INTERIM REPORT

MMG
WE MINE FOR PROGRESS

A member of:
ICMM
International Council on Mining & Metals
MINING WITH PRINCIPLES

HKEX:1208

WE MINE FOR PROGRESS

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COVER IMAGE: Dugald River Mine processing plant.
IC IMAGE: Overview of Las Bambas processing plant.

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

I extend my thanks for your long-term support. On behalf of the MMG Board, I am pleased to present the Company's 2021 interim results.

In the first half of 2021, the COVID-19 virus continued to spread across the world. With the emergence of mutated strains, the number of globally infected people exceeded 200 million, with some countries and regions hit by ongoing pandemic waves that threatened livelihoods while presenting serious economic challenges. In the face of this exceptionally complex external environment, MMG's epidemic prevention and control measures helped to ensure stable production. In the first half of the year, the Company sold 191,700 tonnes of copper and 108,900 tonnes of zinc, achieving operating revenue of US$2,433.54 million, net profit after tax of US$584.0 million and net profit attributable to shareholders of US$400.1 million – a gratifying achievement.

During the Reporting Period, MMG continued to adhere to its core 'safety first' value, prioritising our people. In accordance with the requirements of the host governments in the regions where MMG operates, we implemented strict and effective pandemic prevention plans, screening the health of mine personnel. At MMG's mine sites, we cooperated with local governments by promoting vaccination and epidemic protection in line with broader community initiatives. We also strengthened operational safety. During the reporting period, MMG's recordable injury rate per million hours worked was further reduced on a year-on-year basis.

In terms of production management, MMG continued to promote optimisation projects at all sites. The Company set up 'sprint teams' to overcome obstacles, focusing on bottlenecks, boosting efficiency and maximising cost reduction. MMG continuously improved performance in various sections of the production process, including mining, milling, beneficiation and logistics, to reduce operating costs. The Company also promoted sourcing optimisation programs by renegotiating and re-signing contracts, further reducing operational and capital expenses.

From a capital markets perspective, MMG successfully executed the placement of 565 million new shares during the reporting period, raising net proceeds of US$299 million. The participation

Underground at Rosebery mine.

of many existing and new long-term global investors in the placement fully demonstrates the confidence the market has in MMG's high quality assets and its operational expertise. Thanks to the strong performance of base metal prices and the successful new share placement, MMG's balance sheet is further improved, creating more favourable conditions for the Company's next development phase.

We are also pleased with the excellent results achieved by MMG's major shareholder, China Minmetals Corporation (CMC), in the first half of 2021. On a year-on-year basis, operating revenue increased by 35% and net profit was up by 182%. In addition, operational performance continued to improve, the profitability of core businesses increased significantly, and new technological breakthroughs and achievements were made. As the flagship platform for CMC's overseas mining development, MMG will continue to receive strong support from its major shareholders, providing protection for the Company's competitiveness and long-term development.

Looking ahead to the second half of the year, global pandemic prevention and control remains a major challenge together with uncertainty about the global resources market outlook. However, we remain confident about the world economy and overall market opportunities. As the largest consumer of metal and mineral products, China is well positioned in the global bulk resources market. China's economic recovery is expected to remain strong in the second half of the year. MMG will seize opportunities for the rebound in the metal and mining industry and promote high quality and sustainable development.

I would like to thank all shareholders, communities and business partners for their long-term support and my sincere gratitude to all employees for their hard work.

GUO Wenqing
CHAIRMAN


Kinsevere mine processing plant.

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders

MMG has delivered a record first half result, achieving stable production across all regions while effectively managing the complex health challenges posed by the COVID-19 pandemic. My thoughts are with our people – and their friends and families – who have been directly impacted by this disease. I am proud that MMG has played its part in protecting our employees, contractors and communities wherever possible.

Our focus on enhanced health and safety measures and pre-screening controls enabled us to deliver largely uninterrupted output at operations in Africa and Australia, with Las Bambas in Peru achieving 90 per cent of normal onsite workforce. MMG continues to prioritise the health, safety and welfare of our people and host communities during these uncertain times.

SAFETY

MMG's pursuit of an injury-free workplace, embeds a safety-first culture at all times. Our total recordable injury frequency (TRIF) result was 1.17 per million hours worked for the six months to 30 June 2021, this represents an improvement on the 1.82 recorded in the prior corresponding period.

To combat the spread of COVID-19, MMG welcomed global vaccine rollout programs spearheaded by governments as an additional layer of protection together with our own measures to limit transmission of the virus at all sites. The regional sites continue to distribute ongoing communications that reinforce enhanced hygiene measures together with social distancing, sourcing additional personal protective equipment where necessary and health screening for our own people and visitors.

In support of nearby communities, Las Bambas donated lifesaving medical supplies and, in partnership with local authorities, assisted social enterprise development projects in Peru.

A COVID-19 vaccination campaign was conducted to protect employees and their families at our Kinsevere mine in the Democratic Republic of the Congo (DRC).

FINANCIAL PERFORMANCE

MMG delivered a Net Profit After Tax of US$584.0 million, including a profit of US$400.1 million attributable to equity holders of the Company, a record first half result. This compared with a Net Loss After Tax of US$182.7 million in the first half of 2020, including a loss attributable to equity holders of US$158.0 million. The strong profit was driven by higher commodity prices, increased production, and the sale of Las Bambas stockpiles. EBITDA of US$1,498.7 million was 291 per cent higher than the first half of 2020.

In the first half, total payable copper and zinc sold of 191,669 and 108,927 tonnes respectively was 11 per cent and 3 per cent higher than the first half of 2020.

On 8 June 2021, a total of 565 million new shares were successfully placed with investors. This brings greater balance sheet flexibility, further diversification of the shareholder base and puts us in a better position to capture emerging business opportunities. Priced at HK$4.15 per share – an 8.4 per cent discount to the last closing share price on 31 May – the placement saw strong demand from global long-only investors, existing shareholders, and multi-strategy investors across the region.

MMG's net debt decreased by US$1,207.8 million due to strong operational cash flow and the issue of US$299.0 million of additional equity in June. Gearing reduced from 73 per cent to 62 per cent over the first half of 2021, significantly strengthening the balance sheet as MMG looks to move into its next phase of disciplined growth.

OPERATIONS OVERVIEW

Las Bambas produced 144,642 tonnes of copper in copper concentrate in the first half of 2021. EBITDA of US$1,182.4 million was 260 per cent higher than the first half of 2020. This result was largely attributable to higher copper prices, production rates and increased sales volumes as strong logistics performance resulted in a significant reduction of stockpiled concentrate inventory.

Kinsevere produced 25,123 tonnes of copper cathode in the first half, 31 per cent lower compared to the first half of 2020. This reflected a pause in mining and the processing of lower grade stockpiles and third-party ores during the period. However, higher copper prices and lower operating costs resulted in EBITDA of US$94.7 million compared to US$8.2 million in the first half of 2020.

Dugald River produced 89,076 tonnes of zinc in concentrate and recorded EBITDA of US$101.7 million during the first half of 2021, significantly higher than the US$9.1 million result for the first half of 2020. Higher prices and zinc sales volumes were the primary drivers behind the stronger performance.

Rosebery produced 37,460 tonnes of zinc in zinc concentrate during the first half of 2021 and 84,911 tonnes in zinc equivalent terms (including lead, copper, gold and silver). On a zinc equivalent basis this was 23 per cent higher than the first half of 2020. EBITDA of US$106.2 million represented a 119 per cent increase on the first half of 2020. This was largely due to higher metal prices and production.

OUTLOOK

MMG continues to implement its longer-term strategy, business transformation and cost saving goals while managing unforeseen COVID-19 risks. Looking ahead to the rest of the year, we will closely monitor commodity prices, copper production and supply dynamics as we pursue our growth ambitions and navigate our way through the ongoing global pandemic.

MMG's full year guidance for copper production at Las Bambas and Kinsevere is now expected to be between 360,000 and 370,000 tonnes, and zinc production at Dugald River and Rosebery remains between 240,000 and 260,000 tonnes. Cost guidance is reduced at Kinsevere, Rosebery and Dugald River with a strong focus on control measures.

Regulatory approval to develop the Las Bambas Chalcobamba pit was delayed due to administrative and community consultation delays and the 2021 national election outcomes. The Company looks forward to working with the Government of Peru and the Huancuire community to advance development.

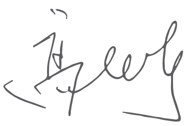
MMG maintains a favourable outlook for the DRC, progressing a feasibility study for the addition of a sulphide ore and cobalt processing circuit, with a decision expected during the second half of 2021. Exploration activity continues to target tenements within a 50-kilometre radius of the Kinsevere mine.

De-bottlenecking and optimisation work remain our focus for Dugald River, paving the way for targeted zinc production approaching 200,000 tonnes annually from 2022. Rosebery resource extension drilling is yielding encouraging early results for extending the life of this important asset.

MMG's vision is to build the world's most respected mining company with an ambition to double the size and value of MMG, and then double again by 2030. MMG has established strong foundations that support future growth and development while continuously improving productivity and growing its resource base.

I am proud of the contribution from our hard-working regional teams during these challenging times.

Together with the support of our major shareholder, we are well positioned to build wealth through the development of our people and forging strong ties and economic growth in the countries where we operate. On behalf of the MMG management team, I thank our shareholders, host communities, contractors and all MMG employees for their support.



Geoffrey (Xiaoyu) GAO
CHIEF EXECUTIVE OFFICER

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

For the purpose of the management discussion and analysis, the Group's results for the six months ended 30 June 2021 are compared with results for the six months ended 30 June 2020.

