



**WE MINE FOR  
PROGRESS**

# Macquarie Australian Equities Conference

Ross Carroll, Chief Financial Officer

5 May 2016

HKEx:1208 ASX:MMG

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This presentation should be read in conjunction with MMG Limited's annual results announcement for the year ended 31 December 2015 issued to the Hong Kong Stock Exchange on 9 March 2016.

—  
**Las Bambas –  
World class  
copper**

—  
**Mid-cap miner  
with growth  
mandate**

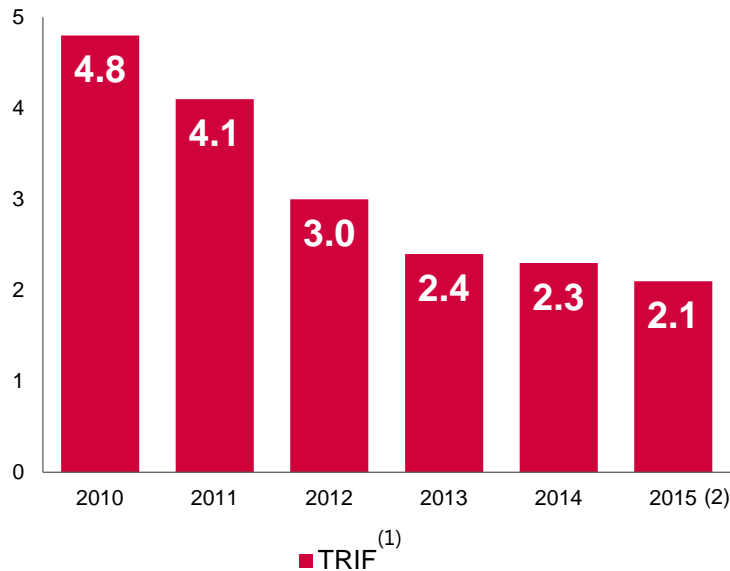
—  
**Base metals  
focus and  
diversification**

—  
**Global  
expertise and  
access to  
long-term  
capital**



# Our values: We mine for progress

## Safety Performance



WE THINK  
SAFETY FIRST



WE RESPECT  
EACH OTHER



WE WORK  
TOGETHER



WE DO WHAT  
WE SAY



WE WANT TO  
BE BETTER

- Safety our first value - TRIF<sup>1</sup> of 2.1 per million hours worked in 2015.
- Safety aligned with management incentives – critical to performance.
- MMG CEO Chair of International Council on Mining and Metals (ICMM) – committed to ICMM 10 principles of Sustainable Development
- Global partnership with UNICEF for child rights/health, committed development partner with national govts.
- US\$63.5 million investment in social development programs in 2015 – focus on Lao PDR, DRC and Peru.
- Focus on wealth generation for local communities – beyond life of mine.

(1) Total Recordable Injury Frequency.

(2) Las Bambas safety data is incorporated into MMG for first time from January 2015.

# Global development expertise



*US\$3 million global partnership with UNICEF on nutrition and child rights.*



*Significant investment in schools, education and capacity in DRC, Lao and Peru.*



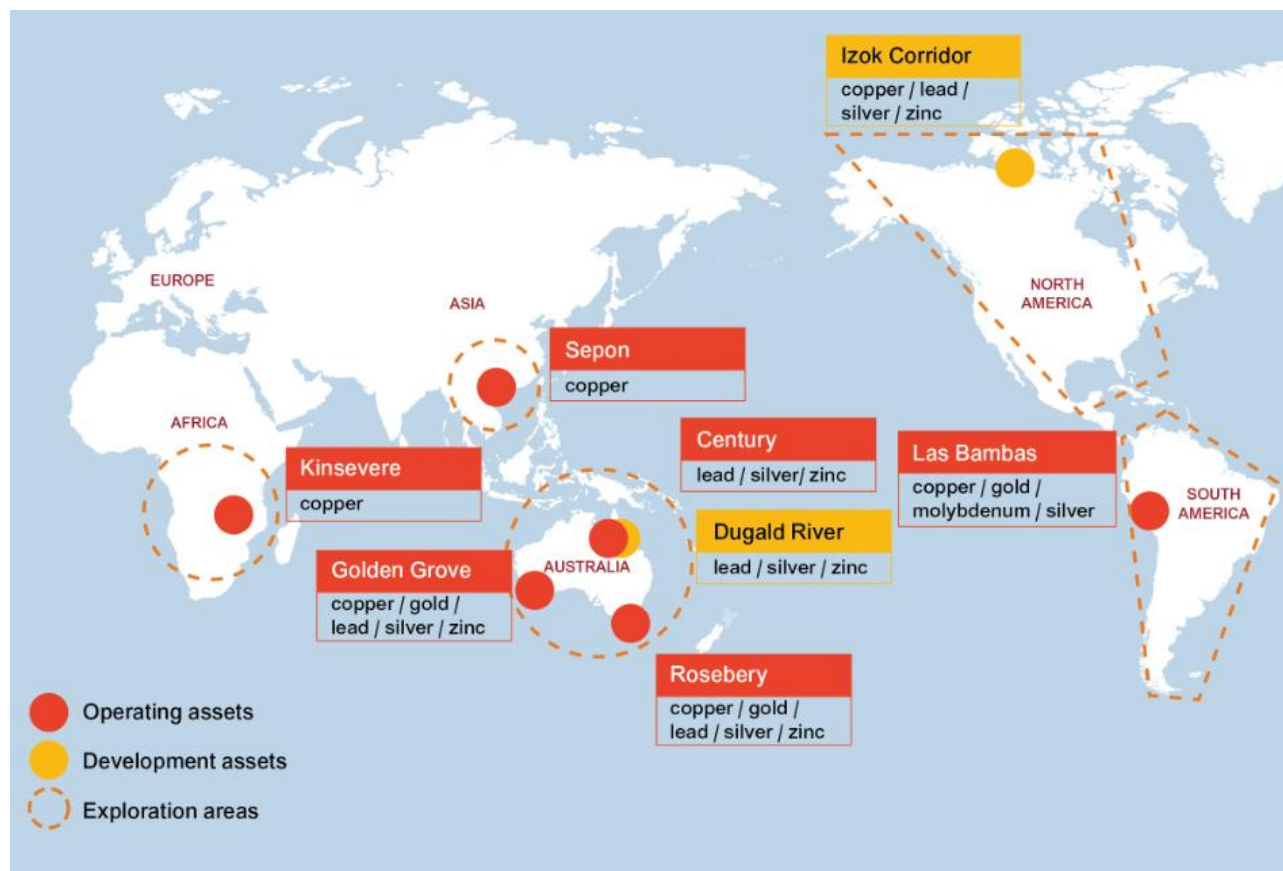
*World's leading practice relocation and livelihood restoration in Apurimac, Peru.*



*Sustained investment in local business development and supply opportunities.*

# Our Company

Capital Structure	Millions
Primary Listing	HKEx
Secondary Listing (CDI)	ASX
Market Cap	US\$1,195bn <sup>1</sup>
Shares	5,290
Major shareholder ownership	74% (China Minmetals Corporation)
Head Office	Melbourne, Australia



(1) As at 2 May 2016.

