

TRANSFORMING THROUGH GROWTH



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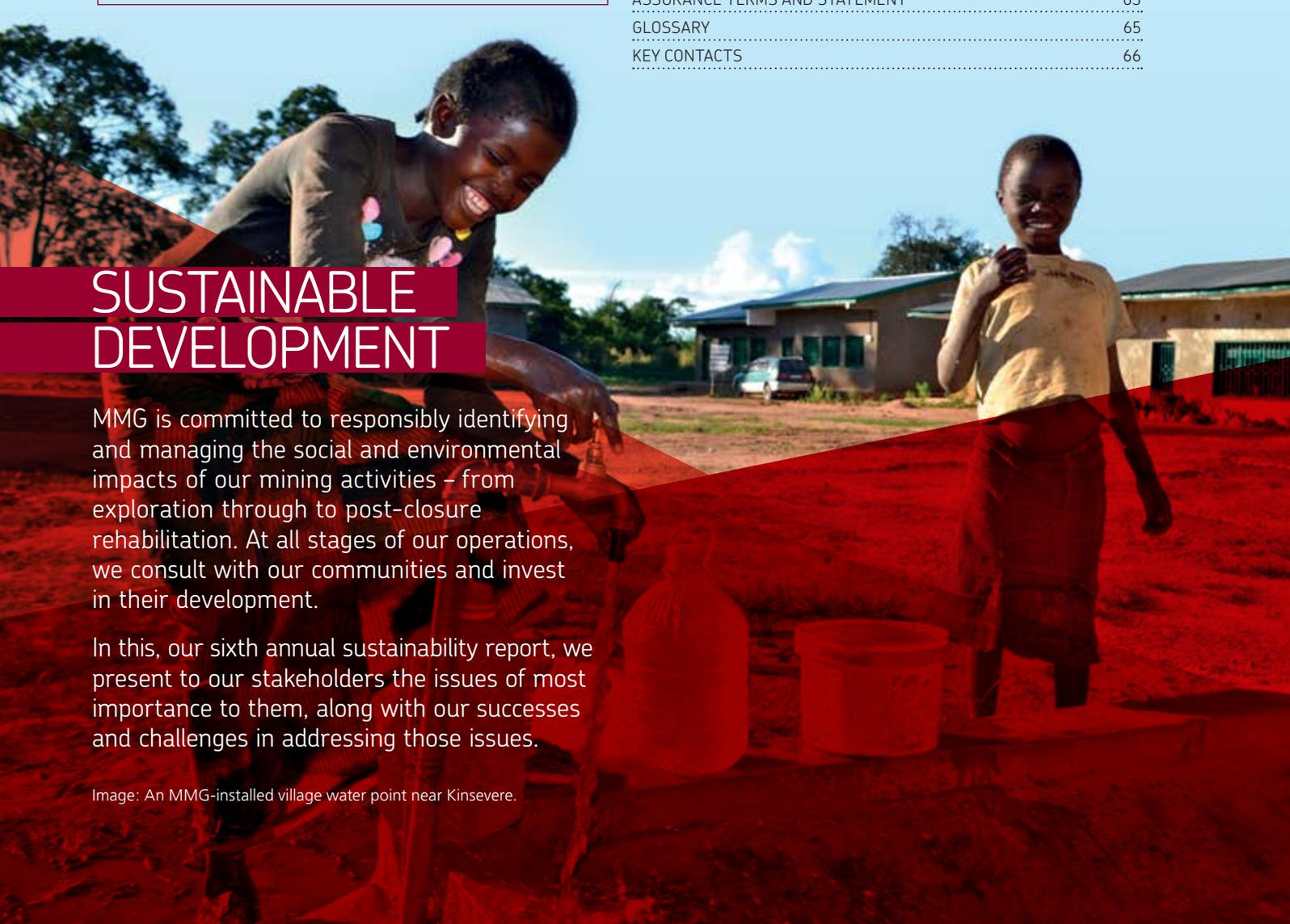
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SUSTAINABLE DEVELOPMENT

MMG is committed to responsibly identifying and managing the social and environmental impacts of our mining activities – from exploration through to post-closure rehabilitation. At all stages of our operations, we consult with our communities and invest in their development.

In this, our sixth annual sustainability report, we present to our stakeholders the issues of most importance to them, along with our successes and challenges in addressing those issues.

Image: An MMG-installed village water point near Kinsevere.



CHIEF EXECUTIVE OFFICER'S MESSAGE



At MMG, we believe that sustainability is more than securing a social licence – it is a development partnership earned through building relationships, taking action and demonstrating responsible behaviours.

Our Vision, restated in 2014, is to be the world's most respected diversified base metals company.

It is a vision underpinned by a set of renewed and shared values, and a commitment to the highest standards of sustainable performance in safety and health, environmental management, community development and governance.

With safety being our most important Value, we continued to pursue reduction in injuries to our employees, contractors and communities.

While we improved our overall injury frequency metrics, people continue to be harmed at work.

In November 2014, on a tenement approximately 26 kilometres from our Kinsevere operations in the Democratic Republic of the Congo (DRC), where MMG holds exploration and mining rights, a policeman was fatally wounded in a security incident. Another member of the police and four private security guards engaged by MMG were also seriously injured.

In another accident, a lightning strike permanently injured a contractor working at our Las Bambas Project in Peru.

Then in late March 2015, a contracted security guard on duty at Kinsevere died as a result of a snake bite.

These tragic accidents illustrate the diversity of risks we face and why we place such importance on our employees stopping, thinking and then acting to prevent injury. Our sincere condolences and support are with those injured and the families and colleagues of those we have lost.

Into 2015, health, safety and wellbeing will remain our first Value and the primary commitment we make to our people.

Business growth is at the heart of our contribution to stakeholders and in 2014, together with joint venture partners, Guoxin International Investment Corporation Ltd and CITIC Metal Co. Ltd, we completed the most significant acquisition in our corporate history: the Las Bambas Project in Apurimac, Peru. When in production in 2016, this project is expected to be the third-largest copper mine in the world. A major priority has been working together with the communities of the Apurimac region to deliver the potential benefits of such a large-scale project.

We also significantly advanced our plans and preparations to responsibly close the Century Mine in Queensland, after over 16 years of operation as the world's third-largest open-cut zinc mine. The mine has been a significant economic and employment engine for the communities of the Lower Gulf of Carpentaria. The closure presents unique challenges that we will work towards meeting through the enduring partnership between MMG, the communities and the Indigenous custodians of this beautiful area.

At our Sepon Mine in Laos, we continued to work with the local communities to manage the impacts of the closure of our gold operation in late 2013. We did so while maintaining 94% of our Lao nationals workforce. In addition, our joint child nutrition initiative with The United Nations Children's Fund (UNICEF) and the Lao Ministry of Health entered its most important phase, distributing micronutrients and providing healthy feeding education across three local provinces.

At Kinsevere in the DRC, we provided management training to local employees, and invested in new schools, village facilities, community training, and food methods to support local farmers.

An important part of delivering to our own, and our stakeholders', expectations is maintaining the policies and supporting standards that drive improvement across our business. During 2014, we consolidated our management approach and business structure under our Operating Model.

On this foundation, we strengthened our life-of-asset approach, ensuring that we balance growth with a rigorous management of our risks, relationships, impacts and legacy.

In challenging conditions we also maintained our positive economic performance, enabling us to continue to transform our business and our approach to sustainable development.

I am proud that in 2014 we continued to provide a real and lasting contribution to the countries and communities in which we operate.

Our efforts are driven by our Belief – we mine for progress – which drives our long-term approach to employees, communities and stakeholder partnerships.

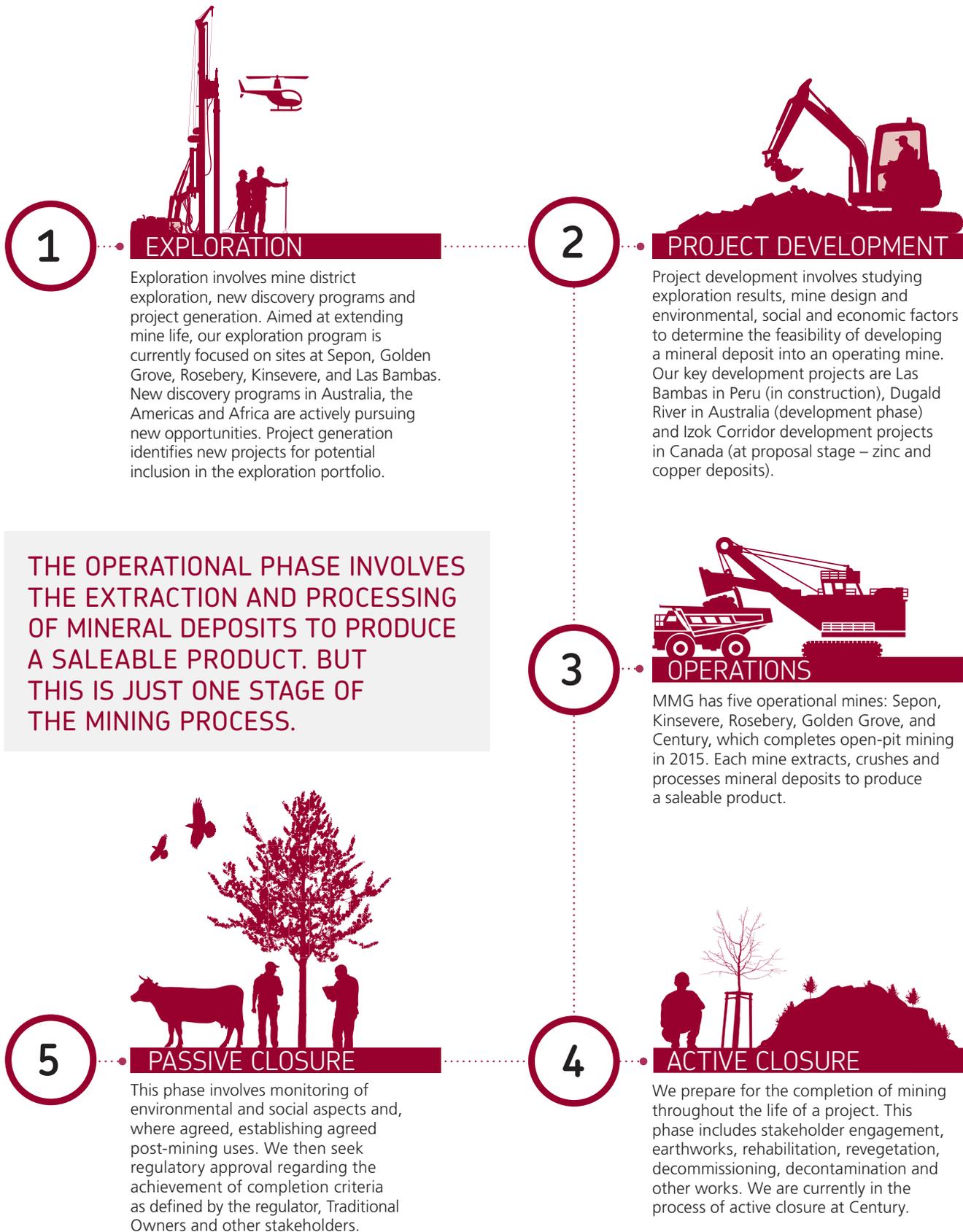
Our continued success would not be possible without the ongoing support of our Shareholders, in particular, China Minmetals Corporation.

I thank each member of our workforce, and our partners, for their contribution to our progress in sharing the wealth and benefits from our operations.

A handwritten signature in black ink, appearing to read 'Andrew Michelmore'. The signature is fluid and cursive, written on a white background.

Andrew Michelmore
Chief Executive Officer

THE MINING PROCESS



ABOUT THIS REPORT

At MMG we mine for progress. Our Vision is to build the world's most respected diversified base metals company. A long-term outlook, our pride in mining, our commitment to international standards and our respect for people, land and culture underpin our success.

REPORT BOUNDARY AND SCOPE

In this report, unless described otherwise, the term 'MMG' means MMG Limited and its subsidiaries. MMG Limited is individually referred to as the 'Company'.

Our report covers the activities of MMG's group office, headquartered in Melbourne, and all MMG's mining and associated activities (as detailed in 'About MMG', page 4 and on pages 16-21 of our Annual Report). Performance data excludes our newly acquired Las Bambas Project with the exception of discussion on resettlement and safety (Las Bambas has published its own report at www.lasbambas.com). Our Hong Kong office is also not included in this report given its immaterial impacts.

Data is reported for the period 1 January to 31 December 2014. We have included information relating to the previous reporting periods, where data is comparable and adds useful context to the discussion. Where appropriate, discussion may also reference activity post 31 December 2014.

REPORTING APPROACH

As a member of the International Council on Mining and Metals (ICMM), MMG reports to the council's requirements, and we continue to align our approach, activities and performance to the Sustainable Development Framework. Our reporting is prepared in accordance with the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines, including the Mining and Metals Sector Supplement, to an A+ Application Level.

Refer to www.mmg.com for further information on our level of alignment with both GRI indicators (Index) and ICMM's Sustainable Development Framework (Index and table of alignment to the ICMM 10 Principles).

Individual sections of this report explain how our reporting approach is aligned with relevant national and industry frameworks (e.g. water and greenhouse reporting).

We have reported currency in US dollars, unless otherwise stated.

MATERIALITY

MMG annually engages with key stakeholders to understand their areas of interest and address their potential concerns about our operations. While this report does not aim to examine all stakeholder issues, our materiality determination process specifically ranked 29 sustainability issues. These are the economic, social, environmental or governance risks and opportunities that potentially have a significant negative or positive impact on our business and our stakeholders (refer to the Appendix at www.mmg.com for a description of our materiality assessment process). The issues have been grouped under themes and headings for discussion in the relevant sections of this report. The themes are listed by section in our table of contents.

This symbol  identifies our material issues by section.

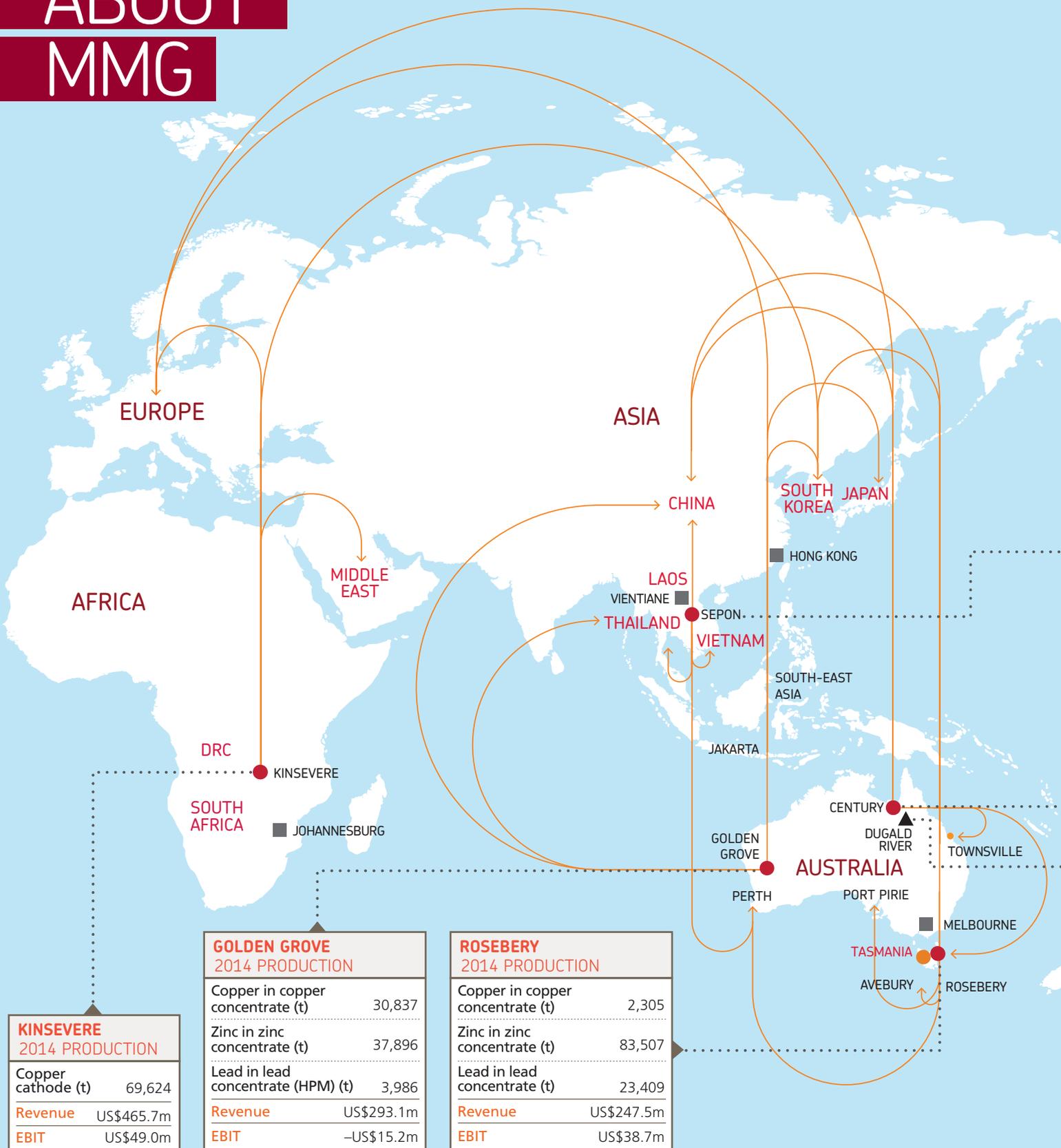
EXTERNAL ASSURANCE

Ernst & Young (EY) conducted independent limited assurance¹ over elements of this report, guided by the ICMM Assurance Procedure (see pages 63-64). This included facilitating our materiality assessment and review of reported alignment to the ICMM 10 Principles. As agreed with EY, the limited assurance process focused on six of the 29 material sustainability issues identified by our materiality assessment process:

- > safety of our people (total recordable injury frequency rate);
- > stakeholder engagement (qualitative only);
- > water management (water inputs and outputs);
- > closure (qualitative only);
- > environment incidents (number of incidents); and
- > health of workers and staff (heavy metals biological screening).

¹ A limited assurance engagement involves making enquiries and applying analytical and other limited assurance procedures. EY relies on these procedures to gauge whether anything suggests that the agreed subject matter has not been reported in accordance with the published criteria.

ABOUT MMG



- OPERATIONS
- CORPORATE OFFICES
- ▲ DEVELOPMENT PROJECTS
- SALES ROUTES
- SUSPENDED OPERATION

MMG is a mid-tier global resources group of companies that explores, develops and mines base metal deposits around the world. MMG is headquartered in Melbourne, Australia, and MMG Limited, the parent company, is listed on the Stock Exchange of Hong Kong Limited (Stock code: 1208). Its registered office is in Hong Kong.



SEPON 2014 PRODUCTION	
Copper cathode (t)	88,541
Revenue	US\$620.2m
EBIT	US\$267.6m

CENTURY 2014 PRODUCTION	
Zinc in zinc concentrate (t)	465,696
Lead in lead concentrate (t)	64,426
Revenue	US\$853.3m
EBIT	US\$132.2m

DUGALD RIVER Queensland, Australia	
TARGET METALS	
Zinc, lead, silver	

LAS BAMBAS Apurimac, Peru	
TARGET METALS	
Copper, gold, molybdenum, silver	

SOUTH AMERICA
▲ LAS BAMBAS

Minerals and Metals Group was formed in 2009 following the purchase of a majority of OZ Minerals Limited's assets by China Minmetals Corporation (CMC). In December 2010, Minerals and Metals Group was acquired by MMG Limited (then known as Minmetals Resources Limited). Our majority Shareholder is China Minmetals Non-Ferrous Metals Company Limited (CMN), a subsidiary of CMC.

We share a vision with our major Shareholder – to build the world's most respected diversified base metals company. We mine for progress at MMG – the progress of our people, communities and Shareholders. In doing so, we seek to work safely and efficiently, and focus on achieving the lowest cost possible of production per tonne.

We are one of the world's largest producers of zinc and produce significant amounts of copper, lead, gold and silver. We own and operate the Century, Golden Grove and Rosebery mines (including South Hercules) in Australia, and the Kinsevere mine in the DRC. Together with the Government of Laos, we also own and operate the LXML Sepon mine (henceforth referred to as Sepon).

On 31 July 2014, we completed the acquisition of the Las Bambas copper project in the Apurimac region of Peru with joint venture partners Guoxin International Investment Corporation Ltd and CITIC Metal Co. Ltd. Our other development projects are the Dugald River zinc-lead-silver deposit in Queensland, Australia, and the Izok Corridor project in Canada. We also have significant exploration, prospects and partnerships in Australia, Africa and the Americas. In 2014, MMG entered into an agreement for the sale of Avebury mine to Avebury Nickel Mines Ltd.

OUR APPROACH TO SUSTAINABILITY

Our mission is to mine to create wealth for our people, host communities and Shareholders. Our approach to sustainability is defined by our Policies and supported by our Values, our Standards and our Operating Model.

MMG's strategic business drivers are Growth, Operations Transformation, People and Organisation, and Reputation. We recognise that our success depends on:

- › a healthy, secure and safe workplace;
- › unlocking potential value;
- › developing and delivering effective plans for growth and productivity;
- › optimising our impact on our stakeholders and the environment and managing our social licence to operate;
- › a culture that values coordination, accountability and respect; and
- › a commitment to progress, long-term partnerships and international management.

MMG's Executive Management team applies our strategic drivers to develop three-year and one-year business plans. These plans, in turn, inform our sustainability goals and targets.

SUSTAINABILITY GOVERNANCE

We are committed to maintaining sound corporate governance practices to protect the interests of our Shareholders.

The MMG's board of directors (Board) has established Audit, Remuneration and Nomination, SHEC² and Disclosure committees to oversee governance under the MMG Corporate Governance Policy. The SHEC Committee is chaired by Independent non-executive Director, Dr Peter Cassidy, and includes the Chief Executive Officer. Quarterly meetings are attended by senior representatives of business areas relevant to MMG's SHEC performance and sustainability program.

We maintain Policies to meet MMG Board expectations and external obligations.

We maintain Standards to manage MMG-wide material risks, meet legal requirements and external obligations, and create and preserve competitive advantage and organisational effectiveness.

We undertake internal audits that focus on financial controls and compliance with SHEC Standards. Audit reports on SHEC Standard compliance are presented to the Board SHEC Committee. The Board Audit Committee reviews the financial audit results. The progress of actions to address audit findings is also monitored.

Our Process Owners Council is responsible for ensuring that our core business processes are maintained and that our Company Standards support business objectives and obligations.

To ensure that the transactions between MMG and CMC's subsidiaries are fair and reasonable to the Shareholders, they are conducted at an 'arm's-length' basis in compliance with the Hong Kong Stock Exchange (HKSE) Connected Party Transactions Rules.

Refer to www.mmg.com for our Corporate Governance Report and detailed terms of reference for the Audit, Remuneration and Nomination, and SHEC Committees.

We align ourselves with international best practice in sustainability and are a member of the ICMM, Minerals Council of Australia (MCA), Mining Association of Canada, the Chamber of Mines of the DRC and other regional industry organisations.

OUR POLICIES AND SUSTAINABILITY

Our Sustainability Policy principles (see inset) align with the ICMM's 10 Sustainable Development Principles.

Other MMG policies that guide our sustainability approach include our Corporate Governance Policy, People Policy, Shareholder Communication Policy, SHEC Policy, and Quality and Materials Stewardship Policy.

OUR SUSTAINABILITY POLICY PRINCIPLES

- › Implementing and maintaining ethical and transparent business practices and sound systems of corporate governance;
- › Integrating our sustainability objectives with all life-of-asset business planning and decision-making processes;
- › Developing and implementing sound enterprise-wide risk management processes;
- › Seeking continual improvement in safety, health and environmental performance by using robust management systems and effective assurance processes;
- › Understanding, respecting and promoting fundamental human rights within our sphere of influence, respecting traditional rights and cultural heritage;
- › Contributing to the long-term economic, social and institutional development of our communities, including Indigenous people;
- › Building trusting relationships by engaging clearly, openly and honestly with our host communities and other key stakeholders;
- › Contributing to the conservation of biodiversity and integrated approaches to land use planning in areas where we operate;
- › Ensuring the responsible handling and transport of our materials and products from mine site to customer; and
- › Integrating early closure planning into life-of-asset planning and ensuring that adequate financial provisions have been made.

