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# INTERIM REPORT

FOR SIX MONTHS ENDED

30 JUNE 2015



WE MINE FOR  
PROGRESS

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Chairman

JIAO Jian  
(Non-executive Director)

### Executive Directors

Andrew MICHELMORE  
(Chief Executive Officer)

David LAMONT  
(Chief Financial Officer)

XU Jiqing  
(Executive General Manager –  
China and Strategy)

### Non-executive Directors

GAO Xiaoyu

### Independent Non-executive Directors

Peter CASSIDY

LEUNG Cheuk Yan

Jennifer SEABROOK

PEI Ker Wei

## AUDIT COMMITTEE

### Chairman

Jennifer SEABROOK

### Members

GAO Xiaoyu

Peter CASSIDY

LEUNG Cheuk Yan

PEI Ker Wei

## REMUNERATION AND NOMINATION COMMITTEE

### Chairman

Peter CASSIDY

### Members

JIAO Jian

GAO Xiaoyu

LEUNG Cheuk Yan

Jennifer SEABROOK

PEI Ker Wei

## SAFETY, HEALTH, ENVIRONMENT AND COMMUNITY COMMITTEE

### Chairman

Peter CASSIDY

### Members

Andrew MICHELMORE

GAO Xiaoyu

## DISCLOSURE COMMITTEE

### Members

Andrew MICHELMORE

Troy HEY

David LAMONT

LEUNG Suet Kam Lucia

Nick MYERS

XU Jiqing

QIN Maggie

## GENERAL COUNSEL

Nick MYERS

## COMPANY SECRETARY

LEUNG Suet Kam Lucia

## LEGAL ADVISER

Linklaters, Hong Kong

White & Case, Hong Kong

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*

## SHARE REGISTRAR

Computershare Hong Kong  
Investor Services Limited

17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

## PRINCIPAL BANKERS

China Development Bank Corporation Industrial  
and Commercial Bank of China Limited

Bank of China Limited

The Export-Import Bank of China

Bank of America Merrill Lynch Limited

## INVESTOR AND MEDIA ENQUIRIES

Jo LYNCH

General Manager Corporate Affairs

**T** +61 3 9288 0027

**E** jo.lynch@mmg.com

## REGISTERED OFFICE

Units 8501-8503

Level 85

International Commerce Centre

1 Austin Road West

Kowloon

Hong Kong

## CORPORATE OFFICES AND PRINCIPAL PLACE OF BUSINESS

### Hong Kong

Units 8501-8503

Level 85

International Commerce Centre

1 Austin Road West

Kowloon

Hong Kong

**T** +852 2216 9688

**F** +852 2840 0580

### Australia

Level 23

28 Freshwater Place

Southbank

Victoria 3006

Australia

**T** +61 3 9288 0888

**F** +61 3 9288 0800

**E** info@mmg.com

## WEBSITE

www.mmg.com

## SHARE LISTING

The Stock Exchange of Hong Kong Limited

Stock Code: 1208

## ADDITIONAL SHAREHOLDER INFORMATION

The Chinese version of the Interim Report  
is prepared based on the English version.

If there is any inconsistency between the  
English and Chinese versions of this Interim  
Report, the English text shall prevail to the  
extent of the inconsistency.

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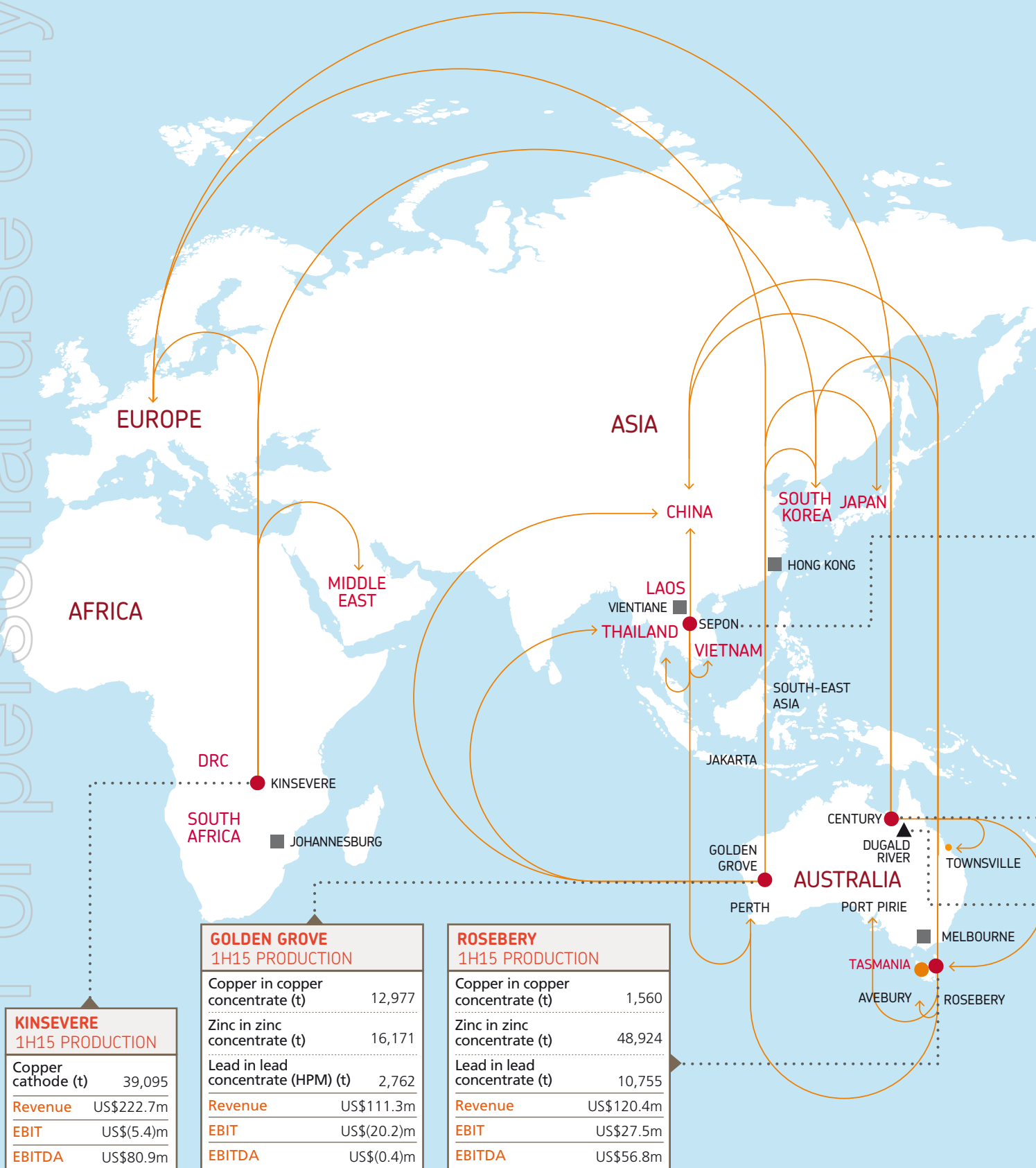
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# MAP OF OPERATIONS

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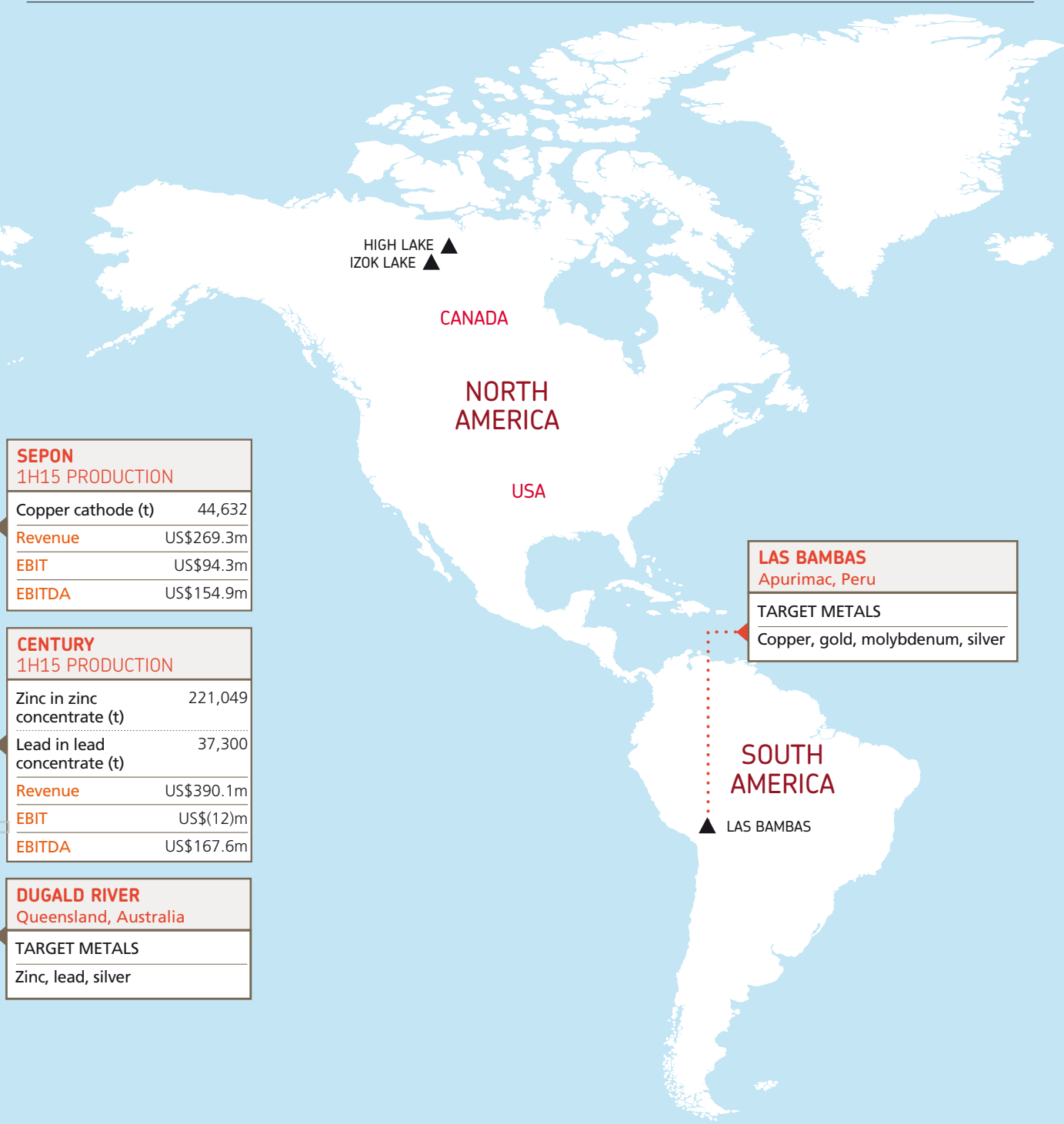
KINSEVERE 1H15 PRODUCTION	
Copper cathode (t)	39,095
Revenue	US\$222.7m
EBIT	US\$(5.4)m
EBITDA	US\$80.9m

GOLDEN GROVE 1H15 PRODUCTION	
Copper in copper concentrate (t)	12,977
Zinc in zinc concentrate (t)	16,171
Lead in lead concentrate (HPM) (t)	2,762
Revenue	US\$111.3m
EBIT	US\$(20.2)m
EBITDA	US\$(0.4)m

ROSEBERY 1H15 PRODUCTION	
Copper in copper concentrate (t)	1,560
Zinc in zinc concentrate (t)	48,924
Lead in lead concentrate (t)	10,755
Revenue	US\$120.4m
EBIT	US\$27.5m
EBITDA	US\$56.8m

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



<b>SEPON</b>	
1H15 PRODUCTION	
Copper cathode (t)	44,632
Revenue	US\$269.3m
EBIT	US\$94.3m
EBITDA	US\$154.9m

<b>CENTURY</b>	
1H15 PRODUCTION	
Zinc in zinc concentrate (t)	221,049
Lead in lead concentrate (t)	37,300
Revenue	US\$390.1m
EBIT	US\$(12)m
EBITDA	US\$167.6m

<b>DUGALD RIVER</b>	
Queensland, Australia	
TARGET METALS	
Zinc, lead, silver	

<b>LAS BAMBAS</b>	
Apurimac, Peru	
TARGET METALS	
Copper, gold, molybdenum, silver	

**SOUTH AMERICA**  
▲ LAS BAMBAS

# COMPANY OVERVIEW

MMG's vision is to build the world's most respected diversified base metals company.

## MMG

We operate and develop copper, zinc and other base metals projects across Australia, the Democratic Republic of the Congo (DRC), Laos and Peru. We also have significant exploration projects and partnerships across Australia, Africa and the Americas.

MMG is headquartered in Melbourne, Australia and listed on the Hong Kong Stock Exchange (Stock Exchange) (HKEx 1208).

A long-term outlook, our pride in mining, our commitment to shared international stakeholders and our respect for our people, land and culture underpin our success.

We are MMG and we mine for progress.

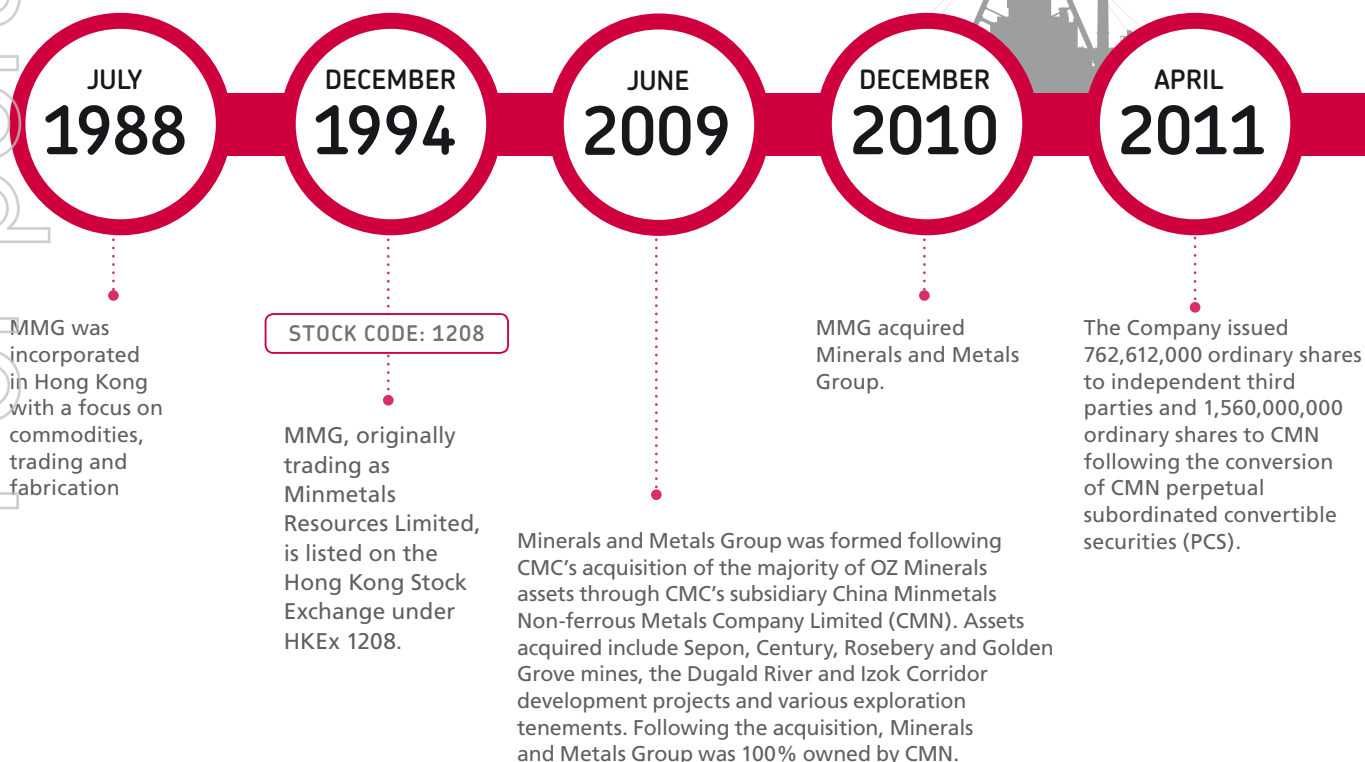
## Strategy

MMG's objective is to be valued as one of the world's top mid-tier miners by 2020.

To achieve this objective, we deliver value through four strategic drivers:

- > Growth – we acquire and discover base metals assets that transform our business. We unlock the potential value of our project pipeline;
- > Operations Transformation – we develop effective plans to deliver innovative growth opportunities and improve productivity;
- > People and Organisation – we provide a healthy, secure and safe

## TIMELINE



workplace and a culture that values collaboration, accountability and respect; and

- › Reputation – we are valued for our commitment to progress, long-term partnerships and international management.

**History**

In December 2010, Minerals and Metals Group was acquired by MMG Limited (the Company), a subsidiary of China Minmetals Corporation (CMC), and

listed on the Hong Kong Stock Exchange (HKEx 1208).

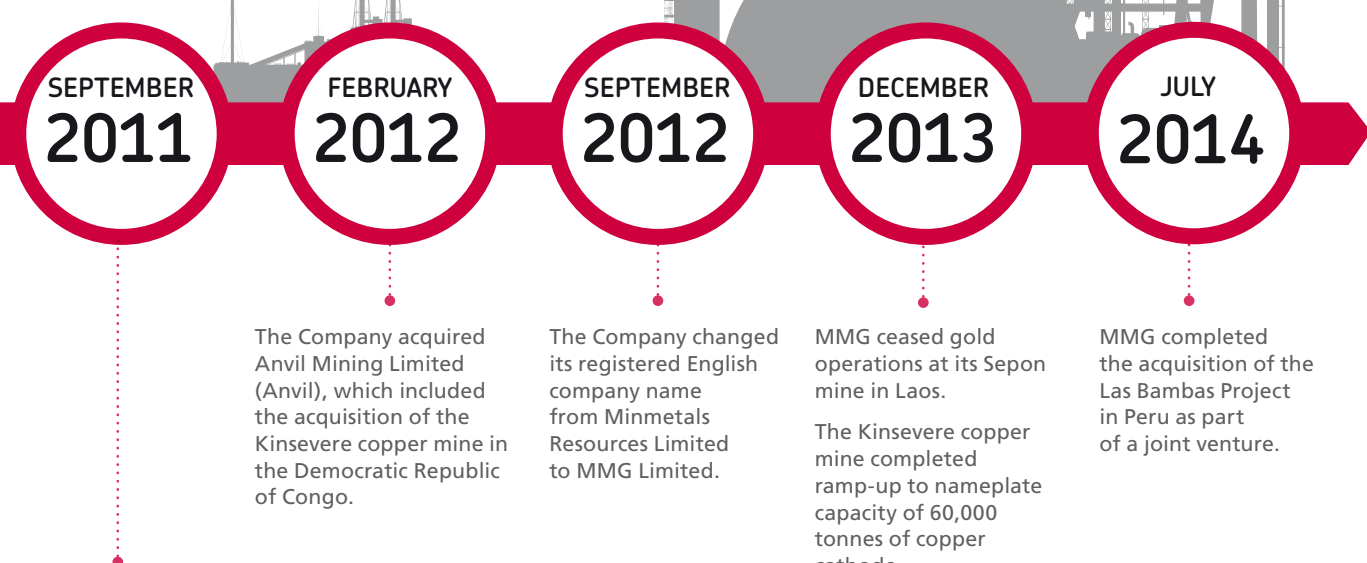
In September 2012, the Company changed its registered English company name from Minmetals Resources Limited to MMG Limited. This aligns the assets already operating as 'MMG' with the registered company name.

**Corporate Structure**

MMG is publicly-listed on the Hong Kong Stock Exchange. Our major Shareholder, China Minmetals Non-

ferrous metals Co. Ltd (CMN), is a subsidiary of CMC and indirectly held approximately 73.69% of shares as at 30 June 2015.

The remaining shares in the Company are held by public Shareholders, including global resources and investment funds.



SEPTEMBER  
2011

MMG divested its trading, fabrication and downstream businesses to CMN in order to focus on its upstream base metals assets. The majority of divested assets were located in China. The sales of Minmetals Aluminium Company Limited (Minmetals Aluminium) and North China Aluminium Company Limited (North China Aluminium) were completed in December 2011 with the sales of Yingkou Orienmet and Changzhou Jinyuan completed in May 2012.

FEBRUARY  
2012

The Company acquired Anvil Mining Limited (Anvil), which included the acquisition of the Kinsevere copper mine in the Democratic Republic of Congo.

SEPTEMBER  
2012

The Company changed its registered English company name from Minmetals Resources Limited to MMG Limited.