# 2015 Financial results



Year ended 31 December US\$ million	2015	2014	Variance %
Revenue	1,950.9	2,479.8	(21)
<b>EBITDA</b>	<b>420.9</b>	<b>780.8</b>	(46)
Depreciation and amortisation	(649.4)	(537.1)	(21)
<b>Underlying EBIT</b>	<b>(228.5)</b>	<b>243.7</b>	(194)
<b>Underlying (Loss)/profit for the period</b>	<b>(264.4)</b>	<b>99.2</b>	(367)
EBITDA margin	22%	31%	
Impairment (net of tax)	(784.3)	-	-
(Loss)/profit after tax - Statutory	(1,048.7)	99.2	n/a
<b>Net cash generated from operating activities</b>	<b>282.4</b>	<b>666.7</b>	<b>(58)</b>
<b>Operating expenditure</b>	<b>(1,313.2)</b>	<b>(1,491.3)</b>	<b>12%</b>

***Operating cost reduction and strong cash generation  
while developing Las Bambas***

# Sound investment case

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- 1 Las Bambas transformational world class copper asset – in ramp-up.
- 2 Mid-cap miner with clear growth mandate and financial capability.
- 3 Base metals focus - diversified portfolio, cash generative with good copper/zinc fundamentals and exposure.
- 4 Accomplished international executive and management team backed by market insight and access to long term capital.



# 1 Las Bambas - world class copper asset



5km conveyor, 8,000t/hr.



140ktpd throughput design capacity with two SAG and ball mill trains working independently of each other, pebble crusher and regrind circuit.



Dual train, conventional copper concentrator with 1.1m dry metric tpa output design capacity.

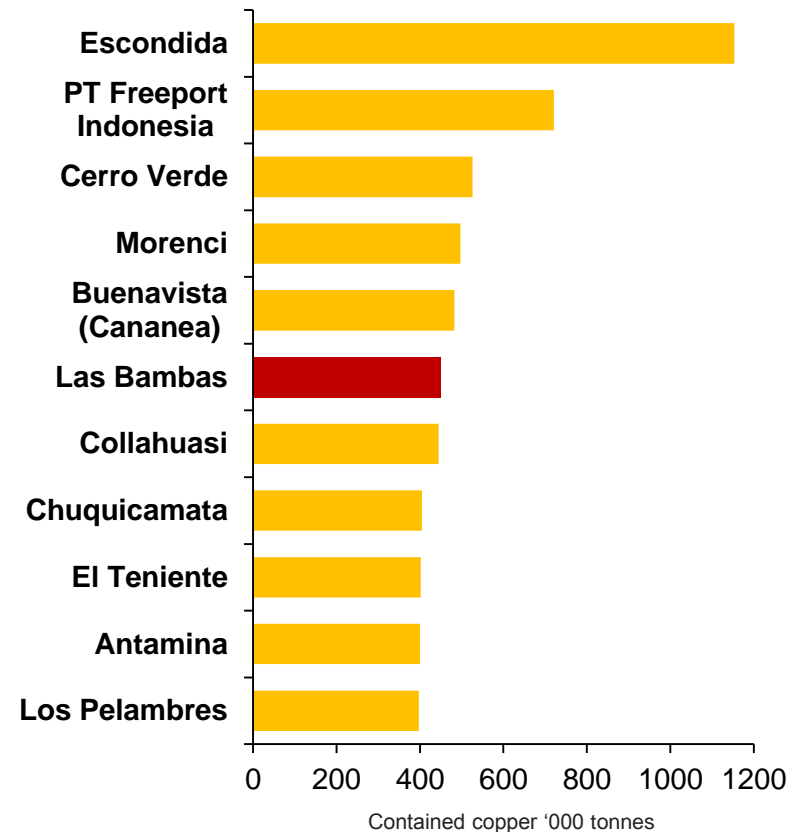


Loading concentrate at Matarani Port.

# 1 Las Bambas – size, scale and life

- Located in Apurimac region of Peru.
- US\$5.85bn acquisition in August 2014 from previous owner Glencore.
- Ownership 62.5% MMG (operator), 22.5% Guoxin, 15% Citic.
- 2016 production forecast 250,000 – 300,000<sup>1</sup> tonnes copper in copper concentrate.
- Commercial production expected 2H16 with C1 cost US\$0.80-US\$0.90/lb<sup>2</sup>
- Initial 20+ years mine life producing Copper, Gold, Silver and Molybdenum
- Over 2 billion tonnes in Copper resources.

## 2017 Forecast annual production capability<sup>1</sup>

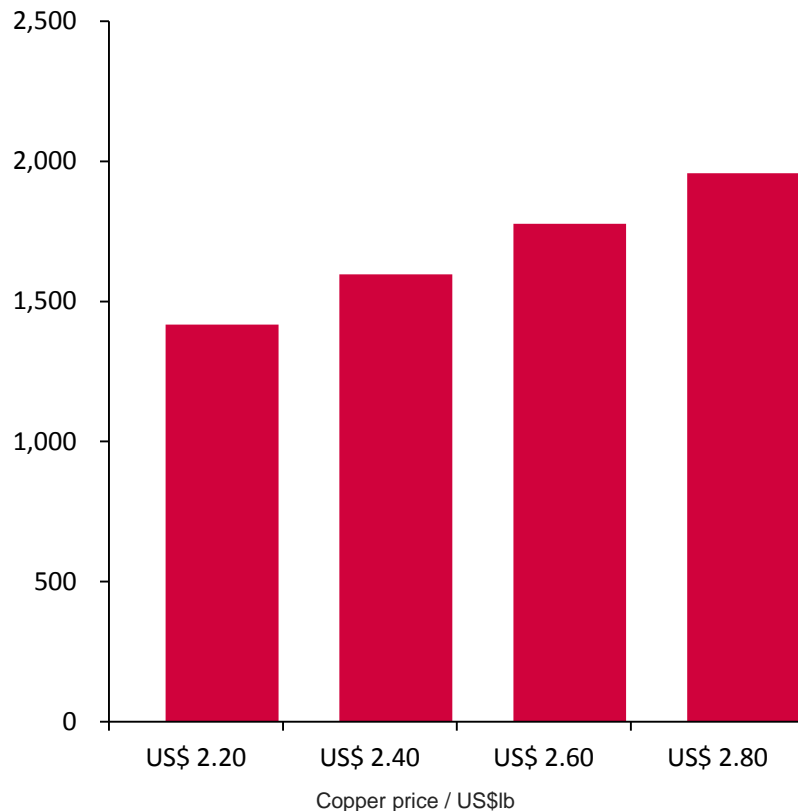


(1) Source Wood Mackenzie and MMG assumed forecasted production rates at steady state..

