MMG LIMITED
五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(HKEX STOCK CODE: 1208)
(ASX STOCK CODE: MMG)

ANNOUNCEMENT ON ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018.

The financial information set out in this announcement does not constitute the Group's complete set of the consolidated financial statements for the year ended 31 December 2018 but represents an extract from those consolidated financial statements.

The financial information has been reviewed by the Company's Audit Committee and the Company's auditor.

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

MMG RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

KEY POINTS

- Total recordable injury frequency (TRIF) of 1.00 per million hours worked for 2018, a 14.5% reduction on 2017.
- Net Cash Flow from Operating Activities of more than US$1.7 billion reduced net debt[1] by US$733.4 million. Gearing[2] has reduced from 74% at 31 December 2017 to 72% at 31 December 2018.
- EBITDA from continuing operations of US$1,751.2 million was 16% below the prior year, due to lower copper production at Las Bambas. In 2017, the gain from the sale of subsidiaries was US$178.6 million. Excluding the gain on sale, EBITDA from continuing operations was 8% lower in 2018.
- Net profit after tax from continuing operations of US$136.6 million, including US$64.8 million attributable to equity holders of the Company, 55% lower than 2017.
- Total copper and zinc production from continuing operations of 466,475 and 223,041 tonnes respectively.
- Las Bambas produced 385,299 tonnes of copper in concentrate in 2018, with production predominantly impacted by a localised wall slippage during the third quarter. EBITDA of US$1,341.2 million was 23% below 2017. 2019 forecast production is expected to be between 385,000 and 405,000 tonnes with C1 costs of US$1.15 to 1.25/lb.
- Dugald River produced 147,320 tonnes of zinc in concentrate in 2018. Revenue of US$247.3 million and EBITDA of US$87.6 million was generated in the eight months since achieving commercial production (1 May 2018). The ramp up is progressing at world class rates, with 2019 production expected to be between 165,000 and 175,000 tonnes of zinc in concentrate and C1 costs of US$0.58 to US$0.68/lb.
- Dugald River and Las Bambas are now established as top 10 producing mines internationally in zinc and copper respectively.
- EBITDA at Kinsevere of US$203.0 million was 14% above 2017, driven by higher realised copper prices and stable production.
- Rosebery's EBITDA of US$171.6 million was a 13% improvement on 2017, driven by outstanding operational performance that resulted in record mining volumes, mill throughput and zinc equivalent production.
- On 30 November 2018, MMG finalised the sale of its 90% interest in Sepon for US$275 million. Sepon is presented as a discontinued operation in this report. This follows the successful divestments of the Century, Golden Grove and Avebury assets as part of a strategy to focus the MMG portfolio on long life, quality, base metal mining assets.
- Total capital expenditure for 2018 was US$337.5 million, lower than previous guidance of approximately US$400 million. The lower capital expenditure was due to a focus on capital efficiency as well as the deferral of some budgeted projects to 2019. In addition, capital expenditure at Dugald River was lower than budgeted in 2018, with higher capitalised revenue generated during the pre-commissioning and

[1] Net debt: total borrowings excluding finance charge prepayments, less cash and bank deposits.
[2] Gearing: net debt divided by the aggregate of net debt plus total equity.

ramp up stage driven by the strong zinc price. Total capital expenditure for 2019 is expected to be between US$400 and US$500 million.

- The Board does not recommend the payment of a dividend for the year.
- MMG expects to produce 462,500–485,000 tonnes of copper and 250,000–270,000 tonnes of zinc in 2019. This represents approximately 5% production growth in copper equivalent terms compared to 2018.

MMG RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018 CONTINUED

YEAR ENDED 31 DECEMBER	2018 US$ MILLION	2017* US$ MILLION	CHANGE % FAV/(UNFAV)
Continuing operations			
Revenue	3,670.2	3,751.3	(2%)
EBITDA	1,751.2	2,090.8	(16%)
EBIT	833.1	1,272.2	(35%)
Profit for the year from continuing operations	**136.6**	**346.1**	**(61%)**
Profit for the year from discontinued operation	0.8	2.3	(65%)
Profit for the year	**137.4**	**348.4**	**(61%)**
EBITDA margin	48%	56%	n/a
Net cash generated from operating activities	1,731.5	2,369.8	(27%)
Dividend per share	-	-	n/a
Basic earnings per share	US 0.85 cents	US 1.85 cents	(54%)
Diluted earnings per share	US 0.84 cents	US 1.81 cents	(54%)

*MMG sold its 90% interest in Sepon during the year ended 31 December 2018 and accordingly it was classified as a discontinued operation. The results for the year ended 31 December 2017 have been represented to show the discontinued operation separately from continuing operations.

CHAIRMAN'S REVIEW

Dear Shareholders,

I would like to thank you for your long-term commitment and support. On behalf of the Board, I am pleased to present the Company's 2018 Annual Report.

Safety is our first value at MMG and ensuring the health and safety of our people is always our most important focus. In 2018, the Company's total recordable injury frequency (TRIF) continued to improve on the 2017 result. Unfortunately, Mr Kham Phathithak, an employee at our Sepon mine in Laos sustained fatal injuries following an incident which occurred when the vehicle he was driving was struck by a tree during tree felling activities. On behalf of the Board, I express my most sincere condolences to Mr Phathithak's family. The incident showed that safety issues cannot be over-emphasised. In 2019, we will continue to put health and safety first and take all measures to protect our employees.

In 2018, the global economy continued to grow moderately; however, this momentum slowed due to the ongoing trade friction between China and the United States. Prices of major commodities fluctuated and adjusted downward, while the performance of mining companies was influenced by the broader economic trends. In 2018, MMG recorded a total revenue of US$3,670 million and realised a net profit after tax of US$137.4 million, including US$68.3 million attributable to equity holders of the Company.

In 2018, MMG achieved stable performance across its operations, with total copper production of 466,475 tonnes and total zinc production of 223,041 tonnes. Las Bambas overcame the challenges related to the localised pit wall slippage in the third quarter with production performance improving in the last quarter. Dugald River achieved its ramp up in line with the plan with production at the high end of guidance. Kinsevere increased its mining rate and asset utilisation, and Rosebery achieved record performance in plant throughput and production. Our asset portfolio continues to improve through the sale of our 90% interest in Sepon mine for US$275 million, another step towards a meaningful scale, long life, low cost, high quality asset portfolio.

Meanwhile, MMG continues to improve. In addition to ensuring operational safety, people development and treasury management in 2018, MMG also focused on optimising operations and cost reduction. We further clarified the boundary of accountabilities between the group office and sites in order to maximise the potential and efficiency of operations.

China Minmetals Corporation Limited (CMC), the major shareholder of the Company, successfully achieved the second step towards "Doubled in Three Steps" ("三步走、兩翻番") strategic goal, reaching annual operating income of RMB503.2 billion and increasing profit by 16.5% year-on-year. CMC has once again achieved record operating results with improved value creation capability, industry standing and quality. CMC is rapidly growing into a "best in China, first class in the world" minerals and metals group. As the flagship company of CMC to explore overseas resources, MMG plays a vital role to contribute to CMC implementing its strategy. CMC maintains strong confidence in MMG and will continue to provide full support to MMG's growth.

Looking forward to 2019, the global mining market will maintain a tight balance between supply and demand, while ongoing market volatility is anticipated due to macro-level risks and uncertainties. In the long term, with the development of electric vehicle technology and the renewable energy industries, demand for basic metals such as copper and zinc will continue to grow steadily. As new opportunities emerge, the Company will look to fully realise the potential of existing assets as well as looking to value accretive external opportunities, to ensure the Company's sustainable growth.

MMG continues to move toward its goal of becoming one of the "World's Top Mining Companies" with full support from the Board. We are committed to create more shareholder return, and to maintain strong partnerships with communities, government and all stakeholders through open dialogue and shared growth.

I thank our shareholders, our communities and our business partners for your support and I express my sincere appreciation for the invaluable contribution made by all our employees and our Board members.

GUO Wenqing
CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders

I am pleased to present this Annual Report on your Company's performance in 2018.

Since becoming the Chief Executive Officer in August 2018, I and the entire MMG team have continued to focus our efforts on running our business efficiently, reducing our gearing and creating value for shareholders.

Overall, our business is solid and we have a portfolio of world class assets in the right commodities.

As we look ahead, we will continue to build on our strong foundation, to focus our efforts on delivering performance and driving asset development, which are key pillars in our commitment to creating shareholder value.

Safety

At MMG, the safety and well-being of our people is our first value and our greatest operating priority. I am saddened to report that this year we tragically lost one of our colleagues at the Sepon mine. Mr Kham Phathithak died following an incident in which his vehicle was struck by a tree during tree felling activities. I extend my deepest condolences to his family, friends and colleagues. We must do all we can to learn from this event and to prevent them happening again.

This year we continued to make significant progress in reducing injuries across our operations. For the full year 2018 we recorded a total recordable injury frequency (TRIF) of 1.00 which represents a 14.5% reduction on the full year 2017 result of 1.17. While this result is encouraging and demonstrates that we continue to move in the right direction, much work remains ahead of us as we seek to reduce injuries and learn from all safety incidents to prevent similar ones from occurring again.

Our performance

In 2018 MMG's continuing operations produced 466,475 tonnes of copper and 223,041 tonnes of zinc.
Las Bambas produced 385,299 tonnes of copper in copper concentrate with production impacted by localised wall slippages, which impacted mine sequencing and grades in the first and third quarters, as well as a major planned maintenance shutdown in April. The operation remains well placed to produce in excess of two million tonnes of copper in its first five years of operation, and we continue to focus our efforts on sustaining this production profile into the future.

In 2018, we delivered another significant operational milestone with the start of commercial production at the Dugald River mine. We achieved this ahead of schedule and the ramp up of the operation continued at world class rates, demonstrating our ability to deliver world class projects.

The outlook for 2019 remains positive with greater contribution of zinc production from Dugald River where we expect to produce between 165,000 and 175,000 tonnes of zinc in zinc concentrate.

Overall, we expect to produce between 462,500 and 485,000 tonnes of copper in copper concentrate and 250,000 to 270,000 tonnes of zinc in zinc concentrate.

Value

In 2018 MMG delivered EBITDA of US$1,751.2 million - a 16% reduction on 2017 - a result which was impacted by lower copper production from Las Bambas. We continued our focus on accelerating debt repayment and in 2018, debt was reduced by US$733.4 million with gearing reducing from 74% at 31 December 2017 to 72% at 31 December 2018, a result enabled by the Company's strong cash generation.

While the first half of 2018 was marked by robust commodity prices, global macroeconomic and trade uncertainties impacted the price of our key commodities in the second half of the year. In the face of these external headwinds we have redoubled our focus on the levers within our control such as driving further efficiencies across all operations. At Las Bambas, cost and efficiency initiatives have delivered US$95 million in annualised savings; and at the group support level, expenses have reduced by US45.9 million.

In November 2018 we also announced the sale of our 90% interest in the Sepon mine. This follows the successful divestments of Century, Golden Grove and Avebury assets and forms part of our strategy to operate a portfolio of long life, quality, base metal mining assets. We are proud of our longstanding partnership with the Lao People's Democratic Republic (PDR) and are excited for the future of the operation as it transitions from copper to gold production.

Outlook

As we look ahead to 2019, we anticipate some short to medium term market volatility due to ongoing global political and economic uncertainties, but remain confident in the outlook for copper and zinc, particularly as technological advancements drive further demand for base metals, while the outlook for supply growth remains challenged.

We ended 2018 with a focused portfolio and a sense of momentum as we grow our business by developing our assets to extend mine life and investing in our people. In 2019 we expect to deliver increased metal production and are redoubling our efforts to improve operating efficiency and to reduce costs in order to offset the ongoing challenge of industry-wide cost escalation.

I would like to acknowledge the contribution of Jerry Jiao who had led the company for the year and a half prior to my appointment to the role of CEO. Jerry has taken a senior executive position within CMC, assuming overall responsibility for the investment in MMG, and as such continues to play an important role in our future. We are grateful for his leadership and we look forward to continuing to work with Jerry in his role as a non-executive director of MMG and in his new role with CMC.

Finally, on behalf of the entire MMG management team, I would like to thank our shareholders, communities, contractors and our people for their continued support of our business. I look forward to working with you again in 2019.

Geoffrey (Xiaoyu) GAO
CHIEF EXECUTIVE OFFICER

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

For the purpose of the management discussion and analysis, the Group's results for the year ended 31 December 2018 are compared with results for the year ended 31 December 2017.

YEAR ENDED 31 DECEMBER	2018 US$ MILLION	2017* US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**3,670.2**	**3,751.3**	**(2%)**
Operating expenses	(1,862.8)	(1,635.1)	(14%)
Exploration expenses	(47.5)	(45.1)	(5%)
Administration expenses	(35.8)	(81.7)	56%
Gains on disposal of subsidiaries	-	178.6	(100%)
Other income / (expenses)	27.1	(77.2)	135%
EBITDA	**1,751.2**	**2,090.8**	**(16%)**
Depreciation and amortisation expenses	(918.1)	(818.6)	(12%)
EBIT	**833.1**	**1,272.2**	**(35%)**
Net finance costs	(526.9)	(531.6)	1%
Profit before income tax	**306.2**	**740.6**	**(59%)**
Income tax expense	(169.6)	(394.5)	57%
Profit after income tax from continuing operations	**136.6**	**346.1**	**(61%)**
Profit after income tax from discontinued operations	0.8	2.3	(65%)
Profit/(loss) after income tax for the year	**137.4**	**348.4**	**(61%)**
Attributable to:			
Equity holders of the Company	**68.3**	**147.1**	**(54%)**
-From continuing operations	64.8	144.0	(55%)
-From discontinued operation	3.5	3.1	13%
Non-controlling interests	**69.1**	**201.3**	**(66%)**
-From continuing operations	71.8	202.1	(64%)
-From discontinued operation	(2.7)	(0.8)	(238%)
	137.4	**348.4**	**(61%)**

*MMG sold its 90% interest in Sepon during the year ended 31 December 2018 and accordingly it was classified as a discontinued operation. The results for the year ended 31 December 2017 have been represented to show the discontinued operation separately from continuing operations.

Profit attributable to equity holders of the company

MMG's profit after income tax of US$137.4 million for the year ended 31 December 2018 includes profit from discontinued operation of US$0.8 million relating to Lang Xang Minerals Limited Sepon (LXML), the owner of the Sepon mine. MMG sold its 90% interest in LXML effective 1 January 2018 and accordingly the operational results of Sepon are classified as discontinued operations.

Profit from continuing operations of US$136.6 million for the year ended 31 December 2018 includes profit attributable to equity holders of US$64.8 million and profit attributable to non-controlling interests of US$71.8 million. This compares to a profit from continuing operations attributable to equity holders of US$144.0 million and non-controlling interests of US$202.1 million in 2017. The profit attributable to non-controlling interests from continuing operations relates to the 37.5% interest in Las Bambas not owned by the Company. The following table provides a reconciliation of reported profit after tax attributable to equity holders.

YEAR ENDED 31 DECEMBER	2018 US$ MILLION	2017 US$ MILLION	CHANGE % FAV/(UNFAV)
Profit after tax - Las Bambas 62.5% interest	119.6	336.8	(64%)
Profit after tax - Other operations	114.3	74.4	54%
Exploration expenses	(47.5)	(45.1)	(5%)
Administration expenses	(35.8)	(81.7)	56%
Net finance costs (excluding Las Bambas)	(125.4)	(155.1)	19%
Others	43.1	17.8	142%
Profit for the year attributable to equity holders	**68.3**	**147.1**	**(54%)**
-From continuing operations	64.8	144.0	(55%)
-From discontinued operation	3.5	3.1	13%

Overview of results from continuing operations

The Group's continuing operations comprise Las Bambas, Kinsevere, Dugald River and Rosebery. Exploration, development projects, corporate activities and other subsidiaries are classified as 'Others'.