DECEMBER  
2013

MMG ceased gold operations at its Sepon mine in Laos. The Kinsevere copper mine completed ramp-up to nameplate capacity of 60,000 tonnes of copper cathode.

JULY  
2014

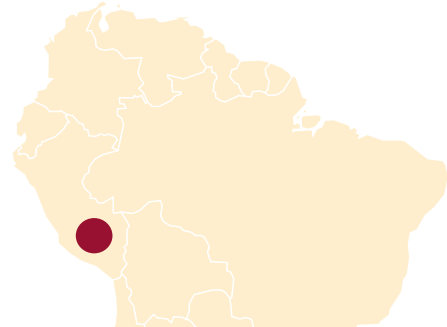
MMG completed the acquisition of the Las Bambas Project in Peru as part of a joint venture.

# HIGHLIGHTS

## PRODUCTION AND FINANCIAL HIGHLIGHTS

### LAS BAMBAS CONTINUES TO PROGRESS TO PLAN

with overall construction progress at 95%, and concentrate-related construction 90% complete as of 30 June 2015.



REVENUE OF  
**US\$1,113.8 MILLION**  
decreased 7% compared to the same period 2014.

MMG made a loss of US\$48.0 million for the first half of 2015 as a result of lower commodity prices in addition to increased depreciation and amortisation expenses primarily due to an increase to Century's 2014 mine rehabilitation provision of US\$146.3 million. With US\$94.1 million of this provision negatively impacting profit in the first half 2015.

EARNINGS BEFORE INTEREST TAX DEPRECIATION AND AMORTISATION (EBITDA) OF  
**US\$375.9 MILLION**

increased 3% with an improved EBITDA margin of 34% compared with 31% in the first half of 2014, resulting in strong cash generation from operations.

# Cu, Zn

MANAGEMENT IS CONFIDENT IN THE LONG-TERM FUNDAMENTALS OF ALL OUR DIVERSIFIED BASE METALS COMMODITIES.



ZINC SALES VOLUMES WERE 1% HIGHER FOR THE FIRST HALF OF 2015 DUE TO ZINC-FOCUSED PRODUCTION AT GOLDEN GROVE, AND INCREASED THROUGHPUT AND ZINC GRADES AT ROSEBERY COMPARED TO THE SAME PERIOD 2014.

## TOTAL COPPER SALES VOLUMES WERE 7% HIGHER

in the first half of 2015 with a production record achieved at Kinsevere.

Average copper London Metal Exchange (LME) prices were 14% lower compared to the same period 2014, which primarily contributed to an adverse price variance of US\$156.9 million.



The Board does not recommend the payment of a dividend for the period.



Operating expenses were 9% or US\$68.9 million favourable compared to the same period in 2014.

OTHER CASH EXPENSES DECREASED BY 23% OR US\$22.2 MILLION DEMONSTRATING MMG'S FOCUS ON COST REDUCTIONS ACROSS ALL OPERATING SITES, AIDED BY FAVOURABLE AUSTRALIAN DOLLAR EXCHANGE RATE.

# CHAIRMAN'S REVIEW



While the environment has been challenging, we remain confident in the long-term fundamentals of our core commodities – copper and zinc.

## Dear Shareholders,

I am pleased to report MMG's first half 2015 performance. We delivered solid production performance and excellent cost control, while continuing our sustained focus on the safety, health and wellbeing of our people.

On behalf of the Board and Management of MMG, I wish to take this opportunity to express our deepest condolences to the family, friends and colleagues of Mr Tshibanda Tshilomba who died as a result of a snake bite received while on duty as a security guard at our Kinsevere operations in the Democratic Republic of the Congo (DRC).

Safety is MMG's first value and a key focus at every level of our organisation – from Board to mine site. We must continue to improve and learn from tragedies such as the death of Mr Tshilomba and prevent injury within our business. We are focused on addressing the differences in site safety performance and driving safety improvement across all our operations and projects.

During the first half of 2015, we achieved a further improvement in the total recordable injury frequency (TRIF) across our operations, including operations at Las Bambas. At the end of June, the TRIF was 2.0 per million hours worked, down from 2.3 at the end of 2014. However, lost time injury frequency (LTIF) rose from 0.4 at the

end of December 2014 to 0.5 at the end of June 2015.

Revenue for the half of US\$1,113.8 million was 7% lower than first half 2014, impacted by lower prices for all commodities, except for zinc.

Our focus on cost reductions across all operating sites, aided by favourable Australian dollar exchange rates, saw operating expenses decline 9% on the same period in 2014.

Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) increased by 3% to US\$375.9 million as a result of strong cash generation from operations.

As expected, an increase to Century's 2014 mine rehabilitation provision negatively impacted profit in the first half of 2015. MMG made a loss of US\$48.0 million for the first half of 2015, reflecting the increased depreciation and amortisation expenses primarily due to Century.

While the environment has been challenging with subdued commodity prices, we remain confident in the long-term fundamentals of our core commodities – copper and zinc. This is clearly demonstrated by our investment through the cycle, drawing on the strategic insight and financial support of our major Shareholder, China Minmetals Corporation (CMC).

We are confident that we will move through this year of asset transition and return to profitability in 2016, with strong cash flow expected when the Las Bambas project comes into production from the first quarter of 2016.

While maintaining our operational focus on all assets, the business has dedicated extraordinary time and resources to the construction of Las Bambas, the large, long-life copper development project located in the Apurimac region of Peru. It is at an advanced stage of construction and is set to become one of the largest global copper mines once in full production significantly enhancing Shareholder returns over the long term. This project is important not only for MMG, the joint venture partners and CMC, but also the local community and Government of Peru. On behalf of MMG I would like to thank these key stakeholders for their support in ensuring the success of this significant project.

Since the completion of the half year, we have announced an updated development plan for Dugald River, an increasingly rare zinc opportunity with a long-life and high-grade ore body.

Management has taken the time to develop a robust plan for this asset that mitigates project risk and maximises long-term value for Shareholders.

A more streamlined executive management structure was implemented during the half year, with clear functional and operating accountabilities. The Board is confident that our world-class executive team has the requisite breadth of skills and experience to deliver MMG's strategy.

During the reporting period, Mr Anthony Larkin and Mr Wang Lixin retired from the Board. On behalf of our Shareholders, I would like to thank them both for their commitment and significant contributions to the MMG Board, and wish them well in their future endeavours. Two new Independent Non-executive Directors were appointed to the Board, shortly following the conclusion of the half year. On behalf of the Board, I extend a warm welcome to Ms Jennifer Anne Seabrook and Professor Ker Wei Pei. I firmly believe their diverse experience will complement our existing Board skills.

I would like to thank all Board members, the management team and our MMG employees around the world for their ongoing commitment to and support for our business.

Our objective is to be valued as one of the world's top mid-tier miners by 2020. With the support of our Shareholders, employees and all our stakeholders we are well on the path to achieving this goal.



**Jiao Jian**  
Chairman



# CHIEF EXECUTIVE OFFICER'S REPORT



In a year of transformation, we have made significant progress towards our growth objective.

## Dear Shareholders,

I am pleased to share MMG's 2015 interim results.

2015 is a year of significant transformation for MMG. Our first half results show the capability of our team to deliver, to continually improve our business and to turn challenges into opportunities.

## Safety

As our Chairman has noted, the safety of our people is more than just a priority, it is a value – we think safety first and it is at the forefront of everything we do. We remain – as always – firm in our belief that all injuries and incidents can be prevented.

While we achieved a further improvement in the TRIF across our operations during this period, the LTIF increased from 0.4 at the end of December 2014 to 0.5 at the end of June 2015.

Our focus in the second half continues to be on building our safety culture and making it easier for our key frontline managers to spend time in the operations observing practices and coaching for safer outcomes.

## Production

Our ongoing focus on asset utilisation and operational excellence is continuing to deliver, with strong first half copper production and stable zinc production

despite the final full quarter of mining at Century.

Total first half copper production of 98,264 tonnes was 6% higher than the corresponding period in 2014, driven by excellent production at Kinsevere and Sepon.

Kinsevere contributed 39,095 tonnes of copper cathode to this total, 17% higher than the same period in 2014. To put this in context, Kinsevere's first half performance represents a sustained production rate of 130% of nameplate capacity – a ramp-up achieved in just three years of MMG ownership and with no material capital investment.

Sepon also performed strongly during the first half, producing a total of 44,632 tonnes of copper cathode – 4% higher than the same period in 2014. This result was driven by higher mill throughput – demonstrated by the achievement of a quarterly milling record despite the ongoing transition to harder ore types – and supported by further operational improvements.

First half zinc in zinc concentrate production of 286,144 was 6% higher than the same period in 2014, driven by higher production at Rosebery and Golden Grove.

Our ability to maximise value throughout the mining life cycle is demonstrated by first half production at Century of 221,049 tonnes of zinc – just 1% lower than the same period

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in 2014, despite transition to lower grades in the final stage of mining.

Zinc production at Rosebery was 40% higher than the same period in 2014, driven by higher mill throughput and higher zinc grades.

Golden Grove continues to prioritise zinc production in 2015 with 16,171 tonnes produced in the first half of 2015, a 39% increase on the same period last year.

Annual copper production guidance has been increased by 5,000 tonnes to 171,000–186,000 tonnes. Annual zinc production guidance of 440,000–510,000 tonnes is unchanged.

### Costs

While significant downward pressure on commodity prices impacted on our first half financial results, we continued to focus on what we can control – productivity and costs.

This is evident in the achievement of a further 9% reduction in operating expenses, driven by our ongoing cost reduction and efficiency improvements despite mining and processing more ore at most sites. This result included the additional costs associated with higher sales volumes and was assisted by favourable Australian dollar exchange rates.

MMG's Operating Model also delivered additional cost savings during the first half, with administrative expenses 26%

lower than the same period in 2014. This result was also assisted by foreign exchange movements and the absence of one-off costs associated with the acquisition and integration of Las Bambas in 2014.

### Strategy

In a year of transformation, we have made significant progress towards our growth objective.

At Las Bambas – one of the world's largest copper mines under construction – construction is continuing to plan, with the project at 95% overall completion at the end of June. In addition to final construction works, focus is now on project commissioning and operational readiness.

In July, we also took another major step in pursuit of growth – approval of the updated development plan for the Dugald River deposit, in Queensland, Australia.

Dugald River will provide MMG with important exposure to zinc at a time of shrinking global supply, with expected annual production of approximately 160,000 tonnes of zinc in zinc concentrate, plus by-products.

For over six years now, MMG has been able to leverage on the support of our major Shareholder, placing MMG in a unique and powerful position to deliver progress. The support of our major Shareholder has always been an important part of MMG's business

model and success. The strategic insight and financial muscle from our major Shareholder, China Minmetals enables us to invest in the down cycles. Our international mining and development expertise, allows us to build and operate in challenging regions around the world.

China Minmetals remains a major supporter, Shareholder and customer and is critical to MMG's growth.

On behalf of the management team I would like to thank all those who are part of the MMG team for their ongoing commitment and support. They, together with our host communities around the world, are critical to us achieving our vision of building the world's most respected diversified base metals company.

**Andrew Michelmore**  
Chief Executive Officer

# OPERATIONAL REVIEW

## SEPON

SIX MONTHS ENDED 30 JUNE	2015	2014	CHANGE % FAV/(UNFAV)
<b>Production</b>			
Ore mined (tonnes)	993,226	773,346	28%
Ore milled (tonnes)	977,953	921,245	6%
Copper cathode (tonnes)	44,632	42,768	4%
Gold (ounces)	–	364	n/a
<b>Payable metal in product sold</b>			
Copper (tonnes)	44,684	42,867	4%
Gold (ounces)	–	524	n/a
Silver (ounces)	–	718	n/a

SIX MONTHS ENDED 30 JUNE	2015 US\$ MILLION	2014 US\$ MILLION	CHANGE % FAV/(UNFAV)
<b>Revenue</b>	<b>269.3</b>	<b>304.2</b>	<b>(11%)</b>
<b>Operating expenses</b>			
<b>Production expenses</b>			
Mining <sup>(i)</sup>	(14.7)	(10.8)	(36%)
Processing <sup>(i)</sup>	(64.9)	(56.1)	(16%)
Other <sup>(i)</sup>	(29.9)	(32.4)	8%
<b>Total production expenses</b>	<b>(109.5)</b>	<b>(99.3)</b>	<b>(10%)</b>
Freight (transportation)	(3.1)	(3.8)	18%
Royalties	(12.0)	(13.5)	11%
Other <sup>(ii)</sup>	10.5	(4.2)	350%
<b>Total operating expenses</b>	<b>(114.1)</b>	<b>(120.8)</b>	<b>6%</b>
Other income/(expenses)	(0.3)	(0.5)	40%
<b>EBITDA</b>	<b>154.9</b>	<b>182.9</b>	<b>(15%)</b>
Depreciation and amortisation expenses	(60.6)	(40.8)	(49%)
<b>EBIT</b>	<b>94.3</b>	<b>142.1</b>	<b>(34%)</b>
<b>EBITDA margin</b>	<b>58%</b>	<b>60%</b>	

(i) The amounts disclosed in the prior period have been restated to align with the current period presentation.

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

Sepon continues to successfully transition to the harder Type II ore with record milling tonnes, while maintaining strong production results with 44,632 tonnes of copper cathode produced in the first half of 2015. Ongoing studies continue at Sepon to further optimise production through plant improvements as ore variability continues and milling grades converge towards reserve grade.

Mining and processing costs increased by US\$3.9 million (36%) and US\$8.8 million (16%) respectively which is in line with increased mining and milling rates, as well as expectations that harder Type II ore would consume more acid and grinding media.

A focus on lowering costs in other areas of the mine to compensate for higher mining and processing expenses has kept the EBITDA margin only slightly lower at 58%, compared to 60% in the same period in 2014.

Depreciation and amortisation expenses increased by US\$19.8 million (49%) due to higher mining and milling volumes.

## KINSEVERE

SIX MONTHS ENDED 30 JUNE	2015	2014	CHANGE % FAV/(UNFAV)
<b>Production</b>			
Ore mined (tonnes)	857,582	1,211,373	(29%)
Ore milled (tonnes)	1,040,993	826,176	26%
Copper cathode (tonnes)	39,095	33,550	17%
<b>Payable metal in product sold</b>			
Copper (tonnes)	39,046	33,533	16%

SIX MONTHS ENDED 30 JUNE	2015 US\$ MILLION	2014 US\$ MILLION	CHANGE % FAV/(UNFAV)
<b>Revenue</b>	<b>222.7</b>	<b>228.9</b>	<b>(3%)</b>
<b>Operating expenses</b>			
<b>Production expenses</b>			
Mining	(11.1)	(14.0)	21%
Processing	(37.8)	(26.4)	43%
Other	(54.3)	(61.4)	12%
<b>Total production expenses</b>	<b>(103.2)</b>	<b>(101.8)</b>	<b>(1%)</b>
Freight (transportation)	(22.8)	(20.5)	(11%)
Royalties	(10.0)	(9.8)	(2%)
Other <sup>(i)</sup>	(7.9)	(3.2)	(147%)
<b>Total operating expenses</b>	<b>(143.9)</b>	<b>(135.3)</b>	<b>(6%)</b>
Other income/(expenses)	2.1	(0.3)	800%
<b>EBITDA</b>	<b>80.9</b>	<b>93.3</b>	<b>(13%)</b>
Depreciation and amortisation expenses	(86.3)	(64.8)	(33%)
<b>EBIT</b>	<b>(5.4)</b>	<b>28.5</b>	<b>(119%)</b>
<b>EBITDA margin</b>	<b>36%</b>	<b>41%</b>	

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

Kinsevere achieved a new half-year production record of 39,095 tonnes of copper cathode, as it continues to outperform on its nameplate capacity through continued improvements in operational efficiencies, stable electricity and increases to mill throughput.

Revenue decreased by US\$6.2 million (3%) compared to the first half of 2014 as a result of lower average realised copper prices, marginally offset by a 16% increase in copper sales volumes.

Ore mined fell 29% compared to the same period in 2014 in accordance with the mine plan. This resulted in a drawdown of ore stockpiles built up in previous years, and resulted in a US\$2.9 million (21%) reduction in mining costs. Processing costs increased by US\$11.4 million (43%) in connection with a 26% increase in milled tonnes compared to the same period in 2014.

Approximately 29% of power requirements were met from electricity sourced via diesel generation during the first half of 2015, down from 40% during the same period in 2014. The use of lower-cost, grid-sourced power resulted in a US\$1.9 million saving. Work continues to liberate further savings through increasing grid power supply in the region, as well as in Zambia.

Depreciation and amortisation expenses increased by US\$21.5 million (33%), corresponding to the increase in processing volumes.

## CENTURY

SIX MONTHS ENDED 30 JUNE	2015	2014	CHANGE % FAV/(UNFAV)
<b>Production</b>			
Ore mined (tonnes)	3,888,565	3,310,707	17%
Ore milled (tonnes)	3,828,052	3,449,663	11%
Zinc in zinc concentrate (tonnes)	221,049	223,584	(1%)
Lead in lead concentrate (tonnes)	37,300	33,908	10%
<b>Payable metal in product sold</b>			
Zinc (tonnes)	200,452	208,476	(4%)
Lead (tonnes)	40,269	33,449	20%
Silver (ounces)	1,234,435	563,251	119%
<b>SIX MONTHS ENDED 30 JUNE</b>	<b>2015 US\$ MILLION</b>	<b>2014 US\$ MILLION</b>	<b>CHANGE % FAV/(UNFAV)</b>
<b>Revenue</b>	<b>390.1</b>	<b>412.1</b>	<b>(5%)</b>
<b>Operating expenses</b>			
<b>Production expenses</b>			
Mining	(27.3)	(58.6)	53%
Processing	(110.9)	(114.8)	3%
Other	(32.8)	(32.5)	(1%)
<b>Total production expenses</b>	<b>(171.0)</b>	<b>(205.9)</b>	<b>17%</b>
Freight (transportation)	(17.6)	(26.6)	34%
Royalties	(18.3)	(12.7)	(44%)
Other <sup>(i)</sup>	(17.9)	(18.4)	3%
<b>Total operating expenses</b>	<b>(224.8)</b>	<b>(263.6)</b>	<b>15%</b>
Other income/(expenses)	2.3	(1.2)	292%
<b>EBITDA</b>	<b>167.6</b>	<b>147.3</b>	<b>14%</b>
Depreciation and amortisation expenses	(179.6)	(97.8)	(84%)
<b>EBIT</b>	<b>(12.0)</b>	<b>49.5</b>	<b>(124%)</b>
<b>EBITDA margin</b>	<b>43%</b>	<b>36%</b>	

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

Century continues to maintain strong production and cost performance as mine optionality and grades have reduced leading up to closure.

Mining costs reduced by US\$31.3 million (53%) compared to the first half of 2014 as a result of a focus on mining from a single stage of the open-pit mine, along with the benefit of a lower strip ratio and subsequent reduction in related mining consumable costs.

Milling tonnes increased by 11% along with reduced milling rates to maximise recoveries compared to the same period in 2014. This substantially offset lower grades, resulting in only a 1% decrease in total zinc production. Processing-related costs reduced by US\$3.9 million (3%) from ongoing cost-saving initiatives, aided by foreign exchange.

Lower zinc sales tonnes along with the utilisation of the concentrate pipeline, rather than trucking, to transport lead concentrate to the Port of Karumba, resulted in lower freight costs of US\$9.0 million compared to the same period in 2014.

Royalties increased by US\$5.6 million (44%) despite lower sales volumes due to increased lead sales charged at a higher royalty rate than zinc.

Revenue decreased by US\$22.0 million (5%) due to lower average realised sales prices, partially offset by the increase in lead sales volumes.

Depreciation and amortisation expenses increased by US\$81.8 million (84%) primarily due to the amortisation expense of US\$94.1 million on the additional mine rehabilitation provision of US\$146.3 million at Century, recognised at the end of 2014. This is expected to be substantially amortised by the end of 2015.