2 SHEC: safety, health, environment and community.

OUR VALUES AND SUSTAINABILITY

The MMG Code of Conduct sets standards of behaviour expected from our people. It includes coverage of areas such as conflict of interest, anti-corruption, transparency and compliance with law. Our Code of Conduct Committee, chaired by the Chief Operating Officer, oversees matters related to the Code of Conduct. We have an independent whistleblower reporting avenue.

Our Code of Conduct is underpinned by our Values. MMG's Values were updated in 2014 (see inset) to better reflect internal feedback, stakeholder expectations and our business imperatives.

All five Values influence our approach to sustainability. They express our commitment to positively manage any impact our operations have on our people, communities and the environment. They define our respect for the views of our stakeholders and

establish the way we wish to interact with our workforce, communities, Shareholders, authorities and other stakeholders. They articulate our expectation of high integrity in our behaviour and describe our drive for continual improvement.

We ask our employees to measure their decisions and actions against our Code of Conduct and our Values. We hold all employees, especially our leaders, accountable for living the Values. Our employees' adherence to these Values is reviewed during their annual performance assessments.

A component of employees' short-term incentive (STI) payments is also linked to the Company's SHEC performance (recordable injuries and significant safety incidents). In 2014, Group Office roles at General Manager level and above had 50% of their STI contingent on Company SHEC performance. At our sites, General Managers' STIs were contingent on both site and Company SHEC performance (5% and 16.7% of annual STI respectively).

OUR REFRESHED VALUES

WE THINK SAFETY FIRST

We stop and think then act to prevent injury.



WE RESPECT EACH OTHER

We are honest, considerate and act with integrity.



WE WORK TOGETHER

We engage diverse views to achieve better outcomes.



WE DO WHAT WE SAY

We take responsibility and follow through on our commitments.



WE WANT TO BE BETTER

We always look for opportunities to improve.



MANAGING MATERIAL RISK EVENTS

Our Risk Management Standard describes the minimum requirements for risk management by MMG operations, projects and functions. Our risk management process is based on the international standard for risk management, ISO 31000:2009. The process consists of steps that, when undertaken in sequence, effectively identify and manage material risks, and enable continual improvement in both decision making and performance. Throughout the risk management process we communicate and consult with internal stakeholders as well as monitor and review for any changes in risks, controls and response plans.

To improve the identification and management of operational risk, we shifted our focus to specific events and their direct causes.

In 2014, we also developed a control management strategy for operations which included the development of Critical Control Plans for catastrophic failure of tailings dams, underground fires and aviation (for implementation in 2015). This will provide greater consistency in the management of potential material risk events across our sites and enable best practice to be shared across MMG.

OUR STANDARDS AND SUSTAINABILITY

We use MMG-wide Standards to define the minimum requirements for the management of the critical aspects of our business. These Standards provide the basis for sustainable operations through their deployment at our sites.

Our aim is to have all elements of the ICMM 10 Principles addressed through these Standards.

Our integrated audit process verifies the degree to which our business complies with our Standards and is designed to facilitate continual improvement.

OUR OPERATING MODEL AND SUSTAINABILITY

The MMG Operating Model was developed and introduced in 2013. It establishes common organisational structures across our business and promotes the development and use of common procedures across all sites.

The Operating Model defines our operating sites' essential work and supports them to focus on achieving their Safety, Volume and Cost objectives.

The Operating Model also describes how MMG Functions support our operating sites. It supports sustainability by ensuring that functional excellence is applied to the development, assessment and continual improvement of our core business processes, Standards and supporting documents. Through this, the principles of sustainable development are embedded in the way we work and operate.

Alignment of the business to the Operating Model began in 2013 and continued through 2014.

OUR REPORTING SYSTEMS AND SUSTAINABILITY

Effective management reporting facilitates our decision making, execution of our Sustainability Policy and improves our ability to integrate future acquisitions.

In 2014, we made significant progress in our program to review and upgrade information technology (IT) systems. The program aims to eliminate reliance on legacy systems, standardise processes and support management reporting and decision making. It will improve management responsiveness and overall operational efficiency.

Investment and efforts continued towards adopting a common technology platform. Under our integrated Business Management program (iBM), we are transforming our management systems to provide a foundation for MMG's streamlining and growth. The system is underpinned by common global processes and a standard SAP (software) platform. The iBM solution has now been deployed to Sepon, Golden Grove and Rosebery. Deployment is expected at Kinsevere during the first half of 2015.

Implementing common procedures to manage fatal risks

Operational activities that are potentially hazardous are controlled through permit-to-work and energy-isolation procedures.

During 2014, we developed a set of three common procedures to meet the Clearance to Work, Isolation and Permits performance requirements outlined in our Fatal Risk Standard. An additional six work quality requirement documents were also developed to support the procedures.

Each site conducted a gap assessment against the requirements of the three procedures and developed site-specific Gap Closure Plans. All actions were entered into our central action tracking system, and the Operations Leadership team is monitoring progress.

Ongoing assurance regarding compliance against this element of the Fatal Risk Standard, and the common procedures, will be provided by our integrated audit program.



Employees at Rosebery discussing potential hazards before commencing work.

THE YEAR IN REVIEW

A YEAR OF TRANSFORMATION THROUGH GROWTH

In the five years since its formation, MMG has demonstrated operational strength and a commitment to world-class standards in safety, health and environment.

Our aim has been to “earn the right to grow”. Underpinned by our Code of Conduct, our hard-working, value-driven ethic has seen us gain respect among our stakeholders and strengthen our international reputation. We have sought ways to maximise the value from our assets through innovative ideas, technology and continually looking for opportunities to improve. Our results (as shown in this report) consistently demonstrate our integrity in doing as we say. We met 11 of our 18 2012–14 sustainable development targets and made progress against other target metrics (refer to page 12).

With the support of our major Shareholder, CMC, our demonstrated operational capability provides us with the right foundation on which to grow our business. Las Bambas, acquired in mid-2014, is a transformational asset for MMG. It delivers on our growth strategy and enables us to progress towards our objective of being valued as one of the world’s top-tier miners by 2020. Las Bambas is a tier 1 asset – it is large, low cost, long life and expandable (refer to Integration of Las Bambas Case Study on page 18).

TOTAL RECORDABLE INJURY FREQUENCY IMPROVED

from 2.4 per million hours worked in 2013 to 2.3 in 2014.

TOTAL PROFIT

US\$99.2
MILLION

COMMUNITY INVESTMENT

US\$14.2
MILLION

TOTAL WATER INPUTS

27GL



SUSTAINABILITY HIGHLIGHTS AND CHALLENGES

HIGHLIGHTS

OUR PEOPLE

Integration of Las Bambas asset and people.

Implementation of People Systems; My Performance Online, Online Training Centre and IBM SAP.

Refreshed Values, Vision and Mission statement rolled out across the business.

Diversity and Inclusion Council formed.

CHALLENGES

Embedding People programs to support Las Bambas as an operating asset.

Supporting Century workforce during closure transition.

Continuing to embed a culture characterised by inclusion of diverse views.

HEALTH AND SAFETY

Launch of our Creating Safe Work program.

Deployment of common procedures to address fatal risks, including clearance to work, isolation management and working on live equipment.

Improved process to identify and manage critical controls for material operational risk events.

Significant progress in monitoring and analysis to clarify health exposure risks and inform management plans.

Coordinated response to monitor and manage the risk of Ebola outbreak in the DRC.

Continual reduction in the incidence of workplace injuries.

Continual enhancement of organisational skills and capabilities in significant incident investigation.

Targeted design and implementation of exposure controls.

Complete, consistent reporting of health and hygiene data.

WORKING WITH OUR STAKEHOLDERS

Successful resettlement of 95% (as at 31 March 2015) of community members at Las Bambas to a newly built town.

Finalisation of the MMG Community Development Investment Strategy and commencement of work to align site community investment plans.

Understanding and managing conflicting expectations of stakeholders in regards to site closure at Century.

Managing artisanal mining risks.

Managing the impacts of in-migration of communities to our mine sites.

RESPECTING OUR ENVIRONMENT

Ongoing closure of gaps against the requirements of our Environment Standard.

Queensland Government-approved biodiversity offset secured for Dugald River Mine.

Minimising longer-term environmental liabilities.

Integration of waste management strategies with water management plans and closure/life-of-asset planning.

SUSTAINING OUR ECONOMIC PERFORMANCE

Record copper production, excellent cost management and respectable profit delivery in difficult conditions.

A sustained increase in the institutional investor-held proportion of our stock free float, and strong share price performance for investors.

Maintaining financial performance amid commodity price reductions, industry cost pressure and declining ore grades.

Ongoing project assessment required at our Dugald River project.

2012–14 GOALS AND TARGETS

These goals and targets, from our 2011–14 three-year business planning process, applied to the MMG Group excluding Las Bambas operations and projects. Our performance against these targets is detailed in the table below. For more detail in the main report, page references are provided.

		● Yes ● Progressed ● No		
GOALS	TARGETS	2014 PROGRESS	MET?	PAGE
OUR PEOPLE				
Develop workforce plans, building capability and diversity	90% close-out of actions from staff development plans	Development actions spanning 2014–15 in progress	●	20
	A capability matrix for all operational staff	An Operational Training Review of training management systems completed	●	27
	100% implementation of diversity actions	100% of diversity actions from 2013 completed. Diversity and Inclusion Council established	●	25
Cultivate leadership-inspired teamwork, innovation and discretionary effort	5% total increase on employee perception survey engagement index	Engagement index increased to 68% from 66% in 2013	●	20
	90% close-out on previous year's Employee Perception Action Plan	Action plans mid-completion as they span 2014–15. Quarterly Business Reporting of follow-on actions from the People and Culture Survey	●	20
	Innovation rewarded through MMG innovation awards	Awards discontinued in 2013. MMG Values now reflect our focus on continual improvement and initiative through our Value: "We want to be better"	●	20
Embrace the 'MMG way'	Code of Conduct (CoC) roll-out actioned to agreed plan ³	CoC roll-out completed, CoC Committee met; Whistleblower process continued; Anti-corruption, workplace behaviour and CoC training delivered	●	62
HEALTH AND SAFETY				
Achieve a step improvement in health and safety performance	A total recordable injury frequency rate (TRIF) (per million hours worked) of <3.4 ⁴	A TRIF of 2.3 in 2014	●	28
	No repeat significant incidents	Repeat significant incidents occurred during 2014	●	30
	100% close-out of high fatality-potential incidents	100% action close-out for high fatality-potential incidents in 2014	●	30
WORKING WITH OUR STAKEHOLDERS				
Social practices consistent with ICMM principles	Maintain MMG's social licence to operate ⁵	Successful acquisition of Las Bambas	●	18
	5% annual increase in MMG community perception survey Community Trust Index	5.8% improvement at Century from 2013 to 2014. Baseline indices were completed at Dugald River and Sepon ⁶	●	36
	Social investment of 1% of net profit after tax	Social investment of US\$14.2 million, representing 14% of net profit after tax	●	40

3 This target was amended in early 2014.

4 TRIF (total recordable injury frequency) was previously referred to as TRIFR (total recordable injury frequency rate). The calculation basis is the same.

5 Originally worded as "Close-out of top three social risk register actions identified". Reframed as "Maintain MMG's social licence to operate" in 2012 Sustainability Report.

6 Community perception surveys are conducted every three years (although for Century we ran an additional survey in 2014). In our 2013 Sustainability Report we reported the +8%, -10% and -8% change in index for Golden Grove, Century and Rosebery respectively, compared with the previous 2011 Community Trust Index.

GOALS	TARGETS	2014 PROGRESS	MET?	PAGE
RESPECTING OUR ENVIRONMENT				
Environmental practices consistent with ICMM principles ⁷	100% close-out of the top three environmental register actions identified in the 2012 plan (improved mineral waste and water management, and closure planning)	Progressed gap closure action plans against Environment Standard	●	48
		MMG Life-of-Asset Standard and work-quality requirements for closure planning and closure cost estimation were released in early 2015	●	45
	A 20% reduction in the number of non-compliances with environment operating licence limits, relative to 2011 baseline	21% reduction – there were 15 monitoring events in 2014 where results were outside environment operating licence limits, compared with 19 in 2011	●	48
SUSTAINING OUR ECONOMIC PERFORMANCE				
Deliver consistent and sustainable earnings growth	Earnings per share increase year on year	Diluted earnings per share of US1.96 cents (US1.95 cents in 2013)	●	57
Be recognised as an industry leader delivering strong financial outcomes	Total Shareholder return compared to the Euromoney Global Base Metals Index	Total Shareholder return of 48% compared to the Euromoney Global Base Metals Index ending 2014 14% lower	●	57
Be valued for the unique combination of international management and CMC support	Maintain a minimum 5% of the free float uptake by institutional investors	More than 5% average of free float across 2014 with 39% held at 31 December 2014	●	57

⁷ Our original target related to ISO14001 compliance has been omitted. With the introduction of the MMG Operating Model (and its inherent application of the environmental management system 'Plan, do, act, check' principles), ISO 14001 compliance is no longer mandated at our operations.

THE YEAR AHEAD

A YEAR OF TRANSITION

In 2015, we are preparing to complete open-pit production at Century, one of the world's largest zinc mines (refer to the Case Study on page 15), while constructing what will become the world's third-largest copper mine at Las Bambas. Sepon is also transitioning to the next phase of its mine life as it converges towards the mine reserve grade and progresses to processing harder ore types.

To support this transition, new sustainable development objectives and targets for 2015–18 have been set (refer to page 16). Our priorities for 2015 include:

- > completing integration of Las Bambas and commencement of production. The milestones to complete Las Bambas are clear and we are tracking well against our targets. We are committed to delivering the project on time and budget;
- > continued consideration of our long-term strategy in Queensland. We will reduce our workforce and collaborate to support the community's transition occurring as a result of the end of open-pit mining at Century. We will continue looking for opportunities to use the infrastructure at Century while continuing to assess development options at Dugald River;
- > continued alignment of our organisational structure with the MMG Operating Model (refer to Our Approach on page 8) to strengthen business delivery and efficiency;
- > continual improvement in safety performance, including ongoing deployment of the Creating Safe Work initiative across all our sites to build supervisor and workforce skills in planning and executing work safely (refer to page 28);
- > continued development and implementation of critical control management plans (refer to page 8);
- > focus on implementing management plans to meet the requirements of our Standards, with particular focus on improving contractor operational and safety performance;
- > completion of baseline monitoring and analysis programs at all operating sites to inform health exposure management plans;
- > alignment of site community investment plans to the MMG Community Development Investment Strategy to support sustainable social and economic development of our host communities;
- > completion of communication and embedding of refreshed MMG Values at all sites and finalising our Code of Conduct update;
- > completion of the roll-out of our online training and performance management systems to improve the efficiency of our human resources processes; and
- > enabling access to leadership training and development tools for all of our people managers.

**31 DIVERSE
COMMUNITIES**
in the Las Bambas
zone of influence



CENTURY REHABILITATION
**13% total mine
lease disturbed**
9% disturbed land rehabilitated
Focus is on bulk and civil earthworks

**LAS BAMBAS
COPPER**
6.9M tonnes
ORE RESERVE
10.5M tonnes
MINERAL RESOURCE



Closing Century responsibly



A helicopter spreads native seeds from local trees and shrubs on waste rock dumps as part of Century's environmental rehabilitation work.

After 16 years of production as one of the world's largest open-cut zinc operations, Century will complete mining and processing in 2015.

Since acquiring Century in 2009, MMG has focused on further developing the Rehabilitation and Closure Plan for the site, including community management aspects.

We intend to maintain infrastructure at our Lawn Hill mining and process operation and dewatering and shipping facility at Karumba while potential future uses are considered.

In collaboration with Traditional Owners, MMG aims to rehabilitate Century to its pre-mining condition as land systems that support low-intensity cattle grazing and areas of native habitat.

Century's operations in the Lower Gulf of Carpentaria include approximately 23,185 hectares of mining leases at Lawn Hill and approximately 9.2 hectares at the Karumba port facility. MMG leases and maintains a corridor for the underground pipeline that transports concentrate to the port facility.

Work continues on rehabilitating disturbed areas, and bulk and civil earthworks will remain a focus for several years. Approximately 13%, or 3,030 hectares, of the mining lease area has been disturbed by mining activity, with approximately 260 hectares rehabilitated to date. A trial to determine the best encapsulation system for the Century tailings is also under way. In 2014, MMG completed approximately A\$15 million of closure-related works.

Century's post-production workforce is likely to require a team of less than 100. As well as large direct employee reductions, there will be a significant decrease in local procurement and contractor use, local economic activity and associated employment.

MMG has recognised the long-term responsibility and commitment required to manage this transition and has been engaging with the local community, industry and government on the challenges, and opportunities, of closure. The aim is to minimise community impact, support a smooth community transition to life after the mine, and ensure a safe, stable and rehabilitated post-mine landscape.

Our community footprint incorporates Karumba as well as Normanton, Burketown, Gregory, Mornington Island and Doomadgee.

The Gulf Communities Agreement (GCA) signed in 1997 between Century, the Waanyi, Kukatj, Mingginda and Gkuthaarn Native Title Groups, and the Queensland Government, was one of the first Native Title Agreements of its kind. It established commitments to operating the mine responsibly and prescribed opportunities and benefits for these Traditional Owners and the wider community.

Since production began in 1999, Century has employed well over 900 local Indigenous people, and engaged a variety of local suppliers and contractors, injecting millions of dollars into the Lower Gulf. In 2014, investment in the local economy by way of procurement for goods and services exceeded A\$42 million.

At times, up to 24% of Century's workforce has been Indigenous – one of the highest rates of Indigenous participation in a mining operation in Australia. This was facilitated by substantial investments in prevocational and on-the-job training and development support. An independent study conducted in 2013 found that the majority of past and current Indigenous employees surveyed felt that employment at Century had improved their future job prospects and their family's circumstances.

Century has supported local people to make the most of opportunities associated with the mine, through the framework provided by the GCA and supporting investment activities.

Since 1997, more than A\$14.8 million have been provided to the Aboriginal Development Benefits Trust for the establishment of local businesses. More than A\$13.3 million in compensation payments have also been made to eligible Indigenous groups.

Lawn Hill Riversleigh Pastoral Holding Company was established in 1998 with majority ownership progressively transferred from Century to the Waanyi people. As the holding consists of two adjacent cattle properties, there is great potential for the company to develop as a local enterprise to benefit the Lower Gulf.

MMG believes that these investments have helped create a platform for future growth and opportunity in the Lower Gulf.

2015–18 OBJECTIVES AND TARGETS

We set targets on the issues that matter most in order to drive continual improvement. We have set new 2015–18 Company sustainability commitments, objectives and targets, as detailed in the table below.

COMMITMENT	OBJECTIVES	2018 TARGETS	2015 MILESTONE
GOVERNANCE			
We will minimise the potential for events to materially impact our people, communities, the environment and our business	Critical controls for material operational risk events are identified, implemented and verified	Critical control verification reporting to management in place for all material risks, at all sites	Finalise critical control plans for material risks
OUR PEOPLE			
We will enhance, embed and leverage our Human Resources systems to drive productive and safe behaviours	Deliver a low-cost, high-performing organisation, with a culture characterised by our Values	MMG Values reflected in our People and Culture Survey results	People and Culture Survey refreshed to reflect new Values
		MMG Operating Model embedded at all sites and offices	Operating Model implemented at Las Bambas
		iBM HR systems (High Performing Teams) embedded across all operating sites	iBM HR implemented at Kinsevere and plan developed for iBM implementation at Las Bambas in 2016
We will develop leaders who enrich our culture through demonstrating our Values and Code of Conduct	Our people understand and demonstrate our STEP models, culture and Values in all business interactions	100% of people in leadership roles have participated in MMG leadership development training programs within 3 months of joining MMG	100% of people leaders have access to current leadership training and development tools
		All employees familiar with our Code of Conduct and Values within 3 months of joining MMG	Refresher materials on MMG Code of Conduct released at all MMG locations
			Work programs to embed MMG Values implemented at all operating sites and regional offices
HEALTH AND SAFETY			
We will continually reduce the incidence of workplace injuries	All our people (including contractors) are competent and motivated to work safely and are supported by visible leadership and effective systems and processes	A year-on-year reduction in annual TRIF across the MMG group and at each site	Reduction relative to 2014
We will minimise the potential for our people to be exposed to materials or conditions which may harm their health	Exposure Management Plans are based on a comprehensive understanding of exposure potential and a practical application of the hierarchy of controls, which keep exposures within acceptable limits	Baseline exposure monitoring programs completed at all sites	Completed at all operating sites (excluding Las Bambas)
		Exposure Management Plans implemented at all sites	Monitoring data analysis completed to inform plan development (at all operating sites)
		A year-on-year reduction in occupational exposure profile at all sites relative to a 2015 baseline	Baseline profile established (for all operating sites)

COMMITMENT	OBJECTIVES	2018 TARGETS	2015 MILESTONE
WORKING WITH OUR STAKEHOLDERS			
We will not burden future generations with social or environmental legacies from our closed sites	Closure planning is inclusive, knowledge based and meets stakeholder expectations	Closure Plans that have stakeholder-agreed closure criteria in place at all operations within five years of closure	Consultation on closure criteria conducted with key stakeholders at all operations that are within five years of closure
We will respect our host communities and will contribute to the sustainable advancement of their social and economic condition	Interactions respect our host communities and their values, beliefs, culture and heritage	Be an accepted participant in the Voluntary Principles on Security and Human Rights (VPSHR)	Finalise Security Management Plans for Sepon and Kinsevere
	Open, transparent, community-supported grievance mechanisms close out disputes to the satisfaction of all parties	Resolution of all complaints / grievances according to site procedures	100% resolution of all complaints / grievances
	Community investments provide sustainable advancement to the social and economic development of our host communities	Community Investment Plans that target community stakeholder-agreed Quality of Life indicators at all sites	Alignment of all site community investment plans to the MMG Community Development Investment Strategy
RESPECTING OUR ENVIRONMENT			
We will minimise our environmental footprint and our use of natural resources	Mineral Waste Management Plans are based on a comprehensive knowledge of the geochemical characteristics of waste and construction materials Water Management Plans are catchment based	Mineral Waste and Water Management Plans implemented at all sites	Endorsed actions in place to address all plan implementation non-compliances (identified by the integrated audit process) at Century, Dugald River, Golden Grove and Sepon
SUSTAINING OUR ECONOMIC PERFORMANCE			
We will deliver superior Shareholder returns relative to industry peers	Grow Shareholder wealth above that achieved by industry peers	Total Shareholder return in excess of the Euromoney Global Base Metals Index	
We will continue new discovery and near-mine exploration, along with resource and reserve drilling to grow our resources and reserves	Increase Joint Ore Reserves Committee (JORC) compliant resource and reserves	JORC-compliant mineral resources and ore reserves increased above those extracted through mining and processing operations	

The integration of Las Bambas



Las Bambas during construction in 2014.

In July 2014, MMG and our joint venture partners, Guoxin International Investment Corporation Ltd and CITIC Metal Co. Ltd, completed the acquisition of the Las Bambas copper project in Peru from Glencore Plc (Glencore).

Las Bambas is a large, long-life copper development project, 72 kilometres south east of Cusco in the Cotabambas Province of the Apurimac Region. The mine is located at more than 4,000 metres above sea level. Around 31 diverse communities live in the project's zone of influence.

Las Bambas offered MMG a unique opportunity to acquire a world-class, high-quality copper asset with prospective, near-mine exploration opportunities. It also established a strong platform in the highly prospective South American mining region, leveraging our commitment to world-class standards in safety, health and the environment.

Las Bambas has an Ore Reserve and a Mineral Resource of 6.9 million tonnes and 10.5 million tonnes of copper, respectively, and is expected to produce more than 2 million tonnes of copper in concentrate in its first five years. It also holds considerable exploration upside potential with only 10% of the total land holding explored.

Set to become one of the largest global copper mines, and expected to operate for more than 20 years, Las Bambas is transformational for MMG and Peru. As at 31 March 2015 construction was 90% complete – with first production expected in the first quarter of 2016.



PRODUCT SHIPPING

Concentrate will initially be delivered by truck to the Port of Matarani, 710 kilometres south west of Las Bambas. Part of the road has been purpose-built with other operators using other sections. Port operators TISUR are developing a new berthing facility to handle concentrate from Las Bambas and other mine sites. Las Bambas is also pursuing long-term rail and road concentrate transportation to the Port (bimodal to improve safety).

