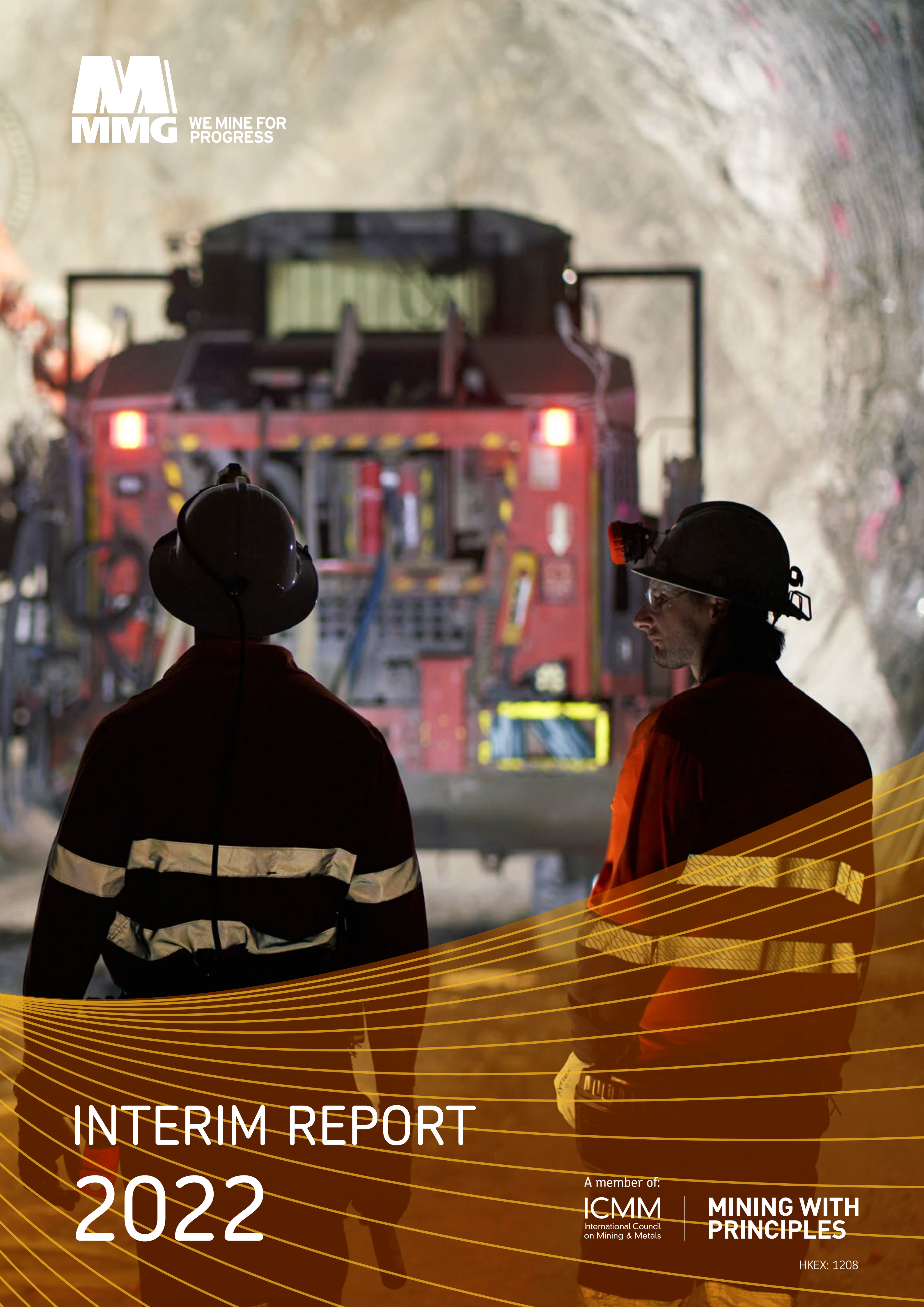

WE MINE FOR PROGRESS

INTERIM REPORT 2022

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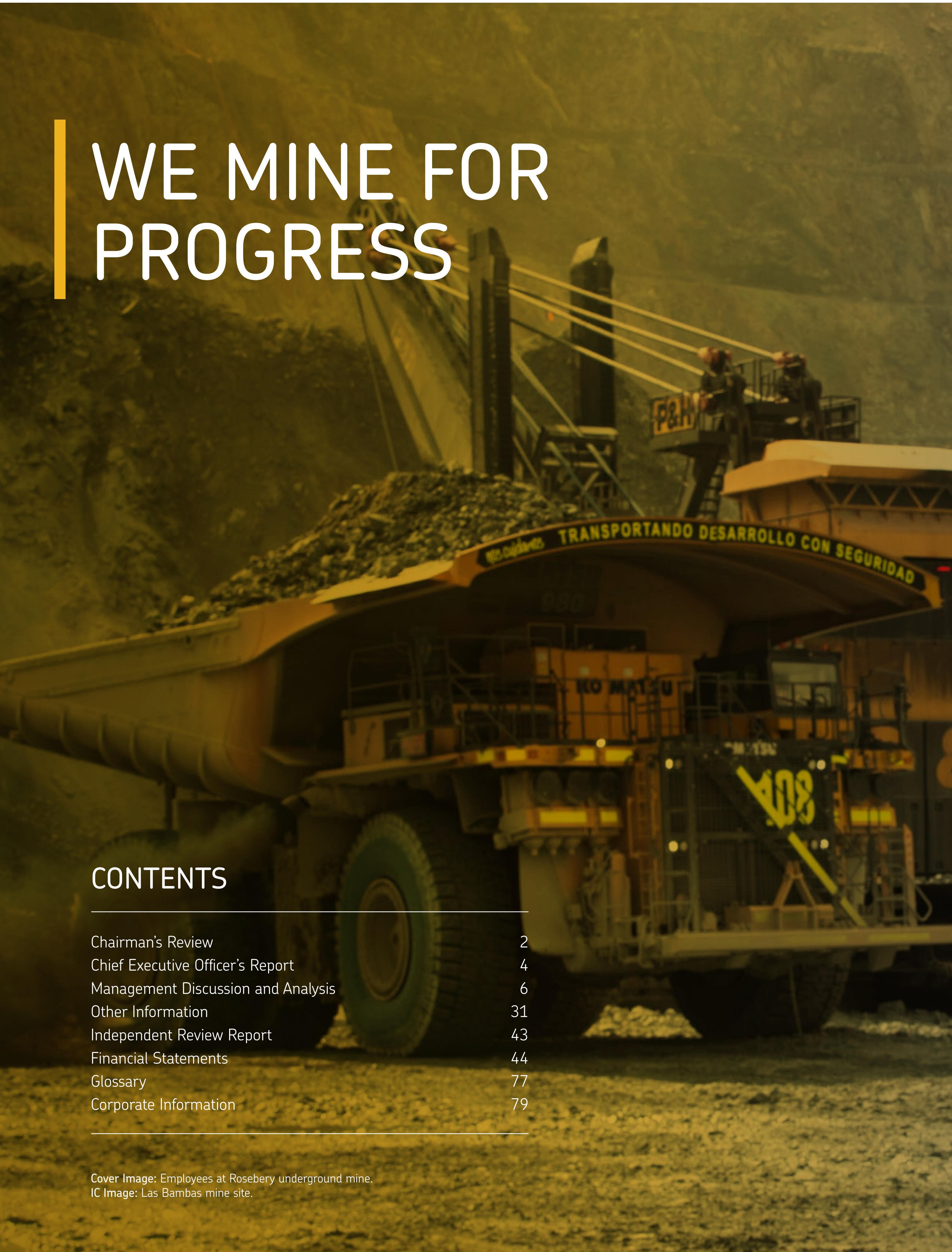

WE MINE FOR PROGRESS

CONTENTS

Cover Image: Employees at Rosebery underground mine.
IC Image: Las Bambas mine site.

"We mine to build wealth through the development of our people, partnering with local communities to drive economic growth and the value we deliver to our shareholders.

We work in complex jurisdictions and across numerous cultures and communities, who have vastly differing experiences with resource development.

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

CHAIRMAN'S REVIEW

Dear Shareholders,

On behalf of MMG's Board of Directors I am pleased to present the Company's 2022 interim results.

During the first half of 2022, we have continued our focus on mitigating the risks and impacts of COVID-19 to our people and communities, particularly as regional infection rates have again risen due to the emergence of new virus variants.

The global pandemic has also continued to present challenges for the global economy with supply chain issues and rising energy costs, due in part to the Russia and Ukraine conflict, driving higher inflation and increasing uncertainty regarding the global economic outlook. In turn, these factors have weighed negatively on the price of copper with prices declining since March 2022. However, we expect that low inventories and continued supply disruptions will provide support to copper prices for the remainder of the year.

Zinc continued its strong performance during the first half, securing its place as one of the best performers on the London Metal Exchange (LME) on the back of robust fundamentals.

While the demand outlook for our core commodities remains strong, as the world intensifies its energy transition, we expect higher energy costs and a stronger US dollar in the near term. This is expected to drive cost pressures that will require a disciplined approach to cost management and capital allocation.

In the first half, MMG sold 104,437 tonnes of copper and 93,233 tonnes of zinc and achieved EBITDA of US$651.7 million, 57% lower than in 2021. Net profit after tax was US$89.8 million, including a profit of US$79.5 million attributable to the equity holders of the Company.

The performance in the first half was significantly impacted by community protests at Las Bambas, during which community members had entered the mine site, requiring an operational shut for more than 50 days due to safety concerns. Production at Las Bambas resumed on 11 June 2022 after the six communities involved committed to participating in a Government-led dialogue process.

Finding a sustainable, dialogue-driven solution to the community challenges at Las Bambas remains our utmost priority and it is the key to unlocking the significant potential of this world-class asset. We are proud of our contributions to local communities and we remain steadfast in pursuing our purpose of mining for progress - by ensuring that our communities and our people share in the success of our mining investments.

As we look ahead to the rest of 2022, our focus will remain on resolving the community challenges at Las Bambas, advancing the Kinsevere Expansion Project, securing the future for Rosebery and maintaining workforce availability at Dugald River. Across our portfolio, we will continue to drive operational excellence and efficient cost control, particularly in the face of inflationary pressures and industry-wide cost escalation.

We are proud of our portfolio of future-focused metals which are essential to creating a more sustainable world. As a Company, we have also committed to incorporating sustainability targets as part of our performance metrics and to challenging ourselves to reduce emissions. To this end, in March the Board approved MMG's first Climate Resilience Strategy, which outlines our pathway to reducing greenhouse emissions and preparing our business for a low carbon future. We have committed ourselves to an interim 2030 target of reducing greenhouse gas emissions by 40% and the ultimate goal of achieving net zero carbon emissions by 2050.

Finally, while we anticipate that the global economic environment will remain volatile in the second half, we will pursue opportunities to expand our portfolio of future-focused commodities of copper, zinc and cobalt. MMG continues to maintain strong support from our major shareholder, China Minmetals Corporation (CMC) as a platform for international operations and growth.

On behalf of the MMG Board I extend my heartfelt thanks to our shareholders, communities, and partners for their ongoing support and to our talented team for their contributions.

JIAO Jian
CHAIRMAN

Image: Overview of Kinsevere open-pit mine.

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders,

I am pleased to present our 2022 Interim Report.

The first half has been challenging for MMG. We have worked hard to overcome significant challenges including an extended shut at our Las Bambas operation due to community protests, more volatile commodity prices and rising costs. Across all operations we have redoubled our efforts on managing the factors within our control including efficient operational management, judicious capital allocation and focused stakeholder engagement to secure a strong future for our assets.

SAFETY

In line with our safety-first culture, during the first half we have continued to work towards the elimination of fatalities in our workplaces. Pleasingly, we recorded a reduction in significant events with energy exchange demonstrating that our stringent approach to managing safety risks across our operations is driving improvement. We have maintained an emphasis on ensuring operating standards and critical controls are implemented by our people and contractors and that opportunities are taken to learn from events.

Our total recordable injury frequency (TRIF) result was 1.49 per million hours worked for the six months to 30 June 2022, which represents an increase when compared to 1.09 of 2021.

We will continue to work on ensuring that our people return home to their loved ones in the same way that they arrived to work. We recognise the importance of our leaders in ensuring that work is planned and executed in a way that prevents injuries and that risk controls are implemented.

Managing the impact of COVID-19 remains a priority across all operations, particularly as new waves of infection have occurred across our operating jurisdictions due to the emergence of new, more readily transmissible variants. Ongoing efforts continue to be directed towards implementing updated guidelines from our host governments and ensuring infection controls remain firmly in place.

FINANCIAL PERFORMANCE

In the first half, MMG delivered a net profit after tax of US$89.8 million, including a profit of US$79.5 million attributable to the equity holders of the Company. This compares to a net profit after tax of US$584.0 million for the first half of 2021, including a profit of US$400.1 million to equity holders.

The Company's first half result was significantly impacted by lower sales of Las Bambas copper concentrate following a series of prolonged blockades due to community protest activities. Some members of Fuerabamba and Huancuire communities also entered the mine site, necessitating a temporary suspension of operations between 21 April and 10 June 2022 due to safety concerns.

Sales of copper cathode from Kinsevere were impacted by lower production as a result of processing lower-grade stockpiles, although the result was partially offset by the resumption of mining in the Central pit. Reduced workforce availability due to COVID-19 restrictions in our Australian operations further impacted zinc and lead sales volumes in the first half.

OPERATIONAL PERFORMANCE

Las Bambas produced 101,009 tonnes of copper in copper concentrate in the first half of 2022, a result that is 30% below the prior corresponding period. As previously mentioned, the community protest in the second quarter resulted in an operational shut of more than 50 days. Production recommenced on 11 June after the six communities involved agreed to participate in a Government-led dialogue process. We are committed to maintaining transparent and productive dialogue with the aim of reaching a sustainable solution. Las Bambas continues to be a significant contributor to local communities and regional and national economies. This long-life, high-quality asset has a bright future. We look forward to working with all stakeholders in order to maximise its potential and the benefits that flow to its host region.

Kinsevere produced 22,090 tonnes of copper cathode in the first half, a result that was 12% lower than the first half of 2021. Lower production was driven by lower average feed grades. As mining activity resumed, and with the supply of higher-grade ores from third parties, Kinsevere production is expected to be at the higher end of the production guidance for 2022. Dugald River produced 79,587 tonnes of zinc in zinc concentrate in the first half, 11% below the first half result in 2021. The result was impacted by lower ore mined early in the year due to workforce availability. Workforce availability has improved in the second quarter stabilising production rates. The guidance range for the site has been maintained.

Rosebery produced 23,664 tonnes of zinc in zinc concentrate and 9,324 tonnes of lead in concentrate during the first half of 2022, representing respectively a 37% and 32% reduction on the prior corresponding reporting period. Productivity was negatively impacted due to COVID-19 impacts on workforce availability and lower ore grades due to a temporary focus on mining lower grade stopes.

OUTLOOK

As we look to the rest of 2022, MMG will continue its focus on maintaining stable operations, advancing the critically important long-term solution to the community challenges at Las Bambas and careful cost management and capital allocation in the face of industry-wide cost pressures.

Growing our assets remains a management priority with works advancing on the Kinsevere Expansion Project and future-proofing the Rosebery mine by securing a tailings storage solution. Advancing the Chalcobamba development remains a key focus of ongoing community dialogue.

MMG's full year guidance for copper production at Las Bambas and Kinsevere is now expected to be around 290,000 tonnes. Zinc production guidance is maintained in the range of 225,000 and 255,000 tonnes.

Thank you for your ongoing support of MMG and we look forward to a stronger second half.

LI Liangang

CHIEF EXECUTIVE OFFICER (INTERIM)

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the Six Months Ended 30 June 2022

For the purpose of the management discussion and analysis, the Group's results for the six months ended 30 June 2022 are compared with results for the six months ended 30 June 2021.

Six Months Ended 30 June	2022 US$ Million	2021 US$ Million	Change% Fav/(Unfav)
Revenue	**1,408.0**	**2,433.5**	**(42%)**
Operating expenses	(761.8)	(919.6)	17%
Exploration expenses	(10.8)	(10.3)	(5%)
Administration expenses	(5.5)	(10.3)	47%
Other income	21.8	5.4	304%
EBITDA	**651.7**	**1,498.7**	**(57%)**
Depreciation and amortisation expenses	(351.1)	(454.1)	23%
EBIT	**300.6**	**1,044.6**	**(71%)**
Net finance costs	(137.1)	(169.2)	19%
Profit before income tax	**163.5**	**875.4**	**(81%)**
Income tax expense	(73.7)	(291.4)	75%
Profit after income tax for the period	**89.8**	**584.0**	**(85%)**
Attributable to:			
Equity holders of the company	79.5	400.1	(80%)
Non-controlling interests	10.3	183.9	(94%)
	89.8	**584.0**	**(85%)**

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

MMG's profit of US$89.8 million for the six months ended 30 June 2022 includes profit attributable to equity holders of US$79.5 million and profit attributable to non-controlling interests of US$10.3 million. This compares to profit attributable to equity holders of US$400.1 million and profit attributable to non-controlling interests of US$183.9 million for the six months ended 30 June 2021. Amounts attributable to non-controlling interests related to the 37.5% interest in Las Bambas not owned by the Company.

The following table provides a reconciliation of reported profit after tax attributable to equity holders.

Six Months Ended 30 June	2022 US$ Million	2021 US$ Million	Change% Fav/(Unfav)
Profit after tax — Las Bambas 62.5% interest	17.1	312.4	(95%)
Profit after tax — Other operations	104.4	140.7	(26%)
Administration expenses	(5.5)	(10.3)	47%
Net finance costs (excluding Las Bambas)	(41.8)	(50.0)	16%
Other	5.3	7.3	(27%)
Profit/(Loss) for the Period Attributable to Equity Holders	**79.5**	**400.1**	**(80%)**

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

OVERVIEW OF OPERATING RESULTS

The Group's continuing operations comprise Las Bambas, Kinsevere, Dugald River and Rosebery. Corporate activities and other subsidiaries are classified as 'Other'.