## ROSEBERY

SIX MONTHS ENDED 30 JUNE	2015	2014	CHANGE % FAV/(UNFAV)
<b>Production</b>			
Ore mined (tonnes)	417,817	385,385	8%
Ore milled (tonnes)	423,670	418,198	1%
Copper in copper concentrate (tonnes)	1,560	1,022	53%
Zinc in zinc concentrate (tonnes)	48,924	35,017	40%
Lead in lead concentrate (tonnes)	10,755	10,423	3%
Gold (ounces)	7,337	4,123	78%
Silver (ounces)	3,930	2,386	65%
<b>Payable metal in product sold</b>			
Copper (tonnes)	1,533	1,155	33%
Zinc (tonnes)	39,629	32,205	23%
Lead (tonnes)	9,667	10,594	(9%)
Gold (ounces)	19,350	17,735	9%
Silver (ounces)	1,011,451	1,286,029	(21%)

SIX MONTHS ENDED 30 JUNE	2015 US\$ MILLION	2014 US\$ MILLION	CHANGE % FAV/(UNFAV)
<b>Revenue</b>	<b>120.4</b>	<b>118.0</b>	<b>2%</b>
<b>Operating expenses</b>			
<b>Production expenses</b>			
Mining	(34.4)	(43.5)	21%
Processing	(12.1)	(14.1)	14%
Other	(7.0)	(9.3)	25%
<b>Total production expenses</b>	<b>(53.5)</b>	<b>(66.9)</b>	<b>20%</b>
Freight (transportation)	(2.2)	(3.6)	39%
Royalties	(5.6)	(3.3)	(70%)
Other <sup>(i)</sup>	(5.1)	(13.1)	61%
<b>Total operating expenses</b>	<b>(66.4)</b>	<b>(86.9)</b>	<b>24%</b>
Other income/(expenses)	2.8	(0.9)	411%
<b>EBITDA</b>	<b>56.8</b>	<b>30.2</b>	<b>88%</b>
Depreciation and amortisation expenses	(29.3)	(16.0)	(83%)
<b>EBIT</b>	<b>27.5</b>	<b>14.2</b>	<b>94%</b>
<b>EBITDA margin</b>	<b>47%</b>	<b>26%</b>	

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

Rosebery increased its EBITDA contribution of US\$26.6 million (88%), and increased copper and zinc sales volumes of 33% and 23% respectively compared to the same period in 2014. These results were due to a combination of higher milling grades, increased mill throughput and favourable foreign exchange movements.

Ore mined and milled increased by 8% and 1% respectively, compared to the first half of 2014. This has been achieved through consistent ore throughput with capital development drilling exceeding schedule and enabling constant ore feed, as well as upgrades to underground ventilation systems giving the benefit of optionality created from multiple ore sources.

Depreciation and amortisation expenses increased by US\$13.3 million (83%) due to reductions in Ore Reserves and higher mining and milling volumes.

## GOLDEN GROVE

SIX MONTHS ENDED 30 JUNE	2015	2014	CHANGE % FAV/(UNFAV)
<b>Production</b>			
Ore mined (tonnes)	772,777	757,315	2%
Ore milled (tonnes)	891,176	768,482	16%
Copper in copper concentrate (tonnes)	12,977	15,192	(15%)
Zinc in zinc concentrate (tonnes)	16,171	11,600	39%
Lead in lead concentrate (HPM, tonnes)	2,762	1,007	174%
<b>Payable metal in product sold</b>			
Copper (tonnes)	13,150	14,578	(10%)
Zinc (tonnes)	16,971	13,413	27%
Lead (tonnes)	1,757	835	110%
Gold (ounces)	11,800	8,983	31%
Silver (ounces)	551,989	361,568	53%

SIX MONTHS ENDED 30 JUNE	2015 US\$ MILLION	2014 US\$ MILLION	CHANGE % FAV/(UNFAV)
<b>Revenue</b>	<b>111.3</b>	<b>130.5</b>	<b>(15%)</b>
<b>Operating expenses</b>			
<b>Production expenses</b>			
Mining	(34.3)	(48.2)	29%
Processing	(21.5)	(33.3)	35%
Other	(29.4)	(21.5)	(37%)
<b>Total production expenses</b>	<b>(85.2)</b>	<b>(103.0)</b>	<b>17%</b>
Freight (transportation)	(4.6)	(5.6)	18%
Royalties	(4.5)	(6.0)	25%
Other <sup>(i)</sup>	(19.5)	(10.7)	(82%)
<b>Total operating expenses</b>	<b>(113.8)</b>	<b>(125.3)</b>	<b>9%</b>
Other income/(expenses)	2.1	(0.8)	363%
<b>EBITDA</b>	<b>(0.4)</b>	<b>4.4</b>	<b>(109%)</b>
Depreciation and amortisation expenses	(19.8)	(18.8)	(5%)
<b>EBIT</b>	<b>(20.2)</b>	<b>(14.4)</b>	<b>(40%)</b>
<b>EBITDA margin</b>	<b>n/a</b>	<b>3%</b>	

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

Golden Grove focused on lower-cost zinc ore compared to higher-cost copper production in the first half of 2015. This, along with continued benefits from cost reductions, favourable foreign exchange and reduced contractor costs, with the cessation of mining from the copper oxide open pit, reduced production expenses by US\$17.8 million (17%) compared to the same period in 2014.

Revenue decreased by US\$19.2 million (15%) compared to the first half of 2014 due to lower average realised prices of all metals partially offset by higher zinc, lead, gold and silver sales volumes.

Depreciation and amortisation expenses were US\$1.0 million (5%) higher than in the first half of 2014 due to higher volumes of ore mined and ore milled.

# DEVELOPMENT PROJECTS

## LAS BAMBAS, PERU

Las Bambas is a large, long-life copper development project located in the Apurimac region of Peru. It is at an advanced stage of construction and is set to become one of the largest global copper mines once in full production.

Throughout 2015, project activity focused on construction of the primary crusher, overland conveyor, concentrator processing plant, concentrate logistics and other key infrastructure. As at 30 June 2015, overall construction progress was 95%. Concentrate-related construction was 90% complete.

Community relocation continued with 96% of families now successfully relocated to the new Fuerabamba town.

MMG expects production of concentrate in the first quarter of 2016, with the capital cost to complete the Las Bambas Project within US\$1.9–2.4 billion from 1 January 2015.

Capital expenditure for the Las Bambas Project totalled US\$829.2 million from 1 January 2015 to 30 June 2015.

## DUGALD RIVER, AUSTRALIA

Located in north-west Queensland, the Dugald River project is based on one of the largest and highest-grade deposits of zinc, lead and silver in the world. It has a Mineral Resource of 55.2 million tonnes at 13.4% zinc, 2.1% lead and 36g/t silver.

An updated development plan for the Dugald River deposit was approved on 28 July 2015.

The updated development plan includes a mine production rate of 1.5Mtpa, construction of a concentrator and annual production of approximately 160,000 tonnes of zinc in zinc concentrate over an estimated 28-year mine life. This places Dugald River within the world's top ten zinc mines when operational.

Dugald River will also produce significant by-products, including 18,000 tonnes of lead and 981,000 ounces of silver per annum.

Under the updated plan, construction of remaining infrastructure would commence during 2016 with first production from a Dugald River concentrator delivered during the first half of 2018.

Key agreements for energy, logistics and service providers and permitting requirements will be revised and funding arrangements amended for the updated development plan.

Remaining expenditure to complete the project is around US\$750 million plus interest costs.

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# EXPLORATION

MMG's 2015 exploration program is focused on near-mine exploration, with progress on targets surrounding Las Bambas, Kinsevere and Sepon during the first half. Drilling and other exploration activity in areas within a 50-kilometre radius of Kinsevere also advanced during this period.

The aim of the program remains to leverage additional value from MMG's existing assets by identifying additional ore sources to complement or extend current operations.

Project generation and new discovery activity also reduced during the first half, consistent with MMG's commitment to direct the majority of growth resources towards Las Bambas in 2015. Continuing new discovery activity focused on copper and zinc targets in Australia and the Americas, as well as a copper project in Katanga Province, the Democratic Republic of the Congo.

As a result, total exploration expenses in the first half of 2015 decreased by 43% to US\$17.9 million compared to the first half of 2014. This includes significant reductions in project generation and new discovery spend across all sites, including Australia, Africa and the Americas.

PROJECT	HOLE TYPE	METERAGE (METRES)	NUMBER OF HOLES	AVERAGE LENGTH (METRES)
Kinsevere (includes Rad50)	Diamond	11,959	6	199
Kasansama (Copper, DRC)	RC/Diamond	5,498	41	134
Las Bambas (Copper, Peru)	Diamond	33,071	66	501
Piedras VERDES (Copper, Chile)	RC/Diamond	591	4	148
Sepon	RC/Diamond	9,532	75	127
<b>Total</b>	<b>N/A</b>	<b>52,072</b>	<b>204</b>	<b>N/A</b>

## MINE DISTRICT

### Las Bambas

MMG commenced its near-mine and mine district exploration program at Las Bambas during the first half, following the establishment of a dedicated exploration team in December 2014.

As limited exploration activity had been undertaken at the site, the exploration activity at Las Bambas has focused on reconnaissance field visits in addition to mapping of potential prospects outside the known resource area.

Supporting investigations are also underway to increase MMG's knowledge of Las Bambas mineralisation.

### Sepon

Drilling was conducted at Houay Hai, Phu Aya, Katia and Phavat West on copper targets near Sepon during the wet season. Massive pyrite veins at Houay Hai may represent distal expressions of possible nearby primary copper deposits and further drilling is planned to gain more detailed information. At Phu Aya, also near Sepon, drilling intersected wide but low-grade zones of oxide and primary copper.

### Kinsevere and Rad50

Follow-up surface geochemical sampling and preparation for scout drilling is underway over a number of tenements within 50 kilometres of Kinsevere. A high-resolution airborne magnetic and radiometric survey over the same area is in progress.

## NEW DISCOVERY PROGRAMS

### Australia

MMG has now completed a stream sediment and soil sampling program at its North Batten zinc exploration project in the McArthur River Basin, Northern Territory. Soil sampling and induced polarisation geophysical surveys were also carried out at the Abra base metals projects in Western Australia.

### Americas

During the first half, MMG entered into a joint venture agreement regarding the Pelly's Ridge zinc project in the Belt Purcell Basin, Montana, United States of America (USA). Ground magnetic and soil sampling has now been completed in preparation for drilling activity.

Through a joint venture partnership, exploration activity also commenced at the Limoerio nickel project, Brazil, during the first half. Activity included field validation and modelling of airborne electromagnetic data to define anomalies targeting massive nickel sulphide mineralisation by drilling.

### Africa

MMG undertook 5,457 metres of drilling at Kasansama, a copper exploration project, in Katanga Province. The results of this drilling program are now being reviewed, with a decision regarding further involvement in the project to be made during the second half of 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

For the purpose of the management discussion and analysis, the Group's results for the six months ended 30 June 2015 are compared with results for the six months ended 30 June 2014.

SIX MONTHS ENDED 30 JUNE	2015 US\$ MILLION	2014 US\$ MILLION	CHANGE % FAV/(UNFAV)
<b>Revenue</b>	<b>1,113.8</b>	<b>1,193.7</b>	<b>(7%)</b>
Operating expenses	(663.0)	(731.9)	9%
Exploration expenses	(17.9)	(31.2)	43%
Administration expenses	(42.8)	(58.2)	26%
Other income and expenses	(14.2)	(7.7)	(84%)
<b>EBITDA</b>	<b>375.9</b>	<b>364.7</b>	<b>3%</b>
Depreciation and amortisation expenses	(380.9)	(248.2)	(53%)
<b>EBIT</b>	<b>(5.0)</b>	<b>116.5</b>	<b>(104%)</b>
Net finance costs	(41.8)	(37.3)	(12%)
<b>(Loss)/profit before income tax</b>	<b>(46.8)</b>	<b>79.2</b>	<b>(159%)</b>
Income tax expense	(1.2)	(31.5)	96%
<b>(Loss)/profit</b>	<b>(48.0)</b>	<b>47.7</b>	<b>(201%)</b>

The Group's management determined the operating segments based on reports reviewed by its Executive Committee. The Group's operations are managed on an operating site-by-site basis, with exploration, development projects (excluding Las Bambas) and corporate activities being classified as 'Other'. The integration of Australian operations under a single management structure became effective as of 3 July 2015. Aggregating all services and support functions for Australian operations into a single management structure enables MMG to leverage additional value and further improve the safety, cost and production performance across our Australian sites. The arrangements have not impacted the results for the first half of 2015. The Group's operations comprise Sepon, Kinsevere, Century, Rosebery, Golden Grove and Las Bambas.

SIX MONTHS ENDED 30 JUNE	REVENUE			EBITDA		
	2015 US\$ MILLION	2014 US\$ MILLION	CHANGE % FAV/(UNFAV)	2015 US\$ MILLION	2014 US\$ MILLION	CHANGE % FAV/(UNFAV)
Sepon	269.3	304.2	(11%)	154.9	182.9	(15%)
Kinsevere	222.7	228.9	(3%)	80.9	93.3	(13%)
Century	390.1	412.1	(5%)	167.6	147.3	14%
Rosebery	120.4	118.0	2%	56.8	30.2	88%
Golden Grove	111.3	130.5	(15%)	(0.4)	4.4	(109%)
Las Bambas <sup>(i)</sup>	-	-	-	(13.5)	-	-
Other	-	-	-	(70.4)	(93.4)	25%
<b>Total</b>	<b>1,113.8</b>	<b>1,193.7</b>	<b>(7%)</b>	<b>375.9</b>	<b>364.7</b>	<b>3%</b>

(i) MMG acquired Las Bambas as part of the acquisition of Xstrata Peru S.A. in July 2014. The financial results of Las Bambas have been consolidated from 31 July 2014.

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

### Revenue

The Group's operations generated revenue of US\$1,113.8 million for the half year ended 30 June 2015, US\$79.9 million (7%) lower than the half year ended 30 June 2014.

REVENUE BY COMMODITY SIX MONTHS ENDED 30 JUNE	2015 US\$ MILLION	2014 US\$ MILLION	CHANGE % FAV/(UNFAV)
Copper	558.3	622.5	(10%)
Zinc	398.0	414.3	(4%)
Lead	77.1	78.2	(1%)
Gold	34.2	35.5	(4%)
Silver	46.2	43.2	7%
<b>Total</b>	<b>1,113.8</b>	<b>1,193.7</b>	<b>(7%)</b>

### Price

With the exception of zinc, lower average LME base metals prices in 2015 compared with 2014 had an unfavourable impact on revenue. Copper average realised price was favourably impacted by a steady decline in copper concentrate treatment charges and refinement charges (TC/RC) during the first half of 2015, while higher TC/RC for zinc unfavourably impacted the average realised price for the same period.

AVERAGE LME CASH PRICE SIX MONTHS ENDED 30 JUNE	2015	2014	CHANGE % FAV/(UNFAV)
Copper (US\$/tonne)	5,929	6,916	(14%)
Zinc (US\$/tonne)	2,134	2,051	4%
Lead (US\$/tonne)	1,873	2,101	(11%)
Gold (US\$/ounce)	1,206	1,290	(7%)
Silver (US\$/ounce)	16.55	20.05	(17%)

### Sales volumes

PAYABLE METAL IN PRODUCT SOLD SIX MONTHS ENDED 30 JUNE	2015	2014	CHANGE % FAV/(UNFAV)
Copper (tonnes)	98,413	92,133	7%
Zinc (tonnes)	257,052	254,094	1%
Lead (tonnes)	51,693	44,878	15%
Gold (ounces)	31,150	27,242	14%
Silver (ounces)	2,797,875	2,211,566	27%

PAYABLE METAL IN PRODUCT SOLD SIX MONTHS ENDED 30 JUNE 2015	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES
Sepon	44,684	-	-	-	-
Kinsevere	39,046	-	-	-	-
Century	-	200,452	40,269	-	1,234,435
Rosebery	1,533	39,629	9,667	19,350	1,011,451
Golden Grove	13,150	16,971	1,757	11,800	551,989
<b>Total</b>	<b>98,413</b>	<b>257,052</b>	<b>51,693</b>	<b>31,150</b>	<b>2,797,875</b>

PAYABLE METAL IN PRODUCT SOLD SIX MONTHS ENDED 30 JUNE 2014	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES
Sepon	42,867	-	-	524	718
Kinsevere	33,533	-	-	-	-
Century	-	208,476	33,449	-	563,251
Rosebery	1,155	32,205	10,594	17,735	1,286,029
Golden Grove	14,578	13,413	835	8,983	361,568
<b>Total</b>	<b>92,133</b>	<b>254,094</b>	<b>44,878</b>	<b>27,242</b>	<b>2,211,566</b>

Copper sales increased by 7% compared to the six months ended 30 June 2014 due to record half-year production at Kinsevere and strong production at Sepon.

Zinc sales volumes were 1% higher for the first half of 2015 due to zinc-focused production at Golden Grove, along with higher production at Rosebery resulting from increased throughput and grades, marginally offset by lower sales volumes at Century.

Lead sales volumes increased by 15% compared with the half year ended 2014 due to Century's increased mill throughput and continued lead reclamation from the lead storage dams.

**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, corporate recharge expenses and other operating expenses. Operating expenses have decreased by US\$68.9 million (9%) due to a continued focus on cost reduction across all operating sites (US\$48.9 million), aided by favourable Australian dollar exchange rates (US\$55.8 million), despite increased sales expenses as a result of higher sales volumes.

Effective from 3 July 2015, MMG's Australian operations were integrated under a single management structure. Aggregating all services and support functions into a single management structure enables MMG to leverage additional value and further improve the safety, cost and production performance across its Australian sites. The arrangements have not impacted the results for the first half of 2015.

**Exploration expenses** decreased by US\$13.3 million (43%) compared to the first half of 2014. This is consistent with the Company's growth focus in 2015 to develop Las Bambas.

Project generation spend was down US\$1.3 million (62%), particularly in copper and nickel.

New discovery spend was down US\$5.8 million (40%) across all exploration sites, specifically Australia which decreased by US\$1.4 million (44%); Africa which decreased by US\$3.3 million (38%); and the Americas which decreased by US\$1.2 million (39%).

The Group invested US\$8.3 million in mine district exploration, a decrease of US\$5.6 million compared to the first half of 2014. Exploration in 2015 focused on sustaining current ore reserves and increasing the mine life of existing assets with particular focus on Sepon and Kinsevere.

**Administrative expenses** decreased by US\$15.4 million (26%) to US\$42.8 million in 2015, aided by the weaker Australian dollar (US\$11.7 million). The expenses for the prior period included US\$8.1 million associated with the acquisition and integration of Las Bambas, with the transaction completed in July 2014. As a result of the successful delivery of MMG's operating model, savings from improved operational efficiency and cost management were achieved.

**Other income and expenses** had an aggregate unfavourable US\$14.2 million impact on EBIT in the first half of 2015 compared to an impact of US\$7.7 million in the first half of 2014.

Other items included losses on financial assets recognised at fair value through profit or loss, foreign exchange losses on the translation of monetary items, gains/(losses) on disposal of property, plant and equipment, investments and financial assets and sundry expense items.

**Depreciation and amortisation expenses** increased by US\$132.7 million (53%) to US\$380.9 million in the first half of 2015. The increase was primarily driven by the amortisation expense of US\$94.1 million on additional mine rehabilitation assets of US\$146.3 million at Century, recognised at the end of 2014 and expected to be substantially amortised in 2015. Higher depreciation and amortisation expenses are also driven by higher ore mined and ore milled volumes at all operating sites except Kinsevere which has lower ore mined.

**Net finance costs** increased by US\$4.5 million (12%) to US\$41.8 million in the first half of 2015. The higher cost was driven by an increase in interest unwind associated with the increase in the mine rehabilitation provision for Century's closure.

**Income tax expenses** decreased by US\$30.3 million (96%) to US\$1.2 million in the first half of 2015 reflecting the loss before income tax for the Group. The effective tax rate for the period ended 30 June 2015 was negative 2.6% (2014: 39.8%). The effective tax rate included the impact of tax credits associated with withholding taxes not recoverable in relation to Las Bambas and the impact of DRC 'Minimum Tax' which is currently an additional tax impost to the DRC corporate tax.



## SEGMENT ANALYSIS

### Sepon

SIX MONTHS ENDED 30 JUNE	2015	2014	CHANGE % FAV/(UNFAV)
<b>Production</b>			
Ore mined (tonnes)	993,226	773,346	28%
Ore milled (tonnes)	977,953	921,245	6%
Copper cathode (tonnes)	44,632	42,768	4%
Gold (ounces)	–	364	n/a
<b>Payable metal in product sold</b>			
Copper (tonnes)	44,684	42,867	4%
Gold (ounces)	–	524	n/a
Silver (ounces)	–	718	n/a

SIX MONTHS ENDED 30 JUNE	2015 US\$ MILLION	2014 US\$ MILLION	CHANGE % FAV/(UNFAV)
<b>Revenue</b>	<b>269.3</b>	<b>304.2</b>	<b>(11%)</b>
<b>Operating expenses</b>			
<b>Production expenses</b>			
Mining <sup>(i)</sup>	(14.7)	(10.8)	(36%)
Processing <sup>(i)</sup>	(64.9)	(56.1)	(16%)
Other <sup>(i)</sup>	(29.9)	(32.4)	8%
<b>Total production expenses</b>	<b>(109.5)</b>	<b>(99.3)</b>	<b>(10%)</b>
Freight (transportation)	(3.1)	(3.8)	18%
Royalties	(12.0)	(13.5)	11%
Other <sup>(ii)</sup>	10.5	(4.2)	350%
<b>Total operating expenses</b>	<b>(114.1)</b>	<b>(120.8)</b>	<b>6%</b>
Other income/(expenses)	(0.3)	(0.5)	40%
<b>EBITDA</b>	<b>154.9</b>	<b>182.9</b>	<b>(15%)</b>
Depreciation and amortisation expenses	(60.6)	(40.8)	(49%)
<b>EBIT</b>	<b>94.3</b>	<b>142.1</b>	<b>(34%)</b>
<b>EBITDA margin</b>	<b>58%</b>	<b>60%</b>	

(i) The amounts disclosed in the prior period have been restated to align with the current period presentation.

