

TRANSCRIPTION

Company: MMG Limited

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INTRODUCTION

Andrea Atell (MMG, General Manager - Corporate Affairs and Sustainability):

- Thank you for joining us. Today's call covers the operational performance of MMG's sites for the second quarter of 2025, with our report released yesterday.
- I am joined by Mr. ZHAO Jing Ivo, our CEO, along with other members of the Executive Committee.
- I'll now hand over to Ivo, who will provide a brief overview of the quarter. The moderator will then facilitate your questions.

QUARTERLY REPORT OVERVIEW

ZHAO Jing Ivo (MMG, CEO):

- Thank you, Andrea. Good morning and good afternoon - thank you for joining us today. It is a pleasure to share our second quarter performance with you – a really strong result with some impressive milestones. Let me begin with an update on our safety performance. I am pleased to report a significant improvement in our Total Recordable Injury Frequency at 1.23, down from 2.40 in the first quarter. Our Significant Events with Energy Exchange Frequency reduced to 0.49, from 1.08. These improvements reflect the focus and commitment of our teams to embedding critical controls and proactive safety practices across all sites. We must continue our journey towards a significant and ongoing safety and health improvement.
- Onto our production results, total copper output - including copper cathode and copper concentrate - increased significantly to just over one hundred and forty thousand (140,000) tonnes. This represents a 54% increase year-on-year, thanks to a strong performance across all three of our copper assets.
- Las Bambas set a new record by mining close to 22 million tonnes of ore. They delivered almost 115,000 tonnes of copper in concentrate, their second-highest quarterly result on record.
- This excellent result was underpinned by improved ore grades and contributions from both the Ferrobamba and Chalcobamba pits. These impressive milestones were achieved despite the challenges the team faced towards the end of the quarter, with intermittent roadblocks on the Southern Road Corridor. They were part of the nationwide protests by informal miners regarding the scheduled end of the REINFO program. We continued to maintain production at Las Bambas and with the roadblocks now cleared, stockpiled concentrate is leaving site progressively.

- I'm pleased to share that Kinsevere and Khoemacau both delivered solid double-digit growth at 19 and 28 per cent respectively. It's worth noting that Kinsevere's performance was constrained by regional power instability, which affected several other copper producers. In response, we are adding 12 megawatts of diesel generation capacity to help stabilise supply and support future throughput. The ramp-up of the Kinsevere Expansion Project continues, with copper recovery at the sulphide concentrator exceeding 75 per cent in June, while the calcine conversion rate of the roaster achieved 88 per cent.
- At Khoemacau, planning for the 130,000-tonne per annum expansion continues to progress. A feasibility study is underway, with early works to establish infrastructure and personnel recruitment also having started. As part of a recently awarded five-year contract, JCHX Mining is now on site with mobilisation having gone smoothly.
- Moving to zinc. Total production for the quarter was just over 56,000 tonnes, a 12 per cent increase compared to the same period last year.
- Dugald River produced over 43,000 tonnes, a 26 per cent increase year-on-year. This reflects a recovery from unplanned maintenance and weather-related disruption earlier in the year and was supported by strong ore grades and continued improvements in mill performance.
- At Rosebery, zinc production declined by 20 per cent compared to the second quarter of 2024. This was largely due to lower grades associated with mining sequence and challenges related to equipment reliability. Despite this, zinc equivalent production remained strong at nearly 30,000 tonnes, reflecting continued value from by-product metals.
- As a team we are focused on delivering our production and cost targets for 2025. At Las Bambas and Rosebery we have favourably adjusted the C1 cost range to reflect improved by-product credits and strong market conditions.
- With the improved profitability of the Las Bambas mine, I'm pleased to announce that the mine distributed dividends to MMG and its joint venture shareholders for the first time in the second quarter. This marks the first dividend payment from Las Bambas since its acquisition in 2014, representing a significant milestone in shareholder value creation.
- Additionally, Khoemacau made an early repayment of US\$500 million on its acquisition facility. This was funded through equity contributions from MMG and our joint venture partner, supported by the dividend distribution from Las Bambas.
- I would also like to congratulate Mr. CHEN Xuesong on his appointment as the Interim President of Las Bambas. We worked closely together during my time in Peru - and with his extensive mining background - I know he will do a great job at leading our local team and maximising the site's potential.
- Our ambition to become a top 10 global copper producer is within reach, and we are well-positioned to achieve this through operational excellence, disciplined capital allocation, and a continued commitment to responsible mining. Across our portfolio, we are proud to be making a positive impact by driving local employment and enabling social development, whilst at the same time supplying the critical minerals needed for a low-carbon future. As we progress the integration of Nickel Brazil, we remain confident in the long-term value it will bring to our portfolio and growth outlook.