- (1) Production volumes include expected pre and post-commercial production volumes at Las Bambas. The exact split will be determined prior to Las Bambas declaring commencement of commercial operations
- (2) C1 cost forecast range once at steady state of production, not indicative for full year 2016 given commissioning and ramp up activities.

# 1 Ramp up underway, cash generation potential

## US\$ M Las Bambas EBITDA projections<sup>1</sup>



- Project construction complete.
- Commissioning and ramp up continues.
- Shipping through new Berth F at Matarani Port.
- 31,470 tonnes of copper in copper concentrate produced as part of commissioning activities in 1Q16.
- First concentrate shipment occurred in January 2015, three months ahead of schedule.

(1) Production volumes and costs are calculated based on various internal and external assumptions.

## 2 Growth mandate - Dugald River zinc

- Updated development plan approved.
- Subject to final financing arrangements.
- Provides important exposure to zinc at a time of shrinking global supply.
- Remaining capital expenditure US\$750 million including interest cost.
- Reviewing project fundamentals and seeking further efficiencies in development and construction.
- First production expected 1H18.
- 450,000 tonnes ore trucked to Century and successfully processed into commercial concentrate.



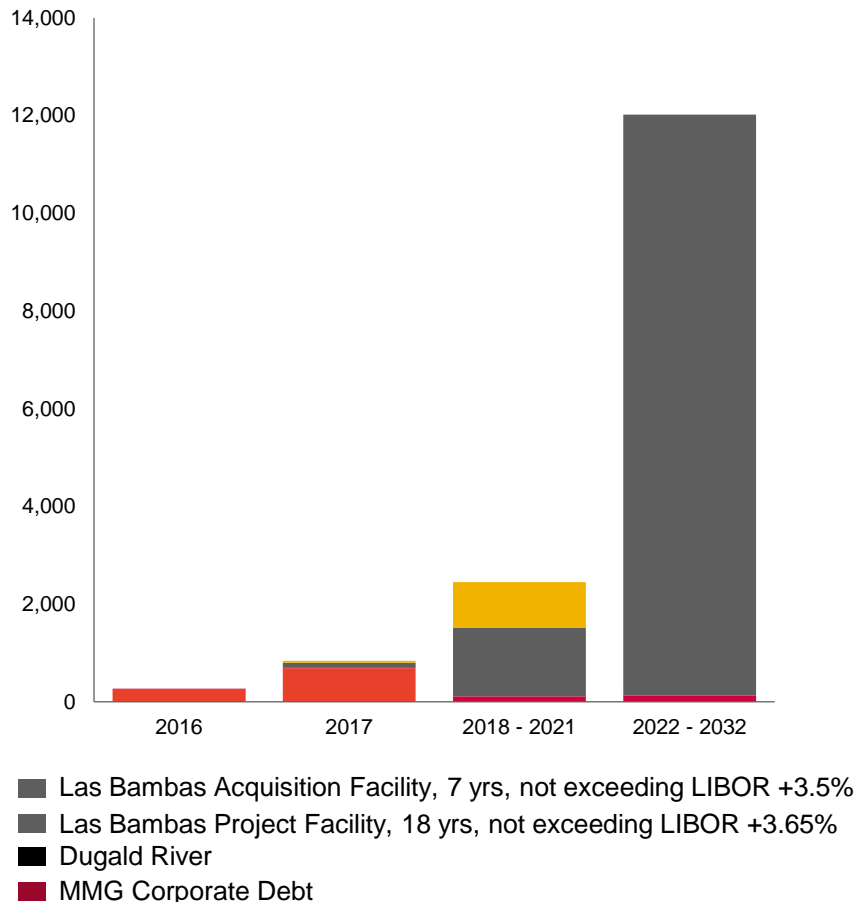
*Underground drilling operations at Dugald River*

## 2 Access to long term capital a competitive advantage



### Amortisation schedule<sup>1</sup>

US\$ million



- MMG total debt borrowings have attractive quasi-equity features:
  - Sourced from Chinese government supported financial institutions.
  - Majority vanilla structure with optionality.
  - Las Bambas 18 year tenor, repayments commence August 2017.
  - Las Bambas shareholder loan is subordinated debt.
- Capital market flexibility and support from major shareholder to access equity markets via HKEx/ASX listing.
- Targeting mid-term gearing of 40-50%

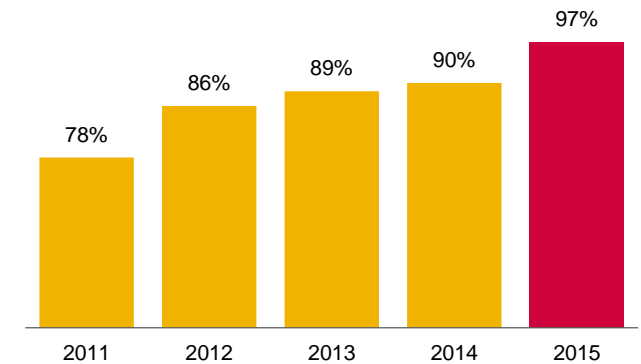
(1) Principal and interest payments including Joint Venture partner liabilities. Excludes related party debt which includes US\$2.262 billion shareholder loan.

### 3 Base Metals focus – operating discipline



- Strong 2015 – exceed production guidance at all operations.
- Copper production record of 207,528 tonnes.
- Record production at Kinsevere, solid Sepon performance.
- Overall, reduced down-time - increased asset utilisation.
- Kinsevere and Sepon have added 30kt and 10kt annual production from plant nameplate respectively with limited capital - no expansions.
- 2016 production guidance places MMG in top 10 global copper producers.

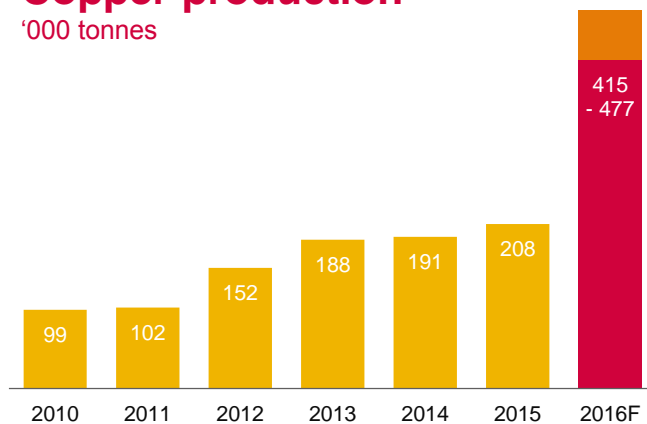
#### Asset Utilisation across MMG assets<sup>1</sup>



(1) Asset utilisation metric measured against full operating capability.