	Revenue			EBITDA		
Six Months Ended 30 June	2022 US$ Million	2021 US$ Million	Change% Fav/(Unfav)	2022 US$ Million	2021 US$ Million	Change% Fav/(Unfav)
Las Bambas	805.0	1,790.6	(55%)	411.9	1,182.4	(65%)
Kinsevere	202.2	225.8	(10%)	64.5	94.7	(32%)
Dugald River	257.6	235.1	10%	123.8	101.7	22%
Rosebery	142.2	180.2	(21%)	55.9	106.2	(47%)
Other	1.0	1.8	(44%)	(4.4)	13.7	(132%)
Total	**1,408.0**	**2,433.5**	**(42%)**	**651.7**	**1,498.7**	**(57%)**

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

Revenue decreased by US$1,025.5 million (42%) to US$1,408.0 million compared to the first half of 2021 mainly due to lower sales volumes (US$1,005.7 million) and lower realised commodity prices (US$19.8 million).

Sales decreased by US$1,005.7 million due to lower sales volumes compared to the first half of 2021 driven by lower sales of copper concentrate at Las Bambas (US$858.1 million) due to a series of prolonged road blockages as a result of community protests and the temporary suspension of operation between 21 April 2022 to 10 June 2022 as a result of protest activity from the Ferrobamba and Huancuire communities. Kinsevere copper cathode sales were lower by US$28.5 million driven by lower production as a result of processing low-grade stockpiles, partly offset by higher grade ore from the Central pit after resumption of mining activities. Zinc and lead sales volumes were also lower at Rosebery ($25.1 million) and Dugald River (US$31.6 million) due to lower production with reduced workforce availability under COVID-19 restrictions as well as lower ore grades in line with the currently planned mining sequences at both operations.

Unfavourable commodity price variances of US$19.8 million were driven by lower realised copper (US$89.2 million) and silver prices (US$15.7 million), partly offset by higher realised prices for zinc (US$76.5 million) and molybdenum (US$6.7 million). Price variances also include mark-to-market adjustments on open sales contracts and the impacts of commodity hedging.

Revenue By Commodity Six Months Ended 30 June	2022 US$ Million	2021 US$ Million	Change% Fav/(Unfav)
Copper	896.8	1,827.8	(51%)
Zinc	305.7	269.3	14%
Lead	32.0	46.2	(31%)
Gold	62.2	94.9	(34%)
Silver	60.3	113.5	(47%)
Molybdenum	51.0	81.8	(38%)
Total	**1,408.0**	**2,433.5**	**(42%)**

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

PRICE

LME base metals prices were higher in the six months ended 30 June 2022 compared to the prior corresponding period for all metals.

Average Lme Cash Price Six Months Ended 30 June[1]	2022	2021	Change% Fav/(Unfav)
Copper (US$/tonne)	9,756	9,095	7%
Zinc (US$/tonne)	3,834	2,832	35%
Lead (US$/tonne)	2,269	2,074	9%
Gold (US$/ounce)	1,873	1,808	4%
Silver (US$/ounce)	23.29	26.49	(12%)
Molybdenum (US$/tonne)	41,302	28,048	47%

1. Sources: zinc, lead, and copper: LME cash settlement price; Molybdenum: Platts; gold and silver: LBMA. LME (London Metal Exchange) data is used in this report under licence from LME; LME has no involvement and accepts no responsibility to any third party in connection with the data; and onward distribution of the data by third parties is not permitted. MMG's realised prices are lower than the LME average prices for the period as they are net of mark-to-market adjustments, treatment charges, and the impact of commodity hedging.

SALES VOLUMES

Payable Metal in Products Sold Six Months Ended 30 June	2022	2021	Change% Fav/(Unfav)
Copper (tonnes)	104,437	191,670	(46%)
Zinc (tonnes)	93,233	108,927	(14%)
Lead (tonnes)	15,751	23,592	(33%)
Gold (ounces)	35,438	54,727	(35%)
Silver (ounces)	2,893,688	4,339,739	(33%)
Molybdenum (tonnes)	1,437	2,652	(46%)

Payable Metal in Products Sold Six Months Ended 30 June 2022	Copper Tonnes	Zinc Tonnes	Lead Tonnes	Gold Ounces	Silver Ounces	Molybdenum Tonnes
Las Bambas	81,931	-	-	22,259	1,194,807	1,437
Kinsevere	21,990	-	-	-	-	-
Dugald River	-	69,805	7,391	-	570,719	-
Rosebery	516	23,428	8,360	13,179	1,128,162	-
Total	**104,437**	**93,233**	**15,751**	**35,438**	**2,893,688**	**1,437**

Payable Metal in Products Sold Six Months Ended 30 June 2021	Copper Tonnes	Zinc Tonnes	Lead Tonnes	Gold Ounces	Silver Ounces	Molybdenum Tonnes
Las Bambas	165,481	-	-	34,807	2,189,358	2,652
Kinsevere	25,201	-	-	-	-	-
Dugald River	-	79,015	10,409	-	671,124	-
Rosebery	988	29,912	13,183	19,920	1,479,257	-
Total	**191,670**	**108,927**	**23,592**	**54,727**	**4,339,739**	**2,652**

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Operating expenses include expenses of operating sites, excluding depreciation and amortisation. Site expenses include mining and processing expenses, changes in inventories, royalty expenses, selling expenses and other operating expenses.

Total operating expenses decreased by US$157.8 million (17%) compared with the first half of 2021, driven by a higher net build-up of finished goods at Las Bambas (US$139.9 million) reflecting lower copper concentrate sales volumes. Operating expenses were also impacted by lower ore mined (US$41.5million) and milled (US$23.9 million) volumes at Las Bambas arising from the disruptions to operations as described previously.

This was partly offset by higher consumables unit prices across the group (US$40.1 million) due to broader mining industry inflationary cost pressures.

Further detail is set out below in the mine analysis section.

Exploration expenses increased by US$0.5 million (5%) to US$10.8 million in the first half of 2022. Land access constraints continue to limit the amount of spending at Las Bambas.

Administrative expenses decreased by US$4.8 million (47%) compared with the first half of 2021 due to the impact of the weaker Australian Dollar (US$3.6 million) and lower STI expenses (US$2.7 million).

Other income increased by US$16.4 million (304%) mainly due to favourable foreign exchange rate impacts (US$28.9 million), partly offset by the gain recognised on the reduction in the New Century Bank Guarantee (US$19.5 million) in the first half of 2021.

Depreciation and amortisation expenses decreased by US$103.0 million (23%) to US$351.1 million compared to the first half of 2021. The decrease was primarily attributable to lower mining and milling volumes at Las Bambas (US$87.3 million) and Rosebery (US$8.5 million).

Net finance costs decreased by US$32.1 million (19%) to US$137.1 million compared to the first half of 2021. The decrease was mainly due to lower debt balances (US$20.3 million), interest income received from the Peruvian tax authorities (US$9.4 million) and interest income on higher cash balances (US$2.6 million).

Income tax expense of US$73.7 million, represents a 75% decrease from the US$291.4 million income tax expense in the first half of 2021. This reflects the lower pre-tax profit generated during the six months to 30 June 2022. The effective tax rate for the period to 30 June 2022 was 45.1%, with a prima facie income tax rate from operations of 32%, which was primarily impacted by the non-creditable withholding tax expenses in Peru.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Mines Analysis — Las Bambas

Six Months Ended 30 June	2022	2021	Change% Fav/(Unfav)
Production			
Ore Mined (tonnes)	17,925,254	33,327,072	(46%)
Ore Milled (tonnes)	18,038,619	25,120,658	(28%)
Waste Movement (tonnes)	46,561,311	70,511,219	(34%)
Copper in Copper Concentrate (tonnes)	101,009	144,642	(30%)
Payable Metal in Products Sold			
Copper (tonnes)	81,931	165,481	(50%)
Gold (ounces)	22,259	34,807	(36%)
Silver (ounces)	1,194,807	2,189,358	(45%)
Molybdenum (tonnes)	1,437	2,652	(46%)

Six Months Ended 30 June	2022 US$ Million	2021 US$ Million	Change% Fav/(Unfav)
Revenue	**805.0**	**1,790.6**	**(55%)**
Operating Expenses			
Production Expenses			
Mining	(142.0)	(129.1)	(10%)
Processing	(102.1)	(126.0)	19%
Other	(172.7)	(197.7)	13%
Total Production Expenses	**(416.8)**	**(452.8)**	**8%**
Freight	(42.3)	(40.1)	(5%)
Royalties	(26.2)	(53.6)	51%
Other[1]	81.5	(39.8)	305%
Total Operating Expenses	**(403.8)**	**(586.3)**	**31%**
Other Income/(Expenses)	10.7	(21.9)	149%
EBITDA	**411.9**	**1,182.4**	**(65%)**
Depreciation and Amortisation Expenses	(295.1)	(382.4)	23%
EBIT	**116.8**	**800.0**	**(85%)**
EBITDA Margin	**51%**	**66%**	-

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

Las Bambas produced 101,009 tonnes of copper in copper concentrate in the first half of 2022, 43,633 tonnes (30%) lower than the first half of 2021. A community protest in the second quarter, during which members of the Ferrobamba and Huancuire communities entered the site, resulted in an operational shutdown of more than 50 days. Production at the site recommenced on 11 June 2022 after six communities agreed to cease protest activities and participate in a Government-led dialogue process. This dialogue process remains ongoing and operations are currently running at full capacity.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Production of molybdenum, gold and silver by-products were also 51%, 40%, and 40% lower respectively due to the operational shutdown.

Revenue of US$805.0 million was US$985.6 million (55%) lower than the first half of 2021, due to lower copper (US$810.6 million) and molybdenum (US$37.5 million) sales and lower realised copper prices (US$105.5 million). Despite the average copper price being higher year on year, the lower realised price was driven by mark-to-market losses attributable to the lower forward copper price as at June 2022 and the unfavourable impacts of copper commodity hedges (US$27.4 million). MMG has entered into a series of commodity hedges to manage the risk on the price variability of sales and to protect the strong free cash generation of the business.

Copper sales volumes were 50% lower compared to the first half of 2021 due to persistent community-related disruptions restricting the ability to transport finished product from the mine site. As a result, concentrate inventory levels have increased from approximately 57,000 tonnes (contained metal) at the end of 2021 to approximately 74,000 tonnes (contained metal) on 30 June 2022. As at the date of this report, stockpiled copper concentrate has now been reduced to approximately 60,000 tonnes (contained metal) and is expected to be fully drawn down and shipped over the remainder of the year while logistics routes remained uninterrupted.

Lower molybdenum sales volumes were also impacted by transport disruptions as well as lower molybdenum production due to lower feed grades in the first half of 2022.

Total production expenses of US$416.8 million were US$36.0 million or 8% lower compared with the first half of 2021. This was mainly driven by lower processing costs (US$23.9 million) due to reduced ore milled volumes and lower costs associated with the lower volume of copper concentrate transported (US$25.0 million). Mining costs were US$12.9 million higher compared to the first half of 2021 due to lower deferred mine capitalisation costs (US$51.5 million) as a result of delays to stripping activities caused by persistent community disruptions. In addition, diesel and explosives costs were higher by US$32.1 million due to increased unit prices. This was partly offset by reduced ore mined volumes (US$41.5 million) due to the temporary suspension of operations and the deferral of maintenance and repairs for the mine fleet (US$19.8 million).

Operating expenses were also impacted by favourable stock movement (US$117.9 million) due to a higher net build-up of finished goods (US$139.9 million) reflecting lower copper concentrate sales volumes. This was offset by a higher net drawdown of ore stockpiles (US$26.3 million).

Total operating expenses were also impacted by the decreased royalty expenses (US$27.4 million) reflecting lower sales revenue.

C1 costs for the first half of 2022 were US$1.27/lb compared to US$1.08/lb in the first half of 2021. Higher unit costs were a function of higher energy and consumables prices, lower copper production, and higher selling expenses per unit sold. Excluded from the calculation of C1 costs in the first half (but reported as part of Total Operating Expenses) were care and maintenance costs of US$97.4 million. This is to better reflect direct costs of production, excluding the impact of the forced shutdown.

OUTLOOK

Full-year production for 2022 is now expected to be around 240,000 tonnes of copper in copper concentrate, subject to no further prolonged disruptions. In the second half of 2022, the company will focus on optimising mining activity at the Ferrobamba pit to access higher-grade ores.

As some Huancuire community members are still on Las Bambas property, Chalcobamba development continues to be suspended due to safety reasons. MMG remains committed to working closely with the Government of Peru and the community members to deliver its commitments and to engage in transparent and constructive dialogue with the aim of reaching an enduring agreement. When an enduring agreement is reached, Las Bambas will immediately progress the substantial development of the Chalcobamba pit.

Full-year C1 costs are now expected to be between US$1.50/lb and US$1.60/lb. The increase is a result of lower production rates due to the operational disruptions in the first half as well as the impact of broader mining industry cost pressures.

From 2023 onwards, and subject to a community agreement for the development of Chalcobamba, Las Bambas is expected to benefit from higher production rates than the 2020 to 2022 period.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Mines Analysis — Kinsevere

Six Months Ended 30 June	2022	2021	Change% Fav/(Unfav)
Production			
Ore Mined (tonnes)	406,571	20,075	1,925%
Ore Milled (tonnes)	1,227,198	1,177,094	4%
Waste Movement (tonnes)	1,567,070	-	N/A
Copper Cathode (tonnes)	22,090	25,123	(12%)
Payable Metal in Products Sold			
Copper (tonnes)	21,990	25,201	(13%)

Six Months Ended 30 June	2022 US$ Million	2021 US$ Million	Change% Fav/(Unfav)
Revenue	**202.2**	**225.8**	**(10%)**
Operating Expenses			
Production Expenses			
Mining	(16.3)	(8.1)	(101%)
Processing	(53.1)	(41.7)	(27%)
Other	(37.8)	(38.6)	2%
Total Production Expenses	**(107.2)**	**(88.4)**	**(21%)**
Freight	(3.9)	(4.2)	7%
Royalties	(11.3)	(12.7)	11%
Other[1]	(12.6)	(19.9)	37%
Total Operating Expenses	**(135.0)**	**(125.2)**	**(8%)**
Other Expenses	(2.7)	(5.9)	54%
EBITDA	**64.5**	**94.7**	**(32%)**
Depreciation and Amortisation Expenses	(13.2)	(14.6)	10%
EBIT	**51.3**	**80.1**	**(36%)**
EBITDA Margin	**32%**	**42%**	-

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Kinsevere copper cathode production of 22,090 tonnes was 12% lower than the first half of 2021. The lower production was largely due to lower average feed grades (1.91% vs. 2.25%) as plant feed was reliant on lower grade stockpiles in the first quarter of 2022. With the resumption of mining activity as well as the supply of higher-grade ores from third parties, feed grades were improved in the second quarter of 2022. Despite lower ore grades, processing plant performance remained stable with a recovery rate of 96.1% compared with 96.0% in the same period last year.

Revenue decreased by US$23.6 million or 10% to US$202.2 million compared to the first half of 2021 driven by lower copper sales volumes in line with lower production.

Total production expenses increased by US$18.8 million or 21% compared to the first half of 2021. This was driven by higher mining costs (US$8.2 million) due to the resumption of mining activities in April 2022 and higher processing costs (US$11.4 million). Higher processing costs were mainly driven by higher sulphuric acid prices (US$4.5 million), higher maintenance costs (US$2.6 million), higher energy prices (US$1.7 million) and higher consumption of third-party ores (US$1.1 million).

C1 costs for the first half of 2022 were US$2.42/lb, compared to US$1.81/lb in the first half of 2021. The higher C1 cost was due to higher cash production expenses and lower copper production volumes.

OUTLOOK

Copper cathode production for 2022 is expected to be at the higher end of the guidance range of 45,000 to 50,000 tonnes. Mining activity restarted in the second quarter of the year. The mining and processing of the ore from the Kinsevere Central pit reduced the overall reliance on lower-grade stockpiles. Higher production rates are expected in the second half of 2022 due to higher ore grades and improved recovery rates.

C1 costs guidance remains at US$2.50/lb to US$2.80/lb, with stronger second-half production partly offset by rising industry costs.

Civil construction works for the Kinsevere Expansion Project commenced in the second quarter of 2022 as planned. This next phase of Kinsevere development will extend Kinsevere's mine life for at least 13 years from 2022 and, once fully ramped up, will result in total annual production of approximately 80,000 tonnes of copper cathode and between 4,000-6,000 tonnes of cobalt in cobalt hydroxide. First cobalt production is expected in the fourth quarter of 2023 and the first copper from the sulphide feed in the third quarter of 2024.

Higher production and cobalt by-product credits are expected to lower the mine's C1 costs by around 25% when at a steady state of operation, placing Kinsevere in the bottom half of the global cost curve.

On 1 July 2022, MMG personnel conducting works at the Sokoroshe II lease, were removed by security forces who claimed government-owned mining company Gécamines had signed two research contracts for the area with third parties.