INTEGRATION

After acquiring Las Bambas, integrating the project into the broader business became a critical activity. Commercial integration began in the pre-closing period and was successfully completed 60 days after the change of ownership. During this time we:

- > established an appropriate governance and management structure for Las Bambas;
- > completed the legal and commercial requirements for MMG management control of the asset;
- > protected and delivered identified sources of value including avoiding project delays;
- > effected the critical cultural changes that support MMG management of the asset; and
- > developed plans for the business to progressively align the asset with MMG Standards and systems. This residual integration process continues in 2015.

WORKING RESPONSIVELY WITH STAKEHOLDERS

Cotabambas, and the surrounding Apurimac region, is home to diverse communities – some directly impacted by the mine and others with a close interest in its economic, social and environmental contribution. Las Bambas takes a direct and proactive approach to stakeholder engagement with all these communities – acknowledging their different expectations and the shared responsibility of regional governments and authorities in delivering project benefits.

Community protest has long been a means for local and regional communities to advocate for greater benefits or protections from mining projects in Peru. Las Bambas faces similar challenges and experienced two short-lived protests

up to February 2015. Concerns include fair access to economic opportunity, government investment in infrastructure and services in the region and tax distribution and royalty benefits generated by the mine.

After a protest in February 2015, the Government of Peru, with MMG's support, established four dialogue roundtables – each championed by the responsible Minister. Issues focused on are: social infrastructure, mining and environment, agriculture and livestock and employment-social responsibility.

COMMUNITY RESETTLEMENT

When MMG took over the management of Las Bambas, we inherited a community resettlement program negotiated by Glencore in 2010 to acquire 4,774 hectares of land under a land swap agreement. Planning and agreements were well advanced to resettle 441 families of the Fuerabamba community to a newly built town. The new settlement, Nueva Fuerabamba in the Challhuahuacho district of the Cotabambas province, and 8 kilometres from the mine site and the original settlement, was designed in consultation with community members. The town has modern facilities and infrastructure, including running potable water, sewage collection/treatment, and medical, educational and recreational facilities.

Las Bambas has complied with commitments made in 2010 and the process has established a benchmark: focusing on sustainable human development while making possible the construction of the largest mining project in the country.

A major community investment by Las Bambas associated with resettlement is the Livelihood Restoration and Community Development (LRCD) program. Based on the 2010 community commitments, it focuses on three main aspects of capability support and livelihood re-establishment services for those families impacted by the resettlement: Family (addressing human, social, economic, physical and natural capitals), Economic (employment, investment, savings and entrepreneurship) and Psychosocial (support for families to adapt to the new settlement).

COMMUNITY INVESTMENT

There has already been significant growth and economic development in the Challhuahuacho district thanks to the changes brought about by the construction of Las Bambas, including Nueva Fuerabamba. A few years ago, Challhuahuacho town had only a few houses; today it is a thriving town with many businesses.

In partnership with the district municipality and with Las Bambas support, the Ministry of Housing, Construction and Sanitation recently delivered an Urban Plan to improve the city's design and encourage further development.

As the main construction phase of Las Bambas ends, the contracted workforce and associated local commercial activity resulting from the mine will reduce significantly. MMG is committed to working with authorities and the local communities to ensure that this change of project phase is well understood and to support impact management.

Overall, Las Bambas has become an important contributor to, and employer in, the local region and economy and we will seek to ensure ongoing social benefit through local relationships in the coming years. MMG has identified four 'pillars' in which we will invest in community development:

Essentials for Life: Access to clean water and reliable food sources is essential for life.

Health and Wellbeing: The health and wellbeing of our communities are a priority.

Securing Incomes: We recognise the importance of creating sustainable economic benefits for our communities.

Education: Education is a cornerstone of community development and an enduring asset.

Las Bambas works in partnership with regional governments and local communities to support the socio-economic growth of the region. The flow of royalties to the region, including advance payment, means there is a unique opportunity to ensure that much-needed infrastructure, services and community development are realised. All stakeholders have a key role to play in this process.



Nueva Fuerabamba includes 441 houses, health and aged care centres, a school, chapel, community hall, market and green areas.

LOCAL EMPLOYMENT

Las Bambas has a focused local hiring policy and approach that include training people from the surrounding communities to boost the local economy. To date, over 1,600 locals have been trained in computer skills, welding, carpentry, maintenance and vehicle driving and at December 2014 approximately 3,000 skilled employees were locals.

ENVIRONMENTAL MANAGEMENT

A priority at Las Bambas is environmental management. During project development our focus has been on water, biodiversity and land management, and demonstrating total commitment and compliance through our work with authorities and the local community.

We are applying an Environmental Management Plan to reduce our impact on water and biological resources, and an Offset Plan to offset the impacts of our activities. We are minimising the use of fresh water sourced from the Challhuahuacho River for operational use, and are using diversion infrastructure to minimise the operational footprint. Sediment dams are being constructed to manage run-off water from waste dumps and stockpiles. We are removing only a minimal amount of topsoil and vegetation, protecting biodiversity, particularly the unique high Andean wetlands (*bofedales*), important to environmental quality.

HEALTH, SAFETY AND SECURITY

The safety, health and security of our employees, contractors, visitors and communities are core commitments. Las Bambas has adopted MMG safety standards, processes and systems and, while safety incidents have decreased, we continue to prioritise and improve high-risk areas such as lightning incidents and road safety.



OUR PEOPLE

We are focused on creating a workplace that fosters diversity and inclusiveness, and supports our people with the systems, skills, and behaviours required to live our Values.

WORKFORCE DEVELOPMENT AND COMPOSITION

We aspire to form a partnership with each person in the organisation, which motivates them to contribute to achieving our Company's Vision as well as developing personally. At MMG, we abide by the following principles that are built on our Values. Our people are:

- > employed under terms and conditions that are fair, and as a minimum, meet all relevant legal requirements;
- > provided with safe and healthy conditions of work, and where feasible, assisted to return to work following injury or illness;
- > treated fairly in a workplace that values diversity and inclusion in terms of gender, age, cultural and ethnic background, religion, sexual orientation or disability;
- > provided with a workplace that is free from harassment;
- > provided with challenging and rewarding work;
- > given access to information and knowledge needed to perform well;
- > provided with training and development opportunities consistent with our business needs;
- > involved in open communication and regular feedback on work performance and major changes;
- > recognised when their actions support our Vision and Values; and
- > confident to raise concerns that will be addressed in a timely and fair manner.

MMG delivers on each of these principles through our core human resources (HR) activities and programs.

In addition to these principles, the foundation of our success is how well our people work together and embrace the MMG way of working within various operational, regional and international frameworks.

Each year, we undertake a People and Culture Survey. Group-wide, the Engagement Index increased from 66% in 2013 to 68% in 2014. The key engagement indicator of Commitment recorded the largest increase from 91% to 97% in 2014. Continued reporting of follow-up actions from the People and Culture Survey is included in MMG's Quarterly Business Reporting agenda, which we committed to in 2013.

We utilise the Success Through Every Person (STEP) program to engage and develop our people so that they can evolve personally and contribute to our Vision and Mission. In 2014, STEP for Managers was implemented. This leadership development program builds on the foundational STEP tools to enhance managerial and team leader effectiveness.

Our overarching employee management program is called My Performance. An online version of the program was introduced in 2013 and used for the first time in 2014. My Performance, and our Training and Events Management System (TEMS), are designed to support our company-wide training and development process. A priority set for 2014 was to achieve 90% completion of actions from Staff Development Plans, which are recorded in My Performance Online. As developmental actions span the 2014 and 2015 calendar year, many are still in progress. We anticipate that reporting on completion of My Development activities will improve as we further embed My Performance Online throughout MMG.

Image: Local employees at Kinsevere.

We continue to integrate our organisational design framework, the Operating Model, through key HR activities. This is in line with the model's requirement for sites to adopt a centralised services approach, supported by the provision of governance and excellence expertise from Group functions.

MMG employed 8,222 employees and contractors (excluding Las Bambas) in 2014. Our workforce decreased by 8% from 8,951 people in 2013. This was mainly due to a 48% reduction in the number of employees and contractors at Sepon, from

3,943 employees and contractors in 2013 to 3,044 employees and contractors in 2014. Sepon's gold plant was placed on care and maintenance in December 2013 as a result of depleting ore reserves and lower margins; this accounts for a significant portion of reduced employee numbers at Sepon during 2014.

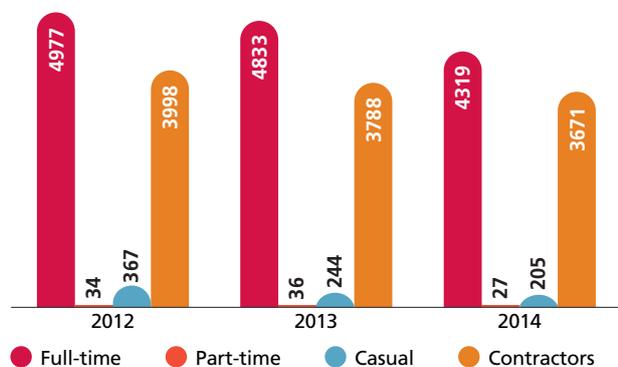
Our turnover increased relative to 2013, primarily due to the significant workforce reductions at Sepon, discussed above, but also from other reductions at Century.

2014 TOTAL WORKFORCE COMPOSITION

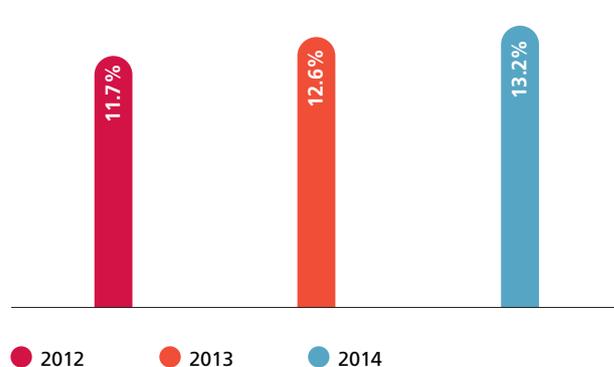
FULL-TIME EQUIVALENT (FTE) EMPLOYEES AND CONTRACTORS	CENTURY	GOLDEN GROVE	ROSEBERY	SEPON	KINSEVERE	EXPLOR'N	CORPORATE	DUGALD RIVER	2014
2014	826	559	449	3,044	2,402	241	579	123	8,222
Full-time	622	368	269	1,611	808	148	453	40	4,319
Part-time	0.6	0.8	1	0	0	2.2	22.7	0	27
Casual	0	2	2	43	62	90	6	0	205
Contractors	203	188	177	1,390	1,532	1	97	83	3,671
Female ratio (%)	12%	9%	7%	16%	10%	23%	40%	35%	16%
Indigenous ratio (%)	17%	2%	2%	N/A	N/A	0%	0%	3%	3%
National employee (vs. expat) ratio (%)	N/A	N/A	N/A	94%	94%	90%	N/A	N/A	94%
Turnover (%) (Jan-Dec 2014)	28%	10%	10%	11%	6%	11%	17%	35%	13%

Female ratio has been calculated excluding contractors (contractors were included in 2013). Indigenous employees are self-identified as Indigenous Australians and exclude contractors. National to expatriate (expat) workforce ratio (excluding contractors) is for Kinsevere, Sepon and Exploration. Turnover ratio does not include casuals or contractors. Data for Las Bambas is not included.

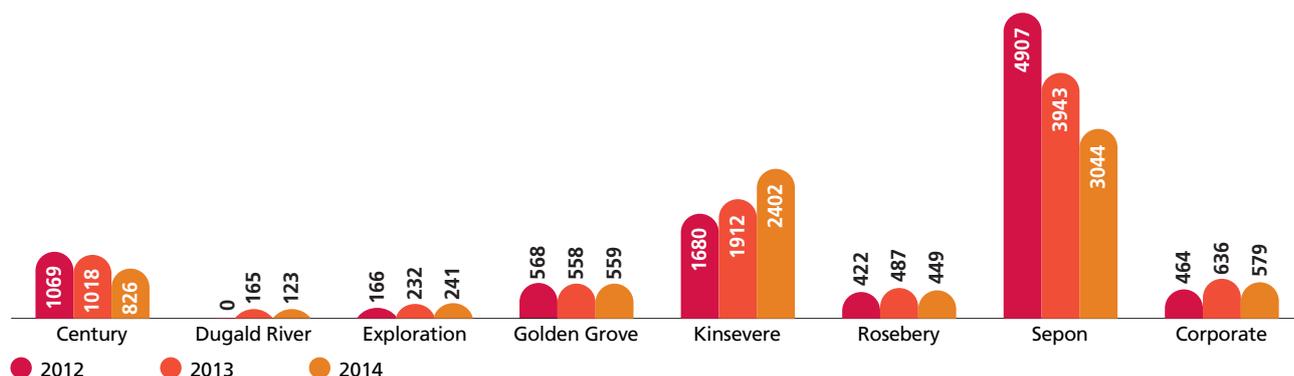
People Profile by Employment Term



Total Employee Turnover



People Profile by Site



The Corporate category reflects the number of group roles performing services and providing support to our sites at global off-site locations (e.g. Shared Business Services in Vientiane). Not all 'corporate' employees are necessarily based at Group head office in Melbourne.

We prioritise the training and employment of local people at our operations and support every employee to develop their potential.

MI Employing local people; Local staff management capability development

WORKFORCE LOCALISATION

Investing in training and education to help local⁸ people transition into mining and other related careers, and recruiting from nearby communities, remain a prime focus for MMG (see Case Study: Century – Work Ready, Job Ready program). We recognise that local development programs must be a life-of-mine commitment, especially as education and training opportunities are limited in some host communities, in particular in Laos and the DRC. Over time, these programs will reduce the dependency on expatriates by establishing and developing capability within the local workforce, as well as building broader community socio-economic resilience.

Throughout 2014, we again strived to increase the number of local employees at our various operations over employing expatriates. The ratio increased from 92% national employees at Kinsevere, Sepon and in Exploration in 2013 to 94% in 2014. We invested in Indigenous employment, and in 2014 (as in 2013), Indigenous Australian employees made up approximately 17% of the workforce at Century, and 2% at Golden Grove, Rosebery and Dugald River.

Some of our major local training and development initiatives are summarised below.

SEPON

The site continued to prioritise employment from the local district in 2014, but also employed a high number of nationals, including from, and in, Vientiane, reporting a 94% Lao workforce. The following programs are in place to train potential employees from the local community:

- › Trainee Data Entry Clerk: four new students began this program in October 2014 and will graduate in October 2016.
- › Trade Traineeships: 15 new trainees started this two-year program in 2014, in trades such as electrical (five trainees), mechanical (four trainees), and automotive (six trainees).
- › Apprenticeships: 16 students are still enrolled in this course at the Lao-German College in Vientiane, which began in November 2013 and will be completed in 2018.
- › Scholarships: the scholarship program continued, 19 staff currently completing study across Australia, New Zealand and Thailand.

Our goal of transitioning line management responsibilities to the Lao workforce continued in 2014 with the appointment of 112 Lao employees into supervisory and superintendent roles. We delivered this process through formal training activities and with support and coaching from expatriate technical experts. (See Case Study: Sepon supervisor and superintendent development programs.)

CENTURY

One of Century's key community commitments as part of our GCA is the provision of education and training for local employees from the Lower Gulf Region. As a result, a variety of education and training opportunities exist across Century's operations at Lawn Hill and Karumba.

One hundred and forty-nine Lower Gulf employees from Mine Operations completed an apprenticeship in Certificate III Civil Construction Plant Operations in 2014. In a competitive employment environment, this qualification will be a significant benefit to employees who leave the operation in 2015 as part of the planned decrease in the workforce post-production.

During 2014–15, two courses of Certificate IV Frontline Management and the Diploma in Management were delivered to formalise qualifications for many employees who have been working in a supervisory role. Training was also made available for employees to upgrade Certificate IV Occupational Health and Safety to Certificate IV Work Health Safety.

Thirty-six Century trainees completed the Work Ready, Job Ready pre-employment program in 2014–15. (See Case Study opposite).

Investing in training and education to help local people transition into mining and other related careers, and recruiting from nearby communities, remain a prime focus for MMG

GOLDEN GROVE

From May to July 2014, Golden Grove ran a Bayalgu Pre-employment Program. Four male and two female students were selected from 40 applicants to attend the 10-week course. Students developed new skills through teaching and mentoring – above all, how to be safe, honest and reliable. All six students graduated with a 100% attendance and safety record, and are working in the mining or civil industries and enjoying a regular income. Importantly for the ongoing effectiveness of the program, mentoring for students continues post course completion.

In addition, the mine again supported a local student to undertake an Environmental Science and Geology degree at the University of Western Australia under the Geraldton Mining Scholarship. This program began in 2011 to encourage and support local Geraldton students to complete university degrees in mining and resources-related fields. Another scholarship will be awarded in 2015.

8 'Local' refers to personnel employed directly through the site, rather than on expatriate arrangements. These personnel are predominantly nationals of the country of operation.

ROSEBERY

In partnership with SKILLED, Rosebery has re-established an on-site apprenticeship program. It is aimed at increasing community involvement and supporting locally sourced talent to gain and develop skills.

Five local apprentices from the west coast of Tasmania began the program at the start of 2014. Two electrical, one diesel and two mechanical apprentices were provided with tools and support as they began their journey to become competent and well-regarded tradespeople. The apprenticeship program benefits MMG as well as the local community, for whom an enlarged talent pool of locally sourced and trained tradespeople is an advantage.

LAS BAMBAS

During 2014, efforts continued to hire and train local people for work in both the Las Bambas Operations and Project (contractor construction) departments. For MMG's Operations roles, meetings and workshops on employment skills information were held in September and October at Nueva Fuerabamba and the site, respectively.

Case Study

Century's Work Ready, Job Ready program

Providing employment training opportunities is one of Century's key commitments under the Gulf Communities Agreement.

Thirty-six local Indigenous people were given paid places in Century's Work Ready, Job Ready pre-employment program (also referred to as the Myuma Pre-vocational Program) in 2014. The training program, which has taken many forms over 17 years, was further updated in 2014 to better suit trainees' ambitions and to adapt to the end of mining at Century.

Most traineeships and apprenticeships in past programs was directly mining related. Today, the range of apprenticeships and traineeships includes civil construction, business administration in a local library, diesel fitting and childcare.

"The list of job opportunities is only limited by the number of businesses expressing interest in being host employers," said Trainee Program Coordinator Garry Huggon. Century supervises and pays the wages of the trainees who work in a variety of jobs suited to the individual.

"All of our current and future trainee intakes will be placed with host employers in their home communities, or in other places where they've indicated they're happy to work. This means that talent stays in the community," said Garry Huggon.

Century is seeing higher retention rates among trainees who work with host employers since these young people are employed in a familiar environment, surrounded by their families and friends. Restructuring of the program team in January 2014 has improved the program's efficiency and mentoring arrangements.

Twenty-four placements are planned for 2015. These trainees will add to a total of more than 900 Indigenous people who have been employed at the mine and port facility over the life of Century.

Future opportunities identified for trainees and apprentices include highly technical trades such as electricians, nursing, auto-electrical and land management.



Graduates of Century's Work Ready, Job Ready program will all work off-site in non-mining jobs.

DEVELOPING MANAGEMENT CAPABILITY IN LOCAL EMPLOYEES

A central part of MMG's long-term employment program is a process for building management capacity, skills and experience among national employees. This maximises localisation through all levels of our operations, supports the development of employees, and builds regional employment capability so that it continues beyond the life of the mine.

SEPON

'Doer' to Coach Program

This program continued in 2014, establishing a formal process for expatriates to coach and develop Lao employees into technical and senior roles.

More than 90% of all Lao supervisors and superintendents have now completed the program and are now in active learning relationships with their expatriate coaches.

Operating Accountabilities Process

The Operating Accountabilities Process was implemented in August 2014. This outlines 45 core competencies across five areas of accountability (Safety, People, Cost, Scheduling and Contractor Management) that are mandatory for MMG

superintendents. This global standard aims to drive consistency at all MMG operating sites and ensure that our superintendents have the right skills to perform their work safely and effectively.

Fifty-one Sepon superintendents completed the baseline Operating Accountabilities process. Areas identified for development from this baseline will be included in individual and site-based Development Plans throughout 2015. This process is just one of the programs designed to give Lao staff the skills required to be successful in leadership and complex technical roles.

KINSEVERE

In November 2014, the STEP program was delivered for the first time at Kinsevere. STEP tools provide a common MMG language to ensure clarity in task planning, identification of critical issues and solutions, and awareness of how diversity contributes to high-performing teams. Initially delivered in English with French interpretation, the program has been attended by 45 people in supervisory positions and will continue to be rolled out to the wider workforce in French in 2015.

Case Study

Sepon Supervisor and Superintendent Development programs



Graduates from MMG's Supervisor and Superintendent Development program in Sepon are building valuable leadership skills and knowledge to progress in their roles into the future.

On 21 January 2015, 54 Sepon employees graduated from MMG's Supervisor and Superintendent Development programs. The 12-month programs were designed to increase leadership skills for Lao employees to assume higher responsibilities in their respective work areas upon finishing the programs.

The courses' content and structure were carefully designed in consultation with an Australian education institute to suit Lao's socio-economic context and the employees' circumstances. The courses were delivered by Lao instructors.

"I found my course very useful because I learned and gained essential knowledge and skills required for being a good leader in the diverse working environment," said Ms Keomanivone Phommachanh, Supervisor UXO

Resource Delivery. "The skills that I have obtained can be effectively applied to different working settings, and benefit the whole company."

"I'm very proud to witness the graduation of this group of employees. They are among thousands who have benefited from training and development programs at Sepon," said Mr Suresh Vadnagra, General Manager of Sepon, at the graduation function.

Sepon also implements a number of other comprehensive training programs to create significant future employment and livelihood opportunities in Laos. Sepon now has approximately 200 Lao employees who are managers, superintendents or supervisors, and this number is set to increase in 2015 and beyond.

With an inclusive culture inspired by leadership and innovation, we attract and engage talented, diverse people.

MI Quality and diverse staff attraction and retention; Staff training and development

WORKPLACE DIVERSITY AND PEOPLE DEVELOPMENT

In a competitive industry, attracting, employing and retaining high-quality, diverse people can be a challenge. However, this is fundamental to MMG's business performance. To do this, we focus on:

- > developing a positive corporate culture and articulating our brand positioning and corporate value proposition;
- > providing competitive employee benefits and remuneration;
- > offering flexible work arrangements where possible;
- > offering training and development tailored to individual employees' needs;
- > training our leaders in effective people management;
- > responding to Employee Perception Survey results; and
- > involving employees in issues that concern them.

MMG's Diversity and Inclusion Strategy was completed in 2014 and began to be rolled out to the business. The establishment of a Diversity and Inclusion Council in November 2014 was the first aspect of the strategy to be implemented. The council will work towards harnessing the value of diversity to drive superior business outcomes. Employees from all sites were invited to nominate individuals for membership (Las Bambas employees will be invited to nominate for membership in 2015). Forty-eight applications were received and 10 employees were selected to join the council.

In 2014, we achieved our target to improve on the 77% 2013 baseline diversity index, with a result of 80% after our survey. A focus for 2015 will be to integrate Diversity and Inclusion

initiatives and principles into MMG practices, and support the growth of an inclusive workplace, improving our people's productivity, engagement and retention.

DIVERSITY IN HIRING

MMG has recruitment programs aimed at graduates, expatriates and local candidates, and a mandated strategy to proactively source women for technical roles. We recruit skilled employees from the broader employment market and invest in skills development in all our employees, as well as in local people and communities adjacent to our mines. A Recruitment Agreement ensures a merit-based approach to candidate selection and provides a reference point to challenge conscious and unconscious bias in candidate selection.

GENDER DIVERSITY

Increasing the representation of women in all workgroups across MMG remains an important focus. In 2014, the female percentage of the total workforce (excluding contractors) was 16%. The equivalent figure for 2013 was 17%⁹.

Remuneration balance continues to be reviewed and addressed. The average salaries for women (as shown in the table '2014 Roles and Remuneration by Gender' in the report Appendix at www.mmg.com) suggest that they are below those of average salaries for men (across all workgroup categories); this is generally not the case in like-job for like-job comparison. Gender pay analysis conducted during the annual salary review (and overseen by executive levels) indicates that women achieve the same salary review adjustments as men. Our My Performance review process is gender neutral and focuses on market-rate remuneration for like-for-like roles and experience. MMG remains focused on addressing remuneration balance through our diversity approach.

Case Study

Women's Excellence Award

In March 2014, Kinsevere Administration Supervisor Imelda Kabulo was awarded the Katanga Women's Excellence Award by an association of journalists in Katanga Province. This award recognised her contribution to representing women in the workplace.