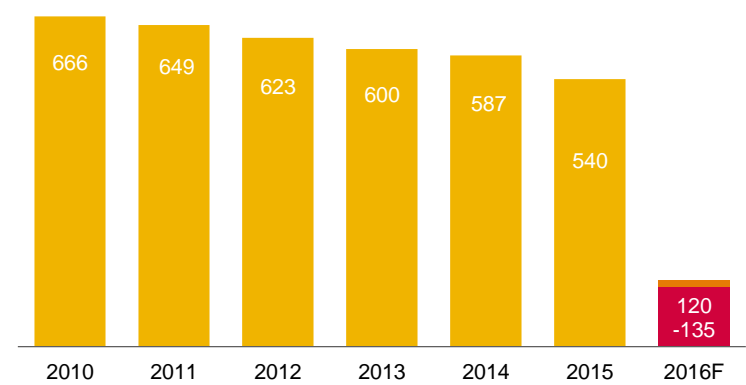
#### Copper production

'000 tonnes



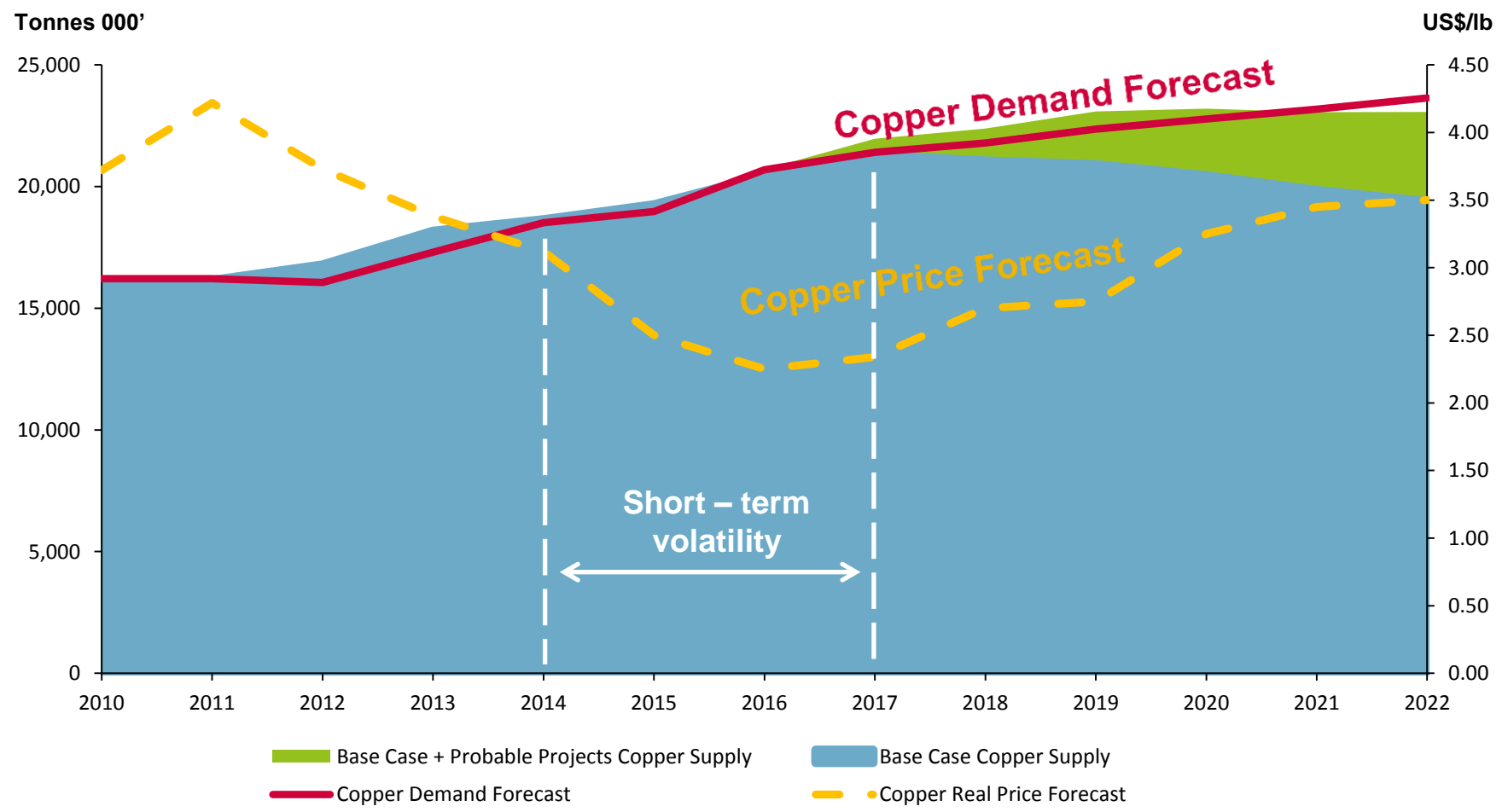
#### Zinc production

'000 tonnes



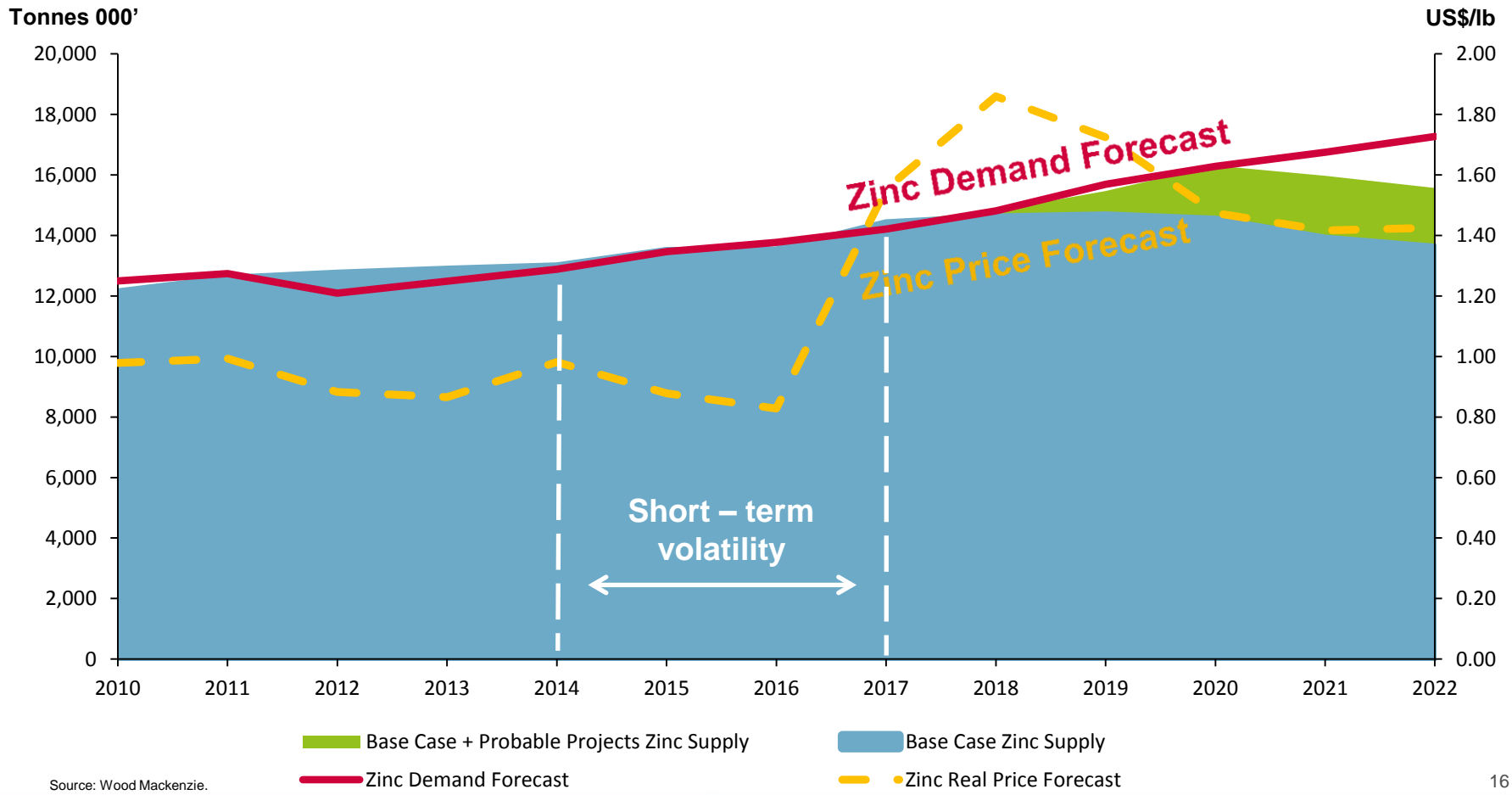
3

# Base metals focus - longer term price support for copper



Source: Wood Mackenzie.

### 3 Base metals focus - zinc facing declining output



Source: Wood Mackenzie.



## 4 Executive team – global experience



### Chief Executive Officer

#### Mr Andrew MICHELMORE

- 30+ years of metals and mining experience.
- Chairman of ICMM, MCA and IZA
- CEO Zinifex Limited
- CEO OZ Minerals
- CEO EN+ Group
- CEO WMC Resources



### Chief Financial Officer

#### Mr Ross CARROLL

- 25+ years of experience in the Natural Resources sectors
- CEO and MD Macmahon Holdings
- CFO Woodside Petroleum
- Senior financial roles BHP Billiton



### Chief Operating Officer

#### Mr Marcelo BASTOS

- 30+ years mining experience in iron ore, gold, copper and nickel.
- CEO BHP Billiton Mitsubishi Alliance
- President BHP Billiton Nickel West
- President BHP Billiton Cerro Matoso Nickel
- Senior operations roles Vale



### EGM China & Strategy

#### Mr Xu JIQING

- Director of CMNH and Jiangxi Tungsten
- Director Copper Partners Investment and HNG
- Vice President and CFO of China Minmetals Non-Ferrous



### EGM Stakeholder Relations

#### Mr Troy HEY

- 20+ years of government, media, community and investor relations
- General Manager Media and Reputation Foster's Group.