- And just before we close, I wanted to acknowledge our recent positive profit alert where we announced an expected net profit after tax attributable to equity holders for the half year ended 30 June 2025 of approximately US\$340 million. More details to be shared at the Interim Results presentation on the 13th of August. I hope you will join us.
- On behalf of MMG's Executive Committee, I would like to sincerely thank our team for their efforts and commitment to safe operations. It's been a really pleasing performance and I look forward to building on this result as we close out the year.
- My colleagues and I are now happy to take your questions. I will hand back to the moderator.

<QUESTIONS AND ANSWERS>

Operator: Thank you. If you wish to ask a question, please press *1 on your telephone and wait for your name to be announced. To cancel your request, press *2. If you are using a speakerphone, please pick up the handset before asking your question. The first question today comes from Jimmy FENG with Citi. Please go ahead.

Jimmy FENG (Citi, Analyst): Hi, thanks management for the presentation, and congratulations on a strong second-quarter production report as well as the robust first-half profit alert. I have three questions. My first question is regarding Las Bambas' output. The first-half production was very strong, exceeding 200,000 tonnes. I noticed that the full-year guidance remains at 360,000–400,000 tonnes. If there are no road blockades in the second half, could the full-year output exceed the guidance? Or, based on the mining sequence planned for the second half, will production be lower than the first half? Thank you.

ZHAO Jing Ivo (MMG, CEO): Hi Jimmy, this is Ivo. I would like to provide a brief update regarding our production outlook. If there are no disruptions in the second half of the year, especially from external factors, we believe the 2025 production could exceed 400,000 tonnes, implying approximately 200,000 tonnes of output in the second half. However, given the upcoming election year in Peru and the recent increase in mining-related activities associated with political demands, there are potential challenges and could disrupt transportation of materials and concentrates. These are considerations for our operations. In the absence of such external disruptions, to the mine aims to maximise production, targetting 400,000 tonnes for the full year. Thanks.

Jimmy FENG (Citi, Analyst): Yes, very clear. Thank you. My second question is also related to Las Bambas, specifically regarding the C1 cost. I noticed that the first-quarter C1 cost was very low at US\$1.26/lb, and I'm pleased to see the guidance has been lowered. However, the guidance is still higher than the first quarter. Could you explain the potential reasons for a higher C1 cost in the second half? Is it also due to potential disruptions at Las Bambas? If there are no disruptions, what should we expect for the C1 cost? Thank you.

ZHAO Jing Ivo (MMG, CEO): Thank you, Jimmy. As I mentioned earlier, if there are no disruptions to production in the second half, the C1 cost is expected to be near the lower end of the guidance range. However, external challenges could result in higher C1 cost. For example, logistical disruptions

may lead to increased standby expenses. Additionally, social expenses are generally greater in the second half of the year, due to the implementation phase following planning and design in the first half. These elements contribute to potentially higher C1 cost in the second half, but we remain committed to keeping costs within the guidance range.

Jimmy FENG (Citi, Analyst): Got it. Thank you. My final question is about Kinsevere. I understand there have been issues with unstable power supply, and the site is currently ramping up. What is the outlook for the power supply? Could this instability prevent Kinsevere from reaching full capacity? What solutions are being considered? Thank you.

WANG Nan (MMG, Executive General Manager - Operations): Hi, Jimmy. This is Nan. Power supply is an area of focus. We are working closely with SNEL, the local power supplier, to stabilise electricity provision. However, this is a nationwide issue, and we are impacted by power outages. To mitigate these challenges, we have procured an additional 12-megawatt diesel generator. Combined with our existing diesel generators, this will provide additional backup capacity. We will continue to optimise use of diesel generators alongside the local grid to support stable production.