SIX MONTHS ENDED 30 JUNE	2021 US$ MILLION	2020 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**2,433.5**	**1,180.3**	**106%**
Operating expenses	(919.6)	(763.3)	(20%)
Exploration expenses	(10.3)	(8.1)	(27%)
Administration expenses	(10.3)	(13.6)	24%
Other income/(expenses), net	5.4	(11.7)	146%
EBITDA	**1,498.7**	**383.6**	**291%**
Depreciation and amortisation expenses	(454.1)	(406.9)	(12%)
EBIT	**1,044.6**	**(23.3)**	**4,583%**
Net finance costs	(169.2)	(220.4)	23%
Profit/(Loss) before income tax	**875.4**	**(243.7)**	**459%**
Income tax (expense)/ credit	(291.4)	61.0	(578%)
Profit/(Loss) after income tax for the period	**584.0**	**(182.7)**	**420%**
Attributable to:			
Equity holders of the Company	400.1	(158.0)	353%
Non-controlling interests	183.9	(24.7)	845%
	584.0	**(182.7)**	**420%**

PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

MMG's profit of US$584.0 million for the six months ended 30 June 2021 includes profit attributable to equity holders of US$400.1 million and profit attributable to non-controlling interests of US$183.9 million. This compares to a loss attributable to equity holders of US$158.0 million and a loss attributable to non-controlling interests of US$24.7 million for the six months ended 30 June 2020. Amounts attributable to non-controlling interests relate 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	2021 US$ MILLION	2020 US$ MILLION	CHANGE % FAV/(UNFAV)
Profit/ (loss) after tax – Las Bambas 62.5% interest	312.4	(41.2)	858%
Profit/ (loss) after tax – Other continuing operations	140.7	(52.6)	367%
Administration expenses	(10.3)	(13.6)	24%
Net finance costs (excluding Las Bambas)	(50.0)	(50.5)	1%
Other	7.3	(0.1)	7400%
Profit/(Loss) for the period attributable to equity holders	**400.1**	**(158.0)**	**353%**

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	2021 US$ MILLION	2020 US$ MILLION	CHANGE % FAV/(UNFAV)	2021 US$ MILLION	2020 US$ MILLION	CHANGE % FAV/(UNFAV)
Las Bambas	1,790.6	751.2	138%	1,182.4	328.8	260%
Kinsevere	225.8	187.4	20%	94.7	8.2	1,055%
Dugald River	235.1	120.9	94%	101.7	9.1	1,018%
Rosebery	180.2	119.4	51%	106.2	48.5	119%
Other	1.8	1.4	29%	13.7	(11.0)	225%
Total	**2,433.5**	**1,180.3**	**106%**	**1,498.7**	**383.6**	**291%**

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

Revenue increased by US$1,253.2 million (106%) to US$2,433.5 million compared to the first half of 2020 mainly due to higher realised commodity prices (US$1,104.8 million) and higher sales volumes (US$148.4 million).

Favourable commodity price variances of US$1,104.8 million were driven by higher realised prices for copper (US$885.2 million), zinc (US$124.5 million), molybdenum (US$43.4 million), silver (US$41.5 million) and lead (US$10.7 million).

Higher sales volumes resulted from higher sales of copper concentrate at Las Bambas (US$163.6 million) due to the drawdown of existing stockpiles and higher molybdenum sales (US$34.0 million) following the debottlenecking of the molybdenum plant which increased production. This was partly offset by lower copper cathode sales at Kinsevere (US$61.7 million) due to lower production as a result of processing existing low-grade stockpiles.

REVENUE BY COMMODITY SIX MONTHS ENDED 30 JUNE	2021 US$ MILLION	2020 US$ MILLION	CHANGE % FAV/(UNFAV)
Copper	1,827.8	840.8	117%
Zinc	269.3	139.7	93%
Lead	46.2	31.3	48%
Gold	94.9	98.8	(4%)
Silver	113.5	65.3	74%
Molybdenum	81.8	4.4	1,759%
Total	**2,433.5**	**1,180.3**	**106%**

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Price

LME base metals prices were higher in the six months ended 30 June 2021 compared to the prior corresponding period for all metals.

AVERAGE LME CASH PRICE SIX MONTHS ENDED 30 JUNE	2021	2020	CHANGE % FAV/(UNFAV)
Copper (US$/tonne)	9,095	5,490	66%
Zinc (US$/tonne)	2,832	2,044	39%
Lead (US$/tonne)	2,074	1,759	18%
Gold (US$/ounce)	1,808	1,647	10%
Silver (US$/ounce)	26.49	16.63	59%
Molybdenum (US$/tonne)	28,048	19,886	41%

Sales volumes

PAYABLE METAL IN PRODUCT SOLD SIX MONTHS ENDED 30 JUNE	2021	2020	CHANGE % FAV/(UNFAV)
Copper (tonnes)	191,669	172,041	11%
Zinc (tonnes)	108,927	105,434	3%
Lead (tonnes)	23,592	20,893	13%
Gold (ounces)	54,726	57,181	(4%)
Silver (ounces)	4,339,740	3,943,411	10%
Molybdenum (tonnes)	2,652	345	669%

PAYABLE METAL IN PRODUCT SOLD SIX MONTHS ENDED 30 JUNE 2021	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES	MOLYB-DENUM 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**

PAYABLE METAL IN PRODUCT SOLD SIX MONTHS ENDED 30 JUNE 2020	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES	MOLYB-DENUM TONNES
Las Bambas	134,635	-	-	39,597	1,876,506	345
Kinsevere	36,551	-	-	-	-	-
Dugald River	-	72,917	10,969	-	715,484	-
Rosebery	855	32,516	9,924	17,584	1,351,421	-
Total	**172,041**	**105,433**	**20,893**	**57,181**	**3,943,411**	**345**

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

Total operating expenses increased by US$156.3 million (20%) in the first half of 2021, driven by higher store and consumable expenses at Las Bambas (US$42.8 million) due to maintenance of the drilling and hauling fleet and increased consumption of reagents and grinding media, in line with increased mill throughput. Operating expenses were also impacted by higher royalties across the group (US$37.5M) due to higher revenue and higher employee incentives (US$38.9 million) largely due to the employee profit sharing arrangement in Peru.

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

Exploration expenses increased by US$2.2 million (27%) to US$10.3 in the first half of 2021, due to higher expenditure at Las Bambas with drilling focused on Chalcobamba SW.

Administrative expenses decreased by US$3.3 million (24%) in the six months ended 30 June 2021 due to lower restructuring expenses associated with head office transformation initiatives in 2020 (US$8.1 million). This was partly offset by the impact of the stronger Australian Dollar (US$3.0 million) and higher STI expenses (US$1.5 million).

Other income/(expenses) increased by US17.1 million (146%) mainly due the gain recognised on the reduction in the New Century Bank Guarantee (US$19.5 million), partly offset by commodity hedging fees of US$4.3 million.

Depreciation and amortisation expenses increased by US$47.2 million (12%) to US$454.1 million in the first half of 2021. The increase was primarily attributable to higher mining and milling volumes at Las Bambas (US$88.7 million). This was partly offset by lower depreciation expenses at Kinsevere ($US44.7 million) due to lower ore mined.

Net finance costs decreased by US$51.2 million (23%) to US$169.2 million compared to the first half of 2020. The decrease was mainly due to lower debt balances (US$31.6 million) and lower London Inter-Bank Offered Rate (LIBOR) applicable to floating rate debt compared with the first half of 2020 (US$20.6 million).

Income tax expense of US$291.4 million, represents a US$352.4 million increase from the US$61.0 million income tax benefit in the prior year comparative period. This reflects the higher pre-tax profit generated during the six months to 30 June 2021. The effective tax rate for the period to 30 June 2021 was 33.3%, with a prima facie income tax rate from operations of 32%, which was impacted by the non-creditable withholding tax expenses.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

MINES ANALYSIS

LAS BAMBAS

SIX MONTHS ENDED 30 JUNE	2021	2020	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	33,327,072	20,335,240	64%
Ore milled (tonnes)	25,120,658	19,714,337	27%
Waste movement (tonnes)	70,511,219	66,499,689	6%
Copper in copper concentrate (tonnes)	144,642	131,698	10%
Payable metal in product sold			
Copper (tonnes)	165,481	134,635	23%
Gold (ounces)	34,807	39,597	(12%)
Silver (ounces)	2,189,358	1,876,506	17%
Molybdenum (tonnes)	2,652	345	669%

SIX MONTHS ENDED 30 JUNE	2021 US$ MILLION	2020 US$ MILLION	CHANGE% FAV/(UNFAV)
Revenue	**1,790.6**	**751.2**	**138%**
Operating expenses			
Production expenses			
Mining	(129.1)	(105.9)	(22%)
Processing	(126.0)	(103.1)	(22%)
Other	(197.7)	(143.5)	(38%)
Total production expenses	**(452.8)**	**(352.5)**	**(28%)**
Freight (transportation)	(40.1)	(30.2)	(33%)
Royalties	(53.6)	(23.8)	(125%)
Other[1]	(39.8)	(6.2)	(542%)
Total operating expenses	**(586.3)**	**(412.7)**	**(42%)**
Other expenses	(21.9)	(9.8)	(123%)
EBITDA	**1,182.4**	**328.8**	**260%**
Depreciation and amortisation expenses	(382.4)	(294.0)	(30%)
EBIT	**800.0**	**34.8**	**2,199%**
EBITDA margin	**66%**	**44%**	**50%**

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

Las Bambas produced 144,642 tonnes of copper in the first half of 2021, 12,944 tonnes (10%) higher compared to the prior corresponding period, mainly due to higher mill throughput. Milling volumes in the first half of 2020 were adversely impacted by repairs to the overland conveyor, community road blockages and COVID-19 related disruptions.