- Group Manager Public Affairs WMC Resources



### EGM Business Support

#### Mr Greg TRAVERS

- Executive General Manager Services and Strategic Planning Myer Limited
- 7+ years BHP Billiton
- 6+ years Pratt Group
- 11+ years WMC Resources

## 4 Board - sound corporate governance



**Chairman**  
Mr JIAO Jian



**Executive Director**  
Mr Andrew MICHELMORE



**Executive Director**  
Mr XU Jiqing



**Non-executive Director**  
Mr GAO Xiaoyu



**Independent  
Non-executive Director**  
Dr Peter CASSIDY



**Independent  
Non-executive Director**  
Ms Jennifer SEABROOK



**Independent  
Non-executive Director**  
Dr PEI Ker Wei



**Independent  
Non-executive Director**  
Mr LEUNG Cheuk Yan

# Building a major mid-tier base metals miner

- Strong production base with experienced international operations team
- Confidence in long term fundamentals for copper and zinc.
- Growth pipeline in execution:
  - Las Bambas - a world class asset in ramp-up phase, with significant growth options.
  - Dugald River - heavily de-risked and using current downturn to maximise value options.
- Continually assessing further growth opportunities.
- Active near mine and new discovery exploration program.



*Las Bambas, Copper, Peru*



*Dugald River, Zinc, Queensland*



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# Macquarie Australian Equities Conference

Sydney

5 May 2016

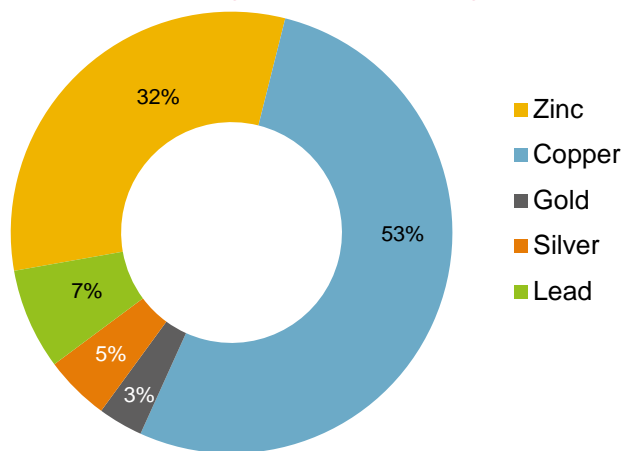
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# Appendices