MMG holds existing mining lease agreements with Gécamines, registered in the official mining registry. Kinsevere was in the process of finalising mining plans for Sokoroshe II as part of the Kinsevere Expansion Project, with certain civil works scheduled to commence in July. MMG has made formal requests to both Gécamines and the DRC Ministry of Mines for Gécamines to withdraw the new agreements with third parties in order for the approved works to continue. Gécamines has purported to suspend agreements MMG has with them in relation to Sokoroshe II, the basis for which MMG does not agree with. Management is committed to engage with Gécamines and Government representatives to resolve the issue, and meetings are ongoing. The Group will take all necessary steps to defend its legal rights against these actions by Gécamines.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Mine Analysis — Dugald River

Six Months Ended 30 June	2022	2021	Change% Fav/(Unfav)
Production			
Ore Mined (tonnes)	851,046	884,758	(4%)
Ore Milled (tonnes)	856,465	900,954	(5%)
Zinc in Zinc Concentrate (tonnes)	79,587	89,076	(11%)
Lead in Lead Concentrate (tonnes)	8,490	9,956	(15%)
Payable Metal in Products Sold			
Zinc (tonnes)	69,805	79,015	(12%)
Lead (tonnes)	7,391	10,409	(29%)
Silver (ounces)	570,719	671,124	(15%)

Six Months Ended 30 June	2022 US$ Million	2021 US$ Million	Change% Fav/(Unfav)
Revenue	**257.6**	**235.1**	**10%**
Operating Expenses			
Production Expenses			
Mining	(50.0)	(43.1)	(16%)
Processing	(30.9)	(38.5)	20%
Other	(32.0)	(31.1)	(3%)
Total Production Expenses	**(112.9)**	**(112.7)**	**-**
Freight	(6.8)	(6.0)	(13%)
Royalties	(11.9)	(8.1)	(47%)
Other[1]	(4.7)	(7.1)	34%
Total Operating Expenses	**(136.3)**	**(133.9)**	**(2%)**
Other Income	2.5	0.5	400%
EBITDA	**123.8**	**101.7**	**22%**
Depreciation and Amortisation Expenses	(28.2)	(29.4)	4%
EBIT	**95.6**	**72.3**	**32%**
EBITDA Margin	**48%**	**43%**	**-**

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Dugald River produced 79,587 tonnes of zinc in zinc concentrate in the first half of 2022, 11% lower than the first half of 2021. The reduction in production was a result of the lower ore mined from January to mid-February when labour availability at the mine was impacted by Queensland's COVID-19 quarantine requirements. However, workforce availability improved in the second quarter of 2022, which has helped to stabilise production rates. Plant feed grade was lower than the same period of last year (10.4% vs. 11.2%) due to the mining of lower grade stopes in the current phase of the mine plan, but this was partly offset by strong processing plant performance with improved recovery rates (89.0% vs. 88.4%).

Revenue increased by US$22.5 million (10%) to US$257.6 million primarily due to higher realised commodity prices (US$54.1 million), partly offset by an 11% drop in zinc sales volumes (US$22.9 million) and 29% drop in lead sales volumes (US$8.7 million) in line with lower production.

Total production expenses were in line with the first half of 2021. Costs were impacted by favourable exchange rates due to the weaker Australian dollar (US$5.1 million) and lower ore milled volumes (US$1.3 million). This was fully offset by higher consumable unit prices (US$2.2 million), increased mining contractor expenses (US$2.1 million) and increased drilling and studies expenditure (US$1.4 million).

Dugald River's zinc C1 costs were US$0.83/lb in the first half of 2022 compared to US$0.63/lb in the first half of 2021. The higher C1 cost was attributable to lower production volumes, higher treatment charges and lower by-product credits.

OUTLOOK

Production guidance for Dugald River in 2022 remains at 170,000 and 190,000 tonnes of zinc in zinc concentrate.

C1 costs are now anticipated to be in the range of US$0.85/lb to US$0.95/lb. The key drivers of this cost escalation include increases in treatment charges, selling costs, energy and consumables prices as well as mining contractor costs.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Mine Analysis — Rosebery

Six Months Ended 30 June	2022	2021	Change% Fav/(Unfav)
Production			
Ore Mined (tonnes)	426,062	505,990	(16%)
Ore Milled (tonnes)	432,036	514,345	(16%)
Zinc in Zinc Concentrate (tonnes)	23,664	37,460	(37%)
Lead in Lead Concentrate (tonnes)	9,324	13,612	(32%)
Copper in Precious Metals Concentrate (tonnes)	474	872	(46%)
Gold (ounces)	13,581	20,588	(34%)
Silver (ounces)	1,141,674	1,642,922	(31%)
Payable Metal in Products Sold			
Copper (tonnes)	516	988	(48%)
Zinc (tonnes)	23,428	29,912	(22%)
Lead (tonnes)	8,360	13,183	(37%)
Gold (ounces)	13,179	19,920	(34%)
Silver (ounces)	1,128,162	1,479,257	(24%)

Six Months Ended 30 June	2022 US$ Million	2021 US$ Million	Change% Fav/(Unfav)
Revenue	**142.2**	**180.2**	**(21%)**
Operating Expenses			
Production Expenses			
Mining	(33.7)	(35.5)	5%
Processing	(15.6)	(16.1)	3%
Other	(12.5)	(13.0)	4%
Total Production Expenses	**(61.8)**	**(64.6)**	**4%**
Freight	(5.2)	(4.6)	(13%)
Royalties	(7.3)	(9.2)	21%
Other[1]	(12.0)	4.4	(373%)
Total Operating Expenses	**(86.3)**	**(74.0)**	**(17%)**
Other Income/(Expenses)	-	-	n/a
EBITDA	**55.9**	**106.2**	**(47%)**
Depreciation and Amortisation Expenses	(19.2)	(27.7)	31%
EBIT	**36.7**	**78.5**	**(53%)**
EBITDA Margin	**39%**	**59%**	**-**

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Rosebery produced 23,664 tonnes of zinc in zinc concentrate and 9,324 tonnes of lead in lead concentrate during the first half of 2022. This represented a 37% and 32% reduction respectively compared to the first half of 2021. Mine productivity was negatively impacted due to lower workforce availability as a result of COVID-19 impacts and increased competition for skilled mining labour nationally. Ore grades also fell (6.40% vs 8.58%) due to mining activity temporarily focused on lower grade stopes.

Revenue decreased by US$38.0 million (21%) to US$142.2 million due to lower zinc (US$15.8 million), lead (US$9.3 million) and other by-products sales volumes (US$25.0 million) and lower realised silver prices (US$8.1 million). This was partly offset by higher realised zinc prices (US$19.0 million).

Total production expenses decreased by US$2.8 million (4%) compared to the first half of 2021 mainly due to favourable exchanges rates due to the weaker Australian dollar (US$3.9 million), partly offset by higher diesel prices (US$1.0 million)

Rosebery's zinc C1 costs were US$0.38/lb in the first half of 2022 compared to negative (US$0.52/lb) in the first half of 2021. The higher C1 costs were attributable to lower zinc production volumes (US$0.54/lb), lower precious metal by-products credits (US$0.36/lb) and higher realisation treatment charges (US$0.06/lb). This was partly offset by lower production expenses (US$0.06/lb).

OUTLOOK

In line with prior guidance, Rosebery is expected to produce between 55,000 and 65,000 tonnes of zinc in zinc concentrate in 2022.

In line with broader industry cost pressures including energy, consumables, labour, and treatment charges, full year C1 costs are now expected to be at the higher end of the range of US$0.00/lb to 0.15/lb.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Cash Flow Analysis

NET CASH FLOW

Six Months Ended 30 June	2022 US$ Million	2021 US$ Million
Net Operating Cash Flows	134.8	1,308.1
Net Investing Cash Flows	(205.1)	(277.9)
Net Financing Cash Flows	(687.9)	(418.4)
Net Cash (Outflows)/Inflows	**(758.2)**	**611.8**

Net operating cash inflows decreased by US$1,173.3 million (90%) to US$134.8 million. The decrease in net operating cash inflows was driven by the impact of lower EBITDA (US$847.0 million) largely attributable to lower sales volumes at Las Bambas. Operating cash flows were also unfavourably impacted by working capital movements (US$140.4 million) and higher tax payments in Peru (US$167.5 million) as Las Bambas started making cash income tax payments in late 2021 and in the DRC (US$6.2 million).

Net investing cash outflows decreased by US$72.8 million (26%) to US$205.1 million. This was mainly due to lower deferred mining costs at Las Bambas (US$51.5 million) in the first half of 2022 and delays in major projects including (but not limited to) the tailings dam construction (US$14.1 million), Ferrobamba pit infrastructure project (US$13.7 million) and Chalcobamba development (US$11.9 million).

Net financing cash outflows were increased by US$269.5 million (64%) compared to the first half of 2021. This was mainly due to a US$500.0 million early payment on the Las Bambas Project facility and net proceeds received from the share placement in 2021 (US$299.0 million). This was partly offset by a drawdown of working capital facilities (US$480.0 million) and lower interest payments and financing costs of US$15.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Financial Resources and Liquidity

	30 June 2022 US$ Million	31 December 2021 US$ Million	Change US$ Million
Total Assets	12,505.8	13,024.1	(518.3)
Total Liabilities	(8,402.7)	(9,096.1)	693.4
Total Equity	**4,103.1**	**3,928.0**	**175.1**

Total equity increased by US$175.1 million to US$4,103.1 million as at 30 June 2022, mainly due to the profit for the period of US$89.8 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 investments.

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

MMG Group	30 June 2022 US$ Million	31 December 2021 US$ Million
Total Borrowings (excluding Prepaid Finance Charges)[1]	5,763.3	6,348.3
Less: Cash and Cash Equivalents	(497.1)	(1,255.3)
Net Debt	**5,266.2**	**5,093.0**
Total Equity	4,103.1	3,928.0
Net Debt + Total Equity	**9,369.3**	**9,021.0**
Gearing Ratio	**0.56**	**0.56**

1. Borrowings at an MMG Group level reflect 100% of the borrowings of the Las Bambas Joint Venture Group. Las Bambas Joint Venture Group borrowings at 30 June 2022 were US$3,232.1 million (31 December 2021: US$3,812.0 million) and Las Bambas Joint Venture Group cash and cash equivalents at 30 June 2022 were US$99.7 million (31 December 2021: US$836.3 million). For the purpose of calculating the gearing ratio, Las Bambas Joint Venture Group's borrowings have not been reduced to reflect the MMG Group's 62.5% equity interest. This is consistent with the basis of preparation of MMG's financial statements.

Under the terms of relevant debt facilities held by the Group, the gearing ratio for covenant compliance purposes is calculated exclusive of US$2,261.3 million (31 December 2021: US$2,261.3 million) of shareholder debt that was used to fund the MMG Group's equity contribution to the Las Bambas Joint Venture Group. For the purpose of the above, it has, however, been included as borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

AVAILABLE DEBT FACILITIES

At 30 June 2022, the Group (excluding the Las Bambas Joint Venture Group) had available to it undrawn debt facilities of US$300.0 million (31 December 2021: US$560.0 million). This was represented by:

(i) US$300.0 million (31 December 2021: US$300.0 million) that was undrawn and available under a US$300.0 million revolving credit facility with ICBC maturing in December 2023;

At 30 June 2022, the Las Bambas Joint Venture Group had available to it undrawn debt facilities of US$900.0 million (31 December 2021: US$1,150.0 million). This was represented by:

(i) US$50.0 million (31 December 2021: US$175.0 million) that was undrawn and available under a US$175.0 million revolving credit facility provided by BOC Sydney, for general corporate purposes;

(ii) US$50.0 million (31 December 2021: US$175.0 million) that was undrawn and available under a US$175.0 million revolving credit facility provided by ICBC Luxembourg, for general corporate purposes; and

(iii) US$800.0 million (31 December 2021: US$800.0 million) that was undrawn and available under an US$800.0 million three years revolving credit facility to support the operation through the COVID-19 pandemic with China Development Bank, Bank of China, Industrial and Commercial Bank of China Limited and The Export-Import Bank of China.

In addition, the Las Bambas Joint Venture Group had an agreement with CMN and CITIC, each as direct or indirect off-takers of Las Bambas production, for early payment on cargoes already shipped and invoiced as well as pre-payments for inventory held at both port and site. Early payment and pre-payments are permitted up to an aggregate amount of US$268.0 million, allocated to each party in their respective off-take proportions.

The Group's available external debt facilities are subject to covenant compliance requirements. The Group was not in breach of covenant requirements in respect of the Group's borrowings at 30 June 2022. Certain financial covenants are measured with reference to the financial performance of the Group or its subsidiaries and may be influenced by future operational performance and community-related disruptions.

Development Projects

Chalcobamba project, the next phase of development at Las Bambas, is located around 3km from the current processing plant. The Peru Ministry of Energy and Mines released the regulatory approval for the development of the Chalcobamba pit and associated infrastructure in March 2022. However, the development of Chalcobamba pit was impacted by the community disruption in the second quarter of 2022.

As some Huancuire community members are still on Las Bambas property, Chalcobamba development remains suspended due to safety reasons. The Company will continue to work with the Government of Peru and the community members with the aim of achieving a sustainable resolution to the issue. When the enduring agreement is reached, Las Bambas will immediately progress the substantial development of the pit.

The project is significant for the economy of Peru and will support additional social contributions and financial and business opportunities for local and regional communities. It will underpin a production increase to a range of 380,000 to 400,000 tonnes over the medium term.

Kinsevere Expansion Project, the next phase of Kinsevere development, commenced civil construction works in the second quarter of 2022 as planned. This project will enable the mining and processing of Kinsevere's sulphide copper and cobalt reserves and is expected to extend Kinsevere's mine life for at least 13 years from 2022. It will result in total annual production of approximately 80,000 tonnes of copper cathode and between 4,000-6,000 tonnes of cobalt in cobalt hydroxide once fully ramped up. First cobalt production is expected in the fourth quarter of 2023 and the first copper from the sulphide feed in the third quarter of 2024.

There were no other major development projects noted during the year ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Contracts and Commitments

During the six months ended 30 June 2022, 405 contracts have been reviewed either through market engagements or in-contract renegotiations. The approximate annual operational or capital values addressed by these activities come to US$394.37 million.

LAS BAMBAS

New and revised agreements were finalised to support optimising production and development options for Las Bambas, including contracts for the supply of SAG and ball mill liners, major components for heavy mine equipment, lubs, as well as contracts for engineering and civil works. Multiple services contracts were also finalised in support of the operations, including plant shutdown services, cargo consolidation and transport, light vehicles renting, among others. Agreements include an important component of the strategic sourcing program and also engagements with various Chinese and local communities suppliers. Significant activity was also undertaken related to cost mitigation negotiation process due to force majeure events and cost increase.

KINSEVERE

New and revised agreements were finalised regarding various goods and services focused on supporting the operation while improving operational cost performance, including mining contractor master service agreement, explosives goods and service agreement, new camp and catering service agreement, and multiple contracts for the supply of sulfuric acid. In addition, a cobalt plant construction contract and a new admin office building contract were finalised in support of the Kinsevere Expansion Project.

DUGALD RIVER

New and revised agreements were finalised for requirements in support of optimising production performance and operations, including; contracts for long lead heavy mining equipment, goods and services requirements for site infrastructure projects, and multiple contracts for the supply of reagents and fuel, and other site support services. A major activity during this period was to execute an agreement for solar energy supply commencing in 2023.

ROSEBERY

New and revised agreements were finalised with regard to various goods and services with a focus on supporting tailings-related activities and maintaining production performance. These included multiple goods agreements for the supply of key mining inputs, equipment spares and consumables and partial mobile fleet replacement. Arrangements for specialised labour and site support services were also reviewed for further optimisation to support continued operations.

GROUP (INCLUDING GLOBAL GEOSCIENCE AND DISCOVERY REQUIREMENTS)

New and revised agreements were finalised regarding various goods and services: the IT-related goods and services, and a number of professional services consultancy agreements (including services for SHEC, Legal, Human Resource, Corporate Affairs, Marketing, Assurance Risk & Audit, and OTE).

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

People

As at 30 June 2022, the Group employed a total of 4,245 full-time equivalent employees (2021:4,105) in its continuing operations (excluding contractors and casual employees) with the majority of employees based in Australia, Peru, the Democratic Republic of Congo (DRC), China and Laos.

Total employee benefits expenses for the Group's operations for the six months ended 30 June 2022, including Directors' emoluments, totalled US$135.6 million (2021: US$160.6 million).

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

Exploration Activities

LAS BAMBAS

Drilling continued during the first half of 2022 on near-surface, skarn and porphyry copper mineralisation at the Ferrobamba South, Ferrobamba Deeps, Chalcobamba South and Ferrobamba Deeps targets. All core has been logged and is in the process of being assayed.

At the Chalcobamba South target, located immediately south of the current Chalcobamba Ore Reserve pit, coherent, low to medium-grade copper mineralisation has been drilled and is hosted by intrusions and skarn mineralisation. Although this mineralisation is low to medium grade, there is a reasonable probability that this mineralisation will add incremental-marginal tonnes to the south side of the Chalcobamba Resource providing a better edge definition to the currently minable mineralisation at Chalcobamba.

Drilling at Ferrobamba Deeps continues to test the depth projection of higher-grade mineralisation currently being mined by the open pit.

The targeted mineralisation could serve to deepen the current open pit or provide ore for future underground mining activities. A Proof of Concept Study is currently underway to define the economic parameters for potentially mineable underground mineralisation and further refine the exploration target concepts.

Geologic surface mapping, geochemical sampling and geophysics have been performed at the "Offsite" targets of Azulccacca and Puma within the communities of Palcapicosayhuas, Choqueca Antio and Antuyo.

Three separate five-year Surface Exploration Agreements have been signed with the communities of Antuyo, Allahua and the Gomez Noblega family (Azulccacca and Puma targets). These agreements allow for two years of Surface Exploration and Drill permitting followed by two to three years of Exploration drilling.

KINSEVERE

In the DRC, exploration activities continued to focus primarily on the resource development of satellite copper oxide deposits within an operating radius of the Kinsevere mine. This activity continues to confirm and define several copper-cobalt targets.

The main activities in the first half of 2022, include resource extension and delineation drilling at Sokoroshe II and Mwepu, prospect testing drilling at Shandwe, Tumbwe and Kamafesa, and geotechnical drilling at Mwepu.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

DUGALD RIVER

Surface drilling continued in the second quarter of 2022 focusing on the southern extension of Block A for infrastructure placement. On completion of the drilling at Block A for infrastructure placement, this surface rig will continue to test the disseminated copper targets to the south of the known zinc orebody. Additional drilling around mineralisation intersected at Target M1 in the first quarter of 2022 will assist with the interpretations for this area.

A baseline exploration and resource drilling strategy resulting in a five-year outlook was completed in the second quarter.