Revenue of US$1,790.6 million was 138% above the first half of 2020, due to higher realised commodity prices (US$844.5 million) and higher copper (US$163.6 million) and molybdenum (US$34.0 million) sales volumes. Realised copper prices included gains on copper hedges which contributed US$22.7 million in revenue. MMG has entered into a series of commodity hedges during the first half of 2021 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 23% higher compared to the prior corresponding period, due to the higher copper concentrate production and the draw-down of stockpiles that had built up on site due to community related road disruptions in previous periods. Road availability during the first half of 2021 was better than previous periods, allowing for longer transportation periods and a significant reduction in concentrate inventory levels. As at 30 June 2021, inventory at the mine site had been reduced to approximately 13,000 tonnes of copper in concentrate, compared with a peak of over 65,000 tonnes during 2020.

Molybdenum sales volumes were higher by 2,307 tonnes as a result of increased production following the completion of the debottlenecking of the molybdenum plant in 2020 as well as higher molybdenum feed grades.

Total production expenses of US$452.8 million were 28% above 2020. Higher mining costs of US$23.2 million were largely attributable to the increased ore mined volumes and higher diesel costs due to higher unit prices and increased consumption. Maintenance costs of the drilling and hauling fleet were also higher due to the deferral of maintenance in 2020 and additional mine fleet. Processing costs increased by US$22.9 million driven by higher reagent and grinding media consumption in line with higher ore milled volumes. Production expenses were also impacted by higher employee incentives (US$29.8 million) as a result of increased profitability, higher social programs and community investment expenditure (US$13.4 million) and higher concentrate logistics costs reflecting higher sales volumes (US$8.9 million).

Operating expenses were also impacted by unfavourable stock movement (US$31.4 million) due to a higher net drawdown of finished goods (US$46.1 million) reflecting higher copper concentrate sales volumes. This was offset by a higher build-up of ore stockpiles (US$20.0 million).

Total operating expenses were also impacted by the increased royalty and freight costs (US$39.7 million), reflecting higher concentrate sales volumes and revenue.

C1 costs for the first half of 2021 were US$1.08/lb compared to US$1.15/lb in the first half of 2020. The lower C1 is due to higher copper production volumes and higher by-product credits, partly offset by higher production expenses.

OUTLOOK

Full year production for 2021 is expected to be around 310,000 tonnes of copper in copper concentrate.

Full year C1 costs are still expected to be between US$1.10/lb and US$1.20/lb. Cost pressures associated with increased mining and milling volumes and longer haul distances as the depth of the Ferrobamba pit increases will continue to be partially offset by ongoing cost and efficiency programs. These factors will ensure Las Bambas remains one of the lowest cost mines of this scale in the world.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

KINSEVERE

SIX MONTHS ENDED 30 JUNE	2021	2020	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	20,075	1,008,322	(98%)
Ore milled (tonnes)	1,177,094	1,193,960	(1%)
Waste movement (tonnes)	-	5,835,523	(100%)
Copper cathode (tonnes)	25,123	36,505	(31%)
Payable metal in product sold			
Copper (tonnes)	25,201	35,910	(30%)

SIX MONTHS ENDED 30 JUNE	2021 US$ MILLION	2020 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**225.8**	**187.4**	**20%**
Operating expenses			
Production expenses			
Mining	(8.1)	(37.7)	79%
Processing	(41.7)	(41.2)	(1%)
Other	(38.6)	(53.1)	27%
Total production expenses	**(88.4)**	**(132.0)**	**33%**
Freight (transportation)	(4.2)	(6.2)	32%
Royalties	(12.7)	(11.6)	(9%)
Other[1]	(19.9)	(20.5)	3%
Total operating expenses	**(125.2)**	**(170.3)**	**26%**
Other expenses	(5.9)	(8.9)	34%
EBITDA	**94.7**	**8.2**	**1,055%**
Depreciation and amortisation expenses	(14.6)	(59.6)	76%
EBIT	**80.1**	**(51.4)**	**256%**
EBITDA margin	**42%**	**4%**	**950%**

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

Kinsevere revenue increased by US$38.4 million or 20% to US$225.8 million compared to the first half of 2020. This increase was driven by higher realised copper prices (US$100.1 million), partly offset by a 31% drop in copper sales volumes in line with lower production (11,350 tonnes or US$61.7 million).

Copper cathode production of 25,123 tonnes was 31% or 11,382 tonnes lower than the first half of 2020. Mining activity was temporarily suspended at Kinsevere during the second half of 2020, with feed to the mill during the first half of 2021 mainly coming from existing ore stockpiles and third parties. A small amount of available higher-grade ore was also retrieved from the Mashi and Central Pits to supplement feed grades in Q1 2021. The lower grade nature of stockpiled ore was the key reason for lower copper cathode production. Processing plant performance remained stable and improved recoveries (96.0% vs. 94.7%) due to a higher content of acid soluble copper (ASCu) in the ore partly offset the lower feed grade.

Total production expenses decreased by US$43.6 million or 33% compared to the first half of 2020. This was mainly driven by lower mining costs due to the suspension of mining activities (US$29.6 million). Processing costs were also lower, mainly driven by lower energy consumption in electrowinning in line with lower cathode production (US$4.8 million) and lower leaching costs driven largely by favourable sulfuric acid prices (US$4.5 million). This was partly offset by higher acid consumption due to the processing of higher gangue acid consuming ores (US$2.2 million). Other production costs were also lower compared to the first half of 2020 (US$7.2 million) mainly due to higher COVID-19 related expenses incurred at the beginning of the pandemic to establish COVID management systems and protocols (US$4.8 million).

Depreciation and amortisation expenses were US$45.0 million or 76% lower in line with lower ore mined compared to the comparative period.

C1 costs for the first half of 2021 were US$1.81/lb, compared to US$1.86/lb in the first half of 2020. The favourable impact of lower cash production expenses due to reduced mining activity in 2021 (US$0.55/lb) was largely offset by the impact of lower copper produced (US$0.50/lb).

OUTLOOK

Copper cathode production for 2021 is expected to be in the range of 50,000 to 60,000 tonnes, with C1 cost guidance lowered to between US$2.05/lb and US$2.15/lb. Lower mining costs are the main driver for the full year C1 reduction, with mining of the remaining oxide reserves now expected to resume in the fourth quarter of 2021, which should improve average milled ore grade compared to the lower grade stockpiles processed during the first half of 2021.

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

DUGALD RIVER

SIX MONTHS ENDED 30 JUNE	2021	2020	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	884,758	945,735	(6%)
Ore milled (tonnes)	900,954	947,634	(5%)
Zinc in zinc concentrate (tonnes)	89,076	79,177	13%
Lead in lead concentrate (tonnes)	9,956	9,846	1%
Payable metal in product sold			
Zinc (tonnes)	79,015	72,917	8%
Lead (tonnes)	10,409	10,969	(5%)
Silver (ounces)	671,124	715,484	(6%)

SIX MONTHS ENDED 30 JUNE	2021 US$ MILLION	2020 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**235.1**	**120.9**	**94%**
Operating expenses			
Production expenses			
Mining	(43.1)	(35.1)	(23%)
Processing	(38.5)	(25.6)	(50%)
Other	(31.1)	(26.6)	(17%)
Total production expenses	**(112.7)**	**(87.3)**	**(29%)**
Freight (transportation)	(6.0)	(6.3)	5%
Royalties	(8.1)	(5.0)	(62%)
Other[1]	(7.1)	(11.8)	40%
Total operating expenses	**(133.9)**	**(110.4)**	**(21%)**
Other income/(expenses)	0.5	(1.4)	136%
EBITDA	**101.7**	**9.1**	**1,018%**
Depreciation and amortisation expenses	(29.4)	(29.0)	(1%)
EBIT	**72.3**	**(19.9)**	**463%**
EBITDA margin	**43%**	**8%**	**438%**

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

Revenue increased by US$114.2 million (94%) to US$235.1 million, primarily due to higher realised commodity prices (US$106.8 million) and higher zinc sales volumes (US$8.9 million). Zinc sales volumes were higher in the first half of 2021 driven by higher zinc production attributable to higher zinc feed grades, partly offset by lower ore milled as a result of reduced ore availability. The reduced ore availability was due to short term constraints in the south mine, with technical issues impacting the paste-fill delivery system. This issue has now been rectified.

Total production expenses were higher by US$25.4 million compared to the first half of 2020 despite lower mining and milling volumes. This was largely attributable to the unfavourable foreign exchange rate impact of US$14.2 million and higher processing costs due to increased energy expenses attributable to one off savings in 2020 (US$5.4 million) mainly relating to the on sale of gas. Processing costs were also higher in the first half of 2021 due to higher contractor expenses (US$2.5 million) mainly due to the revised ROM loading contractor rates and higher employee costs in 2021 due to JobKeeper payments received in 2020 (US$1.2 million).

Dugald River's zinc C1 costs were US$0.63/lb in the first half of 2021 compared to US$0.76/lb in the first half of 2020. The lower C1 was attributable to higher production volumes, lower treatment charges and higher by-product credits. This was partly offset by higher production expenses.

OUTLOOK

In line with prior guidance, Dugald River is expected to produce between 180,000 and 190,000 tonnes of zinc in zinc concentrate during 2021. C1 cost guidance is lowered to US$0.65/lb and US$0.70/lb, with the benefit of lower prevailing TC's in 2021 only partially offset by the stronger A$/US$ exchange rate.