Imelda has been an employee at Kinsevere for seven years and during that time has campaigned for increased representation of women within the workforce. The number of female employees has tripled in the past three years, with 77 women now employed by the Company.

Imelda is also the founder and first chairperson of the first Kinsevere Women's Committee.

Imelda received the award in the presence of her family and colleagues during a live television broadcast ceremony, and thanked her colleagues for supporting her initiatives.



Kinsevere Administration Supervisor Imelda Kabulo was the recipient of the Katanga Women's Excellence Award, recognising her contribution to representing women in the workplace.

9 In our 2013 Sustainability Report we gave the 2013 female percentage as 21%; however, this number included contractors who were excluded from the 2014 calculation.

GRADUATE PROGRAM

MMG's Graduate Program is designed to introduce new graduates to professional and technical development opportunities through a residential workshop and experience across multiple mine sites.

Seven graduates were employed in 2014 to participate in MMG's 2015–16 Graduate Development Program. They were employed in various disciplines including Geology, Geotechnical Engineering, Hydrology, Mechanical Engineering and Metallurgy.

The Australian Association of Graduate Employers (AAGE) released its annual survey results for 2014, ranking MMG as the number one graduate employer among Australian mining companies and 26th graduate employer in Australia overall.

TRAINING AND DEVELOPING OUR PEOPLE

Achieving business success is only possible by training and developing our workforce. Part of our retention strategy is focused on annually assessing and supporting individual employees' training and development needs for their roles and desired career progression.

Employees and contractors attended a wide range of training and induction sessions in 2014 including those related to:

- > Health and safety
- > Working at heights
- > Incident Cause Analysis Methodology
- > Cross-cultural awareness
- > First aid
- > Mine rescue
- > Trade traineeships
- > Supervisor development
- > STEP Program
- > Defensive driving
- > Waste management
- > Frontline management
- > Anti-corruption

In addition, MMG's Code of Conduct training is embedded into our online induction, and is also part of our Workplace Behaviour training/Equitable Treatment training.

MMG Board members receive particular education and briefings on important issues, including SHEC topics, and Directors participate in MMG's online training.

Case Study

Developing safe driving skills



Participants in Kinsevere's defensive driver training course.

In March 2014, 55 Kinsevere employee and contractor drivers completed a defensive driving training course and assessment.

The course was designed to provide drivers of buses and light vehicles with the skills and techniques to anticipate dangerous situations and reduce the risk of collision, despite adverse conditions or the mistakes of others. The course content centred on learning to apply the principles of 'observe', 'plan' then 'act'.

Participant Delly Wanuku said, "Safe driving is not intended to increase Kinsevere production but to protect oneself and others, because by protecting oneself, one also protects one's own family."

2014 TRAINING COURSES: NUMBER OF EMPLOYEES TRAINED AND SPEND

SITE	EMPLOYEES TRAINED	APPROXIMATE SPEND (000's) US\$
Century	152	861
Dugald River	149	38
Golden Grove	789	184
Kinsevere	17,606	353
Rosebery	977	263
Sepon	15,164	438
Exploration	22	7
Group Office	751	168
Total MMG	23,411	2,314

Total number of staff members trained incorporates multiple courses for some individuals.

The number of staff members trained at Century decreased significantly between 2013 and 2014 due to a planned scale-down in mining activity.

Although, to build capacity, the number of staff members trained at Sepon is much greater than at other sites, the total also decreased significantly because of a reduction in their workforce following the cessation of gold mining.

The number of staff members trained at Kinsevere increased significantly due to several individuals being involved in multiple training courses and modules. In addition, in 2014, the recording and reporting of training events was significantly improved and therefore this year's data is a more accurate reflection of staff trained.

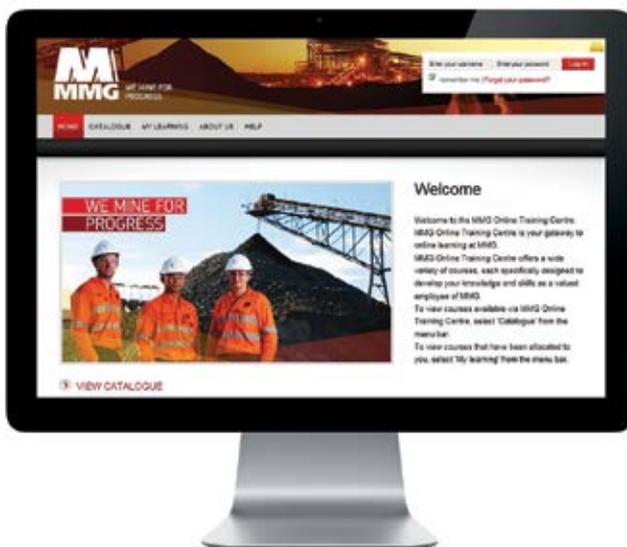
An Operational Training Review began in May 2014 to provide a baseline view of the numerous training management systems currently in place across MMG's operating assets. From this baseline, a standardised Operational Training Framework will be produced. Where practicable, this Standard will be adopted by current operating sites to optimise their training, and will provide new sites (e.g. Las Bambas) with a training system 'blueprint'.

ONLINE TRAINING

MMG has taken the first steps toward providing engaging and interactive online learning for employees. The new Online Training Centre allows instant deployment of training and awareness programs on key topics to many of our people. Employees can access the modules whenever and as often as they choose, with the option to work through modules in more than one sitting if required.

Online training at MMG is designed to complement, not replace, face-to-face training. A limited number of modules is currently available via online training, with more modules to be developed and launched throughout 2015, including Spanish and French platforms.

This exciting step for MMG will lead to increased efficiencies in training new employees for some of our key programs. The successful roll-out of online training also takes our iBM Group-wide IT platform a step further forward.



MMG's Online Training Centre was launched in early 2014 to support on-the-job training via a computer or mobile device. It enables us to fast track employees' understanding of the business immediately after joining the company, and to ensure that critical training and awareness modules can be delivered efficiently and consistently.



HEALTH AND SAFETY

We strive to continually reduce workplace injuries and create a safe work culture that extends beyond the workplace.

MI Safety of our people; Significant and potentially fatal incidents at MMG; Road safety in near-mine communities

SAFETY

MMG thinks safety first. Our objective is to have our people (including contractors) competent and motivated to work safely, supported by visible leadership and effective systems and processes.

REPORTING SAFETY PERFORMANCE

In 2014, we achieved a decrease in the total recordable injury frequency (TRIF) from 2.4 per million hours worked in 2013 to 2.3 (excluding the statistics for Las Bambas operations and projects). Our lost time injury frequency (LTIF) increased from 0.5 in 2013 to 0.6 in 2014.

Safety performance across individual sites varied (refer to the table on page 29) and we continued to experience incidents that do, or have the potential to, cause serious harm.

In 2014, a security incident occurred (approximately 26 kilometres from Kinsevere) on a tenement on which MMG holds exploration and mining rights. This incident led to the death of a policeman and the serious injury of another policeman and four MMG contractors. At Las Bambas, a lightning strike seriously injured a contractor in the construction workforce.

Across our operations and projects in 2014, 84 people experienced injuries, which, at a minimum, required medical treatment. Four of these injuries were permanently disabling and we are continuing to support those affected during their ongoing care and rehabilitation.

CREATING SAFE WORK

To achieve sustained improvement in injury reduction across the organisation, MMG is driving a consistent approach to creating safe work. Our Creating Safe Work program aims to build supervisor and workforce skills in planning and executing work safely. It also focuses on eliminating hazards, rather than protecting people against hazards. The program includes Field Task Observations undertaken by managers and superintendents who provide in-field coaching on safety behaviour.

We empower our people to take personal ownership of safety and to be aware of their behaviours and those of their teammates.

In 2014, we continued to improve our processes to address our Fatal Risk Management Standard requirements. A common Clearance to Work Management procedure was developed in 2014 and will be implemented in 2015 across all sites (refer to page 9).

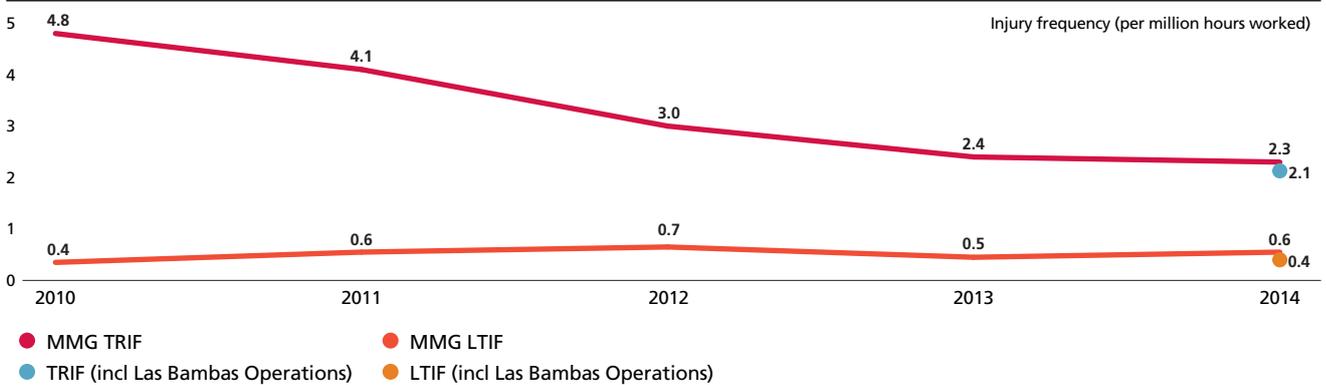
Our Creating Safe Work program aims to build supervisor and workforce skills in planning and executing work safely.

Image: Golden Grove Emergency Response team members.

TOTAL RECORDABLE INJURIES (TRI) BY SITE

LOCATION	2013		2014	
	NUMBER OF TRI	TRIF	NUMBER OF TRI	TRIF
Sepon	7	0.5	1	0.1
Kinsevere	9	1.7	13	2.1
Century	10	4.0	4	2.0
Rosebery	4	3.4	10	8.7
Golden Grove	9	5.8	15	10.0
Dugald River	12	16.5	4	9.6
Exploration	9	9.0	5	3.6
MMG	62	2.4	52	2.3
Las Bambas Operations	NA	NA	3	1.0
Total (incl Las Bambas Operations)	NA	NA	55	2.1
Las Bambas Project	NA	NA	29	1.9

TRIF and LTIF



Case Study

Training people in their role in creating safe work

The Creating Safe Work program provides simple and practical tools to improve and maintain safety performance. The program was piloted and embedded at Rosebery in late 2014 and will be available to other sites in 2015.

We achieve Safe Work by planning the work, removing hazards, confirming the plan, and then working to the plan. Two core elements of the program are competencies and communication.

We expect our leaders to be visible and passionate champions for safety, be accountable for the safety of their teams and set expectations through their behaviour. MMG's Operating Accountabilities process outlines 45 core competencies that are mandatory for MMG superintendents to ensure that our leaders have the right skills to perform their work safely and effectively.

Learning is an essential part of driving improvement in safety performance and preventing repeat incidents.

Field task observations (FTO) are used to influence behaviour and reinforce the components of, and accountabilities for, creating safe work. We use FTOs to:

- > reinforce the responsibilities of the supervisor in creating and maintaining safe work through review of task planning, task assignment and task monitoring;

- > reinforce the responsibilities of the individual in creating and maintaining safe work through review of task acceptance, inspection of work area, identification and minimisation of hazards, and completion of work to plan; and
- > assess the effectiveness of procedures, work instructions, task hazard assessments and Control Plans.



Creating Safe Work is designed to provide simple and practical tools to improve and maintain safety performance.

IMPROVING THE SHEC INCIDENT INVESTIGATION PROCESS

Our 2012–14 targets were to complete all actions associated with high fatality-potential incidents and to eliminate repeat significant incidents. These reflected our aim to create a step change in our approach to safety.

We sought to create a learning organisation that freely and openly reports safety events, undertakes quality analysis of these events, and implements sustainable corrective actions to prevent recurrence.

We have come a long way toward achieving this step change. MMG has a strong, transparent reporting culture and we are continually enhancing our organisational skills and capabilities in significant incident classification and investigation.

Our process for incident identification, investigation and improvement resulted in 64 significant incident reports in 2014 (including 13 from Las Bambas) where lessons could be shared across the business. We successfully implemented and verified 96% of corrective actions relating to each of these incidents.¹⁰ Of the 64 significant incidents, 18 (including 6 from Las Bambas) had high potential to cause a fatality. We experienced repeat significant events in 2014 in areas such as underground vehicle fires, metal-on-metal contact, rock fall and working at heights.

In 2014, we enhanced our Incident Cause Analysis Method (ICAM) to include an analysis of:

1. 'Work as intended' (the way work should have been planned, assigned and executed based on Group Standards and site procedures);
2. 'Work as normally done' (the way work is usually undertaken); and
3. 'Work as actually done' (the way work was done in this particular event).

This process allows us to explore gaps between the work as done and the work as intended, enabling a deeper understanding of what is driving non-adherences to Standards and procedures.

There are further opportunities to improve the identification of 'significant' incidents in a more complete and consistent manner. We also need to keep striving to understand the contributing causes of such incidents in order to gain maximum benefit from our investigation processes.

Delivery of consistent training and coaching to ICAM facilitators and the leadership team in applying these elements of our ICAM is being achieved by engaging a single, preferred provider. Roll-out of this training will continue across our business in 2015.

IMPROVING PUBLIC ROAD SAFETY IN OUR NEAR-MINE COMMUNITIES

Increased road traffic associated with our operations, and general public road safety, have been identified as issues of concern, both internally and through some of the Social Impact Assessments conducted with local communities. Where applicable, our operations invest in shared-use public road infrastructure and maintenance, provide worker transport and support the delivery of community and school road safety awareness programs. All operations have Traffic Management Plans to address risks associated with vehicle–vehicle and vehicle–pedestrian interactions on site.

At Kinsevere, the main access road is used by both the mine and villages. Three fatal accidents and numerous vehicle rollovers (all non-MMG related) were reported on this road in 2014. Now 16 kilometres of the 20-kilometre road have been surfaced by MMG, improving road safety for all users. A dedicated cycle path alongside the road has also been installed to minimise potential for pedestrian and cyclist interaction with light and heavy vehicles. Kinsevere also provided training to drivers of employee buses (see page 26) and undertakes alcohol breath tests on all drivers using this road. Speed cameras are used as well.

In 2014, Century and Golden Grove invested in maintaining significant lengths of the Gregory Development Road and roads in the Shire of Yalgoo, respectively.

As a member of the Mid-West Road Safety Alliance, Golden Grove supported a community road safety education campaign, which began in late 2014, and included a short film on driver fatigue, shown in cinemas and on television.

At Sepon, a Risk Assessment and Action Plan were developed in collaboration with District representatives to minimise interactions between mine operations and the community on the Western Haul Road.



A community road safety awareness campaign run by Sepon.

GLOSSARY

A **repeat significant incident** is a significant incident with similar outcomes and contributing factors to another significant incident reported post 1 January 2012.

A **significant safety incident** is any event that resulted in, or had the potential to result in, fatality, serious injury/illness or multiple lost time injuries.

¹⁰ Excluding actions related to the 13 significant incidents at Las Bambas, where the reporting process had not yet been fully integrated.

Case Study

Inaugural contractor safety forum

Rosebery hosted the inaugural MMG Rosebery Contractor Safety Forum last December to promote collaboration between MMG and its contract partners and improve overall safety performance.

Over 100 people attended the forum, where the main objective was for the senior management of Rosebery and its contracting firms to work together to align safety values and priorities, share best practice and identify ways to improve safety across the site.



MMG representatives at the inaugural forum.

Case Study

Recognition for Rosebery's emergency response team

Rosebery's Emergency Response team competed in the Tasmanian Minerals Emergency Response competition last November, showcasing their skills against six other mine and smelter sites.

The Rosebery team performed well in the competition taking out first place in the confined space rescue, first aid and rope rescue, as well as winning best captain and overall team safety. Their performance resulted in an overall first place in the competition.

Other competition events included firefighting, team skills, road crash rescue and underground search and rescue.

The win was a positive end to the year for the Rosebery team who were called into active duty more than once over the past 12 months in a mutual aid capacity.



The Rosebery Emergency Response team.

We seek to minimise the potential for our people to be exposed to materials or conditions that may harm their health.

MI Health of our workers/staff

HEALTH

Protecting and promoting the health of our people is as vital as protecting their safety. We do this by assessing the pre-employment suitability of workers for the activities they will need to perform, supporting them to lead healthy lifestyles that contribute to fitness for work and minimising occupational exposures.

MATURING FITNESS FOR WORK PROGRAMS

All our workplaces are required to develop and implement risk-based management plans for fatigue, drugs and alcohol, and life-threatening endemic diseases. We support our people's fitness for work through location-tailored health education programs, voluntary health assessments and access to sporting or gym facilities. A 24-hour employee assistance program is also available, providing free confidential counselling services to employees and their families.

Programs for proactively managing fatigue risk at our sites continue to mature. As part of our scheduled program, a fatigue management risk assessment was undertaken at Dugald River in 2014, while Century and Golden Grove documented their management approaches to address fatigue risks associated with shift rosters and commuting.

Disease management

MMG has activities in the DRC, Zambia and Laos. Here the prevalence of HIV/AIDS, tuberculosis, malaria, dengue fever and other tropical diseases is high and there is a risk of outbreaks of other serious illness such as typhoid and cholera.

We offer education, voluntary testing and counselling on HIV/AIDS at our medical facilities at Kinsevere and Lubumbashi. Over the period 2012–14, 1,340 employees, contractors and community members have been tested for the disease. Theatre and comedy performances, a community walk and education sessions were highlights of Kinsevere's 2014–15 community AIDS awareness campaign. The focus of the campaign was on prevention, testing and treatment and reducing stigma about the disease.

Malaria awareness initiatives continued at Kinsevere in 2014. We offered screening and treatment programs, and distributed 3,000 treated bed nets to employees and their families. Our program of insecticide fogging to reduce the risk of malaria in residential and production areas also continued.

At Century we have focused on improved management of exposure to untreated water to reduce the risk of endemic disease (meliodosis) as well as exposure to other waterborne pathogens such as legionella bacteria. The approach has included the roll-out of an education package and increased water-quality monitoring.

Case Study

Responding to the Ebola outbreak

Ebola is a very serious, often fatal, virus that is transmitted from wild animals to humans. Human-to-human transmission then occurs through contact with bodily fluids. While there has never been a case of Ebola in the Katanga Province where Kinsevere is located, concern generated from the West African epidemic and an outbreak in the Congo River Basin in September 2014 prompted MMG to implement a coordinated response to monitor and manage the risk of local infection. The response included an employee awareness campaign, training simulations and the development of a Trigger Action Response Plan.

Kinsevere also worked with public health authorities to raise community awareness of Ebola. With the support of doctors leading international Ebola prevention efforts, training sessions were established for the leaders of 26 villages near Kinsevere and doctors from the Kilongo Community Health Centre. Participants received the latest information about Ebola prevention, monitoring and treatment. As a precaution, local authorities also supplied community health centres with specialist equipment, including protective clothing for medical staff.

Earlier in June, MMG was among five mining companies participating in the USAID Extractive Industry Infectious Disease Risk Assessment Management (IDRAM) Initiative in Katanga Province. The program aims to pre-empt or combat emerging infectious diseases of animal origin

at their source, before they impact communities. Kinsevere tested a toolkit to examine and reduce vulnerabilities to zoonotic disease.

Fortunately, the DRC Ebola outbreak in September was contained by the authorities.



Training sessions were held for the leaders of the 26 villages near Kinsevere to increase awareness and understanding of Ebola prevention measures.

MINIMISING WORKPLACE EXPOSURES AND NEW CASES OF OCCUPATIONAL ILLNESS

The health risks at our workplaces include occupational exposure to noise; vibration; and carcinogenic substances, such as respirable crystalline silica, diesel particulate matter (DPM), lead, sulphuric acid mist and mineral fibres.

All of our workplaces are required to develop and implement a risk-based Exposure Management Plan for agents to which people can be exposed at levels that could impact their health. Central to this approach is the collection of baseline exposure monitoring data and the analysis of statistically valid datasets to establish an exposure risk profile for harmful agents. Control measures are then established and verified to reduce occupational exposure, in compliance with occupational exposure limits (OELs). We adopt OELs that are evidence based and that reflect the most current knowledge of toxicity and carcinogenicity. Baseline exposure monitoring was completed at Century, Rosebery and Sepon in 2014. Completion of baseline exposure monitoring and the development of Exposure Management Plans at all our sites will be our next priority.

We aim to control occupational exposures at their source, during project design and at equipment selection. However, a formal personal protective equipment program (hearing protection and masks) and administrative controls also form part of our control strategy. A Management Plan to minimise exposure to asbestiform mineral fibres was developed at Golden Grove in 2014.

Rosebery identified the risk of diesel particulate matter (DPM) exposure in underground mine workers in 2012. Critical control implementation has included improvements to underground ventilation, equipping heavy equipment with exhaust filters, use of low sulphur fuel, strict adherence to Original Equipment Manufacturer (OEM) maintenance schedules, and use and regular maintenance of operator cabins. Monitoring results from 2014 indicate that workplace conditions are below the DPM occupational exposure limit for all work groups.

Our medical surveillance programs help us to identify when additional exposure controls are required. Our site-specific medical surveillance programs include audiometric and blood lead surveillance.

We routinely test blood lead levels for people potentially exposed to lead. Workers are pre-emptively transferred out of their roles if their surveillance results reach our internal transfer levels. Seven workers were transferred in 2014 (two at Century and five at Sepon).

We have focused in 2014 on rationalising procedural documentation and improving the robustness of recording and reporting processes. However, we recognise that we can continue to do better at managing health and hygiene data and see value in a common approach across all sites. To this end, we have started looking into an improved, business-wide database, designed specifically for this purpose.

Case Study

A focus on lead-exposure reduction at Century and Sepon



A truck washing station is used at Century to remove hazardous lead dust from vehicles.

At Century, medical surveillance in 2014 recorded an elevated exposure of dam workers to lead. A number of exposure reduction controls were identified and implemented, including:

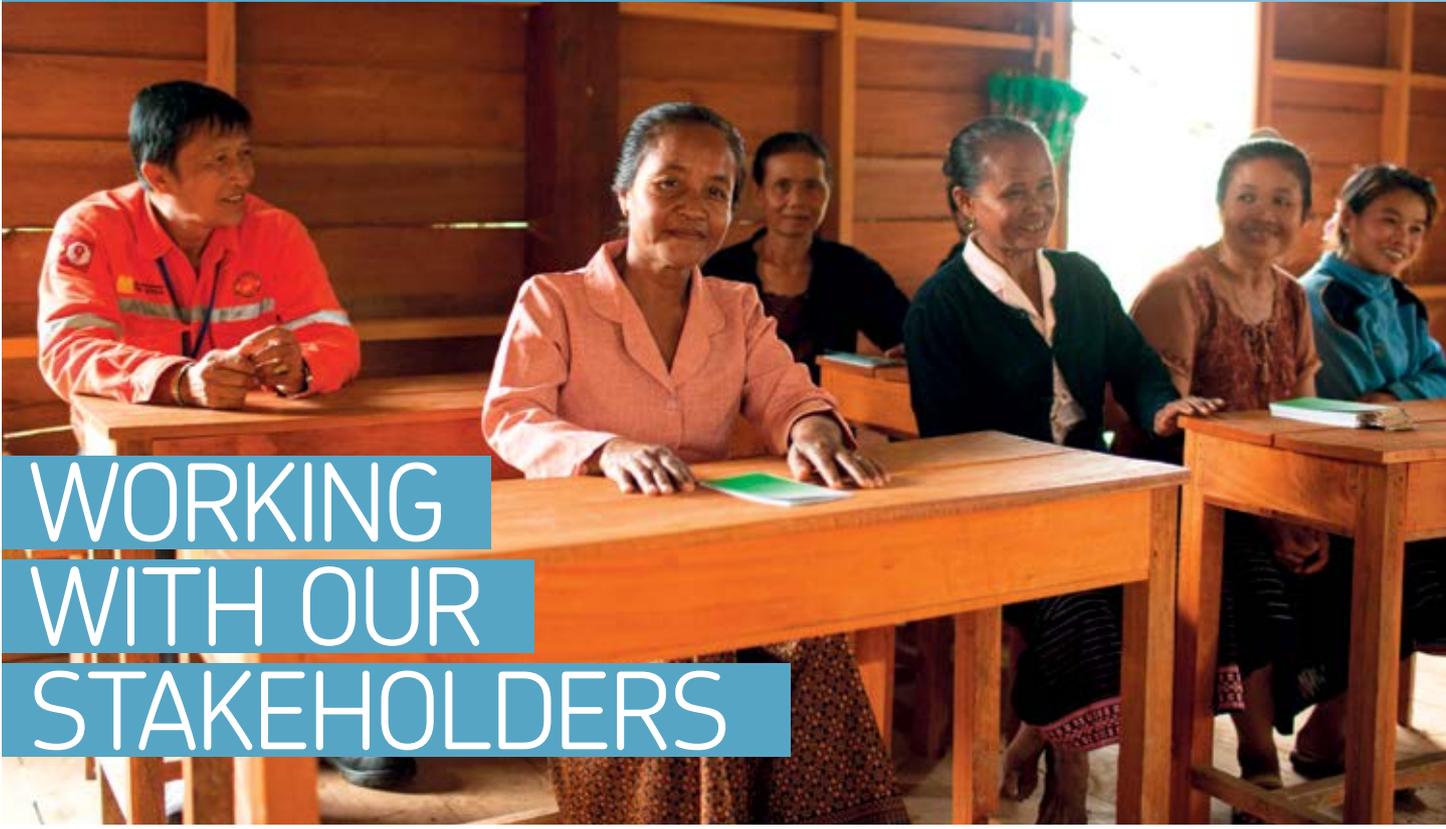
- > installation of a new personal decontamination unit;
- > an improved cleaning regime;
- > an automated truck-washing process to ensure containment of lead ore in the lead precinct;
- > dust control on stockpiles; and
- > reinforcement of mandatory use of appropriately selected personal protective equipment, and improved signage.

