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**MMG LIMITED**  
**五礦資源有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(HKEX STOCK CODE: 1208)**

**(ASX STOCK CODE: MMG)**

## FOURTH QUARTER PRODUCTION REPORT

### FOR THE THREE MONTHS ENDED 31 DECEMBER 2018

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (Listing Rules) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (Board) of MMG Limited (Company or MMG) is pleased to provide the Fourth Quarter Production Report for the three months ended 31 December 2018.

The report is annexed to this announcement.

By order of the Board

**MMG Limited**

**GAO Xiaoyu**

*CEO and Executive Director*

Hong Kong, 24 January 2019

*As at the date of this announcement, the Board comprises nine directors, of which two are executive directors, namely Mr Gao Xiaoyu and Mr Xu Jiqing; three are non-executive directors, namely Mr Guo Wenqing (Chairman), Mr Zhang Shuqiang and Mr Jiao Jian; and four are independent non-executive directors, namely Dr Peter William Cassidy, Mr Leung Cheuk Yan, Ms Jennifer Anne Seabrook and Professor Pei Ker Wei.*

# FOURTH QUARTER PRODUCTION REPORT

FOR THE THREE MONTHS ENDED 31 DECEMBER 2018

|  | 4Q 18          | 4Q 18<br>vs<br>4Q 17 | 4Q 18<br>vs<br>3Q 18 | YTD            | YTD 18<br>vs<br>YTD 17 |
|--|----------------|----------------------|----------------------|----------------|------------------------|
| <b>COPPER CATHODE (tonnes)</b>                             |                |                      |                      |                |                        |
| Kinsevere  | 18,463         | -9%                  | -11%                 | 79,711         | -1%                    |
| <b>Total</b>   | <b>18,463</b>  | <b>-9%</b>           | <b>-11%</b>          | <b>79,711</b>  | <b>-1%</b>             |
| <b>COPPER (contained metal in concentrate, tonnes)</b>     |                |                      |                      |                |                        |
| Las Bambas   | 111,865        | -8%                  | 29%                  | 385,299        | -15%                   |
| Rosebery   | 409            | 14%                  | 41%                  | 1,465          | 11%                    |
| <b>Total</b>   | <b>112,274</b> | <b>-8%</b>           | <b>29%</b>           | <b>386,764</b> | <b>-15%</b>            |
| <b>ZINC (contained metal in concentrate, tonnes)</b>       |                |                      |                      |                |                        |
| Dugald River   | 41,641         | n/a                  | 9%                   | 147,320        | n/a                    |
| Rosebery   | 18,444         | -8%                  | -4%                  | 75,721         | 1%                     |
| <b>Total</b>   | <b>60,085</b>  | <b>200%</b>          | <b>4%</b>            | <b>223,041</b> | <b>198%</b>            |
| <b>LEAD (contained metal in concentrate, tonnes)</b>       |                |                      |                      |                |                        |
| Dugald River   | 5,297          | n/a                  | -4%                  | 16,693         | n/a                    |
| Rosebery   | 6,107          | -21%                 | -4%                  | 28,744         | 8%                     |
| <b>Total</b>   | <b>11,404</b>  | <b>48%</b>           | <b>-4%</b>           | <b>45,437</b>  | <b>71%</b>             |
| <b>MOLYBDENUM (contained metal in concentrate, tonnes)</b> |                |                      |                      |                |                        |
| Las Bambas   | 449            | -7%                  | -20%                 | 1,961          | 37%                    |
| <b>Total</b>   | <b>449</b>     | <b>-7%</b>           | <b>-20%</b>          | <b>1,961</b>   | <b>37%</b>             |

## KEY POINTS

- Total recordable injury frequency (TRIF) of 1.35 per million hours worked for the fourth quarter in 2018 and 1.00 for the full year. This represents a 14.5% reduction on the full year 2017 TRIF of 1.17.
- Total copper and zinc production for 2018 was 466,475 and 223,041 tonnes respectively. This drove Net Cash Flow From Operating Activities of more than of US\$1.7 billion and Gross Debt reduction of more than US\$1 billion for the year.

- Las Bambas produced 385,299 tonnes of copper in copper concentrate in 2018, driven by a 29% increase in fourth quarter production. With actions to remediate the wall slip which affected the third quarter completed, fourth quarter production of 111,865 tonnes was driven by higher tonnes mined, higher ore grades and higher tonnes milled.
- Dugald River produced 147,320 tonnes of zinc in zinc concentrate in 2018, as the world class ramp up continued during the December quarter, with mining and milling rates now consistently above nameplate capacity.
- Kinsevere produced 18,463 tonnes of copper cathode during the fourth quarter, a 9% reduction on the prior corresponding period. Production was impacted by lower ore feed grade and reduced ore milled, resulting from a number of unrelated equipment failures. Full year copper cathode production was 79,711 tonnes delivering another year of strong overall performance.
- Rosebery produced 18,444 tonnes of zinc in zinc concentrate for the quarter and 75,721 tonnes for the full year. With record ore mined and milled driving record metal production in zinc equivalent terms.
- The sale of MMG's 90% interest in LXML Sepon was completed on 30 November 2018. This follows the successful divestments of the Century, Golden Grove and Avebury assets. These sales were part of a strategy to focus the MMG portfolio on long life, high quality, base metal mining assets.
- Cost and efficiency improvement initiatives continue across all sites, group and support functions to mitigate the impact of short term commodity price weakness, input cost increases and longer term grade declines.
- In 2019, MMG expects to produce between 462,500 and 485,000 tonnes of copper and between 250,000 and 270,000 tonnes of zinc driven by improved production at Las Bambas and Dugald River.