Dugald River continues to target sustained delivery of annual mine capacity of two million tonnes and by 2022, zinc production approaching 200,000 tonnes per annum.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

ROSEBERY

SIX MONTHS ENDED 30 JUNE	2021	2020	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	505,990	458,901	10%
Ore milled (tonnes)	514,345	472,647	9%
Zinc in zinc concentrate (tonnes)	37,460	33,894	11%
Lead in lead concentrate (tonnes)	13,612	10,787	26%
Copper in precious metals concentrate (tonnes)	872	736	18%
Gold (ounces)	20,588	18,765	10%
Silver (ounces)	1,642,922	1,392,225	18%
Payable metal in product sold			
Copper (tonnes)	988	855	16%
Zinc (tonnes)	29,912	32,516	(8%)
Lead (tonnes)	13,183	9,924	33%
Gold (ounces)	19,920	17,584	13%
Silver (ounces)	1,479,257	1,351,421	9%

SIX MONTHS ENDED 30 JUNE	2021 US$ MILLION	2020 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**180.2**	**119.4**	**51%**
Operating expenses			
Production expenses			
Mining	(35.5)	(30.6)	(16%)
Processing	(16.1)	(13.6)	(18%)
Other	(13.0)	(10.6)	(23%)
Total production expenses	**(64.6)**	**(54.8)**	**(18%)**
Freight (transportation)	(4.6)	(3.3)	(39%)
Royalties	(9.2)	(5.8)	(59%)
Other[1]	4.4	(6.4)	169%
Total operating expenses	**(74.0)**	**(70.3)**	**(5%)**
Other expenses	-	(0.6)	100%
EBITDA	**106.2**	**48.5**	**119%**
Depreciation and amortisation expenses	(27.7)	(23.6)	(17%)
EBIT	**78.5**	**24.9**	**215%**
EBITDA margin	**59%**	**41%**	**44%**

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

Revenue increased by US$60.8 million (51%) to US$180.2 million due to higher zinc (US$30.3 million), silver (US$14.7 million), lead (US$4.6 million) and copper prices (US$4.1 million). Sales volumes were also higher by US$7.8 million primarily due to higher lead sales volumes (US$5.1 million).

Rosebery produced 37,460 tonnes of zinc and 13,612 tonnes of lead during the first half of 2021. This represented an 11% and 26% improvement in zinc and lead production compared to the prior corresponding period. On a zinc equivalent basis, production was 84,911 tonnes, 23% higher than the first half of 2020. This was mainly driven by higher mill throughput, higher average feed grades and higher precious metal production. Total production expenses increased by US$9.8 million (18%) compared to the first half of 2020 mainly due to unfavourable exchange rates with the strengthening of the Australian dollar in 2021.

Rosebery's zinc C1 costs were negative (US$0.52/lb) in the first half of 2021 compared to US$0.10/lb in the first half of 2020 reflecting the higher precious metal by-products credits.

OUTLOOK

In line with prior guidance, MMG expects to produce between 60,000 and 70,000 tonnes of zinc in zinc concentrate in 2021. However, full year C1 costs are now expected to be significantly lower than previous guidance, with a range of negative (US$0.20/lb) to US$0.00/lb. The reduced C1 expectation is due to the combined impact of lower TCs, continued strong cost control and higher precious metal by-product credits. This strong performance reflects the ability of the Company to continue to efficiently operate the mine, maximise output and reduce production cost. This is despite longer term grade declines and operating at depth.

Resource extension and near mine exploration drilling will continue during 2021, with results continuing to indicate further extensions to the resource and mine life. As a result, the Company is currently investigating the potential for short term capacity increases at existing tailings storage facilities while studying and permitting a proposed site for a new tailings storage facility to support an extended the life of mine.

CASH FLOW ANALYSIS

NET CASH FLOW

SIX MONTHS ENDED 30 JUNE	2021 US$ MILLION	2020 US$ MILLION
Net operating cash flows	1,308.1	366.6
Net investing cash flows	(277.9)	(255.3)
Net financing cash flows	(418.4)	(257.9)
Net cash inflows/(outflows)	**611.8**	**(146.6)**

Net operating cash inflows increased by US$941.5 million (257%) to US$1,308.1 million. The impact of higher EBITDA (US$1,115.1 million) was largely attributable to higher commodity prices and higher sales volumes at Las Bambas. This was partly offset by unfavourable working capital movements (US$122.4 million), a lower net tax refund in Peru (US$22.8 million) and higher tax payments in the DRC (US$20.1 million).

Net investing cash outflows increased by US$22.6 million (9%) to US$277.9 million. This was mainly due to increased deferred mining costs at Las Bambas of US$116.5 million in the first half of 2021, compared to US$86.8 million in the first half of 2020.

Net financing cash outflows increased by US$160.5 million (62%) compared to the first half of 2020. Included for the period were net repayments of borrowings of US$596.1 million (2020: US$76.9 million) and payment of interest and financing costs of US$102.4 million (2020: US$153.7 million). This was partly offset by net proceeds received from the

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

share placement in June 2021 (US$299.0 million).

FINANCIAL RESOURCES AND LIQUIDITY

	30 JUNE 2021 US$ MILLION	31 DECEMBER 2020 US$ MILLION	CHANGE US$ MILLION
Total assets	12,842.4	12,298.0	544.4
Total liabilities	(9,255.2)	(9,628.3)	373.1
Total equity	**3,587.2**	**2,669.7**	**917.5**

Total equity increased by US$917.5 million to US$3,587.2 million as at 30 June 2021, mainly due to the profit for the period of US$584.0 million and net proceeds from the share placement of US$299.0 million in June 2021.

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

The gearing ratio for the Group is 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 2021 US$ MILLION	31 DECEMBER 2020 US$ MILLION
Total borrowings (excluding prepaid finance charges)[1]	6,642.5	7,238.5
Less: cash and cash equivalents	(804.5)	(192.7)
Net debt	**5,838.0**	**7,045.8**
Total equity	3,587.2	2,669.7
Net debt + Total equity	**9,425.2**	**9,715.5**
Gearing ratio	**0.62**	**0.73**

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 2021 were US$4,106.1 million (31 December 2020: US$4,400.2 million) and Las Bambas Joint Venture Group cash and cash equivalents at 30 June 2021 were US$565.3 million (31 December 2020: US$102.2 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 2020: US$2,261.3 million) of shareholder debt that was used to fund the MMG Group's equity contribution to the Las Bambas Joint Venture Group. For the purpose of the above, it has, however, been included as borrowings.

AVAILABLE DEBT FACILITIES

At 30 June 2021, the Group (excluding the Las Bambas Joint Venture Group) had available to it undrawn debt facilities of US$760.0 million (31 December 2020: US$650.0 million). This was represented by:

(i) US$200.0 million (2020: US$200.0 million) that was undrawn and available under a US$200.0 million revolving credit facility provided by Top Create, for general corporate purposes. The facility matures in October 2021;

(ii) US$80.0 million (2020: US$80.0 million) that was available under an US$85.0 million facility with China Development Bank maturing in September 2023;

(iii) US$300.0 million (2020: US$300.0 million) that was undrawn and available under a US$300.0 million revolving credit facility with ICBC maturing in December 2023;

(iv) US$180.0 million (2020: nil) that was undrawn and available under a US$450.0 million debt facility provided by Album Trading for project funding of Dugald River and for general corporate purposes. The facility matures in June 2026;

At 30 June 2021, the Las Bambas Joint Venture Group had available to it undrawn debt facilities of US$1,150.0 million (31 December 2020: US$1,150.0 million). This was represented by:

(i) US$175.0 million (2020: 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$175.0 million (2020: 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 (2020: 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, at 30 June 2021, 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$200.0 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 2021. 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.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 8 June 2021, a total of 565,000,000 new Shares (Placing Shares), representing approximately 6.54% of the total issued share capital of the Company (as enlarged by the issue and allotment of the Placing Shares), were successfully placed by the Credit Suisse (Hong Kong) Limited, CLSA Limited and BOCI Asia Limited International (Placing Agents) at Placing Price of HK$4.15 per Placing Share pursuant to the terms of the Placing Agreement entered into between the Company and the Pacing Agents on 1 June 2021. The Placing Shares were allotted to not less than six Places (who are independent professional, institutional or other investors), who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Placing Price is HK$4.15 per Share and represents: (i) a discount of approximately 8.39% to the closing price of HK$4.53 per Share as quoted on The Stock Exchange of Hong Kong Limited (Stock Exchange) on 31 May 2021, being the last trading day of the Shares prior to the date of the Placing Agreement (Last Trading Day); (ii) a discount of approximately 10.10% to the average closing price of approximately HK$4.62 per Share as quoted on the Stock Exchange for the last five consecutive trading days and including the Last Trading Day; and (iii) a discount of approximately 12.50% to the average closing price of approximately HK$4.74 per Share as quoted on the Stock Exchange for the last ten consecutive trading days and including the Last Trading Day.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

The above Placing Shares were allotted and issued under the general mandate granted to the Board at the annual general meeting (AGM) of the Company held on 20 May 2021. The net proceeds from the Placing amounted to approximately HK$2,321.1 million (equivalent to approximately US$299.0 million) with a net price per Placing Share of approximately HK$4.11, will be used for (i) potential future acquisitions or projects; and (ii) replenishment of working capital and general corporate purposes to support the Company's strategy, as detailed in the Company's announcement dated 1 June 2021.

ITEMS	PERCENTAGES OF TOTAL NET PROCEEDS	AMOUNT (HK$ IN MILLION)	EXPECTED TIME OF USAGE
Potential future acquisitions or projects	50%	1,160.56	on or before 31 December 2023
Replenishment of working capital and general corporate purposes	50%	1,160.56	on or before 31 December 2023

As at the date of this report, the net proceeds from the Placing have not been immediately required for these purposes and the Company continues to hold these funds in short-term deposits.

