(294.3)**	**(21%)**
Other (expenses)/income	(31.8)	4.5	(807%)
EBITDA	**(32.0)**	**131.7**	**(124%)**
Depreciation and amortisation expenses	(27.5)	(27.8)	1%
EBIT	**(59.5)**	**103.9**	**(157%)**
EBITDA margin	**(9%)**	**31%**	

1 Kinsevere sold copper includes copper cathode and copper scrap.

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

Mine Analysis: Kinsevere Continued

Kinsevere produced 44,068 tonnes of copper cathode, which is a decrease of 10% compared to 2022. The lower cathode production was primarily attributed to a decrease in ore milled throughput (2,107,223 tonnes vs. 2,348,699 tonnes) caused by an unstable power supply from the national grid alongside lower ore feed grade.

Kinsevere revenue decreased by US$66.9 million (16%) to US$354.6 million compared to 2022 due to lower copper sales volumes in line with lower production (US$43.6 million) and lower copper prices (US$23.3 million).

Total production expenses increased by US$42.0 million or 16% compared to 2022. This was mainly driven by higher consumption of third-party ores (US$47.3 million) to offset the reduced oxide ore mined volume, and higher sulphuric acid consumption (US$12.3 million). Net mining costs decreased by US$43.8 million, primarily due to a rise in capitalised mining costs (US$115.3 million), which is associated with increased waste stripping activities as the operation transitions from mining oxide ores to mining sulphide ores. This more than offset the increased gross mining costs (US$72.8 million) as a result of a full year of mining operations in 2023 including the commencement of mining at Sokoroshe II.

Other operating expenses were higher than 2022 by US$22.0 million driven by unfavourable stock movement (US$12.1 million) due to the higher net drawdown of ore stockpiles.

Other expenses were higher than 2022 by US$36.3 million driven by foreign exchange losses in 2023 (US$17.9 million) and a release of legacy provisions in 2022 relating to the 2012 Kinsevere acquisition (US$14.1 million).

C1 costs for 2023 were US$3.29/lb, higher than the US$2.55/lb in 2022 driven by lower production, and higher processing cost caused by higher consumption of third-party ores and higher consumption of sulphuric acid.

2024 Outlook

Kinsevere copper cathode production for 2024 is expected to be in the range of 39,000 and 44,000 tonnes. This range reflects the declining supply of oxide ore due to the transition from the mining of oxide ores to the mining of sulphide ores. The supply from Sokoroshe II is expected to increase in 2024 to compensate for the reduced oxide ore mined from the Kinsevere main pit.

C1 costs in 2024 are expected to be in the range of US$2.80 – US$3.15/lb. This represents an improvement from 2023 due to by-product credits from cobalt production and an increase in the supply of ore mined from Sokoroshe II to reduce the reliance on third-party ore. Looking ahead to 2025 and beyond, the combination of higher copper production and cobalt by-product credits is expected to significantly lower the mine's C1 costs.

Mine Analysis

Dugald River

Location

Australia

Product

Zinc concentrate
Lead concentrate

Zn Pb

Revenue (US$ million)

$331.2

Ore milled (tonnes)

1,660,104

Zinc in zinc concentrate produced (tonnes)

151,844

Lead in lead concentrate produced (tonnes)

19,907

Ownership

MMG Limited **100.0%**

Mine Analysis: Dugald River
Continued

Year ended 31 December	2023	2022	Change % Fav/(Unfav)
Production			
Ore mined (tonnes)	1,650,517	1,873,332	(12%)
Ore milled (tonnes)	1,660,104	1,844,212	(10%)
Zinc in zinc concentrate (tonnes)	151,844	173,395	(12%)
Lead in lead concentrate (tonnes)	19,907	20,869	(5%)
Payable metal in product sold			
Zinc (tonnes)	128,628	140,980	(9%)
Lead (tonnes)	17,535	19,116	(8%)
Silver (ounces)	1,358,919	1,342,406	1%

Year ended 31 December	2023 US$ million	2022 US$ million	Change % Fav/(Unfav)
Revenue	**331.2**	**484.3**	**(32%)**
Operating expenses			
Production expenses			
Mining	(115.4)	(111.6)	(3%)
Processing	(66.1)	(68.6)	4%
Other	(65.7)	(69.3)	5%
Total production expenses	**(247.2)**	**(249.5)**	**1%**
Freight (transportation)	(16.6)	(18.2)	9%
Royalties	(14.9)	(20.7)	28%
Other[1]	(15.4)	10.9	(241%)
Total operating expenses	**(294.1)**	**(277.5)**	**(6%)**
Other (expenses)/income	(3.3)	3.4	(197%)
EBITDA	**33.8**	**210.2**	**(84%)**
Depreciation and amortisation expenses	(53.1)	(57.7)	8%
EBIT	**(19.3)**	**152.5**	**(113%)**
EBITDA margin	**10%**	**43%**	

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

Mine Analysis: Dugald River Continued

Dugald River produced 151,844 tonnes of zinc in zinc concentrate in 2023, which was 12% lower than 2022 as operations were suspended for 34 days after the fatal incident at the mine on 15 February 2023. Zinc metal production was also impacted by lower ore feed grades associated with the mining sequence, partially offset by record-high annual zinc recovery rates of 90.0% compared to 89.3% in 2022 driven by ongoing plant optimisation.

Revenue decreased by US$153.1 million to US$331.2 million due to lower zinc prices (US$117.2 million), a 9% drop in zinc sales volumes (US$36.6 million) and an 8% drop in lead sales volumes (US$3.2 million) in line with lower production. This was partly offset by higher silver prices (US$2.5 million).

Total production expenses decreased by US$2.3 million compared to 2022, primarily attributed to the favourable impact of the weaker Australian dollar (US$10.5 million) and lower costs (US$6.1 million) due to the suspension of operations. This reduction was partly offset by increased energy costs with higher gas prices (US$18.3 million) partly offset by savings from solar power (US$9.6 million), as well as unfavourable mining costs (US$4.1 million) due to increased development metres.

EBIT was additionally affected by unfavourable stock movement of US$26.2 million due to a net drawdown of concentrate inventory and ore stockpiles in 2023, as opposed to a net build-up in 2022. This was partly offset by lower royalties (US$5.8 million) in line with a decrease in revenue.

Dugald River's zinc C1 costs were US$0.93/lb in 2023, higher than the US$0.84/lb in 2022 but outperforming the revised guidance of US$1.05 – US$1.20/lb. The higher C1 costs were largely attributable to lower production volumes.

2024 Outlook

Dugald River zinc production for 2024 is expected to be in the range of 175,000 and 190,000 tonnes of zinc in zinc concentrate. This is a substantial improvement over 2023 reflecting the anticipated stable operations and continuous operational improvements compared to the suspension of operations in the first quarter of 2023.

C1 costs in 2024 are expected to be in the range of US$0.70 – US$0.85/lb due to the increased production as well as lower anticipated zinc treatment charges.

Mine Analysis

Rosebery

Location

Australia

Product
Zinc concentrate
Lead concentrate
Precious Metals Concentrate
Gold Doré

Revenue (US$ million)

$240.0

Ore milled (tonnes)

918,074

Zinc in zinc concentrate produced (tonnes)

51,626

Ownership

MMG Limited **100.0%**

Mine Analysis: Rosebery
Continued

Year ended 31 December	2023	2022	Change % Fav/(Unfav)
Production			
Ore mined (tonnes)	922,275	886,118	4%
Ore milled (tonnes)	918,074	896,861	2%
Zinc in zinc concentrate (tonnes)	51,626	51,156	1%
Lead in lead concentrate (tonnes)	19,147	18,077	6%
Copper in precious metals concentrate (tonnes)	1,163	1,147	1%
Gold (ounces)	30,096	26,709	13%
Silver (ounces)	2,583,418	2,178,998	19%
Payable metal in product sold			
Copper (tonnes)	1,131	1,166	(3%)
Zinc (tonnes)	47,664	44,626	7%
Lead (tonnes)	16,854	17,345	(3%)
Gold (ounces)	26,391	26,148	1%
Silver (ounces)	2,206,577	2,071,434	7%

Year ended 31 December	2023 US$ million	2022 US$ million	Change % Fav/(Unfav)
Revenue	**240.0**	**259.9**	**(8%)**
Operating expenses			
Production expenses			
Mining	(78.2)	(70.5)	(11%)
Processing	(33.0)	(31.0)	(6%)
Other	(29.8)	(26.7)	(12%)
Total production expenses	**(141.0)**	**(128.2)**	**(10%)**
Freight (transportation)	(7.8)	(10.1)	23%
Royalties	(3.7)	(12.8)	71%
Other[1]	(4.0)	(10.2)	61%
Total operating expenses	**(156.5)**	**(161.3)**	**3%**
Other expenses	(5.7)	-	(100%)
EBITDA	**77.8**	**98.6**	**(21%)**
Depreciation and amortisation expenses	(56.8)	(46.9)	(21%)
EBIT	**21.0**	**51.7**	**(59%)**
EBITDA margin	**32%**	**38%**	

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

Mine Analysis: Rosebery
Continued

Rosebery produced 51,626 tonnes of zinc in zinc concentrate and 19,147 tonnes of lead in lead concentrate in 2023. This represented a 1% and 6% increase respectively compared to 2022. The volume of ore mined was 4% higher compared to 2022, primarily due to mining sequence and improved workforce availability, despite lost production in January resulting from the bushfire incident.

Precious metal production for 2023 totalled 30,096 ounces of gold and 2,583,418 ounces of silver. This represents an increase of 13% and 19% respectively compared to 2022, reflecting higher grades for both gold and silver.

Revenue decreased by US$19.9 million (8%) to US$240.0 million due to lower prices for zinc (US$42.0 million), lead (US$1.8 million), and copper (US$1.0 million), this was partly offset by higher zinc sales volumes (US$8.8 million), higher precious metal prices (US$14.1 million) and higher precious metal sales volumes (US$3.1 million).

Total production expenses increased by US$12.8 million (10%) compared to 2022 mainly due to higher mining costs (US$11.8 million) driven by increased ore mined, higher backfill volumes and higher intensity of ground support in seismically active areas of the mine. Processing costs were also higher by US$3.5 million driven by higher ore milled volumes. This is partly offset by impact of the weaker Australian dollar (US$6.1 million).

Royalties were favourable by US$9.1 million reflecting lower sales revenue and profit as well as an adjustment that was made to the prior year's royalty return.

Rosebery's C1 costs were US$0.26/lb in 2023, in line with 2022, as higher production expenses were offset by higher by-product credits.

2024 Outlook

Rosebery zinc production for 2024 is expected to be in the range of 50,000 to 60,000 tonnes of zinc in zinc concentrate, an improvement on 2023 mainly due to higher expected zinc grades. Including the contribution of by-product metals, zinc equivalent production for 2024 is expected to be in the range of 115,000 to 130,000 tonnes.

C1 costs for 2024 are expected to be in the range of US$0.10 – US$0.25/lb. This is an improvement on 2023 due to higher anticipated production levels and lower zinc treatment charges.

Management Discussion and Analysis
Continued

Cash flow analysis

Net cash flow

Year ended 31 December	2023 US$ million	2022 US$ million	Change % Fav/(Unfav)
Net operating cash flows	1,849.9	832.1	122%
Net investing cash flows	(790.0)	(538.7)	(47%)
Net financing cash flows	(985.1)	(1,176.5)	16%
Net cash inflows/(outflows)	**74.8**	**(883.1)**	**108%**

Net operating cash inflows increased by US$1,017.8 million (122%) to US$1,849.9 million driven by favourable working capital movements (US$828.2 million) with a copper concentrate inventory drawdown at Las Bambas compared to a build-up in 2022. Lower tax payments in Peru (US$160.9 million) and the DRC (US$29.5 million) also contributed positively.

Net investing cash outflows increased by US$251.3 million (47%) to US$790.0 million. This was driven by higher capital expenditure at Kinsevere (US$251.5 million) attributable to expenditure on the Kinsevere Expansion Project.

Net financing cash outflows were favourable by US$191.4 million (16%) compared to 2022. This was due to a US$500.0 million early payment on the Las Bambas Project facility in 2022 and cash received on early closure of the Interest Rate Swap (US$96.0 million). This was partly offset by a net repayment on working capital facilities (US$150.0 million) in 2023 compared to a net drawdown ($150.0 million) in 2022, and higher net finance costs paid (US$81.8 million).

Financial resources and liquidity

	31 December 2023 US$ million	31 December 2022 US$ million	Change US$ million
Total assets	11,900.8	12,535.5	(634.7)
Total liabilities	(7,588.8)	(8,307.0)	718.2
Total equity	**4,312.0**	**4,228.5**	**83.5**

Total equity increased by US$83.5 million to US$4,312.0 million as at 31 December 2023.

Management Discussion and Analysis
Continued

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 2023 US$ million	31 December 2022 US$ million
Total borrowings (excluding prepaid finance charges)[1]	4,748.1	5,456.9
Less: cash and cash equivalents	(447.0)	(372.2)
Net debt	**4,301.1**	**5,084.7**
Total equity	4,312.0	4,228.5
Net debt +Total equity	**8,613.1**	**9,313.2**
Gearing ratio	**0.50**	**0.55**

1 Borrowings at an MMG Group level reflect 100% of the borrowings of the Las Bambas Joint Venture Group. Las Bambas Joint Venture Group borrowings as at 31 December 2023 were US$2,016.8 million (31 December 2022: US$3,025.6 million) and Las Bambas Joint Venture Group cash and cash equivalents as at 31 December 2023 were US$399.2 million (31 December 2022: US$171.8 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 the preparation of MMG's financial statements.

Available debt facilities

As at the date of the financial statements are authorised to be issue, the Group (excluding the Las Bambas Joint Venture Group) had available in its undrawn debt facilities an amount of US$3,350 million (31 December 2022: US$300.0 million). These include:

1. A new US$1,000.0 million RCF from Top Create was undrawn and available. It will expire in December 2026;
2. A new US$200.0 million RCF from China Construction Bank ("CCB") of which US$50.0 million was undrawn and available. It will expire in January 2027;
3. A new US$300.0 million Term Loan Facility from Top Create supporting KEP project was undrawn and available. It will expire in December 2030; and
4. A new US$2,000.0 million shareholder term loan facility with Top Create to support the acquisition of the Cuprous Capital Ltd ("CCL") and its subsidiaries was undrawn and available.

As at the date of the financial statements are authorised to be issue, the Las Bambas Joint Venture Group had available in its undrawn debt facilities of US$975.0 million (31 December 2022: US$800.0 million). These include:

1. A US$350.0 million RCF from Album Enterprises was undrawn and available. This facility was successfully extended for 1 year and will expire in August 2024;
2. A new US$275.0 million RCF from BOC was undrawn and available. This facility will expire in April 2026;
3. A new US$150.0 million RCF from ICBC made up from three tranches of US$50.0 million each was undrawn and available. This facility will expire in March, May and June 2026;
4. A new US$100.0 million RCF from CCB was undrawn and available. This facility will expire in February 2027; and
5. A new US$100.0 million RCF from BOCOM was undrawn and available. This facility will expire in August 2026;

Note: The US$800.0 million revolving credit facility available at 31 December 2022 provided by China Development Bank, Bank of China, Bank of Communications and The Export-Import Bank of China for operation and general corporate purposes was cancelled in September 2023.

The Group's certain 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 2023. Certain financial covenants are measured with reference to the financial performance of the Group or its subsidiaries, and may be influenced by future operational performance.

Management Discussion and Analysis
Continued

Placing of new shares under general mandate

On 8 June 2021, the Company undertook a share placement with an issue of 565.0 million shares at a price of HK$4.15 per share ("the Placement"). The net proceeds, after deducting share issue costs of US$3.1 million, was US$299.0 million.

At 31 December 2023, the Company has no amount of proceeds brought forward from the placement (31 December 2022: US$85.0 million). The Company has applied 49.8% (31 December 2022: 29.9%) of the net proceeds to the KEP project; and 50.2% (31 December 2022: 70.1%) for the replenishment of working capital and general corporate purposes to support the Company's strategy.

Development projects

The Chalcobamba project, as part of the next phase of development at Las Bambas, is located around three kilometres from the current processing plant. In March 2022, the Peru Ministry of Energy and Mines granted regulatory approval for the development of the Chalcobamba pit and associated infrastructure.

MMG remains committed to working closely with the Government of Peru and community members for transparent and constructive dialogue. Discussions with the Huancuire community have advanced with the signing of five contracts with community companies and these companies have now commenced early works at Chalcobamba. The Las Bambas team is working with the Huancuire community towards enduring agreements for the development of the Chalcobamba deposit.

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 an annual production increase to a range of 350,000 to 400,000 tonnes over the medium term.

In addition to the Chalcobamba project, successful deep drilling below the current Ferrobamba pit has defined the depth extension and continuity of skarn and porphyry mineralisation beneath the 2022 Ore Reserve pit design. These positive drill results confirmed the potential for a large tonnage of copper (at 0.4% to 0.6%), molybdenum (at 200 to 500 ppm), silver (2g/t to 4g/t) and gold (0.04g/t to 0.08g/t) grade deposit may exist at Ferrobamba Deeps. Ongoing studies are being conducted based on these positive results, and further drilling is planned for 2024 to evaluate the mineralisation and determine potential mining methods, including expansion of the open pit and/or an underground development.

Kinsevere Expansion Project, which includes the transition to the mining and processing of sulphide ore and the commencement of cobalt production, remains on track. The cobalt plant was commissioned in the fourth quarter of 2023 with cobalt hydroxide produced, containing 105 tonnes of cobalt. The new tailing storage facility was commissioned to support the cobalt plant ramp-up.

The construction of the sulphide processing system continued with the majority of civil work completed in the fourth quarter. The site started receiving long-lead equipment and material. Mechanical and structural installation has also commenced. Progress has been made at the jaw crusher, coarse ore stockpile, SAG mill, flotation cells, thickeners and concentrator storage, as well as the main body of the roaster plant.

Moving forward, the focus will be on the ramp-up of the cobalt plant and completing the installation of the concentrator and the roaster, gas cleaning and acid plant (RGA) as well as operational readiness-related work.

This next phase of Kinsevere development will extend Kinsevere's mine life to at least 2035 and, once fully ramped up, will result in total annual production of approximately 80,000 tonnes of copper cathode and 4,000-6,000 tonnes of cobalt in cobalt hydroxide. The first production of copper cathode from sulphides is expected in the second half of 2024, and a full ramp-up is expected in 2025.

Management Discussion and Analysis
Continued

Rosebery mine life extension is being supported by an accelerated exploration program. Project Legacy, initiated in 2023, is designed with the objective of extending the mine life through an accelerated diamond drilling program. This drilling program, which includes both underground and surface drilling, has already resulted in several intersections. The current orebody knowledge demonstrates that extensions to the Rosebery orebody are possible with new targets emerging in the field. Several targets show significant intercepts and growth potential. Project Legacy is set to continue the accelerated drilling strategy in 2024, with a primary focus on exploring key targets.

The Rosebery mine 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. Finding 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 2023.

Contracts and commitments

Throughout the year 2023, a total of 745 contracts have been reviewed either through market engagements or in-contract renegotiations. The approximate annual operational or capital values addressed by these activities comes to US$1,047.6 million.

Significant contracting activities were conducted across all operational sites to ensure the security of supply for critical inputs and other necessary requirements. This was essential to support the scheduled execution of projects, the continuity of our operations, and the effective management of potential disruption risks.

Las Bambas

New and revised agreements were finalised to optimise production and development options for Las Bambas. These agreements include contracts for a consolidated head contractor for projects, which encompasses studies, engineering services and construction supervision. Additionally, contracts were finalised for activities such as projects construction (including an EPC contract for the new truck shop, construction of phase 6 of the tailings storage facility and tailings deposition improvement), new fuel supply, mining services such as blasting and drilling services, equipment maintenance, catering and camp services, personal transportation, health and medical services, road maintenance, customs and freight forwarding, plant shutdown services, major component repair, as well as components, spares and other consumables. Significant efforts were made to ensure the safety and continuity of supply during blockades in the first quarter of the year in order to support continued operations.

Kinsevere

Several new and revised agreements were finalised for activities such as deployment of a fleet management system, tailing storage facility-related works, procurement of generator sets and slope monitoring equipment. Parts of the contract packages for the Kinsevere Expansion Project, which were signed in 2022, were completed in 2023. These completed packages include construction of the cobalt plant package, the third tailing storage facility (TSF3) package and the Sokoroshe II mine infrastructure package. The equipment and materials required for the RGA (Roaster, Gas Cleaning, and Acid) plant and the concentration plant are being delivered to the site, with the construction of these components set to continue throughout 2024.

Management Discussion and Analysis
Continued

Dugald River

New and revised agreements were finalised to support the optimisation of production performance and operation, particularly in consideration for the owner-operator transition for production mining. These agreements include multiple contracts for the purchase of mobile equipment, related maintenance support, and necessary amendments to contracted development mining services. A number of logistics agreements related to the outbound transport of concentrate were executed and will be further optimised with additional contracts in early 2024. Additionally, contracts were finalised for a number of bulk chemicals used in the processing plant.

Ongoing activity has involved the review of long-term energy options. In 2023, around one third of the power requirement transitioned to solar, and a number of gas contracts were entered into for 2024 to continue firming power supply. Sustainable long-term power options are under review to drive cost reduction and increase the adoption of renewable energy sources.

Rosebery

New and revised agreements were finalised for various significant goods and services across the operation. These agreements cover ground support materials and services, various groundwater monitoring/environment testing services and various mobile equipment items, including Rosebery's first diesel-electric loader, following trials earlier in the year.

Group

New and revised agreements have been finalised for various goods and services, including IT-related goods and services as well as a number of professional services consultancy agreements covering marketing, assurance, risk and audit, finance and reporting, and HR (Human Resources).

People

As at 31 December 2023, the Group employed a total of 4,542 full-time equivalent employees (2022: 4,296) 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 2023, including Directors' emoluments, totalled US$365.7 million (2022: US$321.9 million). The increase was mainly due to the insourcing of mining activities at Dugald River and the commencement of the Kinsevere Expansion Project in the DRC.

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

Extensive drilling activities were conducted at various locations within the Ferrobamba pit. Specifically, drilling at Ferrobamba Deeps continued, situated directly beneath the current Ferrobamba Ore Reserve pit.

Ongoing studies and further drilling are planned for 2024 to evaluate the mineralisation and determine potential mining methods including expansion of the open pit and / or an underground development at Ferrobamba Deeps.

Management Discussion and Analysis Continued

Additionally, drilling activities were carried out at Ferrobamba South, Ferrobamba East, and West Plant targets, focusing primarily on near-surface skarn and porphyry copper mineralisation. At Ferrobamba South, drilling specifically targeted the extension of mineralisation along the southern edge of the Ferrobamba pit and the depth extension of Ferrobamba Deeps. Similarly, at Ferrobamba East, the objective was to explore the extension of mineralisation east of the current open pit. At the West Plant project, drilling activities concentrated on identifying polymetallic intermediate sulfidation veins located west of the processing plant.

Kinsevere

The 2023 exploration program focused on resource testing drilling and resource delineation drilling at the Kinsevere mine site and satellite projects.

At Kinsevere the drilling concentrated on the Saddle and Mashi extension targets. On the Nambulwa tenement, drilling activities concentrated on the Kimbwe-Kafubu target. Additional prospect testing occurred at Wasumbu and Kamafesa oxide copper targets.

Furthermore, the geological model for Saddle area in Kinsevere was completed in preparation for resource estimation, and the construction of the geological model for the northwest-extension of the Kinsevere mine is in progress.

Dugald River

The 2023 surface exploration drilling campaign for Extended Dugald River (EDR) focused on extending the Dugald River lode at depth, with a total of eight drill holes aimed at extending and improving geological confidence in the central and south extents of the Dugald River lode. Additionally, an exploration program targeting Cu-Au-Co included a scout hole drilled into the M2 target to test a magnetic anomaly from the sub-audio magnetic (SAM) geophysical survey completed in the third quarter 2023. Another long (+650m) underground diamond drill hole tested geochemical and geophysical anomalies interpreted from the 2023 down-hole electro-magnetic (DHEM) survey at Target Z.

Rosebery

Project Legacy, initiated in January 2023, is designed with the objective of extending the mine life through an accelerated diamond drilling program. This program employs 5 underground rigs and 3 surface rigs to carry out exploration drilling around the known Rosebery orebody. The in-mine drilling has focussed on areas outside the current mining focus in the lower mine such as T Lens, U Downdip, Lower V Lens, Lower H Lens, AB South and AB North.

Further drilling concentrated to the north of the lower mine such as Z Lens. Surface and underground drilling was also conducted to the west of the Rosebery Fault into the Oak prospect. In 2024, other targets will also be tested as part of this exploration.

Furthermore, surface drilling in the late fourth quarter focussed on growth potential at the historical Jupiter and Hercules mines, which are located 4km and 8km south of Rosebery, respectively.

Project Legacy is set to continue the accelerated drilling program in 2024, with a primary focus on exploring key targets.

Management Discussion and Analysis
Continued

Project	Hole type	Meterage (metres)	Number of holes	Average length (metres)
Americas				
Las Bambas	Diamond (Ferrobamba Deeps)	36,831	57	646
	Diamond (Ferrobamba South)	11,453	14	818
	Diamond (Ferrobamba East)	1,983	4	496
	Diamond (West Plant)	2,228	4	557
Africa				
Kinsevere	Diamond (SOK II Regional)	4,636	28	166
	Diamond (Nambulwa - Wasumbu)	1,195	6	199
	Diamond (Kamafesa)	601	4	150
	Diamond (Kinsevere Hill SE Extension)	440	2	220
	Diamond (Mashi Extension)	4,584	15	306
	Diamond (Nambulwa - Kimbwe Kafubu)	7,031	34	207
	Diamond (Kinsevere Saddle)	4,976	18	276
Australia				
Dugald River	Diamond EDR Near-Mine growth	10,172	8	1,272
	Diamond Cu-Au-Co exploration	1,275	2	638
Rosebery	Diamond – surface exploration	31,938	72	444
	Diamond – underground exploration	52,525	201	261
Total		**171,868**	**469**	**366**

Material acquisitions and disposals

On 21 November 2023, MMG announced that it entered into a Share Purchase Agreement with Cuprous Capital Ltd on 20 November 2023 to acquire the Khoemacau Mine in Botswana for US$1,875,000,000. The Khoemacau Mine is a large, long life copper mine located in north-west Botswana, in the emerging Kalahari Copperbelt. The Khoemacau Mine's 4,040 km^2 tenement package hosts the 10th largest African copper Mineral Resource by total contained copper metal and is one of the largest copper sedimentary systems in the world outside of the Central African Copperbelt.

The Company has received written Shareholders' approval in respect of the acquisition from China Minmetals H.K. (Holdings) Limited, which holds approximately 67.55% of the total issued Shares of the Company, in accordance with Rule 14.44 of the Listing Rules. Accordingly, no general meeting will be convened by the Company to approve the acquisition. The Company will despatch the circular in relation to the acquisition to the Shareholders on or before 31 May 2024.

The acquisition is subject to the fulfillment or waiver of certain conditions and may or may not proceed to completion. On 22 December 2023, Khoemacau Copper Mining (Pty) Ltd, a subsidiary of Cuprous Capital Ltd, received approval from the Minister of Minerals and Energy of Botswana in respect of the transfer of a controlling interest in the project licenses and prospecting licenses associated with the Khoemacau Copper Mine, brought about by the acquisition.

The Company has obtained unconditional approvals of the acquisition from the Competition and Consumer Authority of Botswana and the State Administration for Market Regulation of the PRC on 30 January 2024 and 25 December 2023 respectively and the relevant conditions have been satisfied.

Management Discussion and Analysis
Continued

Subject to the terms of the Agreement, MMG and Cuprous Capital Ltd have agreed to work towards Completion in the first quarter of 2024.

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 20 November 2023, the Group entered into a Share Purchase Agreement with Cupric Canyon Capital L.P., The Ferreira Family Trust, Resource Capital Fund VII L.P., and the Missouri Local Government Employees' Retirement System (Sellers). The Group has conditionally agreed to purchase the entire issued share capital of CCL from the Sellers at a purchase price of US$1,875.0 million.
- As at the date of this report, the acquisition had been approved by the Minister of Minerals and Energy of Botswana; the Competition and Consumer Authority of Botswana; the State Administration for Market Regulation of the People's Republic of China (PRC) and the requisite majority of the relevant Shareholders as required under the Listing Rules; and
- The group obtained new RCFs of US$300.0 million from CCB of which US$150.0 million is undrawn.

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 2023, the Group entered into various commodity trades to hedge the sales prices for copper and zinc. The outstanding commodity trades included:

- Zero/low-cost collar hedges:
  - 3,000 tons of copper with put strike price of US$9,000/ton and call strike price of US$9,300/ton;
- Fixed price swap hedges:
  - 24,500 tons of copper with fixed price ranging from US$8,607/ton to US$8,672/ton;
- Above hedges settlement ranged from January to April 2024.

Management Discussion and Analysis
Continued

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:

	Term	Carrying amount of hedging instrument US$ million	Favourable/(Unfavourable) changes in fair value used for measuring ineffectiveness		Settled portion of hedging instrument realised gains/(losses) US$ million	Hedging gain/(loss) recognised in cash flow hedge reserve US$ million	Cost of hedging reserve US$ million
			Hedging instrument US$ million	Hedged item US$ million			
Cash flow hedges:							
At 31 December 2023							
Derivative financial assets/(liabilities)	March 2023 to December 2023	-	-	-	10.8	-	-
At 31 December 2022							
Derivative financial assets/(liabilities)	March 2022 to December 2022	-	-	-	47.0	-	-

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:

	2023		2022	
Commodity	Commodity price movement	Increase in profit US$ million	Commodity price movement	(Decrease)/ increase in profit US$ million
Copper	+10%	11.2	+10%	(21.5)
Zinc	+10%	7.2	+10%	0.3
Total		**18.4**		**(21.2)**

Commodity	Commodity price movement	Decrease in profit US$ million	Commodity price movement	Increase in profit US$ million
Copper	-10%	(10.9)	-10%	21.8
Zinc	-10%	(7.2)	-10%	-
Total		**(18.1)**		**21.8**

Management Discussion and Analysis
Continued

(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.

The Group is exposed to the risk-free rate of SOFR. The exposures arise on derivative and non-derivative financial assets and liabilities. The Group cash flow hedge relationship was affected by the interest rate benchmark reform. With the IRS closure, the cash flow hedge relationship was discontinued. The current exposures mainly arise on non-derivative financial assets and liabilities.

The following table contains details of the cash flow hedge was affected by the IRS closure:

	At 31 December 2023 and for year ended 31 December 2023		
	Balance in cash flow hedge reserve US$ million	Amount reclassified from the cash flow hedge reserve to profit or loss US$ million	Line item affected in profit or loss because of the reclassification
Discontinued Cash Flow Hedges: Interest Rate Swap	**40.2**	**37.0**	**Financial cost, Income tax expense**

The following table contains details of the hedging instrument used in the Group's hedging strategy as at 31 December 2022:

	Term	Notional amortising amount US$ million	Carrying amount of hedging instrument US$ million	Favourable/(Unfavourable) changes in fair value used for measuring ineffectiveness: Hedging instrument US$ million	Favourable/(Unfavourable) changes in fair value used for measuring ineffectiveness: Hedged item US$ million	Settled portion of hedging instrument realised gains/(losses) US$ million	Hedging gain recognised in cash flow hedge reserve[1] US$ million	Hedge ineffectiveness recognised in profit or loss US$ million
Cash flow hedges:								
At 31 December 2022								
Derivative financial assets[2]	June 2020 – June 2025	**1,560**	**113.9**	**82.1**	**(82.1)**	**17.9**	**55.8**	**-**

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

2 In 2020, the Group has entered into a notional US$2,100 million 5-year amortising interest rate swap with BOC Sydney.

Management Discussion and Analysis
Continued

Interest rate sensitivity analysis

At 31 December 2023 and 2022, 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:

	2023		2022			
	+100 basis points	-100 basis points	+100 basis points		-100 basis points	
US$ million	Increase/ (decrease) in profit after tax	(Decrease)/ increase in profit after tax	Increase/ (decrease) in profit after tax	Increase in OCI	(Decrease)/ increase in profit after tax	Decrease in OCI
Financial assets						
Cash and cash equivalents	3.0	(3.0)	2.5	-	(2.5)	-
Financial liabilities						
Borrowings (taking into account the impact of the interest rate swap)	(17.6)	17.6	(9.7)	13.6	9.7	(13.6)
Total	**(14.6)**	**14.6**	**(7.2)**	**13.6**	**7.2**	**(13.6)**

(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.

The following table shows the foreign currency risk arising from the monetary assets and liabilities, which are shown by foreign currency of the Group.

US$ million	US$	PEN	A$	HK$	Others	Total
At 31 December 2023						
Financial assets						
Cash and cash equivalents	425.3	16.5	0.8	0.4	4.0	**447.0**
Trade receivables	354.8	-	-	-	-	**354.8**
Other receivables	30.9	211.4	6.8	-	0.1	**249.2**
Derivative financial assets	3.1	-	-	-	-	**3.1**
Other financial assets	2.7	-	-	-	-	**2.7**
Financial liabilities						
Trade and other payables	(459.3)	(384.8)	(52.0)	-	(6.8)	**(902.9)**
Borrowings	(4,707.1)	-	-	-	-	**(4,707.1)**
Lease liabilities	(118.8)	(0.2)	(28.6)	-	-	**(147.6)**
	(4,468.4)	**(157.1)**	**(73.0)**	**0.4**	**(2.7)**	**(4,700.8)**

Management Discussion and Analysis
Continued

US$ million	US$	PEN	A$	HK$	Others	Total
At 31 December 2022						
Financial assets						
Cash and cash equivalents	346.4	21.2	-	1.8	2.8	**372.2**
Trade receivables	212.7	-	-	-	-	**212.7**
Other receivables	28.0	235.6	6.5	-	-	**270.1**
Derivative financial assets	126.0	-	-	-	-	**126.0**
Other financial assets	1.5	-	-	-		**1.5**
Financial liabilities						
Trade and other payables	(333.2)	(332.6)	(62.1)	-	(25.1)	**(753.0)**
Borrowings	(5,412.6)	-	-	-	-	**(5,412.6)**
Lease liabilities	(114.0)	(0.2)	(24.5)	-	-	**(138.7)**
Derivative financial liabilities	(0.3)	-	-	-	-	**(0.3)**
	(5,145.5)	**(76.0)**	**(80.1)**	**1.8**	**(22.3)**	**(5,322.1)**

Based on the Group's net monetary assets and financial liabilities at 31 December 2023 and 2022, 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:

	2023		2022	
	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 in profit after tax	Increasein profit after tax
10% movement in Australian dollar (2022: 10%)	(5.1)	5.1	(5.6)	5.6
10% movement in Peruvian sol (2022: 10%)	(10.7)	10.7	(5.2)	5.2
Total	**(15.8)**	**15.8**	**(10.8)**	**10.8**

(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 balance is aged less than 6 months based on invoice date. The carrying amount of the Group's trade receivables at 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 2023 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.

Management Discussion and Analysis
Continued

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 2023 and 2022, 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:

	2023	2022
CMN	46.6%	34.5%
CITIC Metal	20.2%	16.2%
Trafigura	8.2%	14.0%

The Group's largest debtor at 31 December 2023 was CMN with a balance of US$159.1 million (2022: US$102.6 million) and the five largest debtors accounted for 77.6% (2022: 84.0%) 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	**2023**	**2022**
Asia	264.7	154.0
Europe	78.6	31.2
Australia	11.0	6.4
Other	0.5	21.1
	354.8	**212.7**

Management Discussion and Analysis
Continued

(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 2023						
Financial assets						
Cash and cash equivalents	447.0	-	-	-	**447.0**	**447.0**
Trade receivables	354.8	-	-	-	**354.8**	**354.8**
Other receivables	93.4	150.7	5.1	-	**249.2**	**249.2**
Derivative financial assets	3.1	-	-	-	**3.1**	**3.1**
Other financial assets	2.7	-	-	-	**2.7**	**2.7**
Financial liabilities						
Trade and other payables	(616.4)	(286.5)	-	-	**(902.9)**	**(902.9)**
Borrowings (including interest)	(1,599.6)	(1,285.1)	(1,899.6)	(824.3)	**(5,608.6)**	**(4,707.1)**
Lease liabilities (including interest)	(33.9)	(32.6)	(66.0)	(73.7)	**(206.2)**	**(147.6)**
	(1,348.9)	**(1,453.5)**	**(1,960.5)**	**(898.0)**	**(5,660.9)**	**(4,700.8)**
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)**

Management Discussion and Analysis
Continued

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; In Peru, over the past decades, Las Bambas has experienced heightened political instability with succession of regimes with differing political policies. As the community disruptions and political situation are expected to evolve in the near future, the Group will continue to work closely with the relevant authorities and community groups to minimise the potential 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 2023, these guarantees amounted to US$310.5 million (2022: US$297.5 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.

Management Discussion and Analysis
Continued

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 2017 tax periods for MLB in relation to withholding taxes on interest and 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 as at 31 December 2023 totalled PEN2,069.5 million (approximately US$551.8 million) (31 December 2022: PEN2,015.1 million (approximately US$527.5 million)).

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. Additionally, the Peruvian tax law was amended (with effect from October 2017) to provide expressly that parties are not related by being under state ownership for the purposes of withholding taxes. Las Bambas has appealed the assessments issued by SUNAT in the Peru Tax Court and the pronouncement is pending. In parallel, MLB filed an Amparo lawsuit to request a Constitutional Court the nullity of withholding tax Assessments due to the violation of MLB's constitutional rights in the issuance of SUNAT Assessments. Where MLB is not successful in rebutting or appealing such challenge(s), this could result in significant additional tax liabilities.