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

Sepon continues to successfully transition to the harder Type II ore with record milling tonnes, while maintaining strong production results with 44,632 tonnes of copper cathode produced in the first half of 2015. Ongoing studies continue at Sepon to further optimise production through plant improvements as ore variability continues and milling grades converge towards reserve grade.

Mining and processing costs increased by US\$3.9 million (36%) and US\$8.8 million (16%) respectively which is in line with increased mining and milling rates, as well as expectations that harder Type II ore would consume more acid and grinding media.

A focus on lowering costs in other areas of the mine to compensate for higher mining and processing expenses has kept the EBITDA margin only slightly lower at 58%, compared to 60% in the same period of 2014.

Depreciation and amortisation expenses increased by US\$19.8 million (49%) due to higher mining and milling volumes.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

**Kinsevere**

SIX MONTHS ENDED 30 JUNE	2015	2014	CHANGE % FAV/(UNFAV)
<b>Production</b>			
Ore mined (tonnes)	857,582	1,211,373	(29%)
Ore milled (tonnes)	1,040,993	826,176	26%
Copper cathode (tonnes)	39,095	33,550	17%
<b>Payable metal in product sold</b>			
Copper (tonnes)	39,046	33,533	16%

SIX MONTHS ENDED 30 JUNE	2015 US\$ MILLION	2014 US\$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	222.7	228.9	(3%)
<b>Operating expenses</b>			
<b>Production expenses</b>			
Mining	(11.1)	(14.0)	21%
Processing	(37.8)	(26.4)	(43%)
Other	(54.3)	(61.4)	12%
<b>Total production expenses</b>	<b>(103.2)</b>	<b>(101.8)</b>	<b>(1%)</b>
Freight (transportation)	(22.8)	(20.5)	(11%)
Royalties	(10.0)	(9.8)	(2%)
Other <sup>(i)</sup>	(7.9)	(3.2)	(147%)
<b>Total operating expenses</b>	<b>(143.9)</b>	<b>(135.3)</b>	<b>(6%)</b>
Other income/(expenses)	2.1	(0.3)	800%
<b>EBITDA</b>	<b>80.9</b>	<b>93.3</b>	<b>(13%)</b>
Depreciation and amortisation expenses	(86.3)	(64.8)	(33%)
<b>EBIT</b>	<b>(5.4)</b>	<b>28.5</b>	<b>(119%)</b>
<b>EBITDA margin</b>	<b>36%</b>	<b>41%</b>	

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

Kinsevere achieved a new half-year production record of 39,095 tonnes of copper cathode as it continues to outperform on its nameplate capacity through continued improvements in operational efficiencies, stable electricity and increases to mill throughput.

Revenue decreased by US\$6.2 million (3%) compared to the first half of 2014 as a result of lower average realised copper prices, marginally offset by a 16% increase in copper sales volumes.

Ore mined fell by 29% compared to the same period in 2014 in accordance with the mine plan. This resulted in a drawdown of ore stockpiles built up in previous years, and resulted in a US\$2.9 million (21%) reduction in mining costs. Processing costs increased by US\$11.4 million (43%) in connection with a 26% increase in milled tonnes compared to the same period in 2014.

Approximately 29% of power requirements were met from electricity sourced via diesel generation in the first half of 2015, down from 40% during the same period in 2014. The use of lower-cost, grid-sourced power resulted in a US\$1.9 million saving. Work continues to liberate further savings through increasing grid power supply in the region, as well as in Zambia.

Depreciation and amortisation expenses increased by US\$21.5 million (33%) corresponding to the increase in processing volumes.

## Century

SIX MONTHS ENDED 30 JUNE	2015	2014	CHANGE % FAV/(UNFAV)
<b>Production</b>			
Ore mined (tonnes)	3,888,565	3,310,707	17%
Ore milled (tonnes)	3,828,052	3,449,663	11%
Zinc in zinc concentrate (tonnes)	221,049	223,584	(1%)
Lead in lead concentrate (tonnes)	37,300	33,908	10%
<b>Payable metal in product sold</b>			
Zinc (tonnes)	200,452	208,476	(4%)
Lead (tonnes)	40,269	33,449	20%
Silver (ounces)	1,234,435	563,251	119%

SIX MONTHS ENDED 30 JUNE	2015 US\$ MILLION	2014 US\$ MILLION	CHANGE % FAV/(UNFAV)
<b>Revenue</b>	<b>390.1</b>	<b>412.1</b>	<b>(5%)</b>
<b>Operating expenses</b>			
<b>Production expenses</b>			
Mining	(27.3)	(58.6)	53%
Processing	(110.9)	(114.8)	3%
Other	(32.8)	(32.5)	(1%)
<b>Total production expenses</b>	<b>(171.0)</b>	<b>(205.9)</b>	<b>17%</b>
Freight (transportation)	(17.6)	(26.6)	34%
Royalties	(18.3)	(12.7)	(44%)
Other <sup>(i)</sup>	(17.9)	(18.4)	3%
<b>Total operating expenses</b>	<b>(224.8)</b>	<b>(263.6)</b>	<b>15%</b>
Other income/(expenses)	2.3	(1.2)	292%
<b>EBITDA</b>	<b>167.6</b>	<b>147.3</b>	<b>14%</b>
Depreciation and amortisation expenses	(179.6)	(97.8)	(84%)
<b>EBIT</b>	<b>(12.0)</b>	<b>49.5</b>	<b>(124%)</b>
<b>EBITDA margin</b>	<b>43%</b>	<b>36%</b>	

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

Century continues to maintain strong production and cost performance as mine optionality and grades have reduced leading up to closure.

Mining costs reduced by US\$31.3 million (53%) compared to the first half of 2014 as a result of a focus on mining from a single stage of the open-pit mine, along with the benefit of a lower strip ratio and subsequent reduction in related mining consumable costs.

Milling tonnes increased by 11% along with reduced milling rates to maximise recoveries compared to the same period in 2014. This substantially offset lower grades, resulting in only a 1% decrease in total zinc production. Processing-related costs reduced by US\$3.9 million (3%) from ongoing cost-saving initiatives aided by favourable foreign exchange.

Lower zinc sales tonnes along with the utilisation of the concentrate pipeline, rather than trucking, to transport lead concentrate to the Port of Karumba, resulted in lower freight costs of US\$9.0 million compared to the same period in 2014.

Royalties increased by US\$5.6 million (44%) despite lower sales volumes due to increased lead sales charged at a higher royalty rate than zinc.

Revenue decreased by US\$22.0 million (5%) due to lower average realised sales prices, partially offset by the increase in lead sales volumes.

Depreciation and amortisation expenses increased by US\$81.8 million (84%) primarily due to the amortisation expense of US\$94.1 million on the additional mine rehabilitation provision of US\$146.3 million at Century, recognised at the end of 2014. This is expected to be substantially amortised by the end of 2015.

**Rosebery**

SIX MONTHS ENDED 30 JUNE	2015	2014	CHANGE % FAV/(UNFAV)
<b>Production</b>			
Ore mined (tonnes)	417,817	385,385	8%
Ore milled (tonnes)	423,670	418,198	1%
Copper in copper concentrate (tonnes)	1,560	1,022	53%
Zinc in zinc concentrate (tonnes)	48,924	35,017	40%
Lead in lead concentrate (tonnes)	10,755	10,423	3%
Gold (ounces)	7,337	4,123	78%
Silver (ounces)	3,930	2,386	65%
<b>Payable metal in product sold</b>			
Copper (tonnes)	1,533	1,155	33%
Zinc (tonnes)	39,629	32,205	23%
Lead (tonnes)	9,667	10,594	(9%)
Gold (ounces)	19,350	17,735	9%
Silver (ounces)	1,011,451	1,286,029	(21%)
<b>SIX MONTHS ENDED 30 JUNE</b>	<b>2015 US\$ MILLION</b>	<b>2014 US\$ MILLION</b>	<b>CHANGE % FAV/(UNFAV)</b>
<b>Revenue</b>	<b>120.4</b>	<b>118.0</b>	<b>2%</b>
<b>Operating expenses</b>			
<b>Production expenses</b>			
Mining	(34.4)	(43.5)	21%
Processing	(12.1)	(14.1)	14%
Other	(7.0)	(9.3)	25%
<b>Total production expenses</b>	<b>(53.5)</b>	<b>(66.9)</b>	<b>20%</b>
Freight (transportation)	(2.2)	(3.6)	39%
Royalties	(5.6)	(3.3)	(70%)
Other <sup>(i)</sup>	(5.1)	(13.1)	61%
<b>Total operating expenses</b>	<b>(66.4)</b>	<b>(86.9)</b>	<b>24%</b>
Other income/(expenses)	2.8	(0.9)	411%
<b>EBITDA</b>	<b>56.8</b>	<b>30.2</b>	<b>88%</b>
Depreciation and amortisation expenses	(29.3)	(16.0)	(83%)
<b>EBIT</b>	<b>27.5</b>	<b>14.2</b>	<b>94%</b>
<b>EBITDA margin</b>	<b>47%</b>	<b>26%</b>	

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

Rosebery increased its EBITDA contribution by US\$26.6 million (88%), and increased copper and zinc sales volumes by 33% and 23% respectively compared to the same period in 2014. These results were due to a combination of higher milling grades, increased mill throughput and favourable foreign exchange movements.

Ore mined and milled increased by 8% and 1% respectively, compared to the first half of 2014. This has been achieved through consistent ore throughput with capital development drilling exceeding schedule and enabling constant ore feed, as well as upgrades to underground ventilation systems giving the benefit of optionality created from multiple ore sources.

Depreciation and amortisation expenses increased by US\$13.3 million (83%) due to reductions in Ore Reserves and higher mining and milling volumes.

## Golden Grove

SIX MONTHS ENDED 30 JUNE	2015	2014	CHANGE % FAV/(UNFAV)
<b>Production</b>			
Ore mined (tonnes)	772,777	757,315	2%
Ore milled (tonnes)	891,176	768,482	16%
Copper in copper concentrate (tonnes)	12,977	15,192	(15%)
Zinc in zinc concentrate (tonnes)	16,171	11,600	39%
Lead in lead concentrate (HPM, tonnes)	2,762	1,007	174%
<b>Payable metal in product sold</b>			
Copper (tonnes)	13,150	14,578	(10%)
Zinc (tonnes)	16,971	13,413	27%
Lead (tonnes)	1,757	835	110%
Gold (ounces)	11,800	8,983	31%
Silver (ounces)	551,989	361,568	53%

SIX MONTHS ENDED 30 JUNE	2015 US\$ MILLION	2014 US\$ MILLION	CHANGE % FAV/(UNFAV)
<b>Revenue</b>	<b>111.3</b>	<b>130.5</b>	<b>(15%)</b>
<b>Operating expenses</b>			
<b>Production expenses</b>			
Mining	(34.3)	(48.2)	29%
Processing	(21.5)	(33.3)	35%
Other	(29.4)	(21.5)	(37%)
<b>Total production expenses</b>	<b>(85.2)</b>	<b>(103.0)</b>	<b>17%</b>
Freight (transportation)	(4.6)	(5.6)	18%
Royalties	(4.5)	(6.0)	25%
Other <sup>(i)</sup>	(19.5)	(10.7)	(82%)
<b>Total operating expenses</b>	<b>(113.8)</b>	<b>(125.3)</b>	<b>9%</b>
Other income/(expenses)	2.1	(0.8)	363%
<b>EBITDA</b>	<b>(0.4)</b>	<b>4.4</b>	<b>(109%)</b>
Depreciation and amortisation expenses	(19.8)	(18.8)	(5%)
<b>EBIT</b>	<b>(20.2)</b>	<b>(14.4)</b>	<b>(40%)</b>
<b>EBITDA margin</b>	<b>n/a</b>	<b>3%</b>	

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

Golden Grove focused on lower-cost-zinc ore compared to higher-cost copper production in the first half of 2015. This along with continued benefits from cost reductions, favourable foreign exchange and reduced contractor costs with the cessation of mining from the copper oxide open pit reduced production expenses by US\$17.8 million (17%) compared to the same period in 2014.

Revenue decreased by US\$19.2 million (15%) compared to the first half of 2014 due to lower average realised prices of all metals partially offset by higher zinc, lead, gold and silver sales volumes.

Depreciation and amortisation expenses were US\$1.0 million (5%) higher than the first half of 2014 due to higher volumes of ore mined and ore milled.

## CASH FLOW ANALYSIS

### Net cash flow

SIX MONTHS ENDED 30 JUNE	2015	2014
Net operating cash flows	202.7	200.5
Net investing cash flows	(965.6)	(87.6)
Net financing cash flows	1,125.0	(105.9)
<b>Net cash inflows</b>	<b>362.1</b>	<b>7.0</b>

**Net operating cash inflows** remained consistent with the first half of 2014 from improved EBITDA and lower tax paid, partially offset by unfavourable working capital movements.

**Net investing cash outflows** were US\$965.6 million in the first half of 2015 compared to US\$87.6 million in the first half of 2014.

During the six months ended 30 June 2015, the Group invested US\$953.6 million (2014: US\$126.6 million) in the purchase of property plant and equipment and the development of software. This included US\$829.2 million (2014: nil) on the construction of Las Bambas, US\$27.0 million (2014: US\$38.2 million) on the Dugald River project and US\$34.3 million (2014: US\$39.8 million) investment in mine property and development. During the first half of 2015, the Group made the final instalment payment of US\$12.2 million for the acquisition of Las Bambas, which was acquired in July 2014.

**Net financing cash flows** were an inflow of US\$1,125.0 million in the first half of 2015 compared to an outflow of US\$105.9 million in 2014.

Financing cash inflows in the first half of 2015 included the drawdown of US\$300.0 million under the US\$5,988.0 million Las Bambas Project Facility with China Development Bank

Corporation (CDB), Industrial and Commercial Bank of China Limited (ICBC), Bank of China Limited, Sydney Branch (BOC Sydney) and The Export-Import Bank of China (EXIM) and US\$189.0 million under the US\$300.0 million facility with ICBC.

Inflows also included capital contribution from non-controlling shareholders of Las Bambas of US\$250.5 million and US\$417.5 million drawn under the US\$2,262.0 million facility with MMG Shareholder Top Create Resources Limited (Top Create) and the proceeds from the repayment of a Shareholder loan with Album Enterprises Limited (Album Enterprises) of US\$80.0 million.

These were partially offset by repayments of borrowings and payments of interest and financing costs in line with contractual terms. Dividends of US\$5.0 million were paid to Sepon minority shareholder, Government of Laos.

Financing cash outflows in the first half of 2014 included a dividend payment of US\$52.9 million to the Company's Shareholders, full repayment of the US\$150.0 million facility with ICBC and the US\$75.0 million Shareholder loan with Album Enterprises, and other repayments of borrowings and payment of interest and financing costs in line with contractual terms. This was partially offset by the drawdown of US\$270.0 million under a three-year US\$300.0 million facility agreed with ICBC.

## FINANCIAL RESOURCES AND LIQUIDITY

	30 JUNE 2015 US\$ MILLION	31 DECEMBER 2014 US\$ MILLION	CHANGE US\$ MILLION
Total assets	14,418.9	13,490.0	928.9
Total liabilities	(11,242.6)	(10,515.4)	(727.2)
<b>Total equity</b>	<b>3,176.3</b>	<b>2,974.6</b>	<b>201.7</b>

Total equity increased by US\$201.7 million to US\$3,176.3 million as at 30 June 2015, mainly reflecting the US\$250.5 million non-controlling interests' contribution to the Las Bambas joint venture, partially offset by the loss for the period and the dividends paid of US\$5.0 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 Group manages the capital structure and makes adjustments in light of changes in economic conditions and business strategies. To maintain or adjust the capital structure, the Group may adjust the amount of dividend payments to Shareholders, issue new shares or raise/repay debts.

The Group monitors capital and manages its cash flow in accordance with financial covenants contained in Group debt facilities. MMG Group debt facilities are not secured against the assets of the MMG South America Group. As a result, the terms of MMG Group debt facilities exclude MMG South America Group-related items from the gearing ratio calculation (which is defined as net debt (total borrowings excluding finance charge prepayments, less cash and bank deposits) divided by the aggregate of net debt plus total equity).

Consistent with the above, a key item excluded from the MMG Group gearing ratio calculation is US\$2,261.3 million

MMG GROUP (EXCLUDING MMG SOUTH AMERICA GROUP)	30 JUNE 2015 US\$ MILLION	31 DECEMBER 2014 US\$ MILLION
Total borrowings (excluding prepayments)	1,458.3	1,321.8
Less: cash and cash equivalents	479.6	91.9
<b>Net debt</b>	<b>978.7</b>	<b>1,229.9</b>
Total equity	1,892.8	1,922.5
<b>Net debt plus Total equity</b>	<b>2,871.5</b>	<b>3,152.4</b>
<b>Gearing ratio</b>	<b>0.34</b>	<b>0.39</b>

The Group's objectives in managing the capital employed by MMG South America Management Group (the Las Bambas joint venture company and its subsidiaries) are to safeguard the MMG South America Management Group's ability to continue as a going concern, support the development of

(31 December 2014: US\$1,843.8 million) of Shareholder debt held by MMG South America Company Limited. This debt was utilised to fund the MMG Group's equity contribution to the Las Bambas joint venture company, MMG South America Management Company Limited. This debt has been on-loaned within the MMG South America Management Group on a subordinated basis and hence, where relevant (and in accordance with the terms of MMG South America Management Group debt facilities), retains its quasi-equity status for the purposes of calculating the gearing ratio for individual entities within that Group.

projects, enhance Shareholder value and provide capital for further investment.

The process used to manage and monitor the capital for the MMG South America Management Group is consistent with the process applied for the MMG Group.

MMG SOUTH AMERICA MANAGEMENT GROUP	30 JUNE 2015 US\$ MILLION	31 DECEMBER 2014 US\$ MILLION
Total borrowings (excluding prepayments)	5,538.7	5,150.8
Less: cash and cash equivalents	133.7	159.3
<b>Net debt</b>	<b>5,405.0</b>	<b>4,991.5</b>
Total equity	3,544.8	2,895.9
<b>Net debt plus Total equity</b>	<b>8,949.8</b>	<b>7,887.4</b>
<b>Gearing ratio</b>	<b>0.60</b>	<b>0.63</b>

#### Available debt facilities

As at 30 June 2015, the MMG Group (excluding MMG South America Management Group) had available undrawn facilities of US\$850.0 million (including the US\$750.0 million Dugald River facility which can only be used for the purpose of funding the Dugald River project). The MMG South America Management Group had available undrawn facilities of US\$1,418.3 million.

The Group's cash and cash equivalents at 30 June 2015 of US\$613.3 million (31 December 2014: US\$251.2 million) were denominated mainly in US dollars.

As at 30 June 2015, the Group's borrowings (excluding finance charge prepayments) were as follows:

- 73.4% were bank borrowings, 24.4% were loans from related parties and 2.2% related to balances associated with convertible redeemable preference shares;
- 100% were denominated in US\$;
- 97.8% were priced based on floating interest rates and 2.2% based on fixed interest rates; and
- 3.3% were repayable within one year, 8.1% were repayable between one and two years, 14.8% were repayable between two and five years and 73.8% were repayable over five years.

The Group's capital commitments for purchases of property, plant and equipment and intangible assets as at 30 June 2015 were US\$1,160.2 million (31 December 2014: US\$1,229.8 million) as discussed further in Note 17 to the interim financial information.

## DEVELOPMENT PROJECTS

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

### Las Bambas, Peru

Las Bambas is a large, long-life copper development project located in the Apurimac region of Peru. It is at an advanced stage of construction and is set to become one of the largest global copper mines once in full production.

Throughout 2015, project activity focused on construction of the primary crusher, overland conveyor, concentrator processing plant, concentrate logistics and other key infrastructure. As at 30 June 2015, overall construction progress was 95%. Concentrate-related construction was 90% complete.