DEVELOPMENT PROJECTS

The next phase of development at Las Bambas includes the mining of the Chalcobamba deposit, which is located around 3km from the current processing plant. Permitting and engineering works continue at this project. The Company had anticipated regulatory approval for the development of the Chalcobamba pit in the first half of 2021 following submission of original application in February 2019. However, a combination of lengthy community consultation and administrative delays – as well as complications associated with the 2021 national elections – has delayed approvals.

The Company looks forward to working with the Government of Peru and the Huancuire community to advance development. The project is significant for the economy of Peru and will support additional social contribution and financial and business opportunities for local and regional communities.

When approval is received, Las Bambas will move immediately towards significant development of the pit, investment in mine fleet and the contribution of the third ball mill, which will underpin a production increase to an average of which along with around 400,000 tonnes per annum for the medium term.

The next phase of Kinsevere development, namely the transition to the mining and processing of sulphide ores, is also progressing with the project team currently undertaking detailed engineering works in anticipation of the development phase of the project over the remainder of 2021 and 2022. This project will extend Kinsevere's mine life, see a return to higher copper production volumes in future years and add cobalt production to MMG's portfolio. A decision to proceed with this project remains subject to MMG Board approval. Due to ongoing project optimisation work and discussions with government and regional officials, a final decision on this is now expected during the second half of 2021.

There were no other major development projects noted during the six months ended 30 June 2021.

CONTRACTS AND COMMITMENTS

During the six months ended 30 June 2021, 307 contracts have been reviewed either through market engagements or in-contract renegotiations. The approximate annual operational or capital values addressed by these activities comes to US$745.1 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 grinding media, reagents, and other consumables, major component repair, as well as contracts for engineering and civil works. Multiple goods and services contracts were also finalised in support of the operations. Agreements include an important component of the strategic sourcing program and also engagements with various local communities. Continuous improvement initiatives included contract optimisation and renegotiation with certain suppliers to ensure a sustainable cost base for the business. Significant activity was also undertaken to maintain surety of supply during COVID-19 pandemic to support continued operations.

KINSEVERE

New and revised agreements were finalised with regard to various goods and services focussed on supporting the operation while improving operational cost performance, including; operations and exploration services contracts, logistic and custom clearances, and multiple contracts for the supply of reagents and commodities. Significant activity was undertaken to ensure surety of supply during COVID-19 pandemic to support continued operations. In addition, a number of engineering services and consultancy agreements were finalised in support of Kinsevere expansion and development studies.

DUGALD RIVER

New and revised agreements were finalised for requirements in support of optimising production performance and operations, including; contracts for engineering and civil works for the construction of the chiller plant, goods and services requirements for site infrastructure projects, multiple contracts for the supply of reagents and water, and other site support services. A major activity during this period was to progress review of potential long-term energy solutions to drive cost reduction and increase uptake of renewable energy.

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 contracts for engineering services and consultancy agreements for project-related requirements; 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 with regards to various goods and services, including; group-wide travel management services contracts, IT related services and licence agreements, and a number of professional services consultancy agreements (including services for SHEC, Corporate Affairs, Treasury, Human Resource, and OTE).

PEOPLE

As at 30 June 2021, the Group employed a total of 4,105 full-time equivalent employees (2020:3,600.9) 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 2021, including Directors' emoluments, totalled US$160.6 million (2020: US$122.5 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.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

EXPLORATION ACTIVITIES

LAS BAMBAS

Drilling continued during the first half 2021 on near-surface, skarn and porphyry copper mineralisation at the Chalcobamba Southwest Zone as well as on deep exploration at Chalcobamba and Ferrobamba. All core has been logged and is in the process of being assayed. The analytical results for this drilling will be provided at a later date.

At the Chalcobamba Southwest Zone, located immediately southwest of the current Chalcobamba Ore Reserve pit, coherent, higher-grade copper skarn is located beneath a shallow, unmineralised diorite intrusion that strikes EW and dips gently to the south.

Drilling at Ferrobamba Deeps was designed to test the depth projection of higher-grade mineralization currently being mined by the open pit. The targeted mineralization could serve to deepen the current open pit or provide ore for future UG mining activity.

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 compelling copper-cobalt targets at the Mewpu, Sokorshe II, Shandwe and Tshangalele projects.

DUGALD RIVER

During the first half of 2021, site preparations were completed for a 20,000m surface drilling program. The drilling commenced during late May to investigate the host slate horizons on the Southern Leases of the Dugald River mine for zinc and copper mineralised zones. As at 30 June 2021, 3,355m have been drilled across five diamond drill holes. All holes have intersected variable zones of sulphides within the host horizon consisting of pyrrhotite stringers and breccias with low-grade disseminated sphalerite. Assays are pending.

The remainder of the surface program for the year will focus on exploring for indications of zinc mineralised zones along the 3.5 km stratigraphic trend south of the mine. These holes will target structurally complex areas of the host slate and drill beneath the low-grade sphalerite encountered in the drill program so far. Additional drilling will be completed in the proximal zone of the Inferred Resource in lower Panel A and to the north of Panel E, known as Target F.

ROSEBERY

For the first half of 2021, in-mine drilling activities continued to focus on resource conversion and resource extension drilling. Resource conversion programs performed to expectation. Resource Extension programs are ongoing and results from these extension programs were positive during the reporting period. Additional Resource Extensions programs are coming on-line in the Northern Deeps target. These programs are targeting additional mineral extensions down-dip and to the north of known mining zones.

PROJECT	HOLE_TYPE	METERAGE (METRES)	NUMBER OF HOLES	AVERAGE LENGTH (METRES)
Africa, Australia				
Dugald Rover	Diamond	3,355	5	671
Rosebery	Diamond Surface	3,816	2	1,908
	Diamond Underground	43,158	118	366
Americas				
Las Bambas	Diamond (Chalcobamba SW)	2,998	10	300
	Diamond (Chalcobamba Deeps)	1,498	2	749
	Diamond (Ferrobamba Deeps)	2,662	7	380
	Reverse Circulation (Ferrobamba Deeps)	960	3	320
Total		**58,447**	**147**	**398**

MATERIAL ACQUISITIONS AND DISPOSALS

The Group made no material acquisition or disposal in the six months ended 30 June 2021.

EVENTS AFTER THE REPORTING DATE

Other than the matters outlined below, 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.

- As noted under contingent liabilities for tax, MLB received SUNAT's assessment notice for *Peru - Withholding Taxes (2014, 2015 and 2016)* in connection with audits undertaken in respect of the 2016 tax year in July 2021. MLB intends to appeal the assessments.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

(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 2021, the Group entered into various commodity trades to hedge the sales prices for copper and zinc. This included:

- Zero/low-cost collar hedges:
  - 67,200 tonnes of zinc with put strike price ranging from US$2,550/ton to US$2,800 /ton and call strike price ranging from US$3,100/ton to US$3,340/ton;
  - 81,800 tonnes of copper at put strike price ranging from US$9,000/ton to US$9,550/ton and call strike price ranging from US$10,000/ton to US$11,350/ton.
  - Certain hedges will be settled in January and February 2022.
- Fixed price swap hedges: 20,500 tonnes of copper with fixed price ranging from US$9,708/ton to US$10,340/ton which will be settled in the second half of 2021.
- Quotation period (QP) hedges: 39,800 tonnes of copper with QP month from July 2021 to September 2021 were swapped to average price for the month of June 2021.

Management of the Group have designated the collar hedges with a QP settling in 2021 under a hedge relationship. The fair value of these collar hedges which remain unsettled at 30 June 2021 have been recognised as a derivative financial asset with an amount of US$18.4 million. Accordingly, the fair value movement, from hedge inception to reporting date, has been recognised in other comprehensive income with an amount of US$0.6 million. Management of the Group has excluded the extrinsic (time value) component from the hedge relationship, and accordingly, this has been recognised in other comprehensive income with an amount of US$12.6 million.

For all remaining derivatives, fair value change in reporting period is recognised through profit or loss.

A change in commodity prices during the six months ended 30 June 2021 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 2021	TERM	CARRYING AMOUNT OF HEDGING INSTRUMENT US$ MILLION	FAVOURABLE/ (UNFAVOURABLE) CHANGES IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS		SETTLED PORTION OF HEDGING INSTRUMENT REALIZED LOSSES US$ MILLION	HEDGING GAIN/(LOSS) RECOGNISED IN CASH FLOW HEDGE RESERVE US$ MILLION	COST OF HEDGING RESERVE US$ MILLION
			HEDGING INSTRUMENT US$ MILLION	HEDGED ITEM US$ MILLION			
Cash flow hedges:							
Derivative financial liabilities	January 2021 to March 2021	-	-	-	5.5	-	-
Derivative financial assets	July 2021 to December 2021	18.4	18.4	(18.4)	-	0.6	12.6

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 would have changed as set out below:

	30 JUNE 2021			31 DECEMBER 2020		
COMMODITY	COMMODITY PRICE MOVEMENT	(DECREASE)/ 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%	(22.8)	(22.0)	+10%	(11.0)	-
Zinc	+10%	0.6	(6.1)	+10%	2.0	(6.3)
Total		**(22.2)**	**(28.1)**		**(9.0)**	**(6.3)**

COMMODITY	COMMODITY PRICE MOVEMENT	INCREASE/ (DECREASE) IN PROFIT US$ MILLION	INCREASE IN OCI US$ MILLION	COMMODITY PRICE MOVEMENT	DECREASE IN PROFIT US$ MILLION	INCREASE IN OCI US$ MILLION
Copper	-10%	23.3	25.8	-10%	(18.9)	-
Zinc	-10%	(0.7)	5.7	-10%	(2.0)	6.3
Total		**22.6**	**31.5**		**(20.9)**	**6.3**

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

(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.