Procedural documentation for the contractors undertaking this work was updated and change management procedures were followed to ensure that new requirements were well understood. The effectiveness of the exposure

management controls are verified through routine safe work observations and ongoing medical surveillance.

Baseline monitoring of all lead-risk areas at Century is being undertaken over 2014–15. This will facilitate a more holistic management of lead exposures across the site. In 2014, there was also a focus on improved blood lead data handling, recording and interrogation to ensure that a complete, validated data set is available for use in evaluating similar exposure group results and exposure control requirements.

At Sepon, lead is used as a flux in assays to determine the copper content of metallurgical samples. In 2014, medical surveillance identified elevated exposure levels of operators working in the process laboratory. Ventilation units were installed to extract fumes from the work environment. The frequency and effectiveness of workplace cleaning were also increased and verified.



WORKING WITH OUR STAKEHOLDERS

We seek stakeholder relationships based on trust, transparency and mutual respect for culture, values and heritage.

MI Stakeholder engagement and relations, including good faith negotiation with Indigenous people
Licence to operate/community support and management

STAKEHOLDER ENGAGEMENT

MMG's business success and community contribution depends upon a direct relationship with its communities, people, investors and governments that is grounded in the concept of partnership. Wherever we develop or operate, MMG endeavours to make a positive and lasting contribution to personal and community development, appropriately managing the impacts and wealth that mining generates.

ENGAGING WITH OUR STAKEHOLDERS

Stakeholder engagement is central to MMG's business conduct and activities. Engagement subjects include the opportunities and impacts of mining, company developments and issues of concern and risk. Transparency and trust underpin these interactions and MMG's commitments to ICMM principles guide our approach (including transparent community engagement and the organisation's position statement on Free, Prior and Informed Consent from Indigenous peoples).

A matrix of our broad stakeholder groups, their areas of interest and our engagement process is provided in the online Appendix to our report (www.mmg.com). We identify, map and engage our stakeholders in accordance with the AA1000 Stakeholder Engagement Standard, which is consistent with the ICMM's recommended methodology.

During 2014, in the lead-up to our acquisition of Las Bambas on 31 July, we worked to build relationships with communities, authorities and civil society in Peru.

GOVERNMENT AND INSTITUTIONAL RELATIONS

Understanding the priorities of governments and their instrumentalities is critical to sustainable business success. Government instrumentalities, such as state-owned mining and infrastructure companies and utility providers, present an important relationship for investment and development.

We participate in government and industry forums, demonstrate contribution to regional, social, institutional and economic development, and support compliance with national and international regulations. We also work to develop local mining-sector capabilities.

We support revenue transparency by engaging in the Extractive Industry Transparency Initiative (EITI) processes in the DRC, Peru and Australia.

In Peru, MMG has engaged with all levels of government during the negotiation and completion of the Las Bambas transaction. Since taking ownership of the project in Joint Venture, we have committed to meeting all previous community and government obligations and to an open and transparent partnership with local, provincial and national government. MMG acknowledges that the Las Bambas Project is the largest mining development within Peru and of significance to stakeholders at all levels. Through dialogue tables, consultative forums and direct communications, MMG is working in partnership with these stakeholders to ensure an equitable and lasting contribution.

Image: Sepon supports financial capacity building through village banking.

In Queensland, we have the Gulf Communities Agreement (GCA), entered into in 1997 with the Queensland Government and local Native Title holders of the Lower Gulf where Century mine operates. In the lead-up to final mining and processing from open-pit operations at Century in 2015, MMG has been working directly with the eligible bodies under the GCA, Native Title and with government representatives and other community groups. This is to ensure a transition to post-production use, rehabilitation, management, the end of the GCA and to plan toward ultimate relinquishment of the Century lease. It will be a significant change for the communities of the Lower Gulf, with a large reduction in services, employment and business opportunities previously supported by mining operations (see also page 15).

MMG also has ongoing dialogue with the Queensland Government regarding the development of Dugald River.

In Laos, we are joint owners of the Sepon mine with the Government of Laos, which holds a 10% equity investment

in the operation. MMG also partners with the Lao Government in nutrition and health projects and on social and infrastructure development.

At Kinsevere, MMG works closely with the Katangan provincial government and the national administration in Kinshasa to ensure effective relationships and appropriate contribution to development within the DRC.

The 10-year review of the DRC Mining Code has involved close dialogue with government and industry representatives to ensure an equitable and sustainable basis for ongoing investment in the DRC mining sector.

Each of our mines has a Stakeholder Engagement and Government Relations Plan that aims to build awareness of operations and recognition of the site's economic and social contributions at a local, state and national level.

Case Study

Engaging on the impacts of a change in operations

In 2013, Sepon made a difficult decision to close its gold mining operation due to a significant reduction in economic viability. MMG acknowledges that this resulted in negative impacts in the community because of the redundancy of 361 local employee and contractor roles in 2014. Flow-on livelihood effects have also concerned District authorities and the Lao Government.

Sepon has operated in partnership with the Lao Government, Vilabouly community and District authorities for over a decade and highly respects these relationships. At the time of the decision to close the gold operation, Sepon undertook proactive and extensive workforce and community consultation, stakeholder engagement and impact mitigation planning to advise of and reduce the effects of the closure on the community as much as possible.

During 2014, our program of stakeholder engagement and outreach efforts continued at local community, district and national levels. There were particular efforts in Vilabouly and the greater town area to inform and work with relevant authorities and community groups. A district-level Redundancy Review Committee was initiated to ensure that there was open engagement by Sepon on measures being put into place to support and compensate for reductions in the local workforce. Chaired by the Vice Governor of District, the committee also involved village-level government party representatives, village focus group representatives and village chiefs within the Sepon Expansion Development Area.

Committee meetings discussed the declining viability of gold operations and the decision to cease gold production. They also agreed community engagement approaches with impacted local workforce and decided mitigation strategies.

Sepon's Stakeholder Engagement team, in partnership with district officials and individual village chiefs, then held face-to-face meetings at household level, explaining the closure of gold operations, its impacts, and redundancy packages. The expansion of Sepon's Village Grants projects for the impacted villages was also detailed. Forty-three villages were engaged, with 2,436 people attending meetings in total.



A community consultation about MMG's operations taking place in Vilabouly town.

Sepon's Village Grant team shared the same messages in impacted villages over the three months following the redundancies.

The Lao Government was engaged in quarterly briefings by MMG, including meetings with ministers, provincial and district governors, the Ministry of Energy and Mines, and the Ministry of Finance, to explain the closure decision and expected impact on employment and revenue.

MMG is committed to operating at the highest standards as a trusted and respected partner in Vilabouly District. Sepon is continuing to work openly and proactively with the Vilabouly community and our local and national stakeholders, to optimise the outcomes from the effects of the gold platform closure.

BUILDING COMMUNITY TRUST

Community perception surveys are usually completed at each site every three years. Baseline indices of community trust were developed in 2014 (from community perception surveys) at Dugald River (65.5%) and Sepon (64.2%).

At Century, more active visible engagement with the Lower Gulf Communities and other local stakeholders has improved community sentiment and trust regarding MMG's operations and behaviours over the last 12 months by 5.8% (from 35.4% to 41.3%) – meeting our 5% improvement target. However, there is still further opportunity for Century to implement further engagement focused on addressing community expectations, concerns about the consequences of mine closure, and MMG's legacy to the Lower Gulf Communities, (refer to Respecting Indigenous rights and interests, page 37).

Rosebery has implemented actions to address issues and opportunities arising from their 2013 community perception survey. Planning began in 2014 for the formation of an MMG Rosebery Community Consultative Committee. Member

nominations were advertised and representatives from educational institutions, community health, local government, business leaders, and youth groups were accepted to the Committee. The first meeting was held in February 2015.

RESPONDING TO COMPLAINTS AND GRIEVANCES

All sites have formal grievance management processes to facilitate timely, culturally appropriate investigation and response to complaints and grievances from community members. Of the 70 complaints and grievances recorded in 2014 (excluding Las Bambas operations and projects), the majority (63%) related to property damage and land access at Sepon. Through implementing our formal grievance processes and the ongoing roll-out of our database for recording and managing stakeholder interactions, we resolved 97% of complaints and grievances received in 2014. One outstanding grievance was received by Sepon in late 2014 and investigations had not been completed by year end. The other outstanding complaint, at Kinsevere, required additional research, which has extended the resolution process.

2014 COMPLAINTS AND GRIEVANCES BY CATEGORY AND SITE

CATEGORY	SEPON	KINSEVERE	CENTURY	GOLDEN GROVE	ROSEBERY
Damage to Property	39	–	–	–	1
Health and Safety	–	2	2	–	4
Land Access	5	–	–	–	–
Noise / Dust	–	1	–	–	3
Employment	3	–	–	1	–
Compensation Dispute	3	–	–	–	–
Other	1	4	1	–	–



An MMG-funded school under construction near Kinsevere. MMG's community investment program is based on local stakeholder consultation, needs analysis, and partnership.

GLOSSARY

Complaints are formally communicated and recorded stakeholder concerns about any issue involving MMG activity or relationships.

Grievances are unresolved or severe complaints that require mediation via MMG's grievance process. Sepon registers all complaints as grievances.

We seek mutually acceptable agreements with land-connected host communities to gain access for the exploration, development and expansion of our mining operations.

MI Stakeholder engagement and relations, including good faith negotiation with Indigenous people; Land access (denied/delayed) and community management

LAND ACCESS

In planning our activities, we strive to achieve the Free, Prior and Informed Consent (FPIC) defined in the 2012 International Finance Corporation Performance Standard 7 and supporting guidance as provided by the ICMM's Position Statement on Indigenous Peoples and Mining.

We understand that the resettlement and economic displacement of people can impact their livelihood and sense of community. Only where it is unavoidable do we resettle people or displace existing economic activity. Well-planned and well-executed resettlement and compensation can contribute to positive long-term relationships between MMG and our host communities.

ACHIEVING POSITIVE RESETTLEMENT OUTCOMES

When we assumed control of Las Bambas in mid-2014, we inherited a community resettlement program that had been negotiated by Glencore to acquire 4,774 hectares of land under a land-swap agreement. Planning and agreements were well advanced to resettle 441 families of the Fuerabamba community to a newly built town.

The new settlement, Nueva Fuerabamba, was designed collaboratively with the community and is located eight kilometres from the mine site and original settlement. The town has modern facilities and infrastructure, including potable running water, sewage collection and treatment, and medical, educational and recreational facilities.

At 31 March 2015, we had successfully resettled 95% of the community members. Resettlement to Nueva Fuerabamba followed an informed and participatory agenda. A formal agreement was signed by all eligible community members and Las Bambas in 2010. Based on the community's needs, the agreement was reviewed and updated prior to the actual physical transfer, which began in August 2014. There were no significant disputes related to the resettlement in 2014.

While the physical transfer of affected people is the first step of the resettlement process, MMG is committed to ensuring that the livelihoods of those resettled, and their future generations, are restored and enhanced over the long term.

A Livelihood Restoration and Community Development Program (LRCD) aims to deliver against agreed commitments for socio-economic development of the community. We are working with individual households to help them set a vision and develop a 2020 Family Life Plan. This process documents the household's priorities for access to a secure income (employment/business development), to natural resources, to health and education, and capacity building – always considering their culture and traditions. The LRCD has been active since late 2014 and is ongoing.



Century's Lawn Hill site airport acknowledges Waanyi Traditional Lands.

RESPECTING INDIGENOUS RIGHTS AND INTERESTS

Century and Golden Grove operate on or near land under Native Title to Indigenous communities.

Century is a signatory to the GCA between the mine, four Native Title groups of Waanyi, Mingginda, Gkuthaarn and Kukatj, and the Queensland Government. Century engages regularly with the Native Title groups to ensure that the obligations under the GCA, and those of the other signatories, are met as we near mine closure.

Concerns were raised regarding the GCA and mine closure by the Lower Gulf Communities and their Native Title representative bodies in 2014. These concerns related to improving transparency, communications and engagement, GCA compliance, and sustainable legacy programs. MMG has acknowledged those concerns raised by the community and continues to work to address them.

We remain committed to working in close cooperation with all members of the Lower Gulf Communities to maximise the strong legacy of skills development and shared benefit associated with Century's operations.

MANAGING ONGOING REQUESTS FOR LAND USE

Sepon continues to secure access to land for mine development via a formal, collaborative, engagement process with local landowners.

We respect and promote human rights.

MI Stakeholder engagement and relations, including good faith negotiation with Indigenous people; Public interaction with operations (security and safety management); Managing human rights issues

HUMAN RIGHTS

Our activities, and those of our contracting partners, have the potential to impact human rights. We are committed to supporting and respecting the United Nations (UN) Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the UN Global Compact principles.

INTEGRATING HUMAN RIGHTS CONSIDERATIONS INTO THE WAY WE WORK

Across MMG, we integrate human rights considerations into our Code of Conduct, risk analysis activities and formal grievance processes. We believe that our people are able to report instances of unacceptable conduct in the workplace without fear of intimidation or reprisal. They can raise concerns internally or via our independent, confidential hotline service. Incidents relating to human rights are also logged through our incident reporting system. There were no human rights-related incidents or complaints in 2014.

Under our partnership with UNICEF, we participated in a pilot project during 2014 to develop an industry due diligence assessment framework around the management of children's rights. Kinsevere was the focus for this assessment. We have commenced integrating the perspectives gained from the project into our Human Rights management approach, commencing at Kinsevere.

We are also developing the capacity to make improved assessments of prospective and existing suppliers in terms of their compliance with the UN Declaration of Human Rights. Our focus is on larger-scale engagements in Asia, Africa and South America.

ASSESSING HUMAN RIGHTS RISKS

Our human rights due diligence process requires our operations to identify and document potential human rights risks. Human Rights Risk Assessments were completed for Sepon in late 2014 and Kinsevere in 2013, including near-mine exploration tenements. An education component of the risk assessment process has been important in elevating awareness of how human rights risks should be evaluated across our business activities.

Human Rights Management Plans will now be developed for Sepon and Kinsevere as part of the roll-out of our material risk management processes (refer to Our Approach on page 8).

ALIGNING SECURITY MANAGEMENT WITH HUMAN RIGHTS PRINCIPLES

Security is a critical business issue for Sepon, Kinsevere and Las Bambas. We are committed to avoiding violations of human rights through our security arrangements.

Actions required to align to the Voluntary Principles for Security and Human Rights (VPSHR) are being formalised in our Security Management Plans (SMPs), Security Contracts and protocols with public security providers. Key focus areas for the SMPs are the community intelligence processes that help us identify security threats and the establishment of critical controls for material security threats.

In the DRC, MMG is party to a protocol that outlines the requirements that govern the interaction between MMG and the Governor (on behalf of public security forces in the Province of Katanga, specifically the military) in incidences of armed conflict and natural disaster.

Case Study

Human rights and security training at Kinsevere

One hundred security personnel supporting Kinsevere graduated from a four-week program run over September–October 2014 to upgrade their skills and ensure compliance with the VPSHR.

This included 20 contracted private security guards and 80 members of the Mine Police. The Mine Police are a specialised branch of the DRC national police which enforce the DRC Mining Code and provide public security services on mine sites, such as preventing the occurrence of illegal artisanal and small-scale mining.

Kinsevere will hold refresher training sessions – two during 2015 – to ensure ongoing compliance with the VPSHR.



One hundred security personnel recently graduated from a four-week security and human rights training program at Kinsevere.

MANAGING ARTISANAL AND SMALL-SCALE MINING RISKS

Artisanal and small-scale mining (ASM) is a prevalent activity in the DRC and Peru and can occur on tenements on which MMG holds exploration and mining rights. It is a complex issue to manage. Positive impacts from ASM may include poverty alleviation, increased community capital, decreased rural–urban migration and diversified local economies. However, these are often offset by poor environmental practices, low levels of health and safety, spread of disease, child and forced labour, inequitable distribution of community benefits, illegal trade and heightened security risks. Many of the negative attributes of ASM have human rights implications.

MMG pursues a thorough understanding of the specifics of each ASM activity it encounters, and develops and adopts appropriate strategies to mitigate identified ASM risks. In some circumstances it may not be possible for our activities and ASM to co-exist. Communication and collaboration with all stakeholders (including the miners, government, local authorities and governing authorities) are our first steps to developing mutually acceptable outcomes.

Case Study

Nutrition partnership supports Lao children's welfare

In June last year MMG commenced the distribution phase of the '1000 Day Project' in southern Laos to combat child nutrition. The project aims to improve nutrition in a critically important phase of childhood development: the first 1000 days.

MMG pledged US\$1.38 million over three years (2013-2015) to support the project, formed in partnership with the United Nations Children's Fund (UNICEF) and the Lao Ministry of Health.

Poor nutrition contributes to over one-third of child deaths globally and affects more than 40 per cent of Lao children under five years old. Micronutrient deficiencies, such as anaemia, can also result in serious cognitive and physical

impairments that last for life, affecting children's long-term welfare.

Intervention within the first 1,000 days of a child's life can reduce nutrition-related diseases. That is why the partnership is distributing four million micronutrient sachets branded 'SuperKid' and containing vitamins, iron, zinc and other nutrients to over 180,000 children. When mixed with a daily meal, the supplement will fortify a child's diet to help prevent malnutrition, anaemia and similar illnesses.

The supplement program is also supported by a community education program on good hygiene, proper nutrition and age-appropriate feeding practices.



Taste testing 'SuperKid' micronutrient sachets at the launch event of the '1000 Day Project' distribution phase.

GLOSSARY

Artisanal and small-scale mining (ASM) is often characterised as mining practised by individuals, groups or communities using low technology or mechanisation. It can be highly organised, involving many people in different roles and hierarchies.

We contribute to the social, economic and cultural development of our host communities.

MI Local community and regional development; Contribution to local and regional economies; Managing community cultural heritage around MMG mines

COMMUNITY DEVELOPMENT

Understanding the needs, expectations and aspirations of the communities impacted by our operations is vital for MMG to achieve its Vision and growth objectives. Maintaining our relationships at regional, country and global levels is fundamental to building community acceptance and support for existing operations and future developments. Through collaboration and engagement with host communities, we can develop a deeper understanding of their needs and direct our investment strategically to address these.

COMMUNITY INVESTMENT

In 2014, MMG operations contributed US\$14.2 million to local communities (excluding Las Bambas); this was 14% of net profit after tax. Over 40% of this was at Century, with most of it related to the GCA.

We paid US\$2.4 million in compensation to community members at MMG operations (67% at Sepon for land disturbance, 32% at Century as part of the Gulf Communities Agreement and 1% at Golden Grove for access to Badja Pastoral Station).

Indigenous education and training at Century and Golden Grove, support for local school teachers at Kinsevere and educational scholarships at Rosebery and Sepon were ongoing in 2014 (see Our People on page 20).

Local business development projects in 2014 included the continuation of Sepon's microfinance program for Vilabouly residents in 41 villages and delivery at Century of small business finance, community infrastructure and community economic development support administered by the Aboriginal Development Benefits Trust.

Community development projects in 2014 (see the online Appendix) included ongoing funding of the Rosebery Community Health Centre, continuation of the Agricultural Assistance Program at Kinsevere, which aims to make 680

farmers self-sufficient and financially viable, and financial assistance to the DRC national power supply company (SNEL) to extend the power supply in Lubumbashi city, Kinsevere.

The 1000 Days Project for child health, a US\$1.4 million partnership with UNICEF and the Lao Ministry of Health, entered its third year with micronutrients and feeding and nutrition education delivered to families and children across three Lao provinces.

For social investment to be effective, it must be underpinned by a deep understanding of the:

- > social and economic conditions of the relevant communities, and their ability to participate in initiatives;
- > impacts of the operation on the communities, both positive and negative;
- > culture, structure, expectations and needs of impacted communities; and
- > perspectives and priorities of regional and national governments, and their relationships with local communities.

In 2014, MMG finalised its Community Development Investment Strategy and began work to align site community investment plans. Our strategy is to select programs and partnerships that deliver against business and community-agreed development objectives and which address four priority areas:

- > supporting availability of life essentials (clean water and food security);
- > establishing and strengthening health and wellbeing;
- > securing incomes and strengthening local business capabilities; and
- > improving access to quality education.

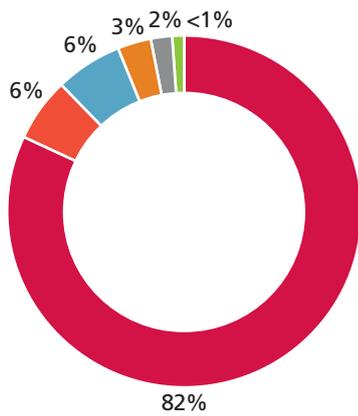
Our 2015–18 target will focus us on the selection of community-agreed development objectives. These will be aligned to measurable quality-of-life indicators derived from social baseline studies. This work is already progressing at Las Bambas.



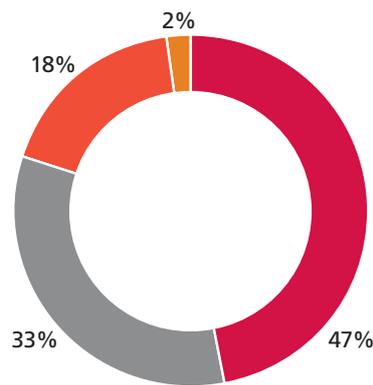
As part of an initiative to introduce good nutrition into the community from an early age, Rosebery provided the two local schools and childcare centre with a piece of fresh fruit each day for every student. The program aligned to our third community investment priority area: to establish and strengthen health and wellbeing.

2014 COMMUNITY INVESTMENT BY SECTOR AND SITE

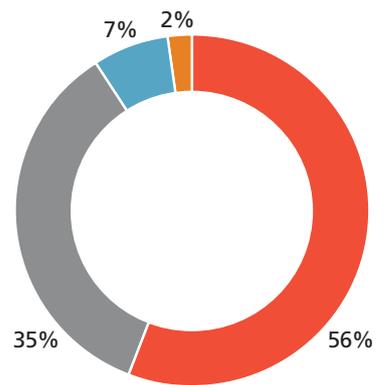
Education and Training



Local Business Development

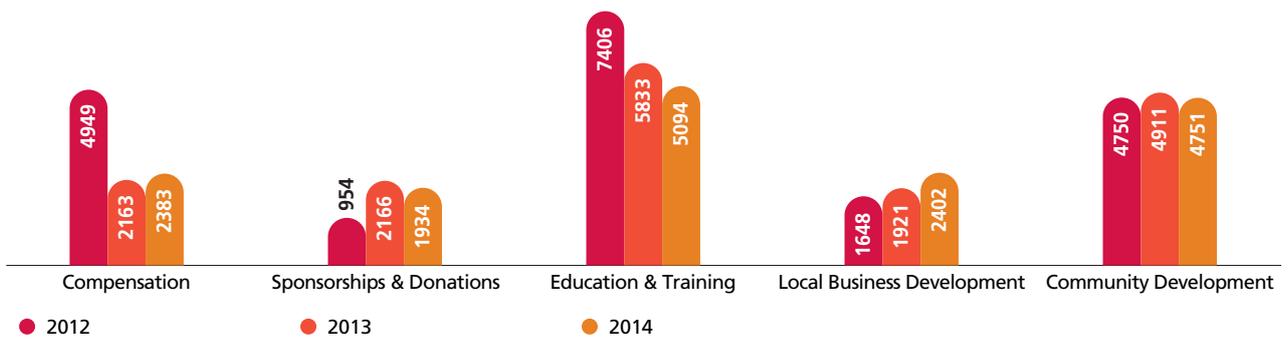


Community Development



● Century ● Kinsevere ● Rosebery ● Golden Grove ● Sepon ● Izok Corridor Project

Community investment and compensation ('000 US\$)



Note: Our definitions were tightened in 2014 to focus our community investment reporting on pre-employment training and education only. The Education and Training component of community investment at Sepon has been restated for 2013 on a similar basis (but not for 2012). As much of our community investment is contributed by our Century operations in Australia, the year on year investment in US\$ is heavily influenced by annual differences in exchange rates.