Jimmy FENG (Citi, Analyst): Thanks for the response. That's very helpful. I have no further questions.

Operator: Thank you. The next question comes from Lawrence LAU with BOCI. Please go ahead.

Lawrence LAU (BOCI, Analyst): Hi, thank you for taking my questions. I have a few questions. First, regarding Las Bambas, I noticed that the ore grade in the second quarter was very high. Management mentioned that if there are no disruptions, the second-half production will be strong. Does this imply that the ore grade will remain high in the second half? Second, regarding Kinsevere, I noticed that in the first half, the site milled significantly more ore than it mined. Was this due to processing third-party ore, or was it from inventory carryover? Third, I noticed cobalt sales in the second quarter, but I understand that the DRC government suspended cobalt exports in late February. Could you clarify how these sales occurred? Finally, regarding Khoemacau, I noticed a change in the mining contractor. Will this result in lower costs for the mine in the future? Thank you.

ZHAO Jing Ivo (MMG, CEO): I'll address your first question regarding Las Bambas. Currently, we are operating two pits, Ferrobamba and Chalcobamba. Chalcobamba has a higher ore grade, and ore from both pits is being blended to provide a consistent grade for the plant. Our objective is to maintain a stable ore grade to achieve the production target of 200,000 tonnes for the second half of the year. I hope this answers your question.

Lawrence LAU (BOCI, Analyst): Yes, thank you.

WANG Nan (MMG, Executive General Manager - Operations): Hi, Lawrence. This is Nan. I'll address your questions regarding Kinsevere and Khoemacau.

For Kinsevere, during the first half, the majority of ore milled came from stockpiles, including large sulphide stockpiles and some low-grade oxide stockpiles. There was also a minor contribution from third-party ore, but the primary source remained stockpiles.

Regarding cobalt sales in the second quarter, shipments occurred that had already been dispatched before the government's export ban was implemented. No cobalt sales have taken place since the ban.

As for Khoemacau, the transition to JCHX as the mining contractor was the result of a competitive tendering process. While I cannot disclose specific contract details, I can confirm that the new contractor is expected to bring significant value to Khoemacau.

Lawrence LAU (BOCI, Analyst): Thank you.

Operator: Thank you. Your next question comes from Chris Shiu with Balyasny Asset Management. Please go ahead.

Chris SHIU (Balyasny Asset Management, Analyst): Thank you very much, management team. I have two questions. The first one is regarding Las Bambas. Could you compare the recent roadblocks caused by informal miners to those caused by communities in the past? How do they differ, or are there any similarities? That's my first question. Thank you.

ZHAO Jing Ivo (MMG, CEO): Thank you, Chris. Regarding the roadblocks, as many of you know, Las Bambas has experienced significant disruptions over the past decade. When I joined Las Bambas team in 2022, we were confronted with considerable challenges, particularly those related to community-related roadblocks. Since then, we have made substantial progress by implementing a new social strategy that is now integral to Las Bambas' operations. This approach has enabled more effective engagement with local communities, resulting in a marked reduction in the risk of community-related roadblocks.

The recent roadblocks, however, are different. They were caused by informal mining activities and were not specifically directed at Las Bambas. The disruptions affected areas beyond the southern road corridor, including major cities such as Arequipa, the second-largest city in southern Peru, and Nazca, leading to more than 170 kilometers of road blockages. This situation impacted many mining companies across the country. While Las Bambas' operations have remained uninterrupted, the transportation of copper concentrate was delayed by two weeks. The government has initiated dialogues with informal miners, resulting in ongoing talks to explore possible solutions to the issue.

In summary, the main differences are: First, these roadblocks were not targeted at Las Bambas but were part of a nationwide issue involving government authorities and informal miners. Second, the government has undertaken proactive measures to engage with informal miners and is considering legislative initiatives, such as the proposed MAPE law, to address the underlying causes of these disruptions. I hope this answers your question.