Peru –Income Taxes (2016 and 2017)

- *Peru –2016 Income Tax*

  In January 2023, Las Bambas received assessment notices from SUNAT in connection with the 2016 income tax audit (2016 Income Tax Assessment). The assessment denied the deductions for all interest on borrowings expensed during the 2016 tax year. This included the loans from Chinese banks where SUNAT denied the interest deductions on the basis that the borrowings were from related parties and that the alleged related party debt should be included in calculating Las Bambas' related party 'debt to equity' ratio (the 'thin capitalisation' threshold) which would then be breached. SUNAT also alleged that interest payable on the shareholder loan from MMG Swiss Finance A.G. is non-deductible, due to the application of the "Causality Principle" (i.e., the loan has no relevance to the income-producing activities of Las Bambas). Further, SUNAT separately alleged that the accounting treatment of the merger of Peruvian entities (subsequent to the acquisition of Las Bambas in 2014) should have resulted in a negative equity adjustment which would result in Las Bambas having no equity for the purposes of calculating its thin capitalisation allowance. The Assessment issued by SUNAT for tax, interest and penalties for the income tax year 2016 totalled PEN651.0 million (approximately US$173.0 million) as at 31 December 2023.

  On 27 July 2023, SUNAT confirmed that it had considered Las Bambas' appeal against the Assessment and concluded that the Assessment remains correct and valid. Las Bambas will appeal to the Peru Tax Court.

- *Peru –2017 Income Tax*

  In August 2023, Las Bambas received assessment notices from SUNAT in connection with the 2017 income tax audit (2017 Income Tax Assessment). Similar to the 2016 Income Tax Assessment, SUNAT has continued to challenge Las Bambas' treatment of interest expense in the 2017 tax year on the same basis as that

Management Discussion and Analysis
Continued

described above. Further, SUNAT has not recognised previous years' tax losses, including 2014, 2015 and 2016 development costs (US$710 million). The Assessment for tax, interest and penalties for the income tax year 2017 totalled PEN 3,610.4 million (approximately US$961.0 million) as at 30 November 2023. However, on 30 November 2023 SUNAT issued Resolution No. 4070140000905 and declared the nullity of tax debt. An updated Assessment for 2017 was received on 13 December 2023 and notified a tax debt of PEN 3,460.2 million (approximately US$924.0 million).

Regarding the above SUNAT interpretations, management strongly disagrees and is of the view that SUNAT has disregarded all available evidence and independent opinions on the accounting treatment, submitted by Las Bambas for consideration during the 2016 and 2017 income tax assessment process. Further, in not recognising prior years' tax losses, SUNAT has failed to acknowledge the Tax Court decisions in respect of development costs for the 2012 and 2013 years which were ruled in MLB's favour. The risk remains that this treatment will also be applied for future income tax years.

Las Bambas has notified the Peru Government of a dispute pursuant to the Peru-Netherlands Bilateral Investment Treaty (Treaty) and the Peru Government has confirmed its inability to resolve the dispute by way of commercial negotiation. Las Bambas is currently evaluating its legal options to seek damages from the Government of Peru for a number of breaches of the Treaty.

Considering the Las Bambas' proposed appeals and advice from the Las Bambas' tax and legal advisers, the Group did not recognise a liability in its consolidated financial statements for any assessed amount. If Las Bambas is unsuccessful in its challenge on the SUNAT assessments, this could result in significant liabilities being recognised.

Charges on assets

As at 31 December 2023, approximately US$2,016.8 million (31 December 2022: US$2,653.6 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 Company Limited and each of its subsidiaries including MLB, a debenture over the assets of MMG South America Management Company Limited, 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 Company Limited and its subsidiaries and security agreements over bank accounts of MLB.

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 resources, 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 and provides a deep understanding of markets and access to its sources of funding.

The Company is focused on maximising the value of our existing assets by increasing our safety performance, improving 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.

In South America, Las Bambas' copper production in 2024 is expected to be in the range of 280,000 and 320,000 tonnes. MMG expects to produce between 39,000 and 44,000 tonnes of copper cathode at Kinsevere, and between 225,000 and 250,000 tonnes of zinc at its Dugald River and Rosebery operations in 2024.

Management Discussion and Analysis Continued

Las Bambas

Las Bambas annual production is expected to reach 350,000-400,000 tonnes in the medium term with the extended contribution from the Chalcobamba project. Early works at Chalcobamba have now commenced and the Las Bambas team is working toward enduring agreements for the development of the Chalcobamba deposit with the Huancuire community. 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.

Australia

In Australia, Dugald River remains committed to safe, greener and sustainable production to deliver annual ore mined throughput of 2,000,000 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 build on the already operational long-term solar offtake agreement to pursue more green, reliable and cost-effective energy solutions, including supporting CopperString 2032, 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 is currently in progress to support a mine life extension. MMG remains committed to extending the operating life of this important asset, proactively investigating all feasible options to secure a sustainable tailings storage solution.

Kinsevere

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 to at least 2035 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. The cobalt plant was commissioned in the fourth quarter of 2023, and the first production of cobalt hydroxide was achieved. The new tailing storage facility was commissioned to support the cobalt plant ramp-up. The first copper cathode from sulphides is expected in the second half of 2024, and a full ramp-up is expected in 2025. MMG will continue to invest in regional exploration programs focusing on proving up discoveries within an operating radius of the Kinsevere mine.

Capital expenditure plan in 2024

Total capital expenditure in 2024 is expected to be between US$800 million and US$900 million. US$400-450 million is attributable to Las Bambas, including the expansion of the Las Bambas tailings dam facility, Ferrobamba pit infrastructure and Chalcobamba execution. At Kinsevere, capital expenditure related to the Kinsevere Expansion Project is expected to be US$250-300 million. Should MMG successfully complete the acquisition of the Khoemacau asset, additional capital expenditure will be required in 2024.

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.

Directors and Senior Management

Directors' biographies

Chairman

MR XU JIQING

Mr Xu, aged 56, was redesignated from an Executive Director to a Non-executive Director of the Company in January 2020 and was appointed as the Chairman of the Company in August 2023. Prior to his redesignation, he was an Executive Director and Executive General Manager of the Company from May 2013 to December 2019 with responsibility for various areas, most recently China Relations, Marketing and Supply. Mr Xu was also a Non-executive Director of the Company from May 2009 to May 2013. He is a member of the Company's Audit and Risk Management Committee and the Governance, Remuneration, Nomination and Sustainability Committee.

Mr Xu was appointed as a director and the Chairman of China Minmetals Non-ferrous Metals Co., Ltd (CMN) since February 2016 and September 2023 respectively. He was the President of CMN from January 2020 to September 2023.

Mr Xu holds a Bachelor's degree in Accounting from the University of International Business and Economics in the PRC, and a Master's degree in Business Administration from Saint Mary's University in Canada. He is a qualified senior accountant in the PRC, a fellowship member of the Certified General Accountants Association of Canada and a chartered professional accountant member of the Chartered Professional Accountants of British Columbia, Canada. Mr Xu has extensive experience in strategic planning, accounting, marketing and corporate financial and risk management.

Mr Xu joined the CMC Group in 1991, holding a number of management roles from 1997 in various Finance departments. He was the Vice President and CFO of CMN between 2005 and 2013.

Executive Director

MR LI LIANGANG

Mr Li, aged 59, was appointed as the Interim CEO and an Executive Director of the Company in January 2022. He has served on the Executive Committee of the Company including as the Executive General Manager – Commercial since January 2020 with responsibility for the Supply and Marketing functions, and the Executive General Manager – Australia and Commercial from July 2020 to May 2022 with responsibilities for the Dugald River and Rosebery operations and Australia support functions. He was appointed as the Executive General Manager – Commercial and Development with effect from 1 February 2024. Mr Li was also responsible for the Africa operations from January 2022 until May 2022. He is also a director of two subsidiaries of the Company.

Mr Li holds a Bachelor's degree in English language from the Normal College for Foreign Language of Beijing Union University in the PRC. He has extensive experience in international business and the non-ferrous metals industry.

Mr Li joined CMC in 1987. He has held various senior management positions with subsidiaries of CMC in the PRC, Australia, Mexico and the USA. Mr Li was also a Director of the Company from 2009 to 2012. He was a Vice President of CMN in Beijing, leading several global trading departments from 2016 to 2018. Mr Li was the President and CEO of Minmetals Inc. (L.A.) from 2018 to 2019.

Directors and Senior Management Continued

Non-executive Director

MR ZHANG SHUQIANG

Mr Zhang, aged 57, was appointed as a Non-executive Director of the Company in February 2017. He is a member of the Company's Audit and Risk Management Committee.

Mr Zhang has been the Auditor – General of CMC since August 2023; the General Manager of Audit Department of CMC and Supervisor of China Minmetals Corporation Limited since April 2023. He was appointed as a director of CMNH since January 2016 and was designated as a chairman of CMNH in February 2021. Mr Zhang was the General Manager of the Finance Department of CMC from January 2016 to April 2023, a director of CMN from February 2016 to March 2023, and a director of Minmetals HK since August 2016. He was the Chairman of Minmetals Finance Co., Ltd. from September 2018 to April 2023. Mr Zhang was appointed as a director of China Rare Earth Group Co., Ltd since December 2021.

Mr Zhang graduated from Zhejiang Metallurgical Economy College in the PRC, majoring in Financial Accounting. He also obtained a Master's degree in Economics from Wuhan University of Technology in the PRC.

Mr Zhang started his career at China National Nonferrous Metals Import and Export Corporation, working as the Financial Accountant since 1987. From 1997 to 2000, he served as the Deputy Chief of the Finance Division of China National Nonferrous Metals Industry Trading Group Corporation. From 2000 to 2002, Mr Zhang served as the Assistant General Manager of the Finance Department of China National Nonferrous Metals Industry Trading Group Corporation. He also served as the Assistant General Manager (from April 2002 to March 2003) and the Deputy General Manager (from March 2003 to October 2005) of the Finance Department of CMN. From October 2005 to May 2013, Mr Zhang was the Deputy General Manager of the Finance Department of CMC. From May 2013 to December 2015, he served as the Vice President and the CFO of CMN and CMNH. From December 2015 to January 2016, Mr Zhang was the acting Deputy General Manager of the Finance Department of CMC. From December 2016 to August 2018, he was a director of Minmetals Development Co., Ltd. From April 2017 to May 2020, Mr Zhang was a director of Minmetals Capital Co., Ltd. and from July 2017 to June 2020, he was a director of Minmetals Innovative Investment Co., Limited. Mr Zhang was the Vice Chairman and a director of Xiamen Tungsten Co. Ltd (a company listed on the Shanghai Stock Exchange) from January 2014 to December 2014. He was also a director of Hunan Nonferrous Metals Holding Group Co., Ltd from August 2013 to January 2017 and a director of China Tungsten and Hightech Materials Co., Ltd. (a company listed on the Shenzhen Stock Exchange) from June 2016 to November 2018.

Independent Non-executive Directors

DR PETER CASSIDY

Dr Cassidy, aged 78, was appointed as an Independent Non-executive Director of the Company in December 2010. He is the Chairman of the Company's Governance, Remuneration, Nomination and Sustainability Committee and a member of Audit and Risk Management Committee.

Dr Cassidy is a metallurgical engineer with over 50 years' experience in the resources and energy sectors, including more than 30 years as a director of major public companies listed in Australia, Canada, the USA and Hong Kong. Following his retirement from the position of CEO of Goldfields Limited in 2001, he has served as a non-executive director on the Boards of companies involved in the base metals, precious metals and renewable energy generation sectors. Dr Cassidy was also a member of the Board of Advice of Monash University Division of Mining and Resources Engineering.

Dr Cassidy has most recently been involved in the development and operation of major mining and processing projects in Australia, Peru, the PRC, Laos, Papua New Guinea, the DRC and Côte d'Ivoire.

Directors and Senior Management Continued

MR LEUNG CHEUK YAN

Mr Leung, aged 72, was appointed as an Independent Non-executive Director of the Company in July 2012. He is a member of the Company's Audit and Risk Management Committee and Governance, Remuneration, Nomination and Sustainability Committee.

Mr Leung is a solicitor admitted to practise law in Hong Kong, England and Wales, and Victoria and the Australian Capital Territory in Australia. He holds a Bachelor of Social Science (First Class Honours) degree from the Chinese University of Hong Kong, and a Master of Philosophy degree from the University of Oxford. Mr Leung, a corporate finance and capital markets specialist, was a partner at Baker & McKenzie and for many years the head of its securities practice group in Hong Kong. He retired from Baker & McKenzie in 2011.

Mr Leung was an independent non-executive director of Bank of China Limited (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange) from September 2013 to September 2019.

MR CHAN KA KEUNG, PETER

Mr Chan, aged 72, was appointed as an Independent Non-executive Director, the Chairman of the Audit and Risk Management Committee and a member of the Governance, Remuneration, Nomination and Sustainability Committee of the Company in December 2019.

Mr Chan graduated from Hong Kong Polytechnic majoring in accounting. He is a member of Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants of the United Kingdom, an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) of the United Kingdom, and a member of CPA Australia.

From January 1994 to December 2008, Mr Chan served as Beijing-based managing partner of the Tax and Investment Advisory Service Department and then managing partner of the NPA Transaction Advisory Service Department of Ernst & Young. He also served as member of the executive committee of the Hong Kong Chamber of Commerce in China from 1996 to 2003 and the Chairman of Hong Kong Chamber of Commerce in China in 2000 and 2003. Mr Chan was an independent non-executive director of CRRC Corporation Limited (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange) from June 2014 to May 2018. He was also an independent non-executive director of Metallurgical Corporation of China Ltd. (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange) and China Railway Signal & Communication Corporation Limited (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange) from November 2015 to April 2020 and from August 2018 to February 2022 respectively.

Directors and Senior Management
Continued

Biographies of senior management

MR TROY HEY, EXECUTIVE GENERAL MANAGER – CORPORATE RELATIONS

Mr Hey, aged 53, has served on the Executive Committee of the Company since August 2013 in his capacity as the Executive General Manager – Stakeholder Relations. His present role title is Executive General Manager – Corporate Relations. In this role, he is responsible for Stakeholder Relations, Corporate Affairs, Human Resources, Global Business Services, Technology and Legal and Company Secretarial. Mr Hey is also a director of a number of subsidiaries of the Company.

Prior to joining the Company as General Manager – Stakeholder and Investor Relations in April 2011, Mr Hey was the General Manager – Media and Reputation at Foster's Group since 2005. He was previously the Group Manager – Public Affairs for WMC Resources Limited, up to its acquisition by BHP Billiton Limited in 2005. Mr Hey began his career in economic and public policy consultancy at the Allen Consulting Group and Australian Centre for Corporate Public Affairs, before working across the aviation, entertainment and mining sectors.

Mr Hey has over 20 years' experience in government, media, community and investor relations, economic and public policy, industry association and communications management.

Mr Hey has dual degrees in Law and Commerce from the University of Melbourne and is the recipient of an Australia-Japan Foundation Language Scholarship at Kwansei Gakuin University, Nishinomiya, Japan.

MR WEI JIANXIAN, EXECUTIVE GENERAL MANAGER – AMERICAS

Mr Wei, aged 58, has served on the Executive Committee of the Company since December 2019 in his capacity as the Executive General Manager – Americas. He is also a director of a number of subsidiaries of the Company.

Mr Wei was appointed as a director and the Chairman of Lumina Copper SAC in October 2020.

Prior to joining the Company, Mr Wei was the President of Minmetals Mining Holdings Limited. He previously held the positions of the President of Minmetals Hanxing Mining Co., Ltd and the President of Anhui Kaifa Mining Co., Ltd., managing the construction and operation of one of the China's largest underground mines.

Mr Wei has over 30 years of both open pit and underground mining experience covering operations management and mine planning.

Mr Wei is a Professoriate Senior Engineer of Mining and holds a Bachelor's degree in Mining Engineering from The Beijing Institute of Iron and Steel Engineering (now known as University of Science and Technology Beijing) in the PRC.

Directors and Senior Management Continued

MR NAN WANG, EXECUTIVE GENERAL MANAGER – OPERATIONS

Mr Wang, aged 51, has served on the Executive Committee of the Company since May 2022 in his capacity as the Executive General Manager – Australia and Africa and redesignated as the Executive General Manager – Operations which has integrated group operational accountability with operational excellence since 1 February 2024. He is also a director of a number of subsidiaries of the Company.

Mr Wang is a mining executive with over 20 years of management, technical and operational experience, in open cut and underground operations. He previously spent over six years at MMG in Australia as Group Manager Mining between 2013 and 2019 and had extensive knowledge of MMG's operations.

Prior to his time at MMG, Mr Wang worked with Gold Fields Limited as Vice President and Head of Technical Services for West African Regional operations in Ghana. He also previously worked for various mining companies in different commodities.

Mr Wang has a Bachelor of Engineering – Mining (Honours), University of Queensland, Australia and is a Member of the Australian Institute of Mining and Metallurgy (MAusIMM).

MR QIAN SONG, EXECUTIVE GENERAL MANAGER – FINANCE

Mr Qian, aged 52, was appointed as Executive General Manager – Finance of the Company with effect from 1 February 2024. He brings to the role significant executive experience within CMC and was most recently the CFO of Minmetals Innovative Investment Co., Limited. Prior to this role, Mr Qian was the Vice President of Capital Markets of CMC from 2019 to 2022. He was also employed by the Company from 2010 to 2012 in the role of Group Manager Board Support.

Mr Qian has over 3 decades of invaluable experience in global treasury systems and a profound understanding of commercial and investment banking, financial markets, and cross-cultural integration in mining assets as well as multi-industrial assets, both domestically and internationally.

Directors' Report

The board of directors of the Company (Board) is pleased to present the Annual Report together with the audited Financial Statements of the Group for the year ended 31 December 2023.

Principal activities

The principal activities of the Group during the financial year were exploration, development and mining of copper, zinc, cobalt, gold, silver, molybdenum and lead deposits around the world.

The full details of the principal activities of the Company's subsidiaries are set out in Note 15 to the Consolidated Financial Statements.

An analysis of the Group's revenue for the year ended 31 December 2023 by reportable segments, together with their respective contributions to profit from operations (EBIT), is set out in Note 4 to the Consolidated Financial Statements.

Strategy and business review

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.

MMG has established strong foundations that support future growth and development. The Company has four strategic drivers that are embedded into corporate planning and decision-making processes:

- **China Champion:** Building on the strength of the world's largest commodity consumer to create a sustainable competitive advantage.
- **Business Miner:** Adopting a mindset that leverages excellence in owning and operating mines to generate superior returns on investment, enhancing our ability to fund and deliver future growth.
- **Federation of MMG:** Embracing the advantages of an empowered and diverse operating structure with core group disciplines and guiding values that drive a unique way of working across our international footprint.
- **Delivering Progress:** Taking pride in mining's role in driving social progress through local, regional and national contributions and delivering materials for a changing world.

Aligned with achievement of its ambitions, the Company is structured along the following lines:

- **Operations:** Largely self-sufficient sites, with regional offices driving local efficiencies.
- **Group Operations Support:** A limited number of experts in areas critical to the operation of the global asset base.
- **Global Services:** Lowest cost delivery of truly global and shared activities.
- **Corporate:** A lean corporate office, based in Melbourne and Beijing, focused on only what is needed to operate and govern a listed business and deliver inorganic growth.

The Board is committed to sustaining the successful model that brings together the best fit management team and a strong relationship with China that 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 containing costs, continually improving productivity, growing its resource base and maintaining a strong balance sheet while pursuing disciplined growth.

A review of the business of the Group during the year, possible risks and uncertainties that the Group may be facing, and a discussion on the Group's future business development are provided in the Chairman's Review, CEO's Report and the Management Discussion and Analysis in this Annual Report.

Directors' Report
Continued

In addition to financial performance, the Group maintains a belief that a high standard of corporate social responsibility is essential for building good corporate and social relationships, motivating staff and creating sustainable returns. Further discussion on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group is provided on pages 97 to 109 of this Annual Report.

Major customers and suppliers

During the year, sales to the largest customer and the five largest customers in aggregate accounted for approximately 41.3% and approximately 78.4% of the total sales of the Group respectively. Purchases from the five largest suppliers to the Group in aggregate accounted for approximately 16.9% of the total purchases of the Group during the year.

Apart from CMC, the ultimate controlling Shareholder, having an interest of approximately 88.4 % in one of the five largest customers, none of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors, owned more than 5% of the total number of issued shares of the Company) had any beneficial interest in any of the five largest customers or suppliers of the Group.

Results and appropriations

The results of the Group for the year ended 31 December 2023 are set out in the Consolidated Statement of Profit or Loss in the Financial Statements on page 117 of this Annual Report.

No interim dividend was declared for 2023 (2022: nil). The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

Reserves

Movements in reserves of the Group during the year are set out in Note 24 to the Consolidated Financial Statements.

Distributable reserves

Details of the distributable reserves of the Company as at 31 December 2023 are set out in Note 24 to the Consolidated Financial Statements.

Property, plant and equipment

Movements in property, plant and equipment during the year are set out in Note 12 to the Consolidated Financial Statements.

Borrowings

Particulars of borrowings of the Group, as at 31 December 2023, are set out in Note 25 to the Consolidated Financial Statements.

During 2023, the Company and its subsidiaries continued to maintain loan agreements that included conditions imposing specific performance obligations on a controlling Shareholder. A breach of such an obligation would cause a default in respect of loans that are significant to the operations of the issuer, the details of which are set out below.

Directors' Report
Continued

Loan agreements with covenants relating to specific performance of the controlling shareholder

In accordance with the continuing disclosure requirements under Rule 13.21 of the Listing Rules, following are the details of the Group's facility agreements that contain covenants requiring specific performance obligations of the controlling Shareholders.

1. **Facility granted by China Development Bank, Bank of China Limited, Sydney Branch, Bank of Communications Co., Ltd. and The Export-Import Bank of China to Minera Las Bambas S.A.**

   On 19 October 2020, Minera Las Bambas S.A. (MLB) entered into a US$800.0 million three-year credit facility for its operational funding requirements with each of CDB, BOC Sydney, ICBC Macau and EXIM Bank, (2020 Las Bambas Facility). In June 2022, ICBC Macau transferred its interests in the 2020 Las Bambas Facility to BOCOM.

   On 29 September 2023, the all outstanding amounts were repaid in full, and the 2020 Las Bambas Facility was terminated.

   Up until 20 September 2023, under the 2020 Las Bambas Facility, upon the occurrence of the following events, CDB, BOC, BOCOM and EXIM may, by not less than 20 days' notice to MLB, declare all outstanding loans under their respective facility agreement immediately due and payable:

   (a) China Minmetals Corporation (CMC) ceases to beneficially hold more than 50% of the issued share capital of the Company; or

   (b) CMC ceases to have the power, directly or indirectly, to:

      (i) cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a general meeting of the Company; or

      (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of the Company; or

      (iii) give directions with respect to the operating and financial policies of the Company with which the directors or other equivalent officers of the Company are obliged to comply.

   The same control requirements are imposed on the Company in relation to its interest in and control of MLB, failing which CDB, BOC Sydney, BOCOM and EXIM Bank may also cancel commitments and declare all outstanding loans under their respective facility agreement immediately due and payable.

2. **Facility granted by Industrial and Commercial Bank of China Limited to MMG Finance Limited**

   On 21 December 2020, MMG Finance Limited (MMG Finance) entered into a facility agreement (ICBC Facility) pursuant to which ICBC agreed to provide MMG Finance with a US$300.0 million revolving credit facility for a term of three years for general corporate purposes. The outstanding amount of US$300.0 million was repaid in full in December 2023.

   On 15 December 2023, the ICBC Facility was renewed for a further three years until 15 December 2026. As at 31 December 2023, the ICBC Facility was undrawn.

   Under the ICBC Facility, an event of default will occur in the event that the Company ceases to be a subsidiary of CMN, or MMG Finance ceases to be a wholly owned subsidiary of the Company, and ICBC is entitled to declare all outstanding loans under the facilities immediately due and payable.

Directors' Report
Continued

3. Facility granted by Bank of China Limited, Sydney Branch to MLB

On 26 April 2023, MLB entered into a US$275.0 million three-year revolving loan facility for its general funding requirements with BOC Sydney (2023 BOC Facility). The 2023 BOC Facility replaced the US$175.0 million working capital facility that BOC Sydney granted to MLB from August 2019 to August 2022. As at 31 December 2023, the 2023 BOC Facility was undrawn.

Under 2023 BOC Facility, upon the occurrence of the following events, BOC Sydney may, by not less than 5 days' notice to MLB, declare all outstanding loans under the facility agreement due and payable:

(a) CMC ceases to beneficially hold more than 50% of the issued share capital of the Company; or

(b) CMC ceases to have the power, directly or indirectly, to:

(i) cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a general meeting of the Company;

(ii) appoint or remove all, or the majority, of the directors or other equivalent officers of the Company; or

(iii) directions with respect to the operating and financial policies of the Company with which the directors or other equivalent officers of the Company are obliged to comply.

The same control requirements are imposed on the Company in relation to its interest in, and control of MLB, failing which the Lenders may also declare all outstanding loans under the Facility Agreement immediately due and payable.

4. Facility granted by Industrial and Commercial Bank of China Limited, Panama Branch to MLB

On 18 June 2023, MLB entered into a US$150.0 million revolving credit facility for working capital funding with ICBC Panama, (June 2023 ICBC Facility). The June 2023 ICBC Facility is comprised of three tranches of US$50.0 million available with a term of three years and to be drawn pursuant to facility agreements with the ICBC Panama. The June 2023 ICBC Facility replaced the US$175.0 million working capital facility that ICBC Luxembourg granted to MLB from August 2019 to August 2022. As at 31 December 2023, the June 2023 ICBC Facility was undrawn.

Under the June 2023 ICBC Facility, upon the occurrence of the following events, ICBC Panama may, by not less than 3 days' notice to MLB., declare all outstanding loans under the facility agreements immediately due and payable:

(a) CMC ceases to beneficially hold more than 50% of the issued share capital of the Company; or

(b) CMC ceases to have the power, directly or indirectly, to:

(i) cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a general meeting of the Company;

(ii) appoint or remove all, or the majority, of the directors or other equivalent officers of the Company; or

(iii) give directions with respect to the operating and financial policies of the Company with which the directors or other equivalent officers of the Company are obliged to comply.

The same control requirements are imposed on the Company in relation to its interest in and control of MLB, failing which the lenders may also declare all outstanding loans under the facility agreements immediately due and payable.

Directors' Report
Continued

Five-year financial summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on pages 204 to 205 of this Annual Report.

Share capital

Details of the movements in the Company's share capital are set out in Note 23 to the Consolidated Financial Statements.

Donations

Donations made by the Group during the year for charitable and community purposes amounted to approximately US$226,184.

Directors

The Directors who held office during the year and up to the date of this report are as follows:

Chairman

Mr XU Jiqing (Non-executive Director)
(Appointed as the Chairman of the Company on 18 August 2023)

Mr JIAO Jian (Non-executive Director)
(Resigned as the Chairman of the Company on 31 March 2023)

Executive Director

Mr LI Liangang (Interim CEO)

Non-executive Director

Mr ZHANG Shuqiang

Independent Non-executive Directors

Dr Peter CASSIDY

Mr LEUNG Cheuk Yan

Mr CHAN Ka Keung, Peter

In accordance with article 98 of the articles of association of the Company, Mr Li Liangang will retire by rotation at the forthcoming AGM and, being eligible, offer himself for re-election.

In accordance with article 98 of the articles of association of the Company and code provision B.2.2 in the Appendix C1 of the Listing Rules, Mr Leung Cheuk Yan will retire by rotation at the forthcoming AGM and, being eligible, offer himself for re-election.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers them to be independent.

Directors' Report
Continued

Directors' service contracts

No Director proposed for re-election at the forthcoming AGM has an unexpired service contract that is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

Directors' interests in transaction, arrangement or contract of significance

No contracts of significance to which the Company, any of its holding companies, or any of their subsidiaries was a party, in which a Director had a material interest, subsisted at the end of the year or at any time during the year.

Directors' interests and short positions in shares, underlying shares and debentures

As at 31 December 2023, the interests and short positions of the Directors and the CEO of the Company or any of their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (SFO)), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (Model Code) were as follows:

Long position in the shares and the underlying shares of the company as at 31 December 2023

		Number of underlying shares held			
Name of Director	Nature of interest	Number of shares held	Options	Performance awards	Approximate percentage of total number of issued shares (%)[3]
LI Liangang[1]	Personal	764,962	-	2,009,859	0.03
XU Jiqing[2]	Personal	940,050	-	-	0.01

Notes:

1 The interests of Mr Li Liangang in the 764,962 shares were from the vested performance awards granted to him under 2020 Performance Awards which were subject to meeting performance conditions and vested on 1 June 2023. The interests in the 2,009,859 performance awards were granted under 2021 and 2022 Performance Awards, details of which are set out under the section headed 'Performance Awards' on pages 72 to 74 of this Annual Report.

2 The 940,050 shares held by Mr Xu Jiqing were the balance of the vested performance awards granted to him under 2015 Performance Awards in 2015 and 2016 which were subject to holding locks for various periods of up to three years after vesting in 2018.

3 The calculation is based on the number of shares and/or underlying shares as a percentage of the total number of issued shares of the Company (that is, 8,656,047,188 shares) as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, none of the Directors or the CEO of the Company or any of their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, which they are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code. In addition, none of the Directors or the CEO of the Company or any of their associates had

Directors' Report
Continued

been granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) during the year ended 31 December 2023.

Directors' interests in competing businesses

During the year ended 31 December 2023, the interests of Directors in a business that competes or is likely to compete with the businesses of the Group, as defined in the Listing Rules, are as follows:

1. Mr Jiao Jian, former Non-executive Director and Chairman of the Company (resigned as the Chairman and Non-executive Director of the Company on 31 March 2023), was:
   - a Vice President of CMC;
   - a director and the President of CMCL; and
   - the Chairman of CMN.
2. Mr Xu Jiqing, a Non-executive Director and Chairman of the Company, is/was: (appointed as Chairman of the Company on 18 August 2023)
   - a director and the Chairman of CMN; and
   - The President of CMN until September 2023.
3. Mr Zhang Shuqiang, a Non-executive Director of the Company, is/was:
   - the General Manager of the Finance Department of CMC until April 2023;
   - the Auditor – General of CMC;
   - a director of CMNH;
   - a director of CMN until March 2023;
   - a director of Minmetals HK; and
   - the Chairman of Minmetals Finance Co., Ltd until April 2023.

Although the Group and the above companies are involved in businesses in the same industry, they are separate companies operated by separate and independent management. The Company is therefore capable of carrying on its business independently of, and at arm's length from, the CMC Group.

Permitted indemnity and directors' and officers' liability insurance

Pursuant to the articles of association of the Company and subject to the provisions of the Companies Ordinance, every Director or other officer of the Company shall be indemnified out of the assets of the Company against all loss and liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that such Article shall only have effect in so far as its provisions are not avoided by the Companies Ordinance. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year.

Share option scheme

2013 Share option scheme

Pursuant to share option scheme adopted at the extraordinary general meeting of the Company (EGM) held on 26 March 2013 (2013 Share Option Scheme), options were granted to eligible participants under 2016 Options. The option period of 2013 Share Option Scheme has been expired in May 2023. As at 31 December 2023, there were no options outstanding which granted under 2016 Options.

Directors' Report
Continued

The following is a summary of the principal terms of the 2013 Share Option Scheme:

1. **Purpose**

   The purpose of the 2013 Share Option Scheme is to enable the Company to grant awards to selected employees of the Group as incentives or rewards for their contribution or potential contribution to the development and growth of the Group.

2. **Participants**

   The Company may grant an option to anyone who is an employee of the Company, its subsidiaries or any other company that is associated with the Company and is so designated by the Directors on the date of grant.

3. **Total number of shares available for issue under the 2013 Share Option Scheme**

   There are no outstanding shares available for issue under the 2013 Share Option Scheme as at the date of this report.

4. **Maximum entitlement of each participant**

   No option may be granted to any eligible person which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted and to be granted to such eligible person under the 2013 Share Option Scheme (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such new grant exceeding 1% of the total number of issued shares of the Company as at the date of such new grant. Any grant of further options above this limit shall be subject to the requirements under the Listing Rules.

5. **Period within which the shares must be taken up under an option**

   The Board may in its absolute discretion determine the period during which an option may be exercised, save that such period shall not be more than 10 years from the date on which such option is granted and accepted subject to the provisions for early termination.

6. **Minimum period for which an option must be held before it can be exercised**

   The minimum period for which an option must be held before it can be exercised is 12 months from the date of grant, subject to the Board having the right to determine a longer minimum period at the time of granting the option.

7. **Time of acceptance and the amount payable on acceptance of the option**

   No amount is payable upon application or acceptance of an option.

8. **Basis of determining the exercise price**

   The exercise price shall be determined by the Board at the time of grant of the relevant option and shall not be less than the highest of:

   - the closing price per share of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant of the relevant option; and
   - an amount equivalent to the average closing price per share of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant option.

9. **The remaining life of the 2013 Share Option Scheme**

   The 2013 Share Option Scheme was expired in March 2023.

Directors' Report
Continued

2016 options

On 15 December 2016, the Company granted options to the eligible participants pursuant to the 2013 Share Option Scheme (2016 Options). The exercise period of 2016 Options expired in May 2023. There were no options outstanding as at 31 December 2023.

During the year ended 31 December 2023, the movements of the 2016 Options were as follows:

				Number of options				
Category of participant	**Date of grant[1]**	**Exercise price per share (HK$)**	**Exercise Period[2]**	**Balance as at 1 January 2023**	**Granted during the year**	**Exercised during the year[3]**	**Lapsed during the year[4]**	**Balance as at 31 December 2023**
Employees of the Group	15 December 2016	2.29	4 years after the date of vesting	3,261,984	-	(3,158,983)	(103,001)	-
TOTAL				**3,261,984**	**-**	**(3,158,983)**	**(103,001)**	**-**

Notes:

1 The closing price of the shares of the Company immediately before the date on which the options were granted on 15 December 2016 was HK$2.25 per share.

2 The vesting and performance period of the options is three years from 1 January 2016 to 31 December 2018, with 60% of vested options exercisable from 1 January 2019 and 40% of the vested options subject to a 12-month exercise deferral period, such options being exercisable after 1 January 2020. The vesting of options is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth and market-related performance targets during the vesting period. Options vest on a percentage basis based on the target performance level achieved. Achievement of the Company and individual performance conditions have resulted in 33.33% of the 2016 Options granted to participants vesting on 22 May 2019.

3 The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK$2.83.

4 Options lapsed due to the expiry of the exercise period.

5 No options were cancelled during the year.

The estimated fair value of the options granted on 15 December 2016 was approximately US$0.1371 each, estimated as at the date of grant by using the Black-Scholes option-pricing model.

The value of the share options was subject to a number of assumptions and limitations of the option-pricing model, including a risk-free interest rate, option price volatility, expected life of the option, market price of the Company's shares and expected dividend. The risk-free interest rate was 1.89%, the expected volatility used in calculating the value of options was 40% and the expected dividend was assumed to be nil.

The validity period of the options is from the date of vesting until four years from 22 May 2019 to 22 May 2023. The vesting and performance period of the options was three years from 1 January 2016 to 31 December 2018. The 2016 Options vested with an overall outcome of 33.33% of the target values on 22 May 2019. In accordance with the terms and conditions of the 2016 Options, if a participant ceased employment before the expiry of the vesting period, the option would lapse unless the participant departed due to certain specific reasons including ill-health, injury or disability, retirement with the agreement of the employer, redundancy, death, the participating employing company ceasing to be part of the Group and any other reason, subject to approval by the Board. In addition, if a participant ceased employment after expiry of the vesting period, the option would lapse six months after the date the participant ceased to be an employee.

Directors' Report
Continued

Performance awards

The purpose of the performance awards is to assist in the retention and incentivisation of selected employees of Members of the Group and align their interests with the development and growth of the Group.

The Company may grant performance awards to anyone who is an employee of the Group or any other company that is associated with the Company and is so designated by Directors.

The Governance, Nomination, Remuneration and Sustainability Committee has reviewed the following plans for approval by the Board from 1 January 2023 to 31 December 2023:

- Structure of the 2023 Long-Term Incentive (LTI) Plan; and Implement cash plan in place of the LTI Equity Plan if approval for the new 10-year LTI Umbrella Plan cannot be obtained by 31 March 2023;
- Vesting of 33.33% of Performance Share Awards under 2020 Long-Term Incentive Plan; and
- Review 2024 Long-Term Incentive Plan.

Pursuant to the performance awards granted under the Long-Term Incentive Equity Plan, performance awards were granted to eligible participants under the 2020 Performance Awards, 2021 Performance Awards and 2022 Performance Awards. As at 31 December 2023, there were a total of 39,800,298 performance awards granted under the 2021 Performance Awards and 2022 Performance Awards, which represented approximately 0.46% of the total number of issued shares of the Company as at that date.

2020 Performance awards

On 29 April 2020, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2020 Performance Awards). There were a total of 13,120,972 new shares were issued and no performance awards outstanding as at 31 December 2023 as a result of vesting was completed in June 2023.

During the year ended 31 December 2023, the movements of the 2020 Performance Awards were as follows:

		Number of performance awards					
Category and name of participant	**Date of grant[2]**	**Balance as at 1 January 2023**	**Granted during the year**	**Vested during the year**	**Cancelled during the year**	**Lapsed during the year[3]**	**Balance as at 31 December 2023**
Director							
LI Liangang[1]	29 April 2020	2,295,115	-	(764,962)	-	(1,530,153)	-
Employees of the Group	29 April 2020	45,943,153	-	(12,356,010)	-	(33,587,143)	-
TOTAL		**48,238,268**	**-**	**(13,120,972)**	**-**	**(35,117,296)**	**-**

Notes:

1 Upon vesting in June 2023, a portion of the performance awards of 764,962 were vested and 1,530,153 performance awards were lapsed during the vesting period.