Golden Grove's Strategic Sponsorship Program provides corporate sponsorship to the SHINE education retention and attendance program at John Willcock College, Geraldton, empowering and educating young girls to achieve a brighter future. This program aligns to our priority to improve access to quality education.

Growing new revenues in Vilabouly, Laos

Sepon mine in Vilabouly District, Savannakhet Province, is assisting local Lao farmers to increase and diversify their incomes by growing Australian Mundubbera mandarin trees.

This is thanks to a new partnership formed in 2014 between MMG and Australian international development and exporting organisations, to improve livelihoods and create sustainable incomes in the community.

The partnership draws together Sepon's local knowledge, relationships and resources, small business expertise from Australian firm, Business for Millennium Development (B4MD), and world-class expertise in citrus exporting from Ironbark Citrus.

Sepon and Ironbark supplied 20,000 citrus seedlings to the farmers to plant on their own land. The program works by establishing a mandarin export industry in Vilabouly that sells into proven Thai distribution channels. Projections

suggest that mandarin trees could generate up to 100 million kip (US\$12,400) per hectare per year.

This initiative also assists the Lao Government to alleviate poverty and achieve Millennium Development Goals.

We are hopeful that once the program is established, it will be managed entirely by the local community into the future.

While the project is still in its early stages, the aim is for the model to be transferred to more countries to kick-start citrus industries.

Other agricultural crops are also being considered for Vilabouly. Another two business partnership opportunities are being sought through B4MD. Some progress was made in late 2014 with the preliminary exploration of a potato business in partnership with PepsiCo.



Farmers from Nahoy Village, Vilabouly District, are learning techniques to grow citrus trees from an Australian expert.

Improving farmers' self-sufficiency around Kinsevere

Kinsevere's Agricultural Assistance Program is a long-term initiative to help farmers in target communities transition from subsistence farming to more sustainable livelihoods through commercial cropping.

Agronomists engaged by MMG work directly with farmers to increase yields, diversify crops and boost incomes.

The program includes:

- > distribution of seed and fertiliser to eligible farmers in a micro-credit style arrangement;
- > a seed-generation plot on the Kinsevere mine lease to eventually reduce reliance on purchased seed;
- > monthly training and education sessions held on demonstration plots. The sessions show farmers techniques for increasing yields and diversifying crops;
- > support for the introduction of mechanisation to help farmers increase productivity; and
- > a project to introduce aquaculture production to the area.

SEED LOAN AND SEED GENERATION SCHEMES

Each year seed and fertiliser are distributed to eligible farmers from 26 villages around Kinsevere. Farmers repay the contribution at harvest by returning a portion of their crop to Kinsevere for milling into flour. The flour is then

distributed to support Kinsevere's local employees. The scheme draws on micro-credit and cooperative models, enabling farmers to better utilise their fields and increase yields, with the aim of progressively increasing incomes to the point where farmers become independent. More than 600 farmers benefited from the scheme in 2014.

In November 2014, we distributed seed grown and harvested on an MMG pilot plot to local farmers. This aims to reduce the farmers' reliance on purchasing seed from neighbouring regions or countries, and is an important step in supporting agricultural development in the area, potentially creating new income streams. Approximately 16 tonnes of seed, certified by the DRC's National Seed Control Service (SENASA), were distributed to farmers for 2015 crops.

AQUACULTURE PRODUCTION

Fish is a preferred source of protein in the DRC, but is often not available in villages near the mine and needs to be sourced from neighbouring regions. Kinsevere saw aquaculture as a way to increase the availability of fish and diversify agricultural production in the area. During 2014, a successful pilot project was run within the mine lease, yielding three tonnes of fish. Kinsevere is now planning to support local farmers to establish their own aquaculture ponds and to develop more sustainable livelihoods.



Seed and fertiliser distribution to a local farmer as part of the Farmers' Assistance Program.

COLLABORATING TO PRESERVE TANGIBLE AND INTANGIBLE CULTURAL HERITAGE

MMG acknowledges the responsibilities and sensitivities of collaboratively managing cultural heritage where we operate. In 2014, we continued to align our site-specific Cultural Heritage Management Plans with the requirements of the MMG

Community Standard. These plans are reviewed annually in consultation with stakeholders. Work is ongoing to deliver site-tailored cultural and heritage awareness training to employees, contractors and visitors, and competency training for employees and contractors who engage with community members. Wherever possible, training is developed and delivered in consultation with Traditional Owners.

Case Study

First-time archaeological finds at Sepon



Glass and stone beads, bronze bells and pieces of other bronze jewellery found in the Dragon Field site (adjacent to the Khanong mining pits) representing the wealth brought to Sepon and traded for raw copper about 2000 years ago. The glass and stone beads probably came from as far away as India or China.

The eighth year of a productive archaeological and heritage partnership between Sepon, James Cook University (JCU) and the Lao Department of National Heritage (DNH) has resulted in the discovery of ancient furnaces for smelting copper ore to produce copper metal for the first time in Laos.

The partnership is at the heart of Sepon's Cultural Heritage Management program, and is uncovering and linking ancient mining sites and history to a broader process documenting millennia of lost Lao history.

Archaeological excavations facilitated by the Sepon Cultural Heritage management team and led by experts from JCU and the DNH, have unearthed a rich history of mining in Vilabouly District, including within the mine area. Volunteer archaeology students and staff from the National University of Laos, supported by Sepon, have been team members since 2010.

The discovery in 2014 of the ancient copper smelting furnaces at the Peun Baolo site (Tengkham South C pit) links the earlier discoveries of intact mine shafts, descending

up to 40 metres underground, with the wide range of smelted copper ingots, stone and copper alloy jewellery and weapons, beads, pottery and the graves of the first copper miners at Sepon, who lived and worked here up to 2,500 years ago.

Other finds include a spectacular example of an ancient Dong Son drum – now on display at the National Museum of Laos – and a hand-carved boat that may have been used as a coffin.

In 2013, Sepon celebrated the hand-over of the Vilabouly Culture Hall to district authorities. MMG had funded the hall's construction in order to provide a local public repository for cultural heritage artefacts and information that celebrates contemporary cultural diversity in Vilabouly District.

Beyond its archaeological work, the partnership between Sepon, JCU, and the DNH is now supporting the District authorities with ongoing migration of heritage items into the hall, as well as the development of the public information program.

We aim to undertake an inclusive and transparent approach to closure planning that meets stakeholder expectations.

MI Managing life of mine/closure and post-closure planning; Environmental impacts left over after mining

CLOSURE PLANNING AND LEGACY MANAGEMENT

Successful closure planning and site rehabilitation are critical to managing the lifecycle of mine development and relinquishment. Public health and safety, post-closure environmental impacts, and adverse socio-economic impacts are stakeholder concerns that need to be addressed collaboratively through the closure planning and execution process.

EVOLVING OUR CLOSURE PLANNING PROCESSES

All of our operations have closure plans, which vary in maturity depending on the stage of mine life. It is important to MMG that our site closure plans, and associated closure cost provisions, are based on a robust technical knowledge and are aligned with stakeholder expectations for post-operation land use.

Closure Plans draw on information from our social and environment baselines and impact assessments. The plans are tailored for each stage of the mining lifecycle and direct resources to operations closest to the end of production. Costs and schedules for closure execution are integrated with Life-of-Asset Plans.

Future updates of our Community Investment Plans will incorporate closure-planning elements to better facilitate transition from operations to a post-mining environment.

In 2014, we further developed our governance structures around closure planning by:

- > finalising our Life-of-Asset Standard;
- > revising our Closure Steering Committee structure and function;
- > developing a work-quality requirement (WQR) for closure planning, based on ICMM requirements and best practice industry tool kits and standards;
- > undertaking an assessment of gaps between our current Closure Plans and the WQR; and
- > developing a work plan to close the identified gaps.

PROGRESSING CENTURY'S CLOSURE PLAN

Much work was undertaken in 2014 to advance delivery of Century's Closure Plan against environmental and social commitments. Site teams continue to engage with the Lower Gulf community and local authorities on the challenges and opportunities of workforce, training, and economic transition (refer to page 35). Progress has also been made in Century's rehabilitation program (refer to page 46). Our ongoing challenge is to work with all stakeholder groups to maximise outcomes from our closure process.

DECOMMISSIONING AND REHABILITATION OF HERCULES MINE SITE

The MMG Legacy Risk Advisory Committee manages legacy risks across our business. In 2014, a program of works was developed that sets an approach and investment pathway for the decommissioning and rehabilitation of legacy assets in and around the old Hercules mine site in Tasmania.



A community consultation on Mine Closure Plans in Kifita village near Kinsevere. Our Mine Closure Planning process runs across the life of our mines.

Progressing Century's Closure Plan – Rehabilitation

Century open-cut zinc production will end in 2015. While MMG continues to investigate options to further utilise its extensive infrastructure in the Gulf, closure planning and implementation continue. The Century Mine Closure Working Group oversees closure activities with support from the MMG Closure Steering Committee.

Century's rehabilitation program aims to return the area to its pre-mining use – low-intensity cattle grazing and native habitat – over a period of approximately 40 years. Century has spent US\$19.8 million on rehabilitation activities in the last two years. Ecological monitoring is ongoing to assess rehabilitation success and progress has been made on finalising stakeholder-socialised closure criteria. In late 2014, as a result of this demonstrated commitment to rehabilitation, the Department of Environment and

Heritage Protection (DEHP) reduced the amount of financial assurance required for the closure of the Century mine.¹¹ Key activities aimed at reducing the long-term environmental liability at Century have included:

Consolidating the management of chemically reactive wastes that represent potential sources of acid and metalliferous drainage (AMD). This has included excavation of material from the historical Bulk Sample Waste Rock Dump and Bulk Sample Tailings Storage Facility and incorporation of this material into existing mineralised waste storage landforms. Rehabilitation earthworks and seeding have been completed for the footprint of the historical disposal areas. The relocated waste rock materials have been used to construct the West Waste Rock Dump and North Waste Rock Dump to final design.



Century's historical bulk sample Tailings Storage Facility following clean-up and rehabilitation (August 2014).

¹¹ The financial assurance currently provided by Century is higher than in 2013 due to a DEHP requirement for the industry to use a new financial assurance calculator. This financial assurance (or bond) is not equivalent to a closure provision (as disclosed in the Company Balance Sheet presented in our 2014 Annual Report).

Tailings dam cover trials. MMG Century's Tailings Storage Facility is a specially designed containment dam covering about 360 hectares. Construction of three trial tailings encapsulation systems began in September 2013. Developed in consultation with industry experts, each trial cover system measures approximately 75 metres by 75 metres and about 3 metres in depth. The cover system trials will be used to determine which permanent encapsulation system is most appropriate for long-term storage of the Century tailings in north-west Queensland conditions. Tailings are encapsulated

to limit the potential for environmental impact by preventing salts from rising through the cover, preventing rainwater infiltration and supporting the establishment of a sustainable cover of native vegetation. The monitoring data collected over the five-year trial is evaluated by external experts and MMG. Two years in, results are encouraging but low rainfall has so far limited the ability for the trial to generate the information required to assess cover effectiveness in high rainfall periods.



Century's tailings dam cover trials (August 2014).

AMD management for waste rock landforms. This has included construction of a store and release cover on benches of the South and West Waste Rock Dumps, creation of topsoil pockets to enhance biodiversity, and construction of a 1 kilometre section of a passive AMD treatment system. The gravity-fed, limestone drainage system, when applied across the site, will manage contaminated water post site closure. The system will also prevent cattle and wildlife from coming into contact with poor-quality seepage water, which will drain from the dumps for a period of 10–20 years following installation of the encapsulation system.

Rehabilitation of all non-active quarry pits and landfill sites, and construction of camp infrastructure sites.

A range of other small earthwork projects related to sediment management, clean water diversion (away from mineralised waste storage areas), seepage interception and creek diversion re-alignment.

Native seed collection from the local area, in collaboration with Traditional Owners, for sowing into rehabilitation areas.



The passive AMD treatment system under construction.



RESPECTING OUR ENVIRONMENT

We aim to minimise our adverse impacts on the environment and comply with all legal requirements.

MI Environmental incidents (spills and exceedances); Regulatory compliance at site and Group level

ENVIRONMENTAL INCIDENTS

In 2014, we focused on continual improvement in managing material environmental risks and closing performance gaps against our Environment Standard requirements. Audits of performance against Standard requirements were undertaken at Kinsevere and Rosebery.

MANAGING IMPACTS FROM ENVIRONMENTAL INCIDENTS

All incidents that have the potential to cause environmental harm are investigated and regulatory authorities are notified in accordance with local requirements.

Three of our sites experienced major¹² spill events, primarily due to equipment and/or procedural failures:

- > an uncontrolled release of mine water (2.8ML) from the Rosebery water treatment plant;
- > an uncontrolled release of 140kL of storm water and mine run-off at Rosebery;
- > approximately 1,040L of diesel spilt to ground at Dugald River;
- > multiple spill events (estimated combined volume of 1.2ML) at Sepon in relation to their Western Tailings Storage Facility tailings transfer pipeline.

In June 2014, Sepon commenced a management program to control the ongoing risk of tailings line failures. This program includes pipeline thickness testing, replacement of the thinnest pipeline sections, vegetation clearance, minimum twice daily pipeline inspections to enable early weep detection, proactive repairs to prevent failure, improvements to pipeline containment, installation of additional emergency catchment ponds and engagement with communities and government authorities. Staged replacement of the pipeline will be ongoing.

REDUCING NON-COMPLIANCES

At MMG, environmental management to achieve compliance with regulatory expectations is a minimum requirement. In setting an improvement target we aimed to focus our operations on:

- > negotiating clear, practical, scientifically sound environmental operating licences;
- > systematically capturing all regulatory compliance requirements in operational work programs; and
- > improving discipline in reporting, investigation and corrective action implementation, should 'out of limit' monitoring results be recorded.

¹² A major spill is any individual spill event that resulted in, or had the potential to result in, environmental harm or the need for medium- or long-term clean-up. It also includes multiple repeat spill events.

Image: Checking saplings in Sepon's tree nursery.

Fifteen events of non-compliance with environmental operating licence limits were recorded in 2014, a 63% reduction compared with 2013 and a 21% reduction compared with 2011. Licence limits were exceeded for water quality and/or air quality parameters at five of our sites (refer to the table below). No environmental impact-related fines were issued during 2014.

While we met our target of a 20% reduction in the number of non-compliances in 2014, compared with a 2011 baseline, further embedding our improvement processes and reducing non-compliances will be a focus for 2015.

We worked with regulators in 2014 to negotiate practical environmental operating licence conditions. Environmental operating licences were updated by regulators of Century (and Karumba), Golden Grove and Rosebery. Revised water discharge limits in Avebury's amended operating licence became effective on 30 January 2014, explaining the significant reduction in year-on-year non-compliances at that site. Discussions are ongoing at Dugald River to ensure that licence conditions preserve the intent of the Queensland *Environmental Protection Act (1994)* in a way that better relates to operational activities.

NUMBER OF LICENCE NON-COMPLIANCES

SITE	NUMBER OF LICENCE NON-COMPLIANCES			
	2011	2012	2013	2014
Century	5	2	22	8
Dugald River	0	0	5	3
Izok Corridor	0	1	0	0
Exploration	0	0	0	0
Golden Grove	0	3	1	0
Kinsevere	-	0	0	0
Rosebery	2	0	1	1
Avebury	12	12	12	1
Sepon	0	0	0	2
MMG	19	18	41	15

We seek to manage our water resources responsibly, to maintain the health of local ecosystems and to preserve sustainable regional quality and supply of water.

MI Water management (including tailings and acid mine drainage)

WATER MANAGEMENT

The efficient performance of our operations relies on our ability to source water of appropriate quality and quantity. MMG recognises the role we have as responsible stewards of the water resources we share with our local communities and the environment. We address the complex challenges of water security and management and look for opportunities to reduce our impacts on water resources. (Refer to the discussion on waste management that follows for details on our tailings and acid mine drainage management, page 51.)

CONTINUAL IMPROVEMENT IN WATER USE AND RECYCLING EFFICIENCIES

Where possible, our operations seek to improve our water use efficiency and to maximise water recycling. This reduces the need to source new water from local catchments to meet operational requirements and is an important part of our strategy for managing onsite water inventories.

We annually review our quantitative water balance models and are continually improving the accuracy of our water accounts. Our water balance models predict water inputs, use and outputs to facilitate timely management responses to water-related risks.

At Dugald River and Rosebery, installation of additional water metering has improved our capacity to calibrate the site water balance and identify water management and water use reduction opportunities. These sites are also now able to be more responsive to addressing abnormal situations, which are automatically 'flagged' by the monitoring units.

All MMG operations maintain annually reviewed Water Management Plans to manage environmental, social and production outcomes. We recognise the need to move toward a catchment-based approach in managing shared water resources. Our 2015–18 water target will focus us on this objective.

Increasingly, we integrate our water balance models and Life-of-Asset Plans to make structured investment decisions regarding infrastructure and align water supply with processing demands. Following a sustained dry period, an incomplete consideration of ore properties and throughputs, and their effect on water consumption, placed Golden Grove in a position of water shortage during 2014. In response, Golden Grove has developed processes to provide early warning of water shortage situations and planned response strategies for such events.

We report our water inputs, outputs and diversions in line with the Minerals Council of Australia (MCA) Water Accounting Framework. In 2014, our operations managed a total of 54 giganlitres (GL) of water (compared with 56GL in 2013).

Approximately half of this (27GL) is used for dust control, drinking water and processing. The remainder is diverted around the operating areas and, where required, treated prior to release. In 2014, two-thirds (65%) of input water was sourced from borefields and capture of precipitation and run-off.

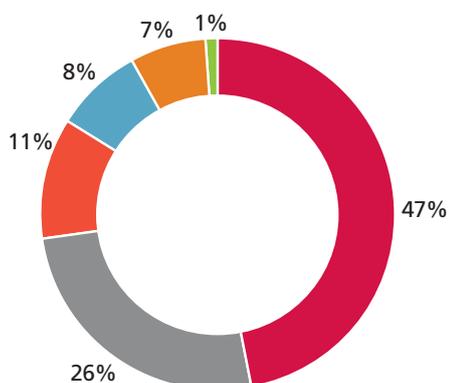
Seventy-three per cent of water inputs to our operations were high-quality water at, or close to, drinking water standard (Category 1)¹³. Just over half (57%) of MMG's total Category 1 water inputs are used at our Century operation. Water used at Century includes low-quality water recycled from the Evaporation Dam and supplementary water (Category 1) extracted from borefields during pit dewatering.

2014 WATER BALANCE

Diverted water	27,039	ML	Diverted water	28,775	ML
Water inputs	26,770	ML	Water outputs	33,003	ML
Borefields	8,703	ML (33%)	Evaporation	18,723	ML (57%)
Precipitation and run-off	8,627	ML (32%)	Entrainment	6,816	ML (21%)
Rivers and creeks	3,124	ML (12%)	Discharge to surface water	3,893	ML (12%)
Aquifer interception	3,159	ML (12%)	Discharge to estuary	1,701	ML (5%)
External surface water storages	2,069	ML (8%)	Seepage	1,143	ML (3%)
Entrained in ore that is processed	872	ML (3%)	Supply to third party	67	ML (0.2%)
Contract/municipal	177	ML (1%)	Other	660	ML (2%)
Third-party wastewater	39	ML (0.1%)			

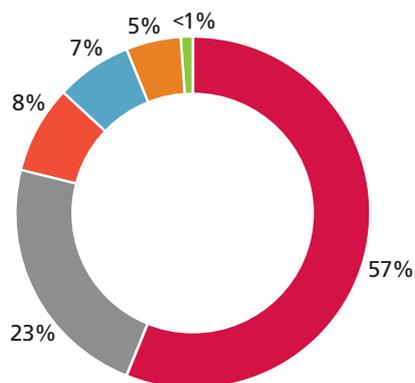
The difference between inputs and outputs is related to change in storage but also influenced by the accuracy of each component of the water account.

2014 Water Input by Site



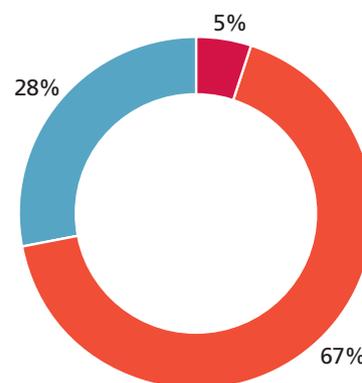
● Century
● Kinsevere
● Rosebery
● Golden Grove
● Sepon
● Dugald River

2014 Water Outputs by Site



● Century
● Kinsevere
● Rosebery
● Golden Grove
● Sepon
● Dugald River

2014 Water Outputs by Quality¹⁴



● Category 1 (Freshwater)
● Category 2
● Category 3

CONTINUAL IMPROVEMENT IN WATER DISCHARGE MANAGEMENT

In 2014, MMG operations returned 6,737 megalitres of water to the environment through direct discharge and seepage.

Water retention and treatment infrastructure are in place at all of our operating sites to manage output water quality in line with local licence conditions. There were some instances of uncontrolled water releases and exceedances of licence limits at our operations in 2014; steps have now been taken to investigate contributing causes and implement actions to minimise the potential for recurrence (refer to the Environmental Incidents section on page 48). We also monitor receiving water ecosystems for chemical and biological indicators of ecosystem health.

At Rosebery, redesign of the polishing pond, which treats tailings dam reclaim water prior to discharge, was completed in late 2014. The new design facilitates greater pH stability and control of the quality of water discharges. Significantly reduced concentrations of metal contaminants in the effluent were observed post implementation.

In our 2013 Sustainability Report, we discussed the challenges we face in managing excess water at Sepon and Kinsevere where rainfall exceeds evaporation. Maximising discharge to reduce tailings storage facility water volumes and manage overtopping risk in the wet season, while maintaining water quality compliance in the dry season, requires vigilance and robust process control.

At Sepon, a combination of water reuse and discharge of treated water is used to manage the water inventory in the site's Western Tailings Storage Facility within ideal operating levels. Continual improvement in the efficiency and effectiveness of the existing water treatment plant has been a focus area over the last year. Detailed engineering work was undertaken in 2014 for an ion exchange water treatment plant. However, the need for this commitment was offset by increased reuse of water to the process plant, and optimisation of existing water treatment infrastructure and processes. Ecological studies are also ongoing to further our understanding of optimum release rates to the environment with the aim of minimising the potential for any impacts to flora and fauna from the treated water.

¹³ Excludes water entrained in ore that is processed.

¹⁴ Excludes evaporation and entrainment. Category 1 outputs are predominantly water supply to camps and villages at Kinsevere.

Case Study

Addressing water management challenges at Century

Century's mining operation's water management infrastructure includes an Evaporation Dam to which mining water from the tailings storage facility is sent for evaporation. A one-in-150-year wet season in 2010–11 caused the dam's water levels to increase significantly and put pressure on the local groundwater system.

To reduce the water levels, over the past three years Century has installed extra infrastructure to recycle dam water back to the processing plant and divert catchment run-off water away from entering the dam. Recycling dam water has reduced reliance on the extraction of groundwater from borefields for operations.

Evaporation Dam seepage and discharge to groundwater was identified in 2014. Studies have determined the volume of water that needs to be removed from the dam

to substantially decrease the potential for impact. Potential engineering controls to manage the seepage until the dam is decommissioned have also been evaluated. The preferred option for reducing the water level in the dam is to pump the water into the open-cut pit lake. If tailings retreatment becomes a viable option, the water may then be used for this process.



Century's Evaporation Dam.

We focus on characterising and managing mineral waste to reduce operating costs and limit environmental impact.