YEAR ENDED 31 DECEMBER	REVENUE 2018 US$ MILLION	REVENUE 2017 US$ MILLION	CHANGE % FAV/(UNFAV)	EBITDA 2018 US$ MILLION	EBITDA 2017 US$ MILLION	CHANGE % FAV/(UNFAV)
Las Bambas	2,578.6	2,936.9	(12%)	1,341.2	1,740.8	(23%)
Kinsevere	516.4	500.9	3%	203.0	178.7	14%
Dugald River	247.3	-	100%	87.6	-	100%
Rosebery	328.7	288.8	14%	171.6	152.1	13%
Other	(0.8)	24.7	(103%)	(52.2)	19.2	(372%)
Total	**3,670.2**	**3,751.3**	**(2%)**	**1,751.2**	**2,090.8**	**(16%)**

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

Revenue

The Group's revenue decreased by US$81.1 million to US$3,670.2 million due to lower sales volumes (US$98.2 million), partially offset by higher realised commodity prices (US$17.1 million). The lower sales volumes were primarily driven by the lower production at Las Bambas, the result of a localised wall slippage that temporarily restricted mining access to higher grade areas of the Ferrobamba pit. This was partially offset by the contribution from Dugald River since the achievement of commercial production on 1 May 2018. Higher realised prices increased revenue for copper (US$28.2 million) and molybdenum (US$18.9 million), partly offset by lower realised prices for silver (US$14.8 million), lead (US$5.5 million), gold (US$5.3 million) and zinc (US$4.4 million).

REVENUE BY COMMODITY YEAR ENDED 31 DECEMBER	2018 US$ MILLION	2017 US$ MILLION	CHANGE % FAV/(UNFAV)
Copper (US$ million)	2,839.2	3,159.0	(10%)
Zinc (US$ million)	379.3	168.7	125%
Lead (US$ million)	85.3	53.1	61%
Gold (US$ million)	174.6	202.7	(14%)
Silver (US$ million)	143.0	149.8	(5%)
Molybdenum (US$ million)	48.8	18.0	171%
Total	**3,670.2**	**3,751.3**	**(2%)**

Price

LME base metals prices were higher in 2018 compared to 2017, except for lead and silver. Copper and zinc average realised prices were favourably impacted by a decline in concentrate treatment charges and refinement charges (TC/RC).

AVERAGE LME CASH PRICE YEAR ENDED 31 DECEMBER	2018	2017	CHANGE % FAV/(UNFAV)
Copper (US$/tonne)	6,525	6,163	6%
Zinc (US$/tonne)	2,925	2,894	1%
Lead (US$/tonne)	2,244	2,318	(3%)
Gold (US$/ounce)	1,270	1,258	1%
Silver (US$/ounce)	15.71	17.05	(8%)
Molybdenum (US$/tonne)	26,327	18,093	46%

Sales volumes

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER	2018	2017	CHANGE % FAV/(UNFAV)
Copper (tonnes)	465,898	523,856	(11%)
Zinc (tonnes)	189,751	67,944	179%
Lead (tonnes)	41,734	23,761	76%
Gold (ounces)	141,799	157,513	(10%)
Silver (ounces)	9,302,009	8,705,773	7%
Molybdenum (tonnes)	1,990	1,202	66%

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER 2018	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES	MOLYBDENUM TONNES
Las Bambas	384,674	-	-	107,850	5,483,796	1,990
Kinsevere	79,873	-	-	-	-	-
Dugald River	-	121,548	14,353	-	899,409	-

Rosebery	1,351	68,203	27,381	33,949	2,918,804	-
Other	-	-	-	-	-	-
Total from Continuing Operations	**465,898**	**189,751**	**41,734**	**141,799**	**9,302,009**	**1,990**
Discontinued Operation	65,236	-	-	-	-	-

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER 2017	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES	MOLYBDENUM TONNES
Las Bambas	442,471	-	-	129,724	6,350,308	1,202
Kinsevere	80,023	-	-	-	-	-
Dugald River	-	4,014	-	-	-	-
Rosebery	1,280	59,627	23,761	27,765	2,354,540	-
Other	82	4,303	-	24	925	-
Total from Continuing Operations	**523,856**	**67,944**	**23,761**	**157,513**	**8,705,773**	**1,202**
Discontinued Operation	62,931	-	-	-	-	-

Copper sales volumes decreased by 11% compared to 2017. This was driven primarily by Las Bambas, where localised wall slippages temporarily restricted mining access to higher grade sections of the Ferrobamba pit. As a result, the average grade of ore milled was 0.91% in 2018 compared to 1.05% in 2017, and copper production was 15% lower. Kinsevere volumes were stable (-1%).

Zinc and lead sales volumes were 179% and 76% higher respectively for the year ended 2018 due to the strong ramp up of Dugald River and record zinc equivalent production at Rosebery. Gold sales (-10%) were impacted by the lower production at Las Bambas, resulting in lower by-product sales, whilst higher silver sales (7%) was the result of the by-product contribution from Dugald River and a higher by-product credit contribution from Rosebery. Higher molybdenum sales (66%) was the result of a series of debottlenecking initiatives to improve performance of the molybdenum plant.

Operating expenses include expenses of operating sites, excluding depreciation and amortisation. Site expenses include mining and processing expenses, changes in inventories, royalty expenses, selling expenses and other operating expenses. Total operating expenses increased by US$227.7 million (14%) in 2018. Most of this increase was due to US$160.7 million of operating expenses incurred at Dugald River since commercial production on 1 May 2018. Las Bambas operating expenses increased by $48.4 million (4%) in 2018 due to higher mining volumes and additional plant and mobile fleet maintenance costs during 2018. Kinsevere operating expenses increased by US$12.1 million (4%) mostly due to additional costs related to impacts of some elements of the new Democratic Republic of the Congo (DRC) mining code. Operating expenses at Rosebery were $20.2 million (15%) higher in 2018 due largely to inventory movements, with cash production expenses remaining broadly in line with 2017. The unfavourable inventory movement was the result of a higher net drawdown of finished goods during the year, reflecting higher zinc concentrate sales volumes relative to production.

Exploration expenses increased by US$2.4 million (5%) to US$47.5 million in 2018.

As announced during 2018, MMG will wind down its new discovery exploration programs in Australia and Africa as focus is diverted to exploration opportunities in and around our existing operating hubs (Las Bambas, DRC, and at our Rosebery and Dugald River operations in Australia). This change will deliver modest savings to our overall exploration budget and put greater focus on opportunities with more near to medium term growth potential.

The modest increase in exploration expenses in 2018 was largely due to closure costs associated with the strategy to wind down the new discovery exploration programs, as well as additional delineation drilling at Nambulwa during 2018.

Administrative expenses decreased by US$45.9 million (56%) in 2018, driven by cost and efficiency improvement initiatives across group and support functions with lower employee, consultant and travel expenses compared to 2017. Overall, headcount has reduced significantly in the group office following cost and operating model reviews over 2017 and 2018. In addition, 2018 included the benefit of lower expenses associated with the Company's Short Term and Long Term Incentive Plans in relation to prior years ($27.6 million), following true-up during the year to reflect expected and final outcomes.

Other income and expenses had an aggregate favourable impact on EBIT of US$27.1 million in 2018, compared to the unfavourable impact of US$77.2 million in 2017.

The favourable impact of US$27.1 million in 2018 was due to a gain on the redemption of the Convertible Redeemable Preference Shares in January 2018 (US$12.6 million) and foreign exchange gains of US$12.3 million, predominantly due to the revaluation of the Century Bank Guarantee and Group Office liabilities. The unfavourable impact of US$77.2 million in 2017 was predominantly due to foreign exchange losses of US$49.1 million and fair value losses on the commodity price hedging contracts of US$24.4 million. The foreign exchange losses included losses on the Century rehabilitation provisions from 1 January 2017 to 28 February 2017 of $US20.5 million and losses on the translation of the Kinsevere value-added tax (VAT) receivables, which are denominated in Congolese francs.

Depreciation and amortisation expenses increased by US$99.5 million (12%) to US$918.1 million in 2018. The increase was driven by Las Bambas (US$52.1 million) due to higher ore mined, as well as accelerated depreciation on certain infrastructure assets associated with advancing the development of the mine (US$18.9 million). In addition, depreciation and amortisation expense at Dugald River from commercial production (1 May 2018) was US$40.7 million.

Net finance costs of US$526.9 million were comparable to 2017. Interest savings following the early prepayment on the Las Bambas Project Facility of US$500 million and redemption of the Convertible Redeemable Preference Shares in January 2018, were partly offset by higher LIBOR rates compared to 2017. Additional interest costs of US$12.8 million were included in the income statement in 2018, following the commercial production at Dugald River.

Income tax expense decreased by US$224.9 million, reflecting the decrease in the Group's profit before income tax and the impacts of the divestments of Golden Grove and Century in 2017. The effective tax rate for the year was 55.4%. This included unfavourable impacts from non-creditable withholding tax of US$59.6 million (2017: US$102.7 million), foreign exchange revaluation on tax balances and other non-deductible expenditures.

MINES ANALYSIS

Las Bambas

YEAR ENDED 31 DECEMBER	2018	2017	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	57,439,971	52,873,113	9%
Ore milled (tonnes)	49,443,867	51,497,642	(4%)
Copper concentrate (tonnes)	385,299	453,749	(15%)
Payable metal in product sold			
Copper (tonnes)	384,674	442,471	(13%)
Gold (ounces)	107,850	129,724	(17%)
Silver (ounces)	5,483,796	6,350,308	(14%)
Molybdenum (tonnes)	1,990	1,202	65%

YEAR ENDED 31 DECEMBER	2018 US$ MILLION	2017 US$ MILLION	CHANGE% FAV/(UNFAV)
Revenue	**2,578.6**	**2,936.9**	**(12%)**
Operating expenses			
Production expenses			
Mining	(399.1)	(359.1)	(11%)
Processing	(285.6)	(302.6)	6%
Other	(325.9)	(333.3)	2%
Total production expenses	**(1,010.6)**	**(995.0)**	**(2%)**
Freight (transportation)	(66.5)	(66.0)	(1%)
Royalties	(78.9)	(88.3)	11%
Other (i)	(77.2)	(35.5)	(117%)
Total operating expenses	**(1,233.2)**	**(1,184.8)**	**(4%)**
Other income/(expenses)	(4.2)	(11.3)	63%
EBITDA	**1,341.2**	**1,740.8**	**(23%)**
Depreciation and amortisation expenses	(641.5)	(589.4)	(9%)
EBIT	**699.7**	**1,151.4**	**(39%)**
EBITDA margin	**52%**	**59%**	

(i) Other operating expenses include changes in inventories, corporate recharges and other costs of operations.

Revenue of US$2,578.6 million was 12% below 2017, with lower production and sales volumes partially offset by higher realised prices. In 2018 copper in concentrate production was 15% below the prior year due to localised wall slippages, which impacted mine sequencing and feed grades in the first and third quarters, as well as a major planned maintenance shutdown in April.

The risk of further wall instability in the area of the pit that impacted 2018 mining is expected to be lower, with geotechnical conditions improving with depth. Reliance on ore from this section of the pit is also reduced as other areas of the pit are developed. Further assessment of the geological features in this section of the pit is being undertaken. The results will be incorporated into the design of the next cutback.

Total ore milled was 49.4 million tonnes in 2018, with a series of initiatives to increase mill throughput delivering sequential improvement over the year. On an annualised basis mill throughput increased from 47.3 million tonnes in the first quarter of 2018 to 52.4 million tonnes in the fourth quarter, compared to the nameplate capacity of 51.1 million tonnes. Average ore grades milled were 0.91% in 2018, compared with 1.05% in 2017 and the overall reserve grade of 0.7%. Partially offsetting the lower grade was higher recovery of 86.2% compared to 84.3% in 2017. This higher recovery reflects the impact of a series of initiatives to improve recovery as well as more favourable mineralogical characteristics of the ore.

Production expenses were US$15.6 million (2%) higher due to increased mining and maintenance costs in 2018. Higher mining costs were the result of an increase in total material movement as total ore mined increased 9% to 57.4 million tonnes and total waste movement increased 4% to 115.7 million tonnes. The additional material movement was in line with the mine plan as we continue to advance the development of the mine and open up additional operating faces to support future production. Mining and processing maintenance costs were US$30.4 million and US$14.3 million higher respectively compared to 2017 due to scheduled major overhauls of some of the mining fleet and a major planned maintenance shutdown. Partially offsetting the impact of the higher mining and maintenance costs were a series of efficiency projects that have delivered annualised savings of around US$95 million. C1 costs for 2018 were US$1.18/lb compared to US$0.99/lb in 2017. The higher C1 was largely due to lower production volumes.

Other operating expenses increased by $41.7 million (117%) from 2017, due to the higher net realisable value write-down on low grade ore stockpiles ($32.0 million).

EBITDA decreased 23% to US$1,341.2 million due to the impact of lower sales volumes and higher operating expenses. Depreciation and amortisation expenses increased by US$52.1 million (9%), due to higher mining volumes and accelerated depreciation charges on certain infrastructure assets associated with advancing the development of the mine ($18.9 million impact in 2018).

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

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

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

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

Kinsevere

YEAR ENDED 31 DECEMBER	2018	2017	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	3,054,844	2,466,139	24%
Ore milled (tonnes)	2,407,267	2,274,305	6%
Copper cathode (tonnes)	79,711	80,186	(1%)
Payable metal in product sold			
Copper (tonnes)	79,873	80,023	(0%)

YEAR ENDED 31 DECEMBER	2018 US$ MILLION	2017 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**516.4**	**500.9**	**3%**
Operating expenses			
Production expenses			
Mining	(47.2)	(41.3)	(14%)
Processing	(103.5)	(101.3)	(2%)
Other	(77.7)	(84.3)	8%
Total production expenses	**(228.4)**	**(226.9)**	**(1%)**
Freight (transportation)	(38.0)	(41.7)	9%
Royalties	(26.0)	(19.8)	(31%)
Other (i)	(19.2)	(11.1)	(73%)
Total operating expenses	**(311.6)**	**(299.5)**	**(4%)**
Other income/(expenses)	(1.8)	(22.7)	92%
EBITDA	**203.0**	**178.7**	**14%**
Depreciation and amortisation expenses	(153.2)	(144.2)	(6%)
EBIT	**49.8**	**34.5**	**45%**
EBITDA margin	**39%**	**36%**	

(i) Other operating expenses include changes in inventories, corporate recharges and other costs of operations.

Kinsevere production was 1% below the prior period at 79,711 tonnes of copper cathode, representing the fourth consecutive year of stable and consistent production around 80,000 tonnes. The strong production was supported by record mill throughput of 2.4 million tonnes (2017; 2.3 million tonnes), offsetting the ongoing decline in mined ore grades (2.4% in 2018 vs. 4.0% in 2017).

Revenue increased by US$15.5 million (3%) compared to 2017 due to higher average realised copper prices. Operating expenses increased by US$12.1 million (4%) compared to 2017. This was primarily driven by higher mining costs due to the higher mining volumes and additional estimated direct and indirect costs associated with the new DRC mining code. This was partially offset by favourable inventory movements of US$7.2 million with additional ore stockpiles at the end of 2018 resulting from the higher ore mined.

Higher operating expenses resulted in C1 costs in 2018 of US$1.68/lb compared to US$1.58/lb in 2017.

Other expenses in 2017 of US$22.7 million primarily related to a significant foreign exchange (FX) loss on VAT receivables.

EBITDA increased 14% to US$203.0 million with the revenue increase from higher copper prices and the non-recurrence of FX losses incurred in 2017 offsetting increased operating costs.

Depreciation and amortisation expenses increased by US$9.0 million (6%), reflecting the 24% increase in ore mined in 2018.

Despite declining ore grades at Kinsevere, MMG expects to maintain broadly stable production levels, with guidance of 77,500 to 80,000 tonnes of copper cathode in 2019.

C1 unit costs are expected to be in the range of US$1.65-1.75/lb for 2019, largely due to the expected impact of a full year of the DRC Mining Code implementation.

On 9 March 2018, the DRC Government signed into law significant changes to the 2002 Mining Code (2018 Mining Code). The 2018 Mining Code does not recognise the application of Article 276 of the 2002 Mining Code, which provides a guarantee of stability for the provisions of the 2002 Mining Code including, but not limited to, tax, customs and exchange regimes, for a period of 10 years after the entry into force of the amended legislation.

The Group has made a formal request for negotiation with the DRC Government pursuant to the Bilateral Investment Treaty between the DRC and People's Republic of China (PRC) and is looking to reach an agreement with the DRC Government regarding recognition of the guarantee of stability.

MMG remains committed to working in consultation with the DRC Government, Industry and Civil Society groups regarding the application of the 2018 Mining Code.