2 The vesting and performance period of the performance awards is three years from 1 January 2020 to 31 December 2022. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration. Achievement of the Company and individual performance conditions have resulted in 33.33% of the 2020 Performance Awards granted to participants vesting on 1 June 2023. The closing price on the vesting date and the date before the vesting date were HK$2.39 and HK$2.35 respectively. The closing price of the Shares of the Company immediately before the date on which the performance awards were granted on 29 April 2020 was HK$1.34 per share.

3 Performance awards lapsed due to non-achievement of some performance conditions during the vesting period and cessation of employment during the year.

Directors' Report
Continued

The estimated fair value of the performance awards granted on 29 April 2020 was approximately US$0.1462 each, estimated at the date of grant by using Monte Carlo Simulations (for market-based conditions) and reference to market price of the Company's shares at the date of grant.

The value of the performance awards was subject to a number of assumptions and limitations of the performance awards-pricing model, including a risk-free interest rate, price volatility, expected life of the performance awards, market price of the Company's shares and expected dividend. The risk-free interest rate was 0.80%; the expected volatility used in calculating the value of performance awards was 60.29% and the expected dividend was assumed to be nil.

2021 Performance awards

On 21 June 2021, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2021 Performance Awards). There were 13,665,443 performance awards outstanding as at 31 December 2023, representing approximately 0.16% of the total number of issued shares of the Company as at that date.

During the year ended 31 December 2023, the movements of the 2021 Performance Awards were as follows:

		Number of performance awards					
Category and name of participant	**Date of grant[2]**	**Balance as at 1 January 2023**	**Granted during the year**	**Vested during the year**	**Cancelled during the year**	**Lapsed during the year[3]**	**Balance as at 31 December 2023**
Director							
LI Liangang[1]	21 June 2021	760,615	-	-	-	-	760,615
Employees of the Group	21 June 2021	14,060,567	-	-	-	(1,155,739)	12,904,828
TOTAL		**14,821,182**	**-**	**-**	**-**	**(1,155,739)**	**13,665,443**

Notes:

1 Mr Li Liangang was appointed as the Interim CEO and an Executive Director of the Company on 5 January 2022. He was granted 760,615 performance awards on 21 June 2021.

2 The vesting and performance period of the performance awards is three years from 1 January 2021 to 31 December 2023. The time of vesting will be on or around June 2024. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market- related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration. The closing price of the Shares of the Company immediately before the date on which the performance awards were granted on 21 June 2021 was HK$3.39 per share.

3 Performance awards lapsed due to cessation of employment during the year.

The estimated fair value of the performance awards granted on 21 June 2021 was approximately US$0.3928 each, estimated at the date of grant by using Monte Carlo Simulations (for market-based conditions) and reference to market price of the Company's shares at the date of grant.

The value of the performance awards was subject to a number of assumptions and limitations of the performance awards-pricing model, including a risk-free interest rate, price volatility, expected life of the performance awards, market price of the Company's shares and expected dividend. The risk-free interest rate was 0.45%; the expected volatility used in calculating the value of performance awards was 69.06% and the expected dividend was assumed to be nil.

Directors' Report
Continued

2022 Performance awards

On 21 April 2022, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2022 Performance Awards). There were 26,134,855 performance awards outstanding as at 31 December 2023, representing approximately 0.30% of the total number of issued shares of the Company as at that date.

During the year ended 31 December 2023, the movements of the 2022 Performance Awards were as follows:

		Number of performance awards					
Category and name of participant	**Date of grant[1]**	**Balance as at 1 January 2023**	**Granted during the year**	**Vested during the year**	**Cancelled during the year**	**Lapsed during the year[2]**	**Balance as at 31 December 2023**
Director							
LI Liangang	21 April 2022	1,249,244	-	-	-	-	1,249,244
Employees of the Group	21 April 2022	26,802,050	-	-	-	(1,916,439)	24,885,611
TOTAL		**28,051,294**	**-**	**-**	**-**	**(1,916,439)**	**26,134,855**

Notes:

1 The vesting and performance period of the performance awards is three years from 1 January 2022 to 31 December 2024. The time of vesting will be on or around June 2025. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration. The closing price of the Shares of the Company immediately before the date on which the performance awards were granted on 21 April 2022 was HK$3.50 per share.

2 Performance awards lapsed due to cessation of employment during the year.

The estimated fair value of the performance awards granted on 21 April 2022 was approximately US$0.4114 each, estimated at the date of grant by using Monte Carlo Simulations (for market-based conditions) and reference to market price of the Company's shares at the date of grant.

The value of the performance awards was subject to a number of assumptions and limitations of the performance awards-pricing model, including a risk-free interest rate, price volatility, expected life of the performance awards, market price of the Company's shares and expected dividend. The risk-free interest rate was 2.87%; the expected volatility used in calculating the value of performance awards was 68.26% and the expected dividend was assumed to be nil.

Directors' Report
Continued

Substantial shareholders' interests and short positions in the shares and underlying shares of the company

So far as is known to the Directors and the CEO of the Company, as at 31 December 2023, the following persons had interests or short positions in the shares or underlying shares of the Company that were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or that were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in the shares of the company as at 31 December 2023

Name of substantial Shareholders	Capacity	Number of shares held[1]	Approximate percentage of total number of issued shares (%)[2]
China Minmetals Corporation (CMC)	Interest of controlled corporations	5,847,166,374	67.55
China Minmetals Corporation Limited (CMCL)	Interest of controlled corporations	5,847,166,374	67.55
China Minmetals Non-ferrous Metals Holding Co., Ltd (CMNH)	Interest of controlled corporations	5,847,166,374	67.55
China Minmetals Non-ferrous Metals Co., Ltd (CMN)	Interest of controlled corporations	5,847,166,374	67.55
Album Enterprises Limited (Album Enterprises)	Interest of controlled corporations	5,847,166,374	67.55
China Minmetals H.K. (Holdings) Limited (Minmetals HK)	Beneficial owner	5,847,166,374	67.55

Notes:

1 Minmetals HK is owned as to approximately 39.04%, 38.95% and 22.01% by CMCL, Album Enterprises and Top Create respectively. Album Enterprises and Top Create are wholly owned by CMN that, in turn, is owned as to approximately 99.999% and 0.001% by CMNH and CMCL respectively. CMNH is a wholly owned subsidiary of CMCL. CMCL is owned as to approximately 87.5% by CMC and approximately 0.8% by China National Metal Products Co. Ltd. that, in turn, is a wholly owned subsidiary of CMC. Accordingly, each of CMC, CMCL, CMNH, CMN and Album Enterprises was deemed as interested in the 5,847,166,374 shares of the Company held by Minmetals HK.

2 The calculation is based on the number of shares that each person is interested in (whether directly/indirectly interested or deemed to be interested) as a percentage of the total number of issued shares (that is, 8,656,047,188 shares) of the Company as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, there was no other person who was recorded in the register of the Company, as having an interest or short positions in the shares or underlying shares of the Company who was required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors' Report
Continued

Connected transactions

During the year ended 31 December 2023 the Group had the following material connected transactions, details of which are set out below:

1. On 20 March 2023, the Company announced that MMG Kinsevere had entered into agreements with the 23rd Metallurgical Construction Group Co., Ltd. (MCC23) for the purchase of materials for the construction of new administrative facilities and the relocation of existing facilities at the Kinsevere Expansion Project dated 22 April 2022 (Material Purchase Agreements). In April 2022, MMG Kinsevere awarded contracts for the construction, and procurement of materials required for the construction, of a new administration facility and the relocation of existing facilities for use by the Kinsevere Expansion Project team at the Kinsevere Mine to a third party. That party then appointed a connected person of the Company, MCC23, as its subcontractor for the procurement of materials. MCC23 was authorised to execute the Materials Purchase Agreements on behalf of the third party, and therefore entered into the Materials Purchase Agreements directly with MMG Kinsevere. At the time of the execution of the Materials Purchase Agreements, the Company incorrectly classified this transaction as not being subject to compliance with Chapter 14A of the Listing Rules. The Material Purchase Agreements were valued at a total sum of US$3.2 million and approximately US$535.0 was paid to MCC23 during 2023.

   MCC23 is a subsidiary of CMC, the controlling Shareholder of the Company, it is an associate of CMC and a connected person of the Company under Chapter 14A of the Listing Rules. As a result, the Materials Purchase Agreements constitute connected transactions for the Company and should have been disclosed at the time they were executed.

2. On 4 April 2023, the Company announced that MMG Kinsevere had entered into an agreement with MCC International Incorporation Ltd. (MCCI) for the procurement of materials required for the construction of the concentrator plant that forms part of the processing facility for the KEP, valued at a lump-sum payment of approximately US$17.0 million. During 2023, approximately US$5.9 million was paid to MCCI pursuant to the terms of the agreement.

   On the same date, MMG Kinsevere had entered into an agreement with Metkins for the procurement of materials in the DRC to enable the construction of the concentrator plant at Kinsevere as part of the KEP project including sand, pebble and concrete, and local co-ordination works for all materials. The procurement agreement was value at a total sum of US$9.0 million and approximately US$4.6 million was paid to Metkins during 2023.

   MCCI is a wholly owned subsidiary of MCC Ltd. MCC Ltd.'s parent company, China Metallurgical Group Corporation (MCC Group), is a wholly owned subsidiary of CMC, the controlling Shareholder of the Company, and MCCI is therefore an associate of CMC and a connected person of the Company under the Listing Rules. MCCI has a 49% ownership interest in Metkins. As a more than 30%-controlled company of CMC, Metkins is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the Materials Purchase Agreements both constitute connected transactions for the Company.

3. On 19 September 2023, the Company announced that MMG Kinsevere had entered into a goods and services agreement with Beijing Dadi Trading Company Limited (Beijing Dadi) for the supply of Machine Maintenance Devices for the KEP, valued at a lump-sum payment of approximately US$162,322. During 2023, no money was paid to Beijing Dadi pursuant to the terms of the agreement.

   When the goods and services agreement was executed, some of the relevant percentage ratios in respect of the agreement were more than 0.1% but less than 5%, when aggregated with other connected transactions with connected persons providing services to the KEP in the previous 12-month period. Those agreements were for the supply of piping materials of the cobalt plant with Beijing Dadi (valued at

Directors' Report
Continued

approximately US$47,700), and agreement with Beijing Dadi for supply of materials for leaching tank (valued at approximately US$31,500), supply of SAG mill ball charger (valued at approximately US$36,000), supply of bolts and buts for leaching tank (valued at approximately US$10,800), supply of cables for tailing transfer system (valued at approximately US$20,094), supply of three flanges (valued at approximately US$699), supply of sampling device (valued at approximately US$2.31 million), supply of bag breaker (valued at approximately US$48,500), supply of hose pumps (valued at approximately US$345,800) and supply of supplemented gap spare parts (valued at approximately US$47,000).

Beijing Dadi is a wholly owned subsidiary of MCCT, which is a wholly owned subsidiary of MCC Ltd. The MCC Group has an interest of 49.18% in MCC Ltd. The MCC Group is a wholly owned subsidiary of CMC. As a result, the Goods and Services Agreement constitutes a connected transaction for the Company.

4. On 18 December 2023, the Company announced that MMG Kinsevere had entered into a goods and services agreement with China ENFI Engineering Corporation (ENFI Corporation) in supply of LV Cabinets for the KEP, valued at a lump-sum payment of approximately US$2.3 million. During 2023, approximately US$1.5 million was paid to ENFI Corporation pursuant to the terms of the agreement.

   When the agreement was executed, some of the relevant percentage ratios in respect of the agreement were more than 0.1% but less than 5%, when aggregated with other connected transactions with connected persons providing services to the KEP in the previous 12 month period. Those agreements were for the supply of fence materials for TSF3 with Minmetals Logistics Group (valued at approximately US$34,941), supply of instrumentation for concentrator plant with Beijing Dadi (valued at approximately US$384,000) and supply of technical review on RGA plant with Changsha Research Institute of Mining And Metallurgy Co., Ltd (valued at approximately US$45,000).

   A 90% stake of ENFI Corporation is held by China ENFI Engineering Co., Ltd (ENFI Ltd), ENFI Ltd is a wholly owned subsidiary of Metallurgical Corporation of China Ltd. (MCC Ltd.). MCC Group holds a 49.18% stake in MCC Ltd. MCC Group is a wholly owned subsidiary of CMC. Therefore, ENFI Corporation and the Company are connected persons. As a result, the Goods and Services Agreement constitutes a connected transaction for the Company.

Continuing connected transactions

During the year ended 31 December 2023, the Group had the following material continuing connected transactions, details of which are set out below:

1. On 27 June 2014, MMG South America Company Limited (MMG SA) entered into an agreement with CMN in relation to the sale of copper concentrate to be purchased by MMG SA from the Las Bambas Project to the CMN Group (Las Bambas CMN Copper Sale Framework Agreement), subject to the approval of the Independent Shareholders. The Independent Shareholders approved the Las Bambas CMN Copper Sale Framework Agreement, and the proposed annual caps on sales, at an EGM held on 21 July 2014.

   On 11 January 2016, pursuant to the terms of the Las Bambas CMN Copper Sale Framework Agreement, MMG SA and CMN entered into an agreement to set out the specific terms on which the sale and purchase of the copper concentrate between CMN and MMG SA will be made (Las Bambas CMN Copper Concentrate Offtake Agreement).

   In accordance with the Las Bambas CMN Copper Sale Framework Agreement, the term of the Las Bambas CMN Copper Concentrate Offtake Agreement is for the term of the life of the Las Bambas mine. The annual caps with respect to the Las Bambas CMN Copper Sale Framework Agreement are set as a fixed quantity of copper contained in copper concentrate from the Las Bambas Project to be sold by MMG SA to members of the CMN Group in a year, which for the year commencing 1 January 2023 was set at 277,000 tonnes. During the year ended 31 December 2023, approximately 207,052 tonnes of copper contained in copper concentrate

Directors' Report
Continued

were sold by MMG SA to members of the CMN Group under the Las Bambas CMN Copper Concentrate Offtake Agreement.

CMN is a controlling Shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Las Bambas CMN Copper Sale Framework Agreement and Las Bambas CMN Copper Concentrate Offtake Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

2. On 11 January 2016, pursuant to the Shareholders' Agreement, MLB and CITIC Metal Peru Investment Limited (CITIC) entered into an agreement for the sale and purchase of CITIC's entitlement to copper concentrate from the Las Bambas mine (CITIC Copper Concentrate Offtake Agreement). The term of the CITIC Copper Concentrate Offtake Agreement is for the term of the life of the Las Bambas mine. The annual caps with respect to the CITIC Copper Sale Framework Agreement are set as a fixed quantity of copper contained in copper concentrate from the Las Bambas Project to be sold by MLB to CITIC in a year, which for the year commencing 1 January 2023 was set at 127,000 tonnes. During the year ended 31 December 2023, approximately 100,840 tonnes of copper contained in copper concentrate were sold by MLB to CITIC under the CITIC Copper Concentrate Offtake Agreement.

   As CITIC controls more than 10% of the total number of issued shares of MMG SAM, it is a substantial shareholder of MMG SAM. CITIC is therefore a connected person of the Company and the transactions contemplated under the CITIC Copper Concentrate Offtake Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

3. On 9 December 2021, MMG Australia Limited (MMG Australia) entered into an agreement with Minmetals North-Europe Aktiebolag AB (Minmetals North-Europe) in relation to the sale of concentrate for the period from 1 January 2022 to 31 December 2023 (Rosebery Concentrate Sales Agreement). The annual cap for sales for each year of this agreement is US$100.0 million. During the year ended 31 December 2023, sales of US$65,179,451.0 were transacted under the Rosebery Concentrate Sales Agreement.

   On 21 December 2023, the Company announced that MMG Australia entered into an agreement with Minmetals North-Europe in relation to the sale of concentrate for the period from 1 January 2024 to 31 December 2025 (Rosebery Concentrate Sales Agreement). The annual cap for sales for each year of this agreement is US$100.0 million. During the year ended 31 December 2023, no sales were transacted under the Rosebery Concentrate Sales Agreement.

   Minmetals North-Europe is a wholly owned subsidiary of CMC, the ultimate controlling Shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. Accordingly, the agreements with MMG Australia constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

4. On 16 December 2021, MMG Dugald River entered into an agreement with Minmetals North-Europe in relation to the sale of zinc concentrate for the period from 1 January 2022 to 31 December 2024 (Dugald River Zinc Concentrate Sales Agreement). The annual cap for sales for each year of this agreement was increased in April 2022 from US$145.0 million to US$205.0 million. During the year ended 31 December 2023, sales of approximately US$110.0 million was transacted under the Dugald River Zinc Concentrate Sales Agreement.

   Minmetals North-Europe is a wholly owned subsidiary of CMC, the ultimate controlling Shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the agreement with MMG Dugald River constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

5. On 15 March 2023, the Company announced that it had entered into a shipping framework agreement with Minmetals Logistics in relation to the provision of ocean transport by Minmetals Logistics for the shipment

Directors' Report
Continued

of the products of the Group during 2023 and 2024 with annual caps of US$10.0 million. During the year ended 31 December 2023, approximately US$4.2 million was paid to Minmetals Logistics under the Shipping Framework Agreement.

Minmetals Logistics is a wholly owned subsidiary of CMC, the ultimate controlling Shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the shipping framework agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

6. On 24 March 2023, the Company announced that MLB had entered into a molybdenum concentrate sales framework agreement with CMN for sales of molybdenum concentrate during 2023, 2024 and 2025 to CMN and its associates with an annual cap of US$110.0 million (Las Bambas Molybdenum Concentrate Sales Framework Agreements). During the year ended 31 December 2023, sales of approximately US$44.3 million was transacted under the molybdenum concentrate sales framework agreement.

   CMN is the controlling Shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As a result, the Las Bambas Molybdenum Concentrate Sales Framework Agreements each constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

7. Upon the completion of the acquisition of Minerals and Metals Group on 31 December 2010, the following material continuing transaction became a continuing connected transaction under Chapter 14A of the Listing Rules (Grandfathered Continuing Connected Transaction).

   On 10 June 2010, MMG Management Pty Ltd, a wholly owned subsidiary of the Company, entered into a loan facility agreement with Album Enterprises (Grandfathered MMG Loan Facility) pursuant to which MMG Management Pty Ltd agreed to make loan facilities available to Album Enterprises on an uncommitted basis. During the year ended 31 December 2023, no amounts were advanced or outstanding under the Grandfathered MMG Loan Facility. Album Enterprises is a substantial Shareholder and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Grandfathered MMG Loan Facility constitutes a Grandfathered Continuing Connected Transaction for the Company and the Company will comply with Listing Rule 14A.60 in respect of this transaction.

   The Company has followed its pricing policies and guidelines when determining the price and terms of the connected transactions and continuing connected transactions conducted during the year.

Review of continuing connected transactions

The continuing connected transactions described above for the year ended 31 December 2023 have been reviewed by the Independent Non-executive Directors of the Company.

The Independent Non-executive Directors of the Company have confirmed that the continuing connected transactions have been entered into:

(a) the ordinary and usual course of business of the Group;

(b) either on normal commercial terms or better; and

(c) in accordance with the respective terms of the Las Bambas CMN Copper Sale Framework Agreement, the Las Bambas CMN Copper Concentrate Offtake Agreement, the CITIC Copper Concentrate Offtake Agreement, the Rosebery Concentrate Sales Agreement, the Dugald River Zinc Concentrate Sales Agreement, the Shipping Framework Agreement and the Las Bambas Molybdenum Concentrate Sales Framework Agreements that are fair and reasonable, in the interests of the Shareholders as a whole.

Directors' Report
Continued

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and with reference to Practice Note 740 'Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules' issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing its conclusion in respect of the continuing connected transactions for the year ended 31 December 2023 disclosed above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

In addition, the auditor of the Company has confirmed to the Board that nothing has come to their attention that causes them to believe that the above continuing connected transactions for the year ended 31 December 2023:

(a) have not been approved by the Board;

(b) were not, in all material respects, in accordance with the pricing policies of the Group where the transactions involve the provision of goods or services by the Group;

(c) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

the Las Bambas CMN Copper Sale Framework Agreement, the Las Bambas CMN Copper Concentrate Offtake Agreement, the CITIC Copper Concentrate Offtake Agreement, the Rosebery Concentrate Sales Agreement, the Dugald River Zinc Concentrate Sales Agreement, the Shipping Framework Agreement and the Las Bambas Molybdenum Concentrate Sales Framework Agreements have exceeded the respective annual caps or revised annual cap as disclosed in the announcements of the Company.

Controlling shareholders' interests in contracts

On 22 July 2014 Top Create, a subsidiary of CMN, a controlling Shareholder, extended a loan facility for a principal sum of up to US$2,262.0 million to MMG SA for a term of four years for the purpose of acquiring the Las Bambas Project. On 29 December 2017, 22 December 2020, 27 December 2022 and 25 July 2023 the loan facility was amended by the parties for the purpose of (among other things) extending the term of the loan, deferring payment dates and adjusting interest rates. Such loan facility was exempt from the announcement and reporting requirements of the Listing Rules with respect to connected transactions on the basis that it was unsecured and on normal commercial terms.

Particulars of other contracts of significance that exist between the Company (or one of its subsidiary companies) and a controlling Shareholder (or any of its subsidiaries) are set out under Connected Transactions on pages 76 to 80 of this Annual Report.

Related party transactions

Details of the related party transactions undertaken in the normal course of business are set out in Note 30 to the Consolidated Financial Statements.

Related party transactions set out in Note 30 to the Consolidated Financial Statements also constitute connected transactions and continuing connected transactions of the Company under the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules except for those transactions that are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

Directors' Report
Continued

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Purchase, sale or redemption of the company's listed securities

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Emolument policy

The Group's Emolument Policy is formulated by the Governance, Remuneration, Nomination and Sustainability Committee on the basis of employees' merit, market practice, qualifications and competence.

The determination of remuneration for the Directors takes into consideration factors such as remuneration paid by comparable companies, accountabilities of the Directors, applicable regional employment conditions. In the circumstance of Executive Directors, appropriate 'at-risk' performance-based remuneration is also provided.

The Company has adopted share option scheme and performance awards as incentives to the Executive Directors and eligible employees. Details of the share option scheme and performance awards are set out under the sections headed 'Share Option Scheme' and 'Performance Awards'. In relation to MMG, it has adopted both long-term and short-term 'at-risk' incentive plans to reward its Executive Directors and eligible employees and to align their incentive remuneration with the performance of MMG.

Retirement schemes

Details of the Group's retirement schemes are set out in Note 11 to the Consolidated Financial Statements.

Directors and senior management

Particulars of the Directors and senior management of the Company are set out on pages 58 to 62 of this Annual Report.

Independent auditor

The Consolidated Financial Statements have been audited by Deloitte Touche Tohmatsu who will retire at the forthcoming AGM and, being eligible, offer themselves for re-appointment.

Corporate Governance Report

Details of the Corporate Governance Report are set out on pages 83 to 96 of this Annual Report.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of its Board, as at the latest practicable date prior to the printing of this report, the Company has maintained sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

Directors' Report
Continued

Events after the balance sheet date

- On 20 November 2023, the Group entered into a Share Purchase Agreement with Cupric Canyon Capital L.P., The Ferreira Family Trust, Resource Capital Fund VII L.P., and the Missouri Local Government Employees' Retirement System ("Sellers"). The Group has conditionally agreed to purchase the entire issued share capital of Cuprous Capital Ltd ("CCL") from the Sellers at a purchase price of US$1,875 million.

  As at the date of this report, the acquisition had been approved by the Minister of Minerals and Energy of Botswana; the Competition and Consumer Authority of Botswana; the State Administration for Market Regulation of the People's Republic of China ("PRC") and the requisite majority of the relevant Shareholders as required under the Listing Rules.

- The group obtained new RCFs of US$300.0 million from CCB of which US$150.0 million is undrawn.

Other than the matter above, 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.

By order of the Board

XU Jiqing
Chairman

5 March 2024

Corporate Governance Report

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.

Corporate Governance

The Company has complied with all the code provisions set out in the Corporate Governance Code (CG Code) throughout the year ended 31 December 2023, except for the deviations from code provisions C.2.7 and F.1.1 as explained under the section headed "Chairman of the Board and Chief Executive Officer" and "Dividend Policy" respectively and also code provision F.2.2 of the CG Code as explained below.

Code provision F.2.2 of the CG Code requires the Chairman of the Board to attend and answer questions at the Annual General Meeting (AGM). Mr Jiao Jian, the former Chairman of the Board, resigned as the Chairman of the Board on 31 March 2023. As such, Mr Leung Cheuk Yan, an Independent Non-executive Director, a member of the Audit and Risk Management Committee and the Governance, Remuneration, Nomination and Sustainability Committee of the Company, was nominated by the Board to take the chair of the AGM on 25 May 2023.

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 transactions 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 C3 of the Listing Rules (Model Code).

A specific enquiry was made of all the Directors and they 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 2023.

Board

Composition

The Board currently comprises six Directors of which one is an Executive Director, two are Non-executive Directors and three are Independent Non-executive Directors.

The members of the Board as at the date of this report are as follows:

Executive Director

Mr LI Liangang (Interim CEO)

Non-executive Directors

Mr XU Jiqing (Chairman)
(Appointed as the Chairman on 18 August 2023)

Mr ZHANG Shuqiang

Corporate Governance Report
Continued

Independent Non-executive Directors

Dr Peter CASSIDY

Mr LEUNG Cheuk Yan

Mr CHAN Ka Keung, Peter

The current Board possesses an appropriate balance of skills, experience and diversity of perspectives relevant to the management of the Company's business. The Directors' biographical information is set out on pages 58 to 62 under the section headed 'Directors and Senior Management' of this Annual Report.

Role and function

The Board formulates overall strategies and policies of the Group. It also ensures the availability of adequate capital and managerial resources to implement the strategies adopted, the adequacy of systems of financial and internal control and the conduct of business in conformity with applicable laws and regulations. The Board members are fully committed to their roles and have acted in the best interests of the Group and its Shareholders at all times. There is no financial, business, family or other material/ relevant relationship among the Directors.

All Directors are required to comply with Rule 3.08(d) of the Listing Rules to avoid actual and potential conflicts of interest and duty at all times. Directors are required to declare their interest in the matters to be considered at each Board meeting and Board committee meeting. If a Director or any of his/her associates has material interest in the matter to be considered, the Director will not be allowed to vote at the meeting. The Director may also be required to withdraw from the meeting during discussion of the matter.

During the year ended 31 December 2023, other than resolutions passed in writing by all the Directors, the Company held nine Board meetings. The AGM was held on 25 May 2023. Board meetings are attended by a majority of the Directors in person or through electronic means of communication.

The attendance of each Director at the Board meetings and the AGM during the year ended 31 December 2023 is set out below. Figures in brackets indicate the maximum number of meetings held in the period in which the individual was a Board member.

	Number of meeting attended	
Directors	**Board meetings**	**AGM**
Executive Director		
LI Liangang	9/(9)	1/(1)
Non-executive Directors		
JIAO Jian (Former Chairman)[1]	0/(1)	N/A
XU Jiqing (Chairman)[2]	9/(9)	1/(1)
ZHANG Shuqiang	9/(9)	1/(1)
Independent Non-executive Directors		
Peter CASSIDY	9/(9)	1/(1)
LEUNG Cheuk Yan	9/(9)	1/(1)
CHAN Ka Keung, Peter	9/(9)	1/(1)

Notes:

1 Mr Jiao Jian resigned as a Non-executive Director and the Chairman of the Company with effect from 31 March 2023.

2 Mr Xu Jiqing was appointed as the Chairman of the Company on 18 August 2023.

Corporate Governance Report
Continued

Board and workforce diversity

The Company has developed the Board Diversity Statement recognising and embracing the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

In designing the Board's composition, the Company has considered Board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Governance, Remuneration, Nomination and Sustainability Committee has endorsed a strategy for appointing a female director by December 2024 and in line with this strategy management are preparing a pipeline of potential applicants. The Board will appoint a new director in accordance with the Board Diversity Statement, Board Succession Guidelines and Board Skills Matrix of the Group.

All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. The ultimate decision will be based on the contribution that the selected candidate will bring to the Board.

The Board comprises members from a diverse background. The Company has at all times during the year had one Independent Non-executive Director who is a qualified accountant. One of the Independent Non-executive Directors is a qualified solicitor. Five Directors have experience sitting on the boards of other companies listed on the stock exchanges of Hong Kong, the PRC and/or Australia. Collectively the Directors have extensive experience in the metals and mining industry, trading, finance and accounting, business strategy, law, enterprise risk management and exposure or experience in various countries. Some of them are members of professional and/or industry bodies.

MMG strives to provide an inclusive workplace and to nurture and support the employees to reach their fullest potential. The Company believes that this is a key driver for innovation and adaptability which will increase competitiveness and drive the Group forward. As at 31 December 2023, women represent 14.9% of our employee population and 5.3% of our senior management across the Group.

Empowering women with more leadership roles has been a key focus of the Group. We have taken measures to ensure team compositions are diverse with a balanced number of women and men. By the year end of 2023, the Company strives to increase the employment levels of women across all operation areas to 15.1%.

Chairman of the Board and Chief Executive Officer

The Chairman of the Board is Mr Xu Jiqing who was appointed on 18 August 2023; Mr Jiao Jian resigned as the Chairman of the Board with effect from 31 March 2023; and Mr Li Liangang is currently the Interim CEO of the Company. The roles of the Chairman of the Board and the CEO/Interim CEO of the Company are segregated to ensure their respective independence, accountability and responsibility.

The Chairman takes the lead in formulating the Group's overall strategies and policies, ensures the Board's effective performance of its functions, including compliance with good corporate governance practices, and encourages and facilitates active contribution of Directors in Board activities. Directors with different views are encouraged to voice their concerns. They are allowed sufficient time for discussion of issues so as to ensure that Board decisions fairly reflect Board consensus. A culture of openness and debate is promoted to facilitate the effective contribution of Non-executive Directors and Independent Non-executive Directors and to ensure constructive relations between Executive Directors, Non-executive Directors and Independent Non-executive 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 outside of the Board meetings but the

Corporate Governance Report
Continued

Chairman met with all Directors including the Non-executive Directors and the Independent Non-executive Directors at each Board meeting, except the Board meetings held during the period from 31 March 2023 to 17 August 2023.

The Chairman also ensures that all Directors are properly briefed on issues arising at Board meetings and have received, in a timely manner, adequate information, which must be accurate, clear, complete and reliable.

The CEO/Interim CEO, supported by a management committee comprising himself and senior management (Executive Committee), is responsible for managing the day-to-day operations of the Group and executing the strategies adopted by the Board. The CEO/Interim CEO is also accountable to the Board for the implementation of the Group's overall strategies, and coordination of overall business operations.

Executive directors and executive committee

The Board has delegated the management of the Group's day-to-day operations to the CEO/Interim CEO and the Executive Committee. The Executive Committee is also required to report regularly to the Board on the progress being made by the Group's businesses.

The members of the Executive Committee as at the date of this report are as follows:

- Mr LI Liangang (Interim CEO, Executive Director and Executive General Manager – Commercial and Development) (was appointed as the Executive General Manager – Commercial and Development with effect from 1 February 2024);
- Mr Ross CARROLL (CFO) (retired with effect from 6 March 2024);
- Mr Song QIAN (Executive General Manager – Finance) (was appointed as a member of Executive Committee with effect from 1 February 2024)
- Mr Troy HEY (Executive General Manager – Corporate Relations);
- Mr WEI Jianxian (Executive General Manager – Americas); and
- Mr Nan WANG (Executive General Manager – Operations) (was appointed with effect from 1 February 2024).

On 22 January 2024, the Company announced that Mr Ross CARROLL had notified the Company of his retirement from the role of CFO with effect from 6 March 2024 and that he will depart MMG on 1 July 2024 in order to assist with the transition.

With effect from 1 February 2024, the Company also announced the following changes in the functions and position of the Executive General Manager:

1. Appointment of Mr Song QIAN as the Executive General Manager – Finance;
2. A new position of Executive General Manager - Operations had been created to integrate group operational accountability with operational excellence. Mr Nan WANG, who was the Executive General Manager - Australia and Africa with responsibilities for the Dugald River, Rosebery and Kinsevere operations, was re-designated to this new role;
3. Mr WEI Jianxian continues as the Executive General Manager – Americas. The General Manager Operations Las Bambas will continue to report to Mr Wei, with a secondary reporting line to the Executive General Manager – Operations;

Corporate Governance Report
Continued

4. Mr Troy HEY, the current Executive General Manager – Corporate Relations, took accountability for the Legal and Company Secretarial functions alongside his existing accountabilities and the General Counsel will report to Mr Hey. The People function reports directly to the Interim CEO and retains a secondary reporting line to Executive General Manager - Corporate Relations. The Assurance, Risk and Internal Audit function reports directly to the Interim CEO; and
5. The Interim CEO of the Company, Mr LI Liangang, also performs as the Executive General Manager - Commercial and Development until the current recruitment process is completed. The new position was created to focus on strategy, projects, mergers and acquisitions. This position is alongside the existing marketing and supply portfolio.

Non-executive directors

The Non-executive Directors (including the Independent Non-executive Directors) provide a wide range of expertise and experience and bring independent judgement on issues relating to the Group's strategies, development, performance and risk management through their contribution at Board and committee meetings.

Independent non-executive directors

The Independent Non-executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Their participation provides adequate checks and balances to safeguard the interests of Shareholders. The Board has three Independent Non-executive Directors and one of them has accounting or related financial management expertise. The Board confirms that the Company has received from each of the Independent Non-executive Directors a confirmation of independence for the year ended 31 December 2023 pursuant to Rule 3.13 of the Listing Rules and considers such Directors to be independent.

Re-election of directors

Each of the Non-executive Directors entered into an appointment agreement with the Company for a specific term of three years, except for Dr Peter Cassidy. Dr Cassidy's appointment agreement commenced on 31 December 2010 and continues until either the Company or he terminates such agreement by serving on the other not less than one month's prior written notice.

In accordance with the Company's articles of association, each Director appointed by the Board shall be subject to re-election by Shareholders at the next general meeting (in the case of filling a casual vacancy) or at the next AGM (in the case of an addition to the Board), and thereafter be subject to retirement by rotation at least once every three years at the AGM. Dr Cassidy, who was appointed by the Board on 31 December 2010 to fill a casual vacancy, is also subject to retirement from the Board by rotation at least once every three years at the AGM. Since Dr Cassidy has been appointed, he has been re-elected by Shareholders at the AGMs held in 2011, 2013, 2016, 2019 and 2022.

Directors' training and continuous professional development

Every newly appointed Director receives a briefing and orientation on his legal and other responsibilities as a listed company director and the role of the Board. He also receives a comprehensive induction package covering the statutory and regulatory obligations of a director, organisational structure, policies, procedures and codes of the Company, terms of reference of Board committees and charter of responsibilities. All Directors are encouraged to participate in continuous professional development and refresh their knowledge and skills. All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

Corporate Governance Report
Continued

All Directors have participated in continuous professional development by attending seminars and/ or conferences and/or forums and/or in-house trainings to develop and refresh their knowledge and skills. In addition, attendance at briefing sessions (including the delivery of speeches) and the provision of reading materials on the relevant topics contributed toward continuous professional training. All Directors provided a record of training to the Company. A summary of training attended by the Directors for the year ended 31 December 2023 is set out below:

Directors	Types of training (notes)
Executive Director	
LI Liangang	1, 2, 3
Non-executive Directors	
JIAO Jian (Resigned on 31 March 2023)	3
ZHANG Shuqiang	1, 2
XU Jiqing	1, 2, 3
Independent Non-executive Directors	
Peter CASSIDY	1, 3
LEUNG Cheuk Yan	1, 3
CHAN Ka Keung, Peter	1, 3

Notes:

1 Attending seminars and/or conferences and/or forums and/or in-house trainings.

2 Delivering speeches/presentations at seminars and/or conferences and/ or forums.

3 Reading journals, documentaries, books, newspapers relating to the director's duties and responsibilities.

Directors' and officers' liabilities insurance

The Company has arranged appropriate directors' and officers' liabilities insurance in respect of legal action against the Directors and officers of the Company.

The Board committees

There are two Board committees, namely the Audit and Risk Management Committee and the Governance, Remuneration, Nomination and Sustainability Committee, for overseeing particular aspects of the Company's affairs.

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 terms of reference of the Audit and Risk Management Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended 31 December 2023, the Audit and Risk Management Committee held five meetings. The Committee reviewed financial reporting matters, the Company's Financial Statements, annual and interim reports, the connected transactions and the continuing connected transactions entered into by the Group and the audit fees for the year ended 31 December 2023. It also reviewed the external audit scope and plans and audit

Corporate Governance Report
Continued

findings, material risk profile and prioritised material risk analysis including internal audit plans and audit findings, treasury, tax matters, compliance against the Risk Management Framework, and the Insurance Program including the renewals of the annual insurance and the directors and officers liabilities insurance and the programs for Audit and Risk Management Committee activities for 2023 and 2024. The Committee discussed with senior management the independence of the external auditors and the effectiveness of the external and internal audit process.

The attendance of each member at the Audit and Risk Management Committee meetings for the year ended 31 December 2023 is set out below. Figures in brackets indicate the maximum number of meetings held in the period in which the individual was a member of the Audit and Risk Management Committee.

Members	Number of meetings attended
Non-executive Directors	
ZHANG Shuqiang	5/(5)
XU Jiqing	4/(5)
Independent Non-executive Directors	
Peter CASSIDY	5/(5)
LEUNG Cheuk Yan	5/(5)
CHAN Ka Keung, Peter (Chairman)	5/(5)

Governance, Remuneration, Nomination and Sustainability Committee

The Governance, Remuneration, Nomination and Sustainability Committee comprises four members including three Independent Non-executive Directors, namely Dr Peter Cassidy as Chair, Mr Leung Cheuk Yan and Mr Chan Ka Keung, Peter, and a Non-executive Director, namely Mr Xu Jiqing.

