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MMG LIMITED
五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(STOCK CODE: 1208)

ANNOUNCEMENT ON ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The board of directors (Board) of MMG Limited (Company) is pleased to announce the consolidated results of the Company and its subsidiaries (Group) for the year ended 31 December 2012.

The financial information set out in this announcement does not constitute the Group's financial statements for the year ended 31 December 2012, but represents an extract from those financial statements.

The financial information has been reviewed by the Company's audit committee and agreed by the Company's auditor.

The consolidated results of the Group are annexed to this announcement.

MMG RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

- Revenue increase of 12% reflects solid sales volumes, despite lower commodity prices, driven by record production at Sepon and Century and additional sales from Kinsevere.
- Productivity improvements drove annual production records at three of MMG's five operating sites with operating expenses well managed amid industry wide cost pressures, particularly in Australia.
- Operational efficiencies and disciplined cost management result in underlying EBITDA(i) of US$853.2 million, a 1% increase compared to 2011.
- Higher depreciation and amortisation, correlated to mining activity, results in underlying EBIT(i) of US$405.6 million, a 25% decrease compared to 2011.
- Underlying profit(ii) of US$217.5 million, 29% lower than 2011.
- Successful integration and ramp-up to nameplate capacity on an annualised basis for Kinsevere following the February 2012 acquisition of Anvil Mining Limited (Anvil).
- Net cash generated from operating activities of US$655.3 million.
- Following the acquisition of Anvil, the gearing ratio was 0.46 as at 31 December 2012.
- Board endorsement of the A$1,488 million Dugald River project supporting MMG's long-term zinc strategy, subject to the finalisation of financing arrangements.
- Positioned to benefit from economic growth resulting from industrialisation and modernisation of developing economies, particularly in Asia.
- MMG has not declared a dividend for the period given the focus on creating long-term shareholder value through investment in growth.

Year ended 31 December (continuing operations)	2012 US$ million	2011 US$ million	Change %
Revenue	2,499.4	2,228.3	12
Underlying EBITDA (i)	853.2	847.9	1
Underlying EBIT (i)	405.6	539.4	(25)
Underlying profit (ii)	217.5	305.0	(29)
Reported profit	217.5	574.5	(62)
Net cash generated from operating activities	655.3	699.7	(6)
Underlying diluted earnings per share (iii)	US 3.64 cents	US 5.46 cents	(33)
Underlying EBITDA margin	34%	38%	

(i) Underlying measures of earnings before interest and tax (EBIT) and earnings before interest, tax, depreciation and amortisation (EBITDA) exclude the impact (before tax) of significant non-recurring items. EBITDA is reconciled to underlying EBITDA on page 7.

(ii) Underlying measures of profit exclude the impact (after tax) of significant non-recurring items. Profit is reconciled to underlying profit on page 7.

(iii) Underlying diluted earnings per share represents diluted earnings per share adjusted for significant non-recurring items (after tax). A reconciliation of underlying diluted earnings per share is provided in Note 9.

MARKET OUTLOOK

Commodity markets remained volatile in 2012 reacting to global fiscal stimulus initiatives and short-term indicators of economic stability. Cautious market sentiment was exacerbated by sovereign debt issues in Europe and uncertainty surrounding future levels of the US budget deficit.

China's imports of copper cathode and copper concentrate increased significantly during 2012 despite the prevailing slower rate of growth in copper demand. Refined copper imports of 3.4 million tonnes in 2012 were 20% higher than 2011, the largest quantity ever imported by China.

Construction of social housing in China is expected to be a key driver of copper demand in the short term. China is expected to commence building approximately six million affordable housing units in 2013 as part of China's twelfth five-year plan targeting the construction of 36 million new homes by 2015. Affordable housing and the move toward a consumption-based economy is anticipated to support long-term copper demand growth. New projects and expansions are forecast to increase total copper supply beyond 2013 however declining grade and cost inflation of existing mines will remain a challenge for the industry over the longer term.

London Metal Exchange (LME) stocks of zinc increased during 2012 however not all metal on deposit was promptly available for use to end consumers which influenced metal premiums. China's zinc metal production in 2012 was below the previous year as smelters reduced output in response to adverse market conditions that prevailed for much of the year.

Demand for zinc will be driven by its end use as a cost-effective anti-corrosive coating, improving the longevity of steel. Continued growth in the construction, transportation and infrastructure sectors, especially in the developing economies, will correlate to solid demand for zinc in the medium to long term. Supply is expected to tighten in the future with the market forecast to reach a supply deficit from the middle of this decade given planned mine closures and a lack of major new development projects.

Shareholders are set to benefit from MMG's strong leadership, growing portfolio of base metals assets and a solid long-term outlook on market fundamentals. MMG remains confident in sustainable levels of economic growth, driven by the industrialisation and modernisation of developing economies, particularly in Asia.

GROWTH STRATEGY

MMG's mission is to maximise shareholder returns by discovering, acquiring, developing and sustainably operating resources projects around the world.

Our growth strategy is focused on:

- Identifying opportunities to extract additional potential from our existing assets.
- Pursuing organic growth opportunities through our projects and exploration pipelines.
- Pursuing external growth such as targeting value-focused acquisitions.

MMG will continue to build solid business foundations enabling it to grow without adding complexity. This includes implementing a scalable and systematic operating model and management system, common across all operations.

It is our objective to be recognised amongst the world's top mid-tier base metals mining companies.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The Group recorded a solid operating performance in 2012 with the financial result of Kinsevere consolidated from 17 February 2012.

For the purpose of the management discussion and analysis, the Group's results for the year ended 31 December 2012 are compared to results for the year ended 31 December 2011.

Year ended 31 December (continuing operations)	2012 US$ million	2011 US$ million	Change %
Revenue	**2,499.4**	**2,228.3**	**12**
Operating expenses	(1,446.4)	(1,158.1)	25
Administrative expenses	(125.3)	(125.3)	0
Exploration expenses	(77.3)	(64.0)	21
Other income and expenses	2.8	(33.0)	
Significant non-recurring items	-	215.9	
EBITDA	**853.2**	**1,063.8**	**(20)**
Depreciation and amortisation	(447.6)	(308.5)	45
EBIT	**405.6**	**755.3**	**(46)**
Net finance costs	(87.7)	(46.2)	90
Profit before tax	**317.9**	**709.1**	**(55)**
Income tax expense	(100.4)	(225.5)	(55)
Profit	**217.5**	**483.6**	**(55)**

The Group's management determined the operating segments based on reports reviewed by its Executive Committee. The Group's continuing operations are managed on an operating site-by-site basis, with exploration, development and corporate activities being classified as 'other'. The Group's mining operations comprise Sepon, Kinsevere, Century, Rosebery and Golden Grove.

	Revenue			Underlying EBITDA		
Year ended 31 December (continuing operations)	2012 US$ million	2011 US$ million	Change %	2012 US$ million	2011 US$ million	Change %
Sepon	806.2	816.9	(1)	491.4	529.4	(7)
Kinsevere (i)	279.9	-	N/A	131.1	-	N/A
Century	752.9	750.4	0	283.6	293.0	(3)
Rosebery	267.5	272.5	(2)	85.7	108.6	(21)
Golden Grove	392.9	388.5	1	67.9	101.6	(33)
Other	-	-	-	(206.5)	(184.7)	(12)
Total	**2,499.4**	**2,228.3**	**12**	**853.2**	**847.9**	**1**

(i) MMG acquired Kinsevere following the acquisition of Anvil. The financial result of Kinsevere has been consolidated from 17 February 2012.

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

Revenue

The Group's continuing operations generated revenue of US$2,499.4 million in the year ended 31 December 2012, which was US$271.1 million (12%) higher than in the year ended 31 December 2011. Kinsevere was consolidated from 17 February 2012 and contributed US$279.9 million to the Group's revenue.

Increased revenue from higher total sales volumes for the Group was offset by the impact of lower average realised prices in 2012 compared to 2011.

Price

Lower average LME base metals prices during 2012 compared to 2011 had an unfavourable impact on revenue.

Average LME cash price	2012	2011	Change %
Copper (US$/tonne)	7,950	8,806	(10)
Zinc (US$/tonne)	1,946	2,190	(11)
Lead (US$/tonne)	2,061	2,396	(14)
Gold (US$/ounce)	1,668	1,568	6
Silver (US$/ounce)	31.15	35.15	(11)

Sales volumes

The strong and consistent performance at Sepon and successful integration and ramp-up of Kinsevere resulted in a 39% increase in copper sales in 2012.

Following the completion of the acquisition of Anvil, copper cathode produced at Kinsevere increased sales volumes by 35,698 tonnes. Efficiency improvements increased copper cathode production at Sepon leading to an additional 5,642 tonnes of copper sold in 2012.

Higher zinc sales from Century following record annual production, were more than offset by reduced zinc sales volumes from Rosebery and Golden Grove. Mining activity at Rosebery was temporarily restricted in the third quarter 2012 due to a seismic event in the mine, which also impacted concentrate available to ship to customers. The mine plan at Golden Grove favoured copper production in 2012 resulting in lower zinc concentrate production and sales.

Payable metal in product sold Year ended 31 December	2012	2011	Change %
Copper (tonnes)	148,850	106,794	39
Zinc (tonnes)	543,420	550,117	(1)
Lead (tonnes)	51,979	51,560	1
Gold (ounces)	129,577	113,419	14
Silver (ounces)	4,247,586	2,888,576	47

Payable metal in product sold Year ended 31 December 2012	Copper tonnes	Zinc tonnes	Lead tonnes	Gold ounces	Silver ounces
Sepon	85,150	-	-	67,400	33,441
Kinsevere [(i)]	35,698	-	-	-	-
Century	-	443,562	21,850	-	48,392
Rosebery	2,129	62,283	22,282	31,136	2,356,691
Golden Grove	25,873	37,575	7,847	31,041	1,809,062
Total	**148,850**	**543,420**	**51,979**	**129,577**	**4,247,586**

Payable metal in product sold Year ended 31 December 2011	Copper tonnes	Zinc tonnes	Lead tonnes	Gold ounces	Silver ounces
Sepon	79,508	-	-	71,128	37,993
Kinsevere (i)	-	-	-	-	-
Century	-	419,250	25,112	-	123,895
Rosebery	983	70,906	23,068	24,857	1,720,599
Golden Grove	26,303	59,961	3,380	17,434	1,006,089
Total	**106,794**	**550,117**	**51,560**	**113,419**	**2,888,576**

(i) MMG acquired Kinsevere following the acquisition of Anvil. Production and sales data is shown from 1 March 2012.