Dugald River

YEAR ENDED 31 DECEMBER	2018	2017	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	1,473,804	-	-
Ore milled (tonnes)	1,755,847	-	-
Zinc in zinc concentrate (tonnes)	147,320	-	-
Lead in lead concentrate (tonnes)	16,693	-	-
Payable metal in product sold			
Zinc (tonnes)	121,548	-	-
Lead (tonnes)	14,353	-	-
Silver (ounces)	899,409	-	-

YEAR ENDED 31 DECEMBER	2018 US$ MILLION	2017 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**247.3**	**-**	**-**
Operating expenses			
Production expenses			
Mining	(46.0)	-	-
Processing	(54.0)	-	-
Other	(30.7)	-	-
Total production expenses	**(130.7)**	**-**	**-**
Freight (transportation)	(6.5)	-	-
Royalties	(5.1)	-	-
Other	(18.4)	-	-
Total operating expenses	**(160.7)**	**-**	**-**
Other income/(expenses)	1.0	-	-
EBITDA	**87.6**	**-**	**-**
Depreciation and amortisation expenses	(40.7)	-	-
EBIT	**46.9**	**-**	**-**
EBITDA margin	**35%**	**-**	**-**

(i) Other operating expenses include changes in inventories, corporate recharges and other costs of operations.

Dugald River achieved commercial production on 1 May 2018, from which time the project was accounted for as an operation. As a result, the 2018 results take into account sales revenue, operating expenses and depreciation and amortisation from 1 May 2018.

Dugald River ramped up at world class levels during 2018, producing 147,320 tonnes of zinc in concentrate. This included 39,717 tonnes pre-commercial production. Total mill throughput of 1.76 million tonnes in 2018 represented 103% of notional nameplate capacity, demonstrating a proven capability to operate the mill above design levels.

Revenue of US$247.3 million was derived from payable metal in product sold of 86,717 tonnes of zinc, 14,353 tonnes of lead and 888,683 ounces of silver since commercial production. Revenue and operating expenses incurred during project commissioning prior to 1 May 2018 have been capitalised. C1 costs since commercial production were US$0.58/lb, with production costs in line with expectations and the favourable variance to guidance (US$0.68 – 0.78/lb) largely driven by improved prices on lead by-product and lower zinc concentrate treatment charges. EBITDA for the year was US$87.6 million.

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

Dugald River is positioned to be within the world's top 10 zinc mines, with annual production of around 170,000 tonnes of zinc in zinc concentrate, plus by-products. The mine will operate over an estimated 20 years. The total capital cost for Dugald River, from 1 August 2015 until commercial production was approximately US$547 million, including the capitalised revenue generated during the pre-commissioning and ramp up stage prior to 1 May 2018.

Rosebery

YEAR ENDED 31 DECEMBER	2018	2017	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	1,017,089	990,813	3%
Ore milled (tonnes)	1,028,234	968,573	6%
Copper in copper concentrate (tonnes)	1,465	1,321	11%
Zinc in zinc concentrate (tonnes)	75,721	74,803	1%
Lead in lead concentrate (tonnes)	28,744	26,611	8%
Gold contained in gold doré (ounces)	12,968	12,451	4%
Silver contained in gold doré (ounces)	7,243	6,510	11%
Payable metal in product sold			
Copper (tonnes)	1,351	1,280	6%
Zinc (tonnes)	68,203	59,627	14%
Lead (tonnes)	27,381	23,761	15%
Gold (ounces)	33,949	27,765	22%
Silver (ounces)	2,918,804	2,354,540	24%

YEAR ENDED 31 DECEMBER	2018 US$ MILLION	2017 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**328.7**	**288.8**	**14%**
Operating expenses			
Production expenses			
Mining	(71.8)	(77.6)	7%
Processing	(31.2)	(30.3)	(3%)
Other	(21.9)	(20.4)	(7%)
Total production expenses	**(124.9)**	**(128.3)**	**3%**
Freight (transportation)	(6.9)	(5.5)	(25%)
Royalties	(16.9)	(15.6)	(8%)
Other	(8.5)	12.4	(169%)
Total operating expenses	**(157.2)**	**(137.0)**	**(15%)**
Other income/(expenses)	0.1	0.3	67%
EBITDA	**171.6**	**152.1**	**13%**
Depreciation and amortisation expenses	(73.8)	(69.6)	(6%)
EBIT	**97.8**	**82.5**	**19%**
EBITDA margin	**52%**	**53%**	**-**

(i) Other operating expenses include changes in inventories, corporate recharges and other costs of operations.

Total revenue increased by US$39.9 million (14%) to US$328.7 million, with excellent operational performance that delivered record levels for mining, milling, zinc equivalent production and payable metal in product sold.

Total production expenses were US$3.4 million (3%) lower due to a series of initiatives including lower contractor spend due to the insourcing of mining and development work during the year. This is despite the record level of ore mined and milled. Other operating expenses were higher by US$20.9 million due to an unfavourable inventory movement resulting from the higher net drawdown of finished goods during the year reflecting the higher sales volumes in 2018.

EBITDA of US$171.6 million was US$19.5 million (13%) higher than 2017, due to higher revenue and lower production expenses.

Rosebery's zinc C1 costs were negative US$0.04/lb in 2018 due to the significant increase in sales volumes of lead, copper, gold and silver, which are treated as by-product credits in the calculation of C1.

The new 2/5 Tailings Dam was completed and commissioned during the year (total capital cost of A$52 million), which is an important investment to extend the life of the operation. This has been complemented by an investment in a new mobile fleet and the move to insource previously contracted development and mining activities. Over the next 12 to 18 months, Rosebery will invest significantly in resource extension drilling with the aim of extending current mine life. With ore grades expected to continue to decline in coming years, delivering on resource extension success and maximising throughput rates will continue to be important to the operation.

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

CASH FLOW ANALYSIS

Net cash flow

YEAR ENDED 31 DECEMBER	2018 US$ MILLION	2017 US$ MILLION
Net operating cash flows	1,731.5	2,369.8
Net investing cash flows	(104.9)	(522.4)
Net financing cash flows	(1,960.8)	(1,464.0)
Net cash (outflows)/inflows	**(334.2)**	**383.4**

Net operating cash inflows decreased by US$638.3 million (27%) to US$1,731.5 million mainly reflecting lower EBITDA as a result of lower copper sales at Las Bambas. This is partly offset by the achievement of commercial production at Dugald River in the first half of 2018.

Net investing cash outflows decreased by US$417.5 million (80%) to US$104.9 million mainly due to lower capital expenditure in 2018 ($367.8 million) with substantial completion of the Dugald River mine construction during 2017 and the capitalised revenue generated during its pre-commissioning stage prior to 1 May 2018.

Net investing cash flows in 2018 also included the US$113.9 million net proceeds from the disposal of Sepon (2017: US$208.4 million, relating to the disposals of Century, Golden Grove and Avebury assets).

Net financing cash outflows included a $1,196.8 million net repayment of borrowings and redemption of convertible redeemable preference shares (2017: $1,072.0 million), together with payment of interest and financing costs of US$759.6 million (2017: $409.1 million). In 2018, dividends of US$27.2 million were paid to the Government of Laos in relation to the Sepon divestment (2017: nil).

FINANCIAL RESOURCES AND LIQUIDITY

AT 31 DECEMBER	2018 US$ MILLION	2017 US$ MILLION	CHANGE US$ MILLION
Total assets	13,255.4	14,789.6	(1,534.2)
Total liabilities	(10,359.1)	(11,817.8)	1,458.7
Total equity	**2,896.3**	**2,917.8**	**(21.5)**

Total equity decreased by US$21.5 million to US$2,896.3 million as at 31 December 2018, reflecting the reduction in non-controlling interests mainly due to the removal of the equity component of CRPS at the time of early redemption ($142.0 million), this is partly offset by the net profit from continuing operations ($136.6 million).

The Group's objectives in managing capital are to safeguard its ability to continue as a going concern, support sustainable growth, enhance Shareholder value and provide capital for potential acquisitions and investment.

The gearing ratio for the Group is set out below, with gearing defined as net debt (total borrowings excluding finance charge prepayments, less cash and cash equivalents) divided by the aggregate of net debt and total equity.

MMG GROUP	2018 US$ MILLION	2017 US$ MILLION
Total borrowings (excluding prepaid finance charges)[1]	8,203.3	9,270.9
Less: cash and cash equivalents	(601.9)	(936.1)
Net debt	**7,601.4**	**8,334.8**
Total equity	2,896.3	2,971.8
Net debt +Total equity	**10,497.7**	**11,306.6**
Gearing ratio	**0.72**	**0.74**

(i) Borrowings at an MMG Group level reflect 100% of the borrowings of MMG South America Management Company Limited and its subsidiaries ("Las Bambas Joint Venture Group"). Las Bambas Joint Venture Group borrowings at 31 December 2018 were US$5,396.5 million (31 December 2017: US$6,330.9 million) and Las Bambas Joint Venture Group cash and cash equivalents at 31 December 2018 were US$470.2 million (31 December 2017: US$708.2 million). The Las Bambas Joint Venture Group's borrowings have not been reduced to reflect the MMG Group's 62.5% equity interest in that entity. This is consistent with the basis of preparation of MMG's financial statements.

Under the terms of relevant debt facilities held by the Group, the gearing ratio for covenant compliance purposes is calculated exclusive of US$2,261.3 million (2017: US$2,261.3 million) of shareholder debt that was used to fund the MMG Group's equity contribution to the Las Bambas Joint Venture Group. For the purpose of the above, it has however been included as borrowings.

Available debt facilities

As at 31 December 2018, the Group (excluding the Las Bambas Joint Venture Group) had available undrawn bank debt facilities of US$300.0 million (2017: US$380.0 million), represented by its undrawn revolving credit facility provided by ICBC, and available for general corporate purposes.

During 2018, the availability period under the US$550.0 million Dugald River facility provided by China Development Bank and Bank of China Limited (Sydney Branch) ended (2017: US$80.0 million was available but undrawn). No drawings were made under this facility during 2018 (2017: US$140 million).

As at 31 December 2018, the Las Bambas Joint Venture Group had available undrawn bank debt facilities of US$350.0 million (2017: US$350.0 million), represented by the existing US$350.0 million BOC Sydney Working Capital Revolving Facility, which is exclusively for the Las Bambas Joint Venture Group. This facility will mature in March 2019 and it is intended that it will be replaced during the first half of 2019. Management is in discussions with banks in relation to the replacement of the facility and has received a positive response from several potential counterparties.

DEVELOPMENT PROJECTS

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

Dugald River, Australia

Dugald River achieved commercial production on 1 May 2018. Commercial production is the date at which Dugald River has demonstrated stable operating performance and is treated as an operation, rather than a project for accounting purposes.

During the period up to 1 May 2018, Dugald River produced 39,717 tonnes of zinc in zinc concentrate. and US$106.4 million sales of zinc concentrate (39,500 tonnes payable metal sold) was made, which was capitalised to property, plant and equipment in accordance with requirements under HKAS 16. The total capital cost for Dugald River, from 1 August 2015 until commercial production was approximately US$547 million

CONTRACTS AND COMMITMENTS

567 contracts have been reviewed during 2018 through either out to market tender processes or in-contract renegotiations. The approximate annual operational or capital values addressed by these activities come to $714 million.

Las Bambas

349 of the total number of new or revised contracts in the period were for requirements in support of optimising production and expansion options for Las Bambas including; contracts for the supply of additional mobile plant, spares and maintenance services for mobile fleet, contracts for engineering services and long lead equipment requirements for expansion projects, multiple site services contracts covering security, catering, camp management and transport services (including several community supplier engagements), contracts covering Tailings Storage Facility (TSF) and other site infrastructure capital works, multiple contracts covering operations, studies and exploration drilling services, contracts for the supply of SAG mill grinding media and multiple operations goods and services contracts in support of planned shut-downs and ongoing maintenance requirements. New travel management, regional hotels and office lease agreements support off-site requirements.

Kinsevere

New and revised agreements were finalised with regard to various goods and services focussed on maintaining continued high levels of production while improving operational cost performance including; revision of significant mining and civil services contracts, operations and exploration drilling services contracts, new explosives and fuel supply agreements, multiple contracts covering material and service requirements for site infrastructure projects, multiple contracts for the supply of reagents and commodities and multiple near-site explorations support services contracts. In addition to operations-oriented agreements, multiple engineering services and consultancy agreements were finalised in support of Kinsevere expansion studies.

Dugald River

For the first half of 2018, the focus for Dugald River was support for commencement of commercial production on 1 May. In the second half, attention expanded to support early optimisation of operating costs. New and revised operations-related agreements were finalised including; a new explosives supply agreement, catering and camp management, multiple utilities supply amendments, multiple engineering services contracts, and multiple processing technology support contracts. Final logistics related capital and multiple site support contracts, with an emphasis on completion of infrastructure, were also concluded.

Rosebery

New and revised agreements were finalised with regard to various goods and services with a focus on supporting strategic in-sourcing of mine development activities and maintaining strong production performance. These included; conclusion of a long-term mining services (development) contract with the activity reverting to in-house, a new explosives supply agreement, new and revised logistics services contracts, drilling services, multiple contracts for the provision of goods and services for the maintenance of fixed and mobile assets and multiple new agreements for the supply of mining and maintenance consumables.

Sepon

For the 11 months to the end of November, new and revised agreements were finalised with regards to various goods and services focussed on maintaining stable mining and processing activities including; multiple high value chemical and reagent supply agreements, on-site catering, house-keeping and grounds maintenance contracts (including several local community engagements), multiple aviation support and services amendments, and several mobile and fixed plant spares and services contracts.

Group (including global Geoscience and Discovery requirements)

New and revised agreements were finalised with regards to various goods and services including; Group-wide travel management contracts, multiple IT related consultancy, goods supply and service agreements, new enterprise licence agreements, multiple corporate consultancy agreements and multiple exploration geophysical consultancy and survey agreements.

PEOPLE

As at 31 December 2018, the Group employed a total of 3,491 full-time equivalent employees (31 December 2017: 4,848) in its operations (excluding contractors) with the majority of employees based in Australia, South America, the Democratic Republic of Congo (DRC) and Laos.

Total employee benefits expenses for the Group's continuing operations for the year ended 31 December 2018, including Directors' emoluments, totalled US$320.4 million – a reduction of 10% (2017: US$355.0 million), reflecting reduced headcount following efficiency improvement initiatives across the Group as well as lower incentive costs. This is partly offset by the commencement of commercial production at Dugald River.

The Group has remuneration policies that align with market practice and remunerates its employees based on the responsibilities of their roles, their performance, market requirements and the performance of the Group. 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 Group that are designed to improve individual capability and enhance employee and Group performance.

EXPLORATION ACTIVITIES

Exploration activities were focused on Las Bambas and Kinsevere mine sites in Peru and the DRC as well as a number of greenfield prospects in Southern Africa, South America and Australia. Exploration expenditure for 2018 was US$47.5 million (2017: US$45.1 million).

At Las Bambas, exploration focused on resource definition drilling of the Ferrobamba and Chalcobamba deposits as well as the interpretation of recently acquired high resolution airborne hyperspectral data to identify prospective areas close to surface. In total, this program included 131 drill holes and approximately 60km of infill, resource definition and exploration drilling. In addition, surface exploration continued within the mining leases surrounding the currently identified mineral resources. Surface exploration programs include electrical and magnetic geophysical methods as well as surface geochemical surveys and are evaluating potential extensions to known mineral resources as well as recently identified exploration targets.

In the DRC, ongoing resource delineation drilling continues to confirm and define several compelling copper-cobalt targets at the Nambulwa, Mwepu, and Maga West Projects close to the Kinsevere Mine.

As announced during 2018, MMG will wind down its new discovery exploration programs in Australia and Africa following the company's decision to focus on exploration opportunities in and around our existing operating hubs (Las Bambas, DRC, and at our Rosebery and Dugald River operations in Australia). This change will deliver modest savings to our overall exploration budget and put greater focus on opportunities with more near to medium term growth potential.