Underground drilling will continue with two rigs until a third rig arrives for commissioning in early third quarter 2022. These rigs will focus on uplifting the Resource in the panels scheduled for production in the next three years. Once development for the drill platforms are completed, the resource drilling will be balanced with the targeting of areas where structures are more likely to intersect leading to wider and higher-grade mineralised zinc.

ROSEBERY

For the first half of 2022, in-mine drilling activities continued to focus on resource conversion and resource extension drilling. Resource conversion programs performed to expectation with a minor drop in production in June due to COVID-19 amongst the drilling crews. Resource Extension programs from Z Lens and P Lens continue to provide encouraging results.

Exploration has identified several new prospects that lie to the west of the Rosebery Fault with one underground drill hole intersecting a narrow band of massive sulphide in June. Surface drilling metres have been reallocated to underground exploration holes of the Oak prospect and West Rosebery target area.

Project	Hole Type	Meterage (metres)	Number of Holes	Average Length (metres)
Australia				
Dugald River	Diamond Surface	6,766	12	564
	Diamond Underground	40,932	170	241
Rosebery	Diamond Surface	0	0	0
	Diamond Underground	44,233	201	220
Americas				
Las Bambas	Diamond (Chalcobamba South)	3,693	9	410
	Diamond (Chalcobamba Deeps)	565	1	565
	Diamond (Ferrobamba Deeps)	2,462	7	352
	Diamond (Ferrobamba South)	590	4	148
Africa				
Kinsevere	Diamond (Sokoroshe II)	239	2	120
	Diamond (Mwepu)	1,899	15	127
	Reverse Circulation (Shandwe)	394	4	99
	Reverse Circulation (Tumbwe)	700	7	100
	Reverse Circulation (Kamafesa)	450	3	150
Total		102,923	435	237

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Material Acquisitions and Disposals

The Group made no material acquisition or disposal in the six months ended 30 June 2022.

Events After the Reporting Date

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Financial and Other Risk Management

The Group's activities expose it to a variety of financial risks including commodity price risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk, country risk and community risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group can use derivative financial instruments, such as foreign exchange contracts and commodity swaps, to manage certain exposures. The Group does not and is prohibited from entering into derivative contracts for speculative purposes.

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

(a) Commodity price risk

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

During the six months ended 30 June 2022, the Group entered into various commodity trades to hedge the sales prices for copper and zinc. This included:

- Zero/low-cost collar hedges:
  - » 41,800 tons of zinc with put strike price ranging from US$3,300/ton to US$4,100/ton and call strike price ranging from US$3,800/ton to US$4,600/ton;
  - » 34,500 tons of copper at put strike price ranging from US$9,500/ton to US$10,150/ton and call strike price ranging from US$10,300/ton to US$11,000/ton;
  - » Certain hedges will be settled from January to March 2023.

A change in commodity prices during the six months ended 30 June 2022 can result in favourable or unfavourable financial impact for the Group.

The following table contains details of the hedging instrument used in the Group's hedging strategy:

At 30 June 2022	Term	Carrying Amount of Hedging Instrument US$ Million	Favourable/ (Unfavourable) Changes in Fair Value used for Measuring Ineffectiveness: Hedging Instrument US$ Million	Favourable/ (Unfavourable) Changes in Fair Value used for Measuring Ineffectiveness: Hedged Item US$ Million	Settled Portion of Hedging Instrument Realised Gains US$ Million	Hedging Gain Recognised in Cash Flow Hedge Reserve[1] US$ Million	Cost of Hedging Reserve US$ Million
Cash Flow Hedges							
Derivative Financial Assets	March 2022 to December 2022	56.1	51.0	(51.0)	0.3	36.7	3.7

1. The hedging gain recognised in cash flow hedge reserve is the amount after tax.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

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

	For Six Months Ended 30 June					
	2022			2021		
Commodity	Commodity Price Movement	Increase in Profit US$ Million	Decrease in OCI US$ Million	Commodity Price Movement	(Decrease)/Increase in Profit US$ Million	Decrease in OCI US$ Million
Copper	+10%	15.4	(15.3)	+10%	(22.8)	(22.0)
Zinc	+10%	2.9	(5.2)	+10%	0.6	(6.1)
Total		**18.3**	**(20.5)**		**(22.2)**	**(28.1)**

Commodity	Commodity Price Movement	Decrease in Profit US$ Million	Increase in OCI US$ Million	Commodity Price Movement	Increase/(Decrease) in Profit US$ Million	Increase in OCI US$ Million
Copper	-10%	(15.3)	16.8	-10%	23.3	25.8
Zinc	-10%	(2.9)	5.8	-10%	(0.7)	5.7
Total		**(18.2)**	**22.6**		**22.6**	**31.5**

(b) Interest rate risk

The Group is exposed to interest rate risk primarily through interest-bearing borrowings and investment of surplus cash holdings. Deposits and borrowings at variable rates expose the Group to cash flow interest rate risk.

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

In June 2020, MLB entered into a notional US$2,100 million 5-year amortising interest rate swap with respect to the floating 6-month LIBOR base rate applicable under its existing project facility, converting the floating rate to a fixed base rate. The main sources of hedge ineffectiveness are considered to be the effects of counterparty credit risks on the hedging instrument, the possibility of LIBOR rates becoming negative and uncertainty associated with benchmark interest rate reform. Further, if LIBOR rates become negative for a period of time, then this corresponding component of the hedging instrument will be ineffective from year two to year five. A floor was purchased on LIBOR at zero for the first year of the hedge instrument.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

The following table contains details of the hedging instrument used in the Group's hedging strategy:

At 30 June 2022	Term	Notional Amortising Amount US$ Million	Carrying Amount of Hedging Instrument US$ Million	Favourable/(Unfavourable) Changes in Fair Value used for Measuring Ineffectiveness		Settled Portion of Hedging Instrument Realised Losses US$ Million	Hedging Gain Recognised in Cash Flow Hedge Reserve[2] US$ Million	Hedge Ineffectiveness Recognised in Profit or Loss US$ Million
				Hedging Instrument US$ Million	Hedged Item US$ Million			
Cash Flow Hedges								
Derivative Financial Asset[1]	June 2020 to June 2025	1,760.0	100.0	68.2	(68.2)	(2.2)	46.4	-

1. In June 2020, the Group has entered into a notional US$2,100 million 5-year amortising interest rate swap with BOC Sydney. The purpose of the arrangement is to fix approximately half of the remaining interest rate exposure accompanying the floating interest rate MLB project facility (borrowings of US$2,942.0 million outstanding at 30 June 2022, maturing in July 2032) from CDB, ICBC, BOC Sydney and The Export-Import Bank of China for a period of 5 years. The interest rate swap hedge will amortise in line with the MLB project facility and swap the 6-month LIBOR exposure for a fixed rate (0.5568% per annum in the first year and 0.5425% per annum from the year two to year five).
2. The hedging gain recognised in cash flow hedge reserve is the amount after tax.

If the interest rate had increased/(decreased) by 100 basis points, taking into account the interest rate swap, with all other variables held constant, post-tax profit and other comprehensive income (OCI) would have changed as follows:

US$ Million	For Six Months Ended 30 June							
	2022				2021			
	+100 Basis Points		-100 Basis Points		+100 Basis Points		-100 Basis Points	
	Increase/ (Decrease) in Profit After Tax	Increase in OCI	(Decrease)/ Increase in Profit After Tax	Decrease in OCI	Increase/ (Decrease) in Profit After Tax	Increase in OCI	Decrease in Profit After Tax	Decrease in OCI
Financial Assets								
Cash and Cash Equivalents	3.4	-	(3.4)	-	5.5	-	(5.5)	-
Financial Liabilities								
Borrowings (Taking into Account the Impact of the Interest Rate Swap)	(5.8)	18.4	5.8	(18.4)	(7.7)	39.6	(9.6)	(28.8)
Total	(2.4)	18.4	2.4	(18.4)	(2.2)	39.6	(15.1)	(28.8)

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

(c) Liquidity risk

Compared to 31 December 2021, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

The Group has sufficient debt facilities to manage liquidity. The Group's available external debt facilities are subject to covenant compliance requirements. The Group was not in breach of covenant requirements in respect of the Group's borrowings at 30 June 2022. Certain financial covenants are measured with reference to the financial performance of the Group or its subsidiaries and may be influenced by future operational performance.

In addition, for six months ended 30 June 2022, the Las Bambas Joint Venture Group had an agreement with CMC and CITIC, each as direct or indirect off-takers of Las Bambas production, for early payment on cargoes already shipped and invoiced as well as pre-payments for inventory held at both port and site. Early payment and pre-payments are permitted up to an aggregate amount of US$268.0 million, allocated to each party in their respective off-take proportions.

(d) Foreign exchange risk

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

(e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to counterparty credit risk through sales of metal products on normal terms of trade, through deposits of cash and settlement risk on foreign exchange transactions. While the most significant exposure to credit risk is through sales of metal products on normal terms of trade, the majority of sales for mining operations were made under contractual arrangements, whereby provisional payment is received promptly after delivery and the balance within 30 to 120 days from delivery. All of the Group's trade receivables at 30 June 2022 are aged within six months of the invoice date.

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

(f) Country and community risks

The Group conducts all of its operations outside of Hong Kong and, as such, it is exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country. Material risks include, but are not limited to, regime or policy change, fluctuation in currency exchange rates, changes to licensing regimes and amendments to concessions, licences, permits and contracts, changing political conditions and governmental regulations and community disruptions. Changes in any aspects above and in the country where the Group operates may adversely affect the Group's operations and profitability. The decline in growth and macroeconomic activity in many developing nations has resulted in governments seeking alternative means of increasing their income, including increases to corporate tax, VAT and royalty rates, coupled with increased audit and compliance activity.

The DRC Government during 2018 made changes to the 2002 Mining Code and Mining Regulations. These changes were enacted (2018 Mining Code) and continue to result in an increased tax burden on mining companies; In Peru, Las Bambas faced continuous community disruptions during the first half of 2022 which resulted in 97 days of road blockades and 51 days of full operation cessation. Over the past decades, Peru has also experienced heightened political instability with succession of regimes with differing political policies. As the community disruptions and political situation are expected to evolve in the second half of 2022, the Group will continue to work closely with the relevant authorities and community groups to minimise the potential risk of social instability and disruptions to the Las Bambas operations.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Contingent Liabilities

BANK GUARANTEES

Certain bank guarantees have been provided in connection with the operations of certain subsidiaries of the Company primarily associated with the terms of mining leases, mining concessions, exploration licences or key contracting arrangements. At the end of the reporting period, no material claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the relevant regulatory authorities.

At 30 June 2022, these guarantees amounted to US$295.0 million (31 December 2021: US$291.5 million).

CONTINGENT LIABILITIES – TAX-RELATED CONTINGENCIES

The Group has operations in multiple countries, each with its own taxation regime. The nature of the Group's activities requires it to comply with various taxation obligations including corporation tax, royalties, withholding taxes, transfer pricing arrangements with related parties, resource and production-based taxes, environmental taxes and employment-related taxes. Application of tax laws and interpretation of tax laws may require judgement to assess risk and estimate outcomes, particularly in relation to the application of income taxes and withholding tax to the Group's cross-border operations and transactions. The evaluation of tax risks considers both assessments received and potential sources of challenge from tax authorities. Additionally, the Group is currently subject to a range of audits and reviews by taxation authorities in Australia, Peru, Laos and the DRC. No disclosure of an estimate of financial effect of the subject matter has been made in the condensed consolidated interim financial statements as, in the opinion of the management of the Group, such disclosure may seriously prejudice the position of the Group in dealing with these matters.

Tax matters with uncertain outcomes arise in the normal course of business and occur due to changes in tax law, changes in interpretation of tax law, periodic challenges and disagreements with tax authorities, and legal proceedings. The status of proceedings for such uncertain tax matters will impact the ability to determine the potential exposure, and in some cases, it may not be possible to determine a range of possible outcomes, including timing of resolution or determining a reliable estimate of the potential exposure.

PERU – WITHHOLDING TAXES (2014, 2015, 2016 and 2017)

Included within such uncertain tax matters are audits of the 2014, 2015, 2016 and 9 months ended 30 September 2017 tax periods for MLB in relation to withholding taxes on fees paid under certain loans, which were provided to MLB pursuant to facility agreements entered into among MLB and a consortium of Chinese banks in connection with the acquisition of the Las Bambas mine in 2014. MLB received assessment notices from the Peruvian tax authority (National Superintendence of Tax Administration of Peru or "SUNAT"), which advised that, in its opinion, MLB and the Chinese banks are related parties and thus a 30% withholding tax rate ought to be imposed rather than the 4.99% applied. The assessments of omitted tax plus penalties and interest until the estimated date of Peru Tax Court resolution are PEN211.1 million (approximately US$55.7 million), PEN565.3 million (approximately US$149.2 million), PEN702.7 million (approximately US$185.5 million) and PEN516.0 million (approximately US$137.0 million) for 2014, 2015, 2016 and 2017 tax periods respectively.

In relation to these assessments, having received external legal and tax advice, the Group has formed the view that the Company and its controlled entities are not related parties to Chinese banks under Peruvian tax law. MLB notes that the Peruvian tax law was amended to apply from October 2017 onwards to provide expressly that parties are not related by being under state ownership for the purposes of withholding taxes. MLB has appealed the assessments. SUNAT could bring a similar challenge regarding the rate of withholding tax applied by MLB for the part of the 2017 tax year before the amendment to the Peruvian tax law. Where MLB is not successful in rebutting or appealing such challenge(s), this could result in significant additional tax liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Charges on Assets

As at 30 June 2022, certain borrowings of the Group were secured as follows:

(a) Approximately US$2,942.0 million (31 December 2021: US$3,754.2 million) from China Development Bank, Industrial and Commercial Bank of China Limited, BOC Sydney and The Export-Import Bank of China was secured by share security over the entire share capital of MMG South America Management Co Ltd and each of its subsidiaries including MLB, a debenture over the assets of MMG South America Management Co Ltd, an assets pledge agreement and production unit mortgage in respect of all of the assets of MLB, assignments of shareholder loans between MMG South America Management Co Ltd and its subsidiaries and security agreements over bank accounts of MLB.

(b) Approximately US$40.0 million (31 December 2021: US$57.8 million) from ICBC Peru Bank, Banco de Crédito del Peru and Scotiabank Peru was secured by mine fleet equipment procured under asset finance arrangements.

Future Prospects

The Company is focused on containing costs, continually improving productivity, growing its resource base and strengthening the balance sheet. This will enable the Company to step into its next phase of disciplined growth.

Las Bambas copper production in 2022 is expected to be around 240,000 tonnes. The company is now engaged in a number of government-led dialogues with the community members, with the aim of reaching a long term solution to recent and persistent community disruptions. The continued development of this mine is significant for the economy of Peru and will support additional social contributions and financial and business opportunities for local and regional communities.

MMG expects to produce between 45,000 and 50,000 tonnes of copper cathode at Kinsevere, and between 225,000 and 255,000 tonnes of zinc at its Dugald River and Rosebery operations in 2022.

In the DRC, MMG is now progressing the next phase of the Kinsevere Expansion Project, namely the transition to the mining and processing of sulphide ores, following the approval of the project by the Board in March 2022. This project will extend Kinsevere's mine life and increase copper production back to around 80,000 tonnes of copper cathode per annum and 4,000 to 6,000 tonnes of cobalt in cobalt hydroxide. Construction commenced in the second quarter of 2022 as planned, with first cobalt production expected in 2023, and first cathode production from the sulphide orebody expected in 2024.

MMG will continue to invest in regional exploration programs focusing on proving up discoveries within an operating radius of the Kinsevere mine.

In relation to Dugald River, the Company continues to focus on production ramp-up to delivery of annual mine throughput of 2 million tonnes in the future years. This will pave the way for targeted zinc equivalent production to remain at around 200,000 tonnes annually. At Rosebery, resource extension and near mine exploration drilling will continue during 2022, with results continuing to indicate further extensions to the resource and mine life. MMG remains committed to extending the operating life of this important asset, including significant resource extension drilling and an extensive work program to secure additional tailing storage capacity.

Total capital expenditure in 2022 is now expected to be between US$650.0 and US$750.0 million. US$400.0 million to US$500.0 million is attributable to Las Bambas, including the Chalcobamba development (subject to receiving timely access to the Chalcobamba project), completion of the third ball mill project and lift of the Las Bambas tailings dam facility. At Kinsevere, the capital expenditure plan in 2022 is approximately US$100.0 to US$150.0 million, the majority of which is attributable to the expansion 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 2022, 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 Hong Kong 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (Model Code) were as follows:

LONG POSITION IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AS AT 30 JUNE 2022

Name of Director	Nature of Interest	Number of Shares Held	Number of Underlying Shares Held		Approximate Percentage of Total Number of Issued Shares (%)[iii]
			Options	Performance Awards	
LI Liangang[i]	Personal	-	-	4,304,974	0.05
XU Jiqing[ii]	Personal	940,050	-	-	0.01

Notes:

(i) The interests of Mr Li Liangang in the 4,304,974 performance awards were granted under 2020, 2021 and 2022 Performance Awards, details of which are set out under the section headed 'Performance Awards' on pages 36 to 39 of this Interim Report.

(ii) The 940,050 shares held by Mr Xu Jiqing were the balance of the vested performance awards granted to him under 2015 Performance Awards in 2015 and 2016 which were subject to holding locks for various periods of up to three years after vesting in 2018.

(iii) The calculation is based on the number of shares and/or underlying shares as a percentage of the total number of issued shares of the Company (that is, 8,639,767,233 shares) as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, 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 Hong Kong 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 Hong Kong 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 six months ended 30 June 2022.