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

AT 30 JUNE 2021	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 REALIZED LOSSES US$ MILLION	HEDGING GAIN/(LOSS) RECOGNISED IN CASH FLOW HEDGE RESERVE 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	1,940.0	9.4	20.1	(20.0)	(3.0)	13.6[2]	0.1

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$3,911.4 million outstanding at 30 June 2021, maturing in June 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 year two to year five).
2. The hedging gain recognised in cash flow hedge reserve is the amount after tax.

At 30 June 2021 and 31 December 2020, 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:

	30 JUNE 2021				31 DECEMBER 2020			
	+100 BASIS POINTS		-100 BASIS POINTS		+100 BASIS POINTS		-100 BASIS POINTS	
US$ MILLION	INCREASE/ (DECREASE) IN PROFIT AFTER TAX	INCREASE IN OCI	DECREASE 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	5.5	-	(5.5)	-	1.3	-	(1.3)	-
Financial liabilities								
Borrowings (taking into account the impact of the interest rate swap)	(7.7)	39.6	(9.6)	(28.8)	(19.0)	39.1	(18.5)	(15.9)
Total	**(2.2)**	**39.6**	**(15.1)**	**(28.8)**	**(17.7)**	**39.1**	**(19.8)**	**(15.9)**

EFFECT OF BENCHMARK INTEREST RATES REFORM

The Group has adopted the Phase I and Phase II of the Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform.

Additionally, the Group has a cash flow hedge relationship (as described above for the interest rate swap) which will also be subject to the interest rate benchmark reform. In respect of the interest rate swap, the amendments provide temporary relief from applying specific hedge accounting requirements to the hedging relationships if it directly gets affected by benchmark interest rates reform. This will prevent hedge accounting from terminating but may result in hedge ineffectiveness. Any hedge ineffectiveness continues to be recorded in the condensed consolidated interim statement of profit or loss.

Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements. The Group currently anticipates that the areas of greatest change will be amendments to the contractual terms of US$ LIBOR-referenced floating-rate debt and swaps and updating hedge designations.

The Group is closely monitoring the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by IBOR regulators (including the Financial Conduct Authority 'FCA' and the US Commodity Futures Trading Commission) regarding the transition from IBOR (including the US$ LIBOR) to the Sterling Overnight Index Average rate ("SONIA"), the Secured Overnight Financing rate ("SOFR") and the Tokyo Overnight Average rate (TONA).

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Below is the list of derivative and non-derivative financial instrument which will be impacted by IBOR replacement:

FINANCIAL INSTRUMENT	TYPE OF INSTRUMENT	MATURING IN	NOTIONAL VALUE US$ MILLION	CARRYING VALUE US$ MILLION
US$ debt linked to LIBOR[1]	Non-derivative liability	Through July 2021 to July 2032	2,365.9	2,365.9
US$ debt linked to LIBOR designated in cash flow hedge[1]	Non-derivative liability	June 2025	1,940.0	1,940.0
Interest rate swap converting LIBOR to Fixed (cash flow hedge)	Derivatives	June 2025	1,940.0	9.4

1. For the US$ Debt, the fallback clauses are under negotiation with lenders. This relief does not extend to the requirement that the designated interest rate risk component continues to be reliably measurable and if the risk component is no longer reliably measurable, the hedging relationship is discontinued. The Group has determined that USD LIBOR interest rate risk components continue to be reliably measurable.

In response to the announcements, the Group has put in place an interest rate benchmark transition programme being led by the Group's Treasury team. Treasury team has commenced the discussions with the internal and external stakeholders to understand the impact of the transition and work involved.

RISKS ARISING FROM THE INTEREST RATE BENCHMARK REFORM

The following are the key risks for the Group arising from the transition:

- **Interest rate basis risk:** There are two elements to this risk as outlined below:
  - If bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBOR publishing, there are significant uncertainties with regard to the interest rate that may apply. The Group is working closely with counterparties to avoid this from occurring.
  - Interest rate basis risk can arise if the move to the alternate benchmark rate occurs at different timing for the non-derivative instrument (the project finance facility) and the derivative instrument (the interest rate swap) held to manage the interest risk on the non-derivative. The Group will monitor this risk against its risk management policy which shall allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.
- **Liquidity risk:** There are differences between the LIBOR and the various alternative benchmark rates which the Group may be adopting. The LIBOR is published for a period (e.g., 1 month or 6 month) and includes an inter-bank credit spread, whereas the alternative benchmark rates are typically risk-free overnight rates with no embedded credit spread and published at the end of the overnight period. These differences can result in uncertainty regarding the floating rate interest payments which will require additional liquidity management. Management of the Group shall ensure sufficient liquidity is available to accommodate any unexpected increases in overnight rates.
- **Accounting risk:** If transition to alternate benchmark rates is finalised in a manner which does not permit the application of reliefs introduced in the Phase 2 amendments, this can lead to discontinuation of hedge accounting relationships (i.e., gains or losses recognised in the other comprehensive income will be re-classified to profit and loss). This can also lead to increased volatility in profit or loss if re-designated hedges are not fully effective and volatility in the profit or loss if non-derivative financial instruments are modified or de-recognised (for e.g., where there is significant impact due to change in effective interest rate on the overall borrowings valuation including the prepaid finance charges). Management of the Group aims to agree timely changes to the contracts to allow HKFRS 9 reliefs to apply and does not expect to close out derivatives and enter into new ones in respect of the existing hedge relationship.

Below are details of the hedging instruments and the related hedged items that will be subject to transition to alternative benchmark interest rates, by hedge type. The terms of the hedged items listed match those of the corresponding hedging instruments.

HEDGE RELATIONSHIP	PRIOR TO TRANSITION INSTRUMENT TYPE	MATURING IN	NOTIONAL VALUE US$ MILLION	CARRYING VALUE US$ MILLION	HEDGED ITEM	TRANSITION PROGRESS
Cash flow hedge	Receive 6-month USD LIBOR, pay US dollar fixed interest rate swap	June 2025	1,940.0	9.4	USD LIBOR debt	Discussion with counterparty of derivatives are in process.

The Group will continue to apply the Phase 1 amendments to HKFRS 9/HKAS 39 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of underlying cashflows to which the Group is exposed ends.

(C) FOREIGN EXCHANGE RISK

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

(D) CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to counterparty credit risk through sales of metal products on normal terms of trade, through deposits of cash and settlement risk on foreign exchange transactions. While the most significant exposure to credit risk is through sales of metal products on normal terms of trade, the majority of sales for mining operations were made under contractual arrangements, whereby provisional payment is received promptly after delivery and the balance within 30 to 120 days from delivery. All of the Group's trade receivables at 30 June 2021 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.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

(E) LIQUIDITY RISK

Compared to 31 December 2020, there was no material change in the contractual undiscounted cash outflows for financial liabilities. The new derivatives including fixed price swaps, QP swaps and collar derivatives are with a carrying value of US$18.4 million for derivatives designated under hedge accounting and with a carrying value of US$25.8 million for derivatives carried at fair value though profit or loss respectively. All of these derivatives will be maturing within 12 months from the reporting date.

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 2021. 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.

During the six months ended 30 June 2021, the Group raised equity of US$299.0 million through share a placement.

In addition, at 30 June 2021, 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$200.0 million, allocated to each party in their respective off-take proportions.

(F) SOVEREIGN RISK

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, and changing political conditions and governmental regulations. Changes in any mining or investment policies or shifts in political attitudes in the jurisdictions in which the Group operates may adversely affect the Group's operations and profitability. The decline in growth and macroeconomic activity in many developing nations has resulted in governments seeking alternative means of increasing their income, including increases to corporate tax, 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 continues to result in an increased tax burden on mining companies.

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

CONTINGENT LIABILITIES

BANK GUARANTEES

Certain bank guarantees have been provided in connection with the operations of certain subsidiaries of the Company primarily associated with the terms of mining leases, mining concessions, exploration licences or key contracting arrangements. At the end of the 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 2021, these guarantees amounted to US$423.0 million (31 December 2020: US$417.7 million).

- The Group has an Australian dollar ("A$") 230.0 million (approximately US$172.8 million), revolving bank guarantee facility with BOC, Sydney ("BG Facility"), which is guaranteed by CMN. MMG has entered into a counter-indemnity agreement in favour of CMN for the maximum principal amount outstanding under the BG Facility.
- Following the sale of Century mine in 2017, the Group has procured certain bank guarantees amounting to US$122.9 million (31 December 2020: US$145.4 million) for the benefit of New Century until 31 December 2023. New Century is legally required to punctually meet all obligations and must use best endeavours to ensure that no demand is made under the bank

guarantees. New Century must ensure that, within 90 days of the end of each half-year financial period, the bank guarantee is reduced by not less than 40% of the Century mine's EBITDA in respect of a half-year financial period. During the six months ended 30 June 2021, the bank guarantee has been reduced by A$7.6 million (US$5.7 million) to A$181.3 million (US$136.2 million) from a partial reduction of the rehabilitation reduction agreement between New Century and the Queensland Government's Department of Environment and Science ("DES"). Management of the Group agreed to defer any further reductions to the bank guarantee to the second half of 2021.