PROJECT	HOLE_TYPE	METERAGE (METRES)	NUMBER OF HOLES	AVERAGE LENGTH (METRES)
Africa, Australia, Asia				
Kinsevere RAD50	Diamond	15,617	93	168
	RC	8,838	73	121
	Aircore	3,758	149	25
DRC New Discovery	Diamond	1,042	6	174
Kinsevere (Near Mine)	Diamond	4,851	64	150
Kinsevere (Near Mine)	Reverse Circulation	19,791	224	90
Americas				
Las Bambas	Diamond	59,848	131	457
Total		**113,745**	**740**	

MATERIAL ACQUISITIONS AND DISPOSALS

The Group made no material acquisitions in the 12 months ended 31 December 2018.

Sale of Sepon Mine

On 30 November 2018, the Group completed the sale of MMG Laos Holdings Limited to Chifeng Jilong Gold Mining Co., Limited ("Chifeng"), for total consideration of US$275.0 million. MMG Laos Holding Limited owns the Group's 90% interest in Lane Xang Minerals Limited ("LXML"), which in turn owns the Sepon mine in Lao PDR. The results of the Sepon mine are classified as a discontinued operation for the current reporting period to the date of completion of the sale on 30 November 2018, at which date the Group ceased to consolidate LXML. The sale of the Sepon mine follows the successful divestments of the Century, Golden Grove and Avebury assets in 2017. These sales were part of a strategy to focus the MMG portfolio on long life, high quality, base metal mining assets.

EVENTS AFTER THE REPORTING DATE

Other than the matters outlined in these financial statements, 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.

FINANCIAL AND OTHER 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 and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group can use derivative financial instruments such as foreign exchange contracts and commodity swaps to manage certain exposures. The Group does not and is prohibited from entering into derivative contracts for speculative purposes.

Financial risk management is carried out by the Group Treasury function under proposals 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 below.

(a) Commodity price risk

The prices of copper, zinc, lead, gold, and silver are affected by numerous factors and events that are beyond the control of the Group. These metal prices change on a daily basis and can vary significantly up and down over time. The factors impacting metal prices include both broader macro-economic developments and micro-economic considerations relating more specifically to the particular metal concerned.

The following table details the sensitivity of the Group's financial assets (excluding commodity price contracts) balance to movements in commodity prices. Financial assets arising from revenue on provisionally priced sales are recognised at the estimated fair value of the total consideration of the receivable and subsequently remeasured at each reporting date. At the reporting date, if the commodity prices increased/(decreased) by 10% and all other variables were held constant, the Group's post-tax profit would have changed as set out below:

Commodity	Commodity price movement	Increase profit US$ million	Decrease profit US$ million
Copper	10%	37.5	(37.5)
Zinc	10%	4.5	(4.5)
Lead	10%	0.4	(0.4)
Total		**42.4**	**(42.4)**

(b) Interest rate risk

The Group is exposed to interest rate risk primarily through interest bearing borrowings and investment of surplus cash holdings. 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 that there are no undue exposures to significant interest rate movements. Any decision to hedge interest rate risk is assessed periodically in light of the Group's overall exposure, the prevailing interest rate market and any funding counterparty requirements. Regular reporting which summarises the Group's debt and interest rates is provided to the Executive Committee.

(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 dollars. The majority of revenue received by the Group is in US dollars. The Group's foreign currency exchange risk arises predominantly from the currency of the countries in which the Group's operations are located. Any decision to hedge foreign currency risk is assessed periodically in light of the Group's exposure, the prevailing foreign currency market and any funding counterparty requirements.

(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. While the most significant exposure to credit risk is through sales of metal products on normal terms of trade, the majority of sales for mining operations were made under contractual arrangements whereby provisional payment is received promptly after delivery and the balance within 30 to 120 days from delivery. All of the Group's trade receivables at 31 December 2018 are aged within six months of the invoice date.

Investments in cash, short-term deposits and similar assets are with approved counterparty banks and the intermediate holding company of the 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 that appropriate liquidity buffers are maintained to support the Group's activities.

Sovereign risk

The Group conducts all its operations outside of Hong Kong and, as such, it is exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country. Material risks include, but are not limited to, regime or policy change, fluctuation in currency exchange rates, changes to licensing regimes and amendments to concessions, licences, permits and contracts, and changing political conditions and governmental regulations. Changes in any mining or investment policies or shifts in political attitudes in the jurisdictions in which the Group operates may adversely affect the Group's operations and profitability. The decline in growth and macroeconomic activity in many developing nations has resulted in Governments seeking alternative means of increasing their income, including increases to corporate tax, value added tax and royalty rates, coupled with increased audit and compliance activity. This is also coupled with Governments being unable to pay Valued Added Tax refunds to companies largely due to cash flow difficulties. The DRC Government during 2018 made changes to the 2002 Mining Code and Mining Regulations. These changes were enacted (2018 Mining Code) and will result in an increased tax burden on mining companies.

Some of the countries in which the Group operates carry higher levels of sovereign risk. Political and administrative changes and reforms in law, regulations or taxation may impact sovereign risk. Political, legal and administrative systems can be slow or uncertain and may result in risks to the Group including the ability to obtain tax refunds from governments and tax claims from third parties in a timely manner. The Group has processes in place to monitor any impact on the Group and implement responses to such changes.

CONTINGENT LIABILITIES

Bank guarantees

Certain bank guarantees have been provided in connection with the operations of certain subsidiaries of the Company primarily associated with the terms of mining leases, mining concessions, exploration licences or key contracting arrangements. At the end of the year, no material 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 authorities. These guarantees amount to US$351.1 million as at 31 December 2018 (2017: US$412.7 million).

Contingent liabilities – tax related contingencies

The Group has operations in multiple countries, each with its own taxation regime. Application of tax laws and interpretation of tax laws may be uncertain in some regards and requires judgement to assess risk and estimate outcomes, particularly in relation to the application of income taxes and withholding tax to the Group' crossborder operations and transactions. The evaluation of tax risks considers both assessments received and potential sources of challenge from tax authorities. The status of proceedings for these matters will impact the ability to determine the potential exposure and, in some cases, it may not be possible to determine a range of possible outcomes or a reliable estimate of the potential exposure.

The nature of the Group's activities triggers various taxation obligations including corporation tax, royalties, withholding taxes, transfer pricing arrangements with related parties, resource and production based taxes and employment related taxes. The Group is currently subject to a range of audits and reviews by taxation authorities in Australia, Peru, Zambia and Democratic Republic of Congo. The timing of resolution and potential economic outflow of the unresolved tax matters are uncertain. Tax matters with uncertain outcomes arise in the normal course of business and occur due to changes in tax law, changes in interpretation of tax law, periodic challenges and disagreements with tax authorities, and legal proceedings. The Group continues to proactively cooperate with the relevant taxation authorities and to actively manage these audits and reviews. Where appropriate, the Group has filed appeals with either the relevant tax authority or the tax court. For those uncertain tax matters the Group presently has, they are either incapable of being measured reliably or there is remote possibility of economic outflow at the reporting date. As such, no provision has been reflected in the consolidated financial statements for such tax matters.

Where income tax and withholding tax obligations have been assessed and deemed to have probable future economic outflows capable of reliable measurement, the Group has provided for these as a provision.

CHARGES ON ASSETS

As at 31 December 2018, certain borrowings of the Group were secured as follows:

(a) Approximately US$445.56 million (2017: US$470.0 million) from China Development Bank and Bank of China Limited (Sydney Branch) was substantively secured by the shares and assets of MMG Dugald River Pty Ltd only. Prior to 9 January 2018, this debt was secured by a first-ranking equitable mortgage over each of the entire share capital of Album Investment; 100% of the share capital of certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings Limited; a share charge over 70% of the share capital of certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings Limited; a share charge over all of the shares in MMG Dugald River Pty Ltd (MMG Dugald River); a real property mortgage over all of the interests in land of MMG Dugald River; a general security agreement in respect of all of the assets of MMG Dugald River; and specific security over certain assets owned by MMG Australia Limited relating to the Dugald River project and a featherweight charge over all of MMG Australia Limited's other assets. On 9 January 2018, members of the Group, China Development Bank and Bank of China (Sydney Branch) entered into certain security release documentation that substantially removed this security.

(b) Approximately US$5,396.48 million (2017: US$6,330.9 million) from China Development Bank, Industrial and Commercial Bank of China Limited, Bank of China Limited (Sydney Branch) and The Export-Import Bank of China was secured by share security over the entire share capital of MMG South America Management Co Ltd and each of its subsidiaries including Minera Las Bambas S.A., a debenture over the assets of MMG South America Management Co Ltd, an assets pledge agreement and production unit mortgage in respect of all of the assets of Minera Las Bambas S.A., assignments of shareholder loans between MMG South America Management Co Ltd and its subsidiaries and security agreements over bank accounts of Minera Las Bambas S.A. Prior to 31 October 2018, these borrowings were also guaranteed on a several basis by CMNH and CMCL, Guoxin International Investment Corporation Limited and CITIC Corporation Limited (formerly known as CITIC Limited) in proportion to the respective shareholdings of MMG SA, Elion Holdings Corporation Limited and Citic Metal Peru Investment Limited in the Las Bambas Joint Venture Group. On 31 October 2018, lenders agreed to release guarantees in relation to the Las Bambas Project Facility, which as at 31 December 2018 represented approximately US$4,697.35 million of this secured debt. The remaining US$699.0 million remained guaranteed.

FUTURE PROSPECTS

MMG expects to produce 462,500 and 485,000 tonnes of copper and 250,000 and 270,000 tonnes of zinc in 2019.

Total capital expenditure is expected to be between US$400 million and US$500 million for 2019. The major contributors to our 2019 capital program at Las Bambas include the acquisition of additional mine fleet to advance the development of the mine, including the Chalcobamba deposit, as well as the installation of a third ball mill to drive improved performance in the processing plant.

MMG currently has no future plans for material investments or capital assets sanctioned by the Board other than those detailed in this report or announced to the market.

OTHER INFORMATION

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 23 May 2019 (AGM). The notice of the AGM will be published and despatched to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 20 May 2019 to Thursday, 23 May 2019, inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM,

(a) in respect of the shares registered with the share registrar of the Company in Hong Kong, all completed transfer forms accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm (Hong Kong time) on Friday, 17 May 2019; or

(b) in respect of the CHESS Depositary Instruments (CDI) registered with the share registrar of the Company in Australia, all completed CDI transfer forms accompanied by the sellers identification requirements, must be lodged with Computershare Investor Services Pty Ltd, at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067, Australia not later than 5:00 pm (Australian Eastern Standard Time) on Friday, 17 May 2019.

The record date for determining Shareholders' eligibility to attend and vote at the AGM will be on Friday, 17 May 2019.

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.

The Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2018, except for the following deviations:

1. Code provision A.4.1 requires that Non-executive Directors should be appointed for a specific term and subject to re-election. Each of the Non-executive Directors entered into a service agreement with the Company for a specific term of three years, except for Dr Peter Cassidy. Dr Cassidy's appointment agreement commenced on 31 December 2010 and continues until either the Company or he terminates such agreement by serving on the other not less than one month's prior written notice.

   In accordance with the Company's articles of association, each Director appointed by the Board shall be subject to re-election by Shareholders at the next general meeting (in the case of filling a casual vacancy) or at the next annual general meeting (in the case of an addition to the Board), and thereafter be subject to retirement by rotation at least once every three years at the annual general meeting. Dr Cassidy, who was appointed by the Board on 31 December 2010 to fill a casual vacancy, is also subject to retirement from the Board by rotation at least once every three years at the annual general meeting. Since Dr Cassidy has been appointed, he has been re-elected by the Shareholders at three annual general meetings of the Company. These annual general meetings were held in 2011, 2013 and 2016.

2. Code provision E.1.2 requires that the Chairman of the Board to attend and answer questions at the annual general meeting. Mr Guo Wenqing, the Chairman of the Board, was not available for the Company's annual general meeting held on 24 May 2018 due to an unplanned business commitment. Accordingly, Dr Peter Cassidy, an Independent Non-executive Director, the Chairman of the Remuneration Committee, and a member of the Governance and Nomination Committee and the Risk Management Committee of the Company, was nominated by the Board to take the chair of the said meeting.

The Company adopted a Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised, delegated and 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 TRANSACTIONS

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

Specific enquiry was made with all the Directors and all confirmed that they have complied with the requirements set out in the Model Code and the Securities Trading Model Code during the year ended 31 December 2018.

AUDIT COMMITTEE

The Audit Committee comprises five members including three Independent Non-executive Directors, namely Mr Leung Cheuk Yan, Ms Jennifer Seabrook and Professor Pei Ker Wei and two Non-executive Directors, namely Mr Jiao Jian and Mr Zhang Shuqiang. Mr Jiao was appointed, and Mr Gao Xiaoyu resigned as a member of the Audit Committee on 1 August 2018 respectively. Ms Seabrook is the Chair of the Audit Committee.

The Audit Committee is accountable to the Board. It focuses primarily on financial reporting related matters, such as reviewing financial information and overseeing financial reporting related systems and controls. The duties of the Audit Committee include to monitor the relationship with the Company's external auditor, review the financial information of the Company (including its treasury and tax functions) and have oversight over the Group's financial reporting system. The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2018.

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

During the year ended 31 December 2018, 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 websites of the Australian Securities Exchange (www.asx.com.au) and the Company (www.mmg.com). The Company's 2018 Annual Report will be despatched to Shareholders and made available on the websites of the Hong Kong Exchange and Clearing Limited (www.hkexnews.hk), the Australian Securities Exchange and the Company in due course.

FINANCIAL INFORMATION OF THE GROUP

The financial information relating to the year ended 31 December 2018 and 2017 included in this preliminary announcement of annual results 2018 does not constitute the Company's statutory consolidated financial statements for those years but is derived from those financial statements.

Further information relating to these statutory consolidated financial statements as required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies in due course.

The Company's auditors have reported on these consolidated financial statements. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	NOTES	YEAR ENDED 31 DECEMBER 2018 US$ MILLION	2017[1] US$ MILLION
Continuing operations			
Revenue	4	3,670.2	3,751.3
Gain on disposal of subsidiaries	5	-	178.6
Other income/(loss)	6	20.6	(35.0)
Expenses (excluding depreciation and amortisation)	7	(1,939.6)	(1,804.1)
Earnings before interest, income tax, depreciation and amortisation – EBITDA		**1,751.2**	**2,090.8**
Depreciation and amortisation expenses	7	(918.1)	(818.6)
Earnings before interest and income tax – EBIT		**833.1**	**1,272.2**
Finance income	8	6.8	6.0
Finance costs	8	(533.7)	(537.6)
Profit before income tax		**306.2**	**740.6**
Income tax expense	9	(169.6)	(394.5)
Profit for the year from continuing operations		**136.6**	**346.1**
Profit for the year from discontinued operation	5	**0.8**	**2.3**
Profit for the year		**137.4**	**348.4**
Profit/(loss) for the year attributable to:			
Equity holders of the Company		**68.3**	**147.1**
-From continuing operations		64.8	144.0
-From discontinued operation	5	3.5	3.1
Non-controlling interests		**69.1**	**201.3**
-From continuing operations		71.8	202.1
-From discontinued operation	5	(2.7)	(0.8)
		137.4	**348.4**
Earnings per share for profit attributable to equity holders of the Company			
Basic earnings per share	10	**US 0.85 cents**	**US 1.85 cents**
-From continuing operations		US 0.81 cents	US 1.81 cents
-From discontinued operation		US 0.04 cents	US 0.04 cents
Diluted earnings per share	10	**US 0.84 cents**	**US 1.81 cents**
-From continuing operations		US 0.80 cents	US 1.77 cents
-From discontinued operation		US 0.04 cents	US 0.04 cents

1. The comparative consolidated statement of profit or loss for the year ended 31 December 2017 has been re-presented to show the discontinued operation separately.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	YEAR ENDED 31 DECEMBER	
	2018 US$ MILLION	2017[1] US$ MILLION
Profit for the year	**137.4**	**348.4**
Other comprehensive income from continuing operations		
Item that may subsequently be reclassified to profit or loss		
Change in fair value of hedging instruments in cash flow hedges	-	4.3
Other comprehensive income for the year, net of tax	**-**	**4.3**
Total comprehensive income for the year	**137.4**	**352.7**
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**68.3**	**151.4**
-From continuing operations	64.8	148.3
-From discontinued operation	3.5	3.1
Non-controlling interests	**69.1**	**201.3**
-From continuing operations	71.8	202.1
-From discontinued operation	(2.7)	(0.8)
	137.4	**352.7**