The Governance, Remuneration, Nomination and Sustainability Committee is principally responsible for (i) developing, reviewing and monitoring the Group's policies and practices on corporate governance to ensure compliance with the relevant legal and regulatory requirements; (ii) formulating the Company's remuneration policy and structure for all Directors and senior management's remuneration and to make recommendations to the Board on the above remuneration policy and proposal; (iii) formulating the policy for nomination of Directors and leading the process of identifying and nominating candidates suitably qualified to become Board members, and reviewing the structure, size and composition of the Board and Board Committees (including knowledge, skills and experience, independence and diversity of the members) and makes recommendations to the Board with regard to any changes; review ESG and sustainability reporting and relevant compliance requirements. The terms of reference of the Governance, Remuneration, Nomination and Sustainability Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended 31 December 2023, the Governance, Remuneration, Nomination and Sustainability Committee held six meetings. The Committee reviewed the Mineral Resources and Ore Reserves Statement, the Whistleblower Reports, the 2023 Disclosure Reports, the performance review and evaluation of the Board and the Board Committees, the Directors and senior management training program and the Corporate Governance Report for inclusion in the annual report. It also reviewed the remuneration policy, the incentive and retention plans, annual remuneration and the programs for Governance, Remuneration, Nomination and Sustainability Committee activities for 2023 and 2024.

The attendance of each member at the Governance, Remuneration, Nomination and Sustainability Committee meetings for the year ended 31 December 2023 is set out below. Figures in brackets indicate the maximum number of meetings held in the period in which the individual was a member of the Governance, Remuneration, Nomination and Sustainability Committee.

Corporate Governance Report
Continued

Members	Number of meetings attended
Non-executive Directors	
JIAO Jian[1]	0/(1)
XU Jiqing	6/(6)
Independent Non-executive Directors	
Peter CASSIDY (Chairman)	6/(6)
LEUNG Cheuk Yan	6/(6)
CHAN Ka Keung, Peter	6/(6)

Note:

1 Mr Jiao Jian resigned as a Non-executive Director with effect from 31 March 2023. During his tenure in 2023, one meeting of the Governance, Remuneration, Nomination and Sustainability Committee was held.

The Company's Mineral Resources and Ore Reserves Committee and Disclosure Committee also report to the Governance, Remuneration, Nomination and Sustainability Committee.

The Mineral Resources and Ore Reserves Committee is responsible for overseeing the Mineral Resources and Ore Reserves reporting process and ensuring its compliance with the Listing Rules and JORC Code.

The Disclosure Committee is responsible for advising on disclosure obligations of the Company. The Company has adopted a Disclosure Framework to ensure its compliance with the disclosure obligations under the Listing Rules and the timely disclosure of inside information to the market. The Disclosure Committee comprises the Interim CEO, CFO, Executive General Manager – Corporate Relations, the General Counsel and the Company Secretary. The Disclosure Framework requires employees to refer all information that potentially requires disclosure to a member of the Disclosure Committee.

Executive committee

The Executive Committee reviews safety, health and environmental and social performance in order to improve efficiency and effectiveness. Specific Safety, Health, Environment and Community (SHEC) matters to be discussed by the Board include identification, review and governance of SHEC-related material issues, significant incidents, remediation/mitigation strategies and any specific areas of focus as identified by the Board.

Accountability and audit

Financial reporting

The Directors acknowledge their responsibility for preparing all information and representations contained in the Financial Statements for the year ended 31 December 2023 as disclosed in this Annual Report. The Directors consider that the Financial Statements have been prepared in conformity with Hong Kong Financial Reporting Standards (HKFRS) issued by the Hong Kong Institute of Certified Public Accountants and the Companies Ordinance, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgement of the Board and management with an appropriate consideration to materiality. The Directors, having made appropriate enquiries, were not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Please refer to Note 2.1 to the Consolidated Financial Statements for further details.

Accordingly, the Directors have prepared the Financial Statements on a going-concern basis. The statement of the Company's auditor regarding its responsibilities for the Financial Statements is set out in the Independent Auditor's Report on pages 110 to 115 of this Annual Report.

Management has provided all members of the Board with monthly updates giving a balanced and

Corporate Governance Report
Continued

comprehensible assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

Risk management and internal controls

The Audit and Risk Management Committee assists the Board with regard to the oversight of the Company's risk management and internal control systems and practices.

The Risk and Audit function in MMG supports the Audit and Risk Management Committee and line management by:

- establishing and maintaining Group-wide Standards relating to risk management and assurance;
- undertaking internal audits to test compliance with Group Standards and legal obligations and to assess the adequacy and effectiveness of critical controls to material risks;
- reporting control weaknesses and non-compliances at MMG's operations;
- monitoring critical control failings across the industry and assessing implications for MMG;
- monitoring and reporting closeout of management agreed actions to improve control effectiveness and to correct non-compliances; and
- monitoring the Group's risk profile and reporting substantive changes in the risk profile.

The Company's risk management and internal audit processes are subject to periodic, independent external assessment against relevant International Standards and industry best practices.

The annual internal audit plan is approved by the Audit and Risk Management Committee. Its focus is on material risks to the business, both financial and non-financial.

The Audit and Risk Management Committee is responsible for ensuring that there is appropriate coordination between internal and external audit. It is also responsible for ensuring that internal audit is adequately resourced and has appropriate standing within the Group. It also reviews and monitors the effectiveness of internal audit.

MMG's Internal Audit Procedure requires the Risk and Audit function to maintain its independence. It also requires reporting, to the Chair of the Audit and Risk Management Committee, of any instance where the Group's independence may have been compromised.

Auditor's remuneration

An analysis of the remuneration of the external auditor, Deloitte Touche Tohmatsu (which for these purposes includes any entity under common control, ownership or management with the external auditor or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally), for the year ended 31 December 2023 is set out as follows:

Services rendered	Fee paid/payable 2023 US$'000
Audit services	1,742
Other assurance services	182
Non-audit Services	36
	1,960

Corporate Governance Report
Continued

Company secretary

Ms Wong Lok Wun, Anfield is the Company Secretary of the Company with over 15 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies and private companies. Ms Wong is a chartered secretary, a chartered governance professional and an associate member of The Hong Kong Chartered Governance Institute (HKCGI) (formerly known as The Hong Kong Institute of Chartered Secretaries).

The Company Secretary assists the Board by ensuring good information flow within the Board and that the Board policy and procedures including those on governance matters are followed. All the Directors are entitled to have access to the advice and services of the Company Secretary. She reports to the Chairman of the Board and also the CEO/Interim CEO. Ms Wong has respectively attended various professional seminars during the year ended 31 December 2023, which exceed the requirements of the Listing Rules.

Shareholders' rights

Procedures for Shareholders to convene a general meeting

Shareholders holding at least 5% of the total voting rights of all Shareholders having a right to vote at the Company's general meeting can deposit a written request to convene a general meeting at Unit 1208, 12/F, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong, the registered office of the Company, for the attention of the Company Secretary, or send the written request to the Company by fax at +852 2840 0580.

The written request: (i) must state the general nature of the business to be dealt with at the meeting, and (ii) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting and signed by the Shareholders concerned.

The request will be verified with the Company's Share Registrar and, upon confirmation that the request is proper and in order, the Board will convene a general meeting by serving sufficient notice to all the registered Shareholders.

However, if the request has been verified as not in order, the Shareholders concerned will be advised of this outcome and, accordingly, a general meeting will not be convened as requested. Pursuant to the articles of association of the Company and the Companies Ordinance, the notice period to be given to all the registered Shareholders for consideration of the proposed resolutions at a general meeting is not less than 14 days.

If the Directors do not within 21 days after the date on which they become subject to the requirement to call a general meeting to be held on a date not more than 28 days after the date of the notice convening the meeting, the Shareholders concerned or any of them representing more than one half of the total votes of all of them, may themselves call a general meeting, provided that such general meeting must be called for a date not more than three months after the date on which the Directors become subject to the requirement to call a meeting.

Any reasonable expenses incurred by the Shareholders concerned by reason of the failure of the Directors duly to call a general meeting shall be repaid to the Shareholders concerned by the Company.

The procedures for Shareholders to convene a general meeting are available on the Company's website.

Procedures for Shareholders to put forward proposals at the Annual General Meeting

Shareholders holding at least 2.5% of the total voting rights of all Shareholders having the right to vote at the AGM, or at least 50 Shareholders who have a right to vote on the resolution at the AGM to which the request relates, can submit a written request to move a resolution at the AGM.

Corporate Governance Report
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The written request must state the resolution and be signed by all the Shareholders concerned. The written request must be deposited at Unit 1208, 12/F, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong, the registered office of the Company, for the attention of the Company Secretary, or sent to the Company by fax at +852 2840 0580 not later than six weeks before the AGM to which the request relates, or if later, the time at which notice is given of that meeting.

The request will be verified with the Company's Share Registrar and, upon confirmation that the request is proper and in order, the Board will include the resolution in the agenda for the next AGM in accordance with statutory requirements. However, if the request has been verified as not in order, the Shareholders concerned will be advised of this outcome and, accordingly, the proposed resolution will not be included in the agenda for the AGM.

The Company will be responsible for the expenses in serving the notice of the resolution and circulating the statement submitted by the Shareholders concerned. The procedures for Shareholders to put forward proposals at the AGM are available on the Company's website.

Procedures for Shareholders to propose a person for election as a Director

If a Shareholder wishes to propose a person other than a Director for election as a Director at an AGM or a general meeting, he/she can deposit a written notice to that effect signed by the Shareholder concerned at Unit 1208, 12/F, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong, the registered office of the Company, for the attention of the Company Secretary.

The written notice must:

- state the full name of the person proposed for election as a Director;
- state the person's biographical details as required by Rule 13.51(2) of the Listing Rules; and
- be accompanied by a confirmation signed by the candidate indicating his/her willingness to be appointed.

The period for lodgement of the above notice shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such meeting, provided that such period shall be at least seven days.

If the written notice is received after the AGM/general meeting notice has been despatched but later than seven clear calendar days prior to the date of the AGM/ general meeting, the Company may need to consider the adjournment of the AGM/general meeting in order to allow a sufficient period of notice.

The procedures for Shareholders to propose a person for election as a Director at an AGM/general meeting are available on the Company's website.

Procedures for directing Shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary to the registered office of the Company at Unit 1208, 12/F, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong.

Shareholders may also make enquiries with the Board at the AGM/general meetings of the Company.

Shareholders' questions in relation to their shareholdings should be directed to the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Corporate Governance Report
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Communication with shareholders and investors

The Company recognises the importance of maintaining an ongoing dialogue with the Company's shareholders and endeavours to develop and maintain continuing relationships and effective communication with its Shareholders and investors. In an effort to facilitate and enhance the relationships and communication, the Company has adopted a Shareholder Communication Policy, which was reviewed by the Board in 2023 to ensure its effectiveness. The effectiveness of engagement with Shareholders is assessed by the Governance, Remuneration, Nomination and Sustainability Committee. The Committee endorsed the Shareholder Communication Policy in 2023, noting that it remained effective and was appropriate for the Company as it articulated the various communication channels for Shareholders. Such Policy is available on the Company's website. The principles of the Shareholder Communication Policy are to ensure effective communication between the Company and its Shareholders is maintained, and ready, equal and timely access to clear and balanced information about the Company (including its financial performance, strategic plans, material developments, governance and risk profile) is available to the Shareholders to enable them to exercise their rights in an informed manner.

Corporate communications

The Company will generally communicate with Shareholders and the investing public through the following corporate communication materials:

- financial reports (interim and annual reports), quarterly production reports and sustainability reports;
- announcements, Shareholder circulars and other disclosures through the websites of the Hong Kong
- Stock Exchange and the Company; and
- other corporate communications, presentations, publications and media releases of the Company.

The Company endeavours to use plain, non-technical language in all its communication materials provided to Shareholders and, where possible, the communication materials are made available in both English and Chinese.

Investor relations

The Company may from time to time conduct investor/ analyst briefings and presentations, road shows, site visits, or marketing activities for the financial community.

Communications and dialogues with Shareholders, investors, analysts, media or other parties will be conducted in compliance with the disclosure obligations and requirements under the Disclosure Framework, which aims to ensure equal, fair and timely dissemination of information.

Corporate website

A dedicated 'Investors and Media Centre' section is available on the Company's website where all corporate communication materials including materials published on the website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) is posted as soon as practicable after their release.

The following information is available on the Company's website:

- the articles of association of the Company;
- the terms of reference of the Audit and Risk Management Committee and the Governance, Remuneration, Nomination and Sustainability Committee;
- a summary of the procedures for Shareholders to convene a general meeting, to put forward proposals at the AGM, and to propose a person for election as a Director;

Corporate Governance Report
Continued

- a news archive of stock exchange announcements and media releases; and
- an events calendar setting out important dates and forthcoming events of the Company.

Information on the Company's website is updated on a regular basis. Shareholders are encouraged to subscribe to news updates.

Shareholder meetings

Shareholders are encouraged to participate in AGM/ general meetings or appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend.

Board members including the Chairman of the Board, and where appropriate, Chairmen and other members of the relevant Board committees or their delegates, appropriate management executives and representatives from the Company's external auditor will attend AGM/general meetings to answer Shareholders' questions.

In addition, separate resolutions are proposed at the AGM/ general meetings on each substantially separate issue.

Dividend policy

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.

Environmental policies and performance

Respect for the environment is a core part of the way MMG operates. The objective of the Company is to maximise recycling and reuse and to minimise the draw on natural resources, with water being the most significant natural resource used in our operations. The Company also seeks to minimise energy use and the use of resources in the generation of electricity.

The environmental management approach is based on the principles of plan, do, check, act and aligns to the principles of ISO14001. The approach involves identification, assessment and control of material risks across all phases of our business, from exploration through to development, operation and mine closure. The Company works in partnership with its Stakeholders to understand the challenges and opportunities of its activities, and how best to manage them.

The MMG Safety, Security, Health and Environment (SSHE) Performance Standard defines MMG's minimum requirements and provides the basis for sustainable environmental management through its deployment at its operations. These requirements are audited as part of an integrated assurance process.

Through the application of the MMG Operating Model, operations focus on essential environmental delivery work, supported by functional excellence that drives continual improvement of our management processes.

Key stakeholder relationships

The Company seeks Stakeholder relationships based on trust, transparency and mutual respect for culture, values and heritage. Understanding the needs, expectations and aspirations of communities impacted by its operations is vital for the Company to achieve its vision and growth objectives.

The Company's key relationships are with its employees, communities, suppliers, governments and regulators, Shareholders, investors, non-government organisations, industry, media and customers.

Corporate Governance Report
Continued

Areas of interest vary between each Stakeholder group but cover topics including economic performance, safety and health management, employee development and well-being, environmental management and compliance and support for community and regional development.

Stakeholders interact with the Company through a variety of avenues including direct communication and meetings, receipt of newsletters and corporate publications, disclosures to the Hong Kong Stock Exchange and membership and representation on industry associations.

MMG has relationships with a range of customers globally for the sale of its products. The sales and marketing of all products is managed by a Group Sales and Marketing function that negotiates all terms and conditions at arm's length arrangements. All prices are referenced to S&P Global Platts or LME or London Bullion Market Association market prices for the appropriate product sold. Further information is discussed in the Management Discussion and Analysis on pages 20 to 57 of this Annual Report.

Information on MMG's approach to environmental, social and governance issues will be reported in the 2023 MMG Sustainability Report available on the Company's website at (www.mmg.com) in the Second Quarter 2024.

Compliance with laws and regulations

The Company has adopted the Corporate Legal Compliance Standard and other practices to ensure adherence to applicable legal and regulatory requirements and, in particular, those that have a significant impact on the operations of the Group. Our Governance, Remuneration, Nomination and Sustainability Committee is delegated by the Board to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies and practices are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and business units from time to time.

Constitutional documents

There was no change to the Company's articles of association during the year ended 31 December 2023.

ESG Approach and Performance

MMG Limited (the Company) operates and develops copper, zinc, cobalt and other base metals projects across Australia, the DRC and Peru. In 2023, MMG had four mining operations: Las Bambas, Kinsevere, Dugald River and Rosebery.

The Company is committed to responsible environmental and social performance and effective governance of its operations. This supports our growth strategy by helping to:

- manage reputational and regulatory risks;
- control costs and drive efficiencies;
- build strong stakeholder relationships; and
- attract and retain talented employees.

ESG reporting and materiality

The Company conducts a Global Reporting Initiative (GRI)-aligned materiality assessment to ensure that ESG issues which matter most to our stakeholders are reported.

The MMG Sustainability Report provides an annual summary of our approach and performance across our material sustainability issues. Elements of our sustainability reports are externally assured in line with our commitments as a member of the International Council on Mining and Metals (ICMM).

Further information on MMG's approach to sustainability, health and safety, security, social performance, environmental performance, key stakeholder relationships and compliance with laws and regulations will be reported in the 2023 MMG Sustainability Report available on the Company's website at www.mmg.com in the Second Quarter of 2024.

Corporate governance

The Company is committed to maintaining a high standard of corporate governance practices demonstrated through an experienced Board, sound risk management and internal controls, and transparency and accountability to all stakeholders. For the Company, good governance extends beyond the Board, with executive management embedding governance practices across the organisation. The company complies with the principles of good corporate governance as set out in the Corporate Governance Code (CG Code) of the Hong Kong Listing Rules, those of the ICMM and all external reporting obligations.

The Company has applied the principles of good corporate governance as set out in the Corporate Governance Code and Corporate Governance Report (CG Code) contained in Appendix C1 of the Hong Kong Listing Rules. It has complied with all applicable code provisions set out in the Appendix C1 of the Hong Kong Listing Rules throughout the years, except for the deviation from code provision B.2.2 as explained under the section headed 'Re-election of Directors' of the MMG Annual Reports.

MMG has the Audit and Risk Management (ARM) Committee and the Governance, Remuneration, Nomination and Sustainability (GRNS) Committee both of which operate under clear Terms of Reference. MMG also have a number of Executive Management Committees, including the Executive Committee, the Disclosure Committee, Investment Review Committee, Mineral Resources and Ore Reserves Committee and Code of Conduct and People Committee. A function of the Executive Committee is to review security, safety, health, environmental and social performance to improve efficiency and effectiveness. Specific security, safety, health, environment and community (SSHEC) matters to be discussed by the Board include identification, review and governance of SSHEC-related material issues, significant incidents, remediation/mitigation strategies and any specific areas of focus as identified by the Board.

ESG Approach and Performance Continued

In accordance with the Company's Sustainability Framework, owned and endorsed by the Board Governance, Remuneration, Nomination and Sustainability Committee and implemented across the Company, the Board carries out identification, review and governance of SSHEC-related material issues consistent with this framework. The framework aligns with the ICMM's Mining Principles. The Company's approach is informed by our Corporate Governance Policy, People Policy, Shareholder Communication Policy, SSHEC Policy and Human Rights Policy.

There is no universal formula for good corporate governance. Our emphasis throughout this Statement is on compliance with our internal standards, informed by CG Code of the Hong Kong Listing Rules, those of the ICMM and all external reporting obligations.

Compliance

The Governance, Remuneration, Nomination and Sustainability Committee is responsible for developing and reviewing the Company's policies and practices on corporate governance, the Sustainability material-topics, the Code of Conduct and monitoring MMG's compliance with the Listing Rules and other applicable laws.

Our Executive Committee monitors our performance in line with the Group's policies, standards and regulatory requirements relating to safety, health, environment and community.

Business ethics

Our values and Code of Conduct inform ongoing, long term stakeholder relationships with communities and other stakeholders, with formal structures guiding how we review and respond to any potential behavioural, ethical or cultural issues as they may arise. MMG's Code of Conduct, which sets out the standards of behaviour for our employees, contractors and suppliers, covering areas such as conflict of interest, fraud, anti-corruption and legal compliance, is overseen by our Code of Conduct and People Committee, chaired by the Executive General Manager, Corporate Relations. MMG engages an independent confidential whistleblower service which is available to all employees, contractors, suppliers and external stakeholders globally. MMG's Whistleblower Framework explains the process for reporting any improper conduct, the protections afforded to people who report improper conduct, how such reports will be dealt with and the type of action which may be taken as a result. The Whistleblower Framework is integral to MMG's Corporate Legal Compliance Standard. In 2022, MMG updated its stakeholder grievance mechanism to fully align with this framework and additional mechanisms for anonymously raising grievances, further strengthening protections for stakeholders who raise issues with MMG. We also have an Anti-Corruption Standard and Framework, and a Supplier Code of Conduct.

All MMG employees including management and directors are informed of and required to comply with the Code of Conduct and Anti-Corruption Standard and Framework as a condition of their employment. An online training module is made available to employees and directors and face to face training is conducted from time to time. As part of our new set of Sustainability performance indicators in effect as of 2022, progress against targets relating to the percentage of employees required to complete anti-bribery and corruption training modules as well as grievance response and resolution times are regularly monitored by the MMG Executive Committee and MMG Board. In 2024, ongoing monitoring will be conducted quarterly by MMG's Executive Committee and the GRNS Committee.

We recognise that some of the jurisdictions where we are based present unique human rights challenges. Because of this, we seek to match good governance with a commitment to transparent initiatives, such as the Extractive Industries Transparency Initiative (EITI) coupled with open and reciprocal host community discussions.

Data protection including customer data is ensured by the use of SAP, enforcing identification authorisation, monitored by the Global Business Service. Privacy is controlled by the Company's Anti-Corruption Framework, segregation of duties and anti-bribery, anti-corruption and anti-competitive behaviour expectations.

ESG Approach and Performance Continued

Confidentiality terms are also defined in all contracts. These processes and frameworks are monitored by legal, assurance and risk departments. In addition, all corporate technology applications are hosted on Microsoft Azure cloud, with security design as well as Advanced Protection service procured from Microsoft.

Managing cyber security risk is a priority applied across MMG's different jurisdictions. All employees are required to understand and adhere to the acceptable use guidelines outlined in the MMG Technology Work Quality Requirement (WQR). This sets a safe technology use standard to protect our people and data from the risk of cyber security attacks, which could compromise MMG systems and services.

In 2023, there were no confirmed significant non-compliances with the Company's Code of Conduct identified and no legal cases regarding corrupt practices brought against the Company or its employees.

Developing and supporting our workforce and protecting labour rights

The Company has one standard governing people and benefits matters globally, the People Standard. This Standard is supported with detailed work quality requirements, systems and processes to ensure global standards and local requirements are met, which include policies related to compensation and dismissal, working hours, recruitment and people movements.

The Company is also aligned with all national legislation and legal requirements in the countries where our operations are located. The Company, through robust selection processes, chooses the best people for each position and rewards them competitively with salary and benefits that are in line with market conditions and their contribution to our overall business success. The Company is committed to sharing its successes with our communities through local employment opportunities and by investing in training and education to help local residents' transition to careers in mining or related fields.

The Company provides its people with the opportunity to develop their skills, expertise and experience to optimise their contribution to our business and to develop their careers. The Company has two broad streams of vocational training, operational training and competency verification, to drive safety, efficiencies and manage material business risks.

In addition, the Company enables employees' professional development to enhance leadership capabilities and support career pathways. The Company undertakes extensive workforce and community engagement on, and offers support to, individuals affected by any business decisions to downsize or close operations.

The Company aims to provide safe workplaces that are free of discrimination and harassment, and which foster diversity and inclusion. The Company also has a global Diversity and Inclusion approach led by the Executive Committee. The Company, through the Code of Conduct and People Committee, provides guidance on diversity and inclusion policy and practice, working alongside the regions as they determine diversity and inclusion initiatives and actions specific to their region. MMG's approach to inclusion and diversity supports our comparative advantage in attracting and retaining talent, in addition to delivering business benefits associated with greater levels of collaboration.

The Company promotes good mental health practices in the workplace and supports our workers to be physically fit and well rested so that they are able to carry out their duties safely.

We are committed to upholding the International Labour Organisation's (ILO) Declaration of Fundamental Principles and Rights at Work and their Core Labour Standards and comply with local labour laws, as a minimum, and with consideration of the eight core conventions of the ILO focusing on human rights that are directly applicable to business. This includes the rights of our employees to freedom of association and collective representation and endeavour to have positive and constructive negotiations with elected representatives of these groups. The Company also upholds the ILO Principles regarding the elimination of all forms of forced and child labour.

ESG Approach and Performance Continued

In 2023, there were no confirmed non-compliance incidents or grievances in relation to labour practices that have had a significant impact on the Group.

The following tables represent the Company's workforce by gender, employment type, age group and geographical region as well as the employee turnover rate by gender, age group and geographical region.

Table 1: 2023 Total Workforce by Employment Type and Site

Site	Permanent	Temporary	Permanent %	Temporary %	Total Workforce
Dugald River	500	357	58%	42%	857
Kinsevere	897	3,874	19%	81%	4,771
Las Bambas	2,578	5,695	31%	69%	8,273
Rosebery	361	239	60%	40%	600
Corporate	186	2	99%	1%	188
Australian Operations	34	0	100%	0%	34
MMG	**4,556**	**10,167**	**31%**	**69%**	**14,723**

* Please note that in this table, MMG permanent employees represents employees directly employed by MMG. Temporary employees includes contractors, consultants and other short-term engagements.

** Headcount for MMG permanent employees is at 31 December 2023. For temporary, this is an average of the total workforce throughout the course of the year.

Table 2: 2023 Total Permanent Workforce by Gender and Site

Site	Female	Male	Female %	Male %	Total Workforce
Dugald River	63	437	13%	87%	500
Kinsevere	130	767	14%	86%	897
Las Bambas	339	2,239	13%	87%	2,578
Rosebery	42	319	12%	88%	361
Corporate	89	97	48%	52%	186
Australian Operations	14	20	41%	59%	34
MMG	**677**	**3,879**	**15%**	**85%**	**4,556**

* Please note this table refers to MMG permanent employees directly employed by MMG. This does not include temporary employees, including contractors or consultants.

ESG Approach and Performance Continued

Table 3: 2023 MMG Workforce Turnover Rate by Age Group and Site

Site	Age (<30)	Age (31-50)	Age (>50)	Age (<30)	Age (31-50)	Age (>50)
Dugald River	15	43	10	22%	63%	15%
Kinsevere	2	12	8	9%	55%	36%
Las Bambas	8	88	11	7%	82%	10%
Rosebery	14	30	14	24%	52%	24%
Corporate	3	2	2	43%	29%	29%
Australia Ops	0	0	1	0%	0%	100%
Total	**42**	**175**	**46**	**16%**	**67%**	**17%**

* Please note this table refers to total MMG permanent employees during 2023, including all voluntary resignations for permanent employees. This does not include temporary employees, including contractors or consultants.

** The workforce turnover rate by age group and site was calculated using the total turnover for each operation, rather than as a percentage of the total permanent workforce.

Table 4: 2023 MMG Workforce Turnover Rate by Gender and Site

Site	Female	Male	Female (%)	Male (%)
Dugald River	9	59	13%	87%
Kinsevere	4	18	18%	82%
Las Bambas	15	92	14%	86%
Rosebery	10	48	17%	83%
Corporate	4	3	57%	43%
Australian Ops	1	0	100%	0%
TOTAL	**43**	**220**	**16%**	**84%**

* Please note this table refers to total MMG permanent employees during 2023, including all voluntary resignations for permanent employees. This does not include temporary employees, including contractors or consultants.

** The workforce turnover rate by age group and site was calculated using the total turnover for each operation, rather than as a percentage of the total permanent workforce.

Table 5: 2023 MMG Permanent Workforce Training by Employee Category

	Workforce	Trained Workforce	Trained Workforce (%)	Total Trained Hours	Avg Trained Hours
Executives – level 5/6	5	2	40%	5.25	1.05
Senior Management – level 4	14	10	71%	248.00	17.71
Middle Management– level 3	108	88	81%	2,103.75	19.48
Lower Management – level 2	301	227	75%	8,288.33	27.54
Employees – level 1	4,128	4,097	99%	180,913.33	43.83
Total	**4,556**	**4,424**	**97%**	**191,558.66**	**42.05**

* Please note this table refers to MMG permanent employees directly employed by MMG. This does not include temporary employees, including contractors or consultants.

ESG Approach and Performance Continued

Social performance and stakeholder engagement

We recognise that ongoing, meaningful stakeholder engagement from exploration through to the cessation of our mining activities is critical in ensuring that our business decisions are responsive to the needs and expectations of our host communities and governments. We aim to partner with our communities and strive to maintain socially and culturally inclusive and proactive communication with stakeholders regarding future plans and performance. MMG's commitment to the ICMM's Mining Principles, including the commitment to community dialogue and position on free, prior and informed consent regarding Indigenous Peoples, guides our approach to stakeholder engagement. The Company's responsibilities regarding interactions and contribution to host communities are further defined in the Company's Social Performance Standard.

The social and economic benefits we provide through our operations and their supply chains support our employees, shareholders, communities, regions and host countries to develop and prosper. This contribution comes through our payment of taxes, royalties, wages and employee entitlements; our purchase of goods and services; and through community compensation, support for local initiatives, benefit sharing and our direct investment in addressing the UN SDGs 1–6, as listed below:

1 NO POVERTY — SDG1: No Poverty

2 ZERO HUNGER — SDG2: Zero Hunger

3 GOOD HEALTH AND WELL-BEING — SDG3: Good Health and Wellbeing

4 QUALITY EDUCATION — SDG4: Quality Education

5 GENDER EQUALITY — SDG5: Gender Equality

6 CLEAN WATER AND SANITATION — SDG6: Clean Water and Sanitation

Table 6: 2022 Total Community Investment Spend by Focus Area (USD $)

Investment by SDG	Dugald River	Kinsevere	Las Bambas	Rosebery	Total
SDG1: No Poverty	$5,310	$495,666	$15,387,871	$17,157	**$15,906,004**
SDG2: Zero Hunger	$3,319	$309,578	$3,038,102	$25,221	**$3,376,220**
SDG3: Good Health and Wellbeing	$106,126	$267,322	$3,506,082	$132,501	**$4,012,031**
SDG4: Quality Education	$13,632	$945,490	$6,847,480	$19,387	**$7,825,989**
SDG5: Gender Equality	$14,933	$0	$501,583	$6,836	**$523,352**
SDG6: Clean Water and Sanitation	$0	$42,699	$163,360	$0	**$206,059**
Total	**$143,320**	**$2,060,755**	**$29,444,478**	**$201,102**	**$31,849,655**

In addition to improving access to health, education and other livelihood indicators, human development recognises the importance of managing vulnerability and building community resilience. Communities and countries must be able to withstand ongoing pressures around social and economic security, as well as the impacts of development and political instability. We seek to support our communities as they go through this journey and plan for a resilient, sustainable future.

More information about the Company's stakeholder engagement approach, as well as social performance and investment initiatives, can be found in the 2023 MMG Sustainability Report, available in the second quarter of 2024 on www.mmg.com.

In 2023, there were no confirmed non-compliance incidents or grievances in relation to human rights that have had a significant impact on the Group.

ESG Approach and Performance Continued

Supply chain

The Company sources goods and services through a global supply chain to satisfy the requirements of our operating sites. Our suppliers are essential to our business and our commitments to the environment and social contributions; hence all suppliers must satisfactorily pass the Company's Due Diligence requirements prior to the commencement of any sourcing activity. We value our relationships with qualified suppliers.

The provision of goods and services across our operations is helping local suppliers to develop sustainable businesses. Where possible, we source from providers who meet our key selection criteria in safety, environment, quality, technical, social responsibility and commercial viability. Where gaps are identified, we aid our suppliers to take up future opportunities to grow their businesses and expand their offering to customers beyond MMG.

In 2023, the Company had 6,422 active suppliers, of which 28.4% are in Australia, 33.89% in Peru, 8.39% in the DRC, 2.81% in South Africa, and 3.17% in China. The rest were distributed among other countries. Our total spend in 2023 was over US$2,755 million, and over 86.62% were localised expenditures.

The Company's supplier engagement and contract award process includes a comprehensive assessment across a range of criteria, including commercial, social, safety, environmental, quality and technical capabilities. As part of the supplier selection process, we also assess a range of non-financial criteria around supporting sustainable development in the regions where we work, including local community training and commitment to local employment.

As part of our supplier engagement process, the Company seeks formal agreement from suppliers to comply with the Supplier Code of Conduct and Anti-Corruption Framework as well as all relevant Company standards, policies and procedures, including the Supply, Fatal Risk Management, Human Rights, Social Performance and Safety, Security, Health and Environment (SSHE) Performance Standards. In 2023 the Company regularly reviewed and reported on agreed contract performance measures, as well as identified and actioned improvement opportunities.

In 2023, there were no confirmed non-compliance incidents or grievances in relation to supply chain management that have had a significant impact on the Group.

Product stewardship

The Company aims to supply metal and metal concentrate products that consistently meet customer quality expectations and that are safe for people and the environment in their intended use. The Company has processes for managing customer complaints to facilitate timely and satisfactory resolution.

The Product Stewardship Procedure guides activities to understand the characteristics of the Company's products and manage its potential impacts on human health and the environment during transportation, storage and handling. Shipments of copper, zinc and lead concentrates comply with international maritime legislation and the Company's products are classified in line with the International Maritime Organisation's (IMO) MARPOL Convention Annex V and the International Maritime Solid Bulk Cargoes Code. Most products are delivered by standard bulk container process without packaging materials. Las Bambas molybdenum concentrate is packed in non-returnable bags and loaded for shipment in ISO general purpose shipping containers.

The Company's global customers also have a shared responsibility for managing impacts throughout the life cycle of the goods they make from downstream processing of our products.

Products sold by the Company are commodities of which intellectual property is not applicable. The quality of products is priced with multiple commercial terms such as payable and claims in a wide range without recall. Therefore, no products sold or shipped are subject to recalls for safety and health reasons.

In 2023, the Company is not aware of any significant incidents of non-compliance with regulations and voluntary codes concerning the provision and use of the Company's products and services that have had a significant impact on the Company.

ESG Approach and Performance Continued

Health and safety

The Company's first value is safety with a commitment to eliminating fatalities and reduction of incidents and injuries at the workplace. The Company's Safety, Security, Health, Environment and Community (SSHEC) Policy, standards, work quality requirements and procedures collectively define the way work should be planned, assigned and executed to achieve safe outcomes. These standards include safety, security, health and environment (Fatal Risk, SSHE Performance Standards), contract management (Supply and Insurance Standard), project management (Project Standard), plant and equipment maintenance (Production and Maintenance Standard) and learning from events (Risk Management Standard).

The Company's focus on driving a safety mindset is embedded with supporting leadership and key processes in every area of the business.

Four key elements in developing an organisational culture with a strong and effective focus on safety and health has been identified including:

1. Leadership and culture, with sites aligned to common MMG leadership attributes.
2. Elimination of fatalities (low-probability, high consequence events) consistent with the requirements of our Fatal Risk Standard.
3. Prevention of injuries (high-probability events) consistent with the requirements of our Safety, Security, Health and Environment (SSHE) Performance Standard.
4. Application of learnings from incidents in line with the requirements of our internal safety and health standards.

The company's approach is based on avoiding harm to our people. MMG is committed to continuous improvement in their approach to managing safety. Through our Safety Leadership Program, the Company strive to develop a culture where safety leadership is supported through:

- a commitment to caring for each other and living MMG's values;
- building safety capability and commitment in MMG people;
- training MMG's people to be competent in all their tasks;
- enabling MMG frontline leaders to effectively implement MMG standards and processes; and
- continually supporting and enabling safe behaviour.

Despite the Company's commitment to a safety-first culture and to ensuring that supporting behaviours and processes are in place across every area of our operations, we sadly report that two Barminco contractors were fatally injured at the Dugald River mine on Wednesday 15 February 2023 when the light vehicle they were travelling in fell into a stope.

At the end of 2023, the total recordable injury frequency rate (TRIF) for the Company was 1.97 per million hours worked.

The Company is committed to doing more to achieve its target of zero fatalities and reduce the recordable injuries. 69 people across the Company's operations in 2023 experienced injuries that required medical treatment, time away from work or resulted in them being unable to perform their normal duties for a period of time. The lost time injury frequency rate (LTIF) was 0.43 for 2023.

In 2023, MMG received no significant safety related fines or non-monetary sanctions.

Environment

The Company is committed to minimising our environmental footprint through the efficient use of natural resources, management of waste produced and effective life-cycle management. The Company is focused on managing our impacts and align our environmental and biodiversity activities with our life-of-asset plans.

ESG Approach and Performance Continued

The Company's SSHEC Policy, SSHE Performance Standard defines minimum requirements for the management of water, greenhouse gases emission (GHG) reduction measures, mineral and non-mineral wastes, land, biodiversity and cultural heritage, air, noise and vibration, and all sites are required to comply with these requirements.

The Company's approach to environmental management and impact is based on the principle of continuous improvement and is aligned to the ISO14001. The approach involves identification, assessment and control of material environmental risks across all phases of our business, from exploration through to development, operation and closure. Further, the SSHE Performance Standard sets the benchmark for the efficient use of resources and minimisation of environmental impacts from our operations that include mining, processing and transportation.

Site compliance with the requirements of the SSHE Performance Standard is internally audited as part of an integrated assurance process.

The Company acknowledges human induced climate change and its impacts on the environment, the economy and communities. As extreme weather events continued to intensify globally, the Company's need to assess and build resilience became more important than ever. The Company is dedicated to being part of the global solution through the provision of minerals and metals required in a low carbon future and by committing to net zero emissions by 2050. MMG set a Net Zero by 2050 GHG emissions target and an interim reduction target of 40% in Scopes 1 and 2 emissions by 2030, from a 2020 baseline. A climate strategy, which was developed and approved by the Board in March 2022, strengthening our commitment to reduce GHG emissions, is under implementation.