Operating expenses increased by US$288.3 million (25%) in 2012 to US$1,446.4 million. Kinsevere contributed US$149.2 million of this increase and US$139.1 million was attributable to other sites. Operating expenses represent the expenses of operating assets, excluding depreciation and amortisation and other income and expense items.

Operating expenses were well managed in 2012 amid industry-wide cost pressures, particularly in Australia. The period saw an increased focus on asset utilisation and productivity improvements aimed at maximising the efficiency of operating assets. A strategic review was completed at Golden Grove in 2012 to ensure that the operation is positioned to achieve sustainable long-term profitability. As a result, Golden Grove restructured its operation to focus on the mining of the new Copper Oxide Open Pit and the need for less ore from underground operations.

The US$139.1 million increase in operating expenses at other sites was driven by increased ore movement, production and sales volumes. Total operating expenses were also impacted unfavourably by non-recurring costs associated with the strategic review of Golden Grove, the commissioning of the Copper Oxide Open Pit, the replacement upgrade of some sections of the Century concentrate pipeline, and risk-mitigating actions implemented following seismic activity at Rosebery. These items are further discussed under Segment Analysis.

Exchange rates did not significantly impact operating costs for the current period compared to 2011.

Administrative expenses of US$125.3 million in 2012 were unchanged from the previous year as a result of tight cost control, and despite upward pressure on wages (2011: US$125.3 million).

The Group continued to invest in foundation and growth activities expected to deliver future value to the Group and focused on implementing a long-term sustainable business model. Approximately 24% of administrative expenses related to foundation and growth activities in 2012.

Foundation activities undertaken in 2012 included rebranding and repositioning MMG following the change of the Company's name and further investment in the standardisation and simplification of business management systems and processes. Growth activities included the integration of Kinsevere, increased investment in the Company's graduate program, and continued expenditure focused on the upgrade and scalability of IT infrastructure.

A further 14% of expenditure targeted operational efficiency in 2012 including initiatives in business improvement, procurement and asset utilisation that resulted in immediate benefits during the year. Asset utilisation across the Group improved 5% on average compared to the baseline established at the beginning of 2012. These improvements reflect higher throughputs leading to increased production, positively impacting the Group's financial performance. The focus on asset utilisation will continue in 2013 with particular emphasis on Kinsevere.

Other administrative expenditure related to the provision of business support services and the delivery of corporate activities (net of corporate recharges).

Exploration expenses increased US$13.3 million (21%) to US$77.3 million in 2012. Mine district exploration at Kinsevere contributed US$8.7 million to this increase.

The Group invested US$53.6 million in mine district exploration (2011: US$45.5 million) aimed at sustaining and expanding current Ore Reserves and increasing the mine life of existing assets.

US$23.7 million was invested in new discovery and project generation programs (2011: US$18.5 million) in Australia, the Americas and Africa.

Following the acquisition of Kinsevere, a Southern African exploration hub was established.

Other income and expenses had an aggregate favourable US$2.8 million impact on EBIT in 2012 and an unfavourable US$33.0 million impact on EBIT in 2011. This category includes sundry income, gains/(losses) on disposal of property plant and equipment and investments, unrealised gains/(losses) on financial assets recognised at fair value through profit or loss, exchange gains/(losses), and other corporate and sundry expense items.

Significant non-recurring items recognised during 2011 were as follows:

- The Group realised a gain of US$152.1 million (US$114.8 million after tax) from the disposal of shares held in Equinox Minerals Limited (Equinox); and
- The Group wrote back business acquisition costs of US$63.8 million (US$63.8 million after tax), which were accrued in 2010 in respect of the acquisition of Minerals and Metals Group.

To assist with the comparability of results, adjustments have been made below to exclude significant non-recurring items from underlying measures of financial performance. A reconciliation of EBITDA to underlying EBITDA and profit to underlying profit is presented below:

Year ended 31 December (continuing operations)	2012 US$ million	2011 US$ million
EBITDA	**853.2**	**1,063.8**
Adjustments for significant non-recurring items:		
Gain on disposal of available-for-sale financial assets	-	(152.1)
Write-back of business acquisition expenses	-	(63.8)
Underlying EBITDA	**853.2**	**847.9**

Year ended 31 December (continuing operations)	2012 US$ million	2011 US$ million
Profit	**217.5**	**483.6**
Adjustments for significant non-recurring items:		
Gain on disposal of available-for-sale financial assets (after tax)	-	(114.8)
Write-back of business acquisition expenses (after tax)	-	(63.8)
Underlying profit	**217.5**	**305.0**

Depreciation and amortisation expenses increased by US$139.1 million to US$447.6 million in 2012. Kinsevere contributed US$70.7 million of the increase. The remaining increase was primarily driven by significant increases in rehabilitation and restoration assets in December 2011 (resulting in a higher amortisation expense in 2012) and increased mining activity, offset by the extension in mine life and upward revision in Ore Reserves at Golden Grove in late 2011.

Net finance costs increased US$41.5 million to US$87.7 million in 2012. The increase is attributable to an increase of US$25.4 million in interest expense and finance charges due to higher levels of external borrowings and an increase of US$18.2 million in interest unwind due to significantly higher environmental provisions, offset by a US$2.1 million increase in interest income earned in relation to cash and short-term deposits.

Income tax expense decreased US$125.1 million to US$100.4 million during 2012 reflecting the decrease in profit before income tax for the Group. The 2012 effective tax rate of 31.6% (2011: 31.8%) is consistent with the applicable taxation rates in Australia (30.0%), Laos (33.3%) and the Democratic Republic of Congo (DRC) (30.0%), the major jurisdictions in which the Group operates.

SEGMENT ANALYSIS

Sepon

Year ended 31 December	2012	2011	Change %
Production:			
Ore mined (tonnes)	3,778,465	3,372,065	12
Ore milled (tonnes)	4,270,548	3,621,665	18
Copper cathode (tonnes)	86,295	78,860	9
Gold (ounces)	70,275	74,485	(6)
Silver (ounces)	33,311	39,817	(16)
Payable metal in product sold:			
Copper (tonnes)	85,150	79,508	7
Gold (ounces)	67,400	71,128	(5)
Silver (ounces)	33,441	37,993	(12)

Year ended 31 December	2012 US$ million	2011 US$ million	Change %
Revenue	806.2	816.9	(1)
Operating expenses	(313.9)	(285.8)	10
EBITDA (i)	491.4	529.4	(7)
Depreciation and amortisation	(80.5)	(58.1)	39
Operating profit (EBIT)	410.9	471.3	(13)
EBITDA margin	61%	65%	

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

Sepon delivered a strong, consistent operating performance in 2012, with annual copper cathode production of 86,295 tonnes exceeding original design nameplate capacity by 8%. Annual records were achieved in copper production and sales.

The 7% increase in copper cathode sales in 2012 was offset by a decrease in the average realised copper price, resulting in a 1% decrease in revenue. In addition, higher average realised gold prices were offset by lower sales volumes.

Operating expenses increased by US$28.1 million (10%) compared to 2011 mainly due to increased production.

Depreciation and amortisation increased by US$22.4 million (39%) due to increased mining activity.

Kinsevere

Year ended 31 December (i)	2012	2011	Change %
Production:			
Ore mined (tonnes)	797,164	-	N/A
Ore milled (tonnes)	923,849	-	N/A
Copper cathode (tonnes)	36,048	-	N/A
Payable metal in product sold:			
Copper (tonnes)	35,698	-	N/A

Year ended 31 December [i]	2012 US$ million	2011 US$ million	Change %
Revenue	279.9	-	N/A
Operating expenses	(149.2)	-	N/A
EBITDA[ii]	131.1	-	N/A
Depreciation and amortisation	(70.7)	-	N/A
Operating profit (EBIT)	60.4	-	N/A
EBITDA margin	47%	-	

(i) MMG acquired Kinsevere following the acquisition of Anvil. Production and sales data is shown from 1 March 2012. The financial result of Kinsevere has been consolidated from 17 February 2012.

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

Kinsevere made an important contribution of US$279.9 million (11%) to total Group revenue in the year ended December 2012 with an EBITDA margin of 47%.

Production in 2012 was impacted by sudden and unexpected network-wide power supply disruptions which impacted mine ramp-up. These disruptions resulted in the rescheduling of mining operations and a reduction in ore mining as there was inadequate power to ramp up production to the designed nameplate capacity. Temporary diesel generators were installed at the end of June to provide a stable back-up power source, aimed at improving plant reliability and performance.

Kinsevere successfully attained nameplate capacity on an annualised basis during December, the result of continuous ramp-up.

Total operating expenses in 2012 of US$149.2 million include US$16.3 million relating to the use of back-up generators and the associated use of diesel.

Century

Year ended 31 December	2012	2011	Change %
Production:			
Ore mined (tonnes)	5,204,013	5,217,470	0
Ore milled (tonnes)	5,413,520	5,297,721	2
Zinc in zinc concentrate (tonnes)	514,707	497,250	4
Lead in lead concentrate (tonnes)	21,390	26,536	(19)
Payable metal in product sold:			
Zinc (tonnes)	443,562	419,250	6
Lead (tonnes)	21,850	25,112	(13)
Silver (ounces)	48,392	123,895	(61)

Year ended 31 December	2012 US$ million	2011 US$ million	Change %
Revenue	752.9	750.4	0
Operating expenses	(476.1)	(443.0)	7
EBITDA [i]	283.6	293.0	(3)
Depreciation and amortisation	(235.3)	(176.8)	33
Operating profit (EBIT)	48.3	116.2	(58)
EBITDA margin	38%	39%	

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

Century demonstrated a solid operating and financial performance in 2012 with costs well managed and controlled. An increased focus on productivity and efficiency improvements contributed to increased throughputs and asset utilisation during the period with Century achieving an annual MMG production record of 514,707 tonnes of zinc in zinc concentrate in 2012. This production performance was achieved despite a major scheduled outage occurring in the third quarter of 2012.