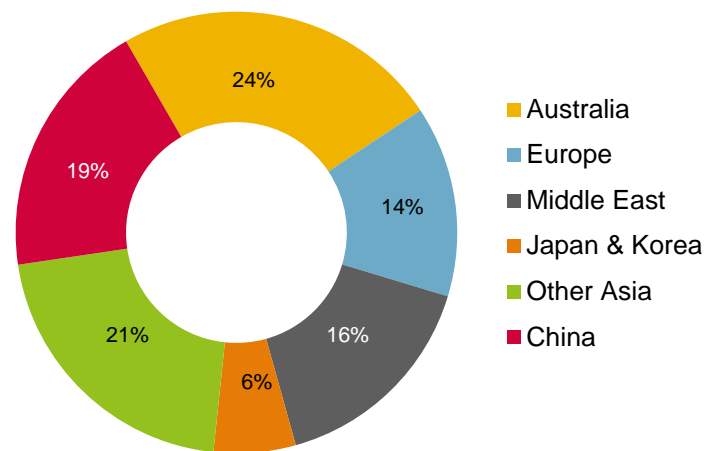
# 2015 Financial dashboard



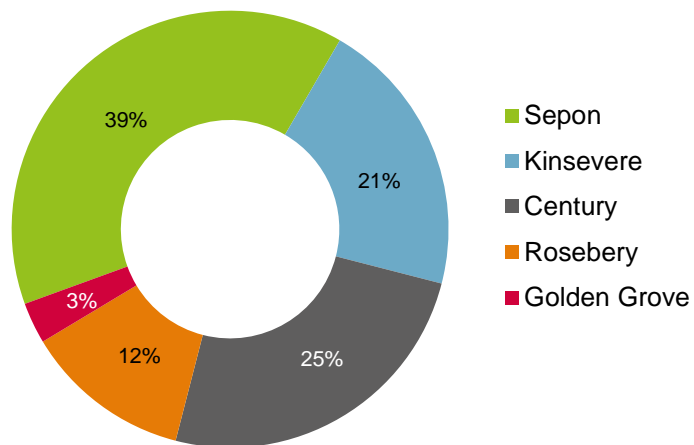
## Revenue by commodity



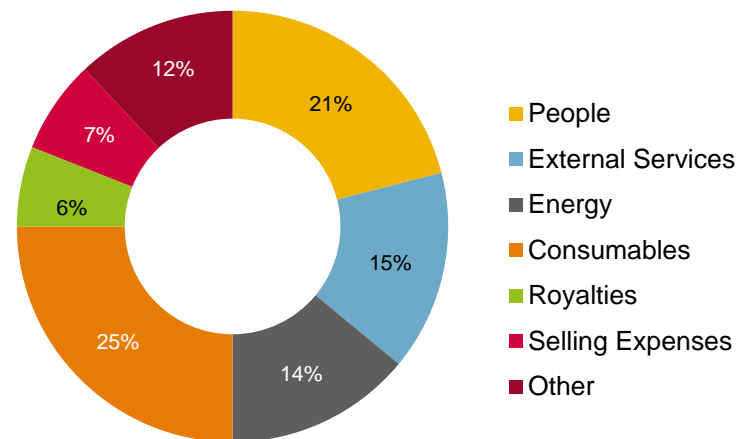
## Revenue by customer location



## EBITDA by operating segment



## Operating expenses (Sites)



# Kinsevere – full year production record



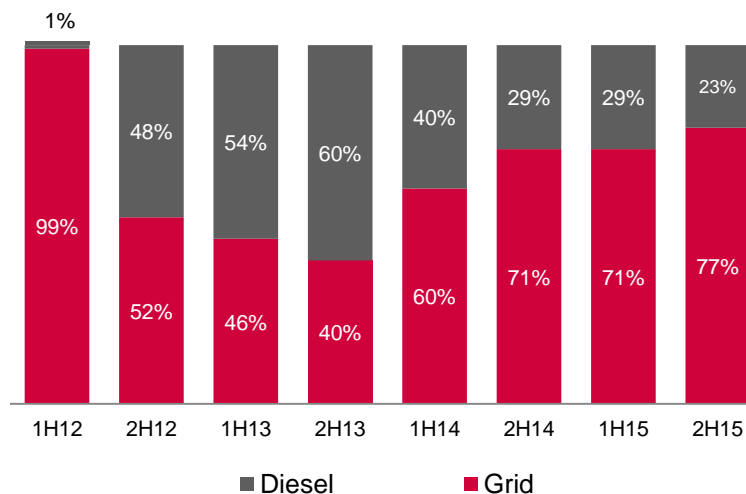
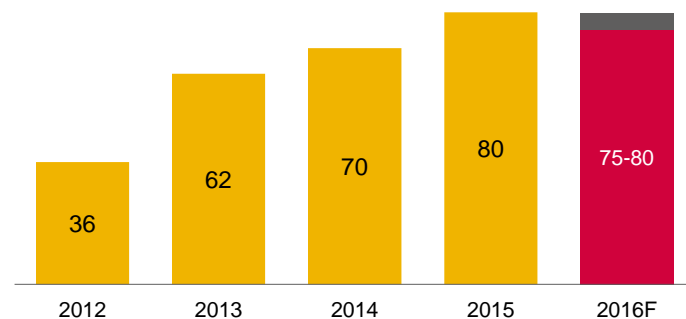
- YTD production record of 80,169 tonnes of copper cathode.
- Operational efficiencies, stable electricity, increases to mill throughput.
- Lower copper prices marginally offset by 15% increase in copper sales volumes.
- Ore mined down 21% in line with plan; drawdown on ore stockpiles and reduce mining costs.
- Reduced 2015 C1 cost to US\$1.48/lb.

## Financials

US\$ million	2015	2014	%
Revenue	<b>418.1</b>	465.7	(10)
EBITDA <sup>1</sup>	<b>131.8</b>	189.3	(30)
EBIT Underlying	<b>(58.3)</b>	49.0	(219)
EBITDA margin (%)	<b>32</b>	41	
C1 costs – copper (US\$ / lb)	<b>1.48</b>	1.62	

## Copper cathode production

'000 tonnes



(1) EBITDA includes revenue, operating expenses and other income and expense items.

# Sepon – successfully transitioning

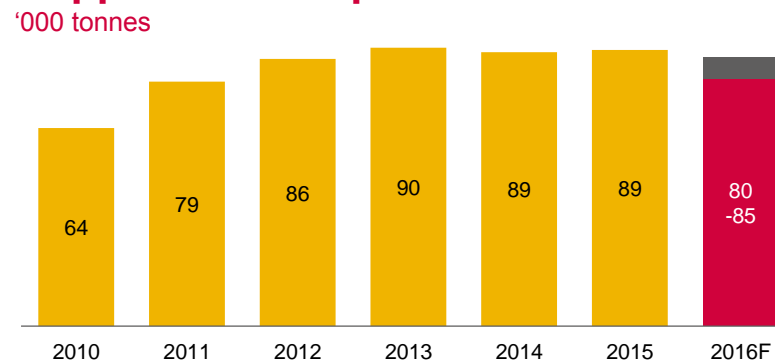


- Successful transition to harder Type II ore with quarterly milling record delivered.
- YTD production record of 89,253 tonnes of copper cathode.
- Maintained stable mining and milling costs in response to increased mine activities.
- Focus on lowering overall costs to offset higher mining and processing.
- Ongoing studies to optimise production through plant improvements.
- Ore variability continues.
- Milling grades converge towards reserve grade.