MMG's Climate Strategy is tied to business planning, with all sites determining potential decarbonisation pathways and credible timelines for implementing greenhouse gas (GHG) reduction opportunities. Carbon emissions data, reporting and projections have been strengthened, and a Scope 3 emissions (indirect greenhouse gases) inventory was developed in 2023 together with customers and suppliers. Transitioning to 100% renewable electricity supply is the fastest and most reliable way to cut emissions, as technology is still being developed to displace diesel from mobile equipment fleets. MMG is committed to strengthening GHG emission data collection, reporting, risk assessment and future projections. These steps will boost transparency of how MMG tracks and publicly discloses GHG emission targets, reinforcing a key company value: 'We do what we say'. MMG will also stress-test emission projections under several climate change and carbon pricing scenarios to strengthen the climate strategy.

Further information can be found in the 2023 MMG Sustainability Report available at www.mmg.com.

The Company tracks and monitors hazardous and non-hazardous waste types and volumes, with opportunities for waste reduction and efficacy highlighted through reporting processes. Hazardous waste is managed as per state and national regulations with certified contractors transporting to appropriate waste facilities. The Company faces no challenges in sourcing water that is fit for purpose. As part of the new set of sustainability performance indicators, progress towards performance at optimal level of compliance against Global Industry Standard on Tailings Management will be monitored quarterly by the Executive Committee including waste reduction and water efficiency.

In 2023, there were no significant fines or penalties related to environmental management that have had a significant impact on the Group.

Information and data relating to the type and total air and greenhouse gas emissions, hazardous and non-hazardous waste produced, direct and indirect energy consumption and water consumption are listed in the 2023 Environmental Data section below and are managed in accordance with the Environmental Standard and core principles of ISO14001.

ESG Approach and Performance Continued

2023 Environmental data

Consistent with our internal reporting, energy consumption is listed in gigajoules (GJ), emissions to air and waste is reported in tonnes, and water is reported in megalitres (ML). For consistency, ratios are calculated on a per tonne of ore milled or per thousand tonnes of ore milled basis.

Table 7: Total energy consumption (GJ)

Site	2023	2022
Dugald River	977,739	1,003,563*
Kinsevere	1,664,047	1,279,561
Las Bambas	11,904,131	9,862,987
Rosebery	778,917	743,624
MMG Total	**15,324,834**	**12,889,735***

* 2022 value updated due to adjustment in calculation method (non-material).

Note: Energy consumption made up of a mix of sources, including diesel, LPG, on grid electricity, explosives and others.

Table 8: Energy consumption (GJ/tonnes milled)

Site	2023	2022
Dugald River	0.59	0.54
Kinsevere	0.79	0.54
Las Bambas	0.23	0.22
Rosebery	0.85	0.83
MMG Total	**0.27**	**0.26**

Table 9: Direct and indirect energy consumption (GJ)

Site and year	Direct energy consumption	Indirect energy consumption
Dugald River		
2023	271,208	706,531
2022	235,618*	767,944*
Kinsevere		
2023	1,160,907	503,140
2022	788,181	491,380
Las Bambas		
2023	7,184,943	4,719,188
2022	6,154,606	3,708,381
Rosebery		
2023	234,996	543,921
2022	227,623*	516,002*
MMG Total		
2023	**8,852,054**	**6,472,780**
2022	**7,406,028***	**5,483,707***

* 2022 value updated due to adjustment in calculation method (non-material)

ESG Approach and Performance Continued

Table 10: Total greenhouse gas emissions (tonnes CO2-e)

Site and year	Direct GHG emissions	Indirect GHG emissions	Total
Dugald River			
2023	18,542	61,502	80,044
2022	15,783*	91,894*	107,677*
Kinsevere			
2023	80,337	1,537	81,874
2022	54,455*	8,599	63,054*
Las Bambas			
2023	477,686	260,205	737,891
2022	416,473	206,580	623,053
Rosebery			
2023	15,741	25,685	41,426
2022	15,267*	23,662	38,929*
MMG Total			
2023	**592,306**	**348,929**	**941,235**
2022	**501,978***	**330,735***	**832,713***

* 2022 value updated due to adjustment in calculation method (non-material).

Table 11: Greenhouse gas (GHG) emissions (tonnes CO2-e/'000 tonnes milled)

Site	2023	2022
Dugald River	48.22	58.39*
Kinsevere	38.85	26.85
Las Bambas	13.96	14.15
Rosebery	45.12	43.40
MMG Total	**16.35**	**16.94***

* 2022 value updated due to adjustment in calculation method.

ESG Approach and Performance Continued

Table 12: Air emissions (tonnes)

	2023	2022
Oxides of Nitrogen (NOx)		
Dugald River	0	99
Kinsevere	61,756	58,975
Las Bambas	17,804	16,271
Rosebery	99	92
MMG Total	**79,659**	**75,437**
Oxides of Sulphur (SO_x)		
Dugald River	0	0
Kinsevere	112	110
Las Bambas	22	26
Rosebery	0	0
MMG Total	**134**	**136**
Particulate Matter (PM_{10})		
Dugald River	390	360
Kinsevere	15,983	15,715
Las Bambas	2,932	3,606
Rosebery	360	328
MMG Total	**19,665**	**20,009**
Volatile Organic Compounds (VOCs)		
Dugald River	16	12
Kinsevere	3,039	2,853
Las Bambas	864	791
Rosebery	7	7
MMG Total	**3,926**	**3,663**

Table 13: Total hazardous waste (tonnes)

Site	2023	2022
Dugald River	295	187
Kinsevere	108	79
Las Bambas	2,590	2,022
Rosebery	399	471*
MMG Total	**3,392**	**2,759***

* 2022 value updated due to adjustment in calculation method (non-material)

ESG Approach and Performance Continued

Table 14: Hazardous waste produced (tonnes/'000 tonnes milled)

Site	2023	2022
Dugald River	0.18	0.10
Kinsevere	0.05	0.03
Las Bambas	0.05	0.05
Rosebery	0.43	0.53*
MMG Total	**0.06**	**0.06**

* 2022 value updated due to adjustment in calculation method (non-material)

Table 15: Total non-hazardous waste (tonnes)

Site	2023	2022
Dugald River	1,699	2,434
Kinsevere	601	366
Las Bambas	14,032	10,938
Rosebery	1,756	1,885
MMG Total	**18,088**	**15,623**

Table 16: Non-hazardous waste produced (tonnes/'000 tonnes milled)

Site	2023	2022
Dugald River	1.02	1.32
Kinsevere	0.29	0.16
Las Bambas	0.27	0.25
Rosebery	1.91	2.10
MMG Total	**0.31**	**0.32**

Table 17: Total water consumption (ML)

Site	2023	2022
Dugald River	2,171	1,941*
Kinsevere	4,634	4,217*
Las Bambas	18,496	15,224
Rosebery	704	763*
MMG Total	**26,005**	**22,145***

* 2022 value updated due to adjustment in calculation method (non-material)

Table 18: Total water consumption (ML/'000 tonnes milled)

Site	2023	2022
Dugald River	1.31	1.05*
Kinsevere	2.20	1.80*
Las Bambas	0.35	0.35
Rosebery	0.77	0.85*
MMG Total	**0.45**	**0.45***

* 2022 value updated due to adjustment in calculation method (non-material)

Independent Auditor's Report

Deloitte. 德勤

To the Members of MMG Limited

(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of MMG Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 117 to 203, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report Continued

To the Members of MMG Limited – continued

(incorporated in Hong Kong with limited liability)

Key Audit Matters – continued

Key audit matters	How our audit addressed the key audit matters
Impairment of goodwill and other non-current assets – Las Bambas	
We identified the impairment of goodwill and other non-current assets for the Las Bambas cash generating unit ("CGU") as a key audit matter due to the significance of these balances in the Group's consolidated statement of financial position. In addition, the estimation of recoverable amount of the Las Bambas CGU involves complex and subjective estimates based on management's judgement of key variables and market conditions such as future commodity prices, future exchange rates, future operating performance, the timing and approval of future capital and operating expenditure, and the discount rate. As at 31 December 2023, the Las Bambas CGU has segment non-current assets, which mainly comprise of property, plant and equipment and goodwill, details of which are set out in notes 4, 12 and 14 to the consolidated financial statements. Goodwill is required to be tested for impairment annually. As a result, management completed impairment testing for the Las Bambas CGU as at 31 December 2023. Following management's assessment, no impairment has been recognised for the year ended 31 December 2023.	Our procedures in relation to the impairment assessment of goodwill and other non-current assets for the Las Bambas CGU included: • Testing key controls over the valuation of the Las Bambas CGU's non-financial assets and goodwill, including those to determine asset impairments; • Working with valuation specialists to: - Evaluate the appropriateness of the model used by management to calcu-late the fair value less cost of disposal of the Las Bambas CGU; - Assess and challenge the reasonable-ness of the key assumptions such as forecast commodity prices, discount rates, including country specific risk rates used, and comparing them to ex-ternal market data; - Review and assess the appropriateness of mining-based assumptions, including dilution and recovery rates, ore grades and ramp-up profiles included within the models; and - Challenge management's sensitivity analysis on key variables (e.g. com-modity pricing and discount rate). • Analysing the future projected cash flows used in the model to determine whether they are reasonable and supportable given the current macroeconomic climate, the political environment in Peru and the expected future performance of the Las Bambas CGU; • Evaluating the competence and objectivity of management's experts who assisted in the valuation, including those who prepared the resource and reserve estimates; • Evaluating comparable market transactions that support the valuation of exploration potential value included in the Las Bambas CGU; and • Assessing the appropriateness of the related disclosures included in notes 4, 12 and 14 to the consolidated financial statements.

Independent Auditor's Report Continued

To the Members of MMG Limited – continued

(incorporated in Hong Kong with limited liability)

Key Audit Matters – continued

Accounting for uncertain tax matters

We identified the accounting for uncertain tax matters as a key audit matter due to the Group's related party relationships and associated tax implications of substantial transactions, the significant judgement involved in the determination of the tax positions and the relevant estimates and assumptions in light of the number of jurisdictions in which the Group operates, including judgement concerning residency of key operations and holding companies, application of transfer pricing rules, the recognition of deferred income tax assets, the taxation impacts of any corporate restructurings and the recognition and measurement of provisions for tax exposures that may arise and associated disclosures.

This gives rise to complexity and uncertainty in respect of the calculation of income taxes and deferred taxation and consideration of contingent liabilities associated with tax years open to audit.

As at 31 December 2023, the Group operates across a number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business, including transfer pricing, indirect taxes, change of taxation laws, and transaction related tax matters as disclosed in notes 3.2(a), 8, 18, 19, and 35 to the consolidated financial statements.

Our procedures in relation to the accounting for uncertain tax matters included:

- Testing key controls relating to the accounting for and the disclosure of tax related transactions and matters;
- Working with tax specialists in Australia, Peru and Democratic Republic of Congo to evaluate the Group's tax obligations, review tax computations of the Group, obtain an understanding of the current status of tax assessments and investigations and to evaluate developments in ongoing tax disputes, if any;
- Assessing the recognition and measurement of any relevant deferred tax assets, deferred tax liabilities and current provisions for tax;
- Reading recent rulings, correspondence with local tax authorities and the advices from management's external tax advisors with the assistance from our tax specialists, to satisfy ourselves that the tax provisions recognised or contingent liabilities disclosed have been appropriately recorded or adjusted to reflect the latest external developments;
- Assessing the Group's related party relationships for any transactions and associated tax implications outside the normal course of business; and
- Assessing the appropriateness of the related disclosures included in notes 3.2(a), 8, 18, 19, and 35 to the consolidated financial statements.

Independent Auditor's Report
Continued

To the Members of MMG Limited – continued

(incorporated in Hong Kong with limited liability)

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report
Continued

To the Members of MMG Limited – continued

(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report Continued

To the Members of MMG Limited – continued

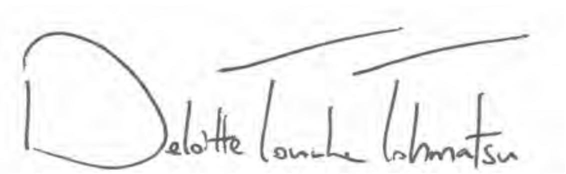
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements – continued

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Lee Wing Cheong, Wilfred.



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

5 March 2024

Contents

Consolidated Statement of Profit or Loss

	Notes	Year ended 31 December 2023 US$ million	Year ended 31 December 2022 US$ million
Revenue	4	4,346.5	3,254.2
Net other (expense)/income	5	(2.2)	2.4
Expenses (excluding depreciation and amortisation)	6	(2,882.4)	(1,721.2)
Earnings before interest, income tax, depreciation and amortisation – EBITDA		**1,461.9**	**1,535.4**
Depreciation and amortisation expenses	6	(930.2)	(790.1)
Earnings before interest and income tax – EBIT		**531.7**	**745.3**
Finance income	7	24.3	15.0
Finance costs	7	(366.4)	(299.8)
Profit before income tax		**189.6**	**460.5**
Income tax expense	8	(67.5)	(217.0)
Profit for the year		**122.1**	**243.5**
Profit for the year attributable to:			
Equity holders of the Company		9.0	172.4
Non-controlling interests		113.1	71.1
		122.1	**243.5**
Earnings per share attributable to equity holders of the Company			
Basic earnings per share	9	US 0.10 cents	US 2.00 cents
Diluted earnings per share	9	US 0.10 cents	US 1.98 cents

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

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2023 US$ million	2022 US$ million
Profit for the year	**122.1**	**243.5**
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss		
Movement on hedging instruments designated as cash flow hedges	(54.9)	82.1
Income tax expense relating to cash flow hedges	17.6	(26.3)
Item that may not be reclassified to profit or loss		
Remeasurement on the net defined benefit liability	(1.0)	-
Other comprehensive (loss)/income for the year, net of income tax	**(38.3)**	**55.8**
Total comprehensive income for the year	**83.8**	**299.3**
Attributable to:		
Equity holders of the Company	(15.3)	207.3
Non-controlling interests	99.1	92.0
	83.8	**299.3**

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

Consolidated Statement of Financial Position

	Notes	Year ended 31 December 2023 US$ million	2022 US$ million
ASSETS			
Non-current assets			
Property, plant and equipment	12	9,417.1	9,509.4
Right-of-use assets	13	118.1	111.2
Intangible assets	14	534.0	534.2
Inventories	17	115.0	122.2
Deferred income tax assets	18	150.0	315.7
Other receivables	19	168.8	167.5
Derivative financial assets	20	-	113.9
Other financial assets	21	2.7	1.5
Total non-current assets		**10,505.7**	**10,875.6**
Current assets			
Inventories	17	389.5	872.6
Trade and other receivables	19	476.0	342.5
Current income tax assets		79.5	60.5
Derivative financial assets	20	3.1	12.1
Cash and cash equivalents	22	447.0	372.2
Total current assets		**1,395.1**	**1,659.9**
Total assets		**11,900.8**	**12,535.5**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23	3,224.6	3,220.5
Reserves and retained profits	24	(1,101.2)	(1,081.5)
		2,123.4	**2,139.0**
Non-controlling interests	16	2,188.6	2,089.5
Total equity		**4,312.0**	**4,228.5**

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

Consolidated Statement of Financial Position
Continued

		Year ended 31 December	
	Notes	2023 US$ million	2022 US$ million
LIABILITIES			
Non-current liabilities			
Borrowings	25	3,375.8	4,209.6
Lease liabilities	26	125.6	117.4
Provisions	27	647.0	599.2
Trade and other payables	28	286.5	217.5
Deferred income tax liabilities	18	952.7	1,208.0
Total non-current liabilities		**5,387.6**	**6,351.7**
Current liabilities			
Borrowings	25	1,331.3	1,203.0
Lease liabilities	26	22.0	21.3
Provisions	27	127.3	81.0
Derivative financial liabilities	20	-	0.3
Trade and other payables	28	616.4	535.5
Current income tax liabilities		104.2	114.2
Total current liabilities		**2,201.2**	**1,955.3**
Total liabilities		**7,588.8**	**8,307.0**
Net current liabilities		**(806.1)**	**(295.4)**
Total equity and liabilities		**11,900.8**	**12,535.5**

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

LI Liangang
Interim CEO and Executive Director

XU Jiqing
Chairman of the Board and Non-Executive Director

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 23)	(Note 24)	(Note 24)		(Note 16)	
At 1 January 2023	**3,220.5**	**(1,826.7)**	**745.2**	**2,139.0**	**2,089.5**	**4,228.5**
Profit for the year	-	-	9.0	9.0	113.1	122.1
Other comprehensive loss	-	(24.3)	-	(24.3)	(14.0)	(38.3)
Total comprehensive (loss)/income for the year	**-**	**(24.3)**	**9.0**	**(15.3)**	**99.1**	**83.8**
Provision of surplus reserve	-	0.4	(0.4)	-	-	-
Employee long-term incentives	-	(1.5)	-	(1.5)	-	(1.5)
Employee share options and performance awards vested and exercised	4.1	(2.9)	-	1.2	-	1.2
Employee share options and performance awards lapsed	-	(0.1)	0.1	-	-	-
Total transactions with owners	**4.1**	**(4.1)**	**(0.3)**	**(0.3)**	**-**	**(0.3)**
At 31 December 2023	**3,224.6**	**(1,855.1)**	**753.9**	**2,123.4**	**2,188.6**	**4,312.0**

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

US$ million	Attributable To Equity Holders Of The Company					
	Share Capital	Total Reserves	Retained Profits	Total	Non-Controlling Interests	Total Equity
	(Note 23)	(Note 24)	(Note 24)		(Note 16)	
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 Cash Flows

	Notes	Year Ended 31 December 2023 US$ million	2022 US$ million
Cash flows from operating activities			
Receipts from customers		4,605.3	3,402.1
Payments to suppliers and employees		(2,621.8)	(2,319.9)
Payments for exploration expenditure		(49.6)	(30.8)
Income tax paid		(79.1)	(268.0)
Net settlement of commodity hedges		(4.9)	48.7
Net cash generated from operating activities	29	**1,849.9**	**832.1**
Cash flows from investing activities			
Purchase of property, plant and equipment	29	(790.0)	(564.5)
Purchase of intangible assets		(1.2)	(1.7)
Proceeds from disposal of subsidiary		-	27.5
Proceeds from disposal of property, plant and equipment		1.2	-
Net cash used in investing activities		**(790.0)**	**(538.7)**
Cash flows from financing activities			
Proceeds from external borrowings	25	1,650.0	500.0
Repayments of external borrowings	25	(2,458.8)	(1,491.4)
Proceeds from related party borrowing	25	1,150.0	200.0
Repayments of related party borrowing	25	(1,050.0)	(100.0)
Net settlement of interest rate swap		132.4	17.9
Proceeds from shares issued upon exercise of employee share options		1.2	0.1
Repayment of lease liabilities	26	(37.7)	(31.2)
Interest and financing costs paid on external borrowings		(279.0)	(182.2)
Interest and financing costs paid on related party borrowings		(100.3)	(95.6)
Withholding taxes paid in respect of financing arrangements		(14.6)	(9.1)
Interest received		21.7	15.0
Net cash used in financing activities		**(985.1)**	**(1,176.5)**
Net increase/(decrease) in cash and cash equivalents		**74.8**	**(883.1)**
Cash and cash equivalents at 1 January		372.2	1,255.3
Cash and cash equivalents at 31 December	22	**447.0**	**372.2**

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

Notes to Consolidated Financial Statements

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 2023 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 2023 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 5 March 2024.

2. Summary of Material 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 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 Note 3.

(a) Going Concern

The consolidated financial statements have been prepared on the 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 of the Group 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 2023, the Group had net current liabilities of US$806.1 million (31 December 2022: US$295.4 million) and cash and cash equivalents of US$447.0 million (31 December 2022: US$372.2 million). For the year ended 31 December 2023, the Group generated a net profit of US$122.1 million (2022: US$243.5 million) and operational net cash inflows of US$1,849.9 million (2022: US$832.1 million).

Cash flow forecasts include drawdowns from existing and new credit facilities and assume the successful extension of revolving credit facilities ("RCF"). 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.

Notes to Consolidated Financial Statements
Continued

Management notes the following considerations, relevant to the Group's ability to continue as a going concern:

- At 31 December 2023, total cash and cash equivalents of US$447.0 million (2022: US$372.2 million) were held by the Group;
- The Group has US$4,325.0 million undrawn facilities as at the date that the financial statements are authorised to be issue:
  - A US$350.0 million undrawn RCF from Album Enterprises Limited ("Album Enterprises") (a subsidiary of China Minmetals Non-ferrous Metals Co., Ltd ("CMN")) which will expire in August 2024;
  - A new US$275.0 million undrawn RCF from Bank of China ("BOC") which will expire in April 2026;
  - A new US$150.0 million undrawn RCF from Industrial and Commercial Bank of China ("ICBC") consisting of three tranches of US$50.0 million each set to expire in March, May and June 2026;
  - A new US$100.0 million undrawn RCF from Bank of Communication ("BOCOM") which will expire in August 2026;
  - A new US$200.0 million RCF from China Construction Bank ("CCB") of which US$50.0 million remains undrawn. It will expire in January 2027;
  - A new US$100.0 million undrawn RCF from CCB which will expire in February 2027;
  - A new US$1,000.0 million undrawn RCF from Top Create Resources Limited ("Top Create") (a subsidiary of CMN). This facility will expire in December 2026;
  - A new US$300.0 million Term Loan Facility from Top Create that supports the Kinsevere Expansion Project ("KEP") project which will expire in December 2030; and
  - A shareholder term loan facility of US$2,000.0 million from Top Create to support the acquisition of the Cuprous Capital Ltd ("CCL") and its subsidiaries (refer to Note 36 for more details).
- The Group expects to obtain, renew or extend a number of facilities:
  - A new RCF of US$700.0 million from syndicated banks currently being negotiated;
  - A new US$44.0 million term loan from external banks currently being negotiated to support the operations of Kinsevere;
  - New RCFs of US$200.0 million with external banks; and
  - The Tranche A repayment of the US$2,161.3 million term loan from Top Create of US $700.0 million is due in July 2024 but is expected to be deferred for three years.

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 and its subsidiaries. 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.

Based on the above, and a review of the forecast financial position and results of the Group for the twelve months from approval of these consolidated financial statements, 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 the going concern basis.

Notes to Consolidated Financial Statements
Continued

(b) New standards and amendments to existing standards effective and adopted in 2023 with no significant impact to the Group

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[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]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules

1 The application of the new HKFRS 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.

Impacts on application of amendments to HKAS 12 "Income Taxes International Tax Reform-Pillar Two model Rules"

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date Pillar Two legislation is enacted or substantially enacted. The qualitative and quantitative information about the Group's exposure to Pillar Two income taxes is set out in Note 8.

In addition, the Group applied the following agenda decision of the Committee of the International Accounting Standards Board ("IASB") which is relevant to the Group given that HKFRSs Standards are largely aligned with IFRS Standards, the agenda decision of the Committee is equally applicable:

Definition of a Lease - Substitution Rights (IFRS 16 Leases)

In April 2023, the Committee published the agenda decision which addressed: (i) the level at which to evaluate whether a contract contains a lease when the contract is for the use of more than one similar asset i.e. by considering each asset separately or all assets together; and (ii) how to assess whether a contract contains a lease applying IFRS 16 when the supplier has substitution rights to substitute alternative assets, but would not benefit economically from the exercise of its right to substitute the asset throughout the period of use.

The Committee concluded that, (i) the level to assess whether the contract contains a lease is at each identified asset level; and (ii) the supplier's right is not substantive because the supplier is not expected to benefit economically from exercising its right to substitute an asset throughout the period of use.

The application of the Committee's agenda decision has had no material impact on the Group's consolidated financial statements.

(c) 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 amendments to standards that have been issued but are not effective for financial year 2023.

Notes to Consolidated Financial Statements
Continued

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current liabilities with Covenant[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or 1 January 2024.

3 Effective for annual periods beginning on or 1 January 2025.

2.2 Consolidation

(a) Acquisition method of accounting for non-common control combination

The Group applies the acquisition method of accounting to account for business combinations other than common control combinations. The purchase consideration for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The purchase consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiaries. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, which is the date on which control is obtained. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

The excess of purchase consideration, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired are recorded as goodwill. If the total of purchase consideration, non-controlling interest recognised and previously held interest measured are less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

(b) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when it has existing rights to direct the relevant activities that significantly affect the entity's returns. The subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Notes to Consolidated Financial Statements
Continued

(c) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint arrangement or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of the investment. The results of subsidiaries are accounted for by the investing Group entity on the basis of dividend received and receivable.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee of the Company.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (functional currency). The functional currency of the Company is US dollars (US$), which is also the presentation currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or reporting date where monetary items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the consolidated statement of profit or loss.

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Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.5 Property, plant and equipment

Cost

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss, if any. The cost of those items are measured in accordance with the measurement requirements of HKAS 2. The cost of property, plant and equipment includes the estimated cost of mine rehabilitation, restoration and dismantling.

Depreciation and amortisation

Property, plant and equipment are depreciated over the estimated useful lives of the assets on straight line, unit of production or reducing balance basis as indicated below. The useful lives below are subject to the lesser of the asset categories' useful life and the life of the mine:

- Freehold land – Not depreciated or unit of production (tonnes mined) as applicable;
- Buildings – straight line over the useful life of the asset as applicable which do not exceed 40 years;
- Plant and machinery – Units-of-production (tonnes mined or milled) or straight line over the useful life of the asset as applicable which does not exceed 20 years;
- Plant and machinery (other) – Straight line 2-15 years or reducing balance over remaining life;
- Mine property and development assets – Units-of-production (tonnes mined, milled, or metal produced);
- Exploration and evaluation assets – Not depreciated; and
- Construction in progress – Not depreciated.

Depreciation and amortisation commence when an asset is available for use.

The units-of-production method is applied based on assessments of proven and probable ore reserves and a portion of mineral resources available to be mined or processed by the current production equipment to the extent that such resources are considered to be economically recoverable. Resource and Reserves estimates are reviewed annually.

(a) Exploration and evaluation assets

Exploration and evaluation activities include expenditure to identify potential Mineral Resources, determine the technical feasibility and assess the commercial viability of the potential Mineral Resources.

Exploration and evaluation costs that are incurred before the Group has obtained the legal right to explore an area, or are incurred up to and including the pre-feasibility phase, are recognised in the consolidated statement

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of profit or loss. Subsequent exploration and evaluation costs are capitalised as exploration and evaluation asset where the relevant capitalisation criteria under the applicable standard is met.

Exploration and evaluation costs that relate to an area of interest acquired as part of an asset acquisition or business combination are capitalised and the exploration and evaluation asset is measured at fair value on acquisition.

Exploration and evaluation assets are recognised as tangible assets and classified under property, plant and equipment. As these assets are not yet ready for use they are not depreciated.

Exploration and evaluation assets are carried forward if the rights to the area of interest are current and the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by the sale of the asset.

The assets are monitored for indications of impairment and an assessment is performed where an indicator of impairment exists. For the purpose of the impairment testing, exploration and evaluation assets are allocated to cash-generating units ("CGU") to which the exploration activity relates.

Once the technical feasibility and commercial viability of the development of an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to "mine property and development" assets within property, plant and equipment.

(b) Development expenditure

The following assets are classified directly as mine property and development assets from the commencement of development:

- Mineral rights balances representing identifiable exploration and evaluation assets including Mineral Resources and Ore Reserves acquired as part of a business combination and recognised at fair value at the date of acquisition; and
- Mine rehabilitation, restoration and dismantling assets.

After the technical feasibility and commercial viability of the development of an area of interest are demonstrated, all subsequent expenditure to develop the mine to the production phase is capitalised and classified as "mine property and development" assets.

(c) Overburden and waste removal

Overburden and other waste removal costs incurred in the development phase of a mine before production commences are initially capitalised as part of construction in progress. At the completion of development, costs are transferred to the mine property and development category of property, plant and equipment.

The Group defers a portion of waste removal costs incurred during the production phase of an open-pit operation as part of determining the cost of inventories. Current period waste mining expenses are allocated between current period inventory and deferred waste assets based on the ratio of waste tonnes mined to ore tonnes mined (waste to ore ratio). The amount of deferred waste asset is calculated for each separate component of the ore body identified based on mine plans. Current period expenses are deferred to the extent that the current period waste to ore ratio exceeds the life-of-mine waste to ore ratio for the identified component of ore body. Deferred waste assets are categorised in the mine property and development category of property, plant and equipment and are amortised over the life of the component on a units-of-production basis. Changes to estimates are accounted for prospectively.

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(d) Other expenditure

When further development expenditure is incurred in respect of the mine property after the commencement of the production phase, or additional property, plant and equipment are acquired, such expenditure is capitalised and carried forward only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Major spare parts are carried as property, plant and equipment when an entity expects to use them during more than one period or when they can be used only in connection with an item of property, plant and equipment. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the consolidated statement of profit or loss during the accounting period in which they are incurred.

(e) Disposal of property, plant and equipment

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and the carrying amount of the asset is recognised as a gain or loss in the consolidated statement of profit or loss within other income.

2.6 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the purchase consideration over the interest of the Group in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the non-controlling interest in the acquiree.

Goodwill is not amortised and is tested for impairment annually (refer to Note 2.7). For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the acquisition. Each unit or group of units to which the goodwill is allocated, represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(b) Software development

Development costs that are directly attributable to the design, testing and deployment of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs include direct materials, employee costs, services and an appropriate portion of relevant overheads.

Other development expenditure that does not meet these criteria and costs associated with maintaining computer software programs is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Software development assets are amortised over their estimated useful lives, which do not exceed seven years.

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2.7 Impairment of non-financial assets

All intangible assets that have an indefinite useful life, for example goodwill, or are not ready for use are tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment.

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and value in use of an asset. For the purposes of impairment assessment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Any impairment loss related to goodwill is recognised immediately as an expense and is not subsequently reversed. Any impairment loss related to non-financial assets other than goodwill is reviewed and may be reversed at subsequent reporting dates. A reversal of previously recognised impairment loss is limited to the lesser of the amount that would not cause the carrying amount to exceed its recoverable amount or the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised.

2.8 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(a) Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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Right-of-use assets in which the Group are reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

(b) Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate ("IBR") at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in rental rates, in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

(c) Lease modifications

The Group is allowed to apply the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional

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lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.9 Financial assets

Classification

Classification of financial assets depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows. The Group classifies its financial assets as:

- financial assets measured at amortised cost, or
- financial assets measured at fair value.

Gains or losses of assets measured at fair value will be recognised either through profit or loss ("FVTPL") or through other comprehensive income.

(a) Amortised cost

A financial asset shall be measured at amortised cost if it is held within a business model. The objective of which is to hold financial assets in order to collect contractual cash flows, where the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through profit or loss (FVTPL)

A financial asset shall be measured at FVTPL unless it is measured at amortised cost or at fair value through other comprehensive income.

Recognition and measurements

Regular purchases and sales of financial assets are recognised on the trade-date being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at FVTPL. Financial assets carried at FVTPL are initially recognised at fair value and transaction costs are expensed in the consolidated statement of profit or loss.

Financial assets at FVTPL are subsequently carried at fair value. Financial assets at amortised cost are measured at the amount recorded at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any loss allowance.

Gains or losses arising from changes in the fair value of the financial assets at FVTPL are presented in the consolidated statement of profit or loss within expenses in the period in which they arise. The net gain or loss recognised in profit or loss arising from changes in the fair value of the financial assets at FVTPL excludes any dividend income. Dividend income from financial assets at FVTPL is recognised in the consolidated statement of profit or loss as part of other income when the right of the Group to receive payment is established, the Group is probable to obtain the economic benefits associated with it and the amount can be measured reliably.

Financial assets are derecognised when the contractual rights to receive cash flows from the investments have expired or have been transferred, and the Group has transferred substantially all risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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Impairment of financial assets

The Group applies an expected credit loss ("ECL") approach in respect of receivables classified as financial assets at amortised cost, which is assessed on an individual basis for each counterparty at the end of each reporting period where relevant. The Group reviews credit risk with respect to the counterparty, likelihood or risk of default and forward-looking reasonable and supportable documentation in assessing a loss allowance for the respective financial asset at the end of each reporting period. The Group's consideration of credit risk takes into account, among other things, the instrument type, credit risk rating, date of initial recognition, remaining term to maturity and geographical location of the debtor. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Credit loss is measured at the present value of such difference in cash flows, discounted using the effective interest rate determined at initial recognition. The Group measures the loss allowance equal to 12-month ECL ("12m ECL"). In the event when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(c) Derivative financial instruments and hedge accounting

For the year ended 31 December 2023, the Group has held derivative financial instruments, all of which have been detailed in Note 31.1 (a) and Note 31.1 (b). Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

In assessing the economic relationship between the hedged item and the hedging instrument the Group assumes that the interest rate benchmark on which the hedged cash flows and/or hedged risk are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

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The effective portion of changes in the fair value of the hedging instrument designated as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'finance income' or 'finance costs' line item for a financing hedge (e.g., an interest rate swap) or in 'other income/expense' (for any other hedges, e.g., a commodity hedge). As to cash flow statements disclosure, cashflow resulting from commodity hedge is part of 'operating activities'; cashflow resulting from financing hedge (e.g., an interest rate swap) is part of 'financing activities'.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

2.10 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected loss is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

2.11 Inventories

Inventories comprise raw materials, stores and consumables, work in progress and finished goods. Inventories are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

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Costs are assigned to individual items of inventory based on weighted average costs. Costs include the costs of direct materials, overburden removal, mining, processing, labour, related transportation costs to the point of sale, an appropriate proportion of related production overheads, mine rehabilitation costs incurred in the extraction process and other fixed and variable costs directly related to mining activities. They exclude borrowings costs.

2.12 Trade and other receivables

Trade receivables are recognised initially at transaction price and subsequently measured at fair value through profit or loss. The terms of sales contracts with third parties contain provisional pricing arrangements whereby the selling price for contained metal is based on prevailing spot prices during a specified future date range after shipment to the customer (quotation period). For provisional pricing arrangements, the Group re-estimates the fair value of the final sales price adjustment continually by reference to forward market prices. The fair value of the final sales price is recognised as an adjustment to revenue. Refer to Note 2.20 for details.

Other receivables are measured at amortised cost using the effective interest method, less provision for impairment. If collection of trade and other receivables is expected in one year or less, trade and other receivables are classified as current assets. If not, they are presented as non-current assets.

2.13 Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- cash, which comprises of cash on hand and deposits held at call with banks, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- cash equivalents, which comprises of short-term highly liquid investments with original maturities of three months or less. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

2.14 Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(a) Financial liabilities

Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their

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intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(b) Equity instruments

Equity instruments are any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Subsequent to initial recognition, the equity instrument is not remeasured. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(c) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Expenses' line item in profit or loss (Note 6) as part of net foreign exchange loss/(gain) - net.

2.15 Mine rehabilitation, restoration and dismantling obligations

Provisions are made for the estimated cost of rehabilitation, restoration and dismantling relating to areas disturbed during the mine's operations up to the reporting date but not yet rehabilitated. Provision has been made in full for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of recontouring, top soiling and revegetation to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Uncertainty exists as to the amount of rehabilitation obligations that will be incurred due to the impact of changes in environmental legislation, and many other factors, including future developments, changes in technology, price increases and changes in interest rates. The amount of the provision relating to mine rehabilitation, restoration and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time.

The provision is recognised as a liability, separated into current (estimated expenditure arising within 12 months) and non-current components, based on the expected timing of these cash flows. A corresponding asset is included in mine property and development assets, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity, otherwise a corresponding expense is recognised in the profit or loss. The capitalised cost of this asset is recognised in property, plant and equipment and is amortised over the life of the mine.

At each reporting date, the rehabilitation liability is remeasured in line with changes in discount rates, and timing or amounts of the costs to be incurred. Rehabilitation, restoration and dismantling provisions are adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence considering the significant judgements and estimates involved. Changes in the liability relating to mine rehabilitation, restoration and dismantling obligations are added to or deducted from the related asset (where it is probable that future economic benefits will flow to the entity), other than the unwinding of discount on provisions, which is recognised as a finance cost in the consolidated statement of profit or loss. Changes to capitalised cost result in an adjustment to future depreciation charges.

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The provisions referred to above do not include any amounts related to remediation costs associated with unforeseen circumstances.

2.16 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

A provision is recognised for the amount expected to be paid under short-term or long-term bonus entitlements if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the Director or employee and the obligation can be estimated reliably.

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the limited circumstances where no reliable estimate can be made.

2.17 Current and deferred income tax

The tax expense recognised for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax expense represents the sum of current and deferred income tax expense.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the jurisdictions or where a stability agreement is applicable where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and at the

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time of the transaction does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date or where a stability agreement is applicable and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention and agreement with tax authorities to settle the balances on a net basis.

Tax consolidation – Australia

The majority of the Australian subsidiaries of the Company are an income tax consolidated group and are taxed as a single entity. MMG Australia Limited is the head company of the Australian tax consolidated group.

The subsidiaries in the Australian tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone tax payer in its own right. In addition to its own current and deferred tax amounts, the head entity recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the other entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements between entities within the tax consolidated group entities are utilised as amounts receivable from or payable to other entities within the tax consolidated group.

2.18 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.19 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they are accrued by employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations – defined contribution plans

Arrangements for staff retirement benefits are made in accordance with local regulations and customs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

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(c) Long-term employee benefits

Long-term employee benefit obligations are measured at the present value of expected future payments to be made. Long-term benefits include post-employment defined benefit plan in Democratic Republic of the Congo ("DRC") and long service leave in Australia.

Post-employment defined benefit plan

Defined benefit obligation under the plan is measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method and recorded as non-current liabilities. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Consideration is given to expected future salary increase and historic attrition rates. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments are recognised as past service costs. Current and past service costs related to post-employment benefits are recognised immediately in the consolidated statement of profit and loss while unwinding of the liability at discount rates used are recorded as financial cost.

Long service leave

Long service leave is a period of paid leave granted to an employee in recognition of a long period of service to an employer. The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. The Group applies simplified method of accounting as required by HKAS 19 Employee Benefits and all past service costs and actuarial gains and losses (where applicable) are recognised immediately.