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 and 2016)

Included within such uncertain tax matters is an audit of the 2014 and 2015 tax years 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 estimate date of Peru Tax Court resolution are PEN199,030,760 (approximately US$51.0 million), PEN534,307,517 (approximately US$137.0 million) and PEN 660,508,102 (approximately US$169.4 million) for 2014, 2015 and 2016 tax years 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 intends to appeal the assessments. SUNAT could bring a similar challenge regarding the rate of withholding tax applied by MLB in 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.

Peru – VAT refund claims (2011/12)

Included as an uncertain tax matter is the decision from the Peru Tax Court in relation to SUNAT's audit of MLB's VAT refund claims in the 2011 and 2012 years. SUNAT conducted an audit of MLB's tax affairs of the 2011 and 2012 financial years and challenged certain VAT matters. SUNAT disallowed MLB's claim, despite MLB providing a substantial amount of documentary evidence to support its position during and after the audit, which MLB is of the opinion it is entitled to do, pursuant to Peruvian law. Based on SUNAT issued assessments by the end of 2020, there will be approximately PEN687.0 million (approximately

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

US$176.0 million) of VAT, penalties and interest in respect of the 2011 and 2012 financial years when the Las Bambas mine was under the ownership of Glencore plc.

MLB has appealed the judgment. Appeals in the Peruvian Judiciary System may take several years to resolve.

The assessed amount relates to the pre-closing period under the agreement signed with Glencore in 2014 ("Share Purchase Agreement") in respect of the acquisition of the Las Bambas mine, which clarified MMG can pursue indemnity and warranty claims against Glencore due to the matters before 2014 and, upon the Peruvian Tax Court upholding the assessment, MLB may seek reimbursement of some or all of the amount from Glencore plc by way of indemnity or warranty claims under that agreement.

The Group continues to proactively cooperate with the relevant taxation authorities and to actively manage these audits and reviews. Where appropriate, the Group has filed appeals with either the relevant tax authority or the tax court. For all such open tax matters that the Group presently has, any ultimate obligation would depend on future resolution of the matters and currently, a payment is either not probable or cannot be measured reliably. As such, no provision has been reflected in the condensed consolidated interim financial statements for such tax matters.

CONTINGENT LIABILITIES – OTHER CONTINGENCIES

Mining Company Katanga SARL ("MCK") filed a claim against MMG Kinsevere SARL ("MMG Kinsevere"), a subsidiary of the Group, in relation to a mining services contract with its associate entity MCK Trucks (then known as NB Mining SA) in 2018.

MCK is seeking an award of losses suffered and punitive damages. MMG Kinsevere and the Company regard the claim as unfounded and the amount claimed as disproportionate to the losses that could reasonably have been suffered. The Group is contesting the claim. Court proceedings between MMG Kinsevere and MCK in the DRC are continuing. MCK obtained freezing orders in 2020 over certain assets of Kinsevere, which have been partly enforced over US$15.8 million cash held in bank accounts in the DRC.

Considering the uncertainty around this matter and the fact that there is no present obligation for Kinsevere to make any payments, nor such payment being reliably estimated at this time, no provision has been recognised for this matter.

CHARGES ON ASSETS

As at 30 June 2021, certain borrowings of the Group were secured as follows:

(a) Approximately US$4,030.9 million (31 December 2020: US$4307.6 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. Approximately US$119.5 million (31 December 2020: US$239.0 million) of these borrowings are guaranteed on a several basis by China Minmetals Non-ferrous Metals Holding Company Limited, Guoxin International Investment Corporation Limited and CITIC Corporation Limited in proportion to the respective shareholdings of MMG SA, Elion Holdings Corporation Limited and Citic Metal Peru Investment Limited in the Las Bambas Joint Venture Group.

(b) Approximately US$75.3 million (31 December 2020: US$92.5 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

MMG's vision is to build the world's most respected mining company. We mine to create wealth for our people, host communities and shareholders with an ambition to double the size and value of MMG, and then double again by 2030. MMG has established strong foundations that support future growth and development. The Board is committed to sustaining the successful model that brings together the best fit management team and a strong relationship with China that draws upon the strength of the world's largest commodities consumer, provides deep understanding of markets and access to its sources of funding.

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.

MMG continues to pro-actively respond to the COVID-19 pandemic, working closely with national authorities to protect the health and safety of its employees, host communities and other stakeholders.

Las Bambas copper production in 2021 is now expected to be around 310,000 tonnes as a result of the ongoing uncertainty around Chalcobamba approvals. The Company looks forward to working with the Government of Peru and the Huancuire community to advance development. The project is a significant one for the economy of Peru and will support additional social contribution and financial and business opportunities for local and regional communities.

The development of Chalcobamba pit, together with the investment in mine fleet and the third ball mill will underpin a production increase to an average of around 400,000 tonnes per annum for the medium term.

MMG continues to expect to produce between 50,000 and 60,000 tonnes of copper cathode at Kinsevere, and between 240,000 and 260,000 tonnes of zinc at its Dugald River and Rosebery operations in 2021.

In the DRC, MMG continues to progress the next phase of Kinsevere development, namely the transition to the mining and processing of sulphide ores. This project will extend Kinsevere's mine life, see a return to higher copper production volumes in future years and add cobalt production to MMG's portfolio. 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 sustained delivery of annual mine throughput of two million tonnes by 2022. This will pave the way for targeted zinc equivalent production approaching 200,000 tonnes annually from 2022. At Rosebery, resource extension and near mine exploration drilling will continue during 2021, 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.

Total capital expenditure in 2021 is now expected to be between US$600.0 million and US$650.0 million. Of this, approximately US$500.0 million is attributable to Las Bambas, including approximately US$250.0 million related to capitalised deferred stripping activity. The balance is made up of expenditure on the Chalcobamba development, completion of the third ball mill project and expansion of the Las Bambas tailings dam facility. These figures do not include costs associated with the next phase of development at Kinsevere, details of which will be announced if and when the project receives formal approval.

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 2021, 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 2021

		NUMBER OF UNDERLYING SHARES HELD			
NAME OF DIRECTOR	NATURE OF INTEREST	NUMBER OF SHARES HELD	OPTIONS	PERFORMANCE AWARDS(i)	APPROXIMATE PERCENTAGE OF TOTAL NUMBER OF ISSUED SHARES (%)(ii)
GAO Xiaoyu	Personal	-	-	21,754,763	0.25

Notes:

(i) The Directors' interests in the underlying shares of the Company are through performance awards granted by the Company, details of which are set out under the section headed 'Performance Awards' on pages 39 to 41 of this Interim Report.

(ii) 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, 8,639,086,253 shares) as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, 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 2021.

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 2021, 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 2021

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, 8,639,086,253 shares) of the Company as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, 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 2021, are set out in Note 14 to the Consolidated Financial Statements.

During 2021, 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. **Facilities granted by China Development Bank and Bank of China Limited, Sydney Branch to MMG Dugald River**

   On 27 June 2013, the Company, MMG Dugald River and certain other subsidiaries entered into a facility agreement with CDB and BOC Sydney in relation to the financing of the development and construction of the Dugald River project for an amount up to US$1.0 billion (Dugald River Facility). On 27 June 2016, the parties to the Dugald River Facility entered into an amendment agreement pursuant to which the Dugald River Facility was reduced to US$550.0 million. On 9 January 2018, the Dugald River Facility was further amended to, among other things, reduce the security arrangements and relax covenant compliance requirements. The Dugald River Facility was available for drawdown until 27 June 2018, and is to be repaid by 28 June 2026. On 21 June 2021, the outstanding amount of US$297.2 million was repaid in full and the Dugald River Facility terminated.

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

   - CMCL ceases to legally and beneficially own, directly or indirectly, at least 51% of the total number of issued shares of the Company; or
   - CMCL ceases to have the power to:

     (a) cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of the Company; or

     (b) appoint or remove all, or the majority, of the directors or other equivalent officers of the Company; or

     (c) give directions with respect to the Company's operating and financial policies with which the directors or other equivalent officers of the Company are obliged to comply.

2. **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 2021, 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.

3. **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). As at 30 June 2021, both of the 2019 Facilities were undrawn.

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.

4. 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 2021, the amount of US$5.0 million was outstanding under the 2020 CDB Facility.

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.

5. 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 2021, 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 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 2021, there were a total of 4,684,495 options outstanding granted under 2016 Options, which represented approximately 0.05% 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 4,684,495 options outstanding as at 30 June 2021, which represented approximately 0.05% of the total number of issued shares of the Company as at that date.

During the six months ended 30 June 2021, 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 2021	GRANTED DURING THE PERIOD	EXERCISED DURING THE PERIOD(iii)	LAPSED DURING THE PERIOD(iv)	BALANCE AS AT 30 JUNE 2021
Employees of the Group	15 December 2016	2.29	4 years after the date of vesting	11,192,385	-	(6,217,076)	(290,814)	4,684,495
TOTAL				**11,192,385**	**-**	**(6,217,076)**	**(290,814)**	**4,684,495**

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$4.69.

(iv) Options lapsed due to cessation of employment.

(v) 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.

PERFORMANCE AWARDS

Pursuant to the performance awards granted under the Long Term Incentive Equity Plan, performance awards were granted to eligible participants under the 2018 Performance Awards, 2019 Performance Awards, 2020 Performance Awards and 2021 Performance Awards. As at 30 June 2021, there were a total of 105,361,862 performance awards outstanding granted under the 2019 Performance Awards, 2020 Performance Awards and 2021 Performance Awards, which represented approximately 1.23% of the total number of issued shares of the Company as at that date.

2018 PERFORMANCE AWARDS

On 29 June 2018, the Company granted performance awards to the eligible participants pursuant to the Long Term Incentive Equity Plan (2018 Performance Awards). There were no performance awards outstanding as at 30 June 2021.