## SAFETY, HEALTH, ENVIRONMENT AND COMMUNITY

MMG's first value is safety. For the fourth quarter in 2018, MMG recorded a TRIF of 1.35 per million hours worked and 1.00 for the full year 2018. This demonstrates continued improvement in TRIF, with MMG recording a 14.5% reduction on the full year 2017 TRIF of 1.17.

The Peruvian government extended the State of Emergency on a small section of the road at Yavi Yavi between the Las Bambas operation and the rail transfer facility at Pillones until 27 January 2019.

## COMMODITY PRICES, MARKETING AND SALES

| Metal Price*         | Quarter – average |       |       | Quarter – close |       |       |
|----------------------|-------------------|-------|-------|-----------------|-------|-------|
|                      | 4Q 18             | 3Q 18 | 4Q 17 | 4Q 18           | 3Q 18 | 4Q 17 |
| Copper (US\$/lb)     | 2.80              | 2.77  | 3.09  | 2.71            | 2.80  | 3.25  |
| Gold (US\$/oz)       | 1229              | 1213  | 1276  | 1282            | 1185  | 1297  |
| Lead (US\$/lb)       | 0.89              | 0.95  | 1.13  | 0.91            | 0.91  | 1.13  |
| Molybdenum (US\$/lb) | 12.05             | 11.81 | 8.76  | 11.88           | 11.80 | 10.25 |
| Silver (US\$/oz)     | 14.55             | 14.99 | 16.73 | 15.47           | 14.31 | 16.87 |
| Zinc (US\$/lb)       | 1.19              | 1.15  | 1.47  | 1.14            | 1.17  | 1.50  |

\*Sources: zinc, lead and copper: LME cash settlement price; Molybdenum: Platts; gold and silver: LBMA.

Copper and zinc prices declined further during the fourth quarter 2018, with continuing trade tensions between the United States (US) and China exacerbated by concerns around global economic growth prospects. The negative macroeconomic sentiment also drove global stock markets sharply lower. Notwithstanding the macroeconomic concerns, markets for refined copper and zinc are tightly balanced, with LME stocks of both metals finishing the year at around 130,000 tonnes, significantly below typical levels and down by 36% and 29% respectively compared to 12 months earlier. Supplies of both copper and zinc have been restricted by various smelter production issues inside and outside China and this resulted in 2019 copper cathode contract premiums rising globally compared to 2018 levels.

While restricted smelter production has tightened the markets for refined copper and zinc, it also contributed to a softening of concentrate markets. However, in the case of copper, the lack of additional concentrate supply for 2019 combined with increases in demand from both existing and new smelter capacity has resulted in a modest reduction in contract treatment and refining charges for 2019.

### PROVISIONAL PRICING

The following table provides a summary of the metal that was sold but which remains provisionally priced at the end of the fourth quarter 2018 and the month that final average pricing is expected to occur at the time of provisional invoicing.

| Open pricing at 1 January 2019                              | Jan-19  | Feb-19  | Mar-19  | Apr-19 | Total     |
|---|---------|---------|---------|--------|-----------|
| Copper (tonnes cathode and copper contained in concentrate) | 34,644  | 23,905  | 33,033  | 107    | 91,689    |
| Gold (ounces)   | 13,013  | 1,057   | 1,176   |        | 15,246    |
| Lead (tonnes)   | 2,959   |         |         |        | 2,959     |
| Molybdenum (pounds)   | 94,827  | 394,361 | 539,980 |        | 1,029,168 |
| Silver (ounces)   | 962,702 | 53,514  | 60,636  |        | 1,076,852 |
| Zinc (tonnes)   | 11,592  | 4,085   | 10,469  |        | 26,146    |

# OPERATIONS

## LAS BAMBAS

|                     | 4Q 18   | 4Q 18<br>vs<br>4Q 17 | 4Q 18<br>vs<br>3Q 18 | YTD     | YTD 18<br>vs<br>YTD 17 |
|---------------------|---------|----------------------|----------------------|---------|------------------------|
| Copper (tonnes)     | 111,865 | -8%                  | 29%                  | 385,299 | -15%                   |
| Molybdenum (tonnes) | 449     | -7%                  | -20%                 | 1,961   | 37%                    |

### Fourth quarter and 2018 performance

Las Bambas produced 385,299 tonnes of copper in copper concentrate in 2018, with fourth quarter production up by 29% compared to the previous quarter. Full year production was in line with the revised guidance range following the localised wall slippage which impacted mining rates and production during the third quarter of 2018. The C1 unit cost for 2018 was US\$1.18/lb, also in line with the revised guidance range.