(d) Share-based compensation to employees

The Group operates multiple equity-settled and cash-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options or performance shares or cash awards is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options/performance shares granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability and remaining employees of the entity over

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a specified period). Non-market vesting conditions are included in assumptions about the number of options/performance shares that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the Group revises its estimates of the number of options/performance shares that are expected to vest based on the non-market vesting conditions. For cash-settled share-based compensation plans, at the end of each reporting period until the provision is settled , and at the date of settlement, the provision is remeasure to fair value. For cash awards that are vested, any changes in the fair value are recognised in profit or loss for the year. It recognises the impact of the revision of original estimates, if any, in the consolidated statement of profit or loss with a corresponding adjustment to equity or provision.

The proceeds received net of any directly attributable transaction costs are credited to share capital or paid by cash when the options are exercised. Options which lapse or are cancelled prior to their exercisable date are deleted from the register of outstanding options and the amount previously recognised in share-based payment reserve or liability will be transferred to retained profits.

2.20 Revenue recognition

Revenue is recognised when persuasive evidence of an arrangement exists, usually in the form of an executed sales agreement, indicating there has been a transfer of control and completion of distinctive performance obligations separately identified by the Group. Factors which indicate transfer of control include, but are not limited to, transfer of risk and reward, transfer of legal title to customer and a present right to payment.

Transaction price under the sales agreement is allocated to the various performance obligations under the relevant sales agreement and revenue is recognised in line with satisfaction of each performance obligation.

Revenue is presented net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

(a) Sale of goods

Sale of goods is recognised upon transfer of control, which for majority of the products is the bill of lading date when the commodity is delivered for shipment, or in case of bill-and-hold arrangements, once a holding and title certificate is issued to the buyer together with the invoice. Depending on various incoterms associated with the sales agreement, the Group may have other performance obligations such as shipping service. Revenue may be allocated to various performance obligations and is recognised for each performance obligation as such obligations are fulfilled. Allocation of transaction price to other performance obligations (e.g. shipping services) is based on best estimate of a similar stand-alone service.

Revenue is reported net of discounts and pricing adjustments. Royalties paid and payable are separately reported as expenses. Revenues from the sale of significant by-products, such as gold and silver, are included in sales revenue.

Price adjustments in case of provisionally priced sales

The Group has certain provisionally priced sales where the contract terms for the Group's concentrate sales allow for adjustment based on a final assay of the goods determined after discharge. The Group assesses such provisional pricing to be a variable consideration and recognises revenue at an amount representing the Group's estimate for the expected final consideration. This amount is based on the most recently determined estimate of product assays. The Group applies judgement regarding likelihood of significant reversals to ensure that revenue is only recognised to the extent that it is highly probable that significant reversal will not occur. Any adjustments to the final price are recognised as revenue.

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Changes in fair value of provisionally priced sales

The terms of sales contracts with third parties contain provisional pricing arrangements whereby the initial selling price (provisional price) for contained metal is based on prevailing spot prices before the shipment to the customer (provisional quotational period). Adjustment to the provisional price occurs based on movements in quoted market prices up to the completion of a specific future date range (quotational period). The period between provisional invoicing and quotational period completion is typically between 0 and 120 days.

In case of such provisional pricing arrangements, the Group re-estimates the fair value of the final sales price adjustment continually by reference to forward market prices. The fair value of the final sales price is recognised as an adjustment to revenue.

Payment from customers is due within 2-30 working days of receiving the provisional invoicing and any adjustments as per the final invoice are payable in 2-30 working days.

(b) Interest and dividend income

Interest income is recognised on a time-proportion basis, using the effective interest method. Dividend income is recognised when right to receive dividend is established.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders or the Board, as appropriate.

3. Critical Accounting Estimates and Judgements

In preparing these consolidated financial statements, management has made estimates and judgements that affect the application of the Group's accounting policies. Estimates and judgements are reviewed on an ongoing basis based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.1 Estimates

(a) Mine rehabilitation, restoration and dismantling obligations

Provision is made for the anticipated costs of future restoration, rehabilitation and dismantling of mining areas from which natural resources have been extracted in accordance with the accounting policy in Note 2.15. These provisions include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues. These future cost estimates are discounted to their present value. The calculation of these provision estimates require assumptions such as the application of environmental legislation, the scope and timing of planned activities, available technologies, engineering cost estimates, inflation, and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine rehabilitation, restoration and dismantling provisions. For non-operating sites, changes to estimated costs are recognised immediately in the consolidated statement of profit or loss.

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(b) Mineral Resources and Ore Reserves estimates

The estimated quantities of economically recoverable Mineral Resources and Ore Reserves are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported Reserves and Resources estimates can impact the carrying value of property, plant and equipment through depreciation, restoration and dismantling obligations at the end of mine life, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the consolidated statement of profit or loss. The changes are effective from next financial year following Board approval of the revised Reserves and Resources estimates.

(c) Inventory valuation

Accounting for inventory involves the use of estimates. Such estimates include determination of the net realisable value of inventory (refer Note 2.11). Net realisable value is estimated based on expected selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale. Management utilises the mine plan of the respective operations in order to estimate the net realisable value. Where the net realisable value is lower than the cost of inventory, the inventory value is reduced to reflect such difference. In particular, the lower grade ore inventory is generally susceptible to such value reduction. A change in assumptions may result in the net realisable value estimate to vary significantly, thereby impacting the overall inventory valuation.

(d) Recoverability of non-financial assets

The recoverable amount of each of the Group's cash-generating units is determined as the higher of the asset's fair value less costs of disposal and its value in use in accordance with the accounting policy in Notes 2.7 and 12. These calculations require the use of estimates and assumptions including discount rates, exchange rates, commodity prices, exploration potential, future capital requirements and future operating performance.

(e) Deferral of waste removal costs

The Group defers a portion of waste removal costs incurred during the production phase of an open-pit operation as part of determining the cost of inventories. The amount of deferred waste asset is calculated for each separate component of the ore body as identified by management based on mine plans.

(f) Depreciation and amortisation

The Group allocates the depreciable amount of assets on a systematic basis over the relevant asset's useful life. Refer to Note 2.5 where depreciation methods and useful life estimates for major classes of assets has been disclosed. The estimation of the useful life of the asset is a matter of management judgement and changes in such estimation can result in material impact to the current and future depreciation and amortisation expenses. As per Group's policy, the depreciation method is re-assessed periodically and changes are made where management believes that such changes in depreciation method or useful life estimate are required to better reflect the pattern of consumption of economic benefits embodied in the asset.

Change in estimate during the year:

Management reassessed and amended the useful life and depreciation method for certain assets at Las Bambas based on expected usage as per latest operational plans.

The change has resulted in depreciation for the year to be lower by US$15.2 million. Management believes the amended useful lives and depreciation method better reflect the pattern of future economic benefits to be obtained from the impacted assets.

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3.2 Judgements

(a) Taxes

The Group is subject to tax in a number of jurisdictions. Some of these are in countries that carry higher levels of sovereign risk. Management continually assesses the levels of sovereign risk in determining whether political and administrative changes and reforms in laws, regulations or taxation may impact the Group's future performance.

Significant judgement is required in determining the tax position and the estimates and assumptions in relation to the provision for taxes and the recovery of tax assets, having regard to the nature and timing of their origination and compliance with the relevant tax legislation. There are some tax matters for which the ultimate tax determination is uncertain during the ordinary course of business, which could have a significant impact on the Group. Where the final outcome of pending tax matters is different from the amounts that were initially recognised, such differences will impact the balances in the accounting period in which such determination is made. Also refer to Note 35 in respect of tax matters with uncertain outcomes, which could result in further claims in future against the Group.

A number of above-mentioned tax matters exist at Las Bambas which is also currently subject to multiple audits and reviews by the Peruvian taxation authority in relation to value added taxes ("VAT"), withholding taxes and income taxes. Some of these tax matters relate to Glencore plc's period of ownership and may be subject to potential indemnity claims. At 31 December 2023, the Group had certain indemnity claims in court against Glencore plc and its subsidiaries ("Glencore"). These matters remain ongoing in the judicial process.

For some of the tax matters under audit in Peru, Minera Las Bambas S.A ("MLB") may appeal and not pay the assessed amount if unfavourable assessment resolutions were ultimately issued, or make judgements as to the timing of payments in relation to these matters. The timing of resolution and potential economic outflow of the unresolved tax matters are uncertain. Some of these uncertain tax matters are either incapable of being measured reliably or there is remote possibility of economic outflow at the reporting date. As such, no provision has been reflected in the consolidated financial statements for those tax matters.

Where income tax, VAT and withholding tax obligations have been assessed and deemed to have probable future economic outflows capable of reliable measurement, the Group has recognised a provision for these.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

(b) Leases

Certain contracts require management to exercise judgement in applying HKFRS 16 requirements to determine whether an identified asset exists for which the Group utilises substantially all the economic benefits and whether the Group may have a right to use or direct use of that asset. Management conclusion as to whether a lease component exists or not in any given contract may thus be subjective.

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4. 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.

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The segment revenue and results for the year ended 31 December 2023 are as follows:

	For the year ended 31 December 2023					
US$ million	Las Bambas	Kinsevere	Dugald River	Rosebery	Other unallocated items/ eliminations	Group
Revenue by metal:						
- *Copper*[1]	2,938.0	354.6[3]	-	8.2	3.4	3,304.2
- *Zinc*[2]	-	-	264.1	95.3	-	359.4
- *Lead*	-	-	35.9	32.0	-	67.9
- *Gold*	180.8	-	-	52.7	-	233.5
- *Silver*	122.7	-	31.2	51.8	-	205.7
- *Molybdenum*	175.8	-	-	-	-	175.8
Revenue from contracts with customers	**3,417.3**	**354.6**	**331.2**	**240.0**	**3.4**	**4,346.5**
EBITDA	**1,396.7**	**(32.0)**	**33.8**	**77.8**	**(14.4)**	**1,461.9**
Depreciation and amortisation expenses (Note 6)	(800.0)	(27.5)	(53.1)	(56.8)	7.2	(930.2)
EBIT	**596.7**	**(59.5)**	**(19.3)**	**21.0**	**(7.2)**	**531.7**
Finance income (Note 7)						24.3
Finance costs (Note 7)						(366.4)
Income tax expense (Note 8)						(67.5)
Profit for the year						**122.1**
Other segment information:						
Additions to non-current assets (excluding deferred tax assets, inventories and financial instruments)	351.0	332.2	92.3	68.0	4.9	**848.4**

The segment assets and liabilities at 31 December 2023 are as follows:

	At 31 December 2023					
US$ million	Las Bambas	Kinsevere	Dugald River	Rosebery	Other unallocated items/ eliminations	Group
Segment assets[4]	**9,449.3**	**852.8**	**687.0**	**295.8**	**386.4**	**11,671.3**
Current/deferred income tax assets						229.5
Consolidated assets						**11,900.8**
Segment liabilities[5]	**3,093.2**	**317.4**	**367.6**	**197.8**	**2,555.9**	**6,531.9**
Current/deferred income tax liabilities						1,056.9
Consolidated liabilities						**7,588.8**
Segment non-current assets	**8,635.8**	**725.9**	**620.9**	**255.6**	**267.5**	**10,505.7**

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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[3]	-	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 6)	(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 7)						15.0
Finance costs (Note 7)						(299.8)
Income tax expense (Note 8)						(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[4]	**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[5]	**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**

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1 Commodity derivative realised and unrealised net losses with a total amount of US$15.9 million (2022: net gains of US$58.2 million) were included in "Revenue" of Copper;

2 Commodity derivative realised and unrealised net losses with a total amount of US$3.0 million (2022: net gains of US$14.4 million) were included in "Revenue" of Zinc;

3. Commodity hedge trades with realised net losses of US$0.3 million (2022: net realised and unrealised gains of US$20.8 million) under "Kinsevere" were executed by another subsidiary of the Company, MMG Finance Limited located in Hong Kong;

4 Included in segment assets of US$386.4 million (2022: US$413.7 million) under the other unallocated items is cash of US$39.1 million (2022: US$171.7 million) mainly held in the Group treasury entities and US$213.2 million trade receivables (2022: US$102.9 million) for MMG South America Company Limited ("MMG SA") in relation to copper concentrate sales; and

5 Included in segment liabilities of US$2,555.9 million (2022: US$2,245.4 million) under the other unallocated items are borrowings of US$2,459.9 million (2022: US$2,160.9 million), which are managed at the Group level.

5. Net Other (Expense)/Income

	2023 US$ million	2022 US$ million
Loss on disposal of property, plant and equipment	(2.6)	(9.0)
Sundry income	0.4	11.4
Total net other (expense)/income	**(2.2)**	**2.4**

6. Expenses

Profit before income tax includes the following expenses:

	2023 US$ million	2022 US$ million
Changes in inventories of finished goods and work in progress	506.8	(298.2)
Write-down of inventories to net realisable value	17.9	3.3
Employee benefit expenses[1]	320.6	277.9
Contracting and consulting expenses[3]	565.5	529.1
Energy costs	360.9	305.4
Stores and consumables costs	511.1	422.9
Depreciation and amortisation expenses[2]	913.2	773.8
Other production expenses[3]	210.4	165.5
Cost of goods sold	**3,406.4**	**2,179.7**
Other operating expenses	59.2	41.0
Royalty expenses	140.9	116.4
Selling expenses[3]	127.4	119.3
Total operating expenses including depreciation and amortisation[4]	**3,733.9**	**2,456.4**
Exploration expenses[1,2,3]	49.6	30.8
Administrative expenses[1,3]	12.9	16.0
Auditors' remuneration	1.8	1.7
Foreign exchange loss/(gain) – net	3.5	(6.6)
(Gain)/loss on financial assets at fair value through profit or loss	(1.2)	0.3
Other expenses[1,2,3]	12.1	12.7
Total expenses	**3,812.6**	**2,511.3**

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1 In aggregate US$45.1 million (2022: US$44.0 million) employee benefit expenses by nature is included in the administrative expenses, exploration expenses, and other expenses categories. Total employee benefit expenses were US$365.7 million (2022: US$321.9 million) (Note 11).

2 In aggregate US$17.0 million (2022: US$16.3 million) depreciation and amortisation expenses are included in exploration expenses and the other expenses category. Total depreciation and amortisation expenses were US$930.2 million (2022: US$790.1 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$102.8 million (2022: US$87.8 million) in respect of variable lease payments contracts and US$0.4 million (2022: US$1.0 million) and US$0.9 million (2022: US$1.3 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.

7. Finance Income and Finance Costs

	2023 US$ million	2022 US$ million
Finance income		
Interest income	24.3	15.0
	24.3	15.0
Finance costs		
Interest expense-3rd party	(239.9)	(166.8)
Interest expense-related party (Note 30(a))	(108.2)	(96.1)
Withholding taxes in respect of financing arrangements	(15.2)	(10.3)
Unwinding of discount on lease liabilities	(12.9)	(11.8)
Unwinding of discount on provisions	(22.9)	(13.4)
Other finance (cost)/refund- 3rd party	(0.3)	0.1
Other finance cost – related party (Note 30(a))[1]	(4.0)	(1.5)
	(403.4)	**(299.8)**
Gain reclassified from equity to profit or loss on interest rate swaps designated as cash flow hedges (Note 20)	37.0	-
Finance costs – total	**(366.4)**	**(299.8)**

1 For the year ended 31 December 2023, other finance cost – related party includes an amount of US$4.0 million (2022: US$1.5 million) guarantee fee, paying for guarantee CMC and CMN provided for obtaining certain RCF from external banks.

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8. 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.

	2023 US$ million	2022 US$ million
Current income tax benefit/(expense)		
– HK income tax	0.4	(2.6)
– Overseas income tax	(139.9)	(182.5)
Deferred income tax benefit/(expense)		
– HK income tax	1.0	(1.0)
– Overseas income tax	71.0	(30.9)
Income tax expense	**(67.5)**	**(217.0)**

The Group has applied the temporary exception issued by the HKICPA in July 2023 from the accounting requirements for deferred taxes in HKAS12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

On December 2023, Pillar Two legislation was enacted or substantively enacted in certain jurisdictions the Group operates. The Group is in the scope of the enacted or substantively enacted legislation. However, the legislation was enacted close to the reporting date. Therefore, the Group is still in the process of assessing the potential exposure to Pillar Two income taxes as at 31 December 2023. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable. The Group expects to be in a position to report the potential exposure in its next interim financial statements for the period ending 30 June 2024.

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:

	2023 US$ million	2022 US$ million
Profit before income tax	189.6	460.5
Calculated at domestic tax rates applicable to profits or losses in the respective countries	(47.4)	(128.5)
Net non-taxable/(non-deductible) amounts	4.5	(33.4)
Over/(under) provision in prior years	47.4	(2.5)
Non-creditable withholding tax	(70.7)	(52.8)
Others	(1.3)	0.2
Income tax expense	**(67.5)**	**(217.0)**

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In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised in other comprehensive income:

	Year Ended 31 December					
	2023 US$ million			2022 US$ million		
	Before tax amount	Tax benefit	Net of income tax amount	Before tax amount	Tax expense	Net of income tax amount
Items that will be reclassified subsequently to profit or loss:						
Fair value gain/(loss) on IRS	(17.9)	5.8	(12.1)	82.1	(26.3)	55.8
Movement on IRS closure	(37.0)	11.8	(25.2)	-	-	-
	(54.9)	**17.6**	**(37.3)**	**82.1**	**(26.3)**	**55.8**

9. 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 is 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 share options and performance awards.

	2023 US$ million	2022 US$ million
Earnings attributable to equity holders of the Company in the calculation of basic and diluted earnings per share	9.0	172.4

	Number of Shares '000	
	2023	2022
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	8,649,544	8,639,618
Shares deemed to be issued in respect of long-term incentive equity plans	38,654	57,552
Weighted average number of ordinary shares used in the calculation of the diluted earnings per share	8,688,198	8,697,170
Basic earnings per share	**US 0.10 cents**	**US 2.00 cents**
Diluted earnings per share	**US 0.10 cents**	**US 1.98 cents**

10. Dividends

The Directors did not recommend the payment of an interim or final dividend for the year ended 31 December 2023 (2022: nil).

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11. Employee Benefit Expenses, Including Directors' Emoluments

	2023 US$ million	2022 US$ million
Salaries and other benefits	349.7	303.9
Retirement scheme contributions (a)	16.0	18.0
Total employee benefit expenses (Note 6)	**365.7**	**321.9**

(a) Retirement schemes

The Group provides retirement benefits to all eligible Hong Kong employees under the Mandatory Provident Fund (MPF Scheme). Under the MPF Scheme, the Group and its employees make monthly contributions to the MPF Scheme at 5% of the employees' salaries as defined under the Mandatory Provident Fund legislation. Contributions of both the Hong Kong subsidiaries and their employees are subject to a maximum of HK$1,500 per month and thereafter contributions are voluntary and are not subject to any limitation. The MPF Scheme is administered by an independent trustee and its assets are held separately from those of the Group.

The Group provides a superannuation contribution for all Australian-based employees to their nominated superannuation fund. This contribution is to provide benefits for employees and their dependants in retirement, and for relevant employees, for disability or death. In accordance with the applicable regulation in Australia, the Group was required to withhold and deposit 10.5% of ordinary time earnings of all Australian-based employees. This rate increased to 11% with effect from 1 July 2023. Also, in accordance with the applicable regulation in Australia, the Group caps the superannuation contributions at the maximum super contribution base. The maximum super contribution base is used to determine the maximum limit on any individual employee's earnings base for each quarter of any financial year. Organisations do not have to provide the minimum support for the part of earnings above this limit.

The Group provides for retirement benefits to those employees who reach statutory retirement age in the DRC in accordance with the Collective Bargaining Agreement with its employees at the Kinsevere mine. A provision for the retirement benefit is recognised which is measured as the present value of the expected future payments to be made taking into consideration the period of employee service and their job position at the reporting date.

The Group provides on a monthly basis to various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the People's Republic of China ("PRC"). The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

The Group provides pension contributions on a monthly basis for all Peru based employees. There are two pension schemes in Peru: the National Pension System and the Private Pension System. Employees can elect to join one of the two pension schemes. Contributions to both schemes are deducted from the employee's monthly base salary and no cap applies.

- The National Pension System (Sistema Nacional de Pensiones – ONP), is administered by the state and the mandatory contribution is 13% of the employee's total remuneration;
- The Private Pension System (Sistema Privado de Pensiones –SPP) is formed by the Private Pension Funds Administrators (Administradoras Privadas de Fondos de Pensiones – AFP) and the mandatory contribution is 10% of the monthly base salary, not including fees and insurances. The overall deduction to employee´s salary is approximately 14%, including fees and insurances charged by AFP.

There is also an Early Retirement Fund for employees who are classified as working in high risk jobs in the following areas: underground mining, mining extraction to open pit, centres of mining, metallurgical and steel

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production, exposed to risk of toxicity, insalubrity and danger and construction activities. The employee and company provide monthly contributions towards the early retirement fund. This additional amount is added to the employee's preferred pension scheme.

The Group provides Social Security contributions to all Laos employees in accordance with the relevant legislation. Contributions will only be made under the National Social Security Scheme and will be calculated on the accumulation of the employee's total gross remuneration, capped at the maximum contribution base of LAK4,500,000. The current contribution rates are:

- 6% of the gross remuneration must be contributed by the employer;
- 5.5% of the gross remuneration must be contributed by the employee.

12. Property, Plant and Equipment

US$ million	Land and buildings	Plant and machinery	Mine property and development	Exploration and evaluation	Construction in progress	Total
At 1 January 2023						
Cost	937.6	4,993.8	10,388.8	106.4	502.5	16,929.1
Accumulated depreciation, amortisation and impairment	(386.5)	(2,325.8)	(4,601.0)	(106.4)	-	(7,419.7)
Net book amount at 1 January 2023	**551.1**	**2,668.0**	**5,787.8**	**-**	**502.5**	**9,509.4**
Year ended 31 December 2023						
At the beginning of the year	551.1	2,668.0	5,787.8	-	502.5	9,509.4
Additions (Note 29(b))	3.7	110.0	242.8	-	457.0	813.5
Depreciation and amortisation	(55.4)	(285.0)	(561.6)	-	-	(902.0)
Disposals, net	(2.4)	(1.4)	-	-	-	(3.8)
Transfers, net	2.9	47.5	190.2	-	(240.6)	-
At the end of the year	**499.9**	**2,539.1**	**5,659.2**	**-**	**718.9**	**9,417.1**
At 31 December 2023						
Cost	940.5	5,251.3	10,713.9	106.4	718.9	17,731.0
Accumulated depreciation, amortisation and impairment	(440.6)	(2,712.2)	(5,054.7)	(106.4)	-	(8,313.9)
Net book amount at 31 December 2023	**499.9**	**2,539.1**	**5,659.2**	**-**	**718.9**	**9,417.1**

Notes to Consolidated Financial Statements Continued

US$ million	Land and buildings	Plant and machinery	Mine property and development	Exploration and evaluation	Construction in progress	Total
At 1 January 2022						
Cost	936.5	4,810.7	10,324.1	106.4	436.0	16,613.7
Accumulated depreciation, amortisation and impairment	(329.4)	(2,121.6)	(4,293.2)	(106.4)	-	(6,850.6)
Net book amount at 1 January 2022	**607.1**	**2,689.1**	**6,030.9**	**-**	**436.0**	**9,763.1**
Year ended 31 December 2022						
At the beginning of the year	607.1	2,689.1	6,030.9	-	436.0	9,763.1
Additions (Note 29(b))	0.2	100.5	128.0	-	291.2	519.9
Depreciation and amortisation	(59.6)	(262.2)	(442.8)	-	-	(764.6)
Disposals, net	-	(9.0)	-	-	-	(9.0)
Transfers, net	3.4	149.6	71.7	-	(224.7)	-
At the end of the year	**551.1**	**2,668.0**	**5,787.8**	**-**	**502.5**	**9,509.4**
At 31 December 2022						
Cost	937.6	4,993.8	10,388.8	106.4	502.5	16,929.1
Accumulated depreciation, amortisation and impairment	(386.5)	(2,325.8)	(4,601.0)	(106.4)	-	(7,419.7)
Net book amount at 31 December 2022	**551.1**	**2,668.0**	**5,787.8**	**-**	**502.5**	**9,509.4**

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, 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

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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$4.03 per pound (2022: US$3.86 per pound) and for zinc is US$1.30 per pound (2022: US$1.25 per pound).

The long term AUD:USD exchange rate is 0.73 (2022: 0.75).

The real post-tax discount rates used in the Fair Value estimates of the CGU's are listed below at 10.75% for Kinsevere (2022: 10.5%), 6.75% for Dugald River and Rosebery (2022: 6.5%) and 8.0% for Las Bambas (2022: 7.75%), reflecting a 0.25% 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 2023. 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.

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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. Although access to the heavy haul road for concentrate transportation significantly improved from March 2023, 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 2023 did not result in the recognition of any impairment.

Kinsevere

The Kinsevere Fair Value at 31 December 2023 assumes delivery of the Kinsevere Expansion Project (KEP) and further regional exploration targets which are at varying levels of confidence. KEP 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 cobalt circuit was commissioned in Q4 2023 with first copper cathode from sulphides expected in the second half of 2024.

The impairment assessment of the Kinsevere CGU at 31 December 2023 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 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 performance 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 2023 resulted in 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 2023 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.

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(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.

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- A change of 5% in copper price over the remaining mine life would impact the recoverable amount by approximately US$150 million;
- A change of 5% in cobalt price over the remaining mine life would impact the recoverable amount by approximately US$50 million; and
- A movement of 1% to the discount rate would impact recoverable amount by approximately US$50 million.

13. Right-of-use Assets

US$ million	Land and building	Plant and machinery	Total
At 1 January 2023			
Cost	13.3	148.0	161.3
Accumulated depreciation	(10.7)	(39.4)	(50.1)
Net book amount at 1 January 2023	**2.6**	**108.6**	**111.2**
Year ended 31 December 2023			
At the beginning of the year	2.6	108.6	111.2
Additions, net	5.2	28.5	33.7
Depreciation	(2.7)	(24.1)	(26.8)
At the end of the year	**5.1**	**113.0**	**118.1**
At 31 December 2023			
Cost	16.9	168.0	184.9
Accumulated depreciation	(11.8)	(55.0)	(66.8)
Net book amount at 31 December 2023	**5.1**	**113.0**	**118.1**
At 1 January 2022			
Cost	12.6	144.2	156.8
Accumulated depreciation	(9.2)	(43.0)	(52.2)
Net book amount at 1 January 2022	**3.4**	**101.2**	**104.6**
Year ended 31 December 2022			
At the beginning of the year	3.4	101.2	104.6
Additions, net	0.8	26.0	26.8
Depreciation	(1.6)	(18.6)	(20.2)
At the end of the year	**2.6**	**108.6**	**111.2**
At 31 December 2022			
Cost	13.3	148.0	161.3
Accumulated depreciation	(10.7)	(39.4)	(50.1)
Net book amount at 31 December 2022	**2.6**	**108.6**	**111.2**

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14. Intangible Assets

US$ million	Goodwill	Software development	Total
At 1 January 2023			
Cost	739.9	215.9	955.8
Accumulated amortisation and impairment	(211.4)	(210.2)	(421.6)
Net book amount at 1 January 2023	**528.5**	**5.7**	**534.2**
Year ended 31 December 2023			
At the beginning of the year	528.5	5.7	534.2
Additions, net	-	1.2	1.2
Amortisation	-	(1.4)	(1.4)
At the end of the year	**528.5**	**5.5**	**534.0**
At 31 December 2023			
Cost	739.9	217.1	957.0
Accumulated amortisation and impairment	(211.4)	(211.6)	(423.0)
Net book amount at 31 December 2023	**528.5**	**5.5**	**534.0**
At 1 January 2022			
Cost	739.9	214.3	954.2
Accumulated amortisation and impairment	(211.4)	(205.5)	(416.9)
Net book amount at 1 January 2022	**528.5**	**8.8**	**537.3**
Year ended 31 December 2022			
At the beginning of the year	528.5	8.8	537.3
Additions	-	2.2	2.2
Amortisation	-	(5.3)	(5.3)
At the end of the year	**528.5**	**5.7**	**534.2**
At 31 December 2022			
Cost	739.9	215.9	955.8
Accumulated amortisation and impairment	(211.4)	(210.2)	(421.6)
Net book amount at 31 December 2022	**528.5**	**5.7**	**534.2**

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15. Investment in Subsidiaries

The following is a list of the principal subsidiaries of the Group at 31 December 2023 and 2022:

Name of company	Place of incorporation/ operation	Principal activities	Particulars of issued or paid-up capital	Proportion of issued capital held by the Company			
				2023		2022	
				Directly	Indirectly	Directly	Indirectly
MMG Australia Limited	Australia	Mineral exploration and production, management and employment services	490,000,000 Ordinary Shares at A$[1]1 a share	-	100%	-	100%
MMG Dugald River Pty Ltd	Australia	Holds Dugald River Assets	301,902,934 Ordinary Shares at A$1 a share	-	100%	-	100%
MMG Exploration Pty Ltd	Australia	Investment holding	1 Ordinary Share at A$1 a share	-	100%	-	100%
MMG Management Pty Ltd	Australia	Treasury and management services	1 Ordinary Share at A$1 a share	-	100%	-	100%
Topstart Limited	British Virgin Islands	Investment holding	1,386,611,594 Ordinary Shares at US$1 a share	100%	-	100%	-
Anvil Mining Limited	British Virgin Islands	Investment holding	100 Class A Common Shares at US$1	-	100%	-	100%
MMG Resources Inc.	Canada	Mineral exploration	200 Common Shares at C$[1]1 a share	-	100%	-	100%
MMG Kinsevere SARL	DRC	Mineral exploration and production	10,000 Ordinary Shares at CDF[1] 10,000 a share	-	100%	-	100%
MMG Exploration Holdings Limited	Hong Kong	Mineral exploration and holding company	1 Ordinary Share providing a share capital of HK$[1]1	100%	-	100%	-

Notes to Consolidated Financial Statements
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Name of company	Place of incorporation/ operation	Principal activities	Particulars of issued or paid-up capital	Proportion of issued capital held by the Company 2023 Directly	2023 Indirectly	2022 Directly	2022 Indirectly
MMG Finance Limited	Hong Kong	Administration and treasury services	1 Ordinary Share providing a share capital of HK$1	100%	-	100%	-
MMG South America Company Limited	Hong Kong	Investment holding and sales of copper concentrate	1,880,000 Ordinary Shares providing a share capital of HK$1,880,000	100%	-	100%	-
MMG South America Management Company Limited	Hong Kong	Holding investments in Peru	1,200 Ordinary Shares providing a share capital of HK$28,046,249,501	-	62.5%	-	62.5%
MMG Netherlands B.V.	Netherlands	Investment holding	5,000 Ordinary Shares at EUR[1] 1 a share	-	62.5%	-	62.5%
Minera Las Bambas S.A.	Peru	Mineral exploration and production	15,107,754,037 Common Shares at PEN[1] 1 a share	-	62.5%	-	62.5%
Album Investment Pte Ltd	Singapore	Investment holding	488,211,901 Ordinary Shares at S$[1] 1 a share	-	100%	-	100%
Album Resources Pte Ltd	Singapore	Investment holding	488,211,901 Ordinary Shares at S$[1] 1 a share	-	100%	-	100%
MMG Swiss Finance AG	Switzerland	Investment holding and financial services	100,000 Ordinary Shares at CHF[1] 1 a share	-	62.5%	-	62.5%
MMG Beijing Co., Ltd	Beijing	Corporate management services	Registered capital of CNY[1] 10,000,000	100%	-	100%	-

1. A$, C$, CDF, HK$, S$, PEN, CHF, CNY and EUR stand for Australian dollar, Canadian dollar, Congo dollar, Hong Kong dollar, Singapore dollar, Peruvian Sol, Swiss Franc, Chinese Yuan and Euro respectively.

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16. Principal Subsidiaries with Material Non-Controlling Interests

The Group had total non-controlling interests of US$2,188.6 million at 31 December 2023 (2022: US$2,089.5 million) which relate to the Las Bambas Joint Venture Group.

The summarised financial information is shown on a 100% basis. It represents the amounts shown in the Las Bambas Joint Venture Group's consolidated financial statements prepared in accordance with HKFRSs under Group's accounting policies, before inter-company eliminations.

	At 31 December	
US$ million	**2023**	**2022**
Summarised Consolidated Statement of Financial Position		
Assets	**9,930.7**	**10,685.5**
Current	1,227.8	1,225.2
Include: Cash and cash equivalents	399.2	171.8
Non-current	8,702.9	9,460.3
Liabilities	**(4,094.4)**	**(5,113.6)**
Current	(970.1)	(1,393.0)
Non-current	(3,124.3)	(3,720.6)
Net assets	**5,836.3**	**5,571.9**

	Year Ended 31 December	
	2023	**2022**
Summarised Consolidated Statement of Comprehensive Income		
Revenue	3,417.3	2,086.8
Net financial cost	202.6	181.1
Income tax expense	92.4	85.5
Profit for the year	**301.0**	**189.5**
Other comprehensive (loss)/income for the year	(37.3)	55.8
Total comprehensive income	**263.7**	**245.3**
Total comprehensive income attributable to:		
Equity holders of the Company	164.6	153.3
Non-controlling interests	99.1	92.0
	263.7	**245.3**

	Year Ended 31 December	
	2023	**2022**
Summarised Consolidated Statement of Cash Flows		
Net increase/(decrease) in cash and cash equivalents	227.4	(664.5)
Cash and cash equivalents at 1 January	171.8	836.3
Cash and cash equivalents at 31 December	**399.2**	**171.8**

Notes to Consolidated Financial Statements Continued

17. Inventories

	2023 US$ million	2022 US$ million
Non-current		
Work in progress	**115.0**	**122.2**
Current		
Stores and consumables	164.7	130.7
Work in progress	175.7	177.6
Finished goods	49.1	564.3
	389.5	**872.6**
Total	**504.5**	**994.8**

18. Deferred Income Tax

The movements in deferred income tax assets/(liabilities) during the years are as follows:

US$ million	Property, plant and equipment	Provisions	Tax losses	Others	Total
At 1 January 2022	**(1,104.1)**	**239.1**	**-**	**30.9**	**(834.1)**
(Charged)/credited to profit or loss (Note 8)	(167.8)	10.5	152.1	(26.7)	(31.9)
Charged to other comprehensive income (Note 8)	-			(26.3)	(26.3)
At 31 December 2022	**(1,271.9)**	**249.6**	**152.1**	**(22.1)**	**(892.3)**
Credited/(charged) to profit or loss (Note 8)	158.6	69.2	(148.0)	(7.8)	72.0
Charged to other comprehensive loss (Note 8)	-	-	-	17.6	17.6
At 31 December 2023	**(1,113.3)**	**318.8**	**4.1**	**(12.3)**	**(802.7)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to income tax levied by the same taxation authority on either the same taxation entity or different taxation entities, and there is an intention to settle the balances on a net basis. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	2023 US$ million	2022 US$ million
Deferred income tax assets	150.0	315.7
Deferred income tax liabilities	(952.7)	(1,208.0)
	(802.7)	**(892.3)**

Notes to Consolidated Financial Statements
Continued

The Group only recognises deferred income tax assets for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses in the foreseeable future. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. At 31 December 2023 and 2022, the Group had unrecognised deferred tax losses and temporary differences as follows:

	2023 US$ million	2022 US$ million
Tax losses (tax effected)	29.9	33.5
Deductible temporary differences (tax effected)	45.3	47.0
At 31 December	**75.2**	**80.5**

Unrecognised tax losses of US$21.9 million (2022: US$23.8 million) were with expiry years ranging from 2024 to 2038 (2022: from 2023 to 2037). Other losses will be carried forward indefinitely.

19. Trade and Other Receivables

	2023 US$ million	2022 US$ million
Non-current other receivables		
Prepayment	0.3	-
Other receivables – government taxes (net of provisions)[1]	20.3	11.4
Sundry receivables, net of provisions[2]	148.2	156.1
	168.8	**167.5**
Current trade and other receivables		
Trade receivables[3] (Note 31.1(c) (d) and (e),31.3 and 31.4)	354.8	212.7
Prepayments	32.9	20.0
Other receivables – government taxes[1]	66.0	74.0
Sundry receivables	22.3	35.8
	476.0	**342.5**

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 2023 and 2022, 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 2023 and 2022 were within 6 months from the date of invoice. At 31 December 2023, there was no trade receivable past due (2022: nil). At 31 December 2023, the Group's trade receivables, other receivables and prepayments included an amount of US$160.9 million (2022: US$106.4 million) which were due from related companies of the Group (Note 30(d)). The carrying amounts of the Group's trade receivables are all denominated in US$.

Notes to Consolidated Financial Statements Continued

20. Derivative Financial Assets/(Liabilities)

	2023 US$ million	2022 US$ million
Assets		
Non-current		
Interest rate swap[1]	-	113.9
Current		
Commodity derivative-Copper	3.1	8.1
Commodity derivative-Zinc	-	4.0
	3.1	**126.0**
Liabilities		
Current		
Commodity derivative-Copper	-	(0.3)
	-	**(0.3)**

1 In June 2020, the Group entered into a notional US$2,100 million 5-year amortising interest rate swap ("IRS") with Bank of China, Sydney branch ("BOC Sydney"). The purpose of the arrangement was to fix approximately half of the interest rate exposure accompanying the floating interest rate project facility at Las Bambas for a period of 5 years. The IRS was designated as a cash flow hedge and consequently fair value changes were initially recognised under other comprehensive income ("OCI") and recycled to the profit and loss when realised in accordance with the repayment schedule on the project facility.