The major scheduled outage involved the replacement upgrade of some sections of the 304-kilometre underground slurry pipeline which transports concentrate from the mine to ship-loading facilities at the Karumba Port.

Zinc sales increased by 6% compared to 2011; however, higher sales volumes were offset by a decrease in average realised prices. As a result, revenue for 2012 was flat when compared with 2011.

Total operating expenses increased by US$33.1 million (7%) compared to 2011. The increase was primarily driven by increased volumes, although US$5.2 million of the increase was attributable to the major pipeline works.

Depreciation and amortisation increased by US$58.5 million compared to 2011. The increase was driven by the recognition of an additional US$127.1 million in rehabilitation and restoration assets in December 2011 (resulting in a higher amortisation expense in 2012) and was also impacted by higher production measures during the year.

Rosebery

Year ended 31 December	2012	2011	Change %
Production:			
Ore mined (tonnes)	856,957	779,447	10
Ore milled (tonnes)	812,595	788,411	3
Copper in copper concentrate (tonnes)	1,587	1,826	(13)
Zinc in zinc concentrate (tonnes)	70,410	80,670	(13)
Lead in lead concentrate (HPM, tonnes)	20,146	25,352	(21)
Payable metal in product sold:			
Copper (tonnes)	2,129	983	117
Zinc (tonnes)	62,283	70,906	(12)
Lead (tonnes)	22,282	23,068	(3)
Gold (ounces)	31,136	24,857	25
Silver (ounces)	2,356,691	1,720,599	37

Year ended 31 December	2012 US$ million	2011 US$ million	Change %
Revenue	267.5	272.5	(2)
Operating expenses	(182.8)	(153.1)	19
EBITDA (i)	85.7	108.6	(21)
Depreciation and amortisation	(26.5)	(21.8)	21
Operating profit (EBIT)	59.2	86.8	(32)
EBITDA margin	32%	40%	

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

Rosebery reported a solid operating performance in 2012 with a 10% increase in ore mined following upgrades to the mobile fleet and ventilation system in 2011.

Revenue was 2% lower in 2012 due to lower zinc and lead sales at lower average realised prices compared to 2011. Lower revenue received for zinc and lead was largely offset by higher copper, gold and silver shipments.

Zinc sales were 12% lower than in 2011 and consistent with the 13% decrease in production. Mining activity was temporarily restricted in the third quarter 2012 due to a seismic event in the mine. Normal production resumed at the end of the third quarter 2012 following rehabilitation work and an upgrade of the previous ground support regime at the underground mine.

Operating expenses were US$29.7 million (19%) higher than in 2011 mainly due to increased mining activity and risk-mitigating actions following the seismic event. Higher costs associated with contractors and consumables increased operating expenses in 2012 by US$8.4 million and US$9.5 million respectively.

Depreciation and amortisation was US$4.7 million (21%) higher than in 2011 due to increased mining activity.

Golden Grove

Year ended 31 December	2012	2011	Change %
Production:			
Ore mined (tonnes)	1,918,341	1,705,622	12
Ore milled (tonnes)	1,668,080	1,566,510	6
Copper in copper concentrate (tonnes)	28,406	21,661	31
Zinc in zinc concentrate (tonnes)	37,419	70,687	(47)
Lead in lead concentrate (HPM, tonnes)	5,344	7,482	(29)
Payable metal in product sold:			
Copper (tonnes)	25,873	26,303	(2)
Zinc (tonnes)	37,575	59,961	(37)
Lead (tonnes)	7,847	3,380	132
Gold (ounces)	31,041	17,434	78
Silver (ounces)	1,809,062	1,006,089	80

Year ended 31 December	2012 US$ million	2011 US$ million	Change %
Revenue	392.9	388.5	1
Operating expenses	(324.3)	(276.2)	17
EBITDA [(i)]	67.9	101.6	(33)
Depreciation and amortisation	(32.1)	(48.3)	(33)
Operating profit (EBIT)	35.8	53.3	(33)
EBITDA margin	17%	26%	

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

The focus at Golden Grove in 2012 was to strategically review and position the operation to ensure sustainable long-term profitability. The strategic review included analysis of forecast production, grade and metal prices against current and projected costs across the operation. As a result, Golden Grove restructured its operation to focus on the mining of the new Copper Oxide Open Pit and the need for less ore from underground operations.

Revenue in 2012 was 1% higher than in 2011 due to increased high precious metals (HPM) sales, which include revenue in lead, gold and silver. Zinc sales volumes were 37% lower than in 2011, in line with lower production. Average realised zinc prices declined compared to 2011, also negatively impacting revenue. Copper sales volumes were 2% lower in 2012 in comparison to a 31% increase in copper in copper concentrate production. The first shipment of copper concentrate from the recently commissioned Copper Oxide Open Pit is expected to occur in 2013.

Despite lower zinc and lead concentrate production, development of the Copper Oxide Open Pit resulted in a 12% increase in ore mined and a 6% increase in ore milled compared to 2011.

Operating expenses were US$48.1 million (17%) higher compared to 2011 due to the strategic review, commissioning costs associated with the Copper Oxide Open Pit and increased production. The Golden Grove strategic review and commissioning costs of the Copper Oxide Open Pit resulted in a non-recurring impact to operating expenses of US$19.9 million. Productivity and efficiency improvements led to improved cost performance towards the end of 2012.

Depreciation and amortisation was US$16.2 million (33%) lower than in 2011 primarily due to the extension in the mine life, and an upward revision in Ore Reserves in late 2011 to incorporate the Copper Oxide Open Pit.

CASH FLOW ANALYSIS

Net cash flow

Net cash flow for 2012 reflected increased investments to support the long-term growth strategy of the Company.

Year ended 31 December	2012 US$ million	2011 US$ million
Continuing operations:		
Operating cash flows	655.3	699.7
Investing cash flows	(2,158.1)	379.3
Financing cash flows	434.5	(338.4)
	(1,068.3)	**740.6**
Discontinued operations cash flows	-	(46.5)
Net cash flow – (decrease)/increase	**(1,068.3)**	**694.1**

Net operating cash flows decreased by 6% to US$655.3 million in 2012 consistent with flat underlying EBITDA and adverse working capital movements, offset by lower tax paid.

Net investing cash outflows were US$2,158.1 million in 2012, compared to a net cash inflow of US$379.3 million in 2011.

Investment expenditure in 2012 included US$1,310.5 million to acquire Anvil. During 2011, the Group received a US$252.3 million net cash inflow from the purchase (US$58.9 million) and sale (US$311.2 million) of Equinox shares and US$503.0 million consideration from the disposal of the trading, fabrication and other operations.

During 2012, the Group invested US$752.4 million in the purchase of property, plant and equipment and the development of software. This included US$284.6 million expenditure on major development and capital projects. Investment in mine development was US$262.2 million (2011: US$226.4 million).

Capital expenditure on major projects Year ended 31 December	2012 US$ million	2011 US$ million	Total to date US$ million
Dugald River	223.6	58.1	288.4
Izok Corridor	36.6	-	36.6
Copper Oxide Copper Pit – Golden Grove	24.4	0.6	25.0
Total	**284.6**	**58.7**	**350.0**

Net financing cash inflows were US$434.5 million in 2012 compared to net cash outflows of US$338.4 million in 2011.

The acquisition of Anvil was financed through cash reserves of US$1,010.5 million and a loan from Shareholder, Album Enterprises Limited (Album Enterprises), in February 2012 for US$300.0 million. In June 2012, the Group successfully refinanced borrowings of US$751.0 million for a term of five years and in August 2012 announced the drawdown of a further US$300.0 million pursuant to two 12-month working capital facilities for US$150.0 million each entered with each of Industrial and Commercial Bank of China Limited, Sydney Branch (ICBC), and Australia and New Zealand Banking Group Limited (ANZ).

FINANCIAL RESOURCES AND LIQUIDITY

Year ended 31 December	2012 US$ million	2011 US$ million	Change US$ million
Total assets	4,659.2	3,453.5	1,205.7
Total liabilities	2,973.4	1,959.1	1,014.3
Total equity	**1,685.8**	**1,494.4**	**191.4**

Total equity increased by US$191.4 million to US$1,685.8 million as at 31 December 2012, mainly reflecting profit for the period net of dividends paid to non-controlling interests. The increase in Group assets and liabilities in 2012 was driven by the consolidation of Anvil assets and liabilities from 17 February 2012, the US$300.0 million loan from Album Enterprises to partially fund the Anvil acquisition and the further US$300.0 million drawdown in Group borrowings in August 2012.

The Group monitors capital using a gearing ratio defined as total borrowings (excluding finance charge prepayments) less cash and bank deposits divided by the aggregate of total borrowings plus total equity. The change in the gearing ratio to 0.46 is mainly attributable to the acquisition of Anvil in 2012.

Year ended 31 December	2012 US$ million	2011 US$ million
Total borrowings	1,645.5	1,081.1
Less: Cash and cash equivalents	102.1	1,096.5
Net debt/(cash)	**1,543.4**	**(15.4)**
Total borrowings	1,645.5	1,081.1
Total equity	1,685.8	1,494.4
	3,331.3	**2,575.5**
Gearing ratio	**0.46**	**N/A**

The Group's cash and cash equivalents amounting to US$102.1 million (2011: US$1,096.5 million) were mainly denominated in US$ as set out in Note 12.

As at 31 December 2012, the Group's borrowings (excluding finance charge prepayments) were as follows:

- 81.7% were bank borrowings, 18.2% were loans from related parties and 0.1% finance lease liabilities.
- 99.9% were denominated in US$ and 0.1% in A$.
- 99.9% were at floating rates and 0.1% at fixed rates.
- 22.7% were repayable within one year, 24.9% were repayable between one and two years and 52.4% were repayable between two and five years.

The Group's capital and non-capital commitments as at 31 December 2012 amounted to US$376.5 million (2011: US$67.9 million) as discussed further in Note 16. The Group's gearing ratio was 0.46 as at 31 December 2012.