1. The comparative consolidated statement of profit or loss for the year ended 31 December 2017 have been re-presented to show the discontinued operation separately.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	AS AT 31 DECEMBER 2018 US$ MILLION	2017 US$ MILLION
ASSETS			
Non-current assets			
Property, plant and equipment		10,897.7	11,982.1
Intangible assets		596.0	622.3
Inventories		75.8	51.9
Deferred income tax assets		178.1	200.5
Other receivables	13	231.7	218.9
Other financial assets		3.3	17.8
Total non-current assets		**11,982.6**	**13,093.5**
Current assets			
Inventories		203.9	296.1
Trade and other receivables	13	412.7	287.7
Loan to a related party		-	120.0
Current income tax assets		54.3	55.7
Derivative financial assets		-	0.5
Cash and cash equivalents	14	601.9	936.1
Total current assets		**1,272.8**	**1,696.1**
Total assets		**13,255.4**	**14,789.6**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	2,910.8	2,874.1
Reserves and retained profits	16	(1,653.7)	(1,662.7)
		1,257.1	1,211.4
Non-controlling interests		1,639.2	1,760.4
Total equity		**2,896.3**	**2,971.8**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

	NOTE	AS AT 31 DECEMBER 2018 US$ MILLION	2017 US$ MILLION
LIABILITIES			
Non-current liabilities			
Borrowings	17	7,446.4	8,498.2
Provisions		416.8	793.8
Other financial liabilities		136.6	160.3
Deferred income tax liabilities		933.4	863.0
Total non-current liabilities		**8,933.2**	**10,315.3**
Current liabilities			
Borrowings	17	685.0	694.3
Provisions		214.0	62.9
Trade and other payables	18	508.1	730.1
Current income tax liabilities		18.8	15.2
Total current liabilities		**1,425.9**	**1,502.5**
Total liabilities		**10,359.1**	**11,817.8**
Net current (liabilities)/assets		**(153.1)**	**193.6**
Total equity and liabilities		**13,255.4**	**14,789.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$ MILLION	SHARE CAPITAL	TOTAL RESERVES	RETAINED PROFITS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
	(Note 15)	(Note 16)	(Note 16)			
At 1 January 2018	**2,874.1**	**(1,892.4)**	**229.7**	**1,211.4**	**1,760.4**	**2,971.8**
HKFRS 9 adjustment on retained profits (Note 3)	-	-	(28.0)	**(28.0)**	(0.8)	**(28.8)**
Restated balance at 1 January 2018	**2,874.1**	**(1,892.4)**	**201.7**	**1,183.4**	**1,759.6**	**2,943.0**
Profit for the year	-	-	68.3	**68.3**	69.1	**137.4**
Total comprehensive income for the year	**-**	**-**	**68.3**	**68.3**	**69.1**	**137.4**
Provision of surplus reserve		19.3	(19.3)	**-**	-	**-**
Redemption of convertible redeemable preference shares	-	-	-	**-**	(142.0)	**(142.0)**
Disposal of a subsidiary	-	-	(7.7)	**(7.7)**	(20.3)	**(28.0)**
Dividends paid to non-controlling interests (Note 5.1)	-	-	-	**-**	(27.2)	**(27.2)**
Employee share options/ performance awards exercised and vested	36.7	(27.5)	-	**9.2**	-	**9.2**
Employee share options lapsed	-	(1.3)	1.3	**-**	-	**-**
Employee long-term incentives	-	3.9	-	**3.9**	-	**3.9**
Total transactions with owners	**36.7**	**(5.6)**	**(25.7)**	**5.4**	**(189.5)**	**(184.1)**
At 31 December 2018	**2,910.8**	**(1,898.0)**	**244.3**	**1,257.1**	**1,639.2**	**2,896.3**
At 1 January 2017	**2,863.3**	**(1,913.9)**	**81.1**	**1,030.5**	**1,559.1**	**2,589.6**
Profit for the year	-	-	147.1	**147.1**	201.3	**348.4**
Other comprehensive income	-	4.3	-	**4.3**	-	**4.3**
Total comprehensive income for the year	**-**	**4.3**	**147.1**	**151.4**	**201.3**	**352.7**
Employee share options exercised and vested	10.8	(2.2)	-	**8.6**	-	**8.6**
Employee share options lapsed	-	(1.5)	1.5	**-**	-	**-**
Employee long-term incentives	-	20.9	-	**20.9**	-	**20.9**
Total transactions with owners	**10.8**	**17.2**	**1.5**	**29.5**	**-**	**29.5**
At 31 December 2017	**2,874.1**	**(1,892.4)**	**229.7**	**1,211.4**	**1,760.4**	**2,971.8**

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	YEAR ENDED 31 DECEMBER 2018 US$ MILLION	2017 US$ MILLION
Cash flows from operating activities			
Receipts from customers		4,262.1	4,820.5
Payments to suppliers and employees		(2,392.9)	(2,318.3)
Payments for exploration expenditure		(47.5)	(45.6)
Income tax paid		(90.2)	(86.8)
Net cash generated from operating activities		**1,731.5**	**2,369.8**
Cash flows from investing activities			
Purchase of property, plant and equipment		(332.1)	(666.9)
Purchase of intangible assets		(5.4)	(38.4)
Purchase of financial assets		-	(0.7)
Payment of loan to a related party		-	(120.0)
Proceeds from repayments of loan to a related party		120.0	95.0
Proceeds from disposal of subsidiaries, net	5	113.9	226.5
Payments of support package associated with disposal of Century mine	5	(8.9)	(18.1)
Proceeds from disposal of financial assets		3.2	0.2
Proceeds from disposal of property, plant and equipment		4.4	-
Net cash used in investing activities		**(104.9)**	**(522.4)**
Cash flows from financing activities			
Proceeds from borrowings		370.0	140.0
Repayments of borrowings		(1,228.8)	(1,212.0)
Payments on redemption of convertible redeemable preference shares		(338.0)	-
Proceeds from shares issued upon exercise of employee share options		9.2	8.6
Dividends paid to non-controlling interests	5	(27.2)	-
Interest and financing costs paid		(759.6)	(409.1)
Interest received		13.6	8.5
Net cash used in financing activities		**(1,960.8)**	**(1,464.0)**
Net (decrease)/increase in cash and cash equivalents		**(334.2)**	**383.4**
Cash and cash equivalents at 1 January		936.1	552.7
Cash and cash equivalents at 31 December	14	**601.9**	**936.1**

NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

MMG Limited (the "Company") is a limited liability company and was incorporated in Hong Kong on 29 July 1988. The address of its registered office is Units 8506A, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The principal place of business of the Company is disclosed in the Corporate Information section to the Group's 2018 Annual Report.

The Company is an investment holding company and is listed on the main board of The Stock Exchange of Hong Kong Limited ("HKEx") and on the Australian Securities Exchange ("ASX"). ASX is a secondary listing and the Company's primary listing remains with the HKEx.

The Company and its subsidiaries (the "Group") are engaged in the exploration, development and mining of copper, zinc, gold, silver, nickel and lead deposits around the world.

The consolidated financial statements for the year ended 31 December 2018 are presented in United States dollars (US$) unless otherwise stated and were approved for issue by the Board of Directors of the Company (the "Board") on 6 March 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated in Note 3.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") – a collective term that 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, except for financial assets at fair value through profit or loss and derivative financial instruments which are measured at fair value.

(a) Going Concern

This report has been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 31 December 2018, the Group generated a net profit of US$136.6 million (2017: US$346.1 million) from its continuing operations. As at 31 December 2018, the Group had a net current asset deficit of US$153.1 million (2017: net current asset surplus of US$193.6 million) and generated operating cashflows of US$1,731.5 million (2017: US$2,369.8 million). Cash flow forecasts for the 12 months from the approval of the consolidated financial statements indicates that the Group will have sufficient liquidity to meet its operational, existing contractual debt service and capital expenditure requirements for the 12 month period from the approval of the consolidated financial statements. The ability to transfer cash generated within the MMG South America Management Company Limited and its subsidiaries ("Las Bambas Joint Venture Group") to the rest of the Group is subject to satisfying certain conditions.

In addition, the Directors of the Company (the "Directors") note the following considerations, relevant to the Group's ability to continue as a going concern:

- As at 31 December 2018, total cash and cash equivalents of US$601.9 million were held by the Group (including Las Bambas);
- The strong ongoing support of the Group's major shareholder, China Minmetals Corporation ("CMC"). This has been demonstrated by an agreement entered into with Top Create Resources Limited (a subsidiary of CMC) in December 2018, whereby the term of an existing US$100 million working capital facility was extended by 12 months to a revised maturity date of 4 January 2020;
- The strong ongoing support of the Group's financiers, as demonstrated by the release in October 2018 of Parent Company Guarantees that had supported the Las Bambas Project Facility and a US$380.0 million bank guarantee facility that was provided to Minera Las Bambas S.A. by ICBC. These relationships are supported and enhanced by CMC's own relationships with the Group's external financiers;
- The Group is currently in discussions with financiers for a new revolving debt facility for Minera Las Bambas S.A.. The facility will be available for general corporate and working capital purposes. This facility will replace an undrawn existing revolving credit facility that is provided by Bank of China Limited (Sydney branch), and that is to mature in March 2019; and
- In the event that cash flow forecasts are not met or that existing or new debt facilities are insufficient or not obtained on time, the Group has the support of its major shareholder, CMC. In this circumstance, support to the Group may be in the form of providing additional debt facilities, deferral of debt service and repayment obligations in relation to existing shareholder loans from CMC, or through further equity contributions.

As a result the Directors are of the view that the Group will be able to meet its debts as and when they fall due and accordingly the Directors have prepared the consolidated financial statements on a going concern basis.

(b) Adoption of new standards and amendments to HKFRSs for the first time in 2018

HKFRS 15	Revenue from contracts with customers and related amendments
HKFRS 9	Financial instruments

The impacts of the adoption of the above standards and the consequent new accounting policies have been disclosed in Note 3.

(c) Amendments to existing standards effective and adopted in 2018 but not relevant or significant to the Group

Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfers of investment property
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration
Amendments to HKFRS	Annual improvements to HKFRS 2014-2016 cycle and other amendments

(d) New standards and amendments to standards that have been issued but not yet effective or early adopted by the Group

HKFRS 16	Leases[(a)]
HKFRS 17	Insurance Contracts[(c)]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[(e)]
Amendments to HKFRS 9	Prepayment features with negative compensation[(a)]
Amendments to HKAS 28	Long-term interests in associates and joint ventures[(a)]
Amendments to HKFRS	Annual improvements to HKFRSs 2015–2017 cycle[(a)]
Amendments to HKAS 19	Plan amendment, curtailment or settlement[(a)]
HK(IFRIC) - Int 23	Uncertainty over income tax treatments[(a)]
Amendments to HKAS 1 and HKAS 8	Definition of Material[(b)]
Amendments to HKFRS 3	Definition of a Business[(d)]

Effective for the Group for annual period beginning on:

(a) 1 January 2019

(b) 1 January 2020

(c) 1 January 2021

(d) business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

(e) to be determined

3. CHANGES IN ACCOUNTING POLICIES

The following notes explain the impact of the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" on the Group's consolidated financial statements.

3.1 Financial instruments

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement", bringing together all three aspects of accounting for financial instruments: classification and measurement, impairment and hedge accounting. HKFRS 9 includes an approach for the classification and measurement of financial assets which is based on cash flow characteristics and the business model used for the management of the financial instruments. It introduces the ECL model for impairment of certain financial assets which replaces the incurred loss model used in HKAS 39. The ECL model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The standard also amends the rules on hedge accounting to align the accounting treatment with the risk management objective and strategy of the business.

As permitted by the transitional provisions, the Group has elected to apply HKFRS 9 on a full retrospective basis. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition are recognised in the opening retained profits of the current reporting period.

Amended accounting policies for financial instruments

Classification

Classification of financial assets depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows. The Group classifies its financial assets as:

- financial assets measured at amortised cost, or
- financial assets measured at fair value.

Gains or losses of assets measured at fair value will be recognised either through profit or loss ("FVTPL") or through other comprehensive income ("FVOCI"). For financial assets measured at FVOCI, impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these financial assets.

(a) Amortised cost

A financial asset shall be measured at amortised cost if it is held within a business model the objective of which is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset shall be measured at fair value through other comprehensive income if it is held within a business model objective of which is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

Recognition and measurements

Regular purchases and sales of financial assets are recognised on the trade-date being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Financial assets at amortised cost are measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the consolidated statement of profit or loss within expenses in the period in which they arise. The net gain or loss recognised in profit or loss arising from changes in the fair value of the financial assets at fair value through profit or loss excludes any dividend income. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of profit or loss as part of other income when the right of the Group to receive payment is established, the Group is probable to obtain the economic benefits associated with it and the amount can be measured reliably.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparties.

Impairment of financial assets

The Group applies a simplified approach to measure expected credit loss ("ECL") on other receivables which are classified as financial assets at amortised cost. Under the simplified approach, the Group measures the loss allowance based on lifetime ECL. The Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Typically, credit risk increases significantly before a financial instrument becomes past due or other lagging debtor-specific factors are observed. Consequently when reasonable and supportable information that is more forward-looking than past due information is available without undue cost or effort, it is used to assess changes in credit risk. The Group considers credit risks including, but not limited to, instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, and geographical location of the debtor.

The Group assesses at the end of each reporting period whether there has been a significant increase in credit risk of the receivables since initial recognition. A financial asset or a group of financial assets is impaired and impairment losses are incurred if credit losses are recognised based on significant increases in the likelihood or risk of a default occurring since the initial recognition of the asset. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive, discounted to the reporting date using the effective interest rate determined at initial recognition.

The measurement category and the carrying amount of financial assets and liabilities in accordance with HKAS 39 and HKFRS 9 as at 1 January 2018 are compared as follows:

	ORIGINAL MEASUREMENT CATEGORY UNDER HKAS 39	NEW MEASUREMENT CATEGORY UNDER HKFRS 9	ORIGINAL CARRYING AMOUNT UNDER HKAS 39 US$ MILLION	NEW CARRYING AMOUNT UNDER HKFRS 9 US$ MILLION
Financial assets				
Cash and cash equivalents	Amortised cost (Loans and receivables)	Amortised cost	936.1	936.1
Trade receivables (provisional price)	Amortised cost (Loans and receivables)	FVTPL	236.3	236.3
Other receivables (including government taxes)	Amortised cost (Loans and receivables)	Amortised cost	187.9	159.1
Derivative financial assets	FVTPL	FVTPL	0.5	0.5
Loan to a related party	Amortised cost (Loans and receivables)	Amortised cost	120.0	120.0
Financial assets at fair value through profit or loss	FVTPL	FVTPL	5.5	5.5
Other financial assets	Amortised cost (Loans and receivables)	Amortised cost	12.3	12.3
Financial liabilities				
Trade and other payables	Amortised cost (Loans and receivables)	Amortised cost	(730.1)	(730.1)
Other financial liabilities (Bank guarantees)	Amortised cost (Loans and receivables)	FVTPL	(151.3)	(151.3)
Other financial liabilities	Amortised cost (Loans and receivables)	Amortised cost	(9.0)	(9.0)
Borrowings	Amortised cost (Loans and receivables)	Amortised cost	(9,192.5)	(9,192.5)

3.2 Revenue from Contracts with Customers

HKFRS 15 establishes a single comprehensive model for entities for use in accounting for revenue arising from contracts with customers. HKFRS 15 supersedes the original revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations. HKFRS 15 requires the Group to apply a five step approach in recognising revenue, including a) Identifying the contract(s) with a customer; b) Identifying the performance obligations in the contract; c) Determining the transaction price; d) Allocating the transaction price to the performance obligations in the contract and e) Recognising revenue when (or as) the entity satisfies a performance obligation. The Group has accordingly amended its accounting policy for revenue recognition to comply with HKFRS 15. The Group has assessed the impact of such change in policy, which was primarily in respect of allocation of revenue to shipping services, and timing of recognition of such revenue, and has concluded that there is no significant impact to recognition, measurement and presentation of revenue.