Community relocation continued with 96% of families now successfully relocated to the new Fuerabamba town.

MMG expects production of concentrate in the first quarter of 2016, with the capital cost to complete the Las Bambas Project within US\$1.9–2.4 billion from 1 January 2015.

Capital expenditure for the Las Bambas Project totalled US\$829.2 million from 1 January 2015 to 30 June 2015.

### Dugald River, Australia

Located in north-west Queensland, the Dugald River project is based on one of the largest and highest-grade deposits of zinc, lead and silver in the world. It has a Mineral Resource of 55.2 million tonnes at 13.4% zinc, 2.1% lead and 36g/t silver.

An updated development plan for the Dugald River deposit was approved on 28 July 2015.

The updated development plan includes a mine production rate of 1.5Mtpa, construction of a concentrator and annual production of approximately 160,000 tonnes of zinc in zinc concentrate over an estimated 28-year mine life. This places Dugald River within the world's top ten zinc mines when operational. Dugald River will also produce significant by-products, including 18,000 tonnes of lead and 981,000 ounces of silver per annum.

Under the updated development plan, construction of remaining infrastructure is to commence during 2016 with first production from a Dugald River concentrator delivered during the first half of 2018.

Key agreements for energy, logistics and service providers and permitting requirements will be revised, and funding arrangements amended for the updated development plan.

Remaining expenditure to complete the project is around US\$750 million plus interest costs.

MMG will continue with its planned test of approximately 450,000 tonnes of Dugald River ore on the Century processing circuit. The test will enable MMG to gain additional information about how Dugald River ore performs under large-scale processing, allowing for further optimisation of design of the Dugald River concentrator. At the end of June 2015, 86,188 tonnes of Dugald River ore had been transported to Century and stockpiled for processing following the completion of Century concentrates. The Dugald River ore was produced during the 2014 trial stoping program at the site.

## CONTRACTS AND COMMITMENTS

Material contracts entered into in the six months to 30 June 2015 include:

### Sepon

Lane Xang Minerals Limited (LXML) entered into an agreement for the provision of additional anodes for the electrowinning circuit and for the ongoing provision of sulphuric acid.

As part of a project to extend the mine life of Sepon, LXML entered into a number of agreements including the purchase and installation of a scrubber, the purchase of additional mining fleet vehicles, and for the provision of metallurgical engineering services.

### Kinsevere

MMG Kinsevere entered into a number of supply contracts to support near-mine exploration including earthworks and airborne survey services. An agreement was also entered into for the ongoing supply of sulphuric acid.

### Century

Several agreements were entered into or extended to ensure continuation of mining and processing to the end of 2015. Agreements entered or extended include the supply of grinding media balls, excavator-based dredging services, crushing services, water cart services, supply of earthmover tyre management services, gas transportation and electricity transmission services. To support processing activities a number of agreements were extended for the provision of chemical and reagents including the supply of methyl isobutyl carbinol, copper sulphate and sodium isopropyl xanthate.



### **Rosebery**

Agreements were entered into for the provision of underground mine development services, along with a separate agreement for the supply of labour and spare parts to support Rosebery's drill fleet. Agreements were renegotiated and extended for the provision of hydrated lime and for continuation of shotcreting services

### **Golden Grove**

An agreement for the supply of large forged grinding media balls, along with new agreements for the installation of additional escape ways at areas where mine depth exceeded 1,000 metres.

For energy-related requirements an agreement was renegotiated and extended for the ongoing supply of electricity, as well as an agreement to continue to participate in the Western Australia power demand-side management program.

### **Dugald River**

Agreements were entered into to continue mine-development activities and extend the provision of temporary shed facilities.

### **Las Bambas**

A number of consumable and services agreements were put in place in preparation for operations in 2016. In particular long-term agreements were put in place for the concentrate logistics bi-model solution.

### **Other**

MMG Australia Limited entered into agreements for the provision of engineering services to support mining and processing plant studies and improvement initiatives.

A Group-wide agreement was entered into for the provision of consulting services to develop a standardised closure cost modelling for all sites across the business.

An agreement was extended for the supply of electricity to Avebury.

MMG Brasil Exploracao entered into an agreement for the provision of drilling services to support exploration activities in Brazil.

## **PEOPLE**

As at 30 June 2015, the Group employed a total of 5,773 full-time equivalent employees (31 December 2014: 5,109) in its operations (excluding contractors, casual employees, apprentices and trainees) with the majority of employees based in Australia, Laos, South America and the DRC.

Total employee benefits expenses for the Group's operations for the six months ended 30 June 2015, including Directors' emoluments, totalled US\$201.2 million, a decrease of 13% (2014: US\$231.1 million).

The Group has remuneration policies that align with market practice and remunerates its employees based on the responsibilities of their role, their performance, market requirements and the performance of the 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.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not make any material acquisitions or disposals in the six months ended 30 June 2015.

## **EVENTS AFTER THE REPORTING DATE**

Other than the matters outlined elsewhere in this report, 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 CAPITAL RISK MANAGEMENT**

### **Financial risk factors**

The Group's activities expose it to a variety of financial risks, including commodity price risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk, equities price risk and sovereign risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not and is prohibited to enter into derivative contracts for speculative purposes.

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

**(a) Commodity price risk**

The Group is exposed to commodity price volatility on commodity sales made by its operations. This arises from the sale of metal and metal in concentrate products such as zinc, copper, lead, gold and silver, which are priced on, or benchmarked to, open market exchanges.

**(b) Interest rate risk**

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

The Group regularly monitors its interest rate risk to ensure 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 is provided to the Executive Committee, which summarises the Group's debt and interest rates.

**(c) Foreign exchange risk**

The Group operates internationally and is exposed to foreign currency exchange risk. The Group's reporting currency and functional currency of the majority of subsidiaries within the Group is US 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.

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

The Group tries to minimise its foreign exchange risk exposures through natural hedges wherever possible. For instance, all external debt and surplus cash is denominated in US dollars. A portion of cash may be held in Australian dollars to meet operating costs.

**(d) Credit risk**

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

The credit risk on investments in cash, short-term deposits and similar assets are with approved counterparty banks and the Company's intermediate holding company. Counterparties are assessed prior to, during and after the conclusion of transactions to ensure that 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.

**(f) Equities price risk**

Equity securities price risk arising from investments held by the Group are classified in the balance sheet as available-for-sale and fair value through profit and loss financial assets. All the Group's equity investments are publicly traded.

**(g) Sovereign risk**

The Group has operations in countries that carry higher levels of sovereign risk. Political and administrative change and reforms in law, regulations or taxation may impact the Group's future performance.

## CONTINGENT LIABILITIES

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

Additionally, certain bank guarantees have been provided in connection with the operations of certain of the subsidiaries of the Company. These are primarily associated with the terms of the mining leases or exploration licences. As at 30 June 2015, no claims had been made under these guarantees.

Further details are included in Note 18 to the interim financial information.

## CHARGES ON ASSETS

As at 30 June 2015 the following banking facilities granted to the Group required certain assets to be charged:

- › the US\$751.0 million facility granted by China Development Bank Corporation (CDB) and BOC Sydney to Album Resources Private Limited (Album Resources) and MMG Management Pty Ltd (MMG Management) dated 12 June 2012 (US\$751.0 million Facility), with respect to a borrowing of US\$600.8 million;
- › the US\$200.0 million facility granted by CDB to Album Resources dated 12 June 2009 (US\$200.0 million Facility), with respect to a borrowing of US\$120.0 million;
- › the A\$400.0 million bank guarantee facility between MMG Management and BOC Sydney (A\$400.0 million Facility);
- › the US\$1.0 billion facility granted by CDB and BOC Sydney to MMG Dugald River Pty Ltd (MMG Dugald River) dated 27 June 2013 (US\$1.0 billion Facility), with respect to a borrowing of US\$250.0 million; and
- › the US\$969.0 million acquisition facility and US\$5,988.0 million project facility granted by CDB, ICBC, BOC Sydney and The Export-Import Bank of China to Minera Las Bambas S.A. with respect to a borrowing of approximately US\$5,538.7 million, and the US\$380.0 million bank guarantee facility between Minera Las Bambas S.A. and Industrial and Commercial Bank of China Limited (together, the Las Bambas Facilities).

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

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

The security in respect of the A\$400.0 million Facility is a second-ranking equitable mortgage over the assets described above.

The charges in place for the US\$1.0 billion Facility are the same as those existing in respect of the US\$751.0 million Facility. In addition, certain subsidiaries of the Company that relate to the Dugald River project have provided asset security in respect of their assets. Following successful commissioning of the Dugald River project, and subject to meeting certain agreed conditions, the financing will be limited recourse to the assets and shares of MMG Dugald River.

The charges in respect of the Las Bambas Facilities are:

- › share security over 100% of the shares held in MMG South America Management Company Limited and each of its subsidiaries, including the borrower, Minera Las Bambas S.A.;
- › a debenture over the assets of MMG South America Management Company Limited and an assets pledge agreement and production unit mortgage in respect of all of the assets of Minera Las Bambas S.A.; and
- › assignments of Shareholder loans between MMG South America Management Company and its subsidiaries and security agreements over bank accounts of Minera Las Bambas S.A.

## FUTURE PROSPECTS

MMG expects to produce 171,000–186,000 tonnes of copper and 440,000–510,000 tonnes of zinc in 2015.

Capital expenditure guidance for 2015 is US\$350–US\$400 million, which excludes expenditure on the recently acquired Las Bambas copper project.

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

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests and short positions of the Directors and the CEO of the Company or any of their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (SFO)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (Model Code) as set out in Appendix 10 of the Listing Rules were as follows:

#### Long position in the shares and the underlying shares of the Company

NAME OF DIRECTOR	NATURE OF INTEREST	NUMBER OF SHARES HELD	NUMBER OF UNDERLYING SHARES HELD		APPROXIMATE PERCENTAGE OF TOTAL NUMBER OF ISSUED SHARES (%) <sup>1</sup>
			OPTIONS	PERFORMANCE AWARDS	
Andrew MICHELMORE	Personal	1,163,000	28,150,200 <sup>2</sup>	15,100,000 <sup>3</sup>	0.84
David LAMONT	Personal	450,000	6,240,582 <sup>2</sup>	2,600,000 <sup>3</sup>	0.18
XU Jiqing	Personal	-	-	1,800,000 <sup>3</sup>	0.03

Notes:

- (1) The calculation is based on the number of ordinary shares and/or underlying ordinary shares as a percentage of the total number of issued ordinary shares of the Company (that is, 5,290,069,889 shares) as at 30 June 2015.
- (2) The Directors' interests in the underlying ordinary shares of the Company are through share options granted by the Company pursuant to the 2013 Share Option Scheme, details of which are set out under the section headed '2013 Share Option Scheme'.
- (3) The Directors' interests in the underlying ordinary shares of the Company are through performance awards granted by the Company pursuant to the Long Term Incentive Equity Plan, details of which are set out under the section headed '2015 Performance Awards'.

Save as disclosed above, as at 30 June 2015, none of the Directors or the CEO of the Company or any of their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code. In addition, none of the Directors or the CEO of the Company or any of their associates had been granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) during the first half of 2015.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and CEO of the Company, as at 30 June 2015, the following persons had interests or short positions in the shares or underlying shares of the Company that were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, that were recorded in the register required to be kept by the Company under Section 336 of the SFO:

### Long position in the shares of the Company

NAME	CAPACITY	NUMBER OF SHARES HELD	APPROXIMATE PERCENTAGE OF TOTAL NUMBER OF ISSUE SHARES (%) <sup>1</sup>
China Minmetals Corporation (CMC)	Interest of controlled corporations <sup>2,3</sup>	3,898,110,916	73.69
China Minmetals Corporation Limited (CMCL)	Interest of controlled corporations <sup>2,3</sup>	3,898,110,916	73.69
China Minmetals Non-ferrous Metals Holding Company Limited (CMNH)	Interest of controlled corporations <sup>2,3</sup>	3,898,110,916	73.69
China Minmetals Non-ferrous Metals Company Limited (CMN)	Interest of controlled corporations <sup>2,3</sup>	3,898,110,916	73.69
Album Enterprises Limited (Album Enterprises)	Beneficial owner <sup>3</sup>	2,276,800,860	43.04
Top Create Resources Limited (Top Create)	Beneficial owner <sup>2</sup>	1,621,310,056	30.65

Notes:

- (1) The calculation is based on the number of ordinary shares that each person is interested in (whether directly/indirectly interested or deemed to be interested) as a percentage of the total number of issued ordinary shares (that is, 5,290,069,889 shares) of the Company as at 30 June 2015.
- (2) Top Create is a wholly owned subsidiary of CMN, which in turn is owned as to approximately 99.999% by CMNH and approximately 0.001% by CMCL. CMNH is a wholly owned subsidiary of CMCL. CMCL is owned as to approximately 87.5% by CMC and approximately 0.8% by China National Metal Products Co. Ltd., which in turn is a wholly owned subsidiary of CMC. Accordingly, CMN, CMNH, CMCL and CMC were by virtue of the SFO deemed to be interested in the 1,621,310,056 shares of the Company held by Top Create as at 30 June 2015.
- (3) Album Enterprises is a wholly owned subsidiary of CMN. Accordingly, CMN, CMNH, CMCL and CMC were by virtue of the SFO deemed to be interested in the 2,276,800,860 shares of the Company held by Album Enterprises as at 30 June 2015.

Save as disclosed above, as at 30 June 2015, there was no other person who was recorded in the register of the Company, as having an interest or short positions in the shares or underlying shares of the Company who was required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was recorded in the register required to be kept by the Company under Section 336 of the SFO.

## LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

In accordance with the continuing disclosure requirements under Rule 13.21 of the Listing Rules, below are the details of the Group's facility agreements that contain covenants requiring specific performance obligations of the controlling Shareholders.

### Facilities granted by China Development Bank Corporation and Bank of China Limited

On 13 June 2012, Album Resources and MMG Management, each a wholly owned subsidiary of the Company, entered into the US\$751.0 million Facility, pursuant to which:

- CDB agreed to provide Album Resources with a US\$366.0 million cash facility (Tranche A Facility). Such loan is to be repaid by instalment on the specified dates set out in the facility agreement, the last date of such repayment being 10 June 2017. Such facility has been fully drawn down and applied towards the refinancing of the US\$366.0 million facility granted by CDB to Album Resources in 2009; and
- BOC Sydney agreed to provide MMG Management with a US\$385.0 million cash facility (Tranche B Facility). Such loan is to be repaid by instalment on the specified dates set out in the facility agreement, the last date of such repayment being 10 June 2017. Such facility has been fully drawn down and applied to an intra-group loan extended by MMG Management to MMG Century Limited (MMG Century) to repay the US\$385.0 million facility granted by BOC Sydney to MMG Century in 2010.

Pursuant to the terms of the US\$751.0 million Facility, on the occurrence of the following events (among others), CDB and/or BOC Sydney may declare all outstanding loans under the Tranche A Facility and/or the Tranche B Facility immediately due and payable:

- CMN ceases to legally and beneficially own at least 51% of the issued share capital of the Company; or
- CMN (a) ceases to beneficially hold at least 51% of the issued share capital of Album Resources; or (b) does not have any of the following: (1) the power to cast, or control the casting of, at least 51% of the maximum number of votes that might be cast at a general meeting of Album Resources; or (2) the ability to appoint or remove all, or the majority, of the directors of Album Resources; or (3) the power to give directions with respect to the operating and financial policies of Album Resources with which the directors of Album Resources are obliged to comply.

On 27 June 2013, the Company, MMG Dugald River and certain other subsidiaries entered into a facility agreement with CDB and BOC Sydney in relation to the financing of the development and construction of the Dugald River project for an amount up to US\$1 billion (Dugald River Facility). The Dugald River Facility will be available for drawdown until 27 June 2016, and is to be repaid by 26 June 2026. As at 30 June 2015, the amount of US\$250.0 million was drawn under the Dugald River Facility.

Pursuant to the terms of the Dugald River Facility, on the occurrence of the following events (among others), CDB and/or BOC Sydney may declare all outstanding loans under the facility immediately due and payable:

- CMN ceases to legally and beneficially own, directly or indirectly, at least 51% of the issued share capital of the Company; or
- CMN ceases to have the power to (a) cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of the Company; or (b) appoint or remove all, or the majority, of the Directors or other equivalent officers of the Company; or (c) give directions with respect to the Company's operating and financial policies with which the Directors or other equivalent officers of the Company are obliged to comply.

### Facilities granted by China Development Bank

Album Resources has been granted by CDB a loan not exceeding US\$200.0 million for a term of not more than seven years from 12 June 2009, during which the loan is to be repaid over the last five years, on the specified dates set out in the facility agreement (CDB 7-year Facility). The CDB 7-year Facility has been fully drawn down.

Pursuant to the CDB 7-year Facility, CMN undertook, among other undertakings, that prior to repayment under the facility, CMN would remain a controlling Shareholder and certain subsidiaries of the Company, namely, Album Resources, Album Investment and MMG Century.

### Facility granted by Bank of China Limited, Singapore Branch

Album Resources has been granted by Bank of China Limited, Singapore Branch (BOC Singapore) a US\$144.0 million cash facility, which is to be repaid by instalment on the specified dates set out in such facility agreement, the last date of such repayment being 10 June 2016 (BOC Singapore Facility). CMN acted as the guarantor of such facility.

Under the BOC Singapore Facility, a review event will occur in the event that Album Resources ceases to be a subsidiary of CMN, which event entitles the borrower to elect to repay all outstanding monies, or if such election is not made, the lender may declare all of the outstanding monies due and payable.

#### Facility granted by Industrial and Commercial Bank of China Limited

On 22 August 2012, MMG Finance Limited was granted by ICBC a US\$150.0 million one-year term facility. On 20 August 2013, ICBC agreed to extend its facility for a further term of one year. On 20 May 2014, ICBC and MMG Finance Limited entered into a US\$300.0 million three-year loan facility, to replace the US\$150.0 million loan facility, which consists of a US\$200.0 million term facility along with a US\$100.0 million revolving facility for discretionary working capital. Under the facility, an event of default will occur in the event that the Company ceases to be a subsidiary of CMN or MMG Finance Limited ceases to be a wholly owned subsidiary of the Company, and the lender may declare all outstanding loans under the facilities immediately due and payable.

Please refer to the announcements of the Company on 10 January 2011, 14 June 2012, 22 August 2012, 27 June 2013, 20 August 2013 and 20 May 2014 for further details of the facilities referred to above.

## SHARE OPTION SCHEME

### 2004 Share Option Scheme

The share option scheme adopted at the Company's Annual General Meeting (AGM) held on 28 May 2004 (2004 Share Option Scheme) expired on 27 May 2014. No further options have been granted in accordance with the provisions thereunder but in all other respects the provisions of the 2004 Share Option Scheme shall remain in force to govern the exercise of all the options granted prior to such expiry. The exercise period for all options granted under the 2004 Share Option Scheme expired on 3 June 2015 and accordingly all options granted under the 2004 Share Option Scheme have lapsed due to the expiry of the exercise period.

During the first half of 2015, the movements of the options that have been granted under the 2004 Share Option Scheme were as follows:

CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT <sup>1</sup>	EXERCISE PRICE PER SHARE HK\$	EXERCISE PERIOD	BALANCE AS AT 1 JANUARY 2015	NUMBER OF OPTIONS				BALANCE AS AT 30 JUNE 2015
					GRANTED DURING THE PERIOD	EXERCISED DURING THE PERIOD	CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD <sup>2</sup>	
<b>DIRECTORS</b>									
JIAO Jian	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,200,000	–	–	–	(1,200,000)	–
XU Jiqing	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,000,000	–	–	–	(1,000,000)	–
<b>EMPLOYEES OF THE GROUP</b>	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,400,000	–	(462,000)	–	(938,000)	–
<b>TOTAL</b>				<b>3,600,000</b>	<b>–</b>	<b>(462,000)</b>	<b>–</b>	<b>(3,138,000)</b>	<b>–</b>

Notes:

- (1) The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$2.69 per share.
- (2) This refers to options lapsed due to expiry of the exercise period.

The estimated fair value of the options granted on 3 June 2010 was approximately US\$0.1183 each, estimated as at the date of grant by using the binomial option-pricing model and taking into account the terms and conditions (except for vesting conditions other than market conditions) upon which the options were granted. The value of the option is subject to a number of assumptions and limitations of the pricing model.

### 2013 Share Option Scheme

Pursuant to the share option scheme adopted at the Company's Extraordinary General Meeting held on 26 March 2013 (2013 Share Option Scheme), there were 152,383,722 options outstanding as at 30 June 2015, which represented approximately 2.88% of the total number of issued shares of the Company as at that date.