MI Water management (including tailings and acid mine drainage); Environmental impacts left over after mining

MINERAL WASTE

Our mining and processing activities generate both mineral and non-mineral wastes. Some mineral wastes (waste rock and tailings) are chemically reactive. These materials have the potential to impact water quality and the success of land rehabilitation if not characterised and managed effectively. Sound waste management is central to our ability to minimise the potential for long-term legacies and liabilities (refer to the section on Closure Planning and Legacy Management, page 45).

CONTINUAL IMPROVEMENT IN MINERAL WASTE MANAGEMENT

In 2014, 32 million tonnes of waste rock were generated (77% was potentially acid forming or unsegregated waste) and 13 million tonnes of tailings were placed in tailings storage facilities at MMG operations.

Our Waste Management Plans address design and location considerations for new facilities, and operational management and monitoring, to minimise long-term impacts, including those related to acid and metalliferous drainage (AMD). Our objective is to continually improve management of mineral waste by advancing the geochemical characterisation of waste and the materials used in the construction and capping of waste disposal facilities. Progress was made in this area at a number of sites in 2014:

- › a leach and kinetic testing program was undertaken to further inform Kinsevere's understanding of waste characteristics and long-term risks and control requirements;
- › geochemical and geotechnical studies were used to enhance the cap design for the planned closure of an inactive tailings storage facility at Golden Grove; and
- › improved characterisation procedures have been embedded as an important control to ensure that the materials used for lifting the embankment wall of tailings storage facilities at Rosebery are non-acid forming.

Integration of waste management strategies with Water Management Plans and closure/life-of-asset planning is among our ongoing challenges and focus areas. At Rosebery, a waste rock management strategy developed in 2014 for the proposed three-level waste rock dump has focused on reducing the potential for acid rock generation from future waste rock disposed in this surface facility.

VERIFYING CRITICAL CONTROLS TO REDUCE THE RISK OF CATASTROPHIC TAILINGS DAM FAILURE

In 2014, we improved the management of material operational risk events by designing critical controls and verification activities (refer to Our Approach to Sustainability, page 8). Critical control execution and verification activities to minimise the risk of a catastrophic failure of a tailings storage facility have been identified. The critical control activities cover design, construction, operation and active and passive closure phases. Compliance at sites will be confirmed during implementation in 2015.

GLOSSARY

Acid and metalliferous drainage (AMD) is created when rocks that contain naturally occurring sulphide minerals are disturbed and exposed to air and water. This accelerates the natural weathering process and may lead to the release of low pH (acidic) or neutral drainage water with elevated salinity and metals concentrations. If not responsibly managed, AMD can impact the revegetation of mining wastes, and degrade surface and groundwater quality.

We focus on efficient use of energy to minimise greenhouse gas emissions and improve asset utilisation and business efficiency.

MI Energy uses, sources, carbon emissions and climate change impacts

ENERGY USE

Accessing a secure supply of energy is necessary for continued business growth. Increased global demand for energy and issues related to local generation, transmission of power, and political and regulatory uncertainties are among the factors that influence our ability to access energy. MMG is addressing these risks by improving the energy efficiency of our operations, negotiating long-term contracts with energy providers and using diverse power sources.

REDUCING ENERGY USE AND GREENHOUSE GAS EMISSIONS

Across our operations and sites, the efficient use of energy is important to minimise greenhouse gas (GHG) emissions, and improve asset utilisation, operating costs, and business efficiency. We report our energy use and GHG emissions in accordance with the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol and the Australian Government's *National Greenhouse and Energy Reporting Act 2007*.

Our total energy consumption in 2014 was 8,128 terajoules, a reduction of 10% from 9,016 terajoules¹⁵ in 2013. Total energy use was strongly influenced by:

- › cessation of primary gold production at Sepon in late 2013;

- › increased use of hydropower-sourced grid electricity over diesel-powered generators at Kinsevere; and
- › reduced use of diesel for heavy mobile equipment at Century.

Our total GHG emissions (Scope 1 and 2) in 2014 were 0.93 million tonnes carbon dioxide equivalents (CO₂-e), a reduction of 8.9% from 1.02 million tonnes CO₂-e in 2013¹⁶. In 2014, 41% of our emissions were direct (Scope 1) emissions from controlled operations (opposite).

Energy use accounted for 9.5% of total operating costs for MMG in 2014 (compared with 11% in 2013).

A combined 81% of our energy use in 2014 was at Century (36%), Sepon (23%) and Kinsevere (22%) (opposite). Hydropower is the predominant form of purchased electricity used at Sepon, Kinsevere and Rosebery.

Energy savings continue to be achieved by local teams seeking to improve the efficiency of their operational activities (refer to the Case Study opposite). Century, Kinsevere and Rosebery operations improved their energy use in 2014 relative to a business-as-usual scenario.

We have tracked the progress of implemented projects identified through the now-closed Australian Government's Energy Efficiency Opportunities (EEO) Program. In 2014, Century, Rosebery and Golden Grove implemented 16 projects with estimated combined energy use and GHG emissions reduction of approximately 39 terajoules and 4,200 tonnes of CO₂-e respectively.

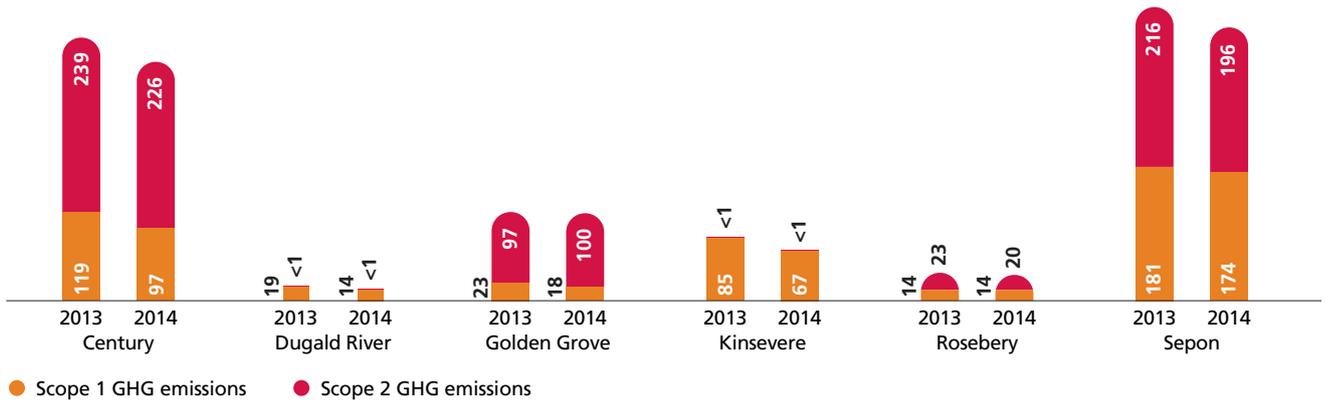


Century's mill at twilight.

¹⁵ Restated following data verification in 2014.

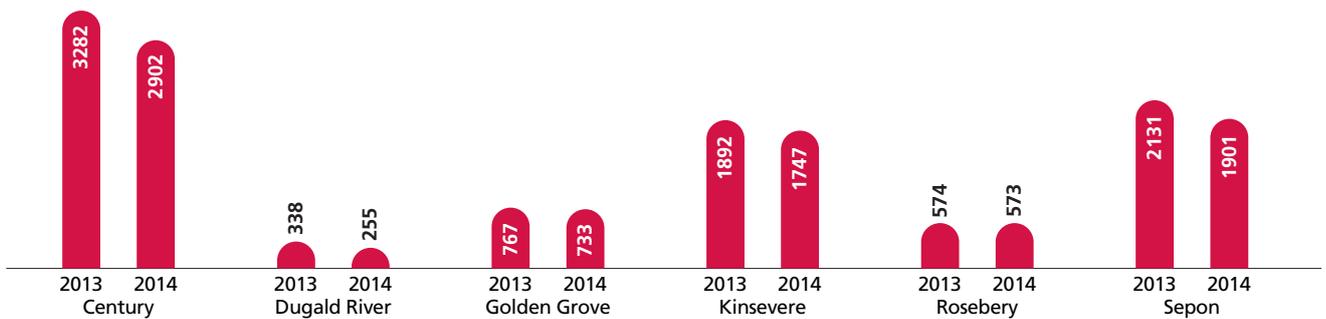
¹⁶ Restated following data verification in 2014.

Greenhouse Gas Emissions (Thousand tonnes of CO₂-e)



Note: Avebury, Exploration, Group Office and Izok Corridor reported emissions of <1,500 t CO₂-e each (collectively <0.3% of MMG's inventory); these are not shown on the graph. Scope 1 emissions refer to direct GHG emissions from controlled operations. Scope 2 emissions refer to indirect GHG emissions from the generation of purchased electricity and steam that are consumed by controlled operations, and are strongly influenced by regional emission factors. Emissions in 2013 have been restated following data verification.

Energy Use by Site (TJ)



Note: The reported energy use for Avebury, Exploration, Izok Corridor and Group Office collectively represents <0.4% of MMG's inventory and is not shown on the graph. Emissions in 2013 have been restated following data verification.

Case Study

Dewatering team champions reduced energy use at Sepon

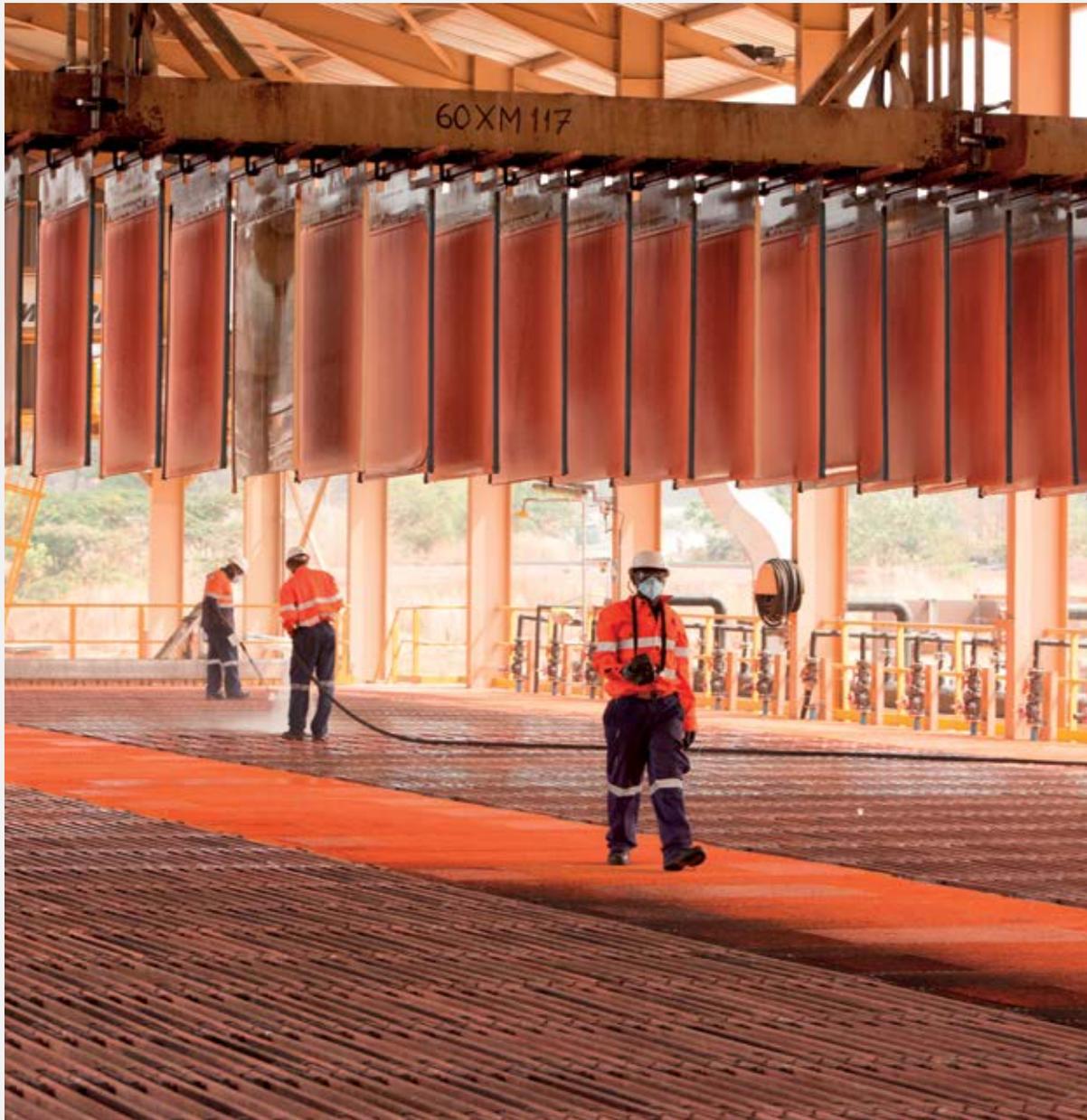
During 2014, a Lao dewatering team at Sepon engineered an innovative solution to speed up water flow. Affectionately nicknamed 'Medusa', after the Greek Gorgon (monster) with snakes as hair, this innovation has significantly reduced the time and energy involved in dewatering at Sepon.

The team previously used a small pump to start 15 siphons. It took 30 minutes per siphon – several hours in total – to complete the task. Medusa now links water flow through a pump and an array of pipes in a single continuous flow. With Medusa, the team can start all siphons and get the water flowing in less than 15 minutes. The innovation will also save an estimated 400 litres of fuel a year.



The Sepon team and the custom-made Medusa pump system.

Power consumption and current efficiency at Kinsevere



The copper cathode plant at Kinsevere draws electrical current to convert ore into grade A copper in a hydrometallurgical process.

Due to the instability of the local electricity network, Kinsevere utilises power from a number of sources to meet production requirements of 24 megawatts. In addition to locally sourced electricity, these sources include imported power from neighbouring countries and diesel-generated electricity produced on-site. Diesel consumption, therefore, is relatively high.

During 2014, MMG entered into an agreement with a neighbouring country power provider, the DRC's national electricity company and another mining company to import up to 15 megawatts of base-load power. This, coupled with increased availability of locally sourced power, helped to progressively reduce MMG's reliance on diesel-generated electricity from 57% of power usage in 2013 to 34% in 2014. During the first quarter 2015, diesel-generated electricity use accounted for just 27% of total power usage.

A working group will be established shortly to monitor power consumption and improve utilisation of local supply.

In addition, a 2014 project to better utilise available power supply has reduced electricity consumption per tonne of copper produced. Current efficiency refers to the amount of copper cathode that can be produced from a given supply of electricity: if current efficiency is high, more copper is produced than if current efficiency is low. The project improved current efficiency from 74% at its lowest point to more than 90% by the end of the year.

Together with the stabilised power supply, these improvements were key to Kinsevere producing 69,624 tonnes of copper cathode in 2014 – well above plant nameplate capacity of 60,000 tonnes per annum.

We implement Management Plans that preserve biodiversity and ecosystem value.

MI Biodiversity management

BIODIVERSITY AND LAND MANAGEMENT

Governments and communities are seeking evidence of effective biodiversity and land stewardship as critical components in their decision to grant land access. Competition for land continues to grow for mining, agriculture, forestry, water supply and biodiversity conservation.

How MMG manages land use and biodiversity at our operations requires consideration of a range of factors, including the balance with other societal and ecological needs:

- Some of our lease areas (e.g. in Laos) provide connectivity between areas of high biodiversity value for species such as elephants and migratory birds.
- At many of our other operations, the land we manage supports, or has potential to support, species and ecological communities of conservation significance.
- Some of our local communities derive food, fuel, medicine and spiritual value from the plants and animals in the areas that we operate.

PROTECTING BIODIVERSITY

As at year end 2014, MMG managed 28,219km² of land. The majority (96%) of the land we manage is held for exploration.

Of the 1,178km² of land managed by our operating sites and advanced projects, 5.7% (66.9km²) has been disturbed. This includes 3.39km² of land newly disturbed in 2014 (57% in development areas at Sepon). None of this new disturbance impacted biodiversity-rich habitats.

A portion of the land we manage (131km²) has been formally identified as being of high biodiversity or conservation value – three Lao Provincial Protected Areas overlap with the Sepon lease area held under the Minerals Exploration and Production Agreement (MEPA).

All our sites work with local stakeholders to identify the important ecological values in the regions in which we operate (both on and off lease). In 2014, terrestrial and aquatic baseline

surveys were undertaken for Sepon’s assessment of extended mining options (‘Sepon Sustain’), in the Thengkhram region.

Across our sites, we have identified a number of IUCN (International Union for Conservation of Nature) Red-Listed species, locally endemic species, and species/communities of state or national conservation significance. Through our Land and Biodiversity planning process, we identify the impacts that our activities may have on features or species of value, and develop and implement plans to avoid, mitigate, restore and/or offset those impacts. Land and Biodiversity Management Plans that meet our Environment Standard are now in place, or under development, at all of our operational sites and advanced projects. Implementation is ongoing.

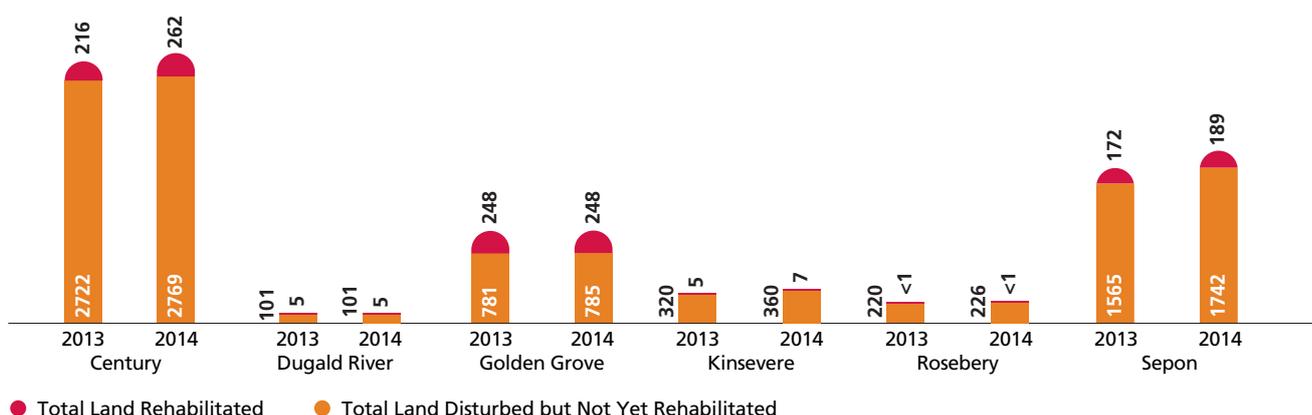
In 2014, our operations undertook rehabilitation activities on 66 hectares of disturbed land. Rehabilitation activities at Sepon (17ha) and Century (47ha) focused predominantly on stabilising waste rock dump batter slopes and tailings dam embankments. At the end of 2014, the total land area undergoing rehabilitation at our operating sites was 711 hectares (11% of our land disturbed for operational purposes; refer to chart below).

Dugald River secured a Queensland Government-approved Biodiversity Offset in 2014. The selected water course is an offset to disturbance caused to creeks as a result of the Dugald River access road construction. The offset area is managed by the local joint landowners of the Lawn Hill pastoral station in accordance with formally agreed management strategies to achieve ecological and social outcomes over a defined period. The offset area is also large enough to allow other mining organisations in the area to add their offset requirements to ours and therefore collectively manage ecological outcomes on a regional scale.

At Sepon, ongoing work to quantify and characterise the nature of biodiversity values impacted by land disturbance is part of biodiversity management planning, and is informing a biodiversity offset strategy.

In partnership with the University of Lubumbashi, Kinsevere participated in a pilot project to replace trees removed by the local community for charcoal production. This included planting 25 hectares of Miombo trees in 2014.

Cumulative Land Disturbance and Rehabilitation (Hectares)





OUR ECONOMIC PERFORMANCE

We mine to build wealth through the development of our people, the investments we make in improving local capability, and the value we deliver to our Shareholders.

MI Company growth, financial performance and productivity; Production levels impacted by plant failure, a major disruptive event and ore extraction issues; Investment in new acquisitions and projects; Resource nationalism/legislative change

GROWTH AND FINANCIAL PERFORMANCE

COMPANY GROWTH

Our objective is to be valued as one of the world's top mid-tier miners by 2020. Our growth strategy aims to create Shareholder wealth by discovering, acquiring, developing and sustainably operating resources projects around the world. We will achieve this by:

- › committing to leading practices in corporate governance, production standards, safety, operational excellence and environmental protection;
- › building solid business foundations to support growth without adding complexity – this includes our scalable and systematic Operating Model and simplified Standards (refer to Our Approach on page 6);
- › ensuring that local economies and communities receive tangible benefits from our operations;
- › continuing to leverage the expertise and experience of our major Shareholder, China Minmetals Corporation;
- › identifying opportunities to maximise the potential of our existing assets;
- › pursuing available organic growth opportunities through our project pipeline and exploration strategy; and

- › pursuing external growth including by targeting value-focused acquisitions.

Our two key development projects are Las Bambas and Dugald River. Details of these projects and our exploration activities are in the MMG 2014 Annual Report (pages 21-22).

MMG made significant progress on our growth priority in 2014 with the acquisition, as part of a joint venture, of the Las Bambas copper project in the Apurimac region of Peru (refer to page 18). As a large-scale, low-cost, long-life asset with significant Mineral Resources and Ore Reserves (copper, gold, silver and molybdenum), and further growth potential, Las Bambas is expected to significantly enhance Shareholder returns over the long term. At 31 March 2015, the project was progressing to plan and at 90% completion, and first production is expected in the first half of 2016. Once in operation, Las Bambas will be transformational for both the Company and Peru, and reposition MMG among the world's largest copper producers.

Las Bambas was the Company's second successful acquisition following the purchase of Anvil Mining Limited (of which the main asset was Kinsevere) in 2012. Kinsevere substantially increased MMG's copper output and enabled MMG to establish a major presence in one of the world's most prospective regions for minerals development. Kinsevere has exceeded nameplate production since its first full year of MMG ownership in 2013.

Image: Flotation Plant Construction at Las Bambas.

At Dugald River, MMG completed a program of trial stopping, value engineering and associated project studies to determine the geotechnical conditions and optimal operating parameters of the mine. The revised development plan under consideration is likely to include lower annual throughput over a longer mine life, with a simplified logistics chain. A decision regarding the revised project is expected during the third quarter of 2015.

We continued to pursue organic growth in 2014, investing a total of US\$73 million in our exploration program, focused on project generation and new discovery activities. This included significant activity within current operational tenements at Kinsevere, as well as tenements within a 50-kilometre radius of the mine. In the final quarter of 2014, MMG also took initial steps toward establishing an exploration program in areas surrounding Las Bambas. This program is integral to MMG unlocking the growth potential of our newest acquisition.

PRODUCTION

Driven by an ongoing focus on asset utilisation and productivity, our operations delivered a solid production performance in 2014.

Record production at Kinsevere, and the consistent performance of Golden Grove and Rosebery, offset lower production at Sepon to deliver a Company annual copper production record of 191,307 tonnes. Total copper production was 2% higher in 2014 than in 2013.

In 2014, Kinsevere made progress in addressing ongoing regional issues regarding the stability and long-term security of its power supply (refer to Kinsevere power consumption and efficiency improvement Case Study – page 54). During the third quarter, the operation entered into an agreement with the DRC's national electricity company, a neighbouring country power provider and another local mining company to import base load power from Zambia. This is the first time private companies in the region have been able to import base load power. In addition to other availability and usage improvements, this led to a full-year reduction in Kinsevere's reliance on diesel-generated electricity from 57% in 2013 to 34% in 2014. While it is a positive outcome,

FINANCIAL PERFORMANCE

We reported financial performance for the full year 2014 with a profit of US\$99.2 million, 19% lower than 2013.

YEAR ENDED 31 DECEMBER 2014	2014 US\$ MILLION	2013 US\$ MILLION	CHANGE %
Revenue	2,479.8	2,469.8	0
EBITDA	780.8	750.9	4
EBIT	243.7	278.3	(12)
Profit	99.2	122.5	(19)
EBITDA margin	31%	30%	
Net cash generated from operating activities	666.7	554.5	20
Dividend per share	0	US 1.00 cent	0
Basic and diluted earnings per share	US 1.96 cents	US 1.95 cents	0.5

MMG achieved its 2012–14 financial targets (see page 15) by increasing diluted earnings per share (by 0.5%¹⁷), achieving an average total Shareholder return that exceeded the Euromoney Global Base Metals Index and achieving an average percentage of free float held by institutions of 39% (target 5%).