Amended accounting policies for revenue recognition

Revenue is recognised when persuasive evidence of an arrangement exists, usually in the form of an executed sales agreement, indicating there has been a transfer of control and completion of distinctive performance obligations separately identified by the Group. Transaction price under the agreement is allocated to the various performance obligations and revenue is recognised in line with satisfaction of each performance obligation. Revenue is presented net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Sale of goods is recognised upon transfer of control, which for majority of the products is the bill of lading date when the commodity is delivered for shipment. Where the incoterms are '*Cost, Insurance and Freight*' (CIF), the Group identifies shipping service associated with sales as a performance obligation separate to the sale of goods. The Group allocates the transaction price of the relevant sale transaction to the distinct performance obligation related to shipping of goods and recognises the corresponding revenue over the period of the performance obligation that depicts the pattern of the transfer of control over time in accordance with the freight terms and conditions. Allocation of transaction price to delivery services is based on best estimate of a similar stand-alone service.

Revenue is reported net of discounts and pricing adjustments. Royalties paid and payable are separately reported as expenses. Revenues from the sale of significant by-products, such as gold and silver, are included in sales revenue.

Price adjustments in case of provisionally priced sales

The Group has certain provisionally priced sales where the contract terms for the Group's concentrate sales allow for a price adjustment based on a final assay of the goods determined after discharge. The Group assesses such provisional pricing to be a variable consideration and recognises revenue at an amount representing the Group's estimate for the expected final consideration. This amount is based on the most recently determined estimate of product assays. The Group applies judgement regarding likelihood of significant reversals to ensure that revenue is only recognised to the extent that it is highly probable that significant reversal will not occur. Any adjustments to the final price are recognised as revenue.

Changes in fair value of provisionally priced sales

The terms of sales contracts with third parties contain provisional pricing arrangements whereby the selling price for contained metal is based on prevailing spot prices during a specified future date range after shipment to the customer (quotational period). Adjustment to the sales price occurs based on movements in quoted market prices up to the completion of the quotational period. The period between provisional invoicing and quotational period completion is typically between 30 and 120 days.

In case of such provisional pricing arrangements, the Group re-estimates the fair value of the final sales price adjustment continually by reference to forward market prices. Such fair value adjustments do not form part of the revenue recognised from customers and are governed under HKFRS 9 "Financial Instruments". Related receivable balances are recognised at fair value through profit and loss.

HKFRS 15 also requires certain additional disclosures of revenue from contracts with customers. These are covered as part of Note 4. The Group considers that the impact of economic factors on its sales revenue, particularly pricing and volumes, is best understood by reference to the disclosure of sales revenue by metal product as disclosed in the segment report.

3.3 Impact of adoption of other new standard and policies

The Group has concluded that the impact of adoption of all other new standard and policies does not result in any material measurement or presentation differences for the Group for the purpose of the consolidated financial statements.

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 Company's Executive Committee has been identified as the chief operating decision-maker. The Executive Committee reviews the Group's internal reporting of these operations in order to assess performance and allocate resources.

Following the commissioning of Dugald River Project on 1 May 2018, its operating results and related assets/liabilities are reported as a separate reportable segment, which were included in "Other" segment in the prior year.

The Group's reportable segments are as follows:

Las Bambas	The Las Bambas mine is a large open-pit, scalable, long-life copper and molybdenum mining operation with prospective exploration options. It is located in the Cotabambas, Apurimac region of Peru.
Kinsevere	Kinsevere is an open-pit copper mining operation located in the Haut-Katanga Province of the Democratic Republic of the Congo (DRC).
Dugald River	The Dugald River mine is an underground zinc mining operation located near Cloncurry in North West Queensland. The Dugald River mine achieved commercial production on 1 May 2018.
Rosebery (previously Australian Operations)	Rosebery is an underground polymetallic base metal mining operation located on Tasmania's west coast. In 2017, "Australian Operations" segment included the Golden Grove mine, which was disposed on 28 February 2017.
Other	Includes exploration projects, mine sites under construction, mine sites under care and maintenance and corporate entities in the Group.

Sepon is an open-pit copper mining operation located in Southern Laos. It was one of the Group's reportable segments until it was disposed of on 30 November 2018. Refer to Note 5.1 for more details. Accordingly, although the operating results for the period from 1 January 2018 to 30 November 2018 of Sepon are still reflected in the respective segment results, its assets and liabilities ceased to be consolidated by the Group from 30 November 2018 onwards.

A segment result represents the EBIT by each segment. This is the measure reported to the Company's Executive Committee for the purposes of resource allocation and assessment of segment performance. Other information provided, except as disclosed in the following paragraph, to the Company's Executive Committee is measured in a manner consistent with that in these consolidated financial statements.

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

The segment revenue and results for the year ended 31 December 2018 are as follows:

US$ MILLION	Las Bambas	Kinsevere	Dugald River	Rosebery	Other unallocated items/ eliminations	Continuing operations subtotal	Discontinued operation (Sepon) (Note 5.1)	Group
	FOR THE YEAR ENDED 31 DECEMBER 2018							
Revenue by metal[4]:								
-Copper	2,317.4	516.4	-	6.2	(0.8)	2,839.2	433.6	3,272.8
-Zinc	-	-	203.7	175.6	-	379.3	-	379.3
-Lead	-	-	29.8	55.5	-	85.3	-	85.3
-Gold	129.4	-	-	45.2	-	174.6	-	174.6
-Silver	83.0	-	13.8	46.2	-	143.0	-	143.0
-Molybdenum	48.8	-	-	-	-	48.8	-	48.8
Revenue from contracts with customers	**2,578.6**	**516.4**	**247.3**	**328.7**	**(0.8)**	**3,670.2**	**433.6**	**4,103.8**
EBITDA (excluding gain on disposal of subsidiaries)	**1,341.2**	**203.0**	**87.6**	**171.6**	**(52.2)**	**1,751.2**	**138.6**	**1,889.8**
Depreciation and amortisation expenses	(641.5)	(153.2)	(40.7)	(73.8)	(8.9)	(918.1)	(159.1)	(1,077.2)
EBIT (excluding gain on disposal of subsidiaries)	**699.7**	**49.8**	**46.9**	**97.8**	**(61.1)**	**833.1**	**(20.5)**	**812.6**
Gains on disposal of subsidiaries (Note 5.1)						-	27.9	27.9
Finance income						6.8	6.7	13.5
Finance costs						(533.7)	(6.2)	(539.9)
Income tax expense						(169.6)	(7.1)	(176.7)
Profit for the year						**136.6**	**0.8**	**137.4**
Other segment information:								
Additions to non-current assets (excluding deferred tax assets, inventories and financial instruments)	243.2	57.1	17.6	11.5	2.2	331.6	4.8	**336.4**

The segment assets and liabilities at 31 December 2018 are as follows:

US$ MILLION	Las Bambas	Kinsevere	Dugald River	Rosebery	Other unallocated items/ eliminations	Group
	AT 31 DECEMBER 2018					
Segment assets	10,643.6	855.8	713.3	341.4	468.9[1]	13,023.0
Current/deferred income tax assets						232.4
Consolidated assets						**13,255.4**
Segment liabilities	5,924.4	156.7	490.1	151.9	2,683.8[2]	9,406.9
Current/deferred income tax liabilities						952.2
Consolidated liabilities						**10,359.1**

The segment revenue and results for the year ended 31 December 2017 are as follows:

US$ MILLION	Las Bambas	Kinsevere	Australian Operations	Other unallocated items/ eliminations	Continuing operations subtotal	Discontinued operation (Sepon) (Note 5.1)	Group
	FOR THE YEAR ENDED 31 DECEMBER 2017 (restated[3])						
Revenue by metal[4]:							
-Copper	2,644.0	500.9	5.8	8.3	3,159.0	391.9	3,550.9
-Zinc	-	-	168.7	-	168.7	-	168.7
-Lead	-	-	53.1	-	53.1	-	53.1
-Gold	165.8	-	36.9	-	202.7	-	202.7
-Silver	109.1	-	40.7	-	149.8	-	149.8
-Molybdenum	18.0	-	-	-	18.0	-	18.0
Revenue from contracts with customers	**2,936.9**	**500.9**	**305.2**	**8.3**	**3,751.3**	**391.9**	**4,143.2**
EBITDA (excluding gain on disposal of subsidiaries)	**1,740.8**	**178.7**	**156.1**	**(163.4)**	**1,912.2**	**119.2**	**2,031.4**
Depreciation and amortisation expenses	(589.4)	(144.2)	(73.9)	(11.1)	(818.6)	(114.4)	(933.0)
EBIT (excluding gain on disposal of subsidiaries)	**1,151.4**	**34.5**	**82.2**	**(174.5)**	**1,093.6**	**4.8**	**1,098.4**
Gains on disposal of subsidiaries (Note 5.2)					178.6	-	178.6
Finance income					6.0	2.8	8.8
Finance costs					(537.6)	(4.7)	(542.3)
Income tax expense					(394.5)	(0.6)	(395.1)
Profit for the year					**346.1**	**2.3**	**348.4**
Other segment information:							
Additions to non-current assets (excluding deferred tax assets, inventories and financial instruments)	361.8	63.1	62.8	294.2	781.9	54.3	**836.2**

The segment assets and liabilities at 31 December 2017 are as follows:

US$ MILLION	Las Bambas	Kinsevere	Sepon	Australian operations	Other unallocated items/ eliminations	Group
	AT 31 DECEMBER 2017					
Segment assets	11,304.2	980.2	624.5	414.6	1,209.9[1]	14,533.4
Current/deferred income tax assets						256.2
Consolidated assets						**14,789.6**
Segment liabilities	6,744.4	228.5	282.3	165.0	3,519.4[2]	10,939.6
Current/deferred income tax liabilities						878.2
Consolidated liabilities						**11,817.8**

1. Included in segment assets of US$468.9 million (2017: US$1,209.9 million) for the other segment is cash of US$93.9 million (2017: US$194.4 million) mainly held at Group treasury entities and trade receivables of US$172.9 million (2017: US$108.4 million) for MMG South America Company Limited ("MMG SA") in relation to copper concentrate sales. As at 31 December 2017, other segment assets also consist of the Dugald River project of US$688.1 million and a loan to a related party of US$120.0 million.
2. Included in segment liabilities of US$2,683.8 million (2017: US$3,519.4 million) for the other segment are borrowings of US$2,361.3 million (2017: US$2,929.2 million), which are managed at Group level. Also included in Other segment liabilities are bank guarantee financial liabilities of US$136.6 million (2017: US$151.3 million) and costs of support package of US$9.0 million (2017: US$17.9 million) associated with the disposal of the Century mine.
3. The results of Sepon for the year ended 31 December 2017 have been re-presented due to compliance with HKFRS 5 which requires representation of comparative to show the discontinued operation separately from continuing operations.
4. The new revenue standard requires the Group to disaggregate revenue from contracts with customers into appropriate categories that depict how the nature of revenue is affected by economic factors. The Group presents revenue by metals.

5. DISPOSAL OF SUBSIDIARIES AND RESULTS OF DISCONTINUED OPERATION

5.1 SALE OF SEPON MINE IN 2018

On 30 November 2018, the Group completed the sale of MMG Laos Holdings Limited to Chifeng Jilong Gold Mining Co., Limited ("Chifeng"), for total consideration of US$275.0 million. MMG Laos Holding Limited owns the Group's 90% interest in Lane Xang Minerals Limited ("LXML"), which in turn owns the Sepon mine in Laos PDR. The results of the Sepon mine are classified as a discontinued operation for the current reporting period to the date of completion of the sale on 30 November 2018, at which date the Group ceased to consolidate LXML. The results of Sepon for the year ended 31 December 2017 have been re-presented to show separately from continuing operations.

(a) Gain on disposal of Sepon is as follows:

	2018 US$ MILLION
Consideration received in cash and cash equivalents (b)	247.5
Deferred consideration (recognised as non-current other receivable)[1]	22.2
Total fair value of consideration[1]	**269.7**
Net assets disposed attributable to equity holders of the Company (e)	(238.8)
Less: transaction costs	(3.0)
Gain on disposal (pre-tax)	**27.9**
Deferred tax balances disposed attributable to equity holders of the Company (e)	(13.7)
Gain on disposal (post-tax)	**14.2**
Loss for the year – net of income tax (c)	**(13.4)**
Profit for the year from discontinued operation	**0.8**
Profit for the year from discontinued operation attributable to:	
-Equity holders of the Company	3.5
-Non-controlling interests	(2.7)
	0.8

1. The total sale consideration of US$275.0 million includes US$27.5 million of deferred consideration receivable at the earlier of 31 December 2021, or following satisfaction of certain post-closing conditions. The deferred consideration has been measured at its fair value of US$22.2 million. The total fair value of the consideration received/receivable amounts to US$269.7 million as at the completion date of such disposal.

(b) Net cash inflow on disposal of Sepon is as follows:

	2018 US$ MILLION
Consideration received in cash and cash equivalents (a)	247.5
Less: cash and cash equivalents disposed (e)	(132.4)
Less: transaction costs paid	(1.2)
Proceeds from disposal of Sepon, net	**113.9**

NOTES TO FINANCIAL INFORMATION CONTINUED

(c) Results of Sepon discontinued operation (on 100% consolidated basis):

	2018 US$ MILLION	2017 US$ MILLION
Revenue	433.6	391.9
Expenses (excluding depreciation and amortisation expenses)	(295.0)	(272.7)
Earnings before interest, income tax, depreciation and amortisation expenses – EBITDA	**138.6**	**119.2**
Depreciation and amortisation expenses	(159.1)	(114.4)
Earnings before interest and income tax - EBIT	**(20.5)**	**4.8**
Net finance income/(costs)	0.5	(1.9)
(Loss)/profit before income tax	**(20.0)**	**2.9**
Income tax credit/(expense)	6.6	(0.6)
(Loss)/profit for the year – net of income tax (a)	**(13.4)**	**2.3**
(Loss)/profit for the year attributable to:		
-Equity holders of the Company	(10.7)	3.1
-Non-controlling interests	(2.7)	(0.8)
	(13.4)	**2.3**

(d) Cash flow attributable to Sepon discontinued operation (on 100% consolidated basis):

	2018 US$ MILLION	2017 US$ MILLION
Net cash inflows from operating activities	135.9	153.1
Net cash inflows/(outflows) from investing activities	246.2	(149.4)
Net cash outflows from financing activities[1]	(271.8)	-
Net cash inflows from discontinued operation	**110.3**	**3.7**
Less: cash and cash equivalents disposed on sale of Sepon (e)	**(132.4)**	**-**
Net cash (outflows)/inflows from discontinued operation	**(22.1)**	**3.7**

1. Net cash outflows from financing activities in 2018 include dividends payment of US$27.2 million to non-controlling interests.

(e) Sepon assets and liabilities disposed (on 100% consolidated basis):

	2018 US$ MILLION
Non-current assets	
Property, plant and equipment	321.1
Deferred income tax assets	24.5
Inventories	4.5
Other assets	11.2
Current assets	
Cash and cash equivalents (b),(d)	132.4
Inventories	53.3
Trade and other receivables	29.2
Other assets	0.6
Total assets disposed	**576.8**
Non-current liabilities	
Provisions	252.3
Deferred income tax liabilities	9.3
Current liabilities	
Trade and other payables	27.7
Provisions	7.0
Total liabilities disposed	**296.3**
Net assets disposed (excluding deferred tax balances):	**265.3**
- attributable to equity holders of the Company (a)	238.8
- attributable to non-controlling interests	26.5
Net deferred tax assets disposed:	**15.2**
- attributable to equity holders of the Company (a)	13.7
- attributable to non-controlling interests	1.5
Net assets disposed on 100% consolidated basis – post tax	**280.5**

5.2 SALE OF AVEBURY, CENTURY AND GOLDEN GROVE MINES IN 2017

The Group completed the sales of the Avebury, Golden Grove and Century mines during the year ended 31 December 2017. The completion dates of the respective sale are as follows:

	GOLDEN GROVE	CENTURY	AVEBURY
Completion date of sale	28 February 2017	28 February 2017	7 July 2017

The Group lost control of and ceased to consolidate these subsidiaries after the respective sale completion dates. The operating results for the period from 1 January 2017 to 28 February 2017 of the Golden Grove and Century mines and the operating result for the period from 1 January 2017 to 7 July 2017 of Avebury mine are consolidated into the Group's financial statement of profit or loss during 2017.