OTHER INFORMATION CONTINUED

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

So far as is known to the Directors and the CEO of the Company, as at 30 June 2022, 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 AS AT 30 JUNE 2022

Name of Substantial Shareholder	Capacity	Number of Shares Held[i]	Approximate Percentage of Total Number of Issued Shares (%)[ii]
China Minmetals Corporation (CMC)	Interest of controlled corporations	5,847,166,374	67.68
China Minmetals Corporation Limited (CMCL)	Interest of controlled corporations	5,847,166,374	67.68
China Minmetals Non-ferrous Metals Holding Company Limited (CMNH)	Interest of controlled corporations	5,847,166,374	67.68
China Minmetals Non-ferrous Metals Company Limited (CMN)	Interest of controlled corporations	5,847,166,374	67.68
Album Enterprises Limited (Album Enterprises)	Interest of controlled corporations	5,847,166,374	67.68
China Minmetals H.K. (Holdings) Limited (Minmetals HK)	Beneficial owner	5,847,166,374	67.68

Notes:

(i) Minmetals HK is owned as to approximately 39.04%, 38.95% and 22.01% by CMCL, Album Enterprises and Top Create Resources Limited respectively. Album Enterprises and Top Create Resources Limited are wholly owned by CMN that, in turn, is owned as to approximately 99.999% and 0.001 % by CMNH and CMCL respectively. 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. that, in turn, is a wholly owned subsidiary of CMC. Accordingly, each of CMC, CMCL, CMNH, CMN and Album Enterprises was deemed as interested in the 5,847,166,374 shares of the Company held by Minmetals HK.

(ii) The calculation is based on the number of 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 shares (that is, 8,639,767,233 shares) of the Company as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, 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.

OTHER INFORMATION CONTINUED

BORROWINGS

Particulars of borrowings of the Group, as at 30 June 2022, are set out in Note 13 to the Condensed Consolidated Financial Statements.

During 2022, the Company and its subsidiaries continued to maintain loan agreements that included conditions imposing specific performance obligations on a controlling Shareholder. A breach of such an obligation would cause a default in respect of loans that are significant to the operations of the issuer, the details of which are set out below.

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, following are the details of the Group's facility agreements that contain covenants requiring specific performance obligations of the controlling Shareholders.

1. **Facility granted by Industrial and Commercial Bank of China Limited to MMG Finance Limited**

   On 21 December 2020, MMG Finance Limited entered into a facility agreement (2020 ICBC Facility) pursuant to which ICBC agreed to provide MMG Finance Limited with a US$300.0 million revolving credit facility for a term of three years for general corporate purposes. As at 30 June 2022, the 2020 ICBC Facility was undrawn.

   Under the 2020 ICBC 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 is entitled to declare all outstanding loans under the facilities immediately due and payable.

2. **Facilities granted by Bank of China Limited, Sydney Branch and Industrial and Commercial Bank of China Limited, Luxembourg Branch to Minera Las Bambas S.A.**

   On 21 August 2019, Minera Las Bambas S.A. entered into a US$175.0 million three-year revolving loan facility for its operational funding requirements with each of BOC Sydney and ICBC Luxembourg (2019 Facilities), for a total facility of US$350.0 million. As at 30 June 2022, US$125.0 million was drawn under each of the 2019 Facilities, being a total amount of US$250.0 million.

   Under the 2019 Facilities, on the occurrence of the following events, BOC Sydney and/or ICBC Luxembourg may, by not less than 5 days' notice to Minera Las Bambas S.A., cancel commitments and declare all outstanding loans under their respective facility agreement immediately due and payable if:

   - CMC ceases to beneficially hold more than 50% of the issued share capital of the Company; or
   - CMC ceases to have the power, directly or indirectly, to:

     (a) cast, or control the casting of, more than 50% 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 operating and financial policies of the Company with which the directors or other equivalent officers of the Company are obliged to comply.

   The same control requirements are imposed on the Company in relation to its interest in and control of Minera Las Bambas S.A., failing which BOC Sydney and/or ICBC Luxembourg may also cancel commitments and declare all outstanding loans under their respective facility agreement immediately due and payable.

3. **Facility granted by China Development Bank to MMG Limited**

   On 4 September 2020, the Company entered into a facility agreement (2020 CDB Facility) pursuant to which CDB agreed to provide the Company with a US$85.0 million credit facility for a term of three years for general corporate purposes. The 2020 CDB Facility will be available for draw down during the first two years of the term. As at 30 June 2022, the 2020 CDB Facility was undrawn.

   Under 2020 CDB Facility, an event of default will occur in the event that CMN ceases to beneficially hold more than 51% of the issued share capital of the Company, and CDB is entitled to declare all outstanding loans under the facility immediately due and payable.

OTHER INFORMATION CONTINUED

4. **Facility granted by China Development Bank, Bank of China Limited, Sydney Branch, Industrial and Commercial Bank of China Limited, Macau Branch and The Export-Import Bank of China to Minera Las Bambas S.A.**

On 19 October 2020, Minera Las Bambas S.A. entered into a US$800.0 million three-year credit facility for its operational funding requirements with each of CDB, BOC Sydney, ICBC Macau and EXIM Bank (2020 Las Bambas Facility). As at 30 June 2022, the 2020 Las Bambas Facility was undrawn.

Under the 2020 Las Bambas Facility, on the occurrence of the following events, CDB, BOC Sydney, ICBC Macau and EXIM Bank may, by not less than 20 days' notice to Minera Las Bambas S.A., declare all outstanding loans under their respective facility agreement immediately due and payable if:

- CMC ceases to beneficially hold more than 50% of the issued share capital of the Company; or
- CMC ceases to have the power, directly or indirectly, to:

  (a) cast, or control the casting of, more than 50% 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 operating and financial policies of the Company with which the directors or other equivalent officers of the Company are obliged to comply.

The same control requirements are imposed on the Company in relation to its interest in and control of Minera Las Bambas S.A., failing which CDB, BOC Sydney, ICBC Macau and EXIM Bank may also cancel commitments and declare all outstanding loans under their respective facility agreement immediately due and payable.

OTHER INFORMATION CONTINUED

SHARE OPTION SCHEME

2013 SHARE OPTION SCHEME

Pursuant to the share option scheme adopted at the extraordinary general meeting of the Company held on 26 March 2013 (2013 Share Option Scheme), options were granted to eligible participants under 2016 Options. As at 30 June 2022, there were a total of 3,433,650 options outstanding granted under 2016 Options, which represented approximately 0.04% of the total number of issued shares of the Company as at that date.

2016 Options

On 15 December 2016, the Company granted options to the eligible participants pursuant to the 2013 Share Option Scheme (2016 Options). There were 3,433,650 options outstanding as at 30 June 2022, which represented approximately 0.04% of the total number of issued shares of the Company as at that date.

During the six months ended 30 June 2022, the movements of the 2016 Options were as follows:

				Number of Options				
Category of Participant	Date of Grant(i)	Exercise Price per Share (HK$)	Exercise Period(ii)	Balance as at 1 January 2022	Granted During the Period	Exercised During the Period(iii)	Lapsed During the Period	Balance as at 30 June 2022
Employees of the Group	15 December 2016	2.29	4 years after the date of vesting	4,074,630	-	(640,980)	-	3,433,650
Total				**4,074,630**	**-**	**(640,980)**	**-**	**3,433,650**

Notes:

(i) The closing price of the shares of the Company immediately before the date on which the options were granted on 15 December 2016 was HK$2.25 per share.

(ii) The vesting and performance period of the options is three years from 1 January 2016 to 31 December 2018, with 60% of vested options exercisable from 1 January 2019 and 40% of the vested options subject to a 12-month exercise deferral period, such options being exercisable after 1 January 2020. 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 resources growth and market-related performance targets during the vesting period. Options vest on a percentage basis based on the target performance level achieved. Achievement of the Company and individual performance conditions have resulted in 33.33% of the 2016 Options granted to participants vesting on 22 May 2019.

(iii) The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK$3.06.

(iv) No options were cancelled during the period.

The estimated fair value of the options granted on 15 December 2016 was approximately US$0.1371 each, estimated as at the date of grant by using the Black-Scholes option-pricing model.

The value of the share options was subject to a number of assumptions and limitations of the option-pricing model, including a risk-free interest rate, option price volatility, expected life of the option, market price of the Company's shares and expected dividend. The risk-free interest rate was 1.89%, the expected volatility used in calculating the value of options was 40% and the expected dividend was assumed to be nil.

The validity period of the options is from the date of grant until seven years from 1 January 2016 to 31 December 2022. The vesting and performance period of the options was three years from 1 January 2016 to 31 December 2018. The 2016 Options vested with an overall outcome of 33.33% of the target values on 22 May 2019. In accordance with the terms and conditions of the 2016 Options, if a participant ceased employment before the expiry of the vesting period, the option would lapse unless the participant departed 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, subject to approval by the Board. In addition, if a participant ceased employment after expiry of the vesting period, the option would lapse six months after the date the participant ceased to be an employee.

OTHER INFORMATION CONTINUED

PERFORMANCE AWARDS

Pursuant to the performance awards granted under the Long-Term Incentive Equity Plan, performance awards were granted to eligible participants under the 2019 Performance Awards, 2020 Performance Awards, 2021 Performance Awards and 2022 Performance Awards. As at 30 June 2022, there were a total of 94,682,894 performance awards outstanding granted under the 2020 Performance Awards, 2021 Performance Awards and 2022 Performance Awards, which represented approximately 1.09% of the total number of issued shares of the Company as at that date.

2019 PERFORMANCE AWARDS

On 3 May 2019, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2019 Performance Awards). There were no performance awards outstanding as at 30 June 2022.

During the six months ended 30 June 2022, the movements of the 2019 Performance Awards were as follows:

		Number of Performance Awards					
Category and Name of Participant	Date of Grant(i)	Balance as at 1 January 2022	Granted During the Period	Vested During the Period	Cancelled During the Period	Lapsed During the Period	Balance as at 30 June 2022
Director							
GAO Xiaoyu	3 May 2019	5,604,754	–	–	–	(5,604,754)(ii)	–
Employees of the Group	3 May 2019	11,796,209	–	–	–	(11,796,209)(iii)	–
Total		**17,400,963**	**–**	**–**	**–**	**(17,400,963)**	**–**

Notes:

(i) The vesting and performance period of the performance awards is three years from 1 January 2019 to 31 December 2021. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration.

(ii) On 5 January 2022, Mr Gao Xiaoyu resigned as an Executive Director and the CEO of the Company. His interests in the 5,604,754 performance awards lapsed on the same day.

(iii) Performance awards lapsed due to cessation of employment and non-achievement of performance conditions during the vesting period.

OTHER INFORMATION CONTINUED

2020 PERFORMANCE AWARDS

On 29 April 2020, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2020 Performance Awards). There were 49,463,572 performance awards outstanding as at 30 June 2022, representing approximately 0.57% of the total number of issued shares of the Company as at that date.

During the six months ended 30 June 2022, the movements of the 2020 Performance Awards were as follows:

		Number of Performance Awards					
Category and Name of Participant	Date of Grant[(iii)]	Balance as at 1 January 2022	Granted During the Period	Vested During the Period	Cancelled During the Period	Lapsed During the Period[(iv)]	Balance as at 30 June 2022
Directors							
GAO Xiaoyu[(i)]	29 April 2020	12,130,042	-	-	-	(12,130,042)	-
Li Liangang[(ii)]	29 April 2020	2,295,115	-	-	-	-	2,295,115
Employees of the Group	29 April 2020	49,148 ,035	-	-	-	(1,979,578)	47,168,457
Total		63,573,192	-	-	-	(14,109,620)	49,463,572

Notes:

(i) On 5 January 2022, Mr Gao Xiaoyu resigned as an Executive Director and the CEO of the Company. His interests in the 12,130,042 performance awards lapsed on the same day.

(ii) Mr Li Liangang was the Executive General Manager – Australia and Commercial prior to his appointment as an Executive Director and the Interim CEO of the Company on 5 January 2022. He was granted 2,295,115 performance awards on 29 April 2020.

(iii) The vesting and performance period of the performance awards is three years from 1 January 2020 to 31 December 2022. The time of vesting will be on or around June 2023. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration.

(iv) Performance awards lapsed due to cessation of employment.

OTHER INFORMATION CONTINUED

2021 PERFORMANCE AWARDS

On 21 June 2021, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2021 Performance Awards). There were 15,522,859 performance awards outstanding as at 30 June 2022, representing approximately 0.18% of the total number of issued shares of the Company as at that date.

During the six months ended 30 June 2022, the movements of the 2021 Performance Awards were as follows:

		Number of Performance Awards					
Category and Name of Participant	Date of Grant[iii]	Balance as at 1 January 2022	Granted During the Period	Vested During the Period	Cancelled During the Period	Lapsed During the Period[iv]	Balance as at 30 June 2022
Directors							
GAO Xiaoyu[i]	21 June 2021	4,019,967	-	-	-	(4,019,967)	-
Li Liangang[ii]	21 June 2021	760,615	-			-	760,615
Employees of the Group	21 June 2021	15,801,682	-	-	-	(1,039,438)	14,762,244
Total		20,582,264	-	-	-	(5,059,405)	15,522,859

Notes:

(i) On 5 January 2022, Mr Gao Xiaoyu resigned as an Executive Director and the CEO of the Company. His interests in the 4,019,967 performance awards lapsed on the same day.

(ii) Mr Li Liangang was the Executive General Manager – Australia and Commercial prior to his appointment as an Executive Director and the Interim CEO of the Company on 5 January 2022. He was granted 760,615 performance awards on 21 June 2021.

(iii) The vesting and performance period of the performance awards is three years from 1 January 2021 to 31 December 2023. The time of vesting will be on or around June 2024. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration.

(iv) Performance awards lapsed due to cessation of employment.

OTHER INFORMATION CONTINUED

2022 PERFORMANCE AWARDS

On 21 April 2022, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2022 Performance Awards). There were 29,696,463 performance awards outstanding as at 30 June 2022, representing approximately 0.34% of the total number of issued shares of the Company as at that date.

During the six months ended 30 June 2022, the movements of the 2022 Performance Awards were as follows:

		Number of Performance Awards					
Category and Name of Participant	Date of Grant(i)	Balance as at 1 January 2022	Granted During the Period	Vested During the Period	Cancelled During the Period	Lapsed During the Period(ii)	Balance as at 30 June 2022
Director							
LI Liangang	21 April 2022	-	1,249,244	-	-	-	1,249,244
Employees of the Group	21 April 2022	-	28,633,414	-	-	(186,195)	28,447,219
Total		**-**	**29,882,658**	**-**	**-**	**(186,195)**	**29,696,463**

Notes:

(i) The vesting and performance period of the performance awards is three years from 1 January 2022 to 31 December 2024. The time of vesting will be on or around June 2025. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration.

(ii) Performance awards lapsed due to cessation of employment.

OTHER INFORMATION CONTINUED

CORPORATE GOVERNANCE

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

The Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules has been amended and renamed the Corporate Governance Code (CG Code). Part 2 of the CG Code (Principles of good corporate governance, code provisions and recommended best practices) took effect on 1 January 2022. The Company has complied with all the code provisions set out in the CG Code throughout the six months ended 30 June 2022, except for the following deviation:

Code provision F.1.1 of the CG Code requires the issuer should have a policy on payment of dividends. The Company does not have a dividend policy. The Board will decide on the declaration/recommendation of any future dividends after taking into consideration a number of factors, including the prevailing market conditions, the Company's operating results, future growth requirements, liquidity position, and other factors that the Board considers relevant. The recommendation of the payment of any dividend is subject to the discretion of the Board, and any declaration of dividend will be subject to the approval of Shareholders at the annual general meeting of the Company.

The Company adopted a Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised, delegated and discharged, having regard to principles of good corporate governance, international best practices 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 AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprised five members including three Independent Non-executive Directors, namely Mr Chan Ka Keung, Peter as Chair, Dr Peter Cassidy, Mr Leung Cheuk Yan and two Non-executive Directors, namely Mr Zhang Shuqiang and Mr Xu Jiqing.

The Audit and Risk Management Committee is principally responsible for (i) the financial reporting related matters, such as reviewing financial information and overseeing financial reporting related systems and controls; and (ii) advising the Board on high-level risk related matters, risk management and internal control, including advising on risk assessment and oversight of the internal audit function.

The Audit and Risk Management Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022, which have also been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, in accordance with the 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a model code for securities trading by Directors (Securities Trading Model Code) on terms no less exacting than the required standard of the Model Code.

Specific enquiry was made with all the Directors and all confirmed that they have complied with the requirements set out in the Model Code and the Securities Trading Model Code during the six months ended 30 June 2022.

OTHER INFORMATION CONTINUED

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, the information on Directors provided in the 2021 Annual Report of the Company is updated as follows:

CHANGES IN DIRECTORSHIPS

Name of Director	Position	Details of Change
GAO Xiaoyu	Executive Director and CEO (until 4 January 2022)	1. Resigned as an Executive Director and the CEO of the Company on 5 January 2022. 2. Resigned as a director of MMG South America Management Limited, a subsidiary of the Company, on 5 January 2022. 3. Resigned as a director of All Glorious Limited, a wholly owned subsidiary of the Company, on 5 January 2022.
LI Liangang	Executive Director and Interim CEO (effective from 5 January 2022)	1. Appointed as an Executive Director and the Interim CEO of the Company on 5 January 2022. 2. Appointed as a director of MMG South America Management Limited, a subsidiary of the Company, on 5 January 2022. 3. Mr Li's role in Australia and Africa operations ceased on 1 May 2022 when Mr Nan Wang was appointed as the Executive General Manager – Australia and Africa of the Company.
ZHANG Shuqiang	Non-executive Director	1. Appointed as a director of China Rare Earth Group Co., Ltd. on 21 December 2021.