In June 2023, management closed the IRS. As at the date of closure, the IRS had a positive valuation of $96.0 million cash proceeds received on 3 July 2023. Fair value gains on the IRS are retained in the OCI and is recycled to profit and loss over the life of the original IRS based on the cashflow profile of the IRS at the time of closure. For the year ended 31 December 2023, post-tax OCI from IRS contracts was loss of US$37.3 million (2022: gain of US$55.8 million). Refer to Note 31.1 (b) for further details. As at 31 December 2023, the OCI remaining credit balance is US$40.2 million (31 December 2022: US$77.5 million).

21. Other Financial Assets

	2023 US$ million	2022 US$ million
Non-current financial assets (Note 31.1(c) (e),31.3 and 31.4)		
Financial assets at fair value through profit or loss – listed[1]	2.7	1.5
	2.7	**1.5**

1 Financial assets at fair value through profit or loss are listed investments outside Hong Kong and their carrying values are equal to their market values.

Notes to Consolidated Financial Statements Continued

22. Cash and Cash Equivalents

	2023 US$ million	2022 US$ million
Cash at bank and in hand	138.8	191.2
Short-term bank deposits and others[2]	308.2	181.0
Total[1] (Note 31.1 (b) (c) and (e), 31.3 and 31.5)	**447.0**	**372.2**

1 Total cash and cash equivalents include US$399.2 million (2022: US$171.8 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 2023 range from 5.37% to 5.70% (31 December 2022: 4.37% to 4.55%). These deposits have an average 29 days (2022: 18 days) to maturity.

The carrying amounts of the cash and cash equivalents are denominated in various currencies. Refer to Note 31.1 (c) for details.

23. Share Capital

	Number of Ordinary Shares		Share Capital	
	2023 '000	2022 '000	2023 US$ million	2022 US$ million
Issued and fully paid:				
At 1 January	8,639,767	8,639,126	3,220.5	3,220.3
Employee share options exercised[1]	3,159	641	1.9	0.2
Employee performance awards vested[2]	13,121	-	2.2	-
At 31 December	**8,656,047**	**8,639,767**	**3,224.6**	**3,220.5**

1 During the year ended 31 December 2023, a total of 3,158,983 (2022: 640,980) 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$2.83 (2022: HK$3.08) (Note 33), refer to Note 33 for more details of 2016 Share Option Scheme;

2 During the year ended 31 December 2023, a total of 13,120,972 new shares were issued as a result of 2020 Performance Awards vesting on 1 June 2023. The closing price of the shares of the Company immediately before the date on which the performance award was exercised was HK$2.35. Refer to Note 33 for more details of 2020 Performance Awards.

Notes to Consolidated Financial Statements Continued

24. Reserves and Retained Profits

US$ million	Special capital reserve	Exchange translation reserve	Merger reserve[1]	Surplus reserve[2]	Share-based payment reserve	Cash flow hedge reserve[3]	Other reserve	Total reserves	Retained profits	Total
At 1 January 2023	**9.4**	**2.7**	**(1,946.9)**	**50.2**	**9.9**	**48.5**	**(0.5)**	**(1,826.7)**	**745.2**	**(1,081.5)**
Profit for the year	-	-	-	-	-	-	-	-	9.0	**9.0**
Other comprehensive loss for the year	-	-	-	-	-	(23.3)	(1.0)	(24.3)	-	**(24.3)**
Total comprehensive (loss)/income for the year	**-**	**-**	**-**	**-**	**-**	**(23.3)**	**(1.0)**	**(24.3)**	**9.0**	**(15.3)**
Provision of surplus reserve	-	-	-	0.4	-	-	-	0.4	(0.4)	**-**
Employee long-term incentives	-	-	-	-	(1.5)	-	-	(1.5)	-	**(1.5)**
Employee share options and performance awards vested and exercised	-	-	-	-	(2.9)	-	-	(2.9)	-	**(2.9)**
Employee share options lapsed	-	-	-	-	(0.1)	-	-	(0.1)	0.1	**-**
Total transactions with owners	**-**	**-**	**-**	**0.4**	**(4.5)**	**-**	**-**	**(4.1)**	**(0.3)**	**(4.4)**
At 31 December 2023	**9.4**	**2.7**	**(1,946.9)**	**50.6**	**5.4**	**25.2**	**(1.5)**	**(1,855.1)**	**753.9**	**(1,101.2)**

Notes to Consolidated Financial Statements
Continued

US$ million	Special capital reserve	Exchange translation reserve	Merger reserve[1]	Surplus reserve[2]	Share-based payment reserve	Cash flow hedge reserve[3]	Other reserve	Total reserves	(Accumulated losses)/ retained profits	Total
At 1 January 2022	**9.4**	**2.7**	**(1,946.9)**	**50.1**	**8.9**	**13.6**	**(0.5)**	**(1,862.7)**	**572.9**	**(1,289.8)**
Profit for the year	-	-	-	-	-	-	-	-	172.4	172.4
Other comprehensive income for the year	-	-	-	-	-	34.9	-	34.9	-	34.9
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**34.9**	**-**	**34.9**	**172.4**	**207.3**
Provision of surplus reserve	-	-	-	0.1	-	-	-	0.1	(0.1)	-
Employee long-term incentives	-	-	-	-	1.1	-	-	1.1	-	1.1
Employee share options vested and exercised	-	-	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Total transactions with owners	**-**	**-**	**-**	**0.1**	**1.0**	**-**	**-**	**1.1**	**(0.1)**	**1.0**
At 31 December 2022	**9.4**	**2.7**	**(1,946.9)**	**50.2**	**9.9**	**48.5**	**(0.5)**	**(1,826.7)**	**745.2**	**(1,081.5)**

1 Merger reserve represents the excess of investment cost in entities that have been accounted for under merger accounting for common control combinations in accordance with AG5 (Accounting Guideline 5 issued by the HKICPA) against their share capital;

2 According to the General Law of Companies in Peru, surplus reserve is constituted by transferring 10%, as a minimum, of the net income for each period, after deducting accumulated losses, until reaching an amount equivalent to a fifth of capital.

3 The cashflow hedge reserve records the portion of the gain or loss on a hedging instrument and the related transaction in a cash flow hedge that are determined to be effective. For year ended 31 December 2023, there was realised gains of US$37.0 million (net of tax amount: US$25.2 million) (2022: nil) which were transferred to "financial costs" from interest rate swap closure (Note 7 and 31.1 (b)).

Distributable reserves

At 31 December 2023 and 2022, the Company did not have any distributable reserves available for distribution to shareholders.

Notes to Consolidated Financial Statements
Continued

25. Borrowings

	2023 US$ million	2022 US$ million
Non-current		
Loan from related parties (Note 30(d))	1,831.3	2,231.3
Bank borrowings, net	1,544.5	1,978.3
	3,375.8	**4,209.6**
Current		
Loan from related parties (Note 30(d))	900.0	400.0
Bank borrowings, net	431.3	803.0
	1,331.3	**1,203.0**
Analysed as:		
– Secured	2,016.8	2,675.7
– Unsecured	2,731.3	2,781.2
	4,748.1	**5,456.9**
Prepayments – finance charges	(41.0)	(44.3)
	4,707.1	**5,412.6**
Borrowings (excluding: prepayments) were repayable as follows:		
– Within one year	1,336.8	1,208.8
– More than one year but not exceeding two years	1,078.0	1,136.8
– More than two years but not exceeding five years	1,620.4	2,181.6
– More than five years	712.9	929.7
	4,748.1	**5,456.9**
Prepayments – finance charges	(41.0)	(44.3)
Total (Notes 31.1(b), (c), (e) and 31.3)	**4,707.1**	**5,412.6**

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

	2023 US$ million	2022 US$ million
US dollars		
– At floating rates	2,586.8	1,713.6
– At fixed rates	2,161.3	3,743.3
	4,748.1	**5,456.9**

The effective interest rate of borrowings during the year ended 31 December 2023 was 5.2% (2022: 4.3%) per annum.

Notes to Consolidated Financial Statements
Continued

At 31 December 2023, certain borrowing of the Group was secured as follow:

(a) US$2,016.8 million (2022: US$2,653.6 million) from China Development Bank, ICBC, BOC Sydney and 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.

Note: The US$22.1 million borrowing as at 31 December 2022 from ICBC Peru Bank, Banco de Crédito del Peru and Scotiabank Peru secured by mine fleet equipment procured under asset finance arrangements was fully paid during the year ended 31 December 2023.

Reconciliation of borrowings arising from financing activities

				Non-Cash Changes		
US$ million	**Notes**	**1 January 2023**	**Financing Cashflow[1]**	**Effective Interest**	**Other Changes[2]**	**31 December 2023**
Loans from related parties	30(d)	**2,631.3**	100.0	-	-	**2,731.3**
Bank borrowings	25	**2,781.3**	(808.8)	-	3.3	**1,975.8**
Accrued interest[3]	28, 30(d)	**46.0**	(327.8)	332.7	-	**50.9**
		5,458.6	(1,036.6)	332.7	3.3	**4,758.0**

				Non-Cash Changes		
US$ million	**Notes**	**1 January 2022**	**Financing Cashflow[1]**	**Effective Interest**	**Other Changes[2]**	**31 December 2022**
Loan from related parties	30(d)	**2,531.3**	100.0	-	-	**2,631.3**
Bank borrowings	25	**3,766.8**	(991.4)	-	5.9	**2,781.3**
Accrued interest[3]	28, 30(d)	**42.8**	(249.6)	252.8	-	**46.0**
		6,340.9	(1,141.0)	252.8	5.9	**5,458.6**

1 Net bank borrowings financing cashflow is made up of repayments of and proceeds from borrowings in the consolidated statement of cash flows.

2 Other changes include the amortisation of capitalised prepayments on borrowings.

3 Accrued interest includes both interest on external bank borrowings and related party borrowings.

A fundamental reform of major interest rate benchmarks has been undertaken globally to replace some interbank offered rates ("IBORs") with alternative nearly risk-free rates. As at 31 December 2023, the London Interbank Offered Rate ("LIBOR") has ceased to be published. As such, the Group has finalised its US dollar LIBOR replacement to SOFR in respect of key existing borrowings and certain operating contracts that had LIBOR provisions actively in use.

During the year ended 31 December 2023, the Group transitioned US$2,653.6 million bank borrowings, and US$620.0 million related parties' facilities to SOFR with a credit adjustment spread. No other terms were amended as part of the transition. The Group accounted for the change to SOFR using the practical expedient in HKFRS 9, which allows the Group to change the basis for determining the contractual cash flows prospectively by revising the effective interest rate.

The Group also updated certain sales, supply and trade finance contracts that refer to LIBOR to calculate interest or interest on receiving early payments. These have been transitioned to Term SOFR plus a credit adjustment spread for trade finance contracts.

Notes to Consolidated Financial Statements
Continued

26. Lease Liabilities

	2023 US$ million	2022 US$ million
Non-current		
Lease liabilities	125.6	117.4
Current		
Lease liabilities	22.0	21.3
Total (Notes 31.1(c) and (e), 31.3)	**147.6**	**138.7**
Lease liabilities were repayable as follows:		
– Within one year	22.0	21.3
– More than one year but not exceeding two years	22.2	15.3
– More than two years but not exceeding five years	43.0	35.4
– More than five years	60.4	66.7
	147.6	**138.7**

The weighted average incremental borrowing rates applied to new lease liabilities at 31 December 2023 was from 5.15% to 8.60% (2022: from 3.13% to 6.84%).

Refer to Note 31.1(e) for maturity profile of the undiscounted lease liabilities. In respect of such lease liabilities, the Group generally does not have any early termination options. However, in case of certain leases the Group has extension option exercisable at the discretion of the Group. Such extension options allow for operational flexibility in managing the Group's assets. Where the Group assesses at lease commencement date that it is reasonably certain to exercise the extension options, rentals during the extension period are included in determination of lease liability. The undiscounted potential estimated exposure in respect of future lease payments for extension options which the Group is not reasonably certain to exercise is presented as follows:

	2023 US$ million	2022 US$ million
- Within one year	0.4	0.7
- More than one year but not exceeding two years	0.6	3.9
- More than two years but not exceeding five yeas	3.3	10.4
- More than five years	41.0	43.4
Total	**45.3**	**58.4**

As presented under financing cashflows in the consolidated statement of cashflows, cash outflows for lease payments of US$37.7 million (2022: US$31.2 million) include repayment of US$24.8 million principal (2022: US$19.4 million) and US$12.9 million interest (2022: US$11.8 million).

In respect of lease contracts not recognised as right-of-use assets in line with HKFRS 16 requirements (refer to Note 6), payments of US$104.1 million (2022: US$90.1 million) have been presented under operating cash flows.

Notes to Consolidated Financial Statements
Continued

27. Provisions

	2023 US$ million	2022 US$ million
Non-current		
Employee benefits	28.3	17.4
Mine rehabilitation, restoration and dismantling (a)	443.8	401.8
Other provisions[1]	174.9	180.0
Total non-current provisions	**647.0**	**599.2**
Current		
Employee benefits	49.0	26.2
Workers' compensation	0.1	0.2
Mine rehabilitation, restoration and dismantling (a)	3.8	3.2
Other provisions[1]	74.4	51.4
Total current provisions	**127.3**	**81.0**
Aggregate		
Employee benefits	77.3	43.6
Workers compensation	0.1	0.2
Mine rehabilitation, restoration and dismantling (a)	447.6	405.0
Other provisions[1]	249.3	231.4
Total provisions	**774.3**	**680.2**

1 Other provisions primarily include amounts for certain tax related matters.

(a) Mine rehabilitation, restoration and dismantling

	2023 US$ million	2022 US$ million
At 1 January	405.0	475.3
Recognition /(reversal) of provisions	20.5	(68.1)
Payments made	(1.6)	(3.0)
Unwinding of discount on provisions	22.4	13.1
Exchange rate differences	1.3	(12.3)
At 31 December	**447.6**	**405.0**

Provision is made in these consolidated financial statements for the anticipated costs of the mine rehabilitation obligations under the mining leases and exploration licences.

Notes to Consolidated Financial Statements
Continued

28. Trade and Other Payables

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

	2023 US$ million	2022 US$ million
Non-Current		
Other payables and accruals	**286.5**	**217.5**
Current		
Trade payables		
- Less than 6 months	322.5	271.9
- More than 6 months	-	0.4
	322.5	272.3
Related party interest payable (Note 30(d))	45.5	37.6
Other payables and accruals	248.4	225.6
Total current trade and other payables	**616.4**	**535.5**
Aggregate		
Trade payables[1]	322.5	272.3
Related party interest payable(Note 30(d))	45.5	37.6
Other payables and accruals[2]	534.9	443.1
Total trade and other payables (Notes 31.1(c),(e) and 31.3)	**902.9**	**753.0**

1 At 31 December 2023, the Group's trade and other payables included an amount of US$4.2 million (2022: US$3.5 million) (Note 30(d)), 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 2023, the Group's other payables and accruals included an amount of US$5.4 million (2022: US$8.4 million) accrued interest on external bank borrowings.

Notes to Consolidated Financial Statements
Continued

29. Notes to Consolidated Statement of Cash Flows

(a) Reconciliation of profit for the year to net cash generated from operating activities is as follows:

	2023 US$ million	2022 US$ million
Profit for the year	**122.1**	**243.5**
Adjustments for:		
Finance income (Note 7)	(24.3)	(15.0)
Finance costs	366.4	309.3
Depreciation and amortisation expenses (Note 6)	930.2	790.1
Loss on disposal of property, plant and equipment (Note 5)	2.6	9.0
(Gain)/loss on financial assets at FVTPL (Note 6)	(1.2)	0.3
Share-based payment	(1.5)	1.1
Unrealised gain on commodity hedge[1]	(3.1)	(11.8)
Changes in working capital:		
Inventories	490.3	(311.9)
Trade and other receivables	(126.2)	(142.7)
Trade and other payables	67.2	56.8
Provisions	50.8	(28.6)
Tax assets and tax liabilities	(23.4)	(68.0)
Net cash generated from operating activities	**1,849.9**	**832.1**

1 The unrealised gain on commodity derivative is recognised in revenue.

(b) In the Consolidated Statement of Cash Flows, purchase of property, plant and equipment comprises:

	2023 US$ million	2022 US$ million
Total additions (Note 12)	813.5	519.9
Adjustments for non-cash (addition)/reduction		
(Recognition)/reversal of provisions for mine rehabilitation, restoration and dismantling[1]	(21.8)	80.4
Other non-cash additions	(1.7)	(35.8)
Purchase of property, plant and equipment	**790.0**	**564.5**

1 The transfer from provision for mine rehabilitation, restoration and dismantling included the impact of exchange rate differences on foreign currency provisions for mine rehabilitation, restoration and dismantling for operating sites. Refer to Note 27(a) for details.

Notes to Consolidated Financial Statements
Continued

30. Significant Related Party Transactions

The Group is controlled by CMN through China Minmetals H.K. (Holdings) Limited ("Minmetals HK"), which is a subsidiary of CMN. At 31 December 2023, 67.6% (31 December 2022: 67.7%) of the Company's shares were held by CMN and 32.4% (31 December 2022: 32.3%) were widely held by the public. The Directors consider the ultimate holding company to be CMC, a stated-owned company incorporated in the PRC, of which CMN is a subsidiary.

For the purposes of the related party transaction disclosures, the Directors believe that meaningful information in respect of related party transactions has been adequately disclosed. In addition to the related party information and transactions disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year.

(a) Transactions with CMC and its group companies (other than those within the Group)

	2023 US$ million	2022 US$ million
Sales		
Sales of non-ferrous metals	2,027.5	1,308.5
Commodity derivatives transaction		
(Loss)/gain on commodity derivatives	(15.6)	36.9
Other (loss)	(1.3)	-
Purchases		
Purchases of consumables and services	(22.9)	(29.8)
Finance costs – net		
Interest expense (Note 7)	(108.2)	(96.1)
Other finance cost (Note 7)	(4.0)	(1.5)

Guarantee

CMN continues to provide a credit guarantee supporting MMG Finance Limited ("MMF", a subsidiary of the Company), in respect of the US$300.0 million RCF with ICBC. This facility was extended during the year and now expires in 2026 (refer Note 2.1 (a)).

(b) Transactions and balances with other state-owned enterprises

During the year ended 31 December 2023, the Group's significant transactions with Chinese state-owned enterprises (excluding CMC and its subsidiaries) are sales of non-ferrous metals and purchases of consumables and services and the related receivables and payables balances. These transactions were based on terms as set out in the underlying agreements, on statutory rates or market prices or actual cost incurred, or as mutually agreed.

Notes to Consolidated Financial Statements
Continued

(c) Key management compensation

Key management includes Directors (executive and non-executive) and members of the Executive Committee. The key management personnel remuneration for the Group was as follows:

	2023 US$ million	2022 US$ million
Salaries and other short-term employee benefits	4.0	3.9
Short-term incentives and discretionary bonus	1.6	1.6
Long-term incentives	0.5	0.5
Post-employment benefits	0.1	0.1
	6.2	**6.1**

(d) Year-end balances

	2023 US$ million	2022 US$ million
Amounts payable to related parties		
Loan from Top Create Resources Limited ("Top Create")[1 2] (Note 25)	2,461.3	2,161.3
Loan from Album Trading Company[3] (Note 25)	270.0	270.0
Loan from Album Enterprises Limited (Note 25)	-	200.0
Interest payable to related parties (Note 28)	45.5	37.6
Trade and other payable to CMN (Note 28)	4.2	3.5
	2,781.0	**2,672.4**
Amounts receivable from related parties(Note 19)		
Trade receivables from CMN	159.1	102.6
Other receivables from CMN	1.8	2.6
Prepayments from CMN	-	1.2
	160.9	**106.4**
Derivative financial assets from a related party	**3.1**	**1.8**

1 The loan amount from Top Create includes the amounts drawn by the Company on 22 July 2014 (US$1,843.8 million) and 16 February 2015 (US$417.5 million) pursuant to a facility agreement dated 22 July 2014 between MMG SA and Top Create. In accordance with that agreement, a loan facility of up to US$2,262.0 million was made available to MMG SA, for a period of eleven years commencing on the date of the first drawdown of the loan. The loan repayments falling due in four separate tranches in July 2023 (US$200.0 million), July 2024 (US$700.0 million), July 2025 (US$861.3 million) and July 2026 (US$400.0 million). In July 2023, MMG SA successfully deferred US$200.0 million of the first tranche to an indefinite future date at which the US$300.0 million Top Create facility for KEP is available. The facility incurs interest at a separate all-in fixed rate for each of the repayment tranches of between 2.20% and 4.50% per annum, which is payable annually.

2 The loan amount from Top Create includes US$300 million drawn by the Company on 7 December 2023 pursuant to a facility agreement dated 7 December 2023 between MMF and Top Create. In accordance with that agreement, a loan facility of up to US$1.0 billion was made available to MMF, for a period of three years commencing on the date of the first drawdown of the loan. The interest rate is SOFR plus margin.

3 The borrowing from Album Trading Company Limited (a subsidiary of CMN) is a project facility and will mature in June 2026. The interest rate is SOFR plus margin and a credit adjustment spread.

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31.Financial and Other Risk Management

31.1 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 2023, the Group entered into various commodity trades to hedge the sales prices for copper and zinc. The outstanding commodity trades included:

- Zero/low-cost collar hedges:
  - 3,000 tons of copper with put strike price of US$9,000/ton and call strike price of US$9,300/ton;
- Fixed price swap hedges:
  - 24,500 tons of copper with fixed price ranging from US$8,607/ton to US$8,672/ton;
- Above hedges settlement ranged from January to April 2024.

A change in commodity prices during the year can result in favourable or unfavourable financial impact for the Group.

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The following table contains details of the hedging instrument used in the Group's hedging strategy:

	Term	Carrying amount of hedging instrument US$ million	Favourable/(Unfavourable) changes in fair value used for measuring ineffectiveness: Hedging instrument US$ million	Hedged item US$ million	Settled portion of hedging instrument realised gains/(losses) US$ million	Hedging gain/(loss) recognised in cash flow hedge reserve US$ million	Cost of hedging reserve US$ million
Cash flow hedges:							
At 31 December 2023							
Derivative financial assets/(liabilities)	**March 2023 to December 2023**	-	-	-	10.8	-	-
At 31 December 2022							
Derivative financial assets/(liabilities)	**March 2022 to December 2022**	-	-	-	47.0	-	-

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:

	2023		2022	
Commodity	**Commodity price movement**	**Increase in profit US$ million**	**Commodity price movement**	**(Decrease)/ increase in profit US$ million**
Copper	+10%	11.2	+10%	(21.5)
Zinc	+10%	7.2	+10%	0.3
Total		**18.4**		**(21.2)**

Commodity	**Commodity price movement**	**Decrease in profit US$ million**	**Commodity price movement**	**Increase in profit US$ million**
Copper	-10%	(10.9)	-10%	21.8
Zinc	-10%	(7.2)	-10%	-
Total		**(18.1)**		**21.8**

(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. Details of the Group's cash and cash equivalents have been disclosed in Note 22 while the details of the Group's borrowings are set out in Note 25.

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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.

The Group is exposed to the risk-free rate of SOFR. The exposures arise on derivative and non-derivative financial assets and liabilities. The Group cash flow hedge relationship was affected by the interest rate benchmark reform. With the IRS closure (Note 20), the cash flow hedge relationship was discontinued. The current exposures mainly arise on non-derivative financial assets and liabilities. Interest rate benchmark transition for non-derivative financial instruments is disclosed in Note 25.

The following table contains details of the cash flow hedge was affected by the IRS closure:

	At 31 December 2023 and for Year Ended 31 December 2023		
	Balance in cash flow hedge reserve US$ million	Amount reclassified from the cash flow hedge reserve to profit or loss US$ million	Line item affected in profit or loss because of the reclassification
Discontinued Cash Flow Hedges:			
Interest Rate Swap	**40.2**	**37.0**	**Financial cost, Income tax expense**

The following table contains details of the hedging instrument used in the Group's hedging strategy as at 31 December 2022:

	Term	Notional amortising amount US$ million	Carrying amount of hedging instrument US$ million	Favourable/(Unfavourable) changes in fair value used for measuring ineffectiveness		Settled portion of hedging instrument realised gains/ (losses) US$ million	Hedging gain recognised in cash flow hedge reserve[2] US$ million	Hedge ineffective-ness recognised in profit or loss US$ million
				Hedging instrument US$ million	Hedged item US$ million			
Cash flow hedges:								
At 31 December 2022								
Derivative financial assets (Note 20)[1]	June 2020 – June 2025	**1,560**	**113.9**	**82.1**	**(82.1)**	**17.9**	**55.8**	**-**

1 In 2020, the Group has entered into a notional US$2,100 million 5-year amortising interest rate swap with BOC Sydney. Refer to Note 20 for further details; and

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

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At 31 December 2023 and 2022, 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:

	2023		2022			
	+100 basis points	-100 basis points	+100 basis points		-100 basis points	
US$ million	Increase/ (decrease) in profit after tax	(Decrease)/ increase in profit after tax	Increase/ (decrease) in profit after tax	Increase in OCI	(Decrease)/ increase in profit after tax	Decrease in OCI
Financial assets						
Cash and cash equivalents	3.0	(3.0)	2.5	-	(2.5)	-
Financial liabilities						
Borrowings (taking into account the impact of the interest rate swap)	(17.6)	17.6	(9.7)	13.6	9.7	(13.6)
Total	**(14.6)**	**14.6**	**(7.2)**	**13.6**	**7.2**	**(13.6)**

(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.

The following table shows the foreign currency risk arising from the monetary assets and liabilities, which are shown by foreign currency of the Group.

US$ million	Notes	US$	PEN	A$	HK$	Others	Total
At 31 December 2023							
Financial assets							
Cash and cash equivalents	22	425.3	16.5	0.8	0.4	4.0	**447.0**
Trade receivables	19	354.8	-	-	-	-	**354.8**
Other receivables		30.9	211.4	6.8	-	0.1	**249.2**
Derivative financial assets	20	3.1	-	-	-	-	**3.1**
Other financial assets	21	2.7	-	-	-	-	**2.7**
Financial liabilities							
Trade and other payables	28	(459.3)	(384.8)	(52.0)	-	(6.8)	**(902.9)**
Borrowings	25	(4,707.1)	-	-	-	-	**(4,707.1)**
Lease liabilities	26	(118.8)	(0.2)	(28.6)	-	-	**(147.6)**
		(4,468.4)	**(157.1)**	**(73.0)**	**0.4**	**(2.7)**	**(4,700.8)**

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US$ million	Notes	US$	PEN	A$	HK$	Others	Total
At 31 December 2022							
Financial assets							
Cash and cash equivalents	22	346.4	21.2	-	1.8	2.8	**372.2**
Trade receivables	19	212.7	-	-	-	-	**212.7**
Other receivables		28.0	235.6	6.5	-	-	**270.1**
Derivative financial assets	20	126.0	-	-	-	-	**126.0**
Other financial assets	21	1.5	-	-	-		**1.5**
Financial liabilities							
Trade and other payables	28	(333.2)	(332.6)	(62.1)	-	(25.1)	**(753.0)**
Borrowings	25	(5,412.6)	-	-	-	-	**(5,412.6)**
Lease liabilities	26	(114.0)	(0.2)	(24.5)	-	-	**(138.7)**
Derivative financial liabilities	20	(0.3)	-	-	-	-	**(0.3)**
		(5,145.5)	**(76.0)**	**(80.1)**	**1.8**	**(22.3)**	**(5,322.1)**

Based on the Group's net monetary assets and financial liabilities at 31 December 2023 and 2022, 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:

	2023		2022	
	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 in profit after tax	Increase in profit after tax
10% movement in Australian dollar (2022: 10%)	(5.1)	5.1	(5.6)	5.6
10% movement in Peruvian sol (2022: 10%)	(10.7)	10.7	(5.2)	5.2
Total	**(15.8)**	**15.8**	**(10.8)**	**10.8**

(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. The aging analysis of the trade receivables is provided in Note 19, and 100% of the balance is aged less than 6 months based on invoice date. The carrying amount of the Group's trade receivables at FVTPL as disclosed in Note 19 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 2023 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

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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 2023 and 2022, 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:

	2023	2022
CMN	46.6%	34.5%
CITIC Metal	20.2%	16.2%
Trafigura	8.2%	14.0%

The Group's largest debtor at 31 December 2023 was CMN with a balance of US$159.1 million (2022: US$102.6 million) and the five largest debtors accounted for 77.6% (2022: 84.0%) 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	**2023**	**2022**
Asia	264.7	154.0
Europe	78.6	31.2
Australia	11.0	6.4
Other	0.5	21.1
	354.8	**212.7**

(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.

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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 2023						
Financial assets						
Cash and cash equivalents (Note 22)	447.0	-	-	-	**447.0**	**447.0**
Trade receivables (Note 19)	354.8	-	-	-	**354.8**	**354.8**
Other receivables	93.4	150.7	5.1	-	**249.2**	**249.2**
Derivative financial assets (Note 20)	3.1	-	-	-	**3.1**	**3.1**
Other financial assets (Note 21)	2.7	-	-	-	**2.7**	**2.7**
Financial liabilities						
Trade and other payables (Note 28)	(616.4)	(286.5)	-	-	**(902.9)**	**(902.9)**
Borrowings (including interest) (Note 25)	(1,599.6)	(1,285.1)	(1,899.6)	(824.3)	**(5,608.6)**	**(4,707.1)**
Lease liabilities (including interest) (Note 26)	(33.9)	(32.6)	(66.0)	(73.7)	**(206.2)**	**(147.6)**
	(1,348.9)	**(1,453.5)**	**(1,960.5)**	**(898.0)**	**(5,660.9)**	**(4,700.8)**
At 31 December 2022						
Financial assets						
Cash and cash equivalents (Note 22)	372.2	-	-	-	**372.2**	**372.2**
Trade receivables (Note 19)	212.7	-	-	-	**212.7**	**212.7**
Other receivables	114.7	145.5	9.9	-	**270.1**	**270.1**
Derivative financial assets (Note 20)	75.0	51.0	-	-	**126.0**	**126.0**
Other financial assets (Note 21)	1.5	-	-	-	**1.5**	**1.5**
Financial liabilities						
Trade and other payables (Note 28)	(535.5)	(217.5)	-	-	**(753.0)**	**(753.0)**
Derivative financial liabilities (Note 20)	(0.3)	-	-	-	**(0.3)**	**(0.3)**
Borrowings (including interest) (Note 25)	(1,510.1)	(1,357.8)	(2,530.6)	(1,090.5)	**(6,489.0)**	**(5,412.6)**
Lease liabilities (including interest) (Note 26)	(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)**

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Available debt facilities

As at the date that the financial statements are authorised to be issue, the Group (excluding the Las Bambas Joint Venture Group) had available in its undrawn debt facilities an amount of US$3,350 million (31 December 2022: US$300.0 million). These include:

1. A new US$1,000.0 million RCF from Top Create was undrawn and available. It will expire in December 2026;
2. A new US$200.0 million RCF from China Construction Bank ("CCB") of which US$50.0 million was undrawn and available. It will expire in January 2027;
3. A new US$300.0 million Term Loan Facility from Top Create supporting KEP project was undrawn and available. It will expire in December 2030; and
4. A new US$2,000.0 million shareholder term loan facility with Top Create to support an acquisition of CCL and its subsidiaries (refer to Note 36 for more details) was undrawn and available.

As at the date that the financial statements are authorised to be issue, the Las Bambas Joint Venture Group had available in its undrawn debt facilities of US$975.0 million (31 December 2022: US$800.0 million). These include:

1. A US$350.0 million RCF from Album Enterprises was undrawn and available. This facility was successfully extended for 1 year and will expire in August 2024;
2. A new US$275.0 million RCF from BOC was undrawn and available. This facility will expire in April 2026;
3. A new US$150.0 million RCF from ICBC made up from three tranches of US$50.0 million each was undrawn and available. This facility will expire in March, May and June 2026;
4. A new US$100.0 million RCF from CCB was undrawn and available. This facility will expire in February 2027; and
5. A new US$100.0 million RCF from BOCOM was undrawn and available. This facility will expire in August 2026;

Note: The US$800.0 million revolving credit facility available at 31 December 2022 provided by China Development Bank, Bank of China, Bank of Communications and The Export-Import Bank of China for operation and general corporate purposes was cancelled in September 2023.

The Group's certain 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 2023. Certain financial covenants are measured with reference to the financial performance of the Group or its subsidiaries, and may be influenced by future operational performance.

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31.2 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; In Peru, over the past decades, Las Bambas has experienced heightened political instability with succession of regimes with differing political policies. As the community disruptions and political situation are expected to evolve in the near future, the Group will continue to work closely with the relevant authorities and community groups to minimise the potential 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.

31.3 Fair values of financial instruments

The fair values of cash and cash equivalents and short-term monetary financial assets and financial liabilities approximate their carrying values. The fair values of other monetary financial assets and liabilities are either based upon market prices, where a market exists, or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles.

The fair value of commodity derivatives is determined based on the discounted future cash flows. Future cash flows are estimated based on forward commodity price from observable yield curves at the end of the reporting period and contracted price, discounted by the current interest rate.

The fair values of listed equity investments have been valued by reference to market prices prevailing at the reporting date.

The carrying values of other receivables less impairment provisions and trade payables are a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables. The fair values of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

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The carrying amounts and fair values of financial assets and liabilities by category and class at 31 December 2023 and 2022 are:

US$ million	Notes	Amortised cost (assets)	Financial assets/ (liabilities) at fair value through profit or loss	Amortised cost (liabilities)	Total carrying value	Total fair value
At 31 December 2023						
Financial assets						
Cash and cash equivalents	22	447.0	-	-	**447.0**	**447.0**
Trade receivables	19	-	354.8	-	**354.8**	**354.8**
Other receivables		249.2	-	-	**249.2**	**249.2**
Derivative financial assets	20	-	3.1	-	**3.1**	**3.1**
Other financial assets	21	-	2.7	-	**2.7**	**2.7**
Financial liabilities						
Trade and other payables	28	-	-	(902.9)	**(902.9)**	**(902.9)**
Borrowings	25	-	-	(4,707.1)	**(4,707.1)**	**(4,850.1)**
Lease liabilities	26	-	-	(147.6)	**(147.6)**	**(147.6)**
		696.2	**360.6**	**(5,757.6)**	**(4,700.8)**	**(4,843.8)**

US$ million	Notes	Amortised cost (assets)	Financial assets/ (liabilities) at fair value through profit or loss	Financial assets at fair value designated under cash flow hedge	Amortised cost (liabilities)	Total carrying value	Total fair value
At 31 December 2022							
Financial assets							
Cash and cash equivalents	22	372.2	-	-	-	**372.2**	**372.2**
Trade receivables	19	-	212.7	-	-	**212.7**	**212.7**
Other receivables		270.1	-	-	-	**270.1**	**270.1**
Derivative financial assets	20	-	12.1	113.9	-	**126.0**	**126.0**
Other financial assets	21	-	1.5	-		**1.5**	**1.5**
Financial liabilities							
Trade and other payables	28	-	-	-	(753.0)	**(753.0)**	**(753.0)**
Derivative financial liabilities	20	-	(0.3)	-	-	**(0.3)**	**(0.3)**
Borrowings	25	-	-	-	(5,412.6)	**(5,412.6)**	**(5,533.6)**
Lease liabilities	26	-	-	-	(138.7)	**(138.7)**	**(138.7)**
		642.3	**226.0**	**113.9**	**(6,304.3)**	**(5,322.1)**	**(5,443.1)**

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31.4 Fair value estimation

The table below analyses financial instruments carried at fair value, by the valuation method. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2023 and 31 December 2022.

US$ million	Level 1	Level 2	Total
At 31 December 2023			
Trade receivables (Note 19)	-	354.8	**354.8**
Derivative financial assets[2] (Note 20)	-	3.1	**3.1**
Financial assets at fair value through profit and loss – listed[1] (Note 21)	2.7	-	**2.7**
	2.7	**357.9**	**360.6**
At 31 December 2022			
Trade receivables (Note 19)	-	212.7	**212.7**
Derivative financial assets[2] (Note 20)	-	126.0	**126.0**
Derivative financial liabilities[2] (Note 20)	-	(0.3)	**(0.3)**
Financial assets at fair value through profit and loss – listed[1] (Note 21)	1.5	-	**1.5**
	1.5	**338.4**	**339.9**

There were no transfers between levels 1, 2 during the reporting period.

1 The fair values of financial instruments traded in active markets are based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Instruments included in level 1 comprise investments in listed stock exchanges.

2 The fair value of the interest rate swap is determined based on discounted future cash flows. Future cash flows are estimated based on forward interest rates from observable yield curves at the end of the reporting period and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties. The fair value of the collar hedge and fixed price swap is determined based on discounted future cash flows. Future cash flows are estimated based on London Metal Exchange contract future rates for commodities at the end of the reporting period and contracted commodity prices, discounted at a rate that reflects the credit risk of various counterparties.

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31.5 Capital risk management

The Group's objectives in managing capital are to safeguard its ability to continue as a going concern, support sustainable growth, enhance shareholder value and provide capital for potential acquisitions and investment.

The gearing ratio for the Group is set out below, with gearing 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.

The Group	2023 US$ million	2022 US$ million
Total borrowings (excluding prepaid finance charges)[1] (Note 25)	4,748.1	5,456.9
Less: cash and cash equivalents (Note 22)	(447.0)	(372.2)
Net debt	**4,301.1**	**5,084.7**
Total equity	4,312.0	4,228.5
Net debt + Total equity	**8,613.1**	**9,313.2**
Gearing ratio	**0.50**	**0.55**

1 Borrowings at an MMG Group level reflect 100% of borrowings of the Las Bambas Joint Venture Group. The Las Bambas Joint Venture Group's borrowings have not been reduced to reflect the MMG Group's 62.5% equity interest in that entity. 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 (2022: US$2,161.3 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.