## OTHER INFORMATION CONTINUED

During the first half of 2015, the movements of the options that have been granted under the 2013 Share Option Scheme were as follows:

CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT <sup>1</sup>	EXERCISE PRICE PER SHARE HK\$	EXERCISE PERIOD <sup>2</sup>	NUMBER OF OPTIONS					BALANCE AS AT 30 JUNE 2015
				BALANCE AS AT 1 JANUARY 2015	GRANTED DURING THE PERIOD	EXERCISED DURING THE PERIOD	CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD <sup>3</sup>	
<b>DIRECTORS</b>									
Andrew MICHELMORE	9 April 2013	2.62	9 April 2016 to 8 April 2020	28,150,200	-	-	-	-	28,150,200
David LAMONT	9 April 2013	2.62	9 April 2016 to 8 April 2020	6,240,582	-	-	-	-	6,240,582
<b>EMPLOYEES OF THE GROUP</b>	9 April 2013	2.62	9 April 2016 to 8 April 2020	119,451,940	-	-	-	(1,459,000)	117,992,940
<b>TOTAL</b>				<b>153,842,722</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,459,000)</b>	<b>152,383,722</b>

Notes:

- (1) The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$2.45 per share.
- (2) The vesting period of the options is three years from the date of grant. The vesting of options is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant, including among others, achievement of financial, reserves and market-related performance targets during the vesting period.
- (3) This refers to options lapsed due to cessation of employment.

The estimated fair value of the options granted on 9 April 2013 was approximately A\$0.13 each estimated as at the date of grant by using the Black-Scholes option-pricing model. The value of the options is subject to a number of assumptions and limitations of the pricing model.

The value of the share options was based on assumptions including risk-free interest rate, volatility, expected life of the option, market price of the Company's shares and expected dividend. The risk-free interest rate was 0.68%; the expected volatility used in calculating the value of the options was 46% based on weekly closing prices of the Company's securities on the Stock Exchange between 1 April 2011 and 5 April 2013 and the expected dividend was assumed to be nil.

The validity period of the options is seven years from the date of grant to 8 April 2020. The vesting period of the options is three years from the date of grant. The options expire if not exercised before the end of the exercise period on 8 April 2020. If a participant leaves employment before the expiry of the vesting period, the option will lapse unless the participant leaves due to certain specific reasons including ill health, injury or disability, retirement with the agreement of the employer, redundancy, death, the participating employing company ceasing to be part of the Group and any other reason, if the Board so decides.



## 2015 PERFORMANCE AWARDS

On 19 May 2015, the Company granted performance awards to the eligible participants pursuant to the long-term incentive equity plan (Long Term Incentive Equity Plan) adopted by the Company (2015 performance awards). There were 79,767,500 performance awards outstanding as at 30 June 2015, representing approximately 1.51% of the total number of issued shares of the Company as at that date.

During the first half of 2015, the movements of the 2015 performance awards were as follows:

CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT	NUMBER OF PERFORMANCE AWARD					BALANCE AS AT 30 JUNE 2015
		BALANCE AS AT 1 JANUARY 2015	GRANTED DURING THE PERIOD	EXERCISED DURING THE PERIOD	CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD	
<b>DIRECTORS</b>							
Andrew MICHELMORE	19 May 2015	–	15,100,000	–	–	–	15,100,000
David LAMONT	19 May 2015	–	2,600,000	–	–	–	2,600,000
XU Jiqing	19 May 2015	–	1,800,000	–	–	–	1,800,000
<b>EMPLOYEES OF THE GROUP</b>	19 May 2015	–	60,267,500	–	–	–	60,267,500
<b>TOTAL</b>		–	<b>79,767,500</b>	–	–	–	<b>79,767,500</b>

The performance awards are granted for nil cash consideration. The vesting of the performance awards will be subject to the achievement by each participant of certain performance conditions, among other things, independently assessed measures of achievement of resources growth and financial and market-related targets. The performance period is a three-year period from 1 January 2015 to 31 December 2017. Time of vesting will be on or around April 2018. Portions of the vested performance awards will be subject to holding locks for various periods of up to three years after vesting.

## 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 period of the first half of 2015, except for the deviation from code provisions A.4.1 and A.5.1 and the non-compliance with Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules as for a brief period disclosed below.

On 17 July 2015, Ms Jennifer Seabrook was appointed as Independent Non-executive Director and the Chair of the Audit Committee of the Company. Following Ms Seabrook's appointment, the Company has fully complied with the requirements under Rules 3.10, 3.10A and 3.21 of the Listing Rules. The Company also appointed Professor Pei Ker Wei as an Independent Non-executive Director of the Company on 24 July 2015, increasing the total number of Independent Non-executive Directors of the Company to four.

On 20 May 2015, Mr Anthony Larkin resigned as an Independent Non-executive Director, Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee of the Company. For a brief period due to the time taken to appoint a suitable replacement, the Company did not meet the requirements under Rules 3.10 and 3.10A of the Listing Rules until Ms Seabrook was appointed as Independent Non-executive Director and the Chair of the Audit Committee of the Company on 17 July 2015. Also due to the time taken to appoint a suitable replacement, the Company did not meet the composition and chairman requirement of the Audit Committee under Rule 3.21 of the Listing Rules and the composition requirement of the Remuneration Committee and Nomination Committee under Rule 3.25 and Code Provision A.5.1 in Appendix 14 of the Listing Rules respectively. However, these non-compliances were addressed when Ms Seabrook was appointed as the Independent Non-executive Director and the Chair of the Audit Committee of the Company on 17 July 2015.

On 29 June 2015, Mr Wang Lixin resigned as Non-executive Director of the Company. Following his resignation, the Remuneration and Nomination Committee of the Company comprises a majority of Independent Non-executive Directors

as required under Rule 3.25 and Code Provision A.5.1 in Appendix 14 of the Listing Rules respectively.

Code provision A.4.1 stipulates 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 and Mr Anthony Larkin. 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 with not less than one month's prior written notice. Mr Larkin was on a continuing contract terminable upon reasonable notice by either party prior to his resignation on 20 May 2015.

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 AGM (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 AGM. 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 AGM. He was re-elected by the Shareholders at the AGM held on 16 May 2011 and again at the AGM held on 22 May 2013.

The Company adopted a Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised, delegated and/or discharged, having regard to principles of good corporate governance, international best practice and applicable laws. The Board Charter is adopted on the basis that strong corporate governance can add to the performance of the Company, create Shareholder value and engender the confidence of the investment market.

## AUDIT COMMITTEE

The Audit Committee currently comprises four Independent Non-executive Directors, namely Dr Peter Cassidy, Mr Leung Cheuk Yan, Ms Jennifer Seabrook and Professor Pei Ker Wei and one Non-executive Director, Mr Gao Xiaoyu. Ms Jennifer Seabrook is the Chair of the Audit Committee.

The Audit Committee is accountable to the Board. Its principal duties include the review and supervision of the financial reporting process and internal control system of the Group. The Audit Committee has reviewed the unaudited interim financial report of the Group for the first half of 2015.

## SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiry with all the Directors, all confirmed that they have complied with the requirements set out in the Model Code and the Securities Trading Model Code during the first half of 2015.

## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, the information on Directors of the Company provided in the 2014 Annual Report of the Company is updated as follows:

### Change in Directorships

NAME OF DIRECTOR	DETAILS OF CHANGES
JIAO Jian	(1) Appointed as Director and Chairman of MMG South America Management Company Limited (MMG SAM) on 31 July 2015.
Andrew MICHELMORE	(1) Resigned as Director of Century Aluminium Company (a company listed on the NASDAQ and the Iceland Stock Exchange) on 31 August 2015.
XU Jiqing	(1) Appointed as Director of First Harvest Limited and Topstart Limited (Topstart) on 10 June 2015. (2) Mr Xu's role title was changed to Executive General Manager – China and Strategy on 1 July 2015. He remains an Executive Director of the Company. (3) Appointed and resigned as Chairman of MMG SAM on 29 June 2015 and 31 July 2015 respectively.
GAO Xiaoyu	(1) Appointed as a member of the Remuneration and Nomination Committee of the Company on 18 August 2015.
WANG Lixin	(1) Resigned as Director of First Harvest Limited and Topstart on 10 June 2015. (2) Resigned as Non-executive Director and member of the Remuneration and Nomination Committee of the Company, Director and Chairman of MMG SAM, Director of Minera Las Bambas S.A., All Glorious Limited, Album Investment and Album Resources on 29 June 2015.
Anthony LARKIN	(1) Resigned as Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee of the Company on 20 May 2015.
Jennifer SEABROOK	(1) Appointed as Independent Non-executive Director and the Chair of the Audit Committee of the Company on 17 July 2015. (2) Appointed as a member of the Remuneration and Nomination Committee of the Company on 18 August 2015.
PEI Ker Wei	(1) Appointed as Independent Non-executive Director of the Company on 24 July 2015 and a member of the Audit Committee of the Company on 28 July 2015. (2) Appointed as a member of the Remuneration and Nomination Committee of the Company on 18 August 2015.

OTHER INFORMATION CONTINUED

**Change in Remuneration**

NAME OF DIRECTOR	POSITION	DETAILS OF CHANGES
JIAO Jian	Chairman and Non-executive Director	Adjusted from A\$450,000 per annum to A\$464,000 per annum as the Chairman of the Company and an increase of A\$4,500 per annum as a member of the Remuneration and Nomination Committee. This update is due to remuneration review carried out by the Company and the introduction of a Committee Fee for Non-executive Directors, for each Board subcommittee that they serve as a member.
Peter CASSIDY	Independent Non-executive Director	An increase of A\$4,500 per annum as a member of the Audit Committee. This update is due to the Company's introduction of a Committee Fee for Non-executive Directors, for each Board subcommittee that they serve as a member.
Jennifer SEABROOK	Independent Non-executive Director	An increase of A\$4,500 per annum as a member of the Remuneration and Nomination Committee. This update is due to the appointment of Ms Seabrook as a member of the Remuneration and Nomination Committee on 18 August 2015.
PEI Ker Wei	Independent Non-executive Director	An increase of A\$4,500 per annum as a member of the Audit Committee and A\$4,500 per annum as a member of the Remuneration and Nomination Committee. This update is due to the appointment of Professor Pei as a member of the Audit Committee on 28 July 2015 and a member of the Remuneration and Nomination Committee on 18 August 2015.
Anthony LARKIN	Independent Non-executive Director	An increase of A\$4,500 per annum as a member of the Remuneration and Nomination Committee. This update is due to the Company's introduction of a Committee Fee for Non-executive Directors, for each Board subcommittee that they serve as a member.
LEUNG Cheuk Yan	Independent Non-executive Director	An increase of A\$4,500 per annum as a member of the Remuneration and Nomination Committee and A\$4,500 per annum as a member of the Audit Committee. This update is due to the Company's introduction of a Committee Fee for Non-executive Directors, for each Board subcommittee that they serve as a member.
GAO Xiaoyu	Non-executive Director	Adjusted from A\$133,000 per annum to A\$188,000 per annum as a Non-executive Director of the Company. An increase of A\$4,500 per annum as member of the Safety, Health and Community Committee, A\$4,500 per annum as a member of the Audit Committee, and A\$4,500 per annum as a member of the Remuneration and Nomination Committee. This update is due to the standardisation of remuneration structure for all Non-executive Directors, the introduction of a Committee Fee for Non-executive Directors, for each Board subcommittee that they serve as a member and the appointment of Mr Gao as a member of the Remuneration and Nomination Committee of the Company on 18 August 2015.
WANG Lixin	Non-executive Director	An increase of A\$4,500 per annum as a member of the Remuneration and Nomination Committee. This update is due to the Company's introduction of a Committee Fee for Non-executive Directors, for each Board subcommittee that they serve as a member.

**Change in Remuneration continued**

NAME OF DIRECTOR	POSITION	DETAILS OF CHANGES
Andrew MICHELMORE	Chief Executive Officer and Executive Director	Adjusted from A\$2,400,000 per annum to A\$2,475,000 per annum based on remuneration review carried out by the Company.
David LAMONT	Chief Financial Officer and Executive Director	Adjusted from A\$1,150,000 per annum to A\$1,190,250 per annum based on remuneration review carried out by the Company.
XU Jiqing	Executive General Manager China and Strategy and Executive Director	Adjusted from A\$790,000 per annum to A\$810,000 per annum based on remuneration review carried out by the Company

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the first half of 2015.



羅兵咸永道

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION  
TO THE BOARD OF DIRECTORS OF MMG LIMITED**  
(incorporated in Hong Kong with limited liability)

**Introduction**

We have reviewed the interim financial information set out on pages 46 to 64, which comprises the condensed consolidated interim balance sheet of MMG Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2015 and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**Scope of Review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 18 August 2015

*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong*  
T: +852 2289 8888, F: +852 2810 9888, [www.pwchk.com](http://www.pwchk.com)

# INTERIM FINANCIAL INFORMATION

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CONDENSED CONSOLIDATED INTERIM  
INCOME STATEMENT

		SIX MONTHS ENDED 30 JUNE	
	NOTE	2015 (UNAUDITED) US\$ MILLION	2014 (UNAUDITED) US\$ MILLION
Revenue	3	1,113.8	1,193.7
Other income	4	1.5	5.4
Expenses (excluding depreciation and amortisation expenses)	5	(739.4)	(834.4)
<b>Earnings before interest, income tax, depreciation and amortisation expenses – EBITDA</b>		<b>375.9</b>	<b>364.7</b>
Depreciation and amortisation expenses	5	(380.9)	(248.2)
<b>(Loss)/earnings before interest and income tax – EBIT</b>		<b>(5.0)</b>	<b>116.5</b>
Finance income	6	2.3	1.5
Finance costs	6	(44.1)	(38.8)
<b>(Loss)/profit before income tax</b>		<b>(46.8)</b>	<b>79.2</b>
Income tax expense	7	(1.2)	(31.5)
<b>(Loss)/profit for the period</b>		<b>(48.0)</b>	<b>47.7</b>
<b>(Loss)/profit for the period attributable to:</b>			
Equity holders of the Company		(46.2)	39.2
Non-controlling interests		(1.8)	8.5
		<b>(48.0)</b>	<b>47.7</b>
<b>(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company</b>			
Basic and diluted (loss)/earnings per share	8	US (0.87) cents	US 0.74 cents

The accompanying notes are an integral part of the condensed consolidated interim financial information.



CONDENSED CONSOLIDATED INTERIM  
STATEMENT OF COMPREHENSIVE INCOME

	SIX MONTHS ENDED 30 JUNE	
	2015 (UNAUDITED) US\$ MILLION	2014 (UNAUDITED) US\$ MILLION
(Loss)/profit for the period	(48.0)	47.7
Other comprehensive (loss)/income		
<i>Items that may subsequently be reclassified to profit or loss</i>		
Change in fair value of available-for-sale financial assets	(4.2)	26.1
<i>Items reclassified to profit or loss</i>		
Gain on disposal of available-for-sale financial assets	–	(2.9)
Other comprehensive (loss)/income for the period, net of tax	(4.2)	23.2
<b>Total comprehensive (loss)/income for the period</b>	<b>(52.2)</b>	<b>70.9</b>
<b>Total comprehensive (loss)/income attributable to:</b>		
Equity holders of the Company	(50.4)	62.4
Non-controlling interests	(1.8)	8.5
	<b>(52.2)</b>	<b>70.9</b>

The accompanying notes are an integral part of the condensed consolidated interim financial information.

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CONDENSED CONSOLIDATED INTERIM  
BALANCE SHEET

		30 JUNE	31 DECEMBER
	NOTE	2015 (UNAUDITED) US\$ MILLION	2014 (AUDITED) US\$ MILLION
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	11,624.9	11,100.8
Intangible assets		834.8	839.0
Inventories		56.0	47.8
Deferred income tax assets		202.4	173.6
Other receivables		114.7	107.1
Other financial assets		12.1	12.3
		<b>12,844.9</b>	<b>12,280.6</b>
<b>Current assets</b>			
Inventories		305.7	285.1
Trade and other receivables	11	579.6	513.3
Loan to a related party	16	–	80.0
Current income tax assets		28.7	28.6
Other financial assets		22.3	26.8
Cash and cash equivalents		613.3	251.2
		1,549.6	1,185.0
Assets of disposal group classified as held for sale	20	24.4	24.4
		<b>1,574.0</b>	<b>1,209.4</b>
<b>Total assets</b>		<b>14,418.9</b>	<b>13,490.0</b>
<b>EQUITY</b>			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	2,359.1	2,358.9
Reserves and retained profits		(714.8)	(672.6)
		1,644.3	1,686.3
Non-controlling interests		1,532.0	1,288.3
<b>Total equity</b>		<b>3,176.3</b>	<b>2,974.6</b>

		30 JUNE	31 DECEMBER
	NOTE	2015 (UNAUDITED) US\$ MILLION	2014 (AUDITED) US\$ MILLION
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		753.7	769.9
Borrowings	14	8,862.6	8,092.2
Provisions		758.9	784.2
Other payables		65.0	64.9
		<b>10,440.2</b>	<b>9,711.2</b>
<b>Current liabilities</b>			
Trade and other payables	15	367.2	508.5
Current income tax liabilities		32.2	71.9
Borrowings	14	292.4	116.7
Provisions		106.1	102.6
		797.9	799.7
Liabilities of disposal group classified as held for sale	20	4.5	4.5
		<b>802.4</b>	<b>804.2</b>
<b>Total liabilities</b>		<b>11,242.6</b>	<b>10,515.4</b>
<b>Total equity and liabilities</b>		<b>14,418.9</b>	<b>13,490.0</b>
<b>Net current assets</b>		<b>771.6</b>	<b>405.2</b>
<b>Total assets less current liabilities</b>		<b>13,616.5</b>	<b>12,685.8</b>

The accompanying notes are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM  
STATEMENT OF CHANGES IN EQUITY

FOR SIX MONTHS ENDED 30 JUNE 2015 (UNAUDITED)						
US\$ MILLION	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			NON- CONTROLLING INTERESTS	TOTAL EQUITY
		SHARE CAPITAL	TOTAL OTHER RESERVES	RETAINED PROFITS		
At 1 January 2015		2,358.9	(1,932.9)	1,260.3	1,288.3	2,974.6
Loss for the period		–	–	(46.2)	(1.8)	(48.0)
Other comprehensive loss		–	(4.2)	–	–	(4.2)
<b>Total comprehensive loss for the period</b>		<b>–</b>	<b>(4.2)</b>	<b>(46.2)</b>	<b>(1.8)</b>	<b>(52.2)</b>
<b>Transactions with owners</b>						
Employee share options and share awards		0.2	8.2	–	–	8.4
Contribution from non-controlling interests		–	–	–	250.5	250.5
Dividends paid to non-controlling interests		–	–	–	(5.0)	(5.0)
<b>Total transactions with owners</b>		<b>0.2</b>	<b>8.2</b>	<b>–</b>	<b>245.5</b>	<b>253.9</b>
At 30 June 2015		2,359.1	(1,928.9)	1,214.1	1,532.0	3,176.3

FOR SIX MONTHS ENDED 30 JUNE 2014 (UNAUDITED)						
US\$ MILLION	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			NON- CONTROLLING INTERESTS	TOTAL EQUITY
		SHARE CAPITAL	TOTAL OTHER RESERVES	RETAINED PROFITS		
At 1 January 2014		33.9	376.8	1,209.4	196.7	1,816.8
Profit for the period		–	–	39.2	8.5	47.7
Other comprehensive income		–	23.2	–	–	23.2
<b>Total comprehensive income for the period</b>		<b>–</b>	<b>23.2</b>	<b>39.2</b>	<b>8.5</b>	<b>70.9</b>
<b>Transactions with owners</b>						
Dividends paid by the Company	9	–	–	(52.9)	–	(52.9)
Dividends paid to non-controlling interests		–	–	–	(5.0)	(5.0)
Transition to no-par value regime on 3 March 2014	12	2,325.0	(2,325.0)	–	–	–
<b>Total transactions with owners</b>		<b>2,325.0</b>	<b>(2,325.0)</b>	<b>(52.9)</b>	<b>(5.0)</b>	<b>(57.9)</b>
At 30 June 2014		2,358.9	(1,925.0)	1,195.7	200.2	1,829.8

The accompanying notes are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM  
CASH FLOW STATEMENT

	NOTE	SIX MONTHS ENDED 30 JUNE	
		2015 (UNAUDITED) US\$ MILLION	2014 (UNAUDITED) US\$ MILLION
<b>Cash flows from operating activities</b>			
Receipts from customers		1,161.6	1,197.2
Payments to suppliers		(865.2)	(885.2)
Payments for exploration expenditure		(17.9)	(31.2)
Income tax paid		(75.8)	(80.3)
<b>Net cash generated from operating activities</b>		<b>202.7</b>	<b>200.5</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(946.4)	(116.0)
Payments made to develop intangible assets		(7.2)	(10.6)
Purchase of financial assets		(1.3)	(0.4)
Payments for the acquisition of subsidiaries	19	(12.2)	–
Proceeds from disposal of property, plant and equipment		1.3	–
Proceeds from disposal of financial assets		0.2	39.4
<b>Net cash used in investing activities</b>		<b>(965.6)</b>	<b>(87.6)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		489.0	270.0
Repayments of borrowings		(54.8)	(204.8)
Proceeds from related-party borrowings	16	417.5	–
Repayments of related-party borrowings		–	(75.0)
Proceeds from repayments of loan to a related party	16	80.0	–
Capital contribution from non-controlling interests		250.5	–
Shares issued upon exercise of employee share options		0.1	–
Dividends paid by the Company	9	–	(52.9)
Dividends paid to non-controlling interests		(5.0)	(5.0)
Repayments of finance lease liabilities		–	(0.6)
Interest and financing costs paid		(54.4)	(39.0)
Interest received		2.1	1.4
<b>Net cash generated from/(used in) financing activities</b>		<b>1,125.0</b>	<b>(105.9)</b>
<b>Net increase in cash and cash equivalents</b>		<b>362.1</b>	<b>7.0</b>
Cash and cash equivalents at 1 January		251.2	137.4
<b>Cash and cash equivalents at 30 June</b>		<b>613.3</b>	<b>144.4</b>

The accompanying notes are an integral part of the condensed consolidated interim financial information.