## Financials

US\$ million	2015	2014	%
Revenue	<b>496.9</b>	620.2	(20)
EBITDA <sup>1</sup>	<b>248.8</b>	366.5	(32)
EBIT	<b>134.4</b>	267.6	(50)
EBITDA margin (%)	<b>50</b>	59	
C1 Costs – copper (US\$ / lb)	<b>1.06</b>	1.00	

## Copper cathode production



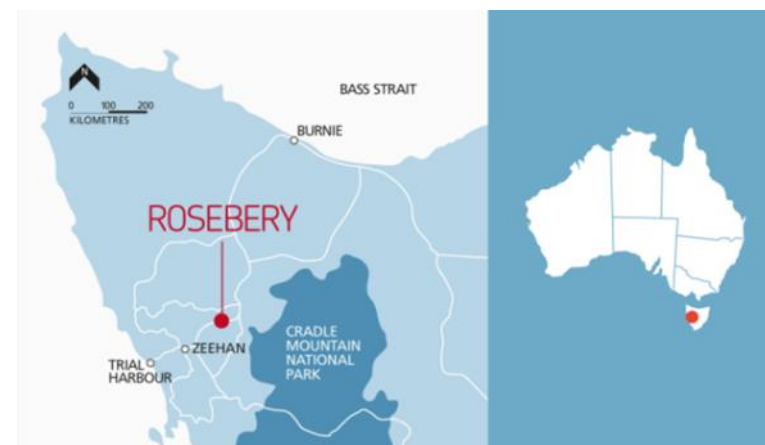
(1) EBITDA includes revenue, operating expenses and other income and expense items.



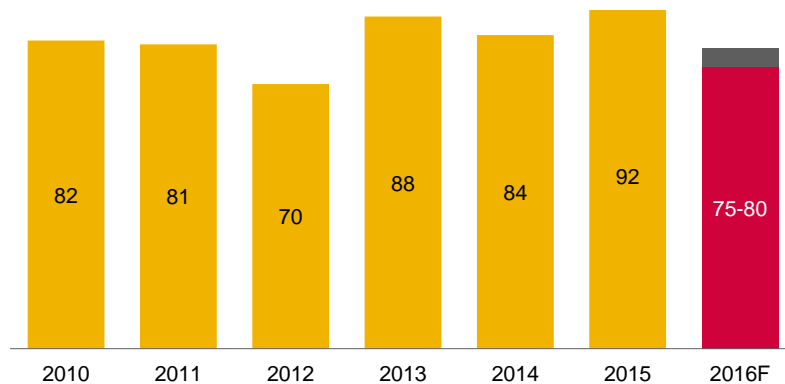
# Rosebery

## Financials

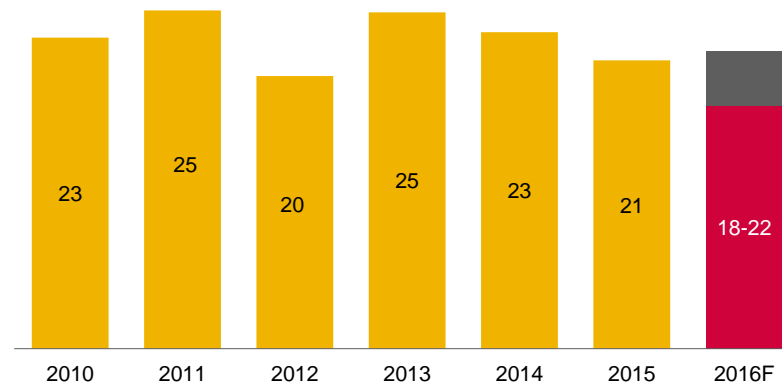
US\$ million	2015	2014	%
Revenue	201.1	247.5	(19)
EBITDA <sup>1</sup>	79.1	85.2	(7)
EBIT	12.5	38.7	(68)
EBITDA margin (%)	39	34	
C1 costs – zinc (US\$ / lb)	0.30	0.26	



## Zinc in zinc concentrate production '000 tonnes



## Lead in lead concentrate production '000 tonnes



(1) EBITDA includes revenue, operating expenses and other income and expense items.

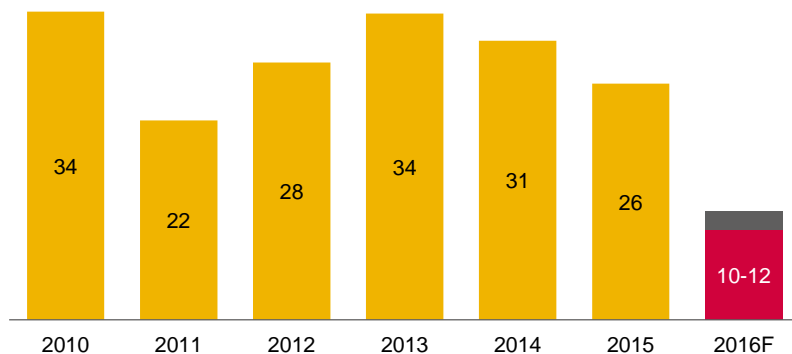
# Golden Grove

## Financials

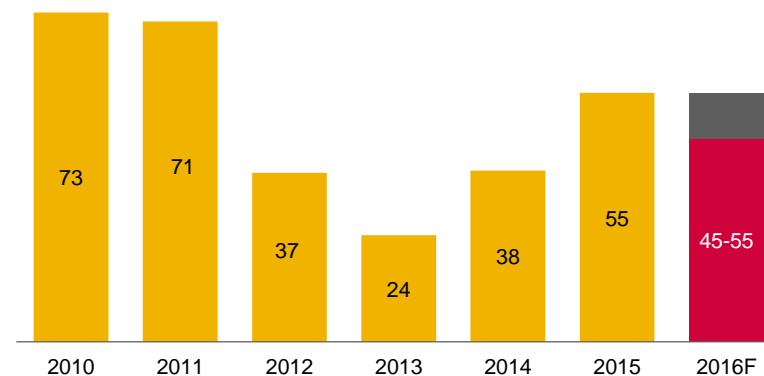
US\$ million	2015	2014	%
Revenue	221.2	293.1	(25)
EBITDA <sup>1</sup>	19.5	29.0	(33)
EBIT	(25.1)	(15.2)	(65)
EBITDA margin (%)	9	10	
C1 costs – zinc (US\$ / lb)	0.30	0.25	



## Copper in copper concentrate production '000 tonnes



## Zinc in zinc concentrate production '000 tonnes



(1) EBITDA includes revenue, operating expenses and other income and expense items.