CHANGES IN REMUNERATION

Name of Director	Position	Details of Change
LI Liangang	Executive Director and Interim CEO (effective from 5 January 2022)	1. Total Fixed Remuneration increased effective 1 January 2022 from A$817,874 to A$850,589. Increase following standard MMG Annual Remuneration Review process. 2. Total Fixed Remuneration increased effective 1 July 2022 from A$850,589 to A$852,313. Increase due to legislative changes to the Superannuation Guarantee Contribution. 3. A high duties allowance was implemented from 5 January 2022 of A$600,000 (A$50,000 per month) to reflect Mr Li's temporary role as Interim CEO.
Peter CASSIDY	Independent Non-executive Director	1. The fee for serving as a member of the Audit and Risk Management Committee was adjusted from A$7,500 to A$10,000 per annum. The adjustment in remuneration took effect from 1 January 2022 and was the result of a remuneration review carried out by the Company.
LEUNG Cheuk Yan	Independent Non-executive Director	1. The fee for serving as a member for each of the Governance and Nomination Committee and the Audit and Risk Management Committee was adjusted from A$7,500 to A$10,000 per annum. The adjustment in remuneration took effect from 1 January 2022 and was the result of a remuneration review carried out by the Company.
CHAN Ka Keung, Peter	Independent Non-executive Director	1. The fee for serving as a member of the Governance and Nomination Committee was adjusted from A$7,500 to A$10,000 per annum. The adjustment in remuneration took effect from 1 January 2022 and was the result of a remuneration review carried out by the Company.

OTHER INFORMATION CONTINUED

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 six months ended 30 June 2022.

INDEPENDENT REVIEW REPORT

Deloitte. 德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF MMG LIMITED

(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial statements of MMG Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as set out on pages 44 to 76, which comprise the condensed consolidated interim statement of financial position as of 30 June 2022 and the related condensed consolidated interim statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain 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" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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 these condensed consolidated interim financial statements 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 August 2022

FINANCIAL STATEMENTS

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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

		SIX MONTHS ENDED 30 JUNE	
	NOTES	2022 (UNAUDITED) US$ MILLION	2021 (UNAUDITED) US$ MILLION
Revenue	3	1,408.0	2,433.5
Other (loss)/income		(1.6)	16.4
Expenses (excluding depreciation and amortisation)	4	(754.7)	(951.2)
Earnings before interest, income tax, depreciation and amortisation expenses – EBITDA		**651.7**	**1,498.7**
Depreciation and amortisation expenses	4	(351.1)	(454.1)
Earnings before interest and income tax - EBIT		**300.6**	**1,044.6**
Finance income	5	3.4	0.8
Finance costs	5	(140.5)	(170.0)
Profit before income tax		**163.5**	**875.4**
Income tax expense	6	(73.7)	(291.4)
Profit for the period		**89.8**	**584.0**
Profit for the period attributable to:			
Equity holders of the Company		79.5	400.1
Non-controlling interests		10.3	183.9
		89.8	**584.0**
Earnings per share attributable to the equity holders of the Company			
Basic earnings per share	7	US 0.92 cents	US 4.91 cents
Diluted earnings per share	7	US 0.92 cents	US 4.86 cents

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	SIX MONTHS ENDED 30 JUNE	
	2022 (UNAUDITED) US$ MILLION	2021 (UNAUDITED) US$ MILLION
Profit for the period	89.8	584.0
Other comprehensive income		
Items that may be reclassified to profit or loss		
Movement on hedging instruments designated as cash flow hedges	124.2	46.3
Income tax expense relating to cash flow hedges	(37.6)	(14.0)
Other comprehensive income for the period, net of income tax	86.6	32.3
Total comprehensive income for the period	176.4	616.3
Total comprehensive income attributable to:		
Equity holders of the Company	140.8	424.0
Non-controlling interests	35.6	192.3
	176.4	616.3

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		AS AT	
	NOTES	30 JUNE 2022 (UNAUDITED) US$ MILLION	31 DECEMBER 2021 (AUDITED) US$ MILLION
ASSETS			
Non-current assets			
Property, plant and equipment	9	9,642.5	9,763.1
Right-of-use assets		94.9	104.6
Intangible assets		534.5	537.3
Inventories		77.0	80.0
Deferred income tax assets		223.7	184.7
Other receivables		170.4	161.4
Derivative financial assets		100.0	31.8
Other financial assets		1.7	1.8
Total non-current assets		10,844.7	10,864.7
Current assets			
Inventories		694.4	602.9
Trade and other receivables	10	371.9	238.0
Current income tax assets		31.7	62.3
Derivative financial assets		66.0	0.9
Cash and cash equivalents		497.1	1,255.3
Total current assets		1,661.1	2,159.4
Total assets		12,505.8	13,024.1
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	3,220.5	3,220.3
Reserves and retained profits	12	(1,150.5)	(1,289.8)
		2,070.0	1,930.5
Non-controlling interests		2,033.1	1,997.5
Total equity		4,103.1	3,928.0

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
CONTINUED

	NOTES	AS AT 30 JUNE 2022 (UNAUDITED) US$ MILLION	AS AT 31 DECEMBER 2021 (AUDITED) US$ MILLION
LIABILITIES			
Non-current liabilities			
Borrowings	13	4,830.6	5,639.0
Lease liabilities		104.9	112.5
Provisions		524.3	532.8
Trade and other payables	14	190.9	164.8
Deferred income tax liabilities		1,098.5	1,018.8
Total non-current liabilities		6,749.2	7,467.9
Current liabilities			
Borrowings	13	885.5	659.1
Lease liabilities		16.1	18.6
Provisions		181.3	217.0
Derivative financial liabilities		-	4.9
Trade and other payables	14	499.5	451.0
Current income tax liabilities		71.1	277.6
Total current liabilities		1,653.5	1,628.2
Total liabilities		8,402.7	9,096.1
Net current assets		7.6	531.2
Total equity and liabilities		12,505.8	13,024.1

The accompanying notes are an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	FOR SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)					
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
US$ MILLION	SHARE CAPITAL (Note 11)	TOTAL RESERVES (Note 12)	RETAINED PROFITS (Note 12)	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At 1 January 2022	3,220.3	(1,862.7)	572.9	1,930.5	1,997.5	3,928.0
Profit for the period	-	-	79.5	79.5	10.3	89.8
Other comprehensive income for the period	-	61.3	-	61.3	25.3	86.6
Total comprehensive income for the period	-	61.3	79.5	140.8	35.6	176.4
Transactions with owners						
Provision of surplus reserve	-	0.1	(0.1)	-	-	-
Employee long-term incentives	-	(1.4)	-	(1.4)	-	(1.4)
Employee share options exercised	0.2	(0.1)	-	0.1	-	0.1
Total transactions with owners	0.2	(1.4)	(0.1)	(1.3)	-	(1.3)
At 30 June 2022	3,220.5	(1,802.8)	652.3	2,070.0	2,033.1	4,103.1

The accompanying notes are an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
CONTINUED

	FOR SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)					
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
US$ MILLION	SHARE CAPITAL (Note 11)	TOTAL RESERVES (Note 12)	(ACCUMULATED LOSSES)/ RETAINED PROFITS (Note 12)	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At 1 January 2021	2,917.6	(1,917.7)	(63.5)	936.4	1,733.3	2,669.7
Profit for the period	-	-	400.1	400.1	183.9	584.0
Other comprehensive income for the period	-	23.9	-	23.9	8.4	32.3
Total comprehensive income for the period	-	23.9	400.1	424.0	192.3	616.3
Transactions with owners						
Issue of shares, net of share issue costs	299.0	-	-	299.0	-	299.0
Employee share options exercised and performance awards vested	3.5	(1.3)	-	2.2	-	2.2
Total transactions with owners	302.5	(1.3)	-	301.2	-	301.2
At 30 June 2021	3,220.1	(1,895.1)	336.6	1,661.6	1,925.6	3,587.2

The accompanying notes are an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	SIX MONTHS ENDED 30 JUNE	
	2022 (UNAUDITED) US$ MILLION	2021 (UNAUDITED) US$ MILLION
Cash flows from operating activities		
Receipts from customers	1,430.4	2,457.4
Payments to suppliers and employees	(1,061.1)	(1,054.5)
Payments for exploration expenditure	(10.8)	(11.8)
Income tax paid	(212.0)	(3.2)
Net settlement of commodity hedges	(11.7)	(79.8)
Net cash generated from operating activities	**134.8**	**1,308.1**
Cash flows from investing activities		
Purchase of property, plant and equipment	(204.1)	(273.9)
Purchase of intangible assets	(1.0)	(4.0)
Net cash used in investing activities	**(205.1)**	**(277.9)**
Cash flows from financing activities		
Proceeds from issue of shares	-	302.1
Payment of issue costs	-	(3.1)
Proceeds from external borrowings	250.0	-
Repayments of external borrowings	(835.0)	(636.1)
Proceeds from related party borrowings	-	270.0
Repayments of related party borrowings	-	(230.0)
Net settlement of interest rate swap	(2.2)	(3.0)
Proceeds from shares issued upon exercise of employee share options	0.1	2.2
Repayment of lease liabilities	(15.9)	(16.7)
Interest and financing costs paid on external borrowings	(79.8)	(97.2)
Interest and financing costs paid on related party borrowings	(4.1)	(2.2)
Withholding taxes paid in respect of financing arrangements	(4.3)	(5.1)
Interest received	3.3	0.7
Net cash used in financing activities	**(687.9)**	**(418.4)**
Net (decrease)/increase in cash and cash equivalents	**(758.2)**	**611.8**
Cash and cash equivalents at 1 January	1,255.3	192.7
Cash and cash equivalents at 30 June	**497.1**	**804.5**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND INDEPENDENT REVIEW

MMG Limited (the "Company") is a limited liability company and was incorporated in Hong Kong on 29 July 1988. The address of its registered office is Unit 1208, 12/F, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong. The principal place of business of the Company is disclosed in the Corporate Information section to the Group's 2022 Interim Report.

The Company is an investment holding company listed on the main board of The Stock Exchange of Hong Kong Limited ("HKEx").

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

The condensed consolidated interim financial statements for six months ended 30 June 2022 are presented in United States Dollars ("US$" or "USD") unless otherwise stated and have been approved for issue by the Board of Directors of the Company (the "Board") on 18 August 2022.

The financial information relating to the year ended 31 December 2021 that is included in these condensed consolidated interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.
- The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The condensed consolidated interim financial statements for six months ended 30 June 2022 are unaudited and have been reviewed by the audit committee and the external auditor of the Company.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for six months ended 30 June 2022 have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the HKEx 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 statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

The condensed consolidated interim financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. Management of the Group regularly monitors the liquidity position of the Group, which includes the sensitised analysis of forecast cash balances for key financial risks (including commodity and foreign exchange risks) over the short and medium term to ensure adequate liquidity is maintained.

At 30 June 2022, the Group had net current assets of US$7.6 million (31 December 2021: US$531.2 million) and cash and cash equivalents of US$497.1 million (31 December 2021: US$1,255.3 million). For six months ended 30 June 2022, the Group generated a net profit of US$89.8 million (2021: US$584.0 million) and operational cash flows of US$134.8 million (2021: US$1,308.1 million).

The Group has various debt facilities to assist with liquidity requirements. At 30 June 2022, these include undrawn facilities of US$300.0 million (31 December 2021: US$560.0 million) for the Group (excluding Las Bambas Joint Venture Group), US$900.0 million for Las Bambas (31 December 2021: US$1,150.0 million). The Group is in negotiations to renew the existing revolving credit facility (RCF) of $350 million which will expire on 21 August 2022, with the drawn amount repaid on 17 August 2022, and/or to enter into new RCF(s) which will further support liquidity. China Minmetals Non-ferrous Metals Co. Ltd ("CMN") which holds 67.7% (31 December 2021: 67.7%) of the Company's shares through its subsidiary, China Minmetals H.K. (Holdings) Limited ("Minmetals HK") has agreed to provide a bridging facility of $350 million for one year if required.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

The Group continues to have the support of its ultimate shareholder China Minmetals Corporation ("CMC") may provide support to Group in the form of prepayments for sale of goods, additional debt facilities, deferral of debt service and repayment obligations in relation to existing shareholder loans, or through further equity contribution.

Based on above and a review of forecast financial position and results of the Group for the twelve months from approval of these condensed consolidated interim financial statements, management is of the view that the Group will be able to meet its debts as and when they fall due and accordingly the condensed consolidated interim financial statements have been prepared on a going concern basis.

2.1 ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial assets and financial liabilities at fair value through profit or loss and through other comprehensive income, which are measured at fair value.

The accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 December 2021, except for the adoption of new amendments to the existing standards as set out below.

Amendments to existing standards effective and adopted in 2022 but not relevant or significant to the Group

Amendment to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendment to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and on the disclosures set out in these condensed consolidated financial statements.

2.2 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial statements requires management of the Group 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.

Significant judgement and estimates applied by management in assessing recoverability of non-financial assets have been disclosed in Note 9.

Other than the above, the significant judgements made by management of the Group 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 2021.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

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 ("CODM") in order to allocate resources to the segment and assess its performance.

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

The Group's reportable segments are as follows:

Las Bambas	The Las Bambas mine is a large open-pit, scalable, long-life copper and molybdenum mining operation with prospective exploration options. It is located in the Cotabambas, Apurimac region of Peru.
Kinsevere	Kinsevere is an open-pit copper mining operation located in the Haut-Katanga Province of the Democratic Republic of the Congo ("DRC").
Dugald River	The Dugald River mine is an underground zinc mining operation located near Cloncurry in North West Queensland.
Rosebery	Rosebery is an underground polymetallic base metal mining operation located on Tasmania's west coast.
Other	Includes corporate entities in the Group.

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

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

The segment revenue and result for six months ended 30 June 2022 are as follows:

US$ MILLION	Las Bambas	Kinsevere	Dugald River	Rosebery	Other unallocated items/eliminations	Group
Revenue by metal:						
-Copper[1]	689.5	202.2	-	4.1	1.0	896.8
-Zinc[2]	-	-	229.5	76.2	-	305.7
-Lead	-	-	15.3	16.7	-	32.0
-Gold	39.0	-	-	23.2	-	62.2
-Silver	25.5	-	12.8	22.0	-	60.3
-Molybdenum	51.0	-	-	-	-	51.0
Revenue from contracts with customers	805.0	202.2	257.6	142.2	1.0	1,408.0
EBITDA	411.9	64.5	123.8	55.9	(4.4)	651.7
Depreciation and amortisation expenses	(295.1)	(13.2)	(28.2)	(19.2)	4.6	(351.1)
EBIT	116.8	51.3	95.6	36.7	0.2	300.6
Finance income						3.4
Finance costs						(140.5)
Income tax expense						(73.7)
Profit for the period						89.8

The segment assets and liabilities as at 30 June 2022 are as follows:

US$ MILLION	Las Bambas	Kinsevere	Dugald River	Rosebery	Other unallocated items/eliminations	Group
Segment assets	10,192.6	485.3	639.9	259.7	672.9[3]	12,250.4
Current/deferred income tax assets						255.4
Consolidated assets						12,505.8
Segment liabilities	4,045.4	282.3	353.3	166.7	2,385.4[4]	7,233.1
Current/deferred income tax liabilities						1,169.6
Consolidated liabilities						8,402.7
Segment non-current assets	9,356.5	347.8	567.6	237.6	335.2	10,844.7

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

The segment revenue and result for six months ended 30 June 2021 were as follows:

US$ MILLION	Las Bambas	Kinsevere	Dugald River	Rosebery	Other unallocated items/eliminations	Group
Revenue by metal:						
-Copper[1]	1,591.6	225.8	-	8.6	1.8	**1,827.8**
-Zinc[2]	-	-	196.3	73.0	-	**269.3**
-Lead	-	-	20.9	25.3	-	**46.2**
-Gold	60.9	-	-	34.0	-	**94.9**
-Silver	56.3	-	17.9	39.3	-	**113.5**
-Molybdenum	81.8	-	-	-	-	**81.8**
Revenue from contracts with customers	**1,790.6**	**225.8**	**235.1**	**180.2**	**1.8**	**2,433.5**
EBITDA	**1,182.4**	**94.7**	**101.7**	**106.2**	**13.7**	**1,498.7**
Depreciation and amortisation expenses	(382.4)	(14.6)	(29.4)	(27.7)	-	**(454.1)**
EBIT	**800.0**	**80.1**	**72.3**	**78.5**	**13.7**	**1,044.6**
Finance income						**0.8**
Finance costs						**(170.0)**
Income tax expense						**(291.4)**
Profit for the period						**584.0**

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

The segment assets and liabilities at 31 December 2021 are as follows:

US$ MILLION	Las Bambas	Kinsevere	Dugald River	Rosebery	Other unallocated items/ eliminations	Group
Segment assets	10,876.2	489.7	651.1	271.1	489.0[3]	12,777.1
Current/deferred income tax assets						247.0
Consolidated assets						13,024.1
Segment liabilities	4,642.9	262.4	368.1	180.5	2,345.8[4]	7,799.7
Current/deferred income tax liabilities						1,296.4
Consolidated liabilities						9,096.1
Segment non-current assets	9,438.0	322.8	581.5	240.0	282.4	10,864.7

1. Commodity derivative realised and unrealised net gains with a total amount of US$2.4 million (2021: gains of US$24.8 million) were included in "Revenue" of copper.
2. Commodity derivative realised and unrealised net gains with a total amount of US$2.3 million (2021: losses of US$7.7 million) were included in "Revenue" of Zinc.
3. Included in segment assets of US$672.9 million (31 December 2021: US$489.0 million) under the other unallocated items is cash of US$367.9 million (31 December 2021: US$353.2 million) mainly held at Group's treasury entities and trade receivables of US$113.2 million (31 December 2021: nil) for MMG South America Company Limited ("MMG SA") in relation to copper concentrate sales.
4. Included in segment liabilities of US$2,385.4 million (31 December 2021: US$2,345.8 million) under the other unallocated items are borrowings of US$2,260.8 million (31 December 2021: US$2,265.6 million) which are managed at Group level.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

4. EXPENSES

Profit before income tax includes the following expenses:

	SIX MONTHS ENDED 30 JUNE	
	2022 (UNAUDITED) US$ MILLION	2021 (UNAUDITED) US$ MILLION
Changes in inventories of finished goods and work in progress	(68.2)	22.5
Write down of inventories to net realisable value	2.6	23.5
Employee benefit expenses[1]	116.9	135.8
Contracting and consulting expenses[3]	230.1	212.3
Energy costs	117.2	108.0
Stores and consumables costs	162.3	207.3
Depreciation and amortisation expenses[2]	342.2	439.6
Other production expenses[3]	72.7	55.2
Cost of goods sold	**975.8**	**1,204.2**
Other operating expenses[1]	13.4	16.5
Royalties	56.7	83.6
Selling expenses[3]	58.1	54.9
Operating expenses including depreciation and amortisation[4]	**1,104.0**	**1,359.2**
Exploration expenses[1,2,3]	10.8	10.3
Administrative expenses[1,3]	5.5	10.3
Foreign exchange (gain)/loss – net	(22.1)	8.5
Loss/(gain) on financial assets at fair value through profit or loss	0.1	(0.7)
Other expenses[1,2,3]	7.5	17.7
Total expenses	**1,105.8**	**1,405.3**

1. In aggregate, US$18.7 million (2021: US$24.8 million) of employee benefit expenses were included in administrative expenses, exploration expenses, other operating expenses and other expenses categories. Total employee benefit expenses were US$135.6 million (2021: US$160.6 million).
2. In aggregate, US$8.9 million (2021: US$14.5 million) of depreciation and amortisation expenses were included in exploration expenses and other expenses categories. Total depreciation and amortisation expenses were US$351.1 million (2021: US$454.1 million).
3. The expense under these categories include expenditure in respect of contracts assessed as leases but which did not qualify for recognition as right of use assets included US$13.7 million (2021: US$25.7 million) in respect of variable lease payments, US$1.0 million (2021: US$2.7 million) for short-term leases and US$0.7 million (2021: US$0.7 million) for low-value leases.
4. Operating expenses include mining and processing costs, royalties, selling expenses (including transportation) and other costs incurred by operations.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

5. FINANCE INCOME AND FINANCE COSTS

	SIX MONTHS ENDED 30 JUNE	
	2022 (UNAUDITED) US$ MILLION	2021 (UNAUDITED) US$ MILLION
Finance income		
Interest income on cash and cash equivalents	3.4	0.7
Other finance income	–	0.1
Finance income – total	**3.4**	**0.8**
Finance costs		
Interest expense on bank borrowings	(81.2)	(101.4)
Interest expense on related party borrowings (Note 15(a))	(46.0)	(48.4)
Withholding taxes in respect of financing arrangements	(4.4)	(4.7)
Unwinding of discount on provisions	(5.1)	(3.7)
Unwinding of interest on lease liabilities	(5.9)	(6.6)
Other external finance refund/(costs) – net	2.9	(4.3)
Other related party finance costs (Note 15(a))	(0.8)	(0.9)
Finance costs – total	**(140.5)**	**(170.0)**

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

6. 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 income tax rates applicable for the main jurisdictions in which the Group operates are: Australia (30.0%), Peru (32.0%) and DRC (30.0%). Tax rates for some jurisdictions are covered by historical legal agreements with governments. Taxation on profits arising from other jurisdictions has been calculated on the estimated assessable profits for the period at the rates prevailing in the relevant jurisdictions.

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

	SIX MONTHS ENDED 30 JUNE	
	2022 (UNAUDITED) US$ MILLION	2021 (UNAUDITED) US$ MILLION
Current income tax expense		
– HK income tax	0.1	-
– Overseas income tax	63.8	111.8
	63.9	111.8
Deferred income tax expense		
– HK income tax	1.1	-
– Overseas income tax	8.7	179.6
	9.8	179.6
Income tax expense	73.7	291.4

Deferred income tax expense of US$37.6 million relating to items of other comprehensive income (2021: deferred income tax expense of US$14.0 million relating to other comprehensive income) was recognised during the six months ended 30 June 2022.

In late 2021, the OECD ("Organisation for Economic Co-operation and Development") released guidance materials on the application of the Base Erosion & Profit Shifting (BEPS) project. It is expected that countries will adopt these proposed changes to come into effect from 1 January 2023. No legislation has been introduced in any of the countries in which MMG operates in, and MMG is currently assessing the implications of these proposed changes on its operations and corporate structure.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

7. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the Company's share options and performance awards on issue, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined at the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and performance awards. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the share options and performance awards.

	SIX MONTHS ENDED 30 JUNE	
	2022 (UNAUDITED) US$ MILLION	2021 (UNAUDITED) US$ MILLION
Profit attributable to equity holders of the Company in the calculation of basic and diluted earnings per share	79.5	400.1
	NUMBER OF SHARES '000	NUMBER OF SHARES '000
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	8,639,467	8,142,292
Shares deemed to be issued in respect of long-term incentive equity plans	44,644	83,948
Weighted average number of ordinary shares used in the calculation of the diluted earnings per share	8,684,111	8,226,240
Basic earnings per share	US 0.92 cents	US 4.91 cents
Diluted earnings per share	US 0.92 cents	US 4.86 cents

For the six months ended 30 June 2021, the weighted average number of ordinary shares for the purpose of basic earnings per share have been adjusted for the share placement undertaken by the Group.

8. DIVIDENDS

The Directors did not recommend the payment of an interim dividend for six months ended 30 June 2022 (2021: nil).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

9. PROPERTY, PLANT AND EQUIPMENT

SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)	US$ MILLION
Net book amount at 1 January 2022	9,763.1
Additions	217.0
Depreciation and amortisation	(337.4)
Disposals	(0.2)
Net book amount at 30 June 2022	9,642.5

IMPAIRMENT REVIEW OF NON-CURRENT ASSETS AND GOODWILL

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

The Group has reviewed indicators for impairment across all of the Group's CGUs. Indicators of impairment were identified for Las Bambas due to local community disruption, which impacted financial performance compared to plan. No indicators of impairment or impairment reversal were identified during the reporting period in respect of Kinsevere, Dugald River and Rosebery CGUs, therefore no impairment assessment was undertaken for these CGUs.

(i) Approach to recognition of an impairment loss

An impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of Las Bambas has been estimated using its fair value less costs of disposal ("Fair Value"), which is consistent with the approach from the prior year. The Group considers the inputs and the valuation approach to be consistent with the expected approach to be taken by any market participant.

(ii) Key assumptions

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

- Commodity prices;
- Operating costs;
- Capital requirements;
- Obtaining regulatory approvals and timing thereof;
- Real post-tax discount rates;
- Reserves and Resources and conversion of exploration targets;
- Recovery of taxes;
- Optimisation of operational activity and productivity; and
- Rehabilitation timing.

In determining some of the key assumptions, the Group considered external sources of information where appropriate.

Assumptions regarding commodity prices are based on the latest internal forecasts benchmarked against analyst consensus forecasts. The long-term cost assumptions are based on actual costs adjusted for planned operational changes and input cost assumptions over the life of mine.

The long-term price assumed for copper is US$3.47 per pound, which has been rebased from the 31 December 2021 long-term copper price of US$3.35 per pound.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

The real post-tax discount rate used is 7.50% (31 December 2021: 7.25%).

The Group considers the estimates applied in this impairment assessment to be reasonable. However, such estimates are subject to significant uncertainties and judgements. Refer to (iv) below for sensitivity analysis.

(iii) Valuation methodology

The Fair Value has been determined primarily through CGU discounted cash flows at 30 June 2022. The valuation also includes potential value from further regional exploration targets that were included in the initial valuation to acquire the mine in 2014. The Group continues to work with local communities to secure land access to conduct its exploratory drilling activities in order to materialise the potential from such exploration targets.

The cash flows also assume additional capital investment in the processing plant, tailings facilities and mine development, expected cost reductions from operational improvement programs and estimated cost of obtaining access to land where the rights do not currently exist. The valuation includes certain significant upcoming projects which are subject to regulatory permits and approval.

The impairment assessment of the Las Bambas CGU at 30 June 2022 did not result in the recognition of any impairment, although a limited headroom was observed.

(iv) Sensitivity analysis

The success of converting reserves, resources, exploration targets and increasing the resource estimates over the life of the mine are key assumptions in the determination of Fair Value. Due to the number of risk factors that could impact production activity such as processing throughput, changing ore grade and/or metallurgy and revisions to mine plans in response to physical or economic conditions, no quantified sensitivity can be determined. Changes to any of these assumptions would initially result in management managing the impact by amending the mine plan, however, there may still be an impact on the Fair Value and a consequent impairment loss.

At acquisition of Las Bambas in 2014, the initial valuation included significant value to be realised from exploration targets. Las Bambas' future cash flows remain significantly dependent on the realisation of such value from exploration activities. Identification and exploitation of resources and timely and continued access to drilling targets are of critical importance. There is also a risk that exploration activities may result in lower than expected actual resources whereby the value assigned to the exploration potential may not be fully recoverable.

Political instability and community disruption also continue to remain potential risks which may result in further interruption to operations and reduce the ability to access land required for carrying out exploration activities and ultimately the development of additional reserves in a timely manner. They may also cause delays to critical projects adversely impacting the timing and quantum of cashflows.

The Group expects that the impact of delays caused by community disputes, access to land or the amount or the volume or timing of exploration potential realised would result in a revision to the mine plan in response to these conditions.

Other key assumptions to which the calculation of recoverable amount for Las Bambas is most sensitive are discount rate, copper prices and operating costs.

A sensitivity analysis is presented below. The sensitivities assume that the specific assumption moves in isolation, whilst all other assumptions are held constant. A change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact. Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

- An increase of 1% to the discount rate would decrease recoverable amount by approximately US$750 million;
- An adverse change of 5% in copper price over the remaining mine life would decrease the recoverable amount by approximately US$1 billion; and
- An adverse change of 5% in operating and capital costs would decrease the recoverable amount by approximately US$650 million.

The occurrence of one or more of the above assumptions in isolation, without a change in other assumptions which may have an offsetting impact, is likely to result in recognition of material impairment.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

10. TRADE AND OTHER RECEIVABLES

At 30 June 2022, trade receivables of the Group mainly related to the mining operations with the balance of US$194.9 million (31 December 2021: US$63.9 million). The majority of sales for mining operations were made under contractual arrangements whereby provisional payment is received promptly after delivery and the balance within 30 to 120 days from delivery. All the trade receivables at 30 June 2022 and 31 December 2021 were within six months from the date of invoice and were measured at fair value at the balance sheet date which were subject to change in accordance with movements in the commodity price.

The Group's trade receivables with an amount of US$100.5 million (31 December 2021: US$19.8 million) was due from a related company of the Group (Note 15(c)). The carrying amounts of the Group's trade receivables are all denominated in US$.

11. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES '000	SHARE CAPITAL US$ MILLION
Issued and fully paid:		
At 1 January 2021	8,067,034	2,917.6
Shares issued	565,000	299.0
Employee share options exercised	6,257	3.2
Employee performance awards vested	835	0.5
At 31 December 2021 (audited)	**8,639,126**	**3,220.3**
Employee performance awards vested[1]	641	0.2
At 30 June 2022 (unaudited)	**8,639,767**	**3,220.5**

1. For six months ended 30 June 2022, a total of 640,980 new shares were issued as a result of employee share options exercised at a weighted average exercise price of HK$2.29 per share under the Company's 2016 Share Options which were pursuant to 2013 Share Option Scheme. The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK$3.08 per share.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

12. RESERVES AND RETAINED PROFITS

US$ MILLION	Special capital reserve	Exchange translation reserve	Merger reserve[1]	Surplus reserve	Share-based payment reserve	Cash flow hedge reserve[2]	Other reserve	Total reserves	Retained profits	Total
At 1 January 2022 (audited)	9.4	2.7	(1,946.9)	50.1	8.9	13.6	(0.5)	(1,862.7)	572.9	(1,289.8)
Profit for the period	-	-	-	-	-	-	-	-	79.5	79.5
Other comprehensive income for the period	-	-	-	-	-	61.3	-	61.3	-	61.3
Total comprehensive income for the period	-	-	-	-	-	61.3	-	61.3	79.5	140.8
Provision of surplus reserve	-	-	-	0.1	-	-	-	0.1	(0.1)	-
Employee long-term incentives	-	-	-	-	(1.4)	-	-	(1.4)	-	(1.4)
Employee share options exercised	-	-	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Total transactions with owners	-	-	-	0.1	(1.5)	-	-	(1.4)	(0.1)	(1.5)
At 30 June 2022 (unaudited)	9.4	2.7	(1,946.9)	50.2	7.4	74.9	(0.5)	(1,802.8)	652.3	(1,150.5)

1. Merger reserve represents the excess of investment cost in entities that have been accounted for under merger accounting for common control combinations in accordance with AG5 (Accounting Guideline 5 issued by the HKICPA) against their share capital.
2. The cashflow hedge reserve records the portion of the gain or loss on a hedging instrument and the related transaction in a cash flow hedge that are determined to be effective and are attributed to equity holders of the Company. For six months ended 30 June 2022, there was realised gains of US$0.3 million (2021: losses of US$5.5 million) which were transferred out to "revenue" from settlement of 2022 commodity hedge(Note 18(b)); There was realised losses of US$2.2 million (2021: US$3.0 million) which were transferred to "financial costs" from settlement of interest rate swap (Note 18(c)).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

13. BORROWINGS

	30 JUNE 2022 (UNAUDITED) US$ MILLION	31 DECEMBER 2021 (AUDITED) US$ MILLION
Non-current		
Loans from related parties (Note 15(c))	2,531.3	2,531.3
Bank borrowings, net	2,299.3	3,107.7
	4,830.6	**5,639.0**
Current		
Bank borrowings, net	885.5	659.1
	885.5	**659.1**
Analysed as:		
-Secured[1]	2,982.1	3,812.0
-Unsecured	2,781.2	2,536.3
	5,763.3	**6,348.3**
Prepayments – finance charges	(47.2)	(50.2)
	5,716.1	**6,298.1**
Borrowings (excluding prepayments) are repayable as follows:		
- Within one year	891.3	665.1
- More than one year but not exceeding two years	1,242.3	1,406.6
- More than two years but not exceeding five years	2,591.6	2,844.5
- More than five years	1,038.1	1,432.1
	5,763.3	**6,348.3**
Prepayments – finance charges	(47.2)	(50.2)
Total (Note 18(e))	**5,716.1**	**6,298.1**

1. In June 2022, MLB made a prepayment on their project facility of US$500.0 million.

The effective interest rate of borrowings for six months ended 30 June 2022 was 4.2% (2021: 3.9%) per annum.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

14. TRADE AND OTHER PAYABLES

At 30 June 2022, the balance of the trade payables was US$222.7 million (31 December 2021: US$249.8 million), of which an amount of US$212.4 million (31 December 2021: US$247.0 million) was aged less than six months; and an amount of US$10.3 million (31 December 2021: US$2.8 million) was aged over six months.

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

At 30 June 2022, 67.7% (31 December 2021: 67.7%) of the Company's shares were held by CMN through its subsidiary, Minmetals HK. The remainder 32.3% (31 December 2021: 32.3%) of the Company's shares were widely held by the public. The Directors consider the ultimate holding company to be CMC, a stated-owned company incorporated in the PRC, of which CMN is a subsidiary.

For the purposes of the related party transaction disclosures, the Directors believe that meaningful information in respect of related party transactions has been adequately disclosed. In addition to the related party information and transactions disclosed elsewhere in the condensed consolidated interim financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the period.

(a) Transactions with CMC and its group companies (other than those within the Group)

	SIX MONTHS ENDED 30 JUNE	
	2022 (UNAUDITED) US$ MILLION	2021 (UNAUDITED) US$ MILLION
Sales		
Sales of non-ferrous metals	499.8	1,179.4
Commodity derivatives transaction		
(Loss)/gain on Commodity derivatives settlement	(4.2)	24.7
Purchases		
Purchases of consumables and services	(13.0)	(13.8)
Finance costs		
Finance costs (Note 5)	(46.8)	(49.3)

(b) Transactions and balances with other state-owned enterprises

During six months ended 30 June 2022, the Group's significant transactions with other state-owned enterprises (excluding CMC and its subsidiaries) are sales of non-ferrous metals and purchases of consumables and the related receivables and payables balances. These transactions were based on terms as set out in the underlying agreements, on statutory rates, market prices, actual cost incurred, or as mutually agreed.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

(c) Significant related party balances

	30 JUNE 2022 (UNAUDITED) US$ MILLION	31 DECEMBER 2021 (AUDITED) US$ MILLION
Amounts payable to related parties		
Loan from Top Create[1] (Note 13)	2,261.3	2,261.3
Loan from Album Trading Company[2] (Note 13)	270.0	270.0
Interest payable to Top Create[1]	78.5	36.9
Interest payable to Album Trading Company[2]	0.6	0.3
Trade and other payable to CMN	2.7	4.4
	2,613.1	**2,572.9**
Amounts receivable from related parties		
Trade receivables from CMN (Note 10)	100.5	19.8
Other receivables from CMN	1.1	-
Prepayments from CMN	1.9	2.7
	103.5	**22.5**
Derivative financial assets to related parties	**31.5**	**0.9**
Derivative financial liabilities to related parties	**-**	**1.1**

1. The loan amount from Top Create represents the amounts drawn by the Company on 22 July 2014 (US$1,843.8 million) and 16 February 2015 (US$417.5 million) pursuant to a facility agreement dated 22 July 2014 between MMG SA and Top Create. In accordance with that agreement, a loan facility of up to US$2,262.0 million was made available to MMG SA, for a period of eleven years commencing on the date of the first drawdown of the loan. The loan repayments fall due in three separate tranches in July 2023 (US$700.0 million), July 2024 (US$700.0 million), and July 2025 (US$861.3 million). The facility incurs interest at a separate all-in fixed rate for each of the repayment tranches of between 2.20% and 4.50% per annum, which is payable annually.
2. The loan from Album Trading Company represents the amount drawn by the Company on 17 June 2021 under a project facility up to US$270.0 million maturing in June 2026. The facility incurs interest at LIBOR plus 2.7% per annum.