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## 1. GENERAL INFORMATION AND INDEPENDENT REVIEW

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 8501–8503, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

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

The condensed consolidated interim financial information for the six months ended 30 June 2015 is presented in US\$ unless otherwise stated and has been approved for issue by the Board on 18 August 2015.

This interim financial information for the six months ended 30 June 2015 is unaudited but has been reviewed by the audit committee and the external auditor of the Company.

## 2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Listing Rules and Hong Kong Accounting Standard (HKAS) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). The condensed consolidated interim financial information should be read in conjunction with the annual Financial Statements for the year ended 31 December 2014, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (HKFRS) issued by the HKICPA.

The condensed consolidated interim financial information has been prepared on the basis that the Group is able to continue as a going concern and will therefore be able to realise its assets and discharge its liabilities in the normal course of business.

### 2.1 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual Financial Statements for the year ended 31 December 2014.

### (a) Amendments to existing standards effective in 2015 but not relevant or significant to the Group.

HKAS 19 (Amendment)	Defined benefit plans: employee contribution
HKFRS (Amendment)	Annual improvements to HKFRS 2010 – 2012 cycle
HKFRS (Amendment)	Annual improvements to HKFRS 2011 – 2013 cycle

### (b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted.

The Group has not early adopted the following new standards and amendments to standards that have been issued but are not effective for 2015. The Group is in the process of assessing their impact on the Group's results and financial position.

HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation <sup>(a)</sup>
HKAS 16 and HKAS 41 (Amendment)	Agriculture: bearer plants <sup>(a)</sup>
HKAS 27 (Amendment)	Equity method in separate financial statements <sup>(a)</sup>
HKAS 28 and HKFRS 10 (Amendment)	Sale of contribution of assets between an investor and its associate or joint venture <sup>(a)</sup>
HKFRS 11 (Amendment)	Accounting for acquisition of interests in joint operation <sup>(a)</sup>
HKFRS 14	Regulatory deferral accounts <sup>(a)</sup>
HKFRS (Amendment)	Annual improvements to HKFRS 2012 – 2014 cycle <sup>(a)</sup>
HKFRS 9	Financial instruments <sup>(b)</sup>
HKFRS 15	Revenue from contracts with customers <sup>(b)</sup>

Effective for the Group for annual period beginning:

(a) 1 January 2016

(b) 1 January 2018

### (c) Tax

Taxes on income in the interim periods are accrued using the tax rates that would be applicable to expected total annual earnings.

## 2.2 Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

## 2.3 Financial risk management

### (a) Financial risk factors

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual Financial Statements for the year ended 31 December 2014.

There have been no changes in the risk management department or in any risk management policies since 31 December 2014.

### (b) Liquidity risk

Compared to 31 December 2014, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

### (c) Fair value estimation

There were no transfers between Levels 1 and 2 during the period. There were no changes in valuation techniques during the period.

## 3. SEGMENT INFORMATION

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

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

The Group's reportable segments are as follows:

Sepon	Sepon is an open-pit copper mining operation located in southern Laos.
Kinsevere	Kinsevere is an open-pit copper mining operation located in the Katanga Province of the Democratic Republic of the Congo (DRC).
Century	Century is an open-pit zinc mining operation located in north-west Queensland.
Rosebery	Rosebery is an underground polymetallic base metal mining operation located on Tasmania's west coast.
Golden Grove	Golden Grove is an underground and open-pit base and precious metals mining operation located in Western Australia's mid-west.
Las Bambas	The Las Bambas Project is a large, scalable, long-life development project with prospective exploration options. It is located in Cotabambas, Apurimac region of Peru. The project is at an advanced stage of construction.
Other	Includes exploration and development projects and other corporate entities that are not disclosed as separate segments. All other segments are immaterial by location.

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

Segment assets exclude current income tax assets and deferred income tax assets. 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 balance sheet assets or liabilities.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION CONTINUED

The segment revenue and result for the six months ended 30 June 2015 are as follows:

FOR THE PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

US\$ MILLION	SEPON	KINSEVERE	CENTURY	ROSEBERY	GOLDEN GROVE	LAS BAMBAS	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
External revenue	196.5	222.7	390.6	120.4	112.6	–	–	1,042.8
Revenue from related parties	72.8	–	(0.5)	–	(1.3)	–	–	71.0
<b>Revenue</b>	<b>269.3</b>	<b>222.7</b>	<b>390.1</b>	<b>120.4</b>	<b>111.3</b>	<b>–</b>	<b>–</b>	<b>1,113.8</b>
<b>EBITDA</b>	<b>154.9</b>	<b>80.9</b>	<b>167.6</b>	<b>56.8</b>	<b>(0.4)</b>	<b>(13.5)</b>	<b>(70.4)</b>	<b>375.9</b>
Depreciation and amortisation expenses	(60.6)	(86.3)	(179.6)	(29.3)	(19.8)	–	(5.3)	(380.9)
<b>EBIT</b>	<b>94.3</b>	<b>(5.4)</b>	<b>(12.0)</b>	<b>27.5</b>	<b>(20.2)</b>	<b>(13.5)</b>	<b>(75.7)</b>	<b>(5.0)</b>
Finance income								2.3
Finance costs								(44.1)
Income tax expense								(1.2)
<b>Loss for the period</b>								<b>(48.0)</b>
Loss attributable to equity holders of the Company								(46.2)
Loss attributable to non-controlling interests								(1.8)
								(48.0)
<b>Other segment information:</b>								
Additions to non-current assets	34.8	20.0	(23.1)	17.7	8.6	772.5	71.6	902.1

AS AT 30 JUNE 2015 (UNAUDITED)

US\$ MILLION	SEPON	KINSEVERE	CENTURY	ROSEBERY	GOLDEN GROVE	LAS BAMBAS	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
<b>Segment assets</b>	<b>827.1</b>	<b>1,518.2</b>	<b>145.4</b>	<b>404.5</b>	<b>300.1</b>	<b>9,736.8</b>	<b>1,255.7<sup>(i)</sup></b>	<b>14,187.8</b>
Deferred income tax assets								202.4
Current income tax assets								28.7
								14,418.9
<b>Segment liabilities</b>	<b>211.3</b>	<b>148.1</b>	<b>401.8</b>	<b>105.9</b>	<b>69.6</b>	<b>5,686.8</b>	<b>3,833.2<sup>(ii)</sup></b>	<b>10,456.7</b>
Deferred income tax liabilities								753.7
Current income tax liabilities								32.2
								11,242.6



The segment revenue and result for the six months ended 30 June 2014 are as follows:

FOR THE PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

US\$ MILLION	SEPON	KINSEVERE	CENTURY	ROSEBERY	GOLDEN GROVE	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
External revenue	252.5	228.9	412.1	118.0	105.1	–	1,116.6
Revenue from related parties	51.7	–	–	–	25.4	–	77.1
<b>Revenue</b>	<b>304.2</b>	<b>228.9</b>	<b>412.1</b>	<b>118.0</b>	<b>130.5</b>	<b>–</b>	<b>1,193.7</b>
<b>EBITDA</b>	<b>182.9</b>	<b>93.3</b>	<b>147.3</b>	<b>30.2</b>	<b>4.4</b>	<b>(93.4)</b>	<b>364.7</b>
Depreciation and amortisation expenses	(40.8)	(64.8)	(97.8)	(16.0)	(18.8)	(10.0)	(248.2)
<b>EBIT</b>	<b>142.1</b>	<b>28.5</b>	<b>49.5</b>	<b>14.2</b>	<b>(14.4)</b>	<b>(103.4)</b>	<b>116.5</b>
Finance income							1.5
Finance costs							(38.8)
Income tax expense							(31.5)
<b>Profit for the period</b>							<b>47.7</b>
Profit attributable to equity holders of the Company							39.2
Profit attributable to non-controlling interests							8.5
							47.7
<b>Other segment information:</b>							
Additions to non-current assets	28.0	58.8	29.8	25.7	20.7	63.4	226.4

AS AT 31 DECEMBER 2014 (AUDITED)

US\$ MILLION	SEPON	KINSEVERE	CENTURY	ROSEBERY	GOLDEN GROVE	LAS BAMBAS	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
<b>Segment assets</b>	796.8	1,575.4	388.2	426.6	335.3	8,827.4	938.1 <sup>(i)</sup>	13,287.8
Deferred income tax assets								173.6
Current income tax assets								28.6
								13,490.0
<b>Segment liabilities</b>	214.4	160.6	428.5	121.1	73.7	5,429.9	3,245.4 <sup>(ii)</sup>	9,673.6
Deferred income tax liabilities								769.9
Current income tax liabilities								71.9
								10,515.4

Notes:

- (i) Included in segment assets of US\$1,255.7 million (31 December 2014: US\$938.1 million) for the Other segment is property, plant and equipment of US\$652.6 million (31 December 2014: US\$626.7 million) for Dugald River, cash and cash equivalents of US\$399.7 million (31 December 2014: US\$66.2 million) and other financial assets of US\$24.6 million (31 December 2014: US\$30.6 million). None of these items fall into any of the reportable segments.
- (ii) Included in segment liabilities of US\$3,833.2 million (31 December 2014: US\$3,245.4 million) for the Other segment are borrowings of US\$3,699.6 million (31 December 2014: US\$3,086.0 million), which are managed at Group level, and do not fall into any of the reportable segments.

#### 4. OTHER INCOME

	SIX MONTHS ENDED 30 JUNE	
	2015 (UNAUDITED) US\$ MILLION	2014 (UNAUDITED) US\$ MILLION
Gain on disposal of available-for-sale financial assets	–	2.7
Gain on disposal of property, plant and equipment	0.3	–
Other income	1.2	2.7
<b>Total other income</b>	<b>1.5</b>	<b>5.4</b>

#### 5. EXPENSES

Profit before income tax includes the following specific expenses:

	SIX MONTHS ENDED 30 JUNE	
	2015 (UNAUDITED) US\$ MILLION	2014 (UNAUDITED) US\$ MILLION
Changes in inventories of finished goods and work in progress	(3.3)	(8.5)
Write-down of inventory to net realisable value	(6.1)	(10.6)
Employee benefit expenses <sup>(i)</sup>	(143.3)	(168.1)
Contracting and consulting expenses	(100.7)	(111.3)
Energy costs	(91.3)	(111.3)
Stores and consumables costs	(165.0)	(171.7)
Depreciation and amortisation expenses <sup>(iii)</sup>	(375.6)	(238.2)
Operating lease rental <sup>(iii)</sup>	(16.4)	(5.5)
Other production expenses	(5.7)	(9.0)
<b>Cost of goods sold</b>	<b>(907.4)</b>	<b>(834.2)</b>
Other operating expenses	(30.5)	(30.5)
Royalty expenses	(50.4)	(45.3)
Selling expenses	(50.3)	(60.1)
<b>Operating expenses including depreciation and amortisation<sup>(iv)</sup></b>	<b>(1,038.6)</b>	<b>(970.1)</b>
Exploration expenses	(17.9)	(31.2)
Administrative expenses <sup>(v)</sup>	(42.8)	(58.2)
Exchange losses – net	(6.0)	(1.9)
Loss on financial assets at fair value through profit or loss	(1.5)	(3.4)
Other expenses	(13.5)	(17.8)
<b>Total expenses</b>	<b>(1,120.3)</b>	<b>(1,082.6)</b>

Notes:

- (i) In aggregate US\$57.9 million (2014: US\$64.5 million) of employee benefit expenses were included in administrative expenses, exploration expenses and other expenses categories. Total employee benefit expenses were US\$201.2 million (2014: US\$232.6 million).
- (ii) In aggregate US\$5.3 million (2014: US\$10.0 million) of depreciation and amortisation expenses were included in other expenses categories. Total depreciation and amortisation expenses were US\$380.9 million (2014: US\$248.2 million).
- (iii) In aggregate, an additional US\$3.7 million (2014: US\$4.9 million) of operating lease rentals were included in administrative expenses, exploration expenses and other expenses categories. Total operating lease rentals were US\$20.1 million (2014: US\$10.4 million).
- (iv) Operating expenses include mining and processing costs, royalties, selling expenses (including transportation) and other costs incurred by operations.
- (v) Administrative expenses for the six months ended 30 June 2014 included US\$8.1 million expenses related to the acquisition and integration of Las Bambas. Refer Note 19 for more details.

## 6. FINANCE COSTS – NET

	SIX MONTHS ENDED 30 JUNE	
	2015 (UNAUDITED) US\$ MILLION	2014 (UNAUDITED) US\$ MILLION
<b>Finance costs</b>		
Interest expense on bank borrowings	(11.1)	(14.4)
Interest expense on convertible redeemable preference shares	(9.6)	(9.7)
Interest expense on related-party borrowings	–	(0.9)
Unwinding of discount on provisions	(16.8)	(12.2)
Other finance cost	(6.6)	(1.6)
	<b>(44.1)</b>	<b>(38.8)</b>
<b>Finance income</b>		
Interest income on cash and cash equivalents	1.5	1.5
Interest income on loan to a related party	0.8	–
	2.3	1.5
<b>Finance costs – net</b>	<b>(41.8)</b>	<b>(37.3)</b>
<b>Borrowing costs capitalised</b>		
Borrowing costs capitalised in relation to qualifying assets <sup>(i)</sup>	169.0	9.4

Note:

- (i) Borrowing costs capitalised include finance costs on borrowings held to specifically fund the assets, net of interest income earned on the temporary investment of those funds, and finance costs on generic borrowings capitalised at the rate of 3.1% (2014: 3.0%) representing the average interest rate on general borrowings.

## 7. INCOME TAX EXPENSE

Hong Kong profits tax is provided at a rate of 16.5% where there are net assessable profits derived for the period. The Group has tax losses available to offset any assessable profit generated in Hong Kong for the period. Taxation on profits arising from other jurisdictions has been calculated on the estimated assessable profits for the period at the rates prevailing in the relevant jurisdictions.

	SIX MONTHS ENDED 30 JUNE	
	2015 (UNAUDITED) US\$ MILLION	2014 (UNAUDITED) US\$ MILLION
Current income tax expense		
– Hong Kong income tax	–	2.5
– Overseas income tax	(39.5)	(56.0)
	<b>(39.5)</b>	<b>(53.5)</b>
Deferred income tax expense	38.3	22.0
<b>Income tax expense</b>	<b>(1.2)</b>	<b>(31.5)</b>

There is no deferred tax impact relating to items of other comprehensive income (2014: nil).

## 8. (LOSS)/EARNINGS PER SHARE

### (a) Basic and diluted (loss)/earnings per share

The calculation of basic and diluted (loss)/earnings per share is based on the (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the period.

	SIX MONTHS ENDED 30 JUNE	
	2015 (UNAUDITED) US\$ MILLION	2014 (UNAUDITED) US\$ MILLION
(Loss)/profit attributable to equity holders of the Company	(46.2)	39.2
	NUMBER OF SHARES '000	NUMBER OF SHARES '000
Weighted average number of ordinary shares used in the calculation of the basic and diluted (loss)/earnings per share <sup>(i)</sup>	5,289,685	5,289,608
Basic and diluted (loss)/earnings per share <sup>(i)</sup>	US (0.87) cents	US 0.74 cents

Note:

- (i) The computation of diluted earnings per share for the six months ended 30 June 2015 and 2014 is the same as the basic earnings per share because the Company had no dilutive potential ordinary shares.

## 9. DIVIDENDS

At a meeting on 11 March 2014, the Directors of the Company recommended the payment of a final dividend of 1.0 US cent per ordinary share (US\$52.9 million) for the year ended 31 December 2013. The recommended dividend was approved on 21 May 2014 and was paid on 6 June 2014. This is reflected as an appropriation of retained earnings during the six months ended 30 June 2014.

At a meeting on 18 August 2015, the Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: nil).

	SIX MONTHS ENDED 30 JUNE	
	2015 (UNAUDITED) US\$ MILLION	2014 (UNAUDITED) US\$ MILLION
Dividends paid/payable during the period		
MMG Limited 2013 final dividend	–	52.9

## 10. PROPERTY, PLANT AND EQUIPMENT

	SIX MONTHS ENDED 30 JUNE	
	2015 (UNAUDITED) US\$ MILLION	2014 (UNAUDITED) US\$ MILLION
Opening net book amount	11,100.8	3,323.1
Additions	894.9	198.7
Depreciation and amortisation expenses	(369.5)	(240.9)
Disposals (net)	(1.3)	–
Closing net book amount	11,624.9	3,280.9

## 11. TRADE AND OTHER RECEIVABLES

Trade and other receivables of the Group mainly related to the mining operations. The majority of sales are made under contractual arrangements whereby provisional payment is received promptly after delivery and the balance within 30 to 120 days from delivery. As at 30 June 2015, US\$78.6 million (31 December 2014: US\$153.5 million) trade receivables were aged less than six months; and no trade receivables (31 December 2014: nil) were aged over six months. As at 30 June 2015, the outstanding government taxes receivables were US\$403.9 million (31 December 2014: US\$296.7 million); see below for the breakdown by jurisdiction:

	30 JUNE 2015 (UNAUDITED) US\$ MILLION	31 DECEMBER 2014 (AUDITED) US\$ MILLION
Peru	359.6	255.6
DRC	41.2	35.2
Other	3.1	5.9
Total government taxes receivables – current	403.9	296.7

## 12. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES		SHARE CAPITAL	
	2015 (UNAUDITED) '000	2014 (UNAUDITED) '000	2015 (UNAUDITED) US\$ MILLION	2014 (UNAUDITED) US\$ MILLION
<b>Issued and fully paid:</b>				
At 1 January	5,289,608	5,289,608	2,358.9	33.9
Employee share options exercised	462	–	0.2	–
Transfers from share premium, capital redemption reserve and capital reserve <sup>(i)</sup>	–	–	–	2,325.0
At 30 June	5,290,070	5,289,608	2,359.1	2,358.9

Note:

- (i) An entirely new Companies Ordinance (Cap.622) (new CO) came into effect on 3 March 2014. The new CO abolished the authorised share capital, par value, share premium, and share redemption reserve, in respect of the share capital of Hong Kong companies. The abolition of par value has no impact on the classes of shares that a company has in issue or the class rights attached to those shares.

As a result, all share premium, capital redemption and capital reserves that existed at the start date of the new CO became a part of the Company's share capital. The increase of US\$2,325.0 million in monetary amount of the share capital is due to the following transfers on 3 March 2014:

- › Share premium of US\$2,318.6 million was transferred to share capital.
- › Capital redemption reserve of US\$0.2 million was transferred to share capital.
- › Capital reserve of US\$6.2 million was transferred to share capital.

### 13. SPECIAL CAPITAL RESERVE

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

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

The standing to the credit of the special capital reserve shall not be treated as realised profit. It shall be treated as an undistributable reserve of the Company for the purposes of Section 298 of the Hong Kong Companies Ordinance. As at 30 June 2015, the standing to the credit of the Company's special capital reserve, which had been made in accordance with the abovementioned undertaking, amounted to approximately US\$9.4 million (2014: US\$9.4 million).