DEVELOPMENT PROJECTS

An update of the Company's major development projects is below:

Dugald River, Australia

The development and construction of the Dugald River project was endorsed by the Board on 17 December 2012 with a final investment decision subject to the finalisation of financing.

Dugald River will process an average 2.0 million tonnes of ore to initially produce 200,000 to 220,000 tonnes of zinc in concentrate, 27,000 to 30,000 tonnes of lead in concentrate and 0.9 million ounces of silver in concentrate per year.

In 2012, agreements for gas supply and rail haulage were finalised and the two exploration declines continued to advance ahead of schedule, now in excess of 4,500 metres.

Pre-commitment activities progressed including engineering design and early construction associated with earthworks, roads and accommodation.

Expenditure incurred during 2012 totalled US$223.6 million, taking the expenditure to date on the Dugald River project to US$288.4 million.

Additional expenditure was approved by the Board enabling development and construction to progress leading up to the finalisation of financing arrangements with independent financiers which are expected to be completed in early 2013.

Total project cost is expected to be approximately A$1,488 million excluding financing costs.

Izok Corridor, Canada

The Company continued to progress a feasibility study for the integrated development of the Izok and High Lake copper-zinc deposits.

The proposed project includes open-pit and underground mines at Izok and High Lake and a two-million tonne per annum concentrator at Izok.

The proposed transportation route is likely to be a 325-kilometre all-weather road that enables High Lake ore to be hauled for processing and connects to a new port at Grays Bay. The port would have the capacity to ship 650,000 tonnes of concentrate per annum.

Conclusion of the feasibility study is expected in the second half of 2013.

Total expenditure for the Izok Corridor project during 2012 totalled US$36.6 million.

PEOPLE

As at 31 December 2012, the Group employed a total of 4,979 full-time equivalent employees (2011: 3,677) in its continuing operations (excluding contractors and casual employees) with the majority of employees based in Australia, Laos and the DRC.

The additional 1,302 full-time equivalent employees include:

- The additional 630 employees at the Kinsevere mine.
- An increase of approximately 700 employees at Sepon, includes the conversion of casual staff to direct employees and the transition to an owner-operated mine.
- A decrease of approximately 100 employees at Golden Grove, following the strategic review and rationalisation of the operation.

Total staff costs for the Group's continuing operations for 2012, including directors' emoluments, totalled US$392.8 million (2011: US$331.5 million).

The Group has developed remuneration policies that align with market practice and remunerates its employees based on the responsibilities of their role, their performance, market requirements and the performance of the Company. Employee benefits include market-competitive fixed remuneration, performance-related incentives, a limited share option scheme and, in specific cases, insurance and medical coverage. A range of targeted training and development programs are provided to employees across the Company that are designed to improve individual capability, and enhance employee and Group performance.

MATERIAL ACQUISITIONS AND DISPOSALS

Acquisition of Anvil

The Group acquired Anvil in February 2012, a company incorporated in Canada with its common shares listed on the Toronto Stock Exchange, for aggregate consideration of US$1,310.5 million. The key asset of Anvil was the Kinsevere mine, an open-cut copper mine located in the Katanga Province of the DRC. Further details of the acquisition are disclosed in Note 14.

The Group did not make any other material acquisitions or disposals in 2012.

Divestment of the trading, fabrication and other operations of the Company

In December 2011, the Group completed the sale of its interest in the trading, fabrication and other downstream operations to a controlling Shareholder of the Group, China Minmetals Non-ferrous Metals Co. Ltd. (CMN), for aggregate consideration of US$726.8 million. Further details of the disposal are disclosed in Note 18.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks including commodity price risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk, equities price risk and sovereign risk.

Financial risk management (including the use of financial instruments for hedging purposes) is carried out by the Group Treasury function under policies approved by the Board. Group Treasury identifies, evaluates and manages financial risks in close cooperation with the Group's operating units.

A discussion of the Group's financial risk management and capital risk management is included in Note 3.

CONTINGENT LIABILITIES

The Company and its subsidiaries are defendants from time to time in legal proceedings arising from the conduct of their businesses. The Group does not consider that the outcome of any of these proceedings ongoing at balance date, either individually or in aggregate, is likely to have a material effect on its financial position.

Additionally, certain bank guarantees have been provided in connection with the operations of certain of the subsidiaries of the Company. These are primarily associated with the terms of mining leases or exploration licences. As at 31 December 2012 no claims had been made under these guarantees.

Further details are provided in Note 17.

CHARGES ON ASSETS

As at 31 December 2012, the following banking facilities granted to the Group required certain assets to be charged:

- the US$751.0 million facility granted by CDB and BOC Sydney to Album Resources and MMG Management dated 12 June 2012 (US$751.0 million Facility), with respect to a borrowing of US$751.0 million;
- the US$200.0 million facility granted by CDB to Album Resources dated 12 June 2009 (US$200.0 million Facility), with respect to a borrowing of US$170.0 million; and
- the A$350.0 million bank guarantee facility between MMG Management and BOC Sydney (A$350.0 million Facility).

The charges in respect of the US$751.0 million and US$200.0 million Facilities are:

- a first ranking equitable mortgage over 100% of the shares held in Album Resources' wholly owned subsidiary, Album Investment;
- a first ranking equitable mortgage over 100% of the shares in certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings Limited; and
- a share charge over 70% of the shares in certain other subsidiaries of Album Investment including MMG Laos Holdings Limited.

The security in respect of the A$350.0 million Facility is a second ranking equitable mortgage over the assets described above.

CAPITAL EXPENDITURE AND COMMITMENTS

The capital expenditure of the Group during 2012 is described in the Cash Flow Analysis section above and the Group's capital and non-capital commitments as at 31 December 2012 are outlined in the Financial Resources and Liquidity section.

CONSOLIDATED INCOME STATEMENT

	NOTE	YEAR ENDED 31 DECEMBER 2012 US$ MILLION	2011 US$ MILLION
CONTINUING OPERATIONS			
Revenue	4	2,499.4	2,228.3
Other income	5	8.1	19.1
Expenses (excluding depreciation and amortisation)	6	(1,654.3)	(1,399.5)
Gain on disposal of available-for-sale financial assets		-	152.1
Write-back of business acquisition expenses		-	63.8
Earnings before interest, income tax, depreciation and amortisation expense – EBITDA		**853.2**	**1,063.8**
Depreciation and amortisation expense	6	(447.6)	(308.5)
Earnings before interest and income tax – EBIT		**405.6**	**755.3**
Finance income	7	4.5	2.4
Finance costs	7	(92.2)	(48.6)
Profit before income tax		**317.9**	**709.1**
Income tax expense	8	(100.4)	(225.5)
Profit for the year from continuing operations		**217.5**	**483.6**
DISCONTINUED OPERATIONS			
Profit from discontinued operations	18	-	90.9
Profit for the year		**217.5**	**574.5**
Profit for the year attributable to:			
Equity holders of the Company		192.5	540.9
Non-controlling interests		25.0	33.6
		217.5	**574.5**
Profit for the year attributable to equity holders of the Company arises from:			
Continuing operations		192.5	454.1
Discontinued operations		-	86.8
		192.5	**540.9**

CONSOLIDATED INCOME STATEMENT CONTINUED

	NOTE	YEAR ENDED 31 DECEMBER 2012	2011
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY	9		
Basic earnings per share			
From continuing operations		US 3.64 cents	US 9.99 cents
From discontinued operations		-	US 1.91 cents
		US 3.64 cents	**US 11.90 cents**
Diluted earnings per share			
From continuing operations		US 3.64 cents	US 8.99 cents
From discontinued operations		-	US 1.72 cents
		US 3.64 cents	**US 10.71 cents**

CONSOLIDATED BALANCE SHEET

	NOTE	AS AT 31 DECEMBER 2012 US$ MILLION	2011 US$ MILLION
ASSETS			
Non-current assets			
Property, plant and equipment		3,344.2	1,754.9
Intangible assets		230.9	-
Inventories		54.4	33.1
Deferred income tax assets		72.3	63.6
Other receivables	11	42.2	-
Other financial assets		4.8	2.7
Other assets		0.9	1.9
		3,749.7	1,856.2
Current assets			
Inventories		300.0	278.4
Trade and other receivables	11	211.9	118.3
Loan to a related party		100.0	95.0
Current income tax assets		29.0	7.4
Other financial assets		141.3	1.7
Cash and cash equivalents	12	102.1	1,096.5
		884.3	1,597.3
Assets of disposal group classified as held for sale	18	25.2	-
		909.5	1,597.3
Total assets		**4,659.2**	**3,453.5**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		33.9	33.9
Reserves and retained profits		1,596.4	1,401.5
		1,630.3	1,435.4
Non-controlling interests		55.5	59.0
Total equity		**1,685.8**	**1,494.4**

CONSOLIDATED BALANCE SHEET CONTINUED

	NOTE	AS AT 31 DECEMBER 2012 US$ MILLION	2011 US$ MILLION
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		235.0	5.5
Borrowings		1,265.3	294.5
Provisions		619.0	491.1
		2,119.3	791.1
Current liabilities			
Trade and other payables	15	299.4	205.7
Current income tax liabilities		120.8	117.9
Borrowings		370.6	786.6
Provisions		56.7	56.5
		847.5	1,166.7
Liabilities of disposal group classified as held for sale	18	6.6	1.3
		854.1	1,168.0
Total liabilities		**2,973.4**	**1,959.1**
Total equity and liabilities		**4,659.2**	**3,453.5**
Net current assets		**55.4**	**429.3**
Total assets less current liabilities		**3,805.1**	**2,285.5**