32. Directors' and Senior Management's Emoluments

(a) Directors' emoluments

The remuneration of every Director for the year ended 31 December 2023 is set out below:

	For The Year Ended 31 December 2023					
Name of Director	Fees US$'000	Salaries US$'000	Other benefits[1] US$'000	Short-term incentive plans[2] US$'000	Long-term incentive plans[3] US$'000	Total US$'000
Mr LI Liangang	-	962	17	304	93	1,376
Mr XU Jiqing (Chairman)[6]	-	-	1	-	-	1
Mr LEUNG Cheuk Yan	138	-	-	-	-	138
Dr Peter William CASSIDY	144	-	1	-	-	145
Mr ZHANG Shuqiang	-	-	-	-	-	-
Mr Peter Ka Keung CHAN	154	-	1	-	-	155
	436	**962**	**20**	**304**	**93**	**1,815**

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The remuneration of every Director for the year ended 31 December 2022 is set out below:

Name of Director	Fees US$'000	Salaries US$'000	Other benefits[1] US$'000	Short-term incentive plans[2] US$'000	Long-term incentive plans[3] US$'000	Total US$'000
	For The Year Ended 31 December 2022					
Mr LI Liangang[4]	-	985	22	266	236	1,509
Mr JIAO Jian (Chairman)[5]	-	-	1	-	-	1
Mr XU Jiqing[6]	-	-	1	-	-	1
Mr LEUNG Cheuk Yan	145	-	-	-	-	145
Dr Peter William CASSIDY	155	-	1	-	-	156
Mr ZHANG Shuqiang	-	-	1	-	-	1
Mr Peter Ka Keung CHAN	165	-	1	-	-	166
	465	**985**	**27**	**266**	**236**	**1,979**

1 Other benefits include statutory superannuation, pension contributions and non-monetary benefits. Not all benefits apply to each executive; benefits are applied variably based on contractual obligations.

2 Short-term incentive ("STI") plans include at-risk, performance-linked remuneration, STI plans and discretionary bonuses.

The STI plan is an annual cash award determined by performance against Group financial and safety targets and individual performance. For operational roles, additional components include performance targets related to production rates, unit costs, and operational safety.

Participation in the at-risk incentive plans is offered to participants as a percentage of their fixed remuneration according to seniority and their ability to influence the performance of the Group. All employees on long-term employment contracts are eligible to participate in a STI plan. The incentive plans' provision for STIs was re-assessed at the reporting date.

3 Long-term incentive ("LTI") plans are performance-linked remuneration LTI plans, and most recently consist of the 2021 and 2022 Long-Term Incentive Equity plans ("LTIEP"), which are Performance Awards Schemes vesting at the conclusion of a three year performance period, and the 2023 Performance Incentive Cash Award plan. The vesting of LTI plans is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant, including amongst others, achievement of financial, resources growth and market-related performance targets at the conclusion of the respective vesting period.

Participation in the at-risk incentive plans is offered to participants as a percentage of their fixed remuneration according to seniority and their ability to influence the performance of the Group. The LTI plans are limited to senior managers invited to participate by the Board. The incentive plans' provision for LTI plans was re-assessed at the reporting date. The values attributed to the LTI plans are estimated values based on an assessment of the likely outcomes for each LTI plans and may be adjusted based on the actual outcome. The values attributed to the LTI plans are subject to Board approval at end of the vesting period.

4 Mr Li Liangang was appointed as the interim CEO and an Executive Director of the Company on 5 January 2022.

5 Mr. JIAO Jian resigned as the Chairman and Non-executive Director of the Company on 31 March 2023; and

6 Mr Xu Jiqing was appointed as the Chairman of the board on 21 August 2023.

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(b) Five highest-paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one Director (2022: one) whose emoluments are reflected in the analysis presented above and four (2022: four) senior executives and senior management whose remuneration by band are set out in the "Senior management remuneration by band" section in this Note.

Details of the emoluments payable to all five individuals during the year are as follows:

	2023 US$'000	2022 US$'000
Salaries and other short-term employee benefits	3,551	3,662
Short-term incentives and discretionary bonus	1,641	1,547
Long-term incentives	536	521
Post-employment benefits	120	182
	5,848	**5,912**

During the years ended 31 December 2023 and 2022, no emoluments were paid or payable by the Group to the Directors or any of the five highest-paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) Senior management remuneration by band

The emoluments fell within the following bands:

	Number of Individuals	
	2023	2022
HK$4,000,001 - HK$4,500,000 (US$510,391- US$574,190)	-	1
HK$6,000,001 - HK$6,500,000 (US$765,591 - US$829,390)	1	-
HK$6,500,001 - HK$7,000,000 (US$829,391- US$893,190)	-	1
HK$7,000,001 - HK$7,500,000 (US$893,191 - US$956,990)	1	-
HK$8,000,001 - HK$8,500,000 (US$1,020,791 - US$1,084,580)	1	-
HK$9,000,001 - HK$9,500,000 (US$1,148,381-US$1,212,180)	-	1
HK$10,500,001-HK$11,000,000 (US$1,339,781-US$1,403,580)	1	-
HK$11,500,001 - HK$12,000,000 (US$1,467,381-US$1,531,180)	-	2
HK$12,000,001-HK$12,500,000 (US$1,531,181-US$1,594,980)	1	-
	5	**5**

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33. Long-Term Incentive Plans

Share Option Scheme

Pursuant to share option scheme adopted at the extraordinary general meeting of the Company held on 26 March 2013 (2013 Share Option Scheme), options were granted to eligible participants under 2016 Options. At 31 December 2023, there were no options outstanding granted under 2016 Options and the 2013 Share Option Scheme has been expired.

During the year ended 31 December 2023, the movement in the number of options granted under the 2016 Share Option Scheme was as follows.

2016 Options

On 15 December 2016, the Company granted options to the eligible participants pursuant to the 2013 Share Option Scheme (2016 Options). There were no options outstanding at 31 December 2023.

During the year ended 31 December 2023, the movements of the 2016 Options were as follows:

				Number of Options				
Category and name of participant	Date of grant[1]	Exercise price per share (HK$)	Exercise period[2]	Balance at 1 January 2023	Granted during the year	Exercised during the year[3]	Lapsed during the year[4]	Balance at 31 December 2023
Employees of the Group	15 December 2016	2.29	4 years after date of vesting	**3,261,984**	**-**	**(3,158,983)**	**(103,001)**	**-**

1 The closing price of the shares of the Company immediately before the date on which the options were granted on 15 December 2016 was HK$2.25 per share.

2 The vesting and performance period of the options is three years from 1 January 2016 to 31 December 2018, with 60% of vested options exercisable from 1 January 2019 and 40% of the vested options subject to a 12-month exercise deferral period, such options being exercisable after 1 January 2020. The vesting of options is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth and market-related performance targets during the vesting period. Options vest on a percentage basis based on the target performance level achieved. Achievement of the Company and individual performance conditions have resulted in 33.33% of the 2016 Options granted to participants vesting on 22 May 2019.

3 The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK$2.83 per share.

4 Options lapsed due to the expiry of the exercise period.

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During the year ended 31 December 2022, the movements of the 2016 Options were as follows:

Category and name of participant	Date of grant[1]	Exercise price per share (HK$)	Exercise period[2,5]	Number of Options Balance at 1 January 2022	Granted during the year	Exercised during the year[3]	Lapsed during the year[4]	Balance at 31 December 2022
Employees of the Group	15 December 2016	2.29	4 years after date of vesting	**4,074,630**	**-**	**(640,980)**	**(171,666)**	**3,261,984**

1 The closing price of the shares of the Company immediately before the date on which the options were granted on 15 December 2016 was HK$2.25 per share.

2 The vesting and performance period of the options is three years from 1 January 2016 to 31 December 2018, with 60% of vested options exercisable from 1 January 2019 and 40% of the vested options subject to a 12-month exercise deferral period, such options being exercisable after 1 January 2020. The vesting of options is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth and market-related performance targets during the vesting period. Options vest on a percentage basis based on the target performance level achieved. Achievement of the Company and individual performance conditions have resulted in 33.33% of the 2016 Options granted to participants vesting on 22 May 2019.

3 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 per share.

4 Options lapsed due to cessation of employment.

5 No options were cancelled during the year.

The estimated fair value of the options granted on 15 December 2016 was approximately US$0.1371 each, estimated at the date of grant by using the Black-Scholes option-pricing model.

The value of the share options was subject to a number of assumptions and limitations of the option-pricing model, including a risk-free interest rate, option price volatility, expected life of the option, market price of the Company's shares and expected dividend. The risk-free interest rate was 1.89%; the expected volatility used in calculating the value of options was 40% and the expected dividend was assumed to be nil.

The validity period of the options is from the date of vesting until four years from 22 May 2019 to 22 May 2023. The vesting and performance period of the options is three years from 1 January 2016 to 31 December 2018. If a participant leaves employment before the expiry of the vesting period, the option will lapse unless the participant leaves due to certain specific reasons including ill-health, injury or disability, retirement with the agreement of the employer, redundancy, death, the participating employing company ceasing to be part of the Group and any other reason, if the Board so decides.

Performance Awards (Shares)

Pursuant to the performance awards granted under the LTIEP, performance awards were granted to eligible participants under 2020 Performance Awards, 2021 Performance Awards and 2022 Performance Awards. At 31 December 2023, there were a total of 39,800,298 performance awards (2022: 91,110,744) outstanding granted under the 2021 and 2022 Performance Awards, which represented approximately 0.46% (2022: 1.05%) of the total number of issued shares of the Company at that date.

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2020 Performance Awards

On 29 April 2020, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2020 Performance Awards). There were no performance awards outstanding at 31 December 2023.

During the year ended 31 December 2023, the movements of the 2020 Performance Awards were as follows:

		Number of Performance Awards					
Category and name of participant	Date of grant[1, 2]	Balances at 1 January 2023	Granted during the year	Vested and exercised during the year	Cancelled during the year	Lapsed during the year[3]	Balance at 31 December 2023
Director							
LI Liangang	29 April 2020	2,295,115	-	(764,962)	-	(1,530,153)	-
Employees of the Group	29 April 2020	45,943,153	-	(12,356,010)	-	(33,587,143)	-
Total		**48,238,268**	**-**	**(13,120,972)**	**-**	**(35,117,296)**	**-**

1 The closing price of the shares of the Company immediately before the date on which the awards were granted on 29 April 2020 was HK$1.34 per share.

2 The vesting and performance period of the performance awards is three years from 1 January 2020 to 31 December 2022. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration. Achievement of the Company and Individual performance conditions have resulted in 33.33% of the 2020 Performance Awards granted to participants vesting on 1 June 2023.

3 Performance awards lapsed due to non-achievement of some performance conditions during the vesting period and cessation of employment during the year.

During the year ended 31 December 2022, the movements of the 2020 Performance Awards were as follows:

		Number of Performance Awards					
Category and name of participant	Date of grant[1, 2]	Balances at 1 January 2022	Granted during the year	Vested and exercised during the year	Cancelled during the year	Lapsed during the year[3]	Balance at 31 December 2022
Directors							
GAO Xiaoyu[5]	29 April 2020	12,130,042	-	-	-	(12,130,042)	-
LI Liangang[4]	29 April 2020	2,295,115	-	-	-	-	2,295,115
Employees of the Group	29 April 2020	49,148,035	-	-	-	(3,204,882)	45,943,153
Total		**63,573,192**	**-**	**-**	**-**	**(15,334,924)**	**48,238,268**

1 The closing price of the shares of the Company immediately before the date on which the awards were granted on 29 April 2020 was HK$1.34 per share.

2 The vesting and performance period of the performance awards is three years from 1 January 2020 to 31 December 2022. The time of vesting will be on or around June 2023. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration .

3 Performance awards lapsed due to cessation of employment.

4 Mr Li Liangang was appointed as the interim CEO and Executive Director of the Company on 5 January 2022. He was granted 2,295,115 performance awards on 29 April 2020.

5 Mr Gao Xiaoyu resigned as the CEO and Executive Director of the Company on 5 January 2022. His interests in the performance awards lapsed on the same day.

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The performance awards are granted for nil cash consideration. The vesting of the performance awards will be subject to the achievement by each participant of certain performance conditions, among other things, independently assessed measures of achievement of non-market based conditions such as resources growth and financial and market based conditions such as total shareholder return. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting.

The estimated fair value of the performance awards granted on 29 April 2020 was approximately US$0.1462 each, estimated at the date of grant by using Monte Carlo Simulations (for market based conditions) and reference to market price of the Company's shares at the date of grant.

The value of the performance awards was subject to a number of assumptions and limitations of the performance awards-pricing model, including a risk-free interest rate, price volatility, expected life of the performance awards, market price of the Company's shares and expected dividend. The risk-free interest rate was 0.80%; the expected volatility used in calculating the value of performance awards was 60.29% and the expected dividend was assumed to be nil.

During the year ended 31 December 2023, the Group reversed a share award expense of approximately US$0.8 million (2022: recognised a share award expense of approximately US$0.2 million) in relation to the 2020 Performance Awards.

2021 Performance Awards

On 21 June 2021, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2021 Performance Awards). There were 13,665,443 performance awards outstanding at 31 December 2023, representing approximately 0.16% of the total number of issued shares of the Company at that date.

During the year ended 31 December 2023, the movements of the 2021 Performance Awards were as follows:

		Number of Performance Awards					
Category and name of participant	**Date of grant[1,2]**	**Balances at 1 January 2023**	**Granted during the year**	**Vested and exercised during the year**	**Cancelled during the year**	**Lapsed during the year[3]**	**Balance at 31 December 2023**
Director							
LI Liangang	21 June 2021	760,615	-	-	-	-	760,615
Employees of the Group	21 June 2021	14,060,567	-	-	-	(1,155,739)	12,904,828
Total		**14,821,182**	**-**	**-**	**-**	**(1,155,739)**	**13,665,443**

1 The closing price of the shares of the Company immediately before the date on which the awards were granted on 21 June 2021 was HK$3.39 per share.

2 The vesting and performance period of the performance awards is three years from 1 January 2021 to 31 December 2023. The time of vesting will be on or around June 2024. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration .

3 Performance awards lapsed due to cessation of employment.

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During the year ended 31 December 2022, the movements of the 2021 Performance Awards were as follows:

		Number of Performance Awards					
Category and name of participant	Date of grant[1, 2]	Balances at 1 January 2022	Granted during the year	Vested and exercised during the year	Cancelled during the year	Lapsed during the year[3]	Balance at 31 December 2022
Directors							
GAO Xiaoyu[5]	21 June 2021	4,019,967	-	-	-	(4,019,967)	-
LI Liangang[4]	21 June 2021	760,615	-	-	-	-	760,615
Employees of the Group	21 June 2021	15,801,682	-	-	-	(1,741,115)	14,060,567
Total		**20,582,264**	**-**	**-**	**-**	**(5,761,082)**	**14,821,182**

1 The closing price of the shares of the Company immediately before the date on which the awards were granted on 21 June 2021 was HK$3.39 per share.

2 The vesting and performance period of the performance awards is three years from 1 January 2021 to 31 December 2023. The time of vesting will be on or around June 2024. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration .

3 Performance awards lapsed due to cessation of employment.

4 Mr Li Liangang was appointed as the interim CEO and Executive Director of the Company on 5 January 2022. He was granted 760,615 performance awards on 21 June 2021.

5 Mr Gao Xiaoyu resigned as the CEO and Executive Director of the Company on 5 January 2022. His interests in the performance awards lapsed on the same day.

The performance awards are granted for nil cash consideration. The vesting of the performance awards will be subject to the achievement by each participant of certain performance conditions, among other things, independently assessed measures of achievement of non-market based conditions such as resources growth and financial and market based conditions such as total shareholder return. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting.

The estimated fair value of the performance awards granted on 21 June 2021 was approximately US$0.3928 each, estimated at the date of grant by using Monte Carlo Simulations (for market based conditions) and reference to market price of the Company's shares at the date of grant.

The value of the performance awards was subject to a number of assumptions and limitations of the performance awards-pricing model, including a risk-free interest rate, price volatility, expected life of the performance awards, market price of the Company's shares and expected dividend. The risk-free interest rate was 0.45%; the expected volatility used in calculating the value of performance awards was 69.06% and the expected dividend was assumed to be nil.

During the year ended 31 December 2023, the Group recognised a share award expense of approximately US$0.1 million (2022: US$0.6 million) in relation to the 2021 Performance Awards.

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2022 Performance Awards

On 21 April 2022, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2022 Performance Awards). There were 26,134,855 performance awards outstanding at 31 December 2023, representing approximately 0.30% of the total number of issued shares of the Company at that date.

During the year ended 31 December 2023, the movements of the 2022 Performance Awards were as follows:

		Number of Performance Awards					
Category and name of participant	**Date of grant[1, 2]**	**Balances at 1 January 2023**	**Granted during the year**	**Vested and exercised during the year**	**Cancelled during the year**	**Lapsed during the year[3]**	**Balance at 31 December 2023**
Director							
LI Liangang	21 April 2022	1,249,244	-	-	-	-	1,249,244
Employees of the Group	21 April 2022	26,802,050	-	-	-	(1,916,439)	24,885,611
Total		**28,051,294**	**-**	**-**	**-**	**(1,916,439)**	**26,134,855**

1 The closing price of the shares of the Company immediately before the date on which the awards were granted on 21 April 2022 was HK$3.50 per share.

2 The vesting and performance period of the performance awards is three years from 1 January 2022 to 31 December 2024. The time of vesting will be on or around June 2025. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration .

3 Performance awards lapsed due to cessation of employment.

During the year ended 31 December 2022, the movements of the 2022 Performance Awards were as follows:

		Number of Performance Awards					
Category and name of participant	**Date of grant[1, 2]**	**Balances at 1 January 2022**	**Granted during the year**	**Vested and exercised during the year**	**Cancelled during the year**	**Lapsed during the year[3]**	**Balance at 31 December 2022**
Director							
LI Liangang	21 April 2022	-	1,249,244	-	-	-	1,249,244
Employees of the Group	21 April 2022	-	28,633,414	-	-	(1,831,364)	26,802,050
Total		**-**	**29,882,658**	**-**	**-**	**(1,831,364)**	**28,051,294**

1 The closing price of the shares of the Company immediately before the date on which the awards were granted on 21 April 2022 was HK$3.50 per share.

2 The vesting and performance period of the performance awards is three years from 1 January 2022 to 31 December 2024. The time of vesting will be on or around June 2025. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration .

3 Performance awards lapsed due to cessation of employment.

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The performance awards are granted for nil cash consideration. The vesting of the performance awards will be subject to the achievement by each participant of certain performance conditions, among other things, independently assessed measures of achievement of non-market based conditions such as resources growth and financial and market based conditions such as total shareholder return. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting.

The estimated fair value of the performance awards granted on 21 April 2022 was approximately US$0.4114 each, estimated at the date of grant by using Monte Carlo Simulations (for market based conditions) and reference to market price of the Company's shares at the date of grant.

The value of the performance awards was subject to a number of assumptions and limitations of the performance awards-pricing model, including a risk-free interest rate, price volatility, expected life of the performance awards, market price of the Company's shares and expected dividend. The risk-free interest rate was 2.87%; the expected volatility used in calculating the value of performance awards was 68.26% and the expected dividend was assumed to be nil.

During the year ended 31 December 2023, the Group reversed a share award expense of approximately US$0.8 million (2022: recognise a share award expense of approximately US$3.2 million) in relation to the 2022 Performance Awards.

Performance Incentive Cash Award (Cash)

Pursuant to the Board approval, a performance incentive cash award was granted on 19 June 2023 to eligible participants under the 2023 Performance Incentive Cash Award ("PICA"). The award requires the Company to pay the intrinsic value of the PICA to the employees at the date of exercise. At 31 December 2023, there were a total of 45,164,002 PICA (2022: nil) outstanding.

During the year ended 31 December 2023, the movement of PICA was as follows:

		Number of Performance Incentive Cash Award					
Category and name of participant	**Date of grant[1, 2]**	**Balances at 1 January 2023**	**Granted during the year**	**Vested and exercised during the year**	**Cancelled during the year**	**Lapsed during the year[3]**	**Balance at 31 December 2023**
Directors							
LI Liangang	19 June 2023	-	1,700,976	-	-	-	1,700,976
Employees of the Group	19 June 2023	-	45,777,105	-	-	(2,314,065)	43,463,040
Total		**-**	**47,478,081**	**-**	**-**	**(2,314,065)**	**45,164,016**

1 The closing price of the shares of the Company immediately before the date on which the PICA were granted on 19 June 2023 was HK$2.60 per share.

2 The vesting and performance period of the PICA is three years from 1 January 2023 to 31 December 2025. The time of vesting will be on or around June 2026. The vesting of PICA is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. PICA vests on a percentage basis based on the threshold and target performance levels achieved. PICA is granted for nil cash consideration .

3 PICA lapsed due to cessation of employment.

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The fair value of PICA was determined using Monte Carlo Simulations (for market based conditions) and reference to market price of the Company's shares at the date of each valuation date.

At 31 December 2023, the Group has recorded liabilities of approximately US$2.90 million (2022: nil). The value of PICA was subject to a number of assumptions and limitations of the PICA pricing model, including a risk-free interest rate, price volatility, expected life of the PICA, price multiplier, market price of the Company's shares and expected dividend. The risk-free interest rate was 4.31%; the expected volatility used in calculating the value of PICA was 62.77% and the expected dividend was assumed to be nil.

During the year ended 31 December 2023, the Group recognised a cash-award expense of approximately US$2.9 million (2022: nil) in relation to the PICA.

34. 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:

	2023 US$ million	2022 US$ million
Property, plant and equipment		
Within one year	225.6	143.9
Over one year but not more than five years	119.8	127.6
	345.4	**271.5**
Intangible assets		
Within one year	1.9	2.7
Over one year but not more than five years	0.4	-
	2.3	**2.7**

Aggregate	2023 US$ million	2022 US$ million
Property, plant and equipment and intangible assets		
Contracted but not provided for	**347.7**	**274.2**

Notes to Consolidated Financial Statements
Continued

35. 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 2023, these guarantees amounted to US$310.5 million (2022: US$297.5 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 2017 tax periods for MLB in relation to withholding taxes on interest and 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 as at 31 December 2023 totalled PEN2,069.5 million (approximately US$551.8 million) (31 December 2022: PEN2,015.1 million (approximately US$527.5 million)).

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. Additionally, the Peruvian tax law was amended (with effect from October 2017) to provide expressly that parties are not related by being under state ownership for the purposes of withholding taxes. Las Bambas has appealed the assessments issued by SUNAT in the Peru Tax Court and the pronouncement is pending. In parallel, MLB filed an Amparo lawsuit to request a Constitutional Court the nullity of WHT Assessments due to the violation of MLB's constitutional rights in the issuance of SUNAT Assessments. Where MLB is not successful in rebutting or appealing such challenge(s), this could result in significant additional tax liabilities.

Notes to Consolidated Financial Statements
Continued

Peru –Income Taxes (2016 and 2017)

- *Peru –2016 Income Tax*

  In January 2023, Las Bambas received assessment notices from SUNAT in connection with the 2016 income tax audit (2016 Income Tax Assessment). The assessment denied the deductions for all interest on borrowings expensed during the 2016 tax year. This included the loans from Chinese banks where SUNAT denied the interest deductions on the basis that the borrowings were from related parties and that the alleged related party debt should be included in calculating Las Bambas' related party 'debt to equity' ratio (the 'thin capitalisation' threshold) which would then be breached. SUNAT also alleged that interest payable on the shareholder loan from MMG Swiss Finance A.G. is non-deductible, due to the application of the "Causality Principle" (i.e., the loan has no relevance to the income-producing activities of Las Bambas). Further, SUNAT separately alleged that the accounting treatment of the merger of Peruvian entities (subsequent to the acquisition of Las Bambas in 2014) should have resulted in a negative equity adjustment which would result in Las Bambas having no equity for the purposes of calculating its thin capitalisation allowance. The Assessment issued by SUNAT for tax, interest and penalties for the income tax year 2016 totalled PEN651.0 million (approximately US$173.0 million) as at 31 December 2023.

  On 27 July 2023, SUNAT confirmed that it had considered Las Bambas' appeal against the Assessment and concluded that the Assessment remains correct and valid. Las Bambas will appeal to the Peru Tax Court.

- *Peru –2017 Income Tax*

  In August 2023, Las Bambas received assessment notices from SUNAT in connection with the 2017 income tax audit (2017 Income Tax Assessment). Similar to the 2016 Income Tax Assessment, SUNAT has continued to challenge Las Bambas' treatment of interest expense in the 2017 tax year on the same basis as that described above. Further, SUNAT has not recognised previous years' tax losses, including 2014, 2015 and 2016 development costs (US$710 million). The Assessment for tax, interest and penalties for the income tax year 2017 totalled PEN 3,610.4 million (approximately US$961.0 million) as at 30 November 2023. However, on 30 November 2023 SUNAT issued Resolution No. 4070140000905 and declared the nullity of tax debt. An updated Assessment for 2017 was received on 13 December 2023 and notified a tax debt of PEN 3,460.2 million (approximately US$924.0 million).

Regarding the above SUNAT interpretations, management strongly disagrees and is of the view that SUNAT has disregarded all available evidence and independent opinions on the accounting treatment, submitted by Las Bambas for consideration during the 2016 and 2017 income tax assessment process. Further, in not recognising prior years' tax losses, SUNAT has failed to acknowledge the Tax Court decisions in respect of development costs for the 2012 and 2013 years which were ruled in MLB's favour. The risk remains that this treatment will also be applied for future income tax years.

Las Bambas has notified the Peru Government of a dispute pursuant to the Peru-Netherlands Bilateral Investment Treaty (Treaty) and the Peru Government has confirmed its inability to resolve the dispute by way of commercial negotiation. Las Bambas is currently evaluating its legal options to seek damages from the Government of Peru for a number of breaches of the Treaty.

Considering the Las Bambas' proposed appeals and advice from the Las Bambas' tax and legal advisers, the Group did not recognise a liability in its consolidated financial statements for any assessed amount. If Las Bambas is unsuccessful in its challenge on the SUNAT assessments, this could result in significant liabilities being recognised.

Notes to Consolidated Financial Statements
Continued

36. Events After the End of the Reporting Period

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 20 November 2023, the Group entered into a Share Purchase Agreement with Cupric Canyon Capital L.P., The Ferreira Family Trust, Resource Capital Fund VII L.P., and the Missouri Local Government Employees' Retirement System ("Sellers"). The Group has conditionally agreed to purchase the entire issued share capital of Cuprous Capital Ltd ("CCL") from the Sellers at a purchase price of US$1,875.0 million.

  As at the date of this report, the acquisition had been approved by the Minister of Minerals and Energy of Botswana; the Competition and Consumer Authority of Botswana; the State Administration for Market Regulation of the People's Republic of China ("PRC") and the requisite majority of the relevant Shareholders as required under the Listing Rules.

- The group obtained new RCFs of US$300.0 million from CCB of which US$150.0 million is undrawn. Refer to Note 2.1(a) and Note31.1 (e) for more details.

Notes to Consolidated Financial Statements
Continued

37. Company Statement of Financial Position, Reserves and Accumulated Losses

(a) Company Statement of Financial Position

	Note	At 31 December 2023 US$ million	At 31 December 2022 US$ million
ASSETS			
Non-current assets			
Loans to a subsidiary		103.4	119.9
Interests in subsidiaries		2,420.7	2,487.4
		2,524.1	**2,607.3**
Current assets			
Other receivables		0.1	1.3
Cash and cash equivalents		0.7	1.9
		0.8	3.2
Total assets		**2,524.9**	**2,610.5**
EQUITY			
Share capital		3,224.6	3,220.5
Reserves and accumulated losses	(b)	(713.7)	(614.7)
Total equity		**2,510.9**	**2,605.8**
LIABILITIES			
Current liabilities			
Other payables		0.2	0.1
Borrowings from a subsidiary		13.8	4.6
Total liabilities		**14.0**	**4.7**
Net current liabilities		**(13.2)**	**(1.5)**
Total equity and liabilities		**2,524.9**	**2,610.5**

LI Liangang
Interim CEO and Executive Director

XU Jiqing
Chairman of the Board and Non-Executive Director

Notes to Consolidated Financial Statements
Continued

(b) Company reserves and accumulated losses

US$ million	Special capital reserve	Share-based payment reserve	Accumulated losses	Total
At 1 January 2022	**9.4**	**8.9**	**(613.5)**	**(595.2)**
Loss for the year	-	-	(20.5)	**(20.5)**
Employee long-term incentives	-	1.1	-	**1.1**
Employee share options exercised and vested	-	(0.1)	-	**(0.1)**
At 31 December 2022	**9.4**	**9.9**	**(634.0)**	**(614.7)**
Loss for the year	-	-	(94.6)	**(94.6)**
Employee long-term incentives	-	(1.5)	-	**(1.5)**
Employee share options vested and exercised	-	(2.9)	-	**(2.9)**
Employee share options lapsed	-	(0.1)	0.1	**-**
At 31 December 2023	**9.4**	**5.4**	**(728.5)**	**(713.7)**

Five-year Financial Summary

US$ million	2023	2022	2021	2020	2019
Results – the Group					
Revenue	4,346.5	3,254.2	4,255.0	3,033.7	3,011.6
EBITDA	**1,461.9**	**1,535.4**	**2,725.4**	**1,379.7**	**1,461.5**
EBIT	**531.7**	**745.3**	**1,827.4**	**451.9**	**341.9**
Finance income	24.3	15.0	5.4	1.9	11.2
Finance costs	(366.4)	(299.8)	(329.0)	(401.4)	(523.1)
Profit/(loss) before income tax	**189.6**	**460.5**	**1,503.8**	**52.4**	**(170.0)**
Income tax expense	(67.5)	(217.0)	(583.3)	(46.8)	(25.3)
Profit/(loss) for the year	**122.1**	**243.5**	**920.5**	**5.6**	**(195.3)**
Attributable to:					
Equity holders of the Company	9.0	172.4	667.1	(64.7)	(230.4)
Non-controlling interests	113.1	71.1	253.4	70.3	35.1
	122.1	**243.5**	**920.5**	**5.6**	**(195.3)**

A summary of the Group results that relate to current operations involving the exploration for, and development of mining projects, is presented below.

US$ million	2023	2022	2021	2020	2019
Results – current operations					
EBIT	531.7	745.3	1,827.4	451.9	341.9
Significant non-recurring items	-		-	-	150.0
Underlying EBIT[1]	**531.7**	**745.3**	**1,827.4**	**451.9**	**491.9**

1 Underlying EBIT represents EBIT adjusted for significant non-recurring items (before tax). During the year ended 31 December 2019, the underlying loss attributable to equity holders of the Company excludes non-recurring item relating to the impairment of Kinsevere assets of US$105.0 million (post-tax).

Five-year Financial Summary
Continued

US$ million	2023	2022	2021	2020	2019
Assets and liabilities – the Group					
Property, plant and equipment	9,417.1	9,509.4	9,763.1	10,075.9	10,394.2
Right-of-use assets	118.1	111.2	104.6	122.8	140.6
Intangible assets	534.0	534.2	537.3	546.5	567.5
Inventories	504.5	994.8	682.9	492.7	488.6
Trade and other receivables	644.8	510.0	399.4	601.4	571.9
Cash and cash equivalents	447.0	372.2	1,255.3	192.7	217.5
Other financial assets	2.7	1.5	1.8	1.7	3.1
Derivative financial assets	3.1	126.0	32.7	-	-
Current income tax assets	79.5	60.5	62.3	25.7	101.3
Deferred income tax assets	150.0	315.7	184.7	238.6	180.4
Total assets	**11,900.8**	**12,535.5**	**13,024.1**	**12,298.0**	**12,665.1**
Capital and reserves attributable to equity holders of the Company	2,123.4	2,139.0	1,930.5	936.4	1,012.2
Non-controlling interests	2,188.6	2,089.5	1,997.5	1,733.3	1,665.7
Total equity	**4,312.0**	**4,228.5**	**3,928.0**	**2,669.7**	**2,677.9**
Borrowings	4,707.1	5,412.6	6,298.1	7,179.5	7,628.3
Lease liabilities	147.6	138.7	131.1	148.7	160.8
Trade and other payables	902.9	753.0	615.8	582.4	591.3
Derivative financial liabilities	-	0.3	4.9	40.0	-
Other financial liabilities	-	-	-	145.4	135.7
Current income tax liabilities	104.2	114.2	277.6	22.7	2.4
Provisions	774.3	680.2	749.8	644.4	588.7
Deferred income tax liabilities	952.7	1,208.0	1,018.8	865.2	880.0
Total liabilities	**7,588.8**	**8,307.0**	**9,096.1**	**9,628.3**	**9,987.2**
Total equity and liabilities	**11,900.8**	**12,535.5**	**13,024.1**	**12,298.0**	**12,665.1**

Glossary

A$	Australian dollar, the lawful currency of Australia
AGM	annual general meeting of the Company
Album Enterprises	Album Enterprises Limited, a wholly owned subsidiary of CMN
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
BOCOM	Bank of Communications Co., Ltd.
CCL	Cuprous Capital Ltd, a company incorporated in British Columbia, Canada
CDB	China Development Bank
CEO	Chief Executive Officer
CFO	Chief Financial 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
CMC Group	CMC and its subsidiaries
CMCL	China Minmetals Corporation Limited, a subsidiary of CMC
CMN	China Minmetals Non-ferrous Metals Co., Ltd, a subsidiary of CMC
CMNH	China Minmetals Non-ferrous Metals Holding Co., Ltd, 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
Companies Ordinance	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
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
Executive Committee	the executive committee of the Group, which consists of all Executive Directors of the Company, Chief Executive Officer/Interim Chief Executive Officer, Chief Financial Officer, Executive General Manager – Finance, Executive General Manager – Commercial and Development, Executive General Manager – Corporate Relations, Executive General Manager – Americas and Executive General Manager – Operations
EXIM Bank	The Export-Import Bank of China
Group	the Company and its subsidiaries
HK$	Hong Kong dollar, the lawful currency of Hong Kong

Glossary
Continued

HKFRS	Hong Kong Financial Reporting Standards, which include 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)
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, Luxembourg Branch
ICBC Macau	Industrial and Commercial Bank of China Limited, Macau Branch
ICMM	International Council on Mining and Metals
JORC Code	Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'
KEP	Kinsevere Expansion Project
Las Bambas Project	the development, construction and operation of the copper mines, processing facilities and associated infrastructure at the Las Bambas copper project located in the Apurimac region in Peru, together with all activities and infrastructure associated with the transportation and export of products from such mines
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
LME	London Metal Exchange
MCC23	23rd Metallurgical Construction Group Co., Ltd, an indirect wholly owned subsidiary of CMC
Minerals and Metals Group	the collective brand name of the portfolio of international mining assets held by Album Resources Private Limited, a wholly owned subsidiary of the Company
Mineral Resources	as defined under the JORC Code, a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction
Minmetals HK	China Minmetals H.K. (Holdings) Limited, an indirectly owned subsidiary of CMC
Minmetals Logistics	Minmetals Logistics Group Co., Ltd, a wholly owned subsidiary of CMC
Minmetals North-Europe	Minmetals North-Europe AB, a wholly owned subsidiary of CMC
MLB	Minera Las Bambas S.A., a non wholly owned subsidiary of MMG and the owner of the Las Bambas mine
MMG or MMG Limited	has the same meaning as the Company
MMG Australia	MMG Australia Limited, a wholly owned subsidiary of the Company
MMG Dugald River	MMG Dugald River Pty Ltd, a wholly owned subsidiary of the Company
MMG Finance	MMG Finance Limited, a wholly owned subsidiary of the Company
MMG SA	MMG South America Company Limited, a wholly owned subsidiary of the Company
MMG SAM	MMG South America Management Company Limited, a non wholly owned subsidiary of the Company
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules

Glossary
Continued

Ore Reserves	as defined under the JORC Code, the economically mineable part of a Measured and / or Indicated Mineral Resource
PRC	the People's Republic of China excluding, for the purpose of this document only, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan, unless the context requires otherwise
RCF	Revolving Credit Facilities
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SDG	Sustainable Development Goals
Share(s)	fully paid ordinary share(s) of the Company
Shareholder(s)	the shareholder(s) of the Company
SHEC	Safety, Health, Environment and Community
Stock Exchange	The Stock Exchange of Hong Kong Limited
SUNAT	National Superintendence of Tax Administration of Peru
Top Create	Top Create Resources Limited, a wholly owned subsidiary of CMN
TSF	Tailings Storage Facilities
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 Information

Board of Directors

Chairman
XU Jiqing
(Non-executive Director)

Executive Director
LI Liangang
(Interim Chief Executive Officer)

Non-executive Director
ZHANG Shuqiang

Independent Non-executive Directors
Peter CASSIDY
LEUNG Cheuk Yan
CHAN Ka Keung, Peter

Audit and Risk Management Committee

Chairman
CHAN Ka Keung, Peter

Members
ZHANG Shuqiang
XU Jiqing
Peter CASSIDY
LEUNG Cheuk Yan

Governance, Remuneration, Nomination and Sustainability Committee

Chairman
Peter CASSIDY

Members
XU Jiqing
LEUNG Cheuk Yan
CHAN Ka Keung, Peter

Disclosure Committee

Members
LI Liangang
Song QIAN
Troy HEY
Nicholas MYERS
WONG Lok Wun, Anfield

General Counsel

Nicholas MYERS

Company Secretary

WONG Lok Wun, Anfield

Legal Adviser

Linklaters, Hong Kong

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor

Share Registrar

Computershare Hong Kong Investor Services Limited
17th Floor Hopewell Centre
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Hong Kong

Principal Bankers

China Development Bank
Industrial and Commercial Bank of China Limited
Bank of China Limited
The Export-Import Bank of China
Bank of America Merrill Lynch Limited
Australia and New Zealand Banking Group Limited
Banco Bilbao Vizcaya Argentaria, S.A.

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Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 1208

Additional Shareholder Information

The Chinese version of the Annual Report is prepared based on the English version. If there is any inconsistency between the English and Chinese versions of this Annual Report, the English text shall prevail to the extent of the inconsistency.

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