Fourth quarter production was driven by higher milled grade (1.0% vs. 0.7% in 3Q18) and improved mining volumes (+12% vs. 3Q18), following successful actions to remediate and resume mining in the area impacted by the wall slippage. Initiatives to increase mill throughput also continued to deliver sequential improvement, with milling rates near record levels and 4% above the third quarter. On an annualised basis, mill throughput in the fourth quarter was 52.0mt, compared to a nameplate capacity of 51.1mt.

### 2019 outlook

Copper in concentrate production for 2019 is expected to be between 385,000 and 405,000 tonnes. Forecast 2019 production is underpinned by further improvements in mill throughput with ore grades expected to be in line with those in 2018. Mining and development rates are also set to increase in 2019 to open up additional operating faces consistent with the mine plan.

The risk of further wall instability in the area of the pit impacted by wall slippage is considered to be lower with geotechnical conditions improving with depth. Reliance on ore from this section of the pit is also reduced as other areas of the pit are developed. Further assessment of the geological features in this section of the pit is being undertaken. The results will be incorporated into the design of the next cutback.

C1 unit cost guidance is US\$1.15-1.25/lb for 2019. Costs reflect significant increases in both mining and milling volumes, increased mine development investment and longer haul distances as the depth of the Ferrobamba pit increases. These cost pressures will be partially offset by ongoing cost and efficiency programs that in 2018 delivered US\$95 million in annualised savings. These programs seek to ensure that Las Bambas remains as one of the lower cost mines of this scale in the world.

### Medium term outlook

Las Bambas remains on target to deliver on medium term guidance of two million tonnes of copper in concentrate in the first five years. A series of plant upgrades and debottlenecking activities are expected to increase throughput rates by 5 to 10% above the design capacity over the next five years to offset the longer term impact of declining grades.

Good progress is also being made towards growing the Las Bambas resource and realising the geological potential of the asset with the completion of significant resource definition drilling in and around Ferrobamba. Surface land access arrangements have also allowed preliminary surface works in parts of the tenement which have validated our original confidence in the upside potential. A key area of focus is obtaining further land access and permitting to initiate drilling of these prospective areas of the Las Bambas tenement. Work with local communities and government to expedite land access agreements and supporting permits is well advanced. Approval was received in early October 2018 for approximately 300 infill and exploration holes over the next 12 months.

## DUGALD RIVER

|                                       | 4Q 18  | 4Q 18<br>vs<br>4Q 17 | 4Q 18<br>vs<br>3Q 18 | YTD     | YTD 18<br>vs<br>YTD 17 |
|---------------------------------------|--------|----------------------|----------------------|---------|------------------------|
| <b>Contained metal in concentrate</b> |        |                      |                      |         |                        |
| Zinc (tonnes)                         | 41,641 | n/a                  | 9%                   | 147,320 | n/a                    |
| Lead (tonnes)                         | 5,297  | n/a                  | -4%                  | 16,693  | n/a                    |

Dugald River production for the fourth quarter of 2018 was 41,641 tonnes of zinc in zinc concentrate, up 9% on the third quarter as the operation continued its world class ramp up. Mining and milling rates improved 15% and 3% respectively and averaged 115% of notional nameplate capacity during the quarter.

Total 2018 production of 147,320 tonnes of zinc in zinc concentrate was at the upper end of the revised guidance range of 140,000 to 150,000 tonnes. This included 39,717 tonnes pre-commercial production, which was achieved prior to the 1<sup>st</sup> of May 2018. Since the start of commercial production C1 costs were US\$0.58/lb, with production costs in line with expectations and the favourable variance to guidance (US\$0.68 – 0.78/lb) largely driven by improved prices on lead by-product and lower zinc concentrate treatment charges.

For 2019, production is expected to be 165,000-175,000 tonnes of zinc in zinc concentrate. Throughout 2019 the mine will continue to be developed to open up to a steady state number of operating stopes, with the main areas of focus to improve management of geotechnical conditions underground to minimise ore grade dilution and increasing mining production rates. With the experience of the post commercial production periods, the C1 unit costs are now expected to be between US\$0.58 and US\$0.68/lb in 2019 (lower than the indicative range guidance of US\$0.68-0.78/lb provided during construction and commissioning).

## KINSEVERE

|                         | 4Q 18  | 4Q 18<br>vs<br>4Q 17 | 4Q 18<br>vs<br>3Q 18 | YTD    | YTD 18<br>vs<br>YTD 17 |
|-------------------------|--------|----------------------|----------------------|--------|------------------------|
| Copper Cathode (tonnes) | 18,463 | -9%                  | -11%                 | 79,711 | -1%                    |

Kinsevere produced 18,463 tonnes of copper cathode in fourth quarter of 2018, 9% below the prior corresponding period, resulting in a full year production of 79,711 tonnes. This was marginally below previous expectations for production above 80,000 tonnes as fourth quarter production was impacted by a number of operational issues in late December 2018. Equipment failures temporarily restricted access to a high-grade mining area and impacted feed rates to the plant, resulting in lower grades and tonnes being processed in December. The overall outcome being mill throughput for the fourth quarter was 3% below the record level set in the third quarter and a milled ore grade of 3.2% (lower than the 3.5% in third quarter).