CONSOLIDATED CASH FLOW STATEMENT

	NOTE	YEAR ENDED 31 DECEMBER 2012 US$ MILLION	2011 US$ MILLION
Cash flows from operating activities			
Continuing operations			
Receipts from customers		2,469.5	2,374.1
Payments to suppliers		(1,612.9)	(1,400.8)
Payments for exploration expenditure		(77.3)	(64.0)
Income tax paid		(124.0)	(209.6)
		655.3	699.7
Discontinued operations		-	100.8
Net cash generated from operating activities		**655.3**	**800.5**
Cash flows from investing activities			
Continuing operations			
Purchase of property, plant and equipment		(732.9)	(380.3)
Purchase of intangible assets		(19.5)	-
Purchase of financial assets		(74.3)	(66.4)
Acquisition of subsidiaries and non-controlling interest		(1,360.5)	-
Proceeds from disposal of property, plant and equipment		0.6	4.2
Proceeds from disposal of investments		-	311.2
Proceeds from disposal of subsidiaries		28.5	509.1
Proceeds from disposal of other investments		-	0.2
Dividends received from investments accounted for using the equity method		-	1.3
		(2,158.1)	379.3
Discontinued operations		-	(99.1)
Net cash (used in)/generated from investing activities		**(2,158.1)**	**280.2**

CONSOLIDATED CASH FLOW STATEMENT CONTINUED

	NOTE	YEAR ENDED 31 DECEMBER 2012 US$ MILLION	2011 US$ MILLION
Cash flows from financing activities			
Continuing operations			
Repayments of borrowings		(827.6)	(17.2)
Loan to related party		(100.0)	(95.0)
Repayments of related party borrowings		-	(694.2)
Dividends paid to non-controlling interests		(28.5)	-
Repayments of finance lease liabilities		(1.2)	(1.0)
Interest and financing costs paid		(57.2)	(26.3)
Net proceeds from issue of shares		-	494.3
Proceeds from borrowings		1,051.0	-
Proceeds from related party borrowings		300.0	-
Proceeds from repayments of loan to related parties		95.0	-
Interest received		3.0	1.0
		434.5	(338.4)
Discontinued operations		-	(48.2)
Net cash generated from/(used in) financing activities		**434.5**	**(386.6)**
Net (decrease)/increase in cash and cash equivalents		**(1,068.3)**	**694.1**
Cash and cash equivalents at 1 January		1,096.5	398.2
Cash and cash equivalents – acquisition of subsidiaries	14	73.3	-
Exchange gains on cash and bank balances		0.6	4.2
Cash and cash equivalents at 31 December	12	**102.1**	**1,096.5**

NOTES

1. GENERAL INFORMATION

MMG Limited, formerly Minmetals Resources Limited (Company) is a limited liability company and was incorporated in Hong Kong on 29 July 1988. The address of its registered office is Units 8501–8503, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

Effective on 6 September 2012, the Company's English name was changed from Minmetals Resources Limited to MMG Limited following approval by the Registrar of Companies in Hong Kong. The change of Company name does not affect any of the rights of the Company's Shareholders.

The Company is an investment holding company and is listed on The Stock Exchange of Hong Kong Limited. The principal activities of the Company and its subsidiaries (Group) are exploration for, and the mining, processing and production of zinc, copper, lead, gold and silver; exploration for mineralisation and development of mining projects.

The consolidated financial statements for the year ended 31 December 2012 are presented in United States dollars (US$) unless otherwise stated and have been approved for issue by the board of directors (Board) on 27 March 2013.

Acquisition of Anvil Mining Limited

On 17 February 2012, the Group acquired control of Anvil Mining Limited (Anvil), a company incorporated in Canada with its common shares listed on the Toronto Stock Exchange, for an aggregate consideration of US$1,310.5 million. The key asset of Anvil is the Kinsevere mine, an open-cut copper mine located in the Katanga Province of the Democratic Republic of Congo (DRC). Further details relating to the acquisition are disclosed in Note 14.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKAS) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss.

The presentation of the consolidated income statement and related notes has been amended to primarily present expenses by nature. This aligns with the Group's internal reporting of operations. Where relevant, comparative information has been restated accordingly.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks, including commodity price risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk, equities price risk and sovereign risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The use of financial derivative instruments should strictly follow the yearly plans approved by the Board of the Company and its subsidiaries. The Group does not and is prohibited to enter into derivative contracts for speculative purposes.

Financial risk management is carried out by the Group Treasury function under policies approved by the Board. Group Treasury identifies, evaluates and manages financial risks in close cooperation with the Group's operating units. The Board approves written principles for overall risk management, as well as policies covering specific areas, such as those identified above.

(a) Commodity price risk

The Group is exposed to commodity price volatility on commodity sales made by its operations. This arises from the sale of metal and metal in concentrate products such as zinc, copper, lead, gold and silver, which are priced on, or benchmarked to, open market exchanges. The Group generally believes commodity price hedging would not provide long-term benefit to its Shareholders. There are no commodity hedges in place as at 31 December 2012 and 2011.

(b) Interest rate risk

The Group is exposed to interest rate volatility on deposits and borrowings. Deposits and borrowings at variable rates expose the Group to cash flow interest rate risk. Deposits and borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group regularly monitors its interest rate risk to ensure there are no undue exposures to significant interest rate movements. Any decision to hedge interest rate risk is assessed at the inception of each floating rate debt facility in light of the overall Group's exposure, the prevailing interest rate market and any funding counterparty requirements. Monthly reporting is provided to the Executive Committee, which summarises the Group's debt and interest rates.

(c) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency exchange risk. The Group's reporting currency and functional currency of the majority of subsidiaries within the Group is US$. The majority of revenue received by the Group is in US$. The Group's foreign currency exchange risk arises predominantly from the currency in which the Group's operations are located.

The Group is exposed to foreign exchange risk primarily with respect to Australian dollars (A$), Hong Kong dollars (HK$) and the Canadian dollar (C$). Given the exchange rate peg between HK$ and US$, it is not foreseen that the Group will be exposed to significant exchange rate risk for the transactions conducted in HK$ or US$. However, exchange rate fluctuations of C$ or A$ against US$ could affect the Group's performance and asset value. The A$ is the most important currency influencing costs.

Under normal market conditions, the Group does not believe that active currency hedging of transactions would provide long-term benefit to Shareholders. The Group tries to minimise these exposures through natural hedges wherever possible. For instance, the majority of external debt and surplus cash is denominated in US$. A portion of cash may be held in A$ to meet operating costs.

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to counterparty credit risk through sales of metal products on normal terms of trade, through deposits of cash and settlement risk on foreign exchange transactions. At the reporting date, the carrying amount of the Group's financial assets, including cash and cash equivalents, trade and other receivables and other bank deposits, represents the maximum credit exposure.

The credit risk on investments in cash, short-term deposits and similar assets are with approved counterparty banks and the intermediate holding company. Counterparties are assessed prior to, during and after the conclusion of transactions to ensure exposure to credit risk is limited to acceptable levels. The limits are set to minimise the concentration of risks and therefore mitigate the potential for financial loss through counterparty failure.

(e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

Management utilises short and long-term cash flow forecasts and other consolidated information to ensure appropriate liquidity buffers are maintained to support the Group's activities.

(f) Equities price risk

Equity securities price risk arising from investments held by the Group are classified in the balance sheet as available-for-sale and other financial assets. The majority of the Group's equity investments are publicly traded. The Group does not have significant equity securities exposed to price risk as at 31 December 2012.

(g) Sovereign risk

The Group has operations in developing countries that may carry higher levels of sovereign risk. In general, however, mining companies are increasingly willing to develop or acquire projects in locations that would traditionally have been viewed as having higher sovereign risk.

4. SEGMENT INFORMATION

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about operations of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segment and assess its performance.

The chief operating decision-maker has been identified as the Company's Executive Committee, which consists of all Executive Directors of the Company, Chief Operating Officer, Executive General Manager – Business Development, Executive General Manager – Exploration, and Executive General Manager – Business Support. They review the Group's internal reporting of these operations in order to assess performance and allocate resources.

The Group's reportable segments are as follows:

Continuing operations

Sepon	Sepon is an open-pit copper and gold mining operation located in southern Laos.
Kinsevere	Kinsevere is an open-pit copper mining operation located in the Katanga Province of the Democratic Republic of Congo, Africa.
Century	Century is an open-pit zinc mining operation located in north-west Queensland.
Rosebery	Rosebery is an underground polymetallic base metal mining operation located on Tasmania's west coast.
Golden Grove	Golden Grove is an underground and open-pit base and precious metals mining operation located in Western Australia's mid-west.
Other	Includes exploration and development projects and other corporate entities that are not disclosed as separate segments.

DISCONTINUED OPERATIONS

Trading, fabrication and other operations	This segment was engaged in the trading of alumina and aluminium ingot, the production and sale of aluminium foil, plate, strip and extrusions, the production and sale of aluminium processing equipment, the production and sale of plica tubes and the provision of port logistics services, as well as certain jointly controlled entities and associates of the Group.

A segment result represents the profit earned by each segment. This is the measure reported to the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance. Other information provided, except as disclosed in the following paragraph, to the chief operating decision-maker is measured in a manner consistent with that in the financial statements.

Segment assets exclude current income tax assets, deferred income tax assets and inter-segment loans. Segment liabilities exclude current income tax liabilities and deferred income tax liabilities. The excluded assets and liabilities are presented as part of the reconciliation to total balance sheet assets or liabilities.