# Century – last production



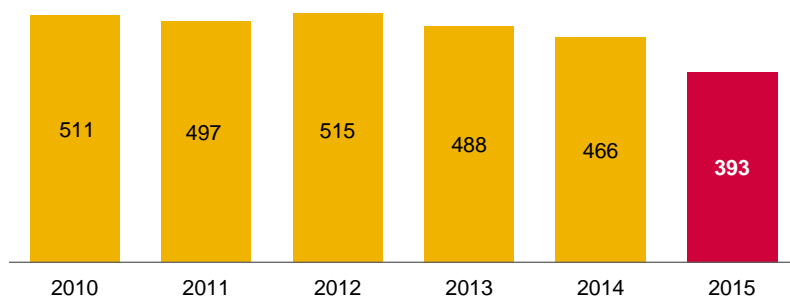
- Production of 392,667 tonnes of zinc and 79,153 tonnes of lead despite transition to lower grades in final stages of mining.
- Mining from single stage of open-pit mine, lower strip ratio, reduction in consumables.
- Reduced milling rates offset lower grades.
- Mining completed at Century in August 2015 with final processing of Century ore in November 2015.
- 450,000 tonnes of Dugald River ore processed through Century.

## Financials

US\$ million	2015	2014	%
Revenue	613.6	853.3	(28)
EBITDA <sup>1</sup>	159.8	323.5	(51)
EBIT	(64.8)	132.2	(149)
EBITDA margin (%)	26	38	
C1 costs – zinc (US\$ / lb)	0.47	0.61	

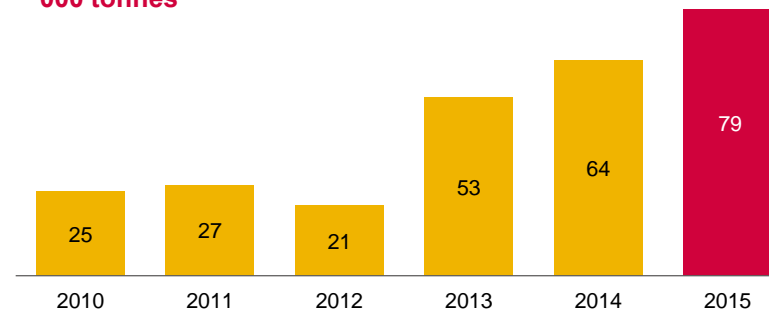
## Zinc in zinc concentrate production

'000 tonnes



## Lead in lead concentrate production

'000 tonnes



(1) EBITDA includes revenue, operating expenses and other income and expense items.

# 2016 Guidance



## Las Bambas

Copper – production <sup>1</sup>	250,000 – 300,000 tonnes
Copper – C1 costs <sup>2</sup>	US\$0.80 – US\$0.90 / lb

## Kinsevere

Copper – production	75,000 - 80,000 tonnes
Copper – C1 costs	US\$1.40 – US\$1.55 / lb

## Sepon

Copper – production	80,000 – 85,000 tonnes
Copper – C1 costs	US\$1.10– US\$1.25 / lb

## Rosebery

Zinc – production	75,000 – 80,000 tonnes
Zinc – C1 costs	US\$0.30 – US\$0.40 / lb
Lead – production	18,000 – 22,000 tonnes

## Golden Grove

Copper – production	10,000 – 12,000 tonnes
Copper – C1 costs	US\$1.90 – US\$2.10 / lb
Zinc – production	45,000 – 55,000 tonnes
Zinc – C1 costs	US\$0.30 – US\$0.45 / lb

(1) Production volumes include expected pre and post-commercial production volumes at Las Bambas.  
(2) C1 cost forecast range once at steady of production, not indicative for full year 2016 given commissioning and ramp up activities.

# Consolidated financial performance:

## Cash flow statement

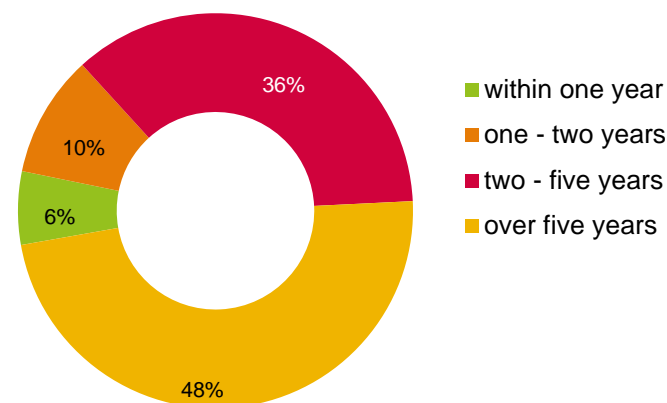


Year ended 31 December US\$ million	2015	2014
Receipts from customers	2,289.0	2,578.4
Payments to suppliers	(1,875.2)	(1,744.8)
Payments for exploration expenditure	(42.4)	(73.0)
Income tax paid	(89.0)	(93.9)
<b>Net cash generated from operating activities</b>	<b>282.4</b>	<b>666.7</b>
Purchase of property, plant and equipment	(1,959.0)	(1,037.9)
Other investing activities	(38.5)	(2,894.9)
<b>Net cash used in investing activities</b>	<b>(1,997.5)</b>	<b>(3,932.8)</b>
<b>Net cash generated from / (used in) financing activities</b>	<b>2,062.2</b>	<b>3,379.9</b>
<b>Net increase in cash and cash equivalents</b>	<b>347.1</b>	<b>113.8</b>
Cash and cash equivalents at 1 January	251.2	137.4
<b>Cash and cash equivalents at 31 December</b>	<b>598.3</b>	<b>251.2</b>

# Financial resources and liquidity

- Gearing ratio<sup>1</sup> MMG Group (excluding Las Bambas) as at 31 Dec 2015 of 0.51.
- Gearing ratio<sup>1</sup> MMG South America Management Group as at 31 Dec 2015 of 0.65

## Maturity profile of borrowings as at 31 December 2015



## MMG GROUP (EXCLUDING MMG SOUTH AMERICA GROUP)

US\$ million	31 December 2015	31 December 2014
Total borrowings (excluding prepayments)	1,405.2	1,321.8
Less: Cash and cash equivalents	431.2	91.9
<b>Net debt</b>	<b>974.0</b>	<b>1,229.9</b>
Total equity	950.9	1,922.5
	<b>1,924.9</b>	<b>3,152.4</b>
<b>Gearing ratio<sup>1</sup></b>	<b>0.51</b>	<b>0.39</b>

(1) Gearing ratio is defined as net debt (total borrowings excluding finance charge prepayments, less cash and bank deposits) divided by the aggregate of net debt plus total equity.