During the quarter, Kinsevere sourced 159,319 tonnes of ore from the nearby Kalumines deposit, which resulted in 4,697 tonnes of copper cathode production.

As a result of the lower fourth quarter production, C1 costs for 2018 were US\$1.68/lb, marginally outside of the guidance range of US\$1.57-1.67/lb.

Copper cathode production for 2019 is expected to be in the range of 77,500 to 80,000 tonnes, with C1 unit costs in the range of US\$1.65-1.75/lb, largely due to the expected impact of a full year of the Democratic Republic of the Congo (DRC) Mining Code implementation.

An update on the status of 2018 Mining Code changes as well as commentary on the recently announced results of the DRC election is provided in the Corporate Update section below.

## ROSEBERY

|                                       | 4Q 18  | 4Q 18<br>vs<br>4Q 17 | 4Q 18<br>vs<br>3Q 18 | YTD    | YTD 18<br>vs<br>YTD 17 |
|---------------------------------------|--------|----------------------|----------------------|--------|------------------------|
| <b>Contained metal in concentrate</b> |        |                      |                      |        |                        |
| Zinc (tonnes)                         | 18,444 | -8%                  | -4%                  | 75,721 | 1%                     |
| Lead (tonnes)                         | 6,107  | -21%                 | -4%                  | 28,744 | 8%                     |
| Copper (tonnes)                       | 409    | 41%                  | 41%                  | 1,465  | 11%                    |

Rosebery produced 18,444 tonnes of zinc in zinc concentrate during the fourth quarter, taking full year production to 75,721 tonnes (in line with guidance). The lower fourth quarter production result was driven by lower milled ore grades for the period. Mining, milling and zinc equivalent metal production were all at record levels for 2018.

As a result of this strong operational performance, and the significant contribution from precious metal by-product credits, C1 costs for zinc for 2018 were well below the guidance range at -US\$0.04/lb.

Rosebery produced 28,744 tonnes of lead in 2018, up 8% on 2017. Precious metal production totalled 12,968 ounces of gold and 7,243 ounces of silver.

In 2019, MMG expects to produce between 85,000 and 95,000 tonnes of zinc in zinc concentrate at Rosebery, with C1 costs estimated to be US\$0.25-0.35/lb. The higher zinc metal production in 2019 comes from a targeted mining area that is expected to deliver a lower contribution from precious metal by-products. This is expected to result in production being broadly flat in zinc equivalent terms and a higher C1 unit cost relative to 2018

Over the next 12 to 18 months, Rosebery will invest significantly in resource extension drilling with the aim of extending current mine life. With ore grades expected to continue to decline in coming years, delivering on resource extension success and maximising throughput rates will continue to be important to the operation.

## GEOSCIENCE AND DISCOVERY

Exploration was carried out at the Las Bambas Operation in Peru and the Nambulwa, Mwepu and Maga West Projects close to Kinsevere Mine in the DRC, as well as a number of greenfield projects in Southern Africa, South America and Australia.

At **Las Bambas**, exploration is focused on the interpretation of recently acquired high resolution airborne hyperspectral data to identify prospective areas close to surface. In addition, surface exploration continues within the mining leases surrounding the currently identified mineral resources. Surface exploration programs include electrical and magnetic geophysical methods as well as surface geochemical surveys and are evaluating potential extensions to known mineral resources as well as recently identified exploration targets.

In the **DRC**, ongoing resource delineation drilling continues to confirm and define several compelling copper-cobalt targets at the Nambulwa, Mwepu, and Maga West Projects close to the Kinsevere Mine. Exploration activities at all targets were curtailed late in the quarter due to the annual onset of the rainy season which severely limits access to the projects.

## CORPORATE UPDATE

### 2018 FINANCIAL RESULTS UPDATE<sup>1</sup>

The Company's Voluntary Announcement on 18 January 2019 advised that Group is expected to record a net profit after tax (NPAT) for the financial year ended 31 December 2018 (FY2018) of approximately US\$135 to US\$140 million as compared to the net profit after tax of US\$348.4 million recorded for the financial year ended 31 December 2017 (FY2017).

Despite challenging operating conditions and non-operational issues resulting in a lower statutory NPAT, Net Cash Generated From Operating Activities was approximately US\$1.7 billion and Gross Debt was reduced by more than US\$1 billion in 2018. Maximising cash generation and accelerating debt repayments remains a priority for management with 2018 another strong year on this front.

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<sup>1</sup> Based on unaudited management accounts.



Capital expenditure for 2018 was approximately US\$330 million, lower than the previous guidance of approximately US\$400 million. The lower capital spend was due to an ongoing focus on capital efficiency as well as the deferral of some budgeted projects into 2019. As a result of this deferral, capital expenditure for 2019 is expected to be between US\$400 and US\$500 million. The major contributors to our 2019 capital program at Las Bambas include the acquisition of additional mine fleet to advance the development of the mine, including the Chalcobamba deposit, as well as the installation of a third ball mill to drive improved performance in the processing plant.