The segment revenue and results for the year ended 31 December 2012 are as follows:

US$ MILLION	FOR THE YEAR ENDED 31 DECEMBER 2012 Sepon	Kinsevere	Century	Rosebery	Golden Grove	Other	Group
External revenue	741.8	279.9	739.5	267.5	354.2	-	2,382.9
Revenue from related parties	64.4	-	13.4	-	38.7	-	116.5
Revenue	**806.2**	**279.9**	**752.9**	**267.5**	**392.9**	**-**	**2,499.4**
EBITDA	**491.4**	**131.1**	**283.6**	**85.7**	**67.9**	**(206.5)**	**853.2**
Depreciation and amortisation	(80.5)	(70.7)	(235.3)	(26.5)	(32.1)	(2.5)	(447.6)
EBIT	**410.9**	**60.4**	**48.3**	**59.2**	**35.8**	**(209.0)**	**405.6**
Finance income							4.5
Finance costs							(92.2)
Income tax expense							(100.4)
Profit for the year							**217.5**
Profit attributable to non-controlling interests							25.0
Profit attributable to equity holders of the Company							192.5
							217.5
Other segment information							
Reversal of asset impairment	-	-	-	-	-	(24.3)	(24.3)
Additions to non-current assets	36.3	32.4	213.1	88.1	76.6	346.8	793.3

US$ MILLION	AS AT 31 DECEMBER 2012 Sepon	Kinsevere	Century	Rosebery	Golden Grove	Other	Group
Segment assets	750.6	1,590.7	742.9	361.6	367.1	745.0	4,557.9
Deferred income tax assets							72.3
Current income tax assets							29.0
							4,659.2
Segment liabilities	216.7	141.7	336.3	119.0	80.0	1,723.9	2,617.6
Deferred income tax liabilities							235.0
Current income tax liabilities							120.8
							2,973.4

NOTES CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2011

US$ MILLION	Sepon	Century	Rosebery	Golden Grove	Other	Total continuing operations	Trading, fabrication & other operations	Total discontinued operations	Group
External revenue	741.6	741.5	272.5	342.9	-	2,098.5	2,324.9	2,324.9	4,423.4
Revenue from related parties	75.3	8.9	-	45.6	-	129.8	52.4	52.4	182.2
Revenue	**816.9**	**750.4**	**272.5**	**388.5**	**-**	**2,228.3**	**2,377.3**	**2,377.3**	**4,605.6**
EBITDA	**529.4**	**293.0**	**108.6**	**101.6**	**31.2**	**1,063.8**	**53.6**	**53.6**	**1,117.4**
Depreciation and amortisation	(58.1)	(176.8)	(21.8)	(48.3)	(3.5)	(308.5)	-	-	(308.5)
EBIT	**471.3**	**116.2**	**86.8**	**53.3**	**27.7**	**755.3**	**53.6**	**53.6**	**808.9**
Finance income						2.4	3.3	3.3	5.7
Finance costs						(48.6)	(9.2)	(9.2)	(57.8)
Profits on disposal of subsidiaries and investments accounted for using equity method						-		53.4	53.4
Income tax expense						(225.5)		(10.2)	(235.7)
Profit for the year						**483.6**		**90.9**	**574.5**
Profit attributable to non-controlling interests						29.5		4.1	33.6
Profit attributable to equity holders of the Company						454.1		86.8	540.9
						483.6		**90.9**	**574.5**
Other segment information									
Asset impairment	-	9.2	-	-	24.3	33.5	-	-	33.5
Additions to non-current assets	86.6	242.9	57.1	48.6	81.0	516.2	23.0	23.0	539.2

AS AT 31 DECEMBER 2011

US$ MILLION	Sepon	Century	Rosebery	Golden Grove	Other	Total continuing operations	Trading, fabrication & other operations	Total discontinued operations	Group
Segment assets	1,045.4	719.9	281.8	318.4	1,017.0	3,382.5	-	-	3,382.5
Deferred income tax assets						63.6		-	63.6
Current income tax assets						7.4		-	7.4
						3,453.5		**-**	**3,453.5**
Segment liabilities	390.9	675.2	105.4	122.5	540.4	1,834.4	1.3	1.3	1,835.7
Deferred income tax liabilities						5.5		-	5.5
Current income tax liabilities						117.9		-	117.9
						1,957.8	**1.3**	**1.3**	**1,959.1**

The Century, Rosebery and Golden Grove operations are located in Australia. The Sepon operation is located in Laos, and the Kinsevere operation is located in the Katanga Province of the Democratic Republic of Congo, Africa. All other segments are immaterial by location.

5. OTHER INCOME

	2012 US$ MILLION	2011 US$ MILLION
Gain on disposal of investments	-	17.3
(Loss)/gain on disposal of property, plant and equipment and investment properties	(1.5)	0.6
Other income	9.6	1.2
Total other income	**8.1**	**19.1**

6. EXPENSES

Profit before income tax includes the following specific expenses:

	2012 US$ MILLION	2011 US$ MILLION
Changes in inventories of finished goods and work in progress	(12.4)	27.1
Employee benefit expenses(i)	(292.3)	(246.2)
Contracting and consulting expenses	(304.3)	(237.9)
Energy costs	(178.6)	(144.9)
Stores and consumables costs	(338.4)	(292.8)
Depreciation and amortisation expense(ii)	(445.1)	(308.5)
Operating lease rental(iii)	(24.4)	(17.7)
Write-down of inventory to net realisable value	(21.9)	(4.3)
Other operating expenses	(98.0)	(66.6)
Cost of goods sold	**(1,715.4)**	**(1,291.8)**
Royalties expenses	(94.5)	(94.5)
Freight expenses	(81.6)	(80.3)
Operating expenses	**(1,891.5)**	**(1,466.6)**
Administrative expenses	(125.3)	(125.3)
Exploration expenses	(77.3)	(64.0)
Auditor’s remuneration expenses	(1.8)	(1.6)
Business acquisition expenses	-	(8.8)
Reversal of impairment/(impairment of property, plant and equipment)	24.3	(33.5)
Exchange gains – net	3.3	3.1
Loss on financial assets at fair value through profit or loss	(14.1)	(2.3)
Other expenses	(19.5)	(9.0)
Total expenses	**(2,101.9)**	**(1,708.0)**

(i) In aggregate US$100.5 million (2011: US$85.3 million) of employee benefit expenses by nature are included in the administrative expenses, exploration expenses and other expenses categories. Total employee benefit expenses are US$392.8 million (2011: US$331.5 million).

(ii) In aggregate US$2.5 million (2011: US$ nil) of depreciation and amortisation expense is included in administrative expenses, exploration expenses and other expenses categories. Total depreciation and amortisation expense is US$447.6 million (2011: US$308.5 million).

(iii) In aggregate, an additional US$7.7 million (2011: US$4.9 million) of operating lease rentals are included in administrative expenses, exploration expenses and other expenses categories. Total operating lease rentals are US$32.1 million (2011: US$22.6 million).

7. FINANCE COSTS – NET

	2012 US$ MILLION	2011 US$ MILLION
Finance costs		
Interest on borrowings wholly repayable within five years	(45.9)	(26.5)
Unwind of provisions discount	(39.0)	(20.8)
Other finance costs	(7.3)	(1.3)
	(92.2)	(48.6)
Finance income		
Interest income	4.5	2.4
Finance costs – net	**(87.7)**	**(46.2)**

8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has tax losses brought forward to offset the assessable profit generated in Hong Kong for the year (2011: US$ Nil). Taxation on profits arising from other jurisdictions has been calculated on the estimated assessable profits for the year at the rates prevailing in the relevant jurisdictions.

	2012 US$ MILLION	2011 US$ MILLION
Current income tax	(107.2)	(192.8)
Deferred income tax	6.8	(32.7)
Income tax expense	**(100.4)**	**(225.5)**

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the applicable tax rate to profits of the consolidated companies as follows:

	2012 US$ MILLION	2011 US$ MILLION
Profit before income tax	317.9	709.1
Calculated at domestic tax rates applicable to profits in the respective countries(i)	(106.8)	(221.0)
Net non-taxable amounts	3.7	0.8
Net unrecognised deferred tax assets	(6.9)	(7.6)
Over provision in prior years	9.6	2.3
Income tax expense	**(100.4)**	**(225.5)**

(i) The Group's entities mainly operate in Australia, Laos and the DRC. The taxation rates applicable in Australia, Laos and the DRC are 30%, 33% and 30% respectively. The change in effective tax rate is caused by a change in the profitability of the Group's subsidiaries in the respective countries as well as the applicable tax rate for certain income generated and expenses incurred in the current year and prior year.

Deferred tax impact relating to other items of other comprehensive income:

	2012 US$ MILLION	2011 US$ MILLION
Available-for-sale financial assets	-	18.8

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year.

	2012 US$ MILLION	2011 US$ MILLION
Profit from continuing operations attributable to equity holders of the Company	192.5	454.1
Profit from discontinued operations attributable to equity holders of the Company	-	86.8

	NUMBER OF SHARES	
	2012 '000	2011 '000
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	5,289,608	4,545,099
Basic earnings per share – continuing operations	US 3.64 cents	US 9.99 cents
Basic earnings per share – discontinued operations	-	US 1.91 cents

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company share options and perpetual subordinated convertible securities (PSCS) issued in 2010 were converted to ordinary shares in 2011, and are no longer on issue. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2012 US$ MILLION	2011 US$ MILLION
Profit from continuing operations attributable to equity holders of the Company	192.5	454.1
Profit from discontinued operations attributable to equity holders of the Company	-	86.8
	NUMBER OF SHARES	
	2012 '000	2011 '000
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	5,289,608	4,545,099
Adjustments for:		
– Share options	1,157	4,929
– Perpetual subordinated convertible securities	-	500,055
Weighted average number of ordinary shares used in the calculation of the diluted earnings per share	5,290,765	5,050,083
Diluted earnings per share – continuing operations	US 3.64 cents	US 8.99 cents
Diluted earnings per share – discontinued operations	-	US 1.72 cents

(c) Diluted earnings per share adjusted for non-recurring items

Diluted earnings per share adjusted for non-recurring items are presented to assist the comparability of earnings generated from ongoing operations attributable to equity holders of the Company. The calculation is based on profit from continuing operations attributable to equity holders of the Company, excluding the impact of significant non-recurring items (underlying profit), and the weighted average number of shares used in the calculation of diluted earnings per share.

Significant non-recurring items during 2011 include:

- The Group realised a gain of US$152.1 million (US$114.8 million after tax) from the disposal of shares held in Equinox; and
- The Group wrote back business acquisition costs of US$63.8 million (US$63.8 million after tax), which were accrued in 2010 in respect of common control acquisition of Minerals and Metals Group.

	2012 US$ MILLION	2011 US$ MILLION
Profit from continuing operations attributable to equity holders of the Company	192.5	454.1
Adjustment for:		
– Gain on disposal of shares held in Equinox (net of tax)	-	(114.8)
– Write-back of business acquisition costs (net of tax)	-	(63.8)
Underlying profit from continuing operations attributable to equity holders of the Company	192.5	275.5
	Number of shares '000	Number of shares '000
Weighted average number of shares used in the calculation of diluted earnings per share	5,290,765	5,050,083
Underlying diluted earnings per share – continuing operations	US 3.64 cents	US 5.46 cents

10. DIVIDENDS

No interim dividend was paid (2011: US$ Nil) and the Board does not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: US$ Nil).