(a) The Group's gains on disposal of subsidiaries for the year ended 31 December 2017 are as follows:

US$ MILLION	GOLDEN GROVE	CENTURY	AVEBURY	2017 TOTAL
Consideration received	**210.0**	**-**	**19.0**	**229.0**
Net (assets)/liabilities disposed (excluding deferred taxes)	(188.0)	336.3	(14.1)	**134.2**
Fair value of financial liability in relation to the bank guarantee (A$193.7 million) associated with Century disposal[1]	-	(148.8)	-	**(148.8)**
Cost of support package (total A$46.6 million) associated with Century disposal	-	(35.8)	-	**(35.8)**
Total net (assets)/liabilities disposed after adjustments	**(188.0)**	**151.7**	**(14.1)**	**(50.4)**
Gain on disposal (pre-tax)	**22.0**	**151.7**	**4.9**	**178.6**
Deferred tax balances disposed	(4.0)	(163.5)	(1.4)	**(168.9)**
Gain/(loss) on disposal (post-tax)	**18.0**	**(11.8)**	**3.5**	**9.7**

1. As a part of the terms of the sale the Group has procured certain bank guarantees amounting to A$193.7 million (equivalent to US$136.6 million) for the benefit of New Century Resources Limited until 31 December 2026. The guarantees have been procured to support certain obligations New Century Resources Limited is required to perform in operating the Century Mine business including rehabilitation activities. New Century Resources Limited is legally required to punctually meet all obligations and must use best endeavours to ensure that no demand is made under the bank guarantees. New Century Resources Limited must ensure that, within 90 days of the end of each financial year, the bank guarantee is reduced by not less than 40% of the Century mine's EBITDA in respect of a financial year.

(b) Net cash inflow/(outflow) on disposal of subsidiaries for the year ended 31 December 2017 are as follows:

US$ MILLION	GOLDEN GROVE	CENTURY	AVEBURY	2017 TOTAL
Consideration received in cash and cash equivalents	210.0	-	19.0	**229.0**
Less: cash and cash equivalents disposed	-	-	-	**-**
Less: completion adjustment payment	(2.5)	-	-	**(2.5)**
Less: payments on support package associated with Century disposal	-	(18.1)	-	**(18.1)**
	207.5	**(18.1)**	**19.0**	**208.4**

6. OTHER INCOME/(LOSS) (RELATED TO CONTINUING OPERATIONS)

	2018 US$ MILLION	2017 US$ MILLION
Gain on early redemption of convertible redeemable preference shares	12.6	-
Loss on changes in fair value of commodity price contracts	-	(24.4)
Gain/(loss) on disposal of property, plant and equipment	2.4	(2.3)
Other income/(loss)	5.6	(8.3)
Total other income/(loss)	**20.6**	**(35.0)**

NOTES TO FINANCIAL INFORMATION

7. EXPENSES (RELATED TO CONTINUING OPERATIONS)

Profit before income tax includes the following specific expenses related to continuing operations:

	2018 US$ MILLION	2017 US$ MILLION
Changes in inventories of finished goods and work in progress	(4.8)	(36.5)
Write-down of inventories to net realisable value	59.3	11.7
Employee benefit expenses[1]	230.7	221.7
Contracting and consulting expenses	500.2	455.5
Energy costs	254.1	232.2
Stores and consumables costs	373.0	339.0
Depreciation and amortisation expenses[2]	882.6	774.7
Operating lease rental[3]	22.9	17.4
Other production expenses	142.9	117.4
Cost of goods sold	**2,460.9**	**2,133.1**
Other operating expenses	40.3	39.2
Royalty expenses	126.9	124.3
Selling expenses	117.3	113.2
Operating expenses including depreciation and amortisation [4]	**2,745.4**	**2,409.8**
Exploration expenses[1,2,3]	47.5	45.1
Administrative expenses[1,3]	35.8	81.7
Auditor's remuneration	1.6	1.5
Foreign exchange (gains)/losses – net	(12.3)	49.1
Loss /(gain) on financial assets at fair value through profit or loss	2.4	(4.6)
Other expenses[1,2,3]	37.3	40.1
Total expenses	**2,857.7**	**2,622.7**

1. In aggregate US$89.7 million (2017: US$133.3 million) employee benefit expenses by nature is included in the administrative expenses, exploration expenses, and other expenses categories. Total employee benefit expenses attributable to continuing operations were US$320.4 million (2017: US$355.0 million).
2. In aggregate US$35.5 million (2017: US$43.9 million) depreciation and amortisation expenses are included in exploration expenses and other expenses categories. Total depreciation and amortisation expenses attributable to continuing operations were US$918.1 million (2017: US$818.6 million).
3. In aggregate, an additional US$6.9 million (2017: US$10.4 million) operating lease rentals are included in administrative expenses, exploration expenses and other expenses categories. Total operating lease rentals attributable to continuing operations were US$29.8 million (2017: US$27.8 million).
4. Operating expenses attributable to continuing operations include mining and processing costs, royalties, selling expenses (including transportation) and other costs incurred by operations.

8. FINANCE INCOME AND FINANCE COSTS (RELATED TO CONTINUING OPERATIONS)

	2018 US$ MILLION	2017 US$ MILLION
Finance income		
Interest income on cash and cash equivalents	6.8	6.0
	6.8	**6.0**
Finance costs		
Interest expense on bank borrowings	(372.5)	(370.8)
Interest expense on convertible redeemable preference shares	-	(20.1)
Interest expense on related party borrowings	(109.3)	(102.5)
Unwinding of discount on provisions	(18.8)	(11.9)
Other finance cost on external borrowings	(35.6)	(50.8)
Other finance cost on related party borrowings	(6.5)	(4.1)
Finance costs – total	**(542.7)**	**(560.2)**
Less: Borrowing costs capitalised in relation to qualifying assets[1]	9.0	22.6
Finance costs – net of capitalised borrowing costs	**(533.7)**	**(537.6)**

1. Borrowing costs capitalised at the rate of 5.6% (2017: 5.5%) per annum representing the average interest rate on borrowings related to Dugald River project. Borrowing costs ceased to be capitalised to the Dugald River project upon its achievement of commercial production on 1 May 2018.

9. INCOME TAX EXPENSE (RELATED TO CONTINUING OPERATIONS)

Hong Kong profits tax is provided at a rate of 16.5% where there are net assessable profits derived for the year. The income tax rates applicable for the main jurisdictions in which the Group operates are: Australia (30.0%), Peru (32.0%), the DRC (30.0%) and Laos (24.0%). Tax rates for some jurisdictions are covered by historical legal agreements with governments. 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.

The Group recognises deferred tax assets if it is probable that future taxable amounts will be available to utilise those deductible temporary differences and unused tax losses in the foreseeable future. Management will continue to assess the recognition of deferred tax assets in future reporting periods.

	2018 US$ MILLION	2017 US$ MILLION
Current income tax expense – Overseas income tax	(78.4)	(121.8)
Deferred income tax expense – Overseas income tax	(91.2)	(272.7)
Income tax expense	**(169.6)**	**(394.5)**

There is no deferred tax impact relating to items of other comprehensive income (2017: US$nil).

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year.

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. For the Company's share options and performance awards on issue, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined at the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and performance awards. 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 and performance awards.

	2018 US$ MILLION	2017 US$ MILLION
Profit attributable to equity holders of the Company in the calculation of basic and diluted earnings per share	**68.3**	**147.1**
-From continuing operations	64.8	144.0
-From discontinued operation	3.5	3.1

	NUMBER OF SHARES '000	
	2018	2017
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	8,019,434	7,948,885
Shares deemed to be issued in respect of long-term incentive equity plans	77,067	162,903
Weighted average number of ordinary shares used in the calculation of the diluted earnings per share[1]	8,096,501	8,111,788
Basic earnings per share	**US 0.85 cents**	**US 1.85 cents**
-From continuing operations	US 0.81 cents	US 1.81 cents
-From discontinued operation	US 0.04 cents	US 0.04 cents
Diluted earnings per share	**US 0.84 cents**	**US 1.81 cents**
-From continuing operations	US 0.80 cents	US 1.77 cents
-From discontinued operation	US 0.04 cents	US 0.04 cents

1. The conversion of convertible redeemable preference shares (CRPS) as issued by Topstart Limited ("Topstart"), a subsidiary of the Company, would result in an anti-dilutive impact to the earnings per share, as such the calculation of diluted earnings per share does not assume conversion.

11. DIVIDENDS

The Directors did not recommend the payment of an interim or final dividend for the year ended 31 December 2018 (2017: US$nil).

12. IMPAIRMENT TESTING OF NON-CURRENT ASSETS AND GOODWILL

In accordance with the Group's accounting policies and processes, the Group performs its impairment testing annually at 31 December. Cash Generating Units ("CGUs") are reviewed at each reporting period to determine whether there is an indication of impairment or impairment reversal. Where an indicator of impairment or impairment reversal exists, a formal estimate of the recoverable amount is made at the reporting period.

Indicators of impairment for Kinsevere mine due to the political environment in the DRC as well as potential impairment reversal for Dugald River mine following its commissioning were identified as at 31 December 2018, which resulted in assessing if an impairment or a reversal of impairment is required respectively.

Las Bambas is subject to impairment testing due to Goodwill being attributed to the CGU which requires an annual impairment assessment.

(i) Approach

An impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of each CGU has been estimated using the higher of its fair value less costs of disposal or its value in use ("Fair Value"). The Fair Value estimates are considered to be level 3 fair value measurements (as defined by accounting standards) as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the Group's planning process, including Life of Asset ("LOA") plans, three-year budgets, periodic forecasts and CGU specific studies. Expected operating performance improvements reflecting the Group's objectives to maximise free cash flow, optimise operational activity, apply technology, improve capital and labour productivity and other production efficiencies are also included along with the expected costs to realise the initiatives.

All Reserves and Resources have been included in the valuations at justifiable reasonable conversion rates, supported by proof of concept studies. Exploration targets are included in the valuation as applicable.

(ii) Key assumptions

The key assumptions impacting the discounted cash flow models used to determine the Fair Value include:

- Commodity prices;
- Operating costs;
- Capital requirements;
- Real post-tax discount rates;
- Foreign exchange rates;
- Reserves and Resources and exploration targets;
- Optimisation of operational activity and productivity; and
- Rehabilitation timing.

In determining the value assigned to some of the key assumptions, management has used external sources of information where appropriate.

Commodity price and exchange rate assumptions are based on the latest internal forecasts benchmarked to analyst consensus forecasts. The long-term cost assumptions are based on actual costs adjusted for planned operational changes and input cost assumptions over the life of mine.

Commodity price estimates included in the 3-year budget cash flows used the latest forecast metal prices. The long-term price assumed for copper is US$3.15 (2017: US$2.99) per pound and for zinc is US$1.21 (2017: US$1.22) per pound.

The long term AUD:USD exchange rate has been included as 0.78 (2017: 0.80).

The real post-tax discount rates used in the Fair Value estimates for each of the CGU's remain unchanged from 2017, i.e. 11% for Kinsevere, 8% for Las Bambas and 7% for Dugald River.

(iii) Valuation methodology

Kinsevere

The Kinsevere Fair Value is predominately determined through the LOA discounted cash flows. The valuation contains the current operation, further regional exploration potential and third-party ore processing. The cash flows assume additional capital investment in the processing plant to process sulphide ore and potentially cobalt, which also extends the mine life.

In March 2018, the DRC Government passed significant changes to the DRC 2002 Mining Code (2018 Mining Code). The 2018 Mining Code does not recognise the application of Article 276 of the 2002 Mining Code which provides a guarantee of stability of the provisions of the 2002 Mining Code including, but not limited to tax, customs and exchange regimes, for a period of 10 years after the entry into force of the amended legislation. In light of the adverse impact the 2018 Mining Code represents to Kinsevere mine, the Group along with other industry participants have engaged in discussion with the DRC Government seeking to negate or reduce negative financial outcomes. The mining operators in the DRC continue to review options to seek recognition of the application of the guarantee of stability.

The Group remains committed to working with the DRC Government to find a mutually acceptable solution to the issues raised by the 2018 Mining Code. However, depending on the outcomes of such negotiations, formal legal action by the Group to enforce its rights, including under the Bilateral Investment Treaty between the DRC and People's Republic of China (PRC) and/or the 2002 Mining Code, remains under active consideration.

In addition, several of the more complex changes (including Special Tax on Excess Profits), should the guarantee of stability not be acknowledged, will be implemented through changes to the enabling Mining Regulations (gazetted and published in July 2018). The DRC Government progressively enforced elements of the 2018 Mining Code and Mining Regulations, including increased royalty rates, import duties and environmental taxes, from mid-June 2018. However, there is limited guidance in relation to the implementation of parts of the 2018 Mining Code and Mining Regulations (e.g. Special Tax on Excess Profit). As a result, significant uncertainties still exist. The valuation for the current reporting period supports the carrying value of the Kinsevere CGU as at 31 December 2018 and has taken into consideration these changes and associated impacts based on the best knowledge the Group presently has as of the date of issuance of these consolidated financial statements. The Group's interpretation of the 2018 Mining Code is subject to change in future following the publication of relevant implementation guidance on those impacted areas which are currently uncertain.

Should the guarantee of stability not be recognised and the Group's interpretation of the 2018 Mining Code significantly differ from the final guidelines to be provided by the DRC Government, and in the event that negotiations and any legal actions are unsuccessful, there is likely to be an impairment to the carrying value of Kinsevere.

Las Bambas

The Las Bambas Fair Value is determined through the 2018 LOA discounted cashflows and supported by comparable transaction multiples. The valuation contains the current operation and further regional exploration targets included in the initial valuation to acquire the mine in 2014. The cashflows assume additional capital investment in the processing plant as well as expected cost reductions from operational improvement programs underway. Future cash flow forecasts include estimates for the cost of obtaining access to land where the rights do not currently exist.

Dugald River

The Dugald River development project was impaired in December 2015 by US$573.6 million, pre-tax. The impairment was recognised as a result of further weakening in commodity prices, and industry changes in the region having an adverse effect on the valuation of the project.

The Group revised the Dugald River project plan in 2016 and identified cost savings and consistent improvements in the operational and technical stability of the project resulting in approval for external funding to complete the revised project. These factors together with the commissioning of the processing plant at 1 May 2018 resulted in an evaluation of whether a reversal of impairment should be considered as at 31 December 2018.

Due to the early stage of the operation and ramp up of production activities in particular in reaching the full design capacity, as well as the sensitivity of its Fair Value to zinc price, operating costs and ore grade, no reversal of impairment has been recognised as at 31 December 2018. The Group will continue to monitor and assess if a reversal of impairment is required in future periods.

Rosebery

The Rosebery Fair Value is determined through the 2018 LOA discounted cashflows. No indicators of impairment were noted for Rosebery and the Fair Value currently supports the carrying value of the CGU. Consequently, no impairment was recognised.

(iv) Sensitivity analysis

The level of production activity is a key assumption in the determination of Fair Value, as well as the success of converting Reserves and Resources and increasing the resource estimates over the lives of mines. Due to the number of factors that could impact production activity, such as processing throughput, changing ore grade and/or metallurgy and revisions to mine plans in response to physical or economic conditions, no quantified sensitivity has been determined. Changes to these assumptions may however result in an impact on the Fair Value and result in impairment in future.

Each of the below sensitivities assumes that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact (for example, a decline in the US dollar commodity price accompanied with a decline in the Australian dollar compared to the US dollar). Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

Kinsevere

The key assumptions to which the calculation of Fair Value for Kinsevere is most sensitive are copper prices, the successful expansion of the processing plant to process sulphide ore and potentially cobalt, the application of the 2018 Mining Code as outlined above, and if the guarantee of stability is not recognised, the calculation of the Special Tax on Excess Profits (if applicable). An adverse change of 5% in copper price over the remaining mine life would decrease the recoverable amount by approximately US$126 million.

Las Bambas

The key assumptions to which the calculation of Fair Value for Las Bambas is most sensitive are copper price, operating costs, land access, including permitting delays and the amount of exploration potential to be realised. An adverse change of 5% in copper price over the remaining mine life would decrease the recoverable amount by approximately US$989 million. An adverse change of 5% in operating costs would decrease the recoverable amount by approximately US$450 million. The impact of delays in land access or the amount of exploration potential realised would result in a revision to the mine plan in response to these conditions.