## **DRC MINING CODE AND ELECTION UPDATE**

### **2018 Mining Code**

The DRC Government continued the progressive implementation of the 2018 Mining Code which includes increased royalty rates, import duties and environmental taxes. While dialogue between the company and government has been limited during the national election, MMG continues to seek negotiations regarding the implementation and application of the Mining Code.

The 2018 Mining Code does not recognise the application of Article 276 of the 2002 Mining Code which provides a guarantee of stability of the provisions of the 2002 Mining Code including, but not limited to, tax, customs and exchange regimes, for a period of 10 years after the application of the amended legislation.

### **DRC Election**

The DRC election was held on 30 December 2018 with Opposition leader Felix Tshisekedi declared the provisional winner by the CENI (electoral commission) in early January. Swearing in of the new President and appointment of new Ministers and Officials is expected to occur from late January.

## **FUERABAMBA CLAIM UPDATE**

Further to the Company's Voluntary Announcement dated 26 July 2018 regarding a civil claim commenced by the Fuerabamba Community, the Company and Minera Las Bambas has been notified by the Civil Transitory Court of Cotabambas that the Community claim to set aside the original agreement for the grant of land overlying the Fuerabamba ore deposit and the claim for compensation of Peruvian Soles 1.5 billion has been struck out and no adverse finding has been made against the Company or Minera Las Bambas.

## **RELEASE OF MINERAL RESOURCES AND ORE RESERVES STATEMENT AS AT 30 JUNE 2018**

On 5 December 2018 MMG released its Mineral Resources and Ore Reserves Statement (MROR) as at 30 June 2018, detailing the annual movement in MMG's mineral inventory.

The key changes to Mineral Resources and Ore Reserves Statement as at 30 June 2018 are:

- The Group's Mineral Resources (contained metal) have decreased for copper (8%), zinc (8%), lead (19%), silver (8%), gold (5%) and molybdenum (9%).
- The Group's Ore Reserves (contained metal) have decreased for copper (8%), zinc (14%), lead (18%), silver (13%), gold (11%) and molybdenum (9%).

For copper metal, the main reasons for the changes are depletion and cost increases at Las Bambas which were partially offset by increased metal price. For zinc metal, the main reasons for the changes are depletion and the re-modelling of some areas of the Dugald River deposit following additional drilling.

Despite the reduction in Mineral Resources and Ore Reserves, regional and near mine exploration activity at MMG remains highly prospective. At Las Bambas, preliminary surface works enabled by surface land access agreements have validated our original confidence in the upside potential. A key area of focus is obtaining further land access and permitting to initiate drilling of these prospective areas of the Las Bambas tenement. Work with local communities and government to expedite land access agreements and supporting permits is well advanced.

At Kinsevere, our regional exploration program is yielding very significant and positive early results with meaningful copper oxide, copper sulphide and cobalt intersections.

## **FINALISATION OF SALE OF LXML SEPON INTEREST**

On 21 June, MMG agreed the sale of its 90% interest in Lane Xang Minerals Limited (LXML), which owns the Sepon mine in Lao PDR, to Chifeng Jilong Gold Mining Co Ltd (Chifeng), for US\$275 million. The sale was closed on 30 November 2018. This follows the successful divestments of the Century, Golden Grove and Avebury assets. These sales were part of a strategy to focus the MMG portfolio on long life, high quality, base metal mining assets.

Sepon will be presented as a Discontinued Operation in the 2018 financial accounts that will be released on 6 March 2019.

# CORPORATE DETAILS

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## MMG LIMITED

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XU Jiqing, Executive General Manager Marketing and Risk and Executive Director

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Greg TRAVERS, Executive General Manager Business Support

Mark DAVIS, Executive General Manager Operations – Africa, Australia and Asia

Suresh VADNAGRA, Executive General Manager Operations – Americas

### IMPORTANT DATES

6 March 2019 – 2018 Annual Results Announcement

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Throughout this report figures in italics indicate that this figure has been adjusted since it was previously reported.

# APPENDIX

## GUIDANCE SUMMARY

|                     | 2019 Guidance            | 2018 Actual                 |
|---------------------|--------------------------|-----------------------------|
| <b>LAS BAMBAS</b>   |                          |                             |
| Copper – production | 385,000 – 405,000 tonnes | 385,299 tonnes              |
| Copper – C1 costs   | US\$1.15 – US\$1.25 / lb | US\$1.18 / lb               |
| <b>DUGALD RIVER</b> |                          |                             |
| Zinc – production   | 165,000 – 175,000 tonnes | 147,320 tonnes <sup>2</sup> |
| Zinc – C1 costs     | US\$0.58 – US\$0.68 / lb | US\$0.58 / lb <sup>3</sup>  |
| <b>KINSEVERE</b>    |                          |                             |
| Copper – production | 77,500 - 80,000 tonnes   | 79,711 tonnes               |
| Copper – C1 costs   | US\$1.65 – US\$1.75 / lb | US\$1.68 / lb               |
| <b>ROSEBERY</b>     |                          |                             |
| Zinc – production   | 85,000 – 95,000 tonnes   | 75,721 tonnes               |
| Zinc – C1 costs     | US\$0.25 – US\$0.35 / lb | US\$(0.04)/ lb              |

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<sup>2</sup> Production volumes include 39,717 of pre-commercial production tonnes at Dugald River.