11. TRADE AND OTHER RECEIVABLES

As at 31 December 2012 and 2011, trade and other receivables of the Group mainly relate to the mining operations. The majority of sales for mining operations are made under contractual arrangements whereby provisional payment is received after delivery and the balance within 30 to 90 days from delivery. The ageing analysis of the trade receivables is as follows:

	2012		2011	
	US$ MILLION	%	US$ MILLION	%
Trade receivables				
Less than 6 months	134.6	100.0	66.1	100.0
	134.6	100.0	66.1	100.0
Less: Provision for impairment	-		-	
Trade receivables – net	**134.6**		**66.1**	

As at 31 December 2012, no trade receivables were past due but not impaired (2011: US$ Nil).

As at 31 December 2012, the Group's trade receivables included an amount of US$19.2 million (2011: US$29.9 million), which was due from a related company of the Group. The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2012 US$ MILLION	2011 US$ MILLION
US dollars	134.6	66.1

	2012 US$ MILLION	2011 US$ MILLION
Current other receivables		
Prepayment	26.8	14.9
Consideration receivables from CMN	-	28.5
Other receivables – Government taxes	18.1	2.8
Other receivables	32.4	6.0
	77.3	52.2
Current trade receivables	134.6	66.1
Current other receivables	77.3	52.2
Current trade and other receivables	**211.9**	**118.3**
Non-current other receivables		
Prepayment	34.4	-
Other receivables	7.8	-
	42.2	**-**

12. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2012 US$ MILLION	2011 US$ MILLION	2012 US$ MILLION	2011 US$ MILLION
Cash and cash equivalents				
Cash at bank and in hand	97.2	64.0	0.7	3.4
Short-term bank deposits[(i)]	4.9	1,032.5	-	218.9
	102.1	**1,096.5**	**0.7**	**222.3**

(i) The weighted average effective interest rate on short-term bank deposits as at 31 December 2012 was 0.25% (2011: 0.9%). These deposits have an average maturity of 12 days (2011: 21 days).

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2012 US$ MILLION	2011 US$ MILLION	2012 US$ MILLION	2011 US$ MILLION
US dollars	90.2	1,086.4	-	218.9
Australian dollars	7.3	3.4	-	-
Hong Kong dollars	0.7	4.9	0.7	3.4
Other	3.9	1.8	-	-
	102.1	**1,096.5**	**0.7**	**222.3**

13. SPECIAL CAPITAL RESERVE

In relation to the capital reorganisation as confirmed by the High Court of the Hong Kong Special Administrative Region on 13 February 2007, the Company has provided an undertaking (Undertaking) for its petition to the court that as long as any debt or liability of claim against the Company as at the effective date of this capital reorganisation remains outstanding, the Company should credit the following amounts to a special reserve (Special Reserve):

- all retained profits, if any, accruing to the Company between 1 November 2006 and 13 February 2007 (the effective date of the capital reorganisation);
- any recovery in excess of the written-down value of or the reversal of impairment loss in respect of certain investments in subsidiaries, listed securities, properties and loans or receivables of the Company as at 31 October 2006; and
- an amount equal to the change in fair value in respect of certain share options not yet vested as at 31 October 2006.

The standing to the credit of the Special Reserve shall not be treated as realised profit. It shall be treated as an undistributable reserve of the Company for the purposes of Section 79C of the Hong Kong Companies Ordinance. As at 31 December 2012, the standing to the credit of the Company's special capital reserve, which had been made in accordance with the Undertaking, amounted to approximately US$9.4 million (2011: US$9.4 million).

14. BUSINESS COMBINATION

Summary of acquisition

On 19 October 2011, MMG Malachite Limited, a wholly owned subsidiary of the Company, made an all-cash recommended takeover offer to acquire all of the common shares in Anvil, a company incorporated in Canada with its common shares listed on the Toronto Stock Exchange, at a price of C$8.00 on a fully diluted basis (the Offer). The Offer expired on 17 February 2012 and 98.07% of the shares in Anvil were acquired by the Company. Details of the Offer were set out in the Company's circular to the Shareholders dated 24 February 2012. The Group exercised its rights under the compulsory acquisition provision of the Business Corporations Act (Northwest Territories) to acquire all of the outstanding common shares, which was completed in March 2012.

The total acquisition price was US$1,310.5 million and was financed through cash reserves of US$1,010.5 million and a loan from Album Enterprises of US$300.0 million.

The Group has performed a provisional assessment of the estimated fair value of the net identifiable assets and liabilities of Anvil as at 17 February 2012. The following table summarises the consideration paid for Anvil, and the amounts of the assets acquired and liabilities assumed that were recognised at the acquisition date as per the provisional assessment.

	AS AT 17 FEBRUARY 2012 US$ MILLION
PURCHASE CONSIDERATION	
Cash paid	1,310.5
Total purchase consideration	**1,310.5**

RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	FAIR VALUE US$ MILLION
ASSETS	
Non-current assets	
Property, plant and equipment	1,265.0
Inventories	11.4
Other receivables	43.9
Other financial assets	27.1
	1,347.4
Current assets	
Inventories	42.3
Trade and other receivables	28.9
Other financial assets	52.5
Cash and cash equivalents	73.3
	197.0
Total assets	**1,544.4**
LIABILITIES	
Non-current liabilities	
Deferred income tax liabilities	227.6
Provisions	31.4
	259.0
Current liabilities	
Trade and other payables	92.4
Borrowings	42.2
Provisions	1.7
	136.3
Total liabilities	**395.3**
Net identifiable assets acquired	1,149.1
Add: Non-controlling interest	(50.0)
Add: Goodwill	211.4
Total	**1,310.5**

Acquisition-related costs of US$4.8 million have been charged to finance costs for the year ended 31 December 2012. In November 2011, acquisition-related costs of US$4.8 million were charged to finance costs. In addition, acquisition-related costs of US$8.8 million have been charged to expense for the year ended 31 December 2011.

The non-controlling interest was valued at fair value and measured commensurate with the purchase price paid for Kinsevere as part of the Anvil acquisition.

Goodwill arising on acquisition of US$211.4 million comprises the amount calculated to recognise a deferred tax liability on the difference between the provisional fair value of newly consolidated assets and liabilities and their tax base.

The acquired business contributed revenue of US$279.9 million and profit of US$28.2 million to the Group for the period from 17 February 2012 to 31 December 2012. If the acquisition had occurred at the start of the reporting period, the contributed revenue would have been US$317.7 million with no significant change in net profit.

15. TRADE AND OTHER PAYABLES

The ageing analysis of the trade payables is as follows:

	2012		2011	
	US$ MILLION	%	US$ MILLION	%
Trade payables				
Less than 6 months	275.2	100.0%	188.1	100.0%
	275.2	100.0%	188.1	100.0%
Other payables and accruals	24.2		17.6	
	299.4		**205.7**	

16. COMMITMENTS

(a) Operating leases

The Group leases various warehouses, offices and factory premises under non-cancellable operating leases. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2012 US$ MILLION	2011 US$ MILLION
Not later than one year	10.5	4.5
Later than one year but not later than five years	33.4	17.0
Later than five years	9.0	7.1
	52.9	**28.6**

(b) Capital and non-capital commitments

Commitments for acquisition of capital and non-capital commitments contracted for at the reporting date but not recognised as liabilities, are set out in the table below:

	2012 US$ MILLION	2011 US$ MILLION
Not later than one year	125.6	63.8
Later than one year but not later than five years	171.6	4.1
Later than five years	79.3	-
	376.5	**67.9**

The Group had the following capital commitments not provided for at the reporting date:

	2012 US$ MILLION	2011 US$ MILLION
Property, plant and equipment		
Contracted but not provided for	69.4	44.0
Authorised but not contracted for	71.0	156.2
	140.4	**200.2**

17. CONTINGENT LIABILITIES

Legal proceedings

The Company and its subsidiaries are defendants from time to time in legal proceedings arising from the conduct of their businesses. The Group does not consider that the outcome of any of these proceedings ongoing at balance date, either individually or in aggregate, is likely to have a material effect on its financial position. Where appropriate, provisions have been made.

Bank guarantees

Certain bank guarantees have been provided in connection with the operations of certain of the subsidiaries of the Company primarily associated with the terms of mining leases or exploration licences. At the end of the year, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the relevant regulatory authority. These guarantees amount to US$260.0 million (2011: US$91.5 million). Provision is made in the financial statements for the anticipated costs of the mine rehabilitation obligations under the mining leases and exploration licences.

18. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

During the second half of 2012, the assets and liabilities of Allegiance Mining Pty Ltd (Avebury), a wholly owned subsidiary of the Group, have been classified as held for sale.

(a) Non-current assets held for sales

	2012 US$ MILLION	2011 US$ MILLION
Assets of disposal group classified as held for sale		
Property, plant and equipment	25.2	-
Total	**25.2**	**-**

	2012 US$ MILLION	2011 US$ MILLION
Liabilities of disposal group classified as held for sale		
Trade and other payables	1.3	1.3
Mine rehabilitation, restoration and dismantling provisions	5.3	-
Total	**6.6**	**1.3**

	2012 US$ MILLION	2011 US$ MILLION
Cumulative income or expenses recognised in income statement relating to disposal group classified as held for sale		
Reversal of impairment expense	24.3	-
Total	**24.3**	**-**

(b) Discontinued operations

On 28 March 2011, the Board of the Company approved a program of strategic divestments of assets that were assessed as not being core to the Company's future. These assets include the trading, fabrication and other operations (the Disposal Group).

On 15 September 2011, the directors of the Company announced that the Company had entered into the Master Sale and Implementation Agreement with a controlling Shareholder of the Company, CMN, to sell its entire interest in four entities (Disposal Entities) out of the Disposal Group for an aggregate consideration of US$726.8 million (Disposal). The Disposal Entities represent majority components of the Disposal Group. The Disposal was approved by the independent Shareholders of the Company on 28 October 2011 and completed in December 2011. During 2012, final sale proceeds were received on disposal of remaining discontinued entities.

Results from discontinued operations

The results of the Disposal Group are presented in these consolidated financial statements as discontinued operations.