The Euromoney Global Base Metals Index ended the year 14% lower than in 2013, while MMG's total Shareholder return increased 48%, which includes a dividend payment in 2014.

We have gained recognition for our unique combination of international management and support of CMC through increased holdings of free float shares by institutional investors. By the end of 2014, 39% of free float shares were held by institutional

Kinsevere substantially increased MMG's copper output and enabled MMG to establish a major presence in one of the world's most prospective regions for minerals development.

Kinsevere will maintain its ability to meet full production requirements from on-site diesel-generation as a precaution.

MMG also partnered with the Governor of Katanga Province and the Chamber of Mines to coordinate the first Katanga Energy Day in August 2014. More than 100 representatives from government authorities, industry, electricity suppliers and power developers attended the event to discuss medium- and long-term solutions to energy security in the region.

Total zinc production in 2014, at 587,099 tonnes, was 2% lower than in 2013. Lower zinc production at Century as it progresses through the final stages of open-pit mining was partially offset by the prioritisation of zinc production at Golden Grove.

Production of zinc and lead at Rosebery was 6% lower in 2014 than in 2013. Ore grade management and ore volume were affected after unexpected seismic activity resulted in a resequenced mine plan and restricted access to parts of the underground mine. These restrictions have now been lifted and the 2015 mine plan has been adjusted in response.

The Company reported higher sales volumes in 2014 for all products with the exception of gold. Total copper and zinc sales increased 3% and 6% to 192,909 and 524,828 tonnes, respectively.

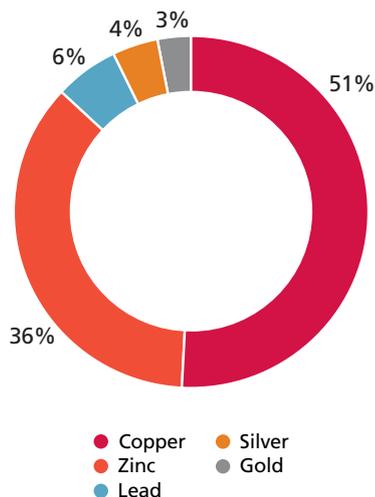
investors. This is higher than in 2012 and 2013 when 34% and 21% were held by institutional investors, respectively.

Although all metal prices were lower (except for zinc) in 2014 compared with 2013, EBITDA increased 4% to US\$780.8 million. Operating expenses were well managed and we maintained financial discipline at all sites, evident through a further US\$52.7 million, or 3%, reduction in operating costs compared to 2013. This was despite continuing cost pressures experienced across the Company's operations, and mining and processing more ore, offset by a favourable movement in the Australian dollar exchange rate.

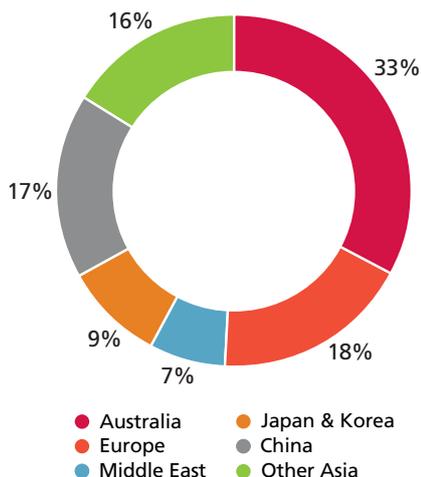
Profit for the year was US\$23.3 million lower than 2013; however, this was impacted by the additional costs of US\$42.3 million in 2014, associated with the acquisition and integration of Las Bambas.

17 The difference in diluted earnings per share is attributable to a decrease in equity holder value between 2012 and 2013.

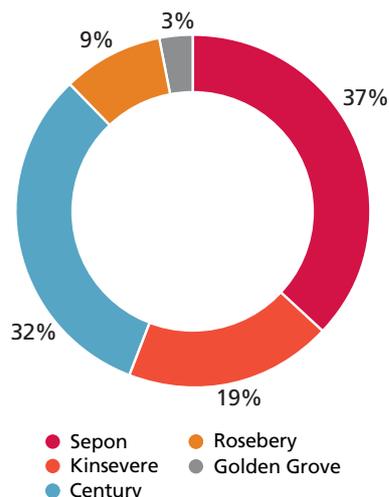
Revenue by Commodity



Revenue by Customer Location



EBITDA by Operation



IMPACT OF LEGISLATIVE CHANGE

Changes in legislative, regulatory or compliance requirements can significantly impact our strategy, results and the planning for our operations.

On 1 July 2014, the Australian Government's carbon pricing mechanism was repealed. Commonly referred to as the 'Carbon Tax', it was a levy on select businesses of A\$23 per tonne of carbon dioxide equivalent emissions. The carbon pricing mechanism came into effect on 1 July 2012 and was intended to increase at a rate of 5% annually until 1 July 2015. The repeal has alleviated the direct impact of the Carbon Tax on MMG's Australian operations: the reduction in fuel tax credits of approximately six cents per litre on diesel fuel excise since 1 July 2012.

In March 2015, proposed amendments to the DRC Mining Code that may entail significantly increased royalties, corporate taxes and state ownership, were introduced to the national parliament for debate. The proposed changes go much further than the consensus reached between the mining industry and the Ministry of Mines in 2014 in the course of tripartite workshops between government, industry and civil societies. While some proposed impacts will be immediate, the effect of many of the changes, after a 10-year stability period, would be to effectively double the government's cash take from mining. As a result, returns for most mining companies would be severely reduced or eliminated, and new exploration activity and investments have the potential to fall away significantly, with adverse consequences for the DRC economy. The mining industry is continuing to encourage the DRC Government to modify the Bill to reflect the 2014 consensus position.



Copper cathode produced at Kinsevere.

We provide targeted investment and economic contributions to our communities, wherever we operate.

MI Contribution to local and regional economies

LOCAL ECONOMIC DEVELOPMENT

Operating mine sites in developing economies and communities presents many challenges. Wherever MMG has a presence, our business strategy and plans are driven by a commitment to make meaningful contributions to these economies locally, regionally and nationally.

During 2014, MMG invested approximately US\$14.2 million in our host communities (see also page 40), in a range of targeted social programs (see the Appendix, online). This was approximately 14% of net profit after tax, and reflects our ongoing commitment to making a positive and enduring local impact in the regions in which we operate.

We support the principle that natural resource wealth should be an important driver of a nation's economic growth, sustainable development and poverty reduction. Mining businesses return operating cash flows to local and regional economies and communities through employment, procurement, taxes and investment.

MMG's business generates considerable tax income for the governments in the countries in which we operate. In 2014, our total tax contribution was US\$208.5 million, of which US\$88 million were royalties, and the other US\$120.5 million were income tax, payroll tax and other government imposts and charges. Our Effective Tax Rate (ETR) in 2014 was 39.6% (refer also our 2014 Annual Report pages 104–105). Under Extractive Industry Transparency Initiative (EITI) commitments we report our payments to the DRC and Peru (see also page 62). We are committed to further disclosure of our community and tax contributions.

We also accord economic benefits indirectly through supply chain and procurement revenues, and the flow-on effects to local employment and services.

For example, the communities around Sepon and Kinsevere are receiving financial and other, secondary, benefits from each mine's operations, which contribute to greater self-sufficiency. Our workforce localisation, community development programs and local procurement practices (see pages 22 and 40 respectively), which align to the ICMM Sustainable Development Framework, directly drive this distributed benefit.

We must strike an effective balance between bringing benefits to external stakeholders and local communities, and providing a long-term economic return on investment to debt providers and Shareholders.

This is an increasingly challenging balance as governments around the world consider expectations of the minerals industry. Getting this balance right and making an effective economic and social contribution are important to us and our stakeholders, and will continue to be a focus for future development.

To that end, we are involved in the ICMM's research programs on mining industry contributions to developing economies.



Hydroponic lettuces grown by an MMG-supported district business which now regularly supplies produce to Sepon.

We seek to work with those involved in the life cycles of our products to enhance environmental and social performance along the supply chain and to promote responsible product use and management.

MI Sustainable procurement and understanding of social and environmental impacts along the supply chain (including material stewardship)

SUPPLY CHAIN

SUSTAINABLE SUPPLY CHAIN

Under our Procurement Strategy we utilise and build local, sustainable supply options in our host communities.

We are developing capacity to undertake improved assessments of prospective and existing suppliers to ensure that they operate to the same standards as we do (refer to the Human Rights section, page 38). We aim to use local¹⁷ suppliers where they demonstrate the ability to meet our

Standards across safety, quality and commercial criteria. Where suppliers demonstrate these attributes against alternatives, we will provide them with supply opportunities at our sites. Wherever practical, we assist local suppliers to understand and close gaps against our Standards. This places them in a position to accommodate future opportunities to grow their business, not only with MMG sites, but with other potential customers.

In 2014, MMG spent US\$1.2 billion (excluding taxes and royalties) on procuring local goods and services in our countries of operation, of which US\$614 million was spent in the state/provincial-zones (including near-mine/district zone spend).

2014 LOCAL PROCUREMENT SPEND (US\$ MILLION) IN MMG HOST COUNTRIES

SITE	IN STATE (ZONE 1,2)^	NATIONAL (ZONE 3)
Century	175.5	360.4
Golden Grove	100.2	193.6
Kinsevere	160.0	209.0
Group office	96.2	135.5
Rosebery	40.1	148.5
Sepon	42.0	156.8
Grand Total	614.0	1,203.7

^ Zone 1 is near-mine/district level; Zone 2 is provincial/state level.

Non-operational sites – Projects (Dugald River, Izok Corridor, Las Bambas) and Exploration – are not included.

PRODUCT STEWARDSHIP

Our management processes ensure that we supply products that consistently meet customer quality expectations, and that are safe for people and the environment in their intended use.

Our approach to product stewardship is still developing. We continue to close operational gaps against our Product Stewardship Standard, which focuses on:

- › understanding the characteristics of our products to manage their potential impacts on human health and the environment during transportation, storage, handling and processing; and
- › encouraging responsible management of our products throughout the product value chain. We work through relevant industry associations to advance understanding of the properties of relevant metals and their life-cycle effects on human health and the environment. We support the development of scientifically sound policies, regulations, product standards and material choice decisions that encourage the safe use of relevant metals.

MMG is a member of the International Zinc Association (IZA), which is chaired by our CEO, Andrew Michelmore. MMG is also a regional member of the International Copper Association (ICA). In 2014, Century contributed data towards IZA's update of the average Life Cycle Assessment (LCA) of global special high-grade zinc production. The LCA covers primary zinc production from 'cradle to gate', including zinc ore mining, ore concentration, transportation of zinc concentrate, and zinc concentrate smelting. As part of this process, a Company-specific LCA was developed and evaluated for Century's zinc concentrate product. Company-specific LCAs have not been completed for our copper and lead concentrates. The ICA completed a global copper Life Cycle Inventory in 2011.

Shipments of our copper, zinc and lead concentrates have to comply with international maritime legislation to protect the environment and ensure the health and safety of people coming into contact with these products through the supply chain. In 2014, we worked with the IZA and ICA to update the classifications of our concentrate products in line with revisions to the International Maritime Organization's (IMO) MARPOL Annex V and the International Maritime Solid Bulk Cargoes Code.

¹⁷ Local suppliers are defined as traders registered at the near-mine/district and state/provincial postcodes (Zones 1, 2) and national postcodes (Zone 3) where we operate. Zones 1 and 2 spend partly makes up Zone 3 spend.

Case Study

Building up a local business

Bernsons Pty Ltd is a small Indigenous company owned by Bernice Hookey, a descendent of the Waanyi Native Title Group. Since it was established in 2014, Bernsons has had a laundry contract with Century which involves the washing, folding, drying and distribution of work clothing, towels and miscellaneous items. Bernsons is also responsible for cleaning the change houses and staff mess at the processing plant and Heavy Vehicle Workshop.

Century Commercial team's efforts to develop more local suppliers involved looking at contracting opportunities at the mine and then helping build up the capacity of local enterprises with service potential. One of these enterprises was Bernsons.

Building the company's capability involved assisting with business structure development, occupational health and safety training, asset maintenance and transition support. Century's Commercial team and Bernsons now meet monthly for ongoing business mentoring and support.

Bernsons is a team of five people, made up of workers from the Lower Gulf as well as other local employees from the greater mine region. Bernice has been involved with Century since 1997 when she worked as a travel and accommodation administrator for the mine.



Bernsons employees provide laundry services to MMG staff.

This work included:

- › assessing the chemical composition of our concentrate products to establish the appropriate classification of each product under the above regulations; and
- › obtaining approval from the Australian Maritime Safety Authority of our processes for sampling, testing and controlling the moisture content of our concentrate products in order to mitigate the risk of liquefaction during shipment.

By continuing to work with the various international authorities, we ensure that our products are handled in a manner that minimises risks to health and safety and the environment.

CUSTOMER ECONOMIC SUSTAINABILITY

To maintain our economic sustainability, we need to reliably sell our products to market; therefore customer demand for our products is pivotal. Through the IZA and the ICA we are working on initiatives to promote our products to the global market for established and new uses. We believe that access to growing economies, such as China, provides our products with strong markets.

While we have life-of-mine contracts in place for a large portion of our current production, we negotiate annual treatment and refining charges. We also sell product to customers on short-term, spot-market contracts. As with commodity prices, we monitor customer demand for our products and adjust our internal forecasts and operational plans accordingly.

PUBLIC POLICY INITIATIVES

In 2014, MMG was involved indirectly, through our membership of and participation in various industry groups, in several public policy initiatives related to our business. These included:

- › ICMM's involvement in developing leading practice in the areas of environment and climate change, health and safety, resource endowment, human rights and industry contribution. MMG CEO Andrew Michelmore is Deputy Chair of the ICMM Governing Council;
- › Minerals Council of Australia's (MCA) research into the economic contribution of mining, the impacts of fly-in fly-out rosters and community contribution. MMG CEO Andrew Michelmore is Chair of the MCA Board;
- › Business Council of Australia's support for greater economic integration with Asian economies via membership of the Global Engagement and Asian Capability Taskforces;
- › The Chamber of Mines, Congolese Employers' Federation promotion of power and supporting infrastructure in the DRC;
- › Queensland Resources Council, Tasmanian Minerals Council and the Chamber of Minerals and Energy of Western Australia, Mining Association of Canada, Australian-Laos Business Association; and
- › International Zinc Association and their partnership with UNICEF's Zinc Saves Kids health initiative, with MMG CEO Andrew Michelmore as Chair.

MMG is also supporting a multi-year research study at the Crawford School at the Australian National University, in conjunction with the Australian Government, to better understand the benefits and challenges of Chinese foreign direct investment.

GLOSSARY

Life Cycle Assessment (LCA): "Compilation and evaluation of the inputs, outputs and the potential environmental impacts of a product system throughout its life cycle." (ISO 14040:2006, Section 3.2)

Life Cycle Inventory (LCI): "Phase of life cycle assessment involving the compilation and quantification of inputs and outputs for a product throughout its life cycle." (ISO 14040:2006, Section 3.3)

We perform successfully and contribute to progress in our communities by behaving ethically and with integrity.

MI Ethics, anti-corruption and business conduct; Regulatory compliance at site and Group level

ANTI-CORRUPTION AND BUSINESS CONDUCT

MMG's Code of Conduct and five Values require that we strive to behave with integrity and work to earn trust and respect (refer to page 6 for our approach to governance).

Our Anti-Corruption Framework sets out the expected behaviour of our people in relation to anti-corruption and ethical business conduct. In 2014, MMG delivered anti-corruption training as part of an ongoing program.

Through our membership of the ICMM, we continue to support the EITI to which we also contribute financially.

The EITI aims to set a global standard for transparency in oil, gas and mining (the extractives sector). We participate in the EITI processes where they apply in our host countries (DRC and Peru).

MMG discloses taxes and royalties paid in our host regions (refer to page 59 and www.mmgroup.com) and MMG does not make donations to political parties.

We support capacity development programs in our host communities to assist community leaders to develop their governance skills.

No significant fines or non-monetary sanctions were levied against MMG.

Case Study

Gulf Community relationships and administration



The Lawn Hill Riversleigh Pastoral Holding Company, jointly owned by the Waayni people and MMG Century under the GCA, ran a Certificate in Beef Production course for young Waayni people from Doomadgee and Mornington Island.

In the lead-up to completion of open-pit mining, MMG has sought to work closely with Indigenous and Native Title holders to understand their expectations and concerns regarding closure.

Through a number of MMG-supported forums in late 2014, MMG outlined – and responded to – a detailed list of issues and grievances from local, Indigenous and representative groups. These issues related to the Gulf Communities Agreement (GCA), communications with Gulf communities, provision of employment and contracting information and proposed structures for the ongoing governance of the GCA.

As a result of these discussions, MMG made a number of changes to communication, engagement and management of obligations under the Agreement. In early 2015, we approached each Eligible Body to provide new directions as to the manner of payment for 2015 funds due from MMG under the GCA.

In recognition of the Native Title determination of the Waanyi people, which covers the land surrounding the MMG mining tenement, we are also working directly with the Waanyi Prescribed Body Corporate to establish an administrative and project support package.

ASSURANCE TERMS AND STATEMENT



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Independent Limited Assurance Report to the Directors of MMG

We have performed a limited assurance engagement in relation to selected Subject Matter contained in MMG's 2014 Sustainability Report ('the Report') in order to state whether anything has come to our attention that would cause us to believe that the Subject Matter has not been performed or presented in accordance with the Criteria described below, including the application of elements of International Council on Mining and Metals ('ICMM') *Sustainable Development ('SD') Framework*.

Subject Matter and Criteria

The Subject Matter and Criteria for our assurance engagement for the year ended 31 December 2014 for the reported boundary included:

- ▶ Whether MMG has disclosed its material sustainability risks and opportunities within the Report in line with the AA1000 Principles Standard ('AA1000 APS') definition of materiality
- ▶ ICMM Subject Matters 1 to 4, as described in the table below

For the purposes of this engagement, the specific Subject Matter and Criteria were defined as follows:

Area	Subject Matter	Criteria
ICMM Subject Matter 1	The alignment of MMG's sustainability policies to ICMM's 10 SD Principles and mandatory requirements set out in ICMM Position Statements	MMG's reported alignment of its sustainability policies to ICMM's 10 SD Principles and mandatory requirements set out in ICMM Position Statements (p74)
ICMM Subject Matter 2	MMG's material sustainability risks and opportunities based on its own review of the business and the views and expectations of stakeholders (pp72-73)	MMG's description of its process for identifying material issues and the Global Reporting Initiative ('GRI') definition of completeness as per the G3 Sustainability Reporting Framework and AA1000 APS definition of materiality (p3)
ICMM Subject Matter 3	The existence and status of implementation of systems and approaches used by MMG to manage a selection of material sustainability risks and opportunities (selected by MMG) including: <ul style="list-style-type: none"> ▶ Safety of our people (Total Recordable Injury Frequency Rate) (pp28-31) ▶ Stakeholder engagement (qualitative only) (pp34-36, pp76-77) ▶ Water management (Water inputs and outputs (ML)) (pp49-51) ▶ Closure (qualitative only) (p15, pp45-47) ▶ Environmental incidents (number of incidents) (pp48-49) ▶ Health of workers and staff (heavy metal biological screen) (pp32-33) MMG's process for identifying the material sustainability risks and opportunities selected for review is recorded in the 'Materiality Determination' section of the Report.	MMG's description of the systems and approaches to manage the selected material sustainability risks and opportunities
ICMM Subject Matter 4	MMG's reported performance during the 1 January to December 31 2014 reporting period for the material sustainability risks and opportunities identified in Subject Matter 3 above	Performance information criteria disclosed by MMG for each indicator including: <ul style="list-style-type: none"> ▶ Safety of our people (Total Recordable Injury Frequency Rate) (p29) ▶ Stakeholder engagement (qualitative only) (pp34-36, pp76-77) ▶ Water management (Water inputs and outputs (ML)) (p50) ▶ Closure (qualitative only) (p15, pp45-47) ▶ Environmental incidents (number of incidents) (p49) ▶ Health of workers and staff (heavy metal biological screen) (p33)

The scope of our work did not include:

- ▶ Any assessment of MMG's management's process for selecting the areas for our limited assurance engagement or the materiality or relative significance of the Subject Matter
- ▶ Assessing the accuracy, fairness or balance of data sets, statements, information, systems or approaches relating to areas other than the Subject Matter
- ▶ Management's forward looking statements
- ▶ Any comparisons made against historical data

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Management Responsibility

The management of MMG ('Management') is responsible for the preparation and presentation of the Subject Matter in accordance with the above Criteria, and is also responsible for selecting the methods used in the Criteria. No conclusion is expressed as to whether the selected methods used are appropriate for the purpose described above. Further, MMG's management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter, based on our assurance engagement which is conducted in accordance with the International Federation of Accountants' *International Standard on Assurance Engagements 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000'), with regard to ICMM's *SD Framework: Assurance Procedure*.

Level of Assurance

A limited assurance engagement consists of making enquiries and applying analytical and other limited assurance procedures. Our procedures were designed to obtain a limited level of assurance and as such do not provide all the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Work performed

Our procedures performed included, but were not limited to:

- ▶ Interviewing a selection of MMG staff and management at both a site and corporate level responsible for the Subject Matter and the preparation of the Report
- ▶ Determining whether material topics and performance issues relevant to the Subject Matter identified during our procedures had been adequately disclosed
- ▶ Sample testing of reported data, performance statements, claims and case studies included in the Subject Matter against supporting source information, MMG's reported boundary and GRI's G3 Sustainability Reporting Framework principles of balance and completeness
- ▶ Sample testing as to whether the methods used for calculating data were aligned with the stated Criteria
- ▶ Reading selected management information and documentation supporting assertions made in the Subject Matter
- ▶ Reading selected MMG policies and standards and assessing alignment with ICMM's 10 Sustainable Development Principles and other mandatory requirements as set out in ICMM's Position Statements

Use of Our Report

We disclaim any assumption of responsibility for any reliance on this assurance statement or on the Subject Matter to which it relates, to any person other than management and directors of MMG, or for any purpose other than that for which it was prepared.

Independence, Competence and Experience

The Australian firm and all professional personnel involved in this engagement have met the independence requirements of Australian professional ethical requirements. Our assurance team includes specialists from our Climate Change and Sustainability Services network, which undertakes similar engagements with a number of Australian and international businesses. Our team has the required competencies and experience to undertake this engagement.

Matters relating to electronic presentation of the Sustainability Report

Our review was of the web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.

Limited assurance conclusion

On the basis of our procedures for this limited assurance engagement, nothing has come to our attention that causes us to believe that the Subject Matter has not been reported and presented, in all material aspects, in accordance with the Criteria above.

Ernst & Young
Melbourne
22 May 2015

GLOSSARY

REGULARLY OCCURRING ACRONYMS

AMD	Acid and metalliferous drainage
ASM	Artisanal and small-scale mining
CEO	Chief Executive Officer
CMC	China Minmetals Corporation
DNH	(Lao) Department of National Heritage
DRC	Democratic Republic of the Congo
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax depreciation and amortisation
EITI	Extractive Industries Transparency Initiative
EY	Global consulting firm or member firms of Ernst & Young Global Limited
GCA	Century Gulf Communities Agreement
GHG	Greenhouse gas emissions
GRI	Global Reporting Initiative
HR	Human Resources
ICA	International Copper Association
ICAM	Incident Cause Analysis Methodology
ICMM	International Council on Mining & Metals
ISO	International Standards Organisation
IZA	International Zinc Association
JCU	James Cook University
LCA	Life cycle assessment
LRP	Livelihood Restoration Program
LTIF	Lost time injury frequency
LXML	Lane Xang Minerals Limited Sepon
MCA	Minerals Council of Australia
MMG	MMG Limited
OEL	Occupational exposure limit
SHEC	Safety Health Environment and Community
STEP	Success Through Every Person
TRIF	Total recordable injury frequency
UNICEF	United Nations Children's Fund
VPSHR	Voluntary Principles on Security and Human Rights

UNITS OF MEASURE

A\$	Australian dollar(s)
US\$	US dollar(s)
CO ₂ -e	Carbon dioxide equivalent (gas)
GJ	Gigajoule (of energy)
ML	Megalitre (of water)
t	Tonnes
m ³	Cubic meters (of water or other liquid)

KEY CONTACTS

We welcome your comments on this report. Please contact James Porteous, Senior Advisor, Sustainability via james.porteous@mmg.com with your feedback or suggestions.

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