<sup>3</sup> C1 cost actual shown is for the period post commercial production (from 1 May 2018).

## LAS BAMBAS

|  |        | QUARTER ENDED |            |            |            |            | YEAR-TO-DATE |            |
|--|--------|---------------|------------|------------|------------|------------|--------------|------------|
|  |        | DEC           | MAR        | JUN        | SEP        | DEC        | DEC          | DEC        |
|  |        | 2017          | 2018       | 2018       | 2018       | 2018       | 2018         | 2017       |
| Ore mined - copper                     | tonnes | 13,689,307    | 11,359,584 | 13,039,360 | 15,604,382 | 17,436,646 | 57,439,971   | 52,873,113 |
| Ore milled - copper                    | tonnes | 13,001,373    | 11,830,944 | 11,831,470 | 12,665,001 | 13,116,453 | 49,443,867   | 51,497,642 |
| <b>COPPER</b>                          |        |               |            |            |            |            |              |            |
| Ore mined - grade                      | %      | 1.1           | 0.8        | 0.9        | 0.7        | 0.9        | 0.9          | 1.1        |
| Ore milled - grade                     | %      | 1.1           | 0.8        | 0.9        | 0.7        | 1.0        | 0.9          | 1.0        |
| Recovery                               | %      | 85.1          | 86.4       | 88.1       | 85.5       | 85.0       | 86.2         | 84.3       |
| <b>Production</b>                      |        |               |            |            |            |            |              |            |
| Copper concentrate                     | tonnes | 330,294       | 230,039    | 264,120    | 244,971    | 278,751    | 1,017,880    | 1,191,979  |
| Grade                                  | %      | 36.7          | 37.8       | 37.7       | 35.4       | 40.1       | 37.9         | 38.1       |
| Containing                             | tonnes | 121,140       | 87,056     | 99,581     | 86,797     | 111,865    | 385,299      | 453,749    |
| <b>Sales</b>                           |        |               |            |            |            |            |              |            |
| Total concentrate sold                 | tonnes | 317,624       | 268,562    | 256,954    | 243,107    | 303,084    | 1,071,707    | 1,208,832  |
| Payable metal in product sold          | tonnes | 113,009       | 95,735     | 92,508     | 83,657     | 112,774    | 384,674      | 442,471    |
| <b>GOLD &amp; SILVER</b>               |        |               |            |            |            |            |              |            |
| Payable metal in product sold - gold   | oz     | 33,789        | 26,865     | 25,522     | 23,691     | 31,772     | 107,850      | 129,724    |
| Payable metal in product sold - silver | oz     | 1,630,416     | 1,387,260  | 1,246,656  | 1,167,006  | 1,682,874  | 5,483,796    | 6,350,308  |
| <b>MOLYBDENUM</b>                      |        |               |            |            |            |            |              |            |
| Recovery                               | %      | 79.3          | 83.2       | 83.1       | 81.2       | 72.8       | 79.5         | 80.1       |
| <b>Production</b>                      |        |               |            |            |            |            |              |            |
| Molybdenum concentrate                 | tonnes | 985           | 1,067      | 855        | 1,132      | 956        | 4,009        | 2,907      |
| Grade                                  | %      | 48.8          | 49.4       | 49.9       | 49.4       | 47.0       | 48.9         | 49.2       |
| Contained metal produced               | tonnes | 481           | 527        | 426        | 559        | 449        | 1,961        | 1,431      |
| <b>Sales</b>                           |        |               |            |            |            |            |              |            |
| Total product sold                     | tonnes | 1,178         | 1,002      | 922        | 832        | 1,300      | 4,058        | 2,450      |
| Payable metal in product sold          | tonnes | 583           | 490        | 458        | 418        | 624        | 1,990        | 1,202      |