	2011 US$ MILLION
Revenue	2,377.3
Expenses	(2,323.7)
Profit before net financing costs and income tax	53.6
Finance income	3.3
Finance costs	(9.2)
Profit before income tax	47.7
Income tax expense	(10.2)
Profit after income tax	37.5
Profits on disposal	53.4
Profit from discontinued operations	**90.9**
Profit from discontinued operations attributable to:	
Equity holders of the Company	86.8
Non-controlling interests	4.1
	90.9

19. EVENTS AFTER BALANCE SHEET DATE

There have been no matters that have occurred subsequent to the reporting date which have significantly affected, or may significantly affect the Group’s operations, results or state of affairs in future years.

OTHER INFORMATION

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 20 May 2013 to Wednesday, 22 May 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the annual general meeting (AGM) of the Company to be held on Wednesday, 22 May 2013, all completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 pm on Thursday, 16 May 2013.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices by emphasising a quality Board, sound internal controls, transparency and accountability to all shareholders of the Company (Shareholders).

The Code of Corporate Governance Practices (CG Code) set out in Appendix 14 of the Listing Rules has been amended and renamed, the Corporate Governance Code and Corporate Governance Report (Revised CG Code). The Revised CG Code became effective on 1 April 2012. The Company has complied with all the code provisions set out in the CG Code during the period commencing on 1 January 2012 and ending on 31 March 2012 and the Revised CG Code during the period commencing on 1 April 2012 and ending on 31 December 2012, except for the deviation from code provision A.4.1 of the Revised CG Code, as explained under the section headed 'Re-election of Directors' and the non-compliance with Rules 3.10(1) and 3.25 of the Listing Rules as disclosed below.

At the AGM of the Company held on 30 May 2012, Mr Loong Ping Kwan, an Independent Non-executive Director of the Company retired and did not offer himself for re-election. Mr Loong also ceased to be a member of the Audit Committee and the Remuneration and Nomination Committee of the Company with effect from 30 May 2012. Following the retirement of Mr Loong, the number of independent non-executive directors of the Company fell below: (i) the minimum number of independent non-executive directors required under Rule 3.10(1) of the Listing Rules; and (ii) the number of independent non-executive directors necessary to form a majority of the Remuneration Committee of the Company as required under Rule 3.25 of the Listing Rules.

Upon confirmation of Mr Loong's intention to resign, the Company began actively identifying suitable candidates for appointment as an Independent Non-executive Director of the Company so as to meet the minimum number required under Rules 3.10(1) and 3.25 of the Listing Rules. On 9 July 2012, Mr Leung Cheuk Yan was appointed as an Independent Non-executive Director and a member of both the Audit Committee and Remuneration and Nomination Committee of the Company, such appointment being within the three months grace period allowed under Rule 3.11. Accordingly, the Company has fully complied with the requirements under Rules 3.10(1) and 3.25 of the Listing Rules since 9 July 2012.

The Company has not established a corporate governance committee. The Company has instead adopted a Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised, delegated and/or discharged, having regard to principles of good corporate governance, international best practice and applicable laws. The Board Charter is adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a model code for securities transactions by directors of the Company (Securities Trading Code) on terms no less exacting than the required standard of the Model Code for the Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (Model Code).

Having made specific enquiries with all the directors of the Company, all of the directors confirmed that they have complied with the required standard set out in the Model Code and the Securities Trading Code during the year ended 31 December 2012.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors, namely Mr Anthony Larkin, Dr Peter Cassidy and Mr Leung Cheuk Yan, and one Non-executive Director, Mr Xu Jiqing. Mr Anthony Larkin is the Chairman of the Audit Committee.

The Audit Committee is accountable to the Board. Its principal duties include the review and supervision of the financial reporting process and internal control system of the Group. The terms of reference of the Audit Committee, incorporating all the duties set out in the code provision C.3.3. of the Revised CG Code, are available on the Company's website. The Audit Committee has reviewed the financial statements of the Group for the year ended 31 December 2012.

RE-ELECTION OF DIRECTORS

Each of the Non-executive Directors has entered into a service agreement with the Company for a specific term of three years, except Dr Peter Cassidy. Dr Peter Cassidy's appointment agreement commences on 31 December 2010 and can be terminated by the Company with one-month prior written notice.

In accordance with the articles of association of the Company, each director appointed by the Board shall be subject to re-election by Shareholders at the next general meeting (in case of filling a casual vacancy) or at the next AGM (in case of an addition to the Board) and thereafter, be subject to retirement by rotation at least once every three years at the AGM.

Dr Cassidy, who was appointed by the Board on 31 December 2010 to fill a casual vacancy, was re-elected by the Shareholders at the AGM held on 16 May 2011. He is also subject to retirement by rotation at least once every three years at the AGM.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is also published on the website of the Company at www.mmg.com. The Annual Report 2012 of the Company will be despatched to Shareholders and made available on the websites of the Hong Kong Exchange and Clearing Limited at www.hkexnews.hk and the Company respectively in due course.

GLOSSARY

A$	Australian dollar, the lawful currency of Australia
AGM	Annual general meeting
Album Enterprises	Album Enterprises Limited, a company incorporated on 19 January 2005 in Hong Kong with limited liability, a wholly owned subsidiary of CMN
Album Investment	Album Investment Private Limited, a company incorporated on 8 April 2009 in Singapore with limited liability, a wholly owned subsidiary of the Company
Album Resources	Album Resources Private Limited, a company incorporated on 8 April 2009 in Singapore with limited liability, a wholly owned subsidiary of the Company
Anvil	Anvil Mining Limited, a company existing under the laws of the British Virgin Islands, a wholly owned subsidiary of the Company
ANZ	Australia and New Zealand Banking Group Limited
Australia	the Commonwealth of Australia
Board	the board of directors of the Company
Board Charter	the Board charter of the Company
C$	Canadian dollar, the lawful currency of Canada
CDB	China Development Bank Corporation
China	has the same meaning as PRC
Company	MMG Limited (formerly known as Minmetals Resources Limited), a company incorporated on 29 July 1988 in Hong Kong with limited liability, the shares of which are listed and traded on the Stock Exchange
CMN	China Minmetals Non-ferrous Metals Company Limited, a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC
Companies Ordinance	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
Continuing operations	the Group's operations excluding the discontinued operations
Discontinued operations	the trading, fabrication and other assets that were effectively disposed in December 2011. The trading, fabrication and other assets include the Company's entire 100% equity interest in Minmetals Aluminium, Riseup Dragon Limited's entire 72.80% equity interest in NCA, Orienmet Industry Company Limited's entire 51% equity interest in Yingkou Orienmet Plica Tube Company Limited and Lontic (H.K.) Limited's entire 36.2913% equity interest in Changzhou Jinyuan Copper Co., Ltd. Orienmet Industry Company Limited, Riseup Dragon Limited and Lontic (H.K) Limited are wholly owned subsidiaries of the Company
DRC	Democratic Republic of Congo
EBIT	earnings before net financing expenses and income tax
EBITDA	earnings before depreciation and amortisation expenses, net financing expenses and income tax
EBITDA margin	EBITDA divided by revenue
Equinox	Equinox Minerals Limited
Executive Committee	the executive committee of the Group which consists of all Executive Directors of the Company, Chief Operating Officer, Executive General Manager – Business Development, Executive General Manager – Exploration and Executive General Manager – Business Support
Group	the Company and its subsidiaries
HK$	Hong Kong dollar, the lawful currency of Hong Kong

HKAS	Hong Kong Accounting Standards, See HKFRS
HKFRS	Hong Kong Financial Reporting Standards, which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKAS) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA)
HPM	high precious metals
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
ICBC	Industrial and Commercial Bank of China Limited, Sydney Branch
JORC Code	Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'
Laos	the Lao People's Democratic Republic (Lao PDR)
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
LME	London Metal Exchange
Mineral Resource	As defined under the JORC Code, a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction.
Minerals and Metals Group	the collective brand name of the portfolio of international mining assets held by Album Resources
MMG	has the same meaning as the Company
MMG Management	MMG Management Pty Ltd, a company incorporated on 15 July 2005 in Australia with limited liability and a wholly owned subsidiary of the Company
NCA	North China Aluminium Company Limited
Ore Reserve	as defined under the JORC Code, the economically mineable part of a Measured and/or Indicated Mineral Resource
PRC	the People's Republic of China excluding, for the purpose of this document only, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan, unless the context requires otherwise.
Production data	the production data included in this report is the metal contained in concentrate, cathode or doré for the key products the Company produces
PSCS	the perpetual sub-ordinated convertible securities issued by the Company
Reserve	has the same meaning as Ore Reserves
Resource	has the same meaning as Mineral Resources
Shareholders	shareholders of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
US$	United States dollar, the lawful currency of the United States of America

By order of the Board
MMG Limited
Andrew Gordon Michelmore
CEO and Executive Director

Hong Kong, 27 March 2013

As at the date of this announcement, the Board comprises nine directors, of which two are executive directors, namely Mr Andrew Gordon Michelmore and Mr David Mark Lamont, four are non-executive directors, namely Mr Wang Lixin (Chairman), Mr Jiao Jian, Mr Xu Jiqing and Mr Gao Xiaoyu; and three are independent non-executive directors, namely Dr Peter William Cassidy, Mr Anthony Charles Larkin and Mr Leung Cheuk Yan.

CORPORATE DETAILS

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SHARE REGISTRAR

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Hong Kong

MMG LIMITED

EXECUTIVE COMMITTEE

Andrew MICHELMORE, Chief Executive Officer and Executive Director

David LAMONT, Chief Financial Officer and Executive Director

Marcelo BASTOS, Chief Operating Officer

Michael NOSSAL, Executive General Manager Business Development

Steve RYAN, Executive General Manager Exploration

Tim SCULLY, Executive General Manager Business Support

IMPORTANT DATES

30 April 2013 – First Quarter 2013 Production Report

24 July 2013 – Second Quarter 2013 Production Report

30 October 2013 – Third Quarter 2013 Production Report

MMG will present its financial results to investors at 10.00am Hong Kong time at the Conrad Hotel Thursday 28 March 2013. This presentation will be available to Shareholders via webcast and teleconference for those who are unable to attend. For details please contact Investor Relations.

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