Chris SHIU (Balyasny Asset Management, Analyst): Yes, thank you very much for the detailed explanation. My second question is about Nickel Brazil. Could you confirm whether the expected completion timeline for the acquisition is still within the third quarter of this year? Additionally, will the financial contribution from this acquisition be consolidated from the completion date, or will it be backdated to the beginning of the year or another date? Thank you.

ZHAO Jing Ivo (MMG, CEO): Thank you, Chris. I'll provide a brief response, and Sandra can add more details. As of now, the acquisition of Nickel Brazil has not been finalised.

Sandra GUAN (MMG, Interim Executive General Manager – Commercial and Development): Hi, Chris. This is Sandra. We are still in the process of obtaining regulatory approvals for the acquisition. We currently expect to close the deal by the end of the year. Regarding financial consolidation, it will only occur post-acquisition.

Chris SHIU (Balyasny Asset Management, Analyst): Got it. Thank you very much.

Operator: The next question comes from Miriam CHAN with Bank of America. Please go ahead.

Miriam CHAN (Bank of America, Analyst): Hi management team, thanks for your time. I have four questions. My first question is a follow-up on Las Bambas. Based on your announcement and earlier comments, the recent roadblock at the end of June lasted for about two weeks. You mentioned increasing the number of trucks to enhance transportation capacity. Could you clarify whether this event will impact third-quarter sales volumes, assuming no further roadblocks? My second question is also related to Las Bambas. How do you assess the risk of future disruptions? Under what circumstances would you consider lowering production to the lower end of your guidance? Thanks.

WANG Nan (MMG, Executive General Manager – Operations): Hi, Miriam. This is Nan. First, regarding sales volumes, our focus is on maximising transportation capacity as soon as the roads are accessible. We aim to fully utilise all available capacity to efficiently reduce on-site stockpiles and ensure timely sales. Secondly, regarding production risks in the second half, as Ivo mentioned earlier, if there are no external disruptions, we are confident in achieving the upper end of our guidance. Thank you.

Miriam CHAN (Bank of America, Analyst): Thank you. My third question is about capital management. I noticed that Las Bambas has distributed its first dividend to MMG. From MMG's perspective, could you provide the latest guidance on capital expenditure and your gearing ratio target? Additionally, is there any possibility of future dividend distributions?

QIAN Song (MMG, CFO): Thank you, Miriam. At this stage, we are not in a position to provide detailed financial data. We will address this question after the release of our interim report and discuss it further in the next conference. Thank you.

Miriam CHAN (Bank of America, Analyst): Understood. Thank you. My final question is about copper prices. Could you share your outlook for copper prices in the second half of the year?

ZHAO Jing Ivo (MMG, CEO): That's a broad question. As a mining company, we are generally inclined to favour higher copper prices. However, short-term copper prices are heavily influenced by macroeconomic factors.

Miriam CHAN (Bank of America, Analyst): No problem. Thank you for your response. That's all my questions.

Operator: Thank you. Once again, if you wish to ask a question, please press *1. The next question comes from Hagen BAHNEMANN with Mercury RC. Please go ahead.

Hagen BAHNEMANN (Mercury RC, Analyst): Congratulations on the excellent quarterly results. My question is about the additional cash flows generated. How does MMG plan to utilize these funds? Will they be used to pay down debt, expand existing assets, or pursue further acquisitions?

QIAN Song (MMG, CFO): Thank you, Hagen. This is Song. With the current copper market conditions and strong production performance, MMG recorded significant cash flow in the first half. We will undertake a thorough assessment of our operational priorities and growth strategies to determine the most effective allocation of these funds. As disclosed, Las Bambas has already distributed dividends to MMG Limited in the first half. We are also reviewing how to allocate cash flows from other assets, such as our Australian operations, to further support the MMG Group. Additional details will be included in our upcoming interim report.

Hagen BAHNEMANN (Mercury RC, Analyst): Thank you very much.

Operator: Thanks. There are no further questions. I will hand the call back to Ivo for closing remarks.

CLOSE

ZHAO Jing Ivo (MMG, CEO):

- Thank you, everyone. I look forward to our next meeting after the release of the interim report. If you have any further questions, please feel free to contact our Investor Relations or Corporate Affairs teams. Thank you all for your time and participation.

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