13. TRADE AND OTHER RECEIVABLES

	2018 US$ MILLION	2017 US$ MILLION
Non-current other receivables		
Prepayments	3.7	7.6
Other receivables – government taxes (net of provisions)[1]	93.9	153.6
Sundry receivables	134.1	57.7
	231.7	**218.9**

Current trade and other receivables	2018 US$ MILLION	2017 US$ MILLION
Trade receivables[2]	285.5	236.3
Prepayments	22.3	28.0
Other receivables – government taxes[1]	76.7	3.3
Sundry receivables	28.2	20.1
	412.7	**287.7**

1. The government taxes amount mainly consists of VAT receivables associated with the Group's operations in Peru and the DRC.
2. As at 31 December 2018 and 2017, trade receivables of the Group mainly related to the mining operations. The majority of sales for mining operations were made under contractual arrangements whereby provisional payment is received promptly after delivery and the balance within 30 to 120 days from delivery. All the trade receivables at 31 December 2018 and 2017 were within 6 months from the date of invoice.
   As at 31 December 2018, US$20.9 million (2017: US$nil) trade receivables were past due and subsequently received on 3 January 2019.
   As at 31 December 2018, the Group's trade receivables included an amount of US$140.5 million (2017: US$102.5 million), which was due from a related company of the Group. The carrying amounts of the Group's trade receivables are all denominated in US$.

14. CASH AND CASH EQUIVALENTS

	2018 US$ MILLION	2017 US$ MILLION
Cash at bank and in hand	301.9	331.9
Short-term bank deposits[1]	300.0	604.2
Total[2]	**601.9**	**936.1**

1. The weighted average effective interest rate on short-term bank deposits at 31 December 2018 was 2.77% (2017: 1.68%). These deposits have an average 19 days (2017: 20 days) to maturity from 31 December 2018.
2. Total cash and cash equivalents include US$469.2 million (2017: US$708.2 million) of cash held limited for use by Las Bambas joint venture and US$24.1 million (2017: US$27.8 million) of cash held limited for use by Dugald River project.

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

	2018 US$ MILLION	2017 US$ MILLION
US dollars	592.1	928.3
Australian dollars	6.3	1.9
Peruvian sol	1.3	1.4
Hong Kong dollars	0.3	1.6
Others	1.9	2.9
	601.9	**936.1**

15. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES		SHARE CAPITAL	
	2018 '000	2017 '000	2018 US$ MILLION	2017 US$ MILLION
Issued and fully paid:				
At 1 January	7,963,134	7,935,105	2,874.1	2,863.3
Employee share options exercised[1]	27,588	28,029	11.7	10.8
Employee performance awards vested[2]	61,276	-	25.0	-
At 31 December	**8,051,998**	**7,963,134**	**2,910.8**	**2,874.1**

1. During the year ended 31 December 2018, a total of 27,588,359 new shares were issued as a result of employee share options exercised at an exercise price of HK$2.51 per share under the Company's 2013 Share Option Scheme.
2. During the year ended 31 December 2018, a total of 61,275,971 new shares were issued upon vesting of performance awards under the Company's 2015 Long Term Incentive Equity Plan.

16. RESERVES AND RETAINED PROFITS

US$ MILLION	Special capital reserve	Exchange translation reserve	Merger reserve[1]	Surplus reserve[2]	Share-based payment reserve	Total reserves	Retained profits	Total
At 1 January 2018	9.4	2.7	(1,946.9)	-	42.4	**(1,892.4)**	229.7	**(1,662.7)**
HKFRS 9 adjustment on retained profits (Note 3)	**-**	**-**	**-**	**-**	**-**	**-**	(28.0)	**(28.0)**
Restated balance at 1 January 2018	**9.4**	**2.7**	**(1,946.9)**	**-**	**42.4**	**(1,892.4)**	**201.7**	**(1,690.7)**
Profit for the year	-	-	-	-	-	**-**	68.3	**68.3**
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**68.3**	**68.3**
Provision of surplus reserve[2]	-	-	-	19.3	-	**19.3**	(19.3)	**-**
Disposal of a subsidiary	-	-	-	-	-	-	(7.7)	**(7.7)**
Employee long-term incentives	-	-	-	-	3.9	**3.9**	-	**3.9**
Employee share options exercised and vested	-	-	-	-	(27.5)	**(27.5)**	-	**(27.5)**
Employee share options lapsed	-	-	-	-	(1.3)	**(1.3)**	1.3	**-**
Total transactions with owners	-	-	-	**19.3**	**(24.9)**	**(5.6)**	**(25.7)**	**(31.3)**
At 31 December 2018	**9.4**	**2.7**	**(1,946.9)**	**19.3**	**17.5**	**(1,898.0)**	**244.3**	**(1,653.7)**

1. Merger reserve represents the excess of investment cost in entities that have been accounted for under merger accounting for common control combinations in accordance with AG5 (Accounting Guideline 5 issued by the HKICPA) against their share capital.
2. An amount of US$30.8 million (of which the Group's portion is of US$19.3 million) corresponding to 10% of net income of one of the Group's subsidiaries, Minera Las Bambas S.A., in 2017 has been appropriated and transferred to surplus reserve. According to the General Law of Companies in Peru, surplus reserve is constituted by transferring 10%, as a minimum, of the net income for each period, after deducting accumulated losses, until reaching an amount equivalent to a fifth of capital.

US$ MILLION	Special capital reserve	Exchange translation reserve	Cashflow hedge reserve	Merger Reserve[1]	Share-based payment reserve	Total reserves	Retained profits	Total
At 1 January 2017	9.4	2.7	(4.3)	(1,946.9)	25.2	**(1,913.9)**	81.1	**(1,832.8)**
Profit for the year	-	-	-	-	-	**-**	**147.1**	**147.1**
Other comprehensive income								
Change in fair value of hedging derivatives	-	-	4.3	-	-	**4.3**	**-**	**4.3**
Total comprehensive income for the year	-	-	4.3	-	-	**4.3**	**147.1**	**151.4**
Employee long-term incentives	-	-	-	-	20.9	**20.9**	**-**	**20.9**
Employee share options exercised and vested	-	-	-	-	(2.2)	**(2.2)**	**-**	**(2.2)**
Employee share options lapsed	-	-	-	-	(1.5)	**(1.5)**	**1.5**	**-**
Total transactions with owners	-	-	-	-	17.2	**17.2**	**1.5**	**18.7**
At 31 December 2017	**9.4**	**2.7**	**-**	**(1,946.9)**	**42.4**	**(1,892.4)**	**229.7**	**(1,662.7)**

17. BORROWINGS

	2018 US$ MILLION	2017 US$ MILLION
Non-current		
Loan from a related party	2,261.3	2,261.3
Bank borrowings, net	5,185.1	6,236.9
	7,446.4	**8,498.2**
Current		
Loan from a related party	100.0	-
Bank borrowings, net	585.0	485.5
Convertible redeemable preference shares	-	208.8
	685.0	**694.3**
Analysed as:		
– Secured	5,842.1	6,800.8
– Unsecured	2,361.2	2,470.1
	8,203.3	**9,270.9**
Prepayments – finance charges	(71.9)	(78.4)
	8,131.4	**9,192.5**
Borrowings (excluding: prepayments) were repayable as follows:		
– Within one year	691.4	700.9
– More than one year but not exceeding two years	600.8	624.7
– More than two years but not exceeding five years	3,445.5	2,696.1
– More than five years	3,465.6	5,249.2
	8,203.3	**9,270.9**
Prepayments – finance charges	(71.9)	(78.4)
Total	**8,131.4**	**9,192.5**

18. TRADE AND OTHER PAYABLES

	2018 US$ MILLION	2017 US$ MILLION
Current trade and other payables		
Trade payables[1]		
Less than 6 months	228.0	187.9
More than 6 months	3.7	1.6
	231.7	189.5
Related party interest payable	41.9	301.2
Other payables and accruals	234.5	239.4
Total	**508.1**	**730.1**

1. The ageing analysis of the trade payables is based on the creditors' invoice date.

19. 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:

	2018 US$ MILLION	2017 US$ MILLION
Within one year	11.6	13.5
Over one year but not more than five years	25.4	22.4
More than five years	0.8	-
	37.8	**35.9**

(b) Capital commitments

Commitments for capital expenditure contracted for at the reporting date but not recognised as liabilities, are set out in the table below:

	2018 US$ MILLION	2017 US$ MILLION
Property, plant and equipment		
Within one year	84.6	56.2
Over one year but not more than five years	24.3	29.1
	108.9	**85.3**
Intangible assets		
Within one year	0.1	-
	0.1	**-**

Aggregate	2018 US$ MILLION	2017 US$ MILLION
Property, plant and equipment and intangible assets		
Contracted but not provided for	109.0	85.3
	109.0	**85.3**

20. EVENTS AFTER THE END OF THE REPORTING PERIOD

Other than the matters outlined in these financial statements, 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.

GLOSSARY

A$	Australian dollar, the lawful currency of Australia
AGM	annual general meeting of the Company to be held on Thursday 23 May 2019
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 Loan Facility	a one-year loan facility agreement between MMG Finance Limited and Album Enterprises, pursuant to which MMG Finance Limited agreed to make available to Album Enterprises up to US$120.0 million for the working capital requirements of Album Enterprises
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
associate(s)	has the meaning ascribed to it under the Listing Rules
ASX	Australian Securities Exchange
Australia	The Commonwealth of Australia
Board	the board of directors of the Company
Board Charter	the Board charter of the Company
BOC Sydney	Bank of China Limited, Sydney Branch
CDB	China Development Bank
CEO	Chief Executive Officer
CFO	Chief Financial Officer
China	has the same meaning as PRC
CITIC	CITIC Metal Peru Investment Limited
CITIC Copper Concentrate Offtake Agreement	the agreement between Minera Las Bambas S.A. (MLB) and CITIC Metal Peru Investment Limited (CITIC) for the sale and purchase of CITIC's entitlement to copper concentrate from the Las Bambas Mine
CMC	China Minmetals Corporation, formerly known as China National Metals and Minerals Import and Export Corporation, a state-owned enterprise incorporated on 7 April 1950 under the laws of the PRC
CMC Group	CMC and its subsidiaries
CMCL	China Minmetals Corporation Limited, a joint stock limited company incorporated on 16 December 2010 under the laws of the PRC
CMN	China Minmetals Non-ferrous Metals Company Limited, a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC
CMNH	China Minmetals Non-ferrous Metals Holding Company Limited, a joint stock limited company incorporated on 22 December 2009 under the laws of the PRC
Companies Ordinance	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

GLOSSARY CONTINUED

Company	MMG Limited, a company incorporated on 29 July 1988 in Hong Kong with limited liability, the securities of which are listed and traded on the main board of the Hong Kong Stock Exchange and the ASX
Copper Partners Investment	Copper Partners Investment Co, Ltd, a subsidiary of CMC
Deloitte	Deloitte Touche Tohmatsu
Director(s)	the director(s) of the Company
DRC	Democratic Republic of the Congo
EBIT	earnings before interest (net finance costs) and income tax
EBITDA	earnings before interest (net finance costs), income tax, depreciation, amortisation and impairment expenses
EBITDA margin	EBITDA divided by revenue
Executive Committee	the executive committee of the Group, which consists of all Executive Directors of the Company, Chief Executive Officer, Chief Financial Officer, Executive General Manager – Marketing and Risk, Executive General Manager – Stakeholder Relations, Executive General Manager – Business Support, Executive General Manager Operations – Africa, Australia and Asia and Executive General Manager Operations - Americas
Gearing ratio	net debt (total borrowings excluding finance charge prepayments, less cash and bank deposits) divided by the aggregate of net debt plus total equity
Grandfathered MMG Loan Facility	MMG Management, a wholly owned subsidiary of the Company, entered into a loan facility agreement with Album Enterprises
Group	the Company and its subsidiaries
HK$	Hong Kong dollar, the lawful currency of Hong Kong
HKAS	Hong Kong Accounting Standards (see definition of 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)
HKICPA	the Hong Kong Institute of Certified Public Accountants
HNG	Hunan Nonferrous Metals Holding Group Co, Ltd
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange	(please refer to the definition of 'Stock Exchange')
ICBC	Industrial and Commercial Bank of China Limited
ICMM	International Council on Mining and Metals
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
Las Bambas Joint Venture Group	MMG South America Management Company Limited (also referred to as MMG SAM)

GLOSSARY CONTINUED

Las Bambas Project	the development, construction and operation of the copper mines, processing facilities and associated infrastructure at the Las Bambas copper project located in the Apurimac region in Peru, together with all activities and infrastructure associated with the transportation and export of products from such mines
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
LME	London Metal Exchange
LOA	Life of Asset
LXML	Lang Xang Minerals Limited Sepon
MEPA	Mineral Exploration and Production Agreement
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
Minmetals HK	China Minmetals H.K. (Holdings) Limited, a company incorporated on 16 April 1996 in Hong Kong and an indirectly owned subsidiary of CMC
Minmetals Logistics	Minmetals Logistics Group Co. Ltd.
Minmetals Peru	China Minmetals Nonferrous Metals Peru SAC
MLB	Minera Las Bambas S.A., a non-wholly owned subsidiary of MMG and the owner of the Las Bambas mine
MMG or MMG Limited	has the same meaning as the Company
MMG Dugald River	MMG Dugald River Pty Ltd, a company incorporated on 15 July 1998 in Australia with limited liability and a wholly owned subsidiary of the Company
MMG Laos Holdings	MMG Laos Holdings Limited, a company incorporated on 25 May 1993 in the Cayman Islands with limited liability and a wholly owned subsidiary of 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
MMG SA	MMG South America Company Limited, a company incorporated on 4 May 1990 in Hong Kong with limited liability and a wholly owned subsidiary of the Company
MMG SAM	MMG South America Management Group
MMG South America Group	MMG SA and its subsidiaries
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
Ore Reserves	as defined under the JORC Code: 'An Ore Reserve is the economically mineable part of a Measured and /or Indicated Mineral Resource.' (JORC Code 2012, available at http://www.jorc.org)
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
Rosebery Concentrate Sales Agreement	the sale of concentrate by MMG Australia Limited to Album Trading

Securities Trading Model Code	a model code adopted by the Company for securities trading by Directors on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 of the Listing Rules
SFO	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Shareholder(s)	the shareholder(s) of the Company
SHEC	Safety, Health, Environment and Community
Shipping Framework Agreement	the provision of ocean transport by Minmetals Logistics for the shipment of the products of the Group
Stock Exchange	The Stock Exchange of Hong Kong Limited
TC/RC	Treatment Charge (TC) and Refining Charge (RC) are commonly used in the terms of purchase for copper concentrate for refining. They are amounts designed to cover refining costs. For example, copper concentrate contracts may define a purchase price based on the LME price at a certain date, minus the TC or RC being used at the time
Top Create	Top Create Resources Limited, a company incorporated on 22 January 2004 in the British Virgin Islands with limited liability, a wholly owned subsidiary of CMN
TRIF	total recordable injury frequency per million hours worked
US$	United States dollar, the lawful currency of the United States of America
VAT	value added tax
2018 Copper Cathode Sales Agreement	the sale of copper cathodes by LXML to CMN during 2018
2018 Dugald River Zinc Concentrate Sales Agreement	the sale of zinc concentrates produced at the Dugald River mine to Minmetals North-Europe during 2018

CORPORATE DETAILS

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MMG LIMITED
EXECUTIVE COMMITTEE

GAO Xiaoyu, Chief Executive Officer and Executive Director
XU Jiqing, Executive General Manager Marketing and Risk and Executive Director
Ross CARROLL, Chief Financial Officer
Troy HEY, Executive General Manager Stakeholder Relations
Greg TRAVERS, Executive General Manager Business Support
Mark DAVIS, Executive General Manager Operations – Africa, Australia and Asia
Suresh VADNAGRA, Executive General Manager Operations – Americas

IMPORTANT DATES

17 April 2019 – First Quarter Production Report*
17 April 2019 – Annual Report lodged*
23 May 2019 – Annual General Meeting*

**This information is subject to change.*

MMG will present its financial results to investors at 3.30pm (HKT) on 7 March 2019 at the Island Shangri La Hotel, Hong Kong. This presentation will be available to Shareholders via webcast and teleconference for those who are unable to attend. For details please contact Investor Relations.

INVESTOR AND MEDIA ENQUIRIES

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By order of the Board
MMG Limited
GAO Xiaoyu
CEO and Executive Director

Hong Kong, 6 March 2019

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