### 14. BORROWINGS

	30 JUNE 2015 (UNAUDITED) US\$ MILLION	31 DECEMBER 2014 (AUDITED) US\$ MILLION
<b>Non-current</b>		
Loan from a related party (Note 16)	2,261.3	1,843.8
Bank borrowings	6,511.3	6,163.3
Convertible redeemable preference shares	184.2	182.9
	8,956.8	8,190.0
Prepayments – finance charges	(94.2)	(97.8)
	<b>8,862.6</b>	<b>8,092.2</b>
<b>Current</b>		
Bank borrowings	284.6	109.5
Convertible redeemable preference shares	16.9	16.9
	301.5	126.4
Prepayments – finance charges	(9.1)	(9.7)
	<b>292.4</b>	<b>116.7</b>
Analysed as:		
– Secured	6,509.5	6,169.2
– Unsecured	2,748.8	2,147.2
	9,258.3	8,316.4
Prepayments – finance charges	(103.3)	(107.5)
	<b>9,155.0</b>	<b>8,208.9</b>
Borrowings (excluding: prepayments) are repayable as follows:		
– Within 1 year	301.5	126.4
– Between 1 and 2 years	749.5	281.2
– Between 2 and 5 years	1,372.6	1,831.4
– Over 5 years	6,834.7	6,077.4
	9,258.3	8,316.4
Prepayments – finance charges	(103.3)	(107.5)
	<b>9,155.0</b>	<b>8,208.9</b>

## 15. TRADE AND OTHER PAYABLES

As at 30 June 2015, US\$176.8 million (31 December 2014: US\$245.2 million) of trade payables were aged less than six months; and no trade payables (31 December 2014: nil) were aged over six months.

## 16. SIGNIFICANT RELATED-PARTY BALANCES AND TRANSACTIONS

The Group is controlled by China Minmetals Non-ferrous Metals Company Limited (CMN) through Top Create, a company incorporated in the British Virgin Islands, which owns 30.65% of the Company's shares, and Album Enterprises, which owns 43.04% of the Company's shares, both of which are wholly owned subsidiaries of CMN. The remaining 26.31% of the Company's shares are widely held. The Directors of the Company consider that the ultimate holding Company is CMC, a company incorporated in the People's Republic of China (PRC).

CMC itself is a state-owned enterprise and is controlled by the PRC government, which also owns a significant portion of productive assets in the PRC. In accordance with HKAS 24 *Related Party Disclosures* issued by the Hong Kong Institute of Certified Public Accountants, other state-owned enterprises and their subsidiaries (other than subsidiaries of CMC), directly or indirectly controlled by the PRC government, are also defined as related parties of the Group. On that basis, related parties include CMC and its related companies, other state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government, the Company's jointly controlled entities and associates, and key management personnel of the Company and CMC as well as their close family members.

During the six months ended 30 June 2015, the Group's transactions with other state-owned enterprises (excluding CMC and its subsidiaries) were sales of non-ferrous metals and purchases of consumables and the related receivables and payables balances. In addition, a portion of fixed deposits, cash and cash equivalents and borrowings as at 30 June 2015 and the relevant interest earned or paid during the period were transacted with banks and other financial institutions controlled by the PRC government including CDB, Bank of China (BOC) and ICBC.

The transactions of revenues and expenses in nature conducted with government-related entities were based on terms as set out in the underlying agreements, based on statutory rates or market prices or actual cost incurred, or as mutually agreed.

### Significant related-party balance

	30 JUNE 2015 (UNAUDITED) US\$ MILLION	31 DECEMBER 2014 (AUDITED) US\$ MILLION
<b>Amount payable to a related party</b>		
Loan from Top Create <sup>(i)</sup> (Note 14)	2,261.3	1,843.8
Non-current interest payable to Top Create <sup>(i)</sup>	65.0	27.9
	<b>2,326.3</b>	<b>1,871.7</b>
<b>Amount receivable from a related party</b>		
Loan to Album Enterprises <sup>(ii)</sup>	–	80.0
	<b>–</b>	<b>80.0</b>

Notes:

- (i) The loan from Top Create represents the amounts drawn by the Group on 22 July 2014 (US\$1,843.8 million) and 17 February 2015 (US\$417.5 million) pursuant to a facility agreement dated 22 July 2014 between MMG SA and Top Create. In accordance with the facility agreement, a loan facility of up to US\$2,262.0 million was made available to MMG SA, for a period of four years commencing on the date of the loan. Interest is accrued on the outstanding balance drawn under the facility agreement at LIBOR plus 3.1% per annum and the loan is repayable at the end of the term.
- (ii) The loan to Album Enterprises (US\$80.0 million) represents the amount initially drawn by Album Enterprises on 19 December 2014 for up to 90 days. Monies were advanced to Album Enterprises for up to 90 days at LIBOR plus 2.0% per annum. The loan to Album Enterprises described above was made pursuant to a facility agreement, dated 17 December 2014, between MMG Finance Limited (a subsidiary of the Group) and Album Enterprises. Of this loan, US\$10.0 million was repaid in March 2015 and US\$70.0 million was loaned for a further 30 days, and was repaid in April 2015. Under the facility agreement, a loan facility of US\$80.0 million was made available to Album Enterprises, for a period of one year commencing on the date of the facility agreement.

## 17. CAPITAL COMMITMENTS

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

	30 JUNE 2015 (UNAUDITED) US\$ MILLION	31 DECEMBER 2014 (AUDITED) US\$ MILLION
Not later than one year	1,159.4	1,169.7
Later than one year but not later than five years	0.8	60.1
	<b>1,160.2</b>	<b>1,229.8</b>

## 18. CONTINGENT LIABILITIES

### Legal proceedings

The Company and its subsidiaries are defendants in certain legal proceedings arising from the conduct of their businesses as at 30 June 2015. The Group does not consider that the outcome of any of these proceedings ongoing at balance date, either individually or in aggregate, is likely to have a material effect on its financial position. Where appropriate, provisions have been made.

### Bank guarantees

Certain bank guarantees have been provided in connection with the operations of certain of the subsidiaries of the Company primarily associated with the terms of mining leases or exploration licences. At the end of the period, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the relevant regulatory authorities. These guarantees amount to US\$402.7 million (31 December 2014: US\$442.9 million). Provision is made in the financial statements for the anticipated costs of the mine rehabilitation obligations under the mining leases and exploration licences.

## 19. BUSINESS COMBINATION

### (a) Summary of acquisition

On 31 July 2014, the Group acquired the Las Bambas Project as part of a joint venture with two other parties. The acquisition was structured via an investment holding company established for the purpose of the acquisition, MMG South America Management Co Ltd (Las Bambas Joint Venture Company). Pursuant to the Shareholders' Agreement each participant subscribed for new shares in the Las Bambas Joint Venture Company such that the Las Bambas Joint Venture Company is owned as to 62.5% by the Group and as to 37.5% by other shareholders.

The JV Company, via two wholly owned subsidiaries (the Purchasers), acquired the entire issued share capital of the Target Company, a wholly owned subsidiary of the Sellers and indirect owner of the Las Bambas Project, for a consideration of US\$2,968.1 million.

The majority of the purchase consideration was paid at the time of the acquisition, with a final instalment payment of US\$12.2 million paid in the half year ended 30 June 2015. Additionally, immediately prior to completion, the Purchasers advanced funds to the Project Company, a subsidiary of the Target Company, to enable the repayment of US\$4,018.1 million loan balances owed by the Project Company to Glencore subsidiaries (intra-group loans). There is no contingent consideration associated with the acquisition.

During the year ended 31 December 2014, the consideration and the repayment of intra-group loans were funded in combination with additional capital expenditure requirements relating to the period following acquisition. The amounts were funded as follows:

- (i) Equity contributions of US\$1,843.8 million made to the Las Bambas Joint Venture Company by the Group in proportion to its respective shareholding. The pro-rata share of equity contribution by the Group has been financed by a loan from Top Create, a Shareholder of the Company (Note 16);
- (ii) Equity contributions of US\$1,106.2 million made to the Las Bambas Joint Venture Company by other parties in proportion to their respective shareholdings and measured at fair value commensurate with the purchase price paid as a percentage of net assets acquired; and
- (iii) External bank borrowings of US\$4,988.0 million.



In accordance with the terms of the Shareholders' Agreement, the Company is of the opinion that it has the ability to govern the financial and operating policies of the Las Bambas Joint Venture Company as the Las Bambas Joint Venture Company is a subsidiary of the Company. Therefore, the Group has consolidated the Las Bambas Joint Venture Company (and JV Group) in its consolidated financial statements since the acquisition date.

The following table summarises the consideration paid, and the amounts of the assets acquired and liabilities assumed that were recognised at the acquisition date.

	US\$ MILLION
<b>Total Purchase Consideration</b>	
Cash paid during the year ended 31 December 2014	2,955.9
Cash paid during the period ended 30 June 2015	12.2
	<b>2,968.1</b>
	<b>AS AT 31 JULY 2014 FAIR VALUE US\$ MILLION</b>
<b>Identifiable Assets Recognised and Liabilities Assumed</b>	
<b>ASSETS</b>	
<b>Non-current assets</b>	
Property, plant and equipment	6,868.1
Intangible assets	1.4
Other receivables <sup>(i)</sup>	75.6
	6,945.1
<b>Current assets</b>	
Inventories	2.8
Trade and other receivables <sup>(i)</sup>	209.2
Current income tax assets	19.2
Cash and cash equivalents	5.8
	237.0
<b>Total assets</b>	<b>7,182.1</b>
<b>LIABILITIES</b>	
<b>Non-current liabilities</b>	
Deferred income tax liabilities	531.6
Provisions	30.7
	562.3
<b>Current liabilities</b>	
Trade and other payables	159.2
Provisions	2.9
	162.1
<b>Total liabilities</b>	<b>724.4</b>
<b>Net identifiable assets acquired</b>	<b>6,457.7</b>
Less: Repayments of loans to former parent of acquired subsidiaries	(4,018.1)
	2,439.6
Add: Goodwill <sup>(ii)</sup>	528.5
<b>Net Assets</b>	<b>2,968.1</b>

Notes:

- (i) There is no material difference between the gross contractual amounts receivable and their fair value.
- (ii) The goodwill arises from the HKFRS requirement to recognise a deferred tax liability for the difference between the fair value of newly consolidated assets and liabilities and their tax bases. In accordance with HKFRS, no deferred tax liability is recognised from initial recognition of goodwill.

## 20. ASSETS AND LIABILITIES HELD FOR SALE

On 15 April 2014, the Group entered into a sale agreement with Avebury Nickel Mines Limited (formerly known as QCG Resources Limited) (ANML) for the sale of the Avebury nickel mine, currently on care and maintenance. Avebury has been classified as a disposal group held for sale in the consolidated balance sheet of the Group since the second half of 2012.

In accordance with the terms of the sale agreement the total consideration is A\$40.0 million comprising A\$35.0 million to be transferred at or prior to completion and A\$5.0 million contingent consideration payable at a future date in the event that the Avebury mine obtains agreed production milestones.

ANML has been unable to satisfy the funding condition in the Share Sale Agreement by the cut-off date of 30 June 2015.

Subsequently, MMG has issued termination notice to ANML terminating the Share Sale Agreement. Management continues to classify Avebury as held for sale and several other parties have since expressed interest in acquiring Avebury. MMG is working closely with these parties on their due diligence.

## 21. EVENTS AFTER BALANCE SHEET DATE

The Company announced on 28 July 2015 the approval of the updated development plan for the Dugald River zinc project in north-west Queensland, Australia. The updated plan for Dugald River includes a mine production rate of 1.5Mtpa, construction of a concentrator and annual production of approximately 160,000 tonnes of zinc in zinc concentrate, plus by-products, over an estimated 28-year mine life. The expected remaining cost of the project to first shipment of concentrate is around US\$750 million plus interest costs.

Discussions to amend funding arrangements have commenced with MMG's existing lenders. Agreements with key energy, logistics and service providers will be revised based on the updated project plan.

Other than the matters outlined in this interim financial information, 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

<b>A\$</b>	Australian dollar, the lawful currency of Australia
<b>AGM</b>	Annual General Meeting
<b>Album Enterprises</b>	Album Enterprises Limited, a company incorporated on 19 January 2005 in Hong Kong with limited liability, a wholly owned subsidiary of CMN
<b>Album Investment</b>	Album Investment Private Limited, a company incorporated on 8 April 2009 in Singapore with limited liability, a wholly owned subsidiary of the Company
<b>Album Resources</b>	Album Resources Private Limited, a company incorporated on 8 April 2009 in Singapore with limited liability, a wholly owned subsidiary of the Company
<b>Anvil</b>	Anvil Mining Limited, a company existing under the laws of the British Virgin Islands, a wholly owned subsidiary of the Company
<b>Associate</b>	has the meaning ascribed to it under the Listing Rules
<b>Australia</b>	the Commonwealth of Australia
<b>Board</b>	the board of directors of the Company
<b>Board Charter</b>	the Board charter of the Company
<b>BOC</b>	Bank of China Limited, a company listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange
<b>BOC Singapore</b>	Bank of China, Singapore branch
<b>BOC Sydney</b>	Bank of China, Sydney branch
<b>CDB</b>	China Development Bank Corporation
<b>CEO</b>	Chief Executive Officer
<b>Changzhou Jinyuan</b>	Changzhou Jinyuan Copper Co. Ltd.
<b>China</b>	has the same meaning as People's Republic of China (PRC)
<b>CITIC</b>	CITIC Metal Peru Investment Limited, a company incorporated in Hong Kong
<b>CMC or China Minmetals</b>	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
<b>CMCL</b>	China Minmetals Corporation Limited, a joint stock limited company incorporated on 16 December 2010 under the laws of the PRC
<b>CMN</b>	China Minmetals Non-ferrous Metals Company Limited, a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC
<b>CMNH</b>	China Minmetals Non-ferrous Metals Holding Company Limited, a joint stock limited company incorporated on 22 December 2009 under the laws of the PRC
<b>Companies Ordinance</b>	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
<b>Company</b>	MMG Limited (formerly known as Minmetals Resources Limited), a company incorporated on 29 July 1988 in Hong Kong with limited liability, the shares of which are listed and traded on the Stock Exchange
<b>DRC</b>	Democratic Republic of the Congo
<b>EBIT</b>	earnings before interest (net finance cost) and income tax
<b>EBITDA</b>	earnings before interest (net finance cost), income tax, depreciation, amortisation and impairment expenses
<b>EBITDA margin</b>	EBITDA divided by revenue
<b>Executive Committee</b>	the executive committee of the Group, which comprises all Executive Directors of the Company, Chief Operating Officer, Executive General Manager Business Support and Executive General Manager Stakeholder Relations

<b>Gearing ratio</b>	net debt (total borrowings excluding finance charge prepayments, less cash and bank deposits) divided by the aggregate of net debt plus total equity
<b>Glencore</b>	Glencore plc. (previously known as Glencore Xstrata plc.), a company incorporated in Jersey with registered number 107710
<b>GQL</b>	Glencore Queensland Limited, a company incorporated in Brisbane, Queensland, Australia, with registration number ACN 009 814 019
<b>Group</b>	the Company and its subsidiaries
<b>g/t</b>	grams per tonne
<b>HK\$</b>	Hong Kong dollar, the lawful currency of Hong Kong
<b>HKAS</b>	Hong Kong Accounting Standards (see definition of HKFRS)
<b>HKFRS</b>	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)
<b>Hong Kong</b>	the Hong Kong Special Administrative Region of the People's Republic of China
<b>ICBC</b>	Industrial and Commercial Bank of China Limited, Sydney Branch
<b>ICMM</b>	International Council on Mining and Metals
<b>Indicated Mineral Resource</b>	the part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve
<b>Inferred Mineral Resource</b>	as defined under the JORC Code, that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence
<b>Interpretation</b>	the Interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of a mine (production stripping costs) effective 1 January 2013 in accordance with HK (International Financial Reporting Interpretations Committee) – Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
<b>JORC Code</b>	Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'
<b>JV Company</b>	MMG South America Management Company Limited, a company incorporated on 11 February 2014 in Hong Kong with limited liability
<b>JV Group</b>	the JV Company and its subsidiaries
<b>Laos</b>	the Lao People's Democratic Republic (Lao PDR)
<b>Las Bambas Joint Venture Company</b>	MMG South America Management Company Limited (also referred to as MMG SAM)
<b>Las Bambas Project</b>	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
<b>Listing Rules</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>LME</b>	London Metal Exchange
<b>LTIF</b>	Lost Time Injury Frequency per million hours worked
<b>LXML</b>	Lane Xang Minerals Limited, a company incorporated on 30 September 1993 in Laos as the holding company for the Sepon operation

<b>m</b>	metre(s)
<b>mm</b>	millimetre(s)
<b>Measured Mineral Resource</b>	the part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. Depending upon the confidence in the modifying factors such as metallurgical recovery, the Measured Mineral Resource may be converted to either a Proved Ore Reserve or a Probable Ore Reserve
<b>Mineral Resource</b>	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
<b>Minerals and Metals Group</b>	the collective brand name of the portfolio of international mining assets held by Album Resources
<b>Minmetals Aluminium</b>	Minmetals Aluminium Company Limited, a company established in the PRC with limited liability
<b>MMG Century</b>	MMG Century Limited, a company incorporated on 25 November 1986 in Australia with limited liability and a wholly owned subsidiary of the Company
<b>MMG Dugald River</b>	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
<b>MMG Finance Limited</b>	formerly known as MMG Limited, a company incorporated on 15 June 2011 in Hong Kong with limited liability and a wholly owned subsidiary of the Company
<b>MMG Golden Grove</b>	MMG Golden Grove Pty Ltd, a company incorporated on 21 June 2005 in Australia with limited liability and a wholly owned subsidiary of the Company
<b>MMG Laos Holdings</b>	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
<b>MMG or MMG Limited</b>	has the same meaning as the Company
<b>MMG Malachite</b>	MMG Malachite Limited, a wholly owned subsidiary of the Company that amalgamated with Anvil Mining Limited on 1 April 2012 and became known as Anvil Mining Limited. On and from 2 April 2012, Anvil Mining Limited continues as a body duly incorporated and organised and validly subsisting in accordance with the laws of the British Virgin Islands (see definition of Anvil)
<b>MMG Management</b>	MMG Management Pty Ltd, a company incorporated on 15 July 2005 in Australia with limited liability and a wholly owned subsidiary of the Company
<b>MMG SA</b>	MMG South America Company Limited, a company incorporated on 4 May 1990 in Hong Kong with limited liability, a wholly owned subsidiary of the Company
<b>MMG SAM</b>	MMG South America Management Company Limited (also referred to as Las Bambas Joint Venture Company), a company incorporated on 11 February 2014 in Hong Kong with limited liability and a subsidiary of the company
<b>MMG South America Group</b>	MMG SA and its subsidiaries
<b>MMG South America Management Group</b>	MMG SAM and its subsidiaries
<b>Model Code</b>	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
<b>North China Aluminium</b>	North China Aluminium Company Limited

## GLOSSARY CONTINUED

<b>Ore Reserve</b>	as defined under the JORC Code, the economically mineable part of a Measured and/or Indicated Mineral Resource
<b>PRC</b>	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
<b>Production data</b>	the production data included in this report is the metal contained in concentrate, cathode or doré for the key products the Company produces
<b>Project company</b>	Las Bambas Mining Company S.A. (formerly known as Xstrata Las Bambas S.A.), a company incorporated in Lima, Peru with registration number 12587752
<b>Purchasers</b>	Minera Las Bambas S.A.C., a company incorporated on or about 17 February 2014 in Lima, Peru, with limited liability and MMG Swiss Finance AG, a company incorporated on 20 February 2014 in Switzerland, each of which is a subsidiary of the Company
<b>Securities Trading Model Code</b>	a model code adopted by the Company for securities trading by Directors of the Company on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 of the Listing Rules
<b>Sellers</b>	XSAL and GQL
<b>SFO</b>	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
<b>Shareholder(s)</b>	the shareholder(s) of the Company
<b>Shareholders' Agreement</b>	the subscription and Shareholders' agreement dated 13 April 2014 between the Company, MMG SA, Elion Holdings Corporation Limited, GUOXIN International Investment Corporation Limited, CITIC Metal Co., Ltd. and MMG SAM
<b>Stock Exchange</b>	The Stock Exchange of Hong Kong Limited
<b>Target company</b>	Las Bambas Holdings S.A. (formerly known as Xstrata Peru S.A.), a company incorporated in Lima, Peru and registered under registry file with registration number 11677748 of the registry of legal entities of Lima, Peru
<b>Topstart</b>	Topstart Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
<b>Top Create</b>	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
<b>TRIF</b>	Total Recordable Injury Frequency per million hours worked
<b>US\$</b>	United States dollar, the lawful currency of the United States of America
<b>XSAL</b>	Xstrata South America Limited
<b>Yingkou Orientmet</b>	Yingkou Orientmet Plica Tube Company Limited



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