## DUGALD RIVER

|                               |        | QUARTER ENDED |         |         |         |         | YEAR-TO-DATE |      |
|-------------------------------|--------|---------------|---------|---------|---------|---------|--------------|------|
|                               |        | DEC           | MAR     | JUN     | SEP     | DEC     | DEC          | DEC  |
|                               |        | 2017          | 2018    | 2018    | 2018    | 2018    | 2018         | 2017 |
| Ore mined                     | tonnes |               | 252,932 | 308,081 | 425,293 | 487,498 | 1,473,804    |      |
| Ore milled                    | tonnes |               | 340,516 | 449,562 | 475,505 | 490,264 | 1,755,847    |      |
| <b>ZINC</b>                   |        |               |         |         |         |         |              |      |
| Ore mined - grade             | %      |               | 11.2    | 10.2    | 10.0    | 10.0    | 10.3         |      |
| Ore milled - grade            | %      |               | 10.9    | 10.4    | 9.7     | 10.2    | 10.1         |      |
| Recovery                      | %      |               | 82.2    | 83.0    | 82.9    | 83.6    | 83.1         |      |
| <b>Production</b>             |        |               |         |         |         |         |              |      |
| Zinc concentrate              | tonnes |               | 55,453  | 76,500  | 77,771  | 83,719  | 293,444      |      |
| Grade                         | %      |               | 51.3    | 50.5    | 49.3    | 49.7    | 50.0         |      |
| Containing                    | tonnes |               | 28,654  | 38,648  | 38,377  | 41,641  | 147,320      |      |
| <b>Sales</b>                  |        |               |         |         |         |         |              |      |
| Total product sold            | tonnes |               | 60,283  | 68,419  | 83,316  | 79,870  | 291,887      |      |
| Payable metal in product sold | tonnes |               | 26,285  | 28,737  | 33,705  | 32,821  | 121,548      |      |
| <b>LEAD</b>                   |        |               |         |         |         |         |              |      |
| Ore mined - grade             | %      |               | 2.0     | 1.5     | 1.8     | 1.7     | 1.8          |      |
| Ore milled - grade            | %      |               | 2.2     | 1.7     | 1.8     | 1.7     | 1.8          |      |
| Recovery                      | %      |               | 51.5    | 59.4    | 65.2    | 62.5    | 61.4         |      |
| <b>Production</b>             |        |               |         |         |         |         |              |      |
| Lead concentrate              | tonnes |               | 2,456   | 8,532   | 9,118   | 9,336.0 | 29,442       |      |
| Grade                         | %      |               | 57.4    | 52.6    | 60.3    | 56.7    | 56.7         |      |
| Containing                    | tonnes |               | 1,406   | 4,489   | 5,501   | 5,297   | 16,693       |      |
| <b>Sales</b>                  |        |               |         |         |         |         |              |      |
| Total product sold            | tonnes |               |         | 9,204   | 5,013   | 12,753  | 26,971       |      |
| Payable metal in product sold | tonnes |               |         | 4,533   | 2,782   | 7,037   | 14,353       |      |

**KINSEVERE**

|   |        | QUARTER ENDED |         |         |         |         | YEAR-TO-DATE |           |
|---|--------|---------------|---------|---------|---------|---------|--------------|-----------|
|   |        | DEC           | MAR     | JUN     | SEP     | DEC     | DEC          | DEC       |
|   |        | 2017          | 2018    | 2018    | 2018    | 2018    | 2018         | 2017      |
| Ore mined - copper                      | tonnes | 652,297       | 546,082 | 874,335 | 904,144 | 730,283 | 3,054,844    | 2,465,677 |
| Ore milled - copper                     | tonnes | 589,934       | 599,609 | 593,697 | 617,734 | 596,227 | 2,407,267    | 2,274,305 |
| <b>COPPER</b>                           |        |               |         |         |         |         |              |           |
| Ore mined - grade                       | %      | 1.9           | 2.4     | 2.5     | 2.5     | 2.1     | 2.4          | 4.0       |
| Ore milled - grade                      | %      | 3.5           | 3.5     | 3.5     | 3.5     | 3.2     | 3.4          | 3.7       |
| Recovery                                | %      | 97.1          | 96.6    | 97.1    | 97.1    | 96.8    | 96.7         | 95.4      |
| <b>Production</b>                       |        |               |         |         |         |         |              |           |
| Contained metal produced - cathode      | tonnes | 20,224        | 19,986  | 20,570  | 20,691  | 18,463  | 79,711       | 80,186    |
| <b>Sales</b>                            |        |               |         |         |         |         |              |           |
| Total product sold - cathode            | tonnes | 20,264        | 20,002  | 20,672  | 20,688  | 18,511  | 79,873       | 80,023    |
| Payable metal in product sold - cathode | tonnes | 20,264        | 20,002  | 20,672  | 20,688  | 18,511  | 79,873       | 80,023    |