16. CAPITAL COMMITMENTS

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

	30 JUNE 2022 (UNAUDITED) US$ MILLION	31 DECEMBER 2021 (AUDITED) US$ MILLION
Property, plant and equipment		
Within one year	165.0	100.9
Over one year but not more than five years	42.8	34.4
	207.8	**135.3**

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

17. CONTINGENCIES

(a) Bank guarantees

Certain bank guarantees have been provided in connection with the operations of certain subsidiaries of the Company primarily associated with the terms of mining leases, mining concessions, exploration licences or key contracting arrangements. At the end of the reporting period, no material claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the relevant regulatory authorities.

At 30 June 2022, these guarantees amounted to US$295.0 million (31 December 2021: US$291.5 million).

(b) Contingent Liabilities - tax related contingencies

The Group has operations in multiple countries, each with its own taxation regime. The nature of the Group's activities requires it to comply with various taxation obligations including corporation tax, royalties, withholding taxes, transfer pricing arrangements with related parties, resource and production-based taxes, environmental taxes and employment related taxes. Application of tax laws and interpretation of tax laws may require judgement to assess risk and estimate outcomes, particularly in relation to the application of income taxes and withholding tax to the Group's cross-border operations and transactions. The evaluation of tax risks considers both assessments received and potential sources of challenge from tax authorities. Additionally, the Group is currently subject to a range of audits and reviews by taxation authorities in Australia, Peru, Laos and the DRC. No disclosure of an estimate of financial effect of the subject matter has been made in the condensed consolidated interim financial statements as, in the opinion of the management of the Group, such disclosure may seriously prejudice the position of the Group in dealing with these matters.

Tax matters with uncertain outcomes arise in the normal course of business and occur due to changes in tax law, changes in interpretation of tax law, periodic challenges and disagreements with tax authorities, and legal proceedings. The status of proceedings for such uncertain tax matters will impact the ability to determine the potential exposure, and in some cases, it may not be possible to determine a range of possible outcomes, including timing of resolution or determining a reliable estimate of the potential exposure.

Peru – Withholding Taxes (2014, 2015, 2016 and 2017)

Included within such uncertain tax matters are audits of the 2014, 2015, 2016 and 9 months ended 30 September 2017 tax periods for MLB in relation to withholding taxes on fees paid under certain loans, which were provided to MLB pursuant to facility agreements entered into among MLB and a consortium of Chinese banks in connection with the acquisition of the Las Bambas mine in 2014. MLB received assessment notices from the Peruvian tax authority (National Superintendence of Tax Administration of Peru or "SUNAT"), which advised that, in its opinion, MLB and the Chinese banks are related parties and thus a 30% withholding tax rate ought to be imposed rather than the 4.99% applied. The assessments of omitted tax plus penalties and interest until the estimated date of Peru Tax Court resolution are PEN211.1 million (approximately US$55.7 million), PEN565.3 million (approximately US$149.2 million), PEN702.7 million (approximately US$185.5 million) and PEN516.0 million (approximately US$137.0 million) for 2014, 2015, 2016 and 2017 tax periods respectively.

In relation to these assessments, having received external legal and tax advice, the Group has formed the view that the Company and its controlled entities are not related parties to Chinese banks under Peruvian tax law. MLB notes that the Peruvian tax law was amended to apply from October 2017 onwards to provide expressly that parties are not related by being under state ownership for the purposes of withholding taxes. MLB has appealed the assessments. SUNAT could bring a similar challenge regarding the rate of withholding tax applied by MLB for the part of the 2017 tax year before the amendment to the Peruvian tax law. Where MLB is not successful in rebutting or appealing such challenge(s), this could result in significant additional tax liabilities.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

18. FINANCIAL AND OTHER RISK MANAGEMENT

(a) Financial risk factors

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021.

There have been no changes in the risk management policies since 31 December 2021.

(b) Commodity price risk

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

During the six months ended 30 June 2022, the Group entered into various commodity trades to hedge the sales prices for copper and zinc. The outstanding commodity trades included:

- Zero/low-cost collar hedges:
  - » 41,800 tons of zinc with put strike price ranging from US$3,300/ton to US$4,100 /ton and call strike price ranging from US$3,800/ton to US$4,600/ton;
  - » 34,500 tons of copper at put strike price ranging from US$9,500/ton to US$10,150/ton and call strike price ranging from US$10,300/ton to US$11,000/ton;
  - » Certain hedges will be settled in January to March 2023.

A change in commodity prices during the reporting period can result in favourable or unfavourable financial impact for the Group.

The following table contains details of the hedging instrument used in the Group's hedging strategy:

At 30 June 2022	Term	Carrying amount of hedging instrument US$ million	Favourable/(unfavourable) changes in fair value used for measuring ineffectiveness		Settled portion of hedging instrument realised gains US$ million	Hedging gain recognised in cash flow hedge reserve[1] US$ million	Cost of hedging reserve US$ million
			Hedging instrument US$ million	Hedged item US$ million			
Cash flow hedges:							
Derivative financial assets	March 2022 to December 2022	56.1	51.0	(51.0)	0.3	36.7	3.7

1. The hedging gain recognised in cash flow hedge reserve is the amount after tax.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

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

	FOR SIX MONTHS ENDED 30 JUNE					
	2022			2021		
Commodity	Commodity price movement	Increase in profit US$ million	Decrease in OCI US$ million	Commodity price movement	(Decrease)/ increase in profit US$ million	Decrease in OCI US$ million
Copper	+10%	15.4	(15.3)	+10%	(22.8)	(22.0)
Zinc	+10%	2.9	(5.2)	+10%	0.6	(6.1)
Total		**18.3**	**(20.5)**		**(22.2)**	**(28.1)**

Commodity	Commodity price movement	Decrease in profit US$ million	Increase in OCI US$ million	Commodity price movement	Increase/ (decrease) in profit US$ million	Increase in OCI US$ million
Copper	-10%	(15.3)	16.8	-10%	23.3	25.8
Zinc	-10%	(2.9)	5.8	-10%	(0.7)	5.7
Total		**(18.2)**	**22.6**		**22.6**	**31.5**

(c) Interest rate risk

The Group is exposed to interest rate risk primarily through interest bearing borrowings and investment of surplus cash holdings. Deposits and borrowings at variable rates expose the Group to cash flow interest rate risk. Details of the Group's borrowings are set out in Note 13.

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

In June 2020, MLB entered into a notional US$2,100 million 5-year amortising interest rate swap with respect to the floating 6-month LIBOR base rate applicable under its existing project facility, converting the floating rate to a fixed base rate. The main sources of hedge ineffectiveness are considered to be the effects of counterparty credit risks on the hedging instrument, the possibility of LIBOR rates becoming negative and uncertainty associated with benchmark interest rate reform. Further, if LIBOR rates become negative for a period of time, then this corresponding component of the hedging instrument will be ineffective from year two to year five. A floor was purchased on LIBOR at zero for the first year of the hedge instrument.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

The following table contains details of the hedging instrument used in the Group's hedging strategy:

At 30 June 2022	Term	Notional amortising amount US$ million	Carrying amount of hedging instrument US$ million	Favourable/(unfavourable) changes in fair value used for measuring ineffectiveness		Settled portion of hedging instrument realised losses US$ million	Hedging gains recognised in cash flow hedge reserve[2] US$ million	Hedge ineffectiveness recognised in profit or loss US$ million
				Hedging instrument US$ million	Hedged item US$ million			
Cash flow hedges:								
Derivative financial asset[1]	June 2020 - June 2025	1,760.0	100.0	68.2	(68.2)	(2.2)	46.4	-

1. In June 2020, the Group has entered into a notional US$2,100 million 5-year amortising interest rate swap with BOC Sydney. The purpose of the arrangement is to fix approximately half of the remaining interest rate exposure accompanying the floating interest rate MLB project facility (borrowings of US$2,942.0 million outstanding at 30 June 2022, maturing in July 2032) from CDB, ICBC, BOC Sydney and The Export-Import Bank of China for a period of 5 years. The interest rate swap hedge will amortise in line with the MLB project facility and swap the 6-month LIBOR exposure for a fixed rate (0.5568% per annum in the first year and 0.5425% per annum from the year two to year five).
2. The hedging gains recognised in cash flow hedge reserve is the amount after tax.

If the interest rate had increased/(decreased) by 100 basis points, taking into account the interest rate swap, with all other variables held constant, post-tax profit and other comprehensive income ("OCI") would have changed as follows:

	FOR SIX MONTHS ENDED 30 JUNE							
	2022				2021			
	+100 basis points		-100 basis points		+100 basis points		-100 basis points	
US$ MILLION	Increase/ (decrease) in profit after tax	Increase in OCI	(Decrease)/ increase in profit after tax	Decrease in OCI	Increase/ (decrease) in profit after tax	Increase in OCI	Decrease in profit after tax	Decrease in OCI
Financial assets								
Cash and cash equivalents	3.4	-	(3.4)	-	5.5	-	(5.5)	-
Financial liabilities								
Borrowings (taking into account the impact of the interest rate swap)	(5.8)	18.4	5.8	(18.4)	(7.7)	39.6	(9.6)	(28.8)
Total	(2.4)	18.4	2.4	(18.4)	(2.2)	39.6	(15.1)	(28.8)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

(d) Liquidity risk:

Compared to 31 December 2021, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

The Group has sufficient debt facilities to manage liquidity. The Group's available external debt facilities are subject to covenant compliance requirements. The Group was not in breach of covenant requirements in respect of the Group's borrowings at 30 June 2022. Certain financial covenants are measured with reference to the financial performance of the Group or its subsidiaries and may be influenced by future operational performance.

In addition, for six months ended 30 June 2022, the Las Bambas Joint Venture Group had an agreement with CMN and CITIC, each as direct or indirect off-takers of Las Bambas production, for early payment on cargoes already shipped and invoiced as well as pre-payments for inventory held at both port and site. Early payment and pre-payments are permitted up to an aggregate amount of US$268.0 million, allocated to each party in their respective off-take proportions.

(e) Fair value of financial instruments

The fair values of cash and cash equivalents and short-term monetary financial assets and financial liabilities approximate their carrying values. The fair values of other monetary financial assets and liabilities are either based upon market prices, where a market exists, or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles.

The fair values of listed equity investments have been valued by reference to market prices prevailing at the reporting date.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

The carrying values of trade and other receivables less impairment provisions and trade payables are a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables. The fair values of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

US$ MILLION	Amortised cost (assets)	Financial assets/ (liabilities) at fair value through profit or loss	Financial assets/ (liabilities) at fair value designated under cash flow hedge	Amortised cost (liabilities)	Total carrying value	Total fair value
As at 30 June 2022						
Financial assets						
Cash and cash equivalents	497.1	-	-	-	497.1	497.1
Trade receivables (Note 10)	-	194.9	-	-	194.9	194.9
Other receivables	289.0	-	-	-	289.0	289.0
Derivative financial assets	-	9.9	156.1	-	166.0	166.0
Other financial assets	-	1.7	-	-	1.7	1.7
Financial liabilities						
Trade and other payables	-	-	-	(690.4)	(690.4)	(690.4)
Borrowings (Note 13)	-	-	-	(5,716.1)	(5,716.1)	(5,939.6)
Lease liabilities	-	-	-	(121.0)	(121.0)	(121.0)
Total	786.1	206.5	156.1	(6,527.5)	(5,378.8)	(5,602.3)

US$ MILLION	Amortised cost (assets)	Financial assets/ (liabilities) at fair value through profit or loss	Financial assets/ (liabilities) at fair value designated under cash flow hedge	Amortised cost (liabilities)	Total carrying value	Total fair value
As at 31 December 2021						
Financial assets						
Cash and cash equivalents	1,255.3	-	-	-	1,255.3	1,255.3
Trade receivables (Note 10)	-	63.9	-	-	63.9	63.9
Other receivables	300.5	-	-	-	300.5	300.5
Derivative financial assets	-	0.9	31.8	-	32.7	32.7
Other financial assets	-	1.8	-	-	1.8	1.8
Financial liabilities						
Trade and other payables	-	-	-	(615.8)	(615.8)	(615.8)
Derivative financial liabilities	-	(4.9)	-	-	(4.9)	(4.9)
Borrowings (Note 13)	-	-	-	(6,298.1)	(6,298.1)	(6,623.8)
Lease liabilities	-	-	-	(131.1)	(131.1)	(131.1)
Total	1,555.8	61.7	31.8	(7,045.0)	(5,395.7)	(5,721.4)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

(f) Fair value estimation

The table below analyses financial instruments carried at fair value, by the valuation method. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June 2022 and 31 December 2021.

US$ MILLION	Level 1	Level 2	Total
As at 30 June 2022			
Trade receivables (Note 10)	-	194.9	194.9
Derivative financial assets[1]	-	166.0	166.0
Financial assets at fair value through profit and loss – listed[2]	1.7	-	1.7
	1.7	360.9	362.6
At 31 December 2021			
Trade receivables (Note 10)	-	63.9	63.9
Derivative financial assets[1]	-	32.7	32.7
Derivative financial liabilities[1]	-	(4.9)	(4.9)
Financial assets at fair value through profit and loss – listed[2]	1.8	-	1.8
	1.8	91.7	93.5

There were no transfers between levels 1, 2 and 3 during the reporting period.

1. The fair value of the interest rate swap is determined based on discounted future cash flows. Future cash flows are estimated based on forward interest rates from observable yield curves at the end of the reporting period and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties. The fair value of the collar hedge is determined based on discounted future cash flows. Future cash flows are estimated based on London Metal Exchange contract future rates for commodities at the end of the reporting period and contracted commodity prices, discounted at a rate that reflects time value.
2. The fair values of financial instruments traded in active markets are based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Instruments included in level 1 comprise investments in listed stock exchanges.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

(g) Country and community risks

The Group conducts all of its operations outside of Hong Kong and, as such, it is exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country. Material risks include, but are not limited to, regime or policy change, fluctuation in currency exchange rates, changes to licensing regimes and amendments to concessions, licences, permits and contracts, changing political conditions and governmental regulations and community disruptions. Changes in any aspects above and in the country where the Group operates may adversely affect the Group's operations and profitability. The decline in growth and macroeconomic activity in many developing nations has resulted in governments seeking alternative means of increasing their income, including increases to corporate tax, VAT and royalty rates, coupled with increased audit and compliance activity.

The DRC Government during 2018 made changes to the 2002 Mining Code and Mining Regulations. These changes were enacted (2018 Mining Code) and continue to result in an increased tax burden on mining companies; In Peru, Las Bambas faced continuous community disruptions during the first half of 2022 which resulted in 97 days of road blockades and 51 days of full operation cessation. Over the past decades, Peru has also experienced heightened political instability with succession of regimes with differing political policies. As the community disruptions and political situation are expected to evolve in the second half of 2022, the Group will continue to work closely with the relevant authorities and community groups to minimise the potential risk of social instability and disruptions to the Las Bambas operations.

19. EVENTS AFTER THE REPORTING DATE

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

20. RECLASSIFICATION

Certain amounts and disclosures in the prior period condensed consolidated financial statements have been reclassified to conform to the presentation of the current period condensed consolidated financial statements. These reclassifications had no effect on the previously reported total comprehensive income for the year.

GLOSSARY

A$	Australian dollar, the lawful currency of Australia
Album Enterprises	Album Enterprises Limited, a wholly owned subsidiary of CMN
associate(s)	has the meaning ascribed to it under the Listing Rules
Board	the board of directors of the Company
BOC Sydney	Bank of China Limited, Sydney Branch
CDB	China Development Bank
CEO	Chief Executive Officer
CG Code	Corporate Governance Code as set out in Appendix 14 of the Listing Rules
CMC	China Minmetals Corporation, a state-owned enterprise incorporated under the laws of the People's Republic of China
CMCL	China Minmetals Corporation Limited, a subsidiary of CMC
CMN	China Minmetals Non-ferrous Metals Company Limited, a subsidiary of CMC
CMNH	China Minmetals Non-ferrous Metals Holding Company Limited, a subsidiary of CMC
Company	MMG Limited, a company incorporated in Hong Kong, the securities of which are listed and traded on the Main Board of the Stock Exchange
Director(s)	the director(s) of the Company
EXIM Bank	the Export-Import Bank of China
Group	the Company and its subsidiaries
HK$	Hong Kong dollar, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange	(please refer to the definition of 'Stock Exchange')
ICBC Luxembourg	Industrial and Commercial Bank of China Limited, Luxembourg Branch
ICBC Macau	Industrial and Commercial Bank of China Limited, Macau Branch
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	fully paid ordinary share(s) of the Company
Shareholder(s)	the shareholder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
TRIF	total recordable injury frequency per million hours worked
US$	United States dollar, the lawful currency of the United States of America
VAT	value added tax

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
JIAO Jian
(Non-executive Director)

Executive Director
LI Liangang
(Interim Chief Executive Officer)

Non-executive Directors
ZHANG Shuqiang
XU Jiqing

Independent Non-executive Directors
Peter CASSIDY
LEUNG Cheuk Yan
CHAN Ka Keung, Peter

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
CHAN Ka Keung, Peter

Members
ZHANG Shuqiang
XU Jiqing
Peter CASSIDY
LEUNG Cheuk Yan

GOVERNANCE, REMUNERATION AND NOMINATION COMMITTEE

Chairman
Peter CASSIDY

Members
JIAO Jian
XU Jiqing
LEUNG Cheuk Yan
CHAN Ka Keung, Peter

DISCLOSURE COMMITTEE

Members
LI Liangang
Ross CARROLL
Troy HEY
Nick MYERS
LEUNG Suet Kam, Lucia

GENERAL COUNSEL

Nick MYERS

COMPANY SECRETARY

LEUNG Suet Kam, Lucia

LEGAL ADVISER

Linklaters, Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

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Industrial and Commercial Bank of China Limited
Bank of China Limited
The Export-Import Bank of China
Bank of America Merrill Lynch Limited
Australia and New Zealand Banking Group Limited
Banco Bilbao Vizcaya Argentaria, S.A.

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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.

WE MINE FOR PROGRESS