**ROSEBERY**

|  |        | QUARTER ENDED |             |             |             |             | YEAR-TO-DATE |             |
|--|--------|---------------|-------------|-------------|-------------|-------------|--------------|-------------|
|  |        | DEC<br>2017   | MAR<br>2018 | JUN<br>2018 | SEP<br>2018 | DEC<br>2018 | DEC<br>2018  | DEC<br>2017 |
| Ore mined                              | tonnes | 254,537       | 248,702     | 243,354     | 260,810     | 264,224     | 1,017,089    | 990,813     |
| Ore milled                             | tonnes | 256,927       | 240,761     | 262,496     | 265,670     | 259,307     | 1,028,234    | 968,573     |
| <b>ZINC</b>                            |        |               |             |             |             |             |              |             |
| Ore mined - grade                      | %      | 9.1           | 9.3         | 9.1         | 8.0         | 9.1         | 8.8          | 8.9         |
| Ore milled - grade                     | %      | 9.1           | 9.1         | 8.9         | 8.5         | 8.3         | 8.7          | 8.9         |
| Recovery                               | %      | 86.1          | 84.8        | 83.6        | 85.3        | 85.3        | 84.7         | 86.9        |
| <b>Production</b>                      |        |               |             |             |             |             |              |             |
| Zinc concentrate                       | tonnes | 36,370        | 34,099      | 36,161      | 35,663      | 33,980      | 139,903      | 134,874     |
| Grade                                  | %      | 55.1          | 54.6        | 53.8        | 53.9        | 54.3        | 54.1         | 55.5        |
| Containing                             | tonnes | 20,054        | 18,616      | 19,442      | 19,218      | 18,444      | 75,721       | 74,803      |
| <b>Sales</b>                           |        |               |             |             |             |             |              |             |
| Total product sold                     | tonnes | 30,715        | 38,979      | 38,533      | 38,352      | 26,959      | 142,824      | 124,117     |
| Payable metal in product sold          | tonnes | 14,708        | 18,698      | 18,573      | 18,143      | 12,517      | 66,407       | 59,627      |
| <b>LEAD</b>                            |        |               |             |             |             |             |              |             |
| Ore mined - grade                      | %      | 3.8           | 3.6         | 3.8         | 2.9         | 3.3         | 3.5          | 3.2         |
| Ore milled - grade                     | %      | 3.8           | 3.9         | 3.9         | 3.2         | 3.1         | 3.5          | 3.4         |
| Recovery                               | %      | 78.6          | 82.8        | 81.8        | 73.8        | 75.7        | 78.8         | 79.8        |
| <b>Production</b>                      |        |               |             |             |             |             |              |             |
| Lead concentrate                       | tonnes | 12,701        | 12,805      | 13,968      | 10,750      | 9,906       | 47,430       | 43,361      |
| Grade                                  | %      | 60.7          | 61.4        | 60.5        | 58.8        | 61.6        | 60.6         | 61.4        |
| Containing                             | tonnes | 7,711         | 7,858       | 8,453       | 6,326       | 6,107       | 28,744       | 26,611      |
| <b>Sales</b>                           |        |               |             |             |             |             |              |             |
| Total product sold                     | tonnes | 12,245        | 13,887      | 14,229      | 12,363      | 6,732       | 47,212       | 40,711      |
| Payable metal in product sold          | tonnes | 7,158         | 8,096       | 8,246       | 7,138       | 3,901       | 27,381       | 23,761      |
| <b>COPPER</b>                          |        |               |             |             |             |             |              |             |
| Ore mined - grade                      | %      | 0.2           | 0.2         | 0.2         | 0.2         | 0.2         | 0.2          | 0.2         |
| Ore milled - grade                     | %      | 0.2           | 0.3         | 0.2         | 0.2         | 0.2         | 0.2          | 0.2         |
| Recovery                               | %      | 59.2          | 62.7        | 59.1        | 50.1        | 64.6        | 59.3         | 57.2        |
| <b>Production</b>                      |        |               |             |             |             |             |              |             |
| Copper concentrate                     | tonnes | 1,969         | 2,255       | 2,065       | 1,804       | 2,356       | 8,479        | 7,217       |
| Grade                                  | %      | 18.2          | 18.0        | 17.4        | 16.1        | 17.4        | 17.3         | 18.3        |
| Containing                             | tonnes | 359           | 406         | 359         | 291         | 409         | 1,465        | 1,321       |
| <b>Sales</b>                           |        |               |             |             |             |             |              |             |
| Total product sold                     | tonnes | 2,054         | 1,744       | 2,532       | 1,815       | 2,089       | 8,180        | 7,368       |
| Payable metal in product sold          | tonnes | 361           | 301         | 433         | 290         | 327         | 1,351        | 1,280       |
| <b>OTHER METALS</b>                    |        |               |             |             |             |             |              |             |
| Ore milled grade - gold                | g/t    | 1.5           | 1.6         | 1.7         | 1.3         | 1.4         | 1.5          | 1.4         |
| Ore milled grade - silver              | g/t    | 111.4         | 131.3       | 148.6       | 130.0       | 113.1       | 130.8        | 112.3       |
| Recovery - gold                        | %      | 24.8          | 29.2        | 26.7        | 27.6        | 20.6        | 28.6         | 28.5        |
| <b>Production</b>                      |        |               |             |             |             |             |              |             |
| Gold dore                              | oz     | 5,056         | 5,942       | 6,185       | 5,047       | 4,357       | 21,531       | 19,890      |
| Containing - gold                      | oz     | 3,026         | 3,596       | 3,794       | 3,018       | 2,559       | 12,968       | 12,451      |
| Containing - silver                    | oz     | 1,696         | 1,952       | 2,082       | 1,755       | 1,454       | 7,243        | 6,510       |
| <b>Sales</b>                           |        |               |             |             |             |             |              |             |
| Gold dore sold                         | oz     | 2,417         | 7,706       | 5,665       | 4,758       | 3,388       | 21,517       | 17,104      |
| Payable metal in product sold - gold   | oz     | 6,180         | 9,928       | 10,163      | 7,989       | 5,868       | 33,949       | 27,765      |
| Payable metal in product sold - silver | oz     | 650,920       | 720,185     | 932,493     | 782,290     | 482,876     | 2,918,804    | 2,354,540   |