During the six months ended 30 June 2021, the movements of the 2018 Performance Awards were as follows:

		NUMBER OF PERFORMANCE AWARDS					
CATEGORY OF PARTICIPANT	DATE OF GRANT[(i)]	BALANCE AS AT 1 JANUARY 2021	GRANTED DURING THE PERIOD	VESTED DURING THE PERIOD	CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD[(ii)]	BALANCE AS AT 30 JUNE 2021
Employees of the Group	29 June 2018	7,002,799	-	(835,659)	-	(6,167,140)	-
TOTAL		**7,002,799**	**-**	**(835,659)**	**-**	**(6,167,140)**	**-**

Notes:

(i) The vesting and performance period of the performance awards is three years from 1 January 2018 to 31 December 2020. 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. Achievement of the Company and individual performance conditions have resulted in 16.7% of the 2018 Performance Awards granted to participants vesting on 10 June 2021.

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

OTHER INFORMATION
CONTINUED

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 17,845,965 performance awards outstanding as at 30 June 2021, representing approximately 0.21% of the total number of issued shares of the Company as at that date.

During the six months ended 30 June 2021, 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 2021	GRANTED DURING THE PERIOD	VESTED DURING THE PERIOD	CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD(ii)	BALANCE AS AT 30 JUNE 2021
Director							
GAO Xiaoyu	3 May 2019	5,604,754	-	-	-	-	5,604,754
Employees of the Group	3 May 2019	12,845,086	-	-	-	(603,875)	12,241,211
TOTAL		**18,449,840**	**-**	**-**	**-**	**(603,875)**	**17,845,965**

Notes:

(i) The vesting and performance period of the performance awards is three years from 1 January 2019 to 31 December 2021. The time of vesting will be on or around June 2022. 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) Performance awards lapsed due to cessation of employment.

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 66,209,116 performance awards outstanding as at 30 June 2021, representing approximately 0.77% of the total number of issued shares of the Company as at that date.

During the six months ended 30 June 2021, the movements of the 2020 Performance Awards were as follows:

		NUMBER OF PERFORMANCE AWARDS					
CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT(i)	BALANCE AS AT 1 JANUARY 2021	GRANTED DURING THE PERIOD	VESTED DURING THE PERIOD	CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD(ii)	BALANCE AS AT 30 JUNE 2021
Director							
GAO Xiaoyu	29 April 2020	12,130,042	-	-	-	-	12,130,042
Employees of the Group	29 April 2020	57,440,413	-	-	-	(3,361,339)	54,079,074
TOTAL		**69,570,455**	**-**	**-**	**-**	**(3,361,339)**	**66,209,116**

Notes:

(i) 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.

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

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 21,306,781 performance awards outstanding as at 30 June 2021, representing approximately 0.25% of the total number of issued shares of the Company as at that date.

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

		NUMBER OF PERFORMANCE AWARDS					
CATEGORY AND NAME OF PARTICIPANT	**DATE OF GRANT(i)**	**BALANCE AS AT 1 JANUARY 2021**	**GRANTED DURING THE PERIOD**	**VESTED DURING THE PERIOD**	**CANCELLED DURING THE PERIOD**	**LAPSED DURING THE PERIOD**	**BALANCE AS AT 30 JUNE 2021**
Director							
GAO Xiaoyu	21 June 2021	-	4,019,967	-	-	-	4,019,967
Employees of the Group	21 June 2021	-	17,286,814	-	-	-	17,286,814
TOTAL		**-**	**21,306,781**	**-**	**-**	**-**	**21,306,781**

Note:

(i) 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.

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 Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2021, except for the following deviations:

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

   In accordance with the Company's articles of association, each Director appointed by the Board shall be subject to re-election by Shareholders at the next general meeting (in the case of filling a casual vacancy) or at the next annual general meeting (AGM) (in the case of an addition to the Board), and thereafter be subject to retirement by rotation at least once every three years at the AGM. Dr Cassidy, who was appointed by the Board on 31 December 2010 to fill a casual vacancy, is also subject to retirement from the Board by rotation at least once every three years at the AGM. Since Dr Cassidy has been appointed, he has been re-elected by the Shareholders at the AGMs held in 2011, 2013, 2016 and 2019.

2. Code provision E.1.2 requires the Chairman of the Board to attend and answer questions at the AGM. Mr Guo Wenqing, the Chairman of the Board, was not available for the Company's AGM held on 20 May 2021 due to inability to travel to Hong Kong as a result of COVID-19 restrictions and conflicting business commitments. Accordingly, Mr Leung Cheuk Yan, an Independent Non-executive Director, a member of the Audit and Risk Management Committee and the Governance, Remuneration and Nomination Committee of the Company, was nominated by the Board to take the chair of the said meeting.

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

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 2021, 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 2021.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, the information on Directors provided in the 2020 Annual Report of the Company is updated as follows:

CHANGES IN DIRECTORSHIPS

NAME OF DIRECTOR	POSITION	DETAILS OF CHANGES
GAO Xiaoyu	Executive Director & CEO	1. Appointed as a director of All Glorious Limited, a wholly owned subsidiary of the Company, on 30 April 2021. 2. Appointed as a director of MMG Kinsevere SARL, a wholly owned subsidiary of the Company, on 10 June 2021.

CHANGES IN REMUNERATION

NAME OF DIRECTOR	POSITION	DETAILS OF CHANGES
GAO Xiaoyu	Executive Director & CEO	1. Total Fixed Remuneration increase effective 1 January 2021 from A$2,255,000.00 to A$2,300,100.00. Increase following standard MMG Annual Remuneration Review process. 2. Total Fixed Remuneration increase effective 1 July 2021 from A$2,300,100.00 to A$2,301,974.00. Increase due to legislative changes to the Superannuation Guarantee Contribution.
JIAO Jian	Non-executive Director	1. Mr Jiao has elected to waive his remuneration being the Non-executive Director of the Company effective from 1 January 2021.
ZHANG Shuqiang	Non-executive Director	1. Mr Zhang has elected to waive his remuneration being the Non-executive Director of the Company effective from 1 January 2021.
XU Jiqing	Non-executive Director	1. Mr Xu has elected to waive his remuneration being the Non-executive Director of the Company effective from 1 January 2021.

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 2021.

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 45 to 77, which comprise the condensed consolidated interim statement of financial position as of 30 June 2021 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 2021

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

	NOTES	SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED) US$ MILLION	2020 (UNAUDITED) US$ MILLION
Revenue	3	2,433.5	1,180.3
Other income		16.4	3.3
Expenses (excluding depreciation and amortisation)	4	(951.2)	(800.0)
Earnings before interest, income tax, depreciation and amortisation expenses – EBITDA		**1,498.7**	**383.6**
Depreciation and amortisation expenses	4	(454.1)	(406.9)
Profit/(loss) before interest and income tax – EBIT		**1,044.6**	**(23.3)**
Finance income	5	0.8	1.2
Finance costs	5	(170.0)	(221.6)
Profit/(loss) before income tax		**875.4**	**(243.7)**
Income tax (expense)/credit	6	(291.4)	61.0
Profit/(loss) for the period		**584.0**	**(182.7)**
Profit/(loss) for the period attributable to:			
Equity holders of the Company		400.1	(158.0)
Non-controlling interests		183.9	(24.7)
		584.0	**(182.7)**
Profit/(loss) per share attributable to the equity holders of the Company			
Basic earnings/(loss) per share	7	US 4.91 cents	US (1.96) cents
Diluted earnings/(loss) per share	7	US 4.86 cents	US (1.96) 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	
	2021 (UNAUDITED) US$ MILLION	**2020 (UNAUDITED) US$ MILLION**
Profit/(loss) for the period	**584.0**	**(182.7)**
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Movement on hedging instruments designated as cash flow hedges	38.4	(3.8)
Cash flow hedge gains transferred to profit or loss	7.9	-
Income tax (expense)/credit relating to cash flow hedges	(14.0)	1.2
Other comprehensive income/(loss) for the period, net of income tax	**32.3**	**(2.6)**
Total comprehensive income/(loss) for the period	**616.3**	**(185.3)**
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	424.0	(159.6)
Non-controlling interests	192.3	(25.7)
	616.3	**(185.3)**

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 2021 (UNAUDITED) US$ MILLION	31 DECEMBER 2020 (AUDITED) US$ MILLION
ASSETS			
Non-current assets			
Property, plant and equipment	9	9,909.7	10,075.9
Right-of-use assets	10	113.3	122.8
Intangible assets		541.6	546.5
Inventories		79.3	76.2
Deferred income tax assets		189.5	238.6
Other receivables	11	78.8	78.6
Derivative financial assets		9.4	-
Other financial assets		2.4	1.7
Total non-current assets		**10,924.0**	**11,140.3**
Current assets			
Inventories		363.4	416.5
Trade and other receivables	11	675.0	522.8
Current income tax assets		31.3	25.7
Cash and cash equivalents		804.5	192.7
Derivative financial assets		44.2	-
Total current assets		**1,918.4**	**1,157.7**
Total assets		**12,842.4**	**12,298.0**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	3,220.1	2,917.6
Reserves and retained profits	13	(1,558.5)	(1,981.2)
		1,661.6	**936.4**
Non-controlling interests		1,925.6	1,733.3
Total equity		**3,587.2**	**2,669.7**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION CONTINUED

		AS AT	
	NOTES	30 JUNE 2021 (UNAUDITED) US$ MILLION	31 DECEMBER 2020 (AUDITED) US$ MILLION
LIABILITIES			
Non-current liabilities			
Borrowings	14	5,966.3	6,306.7
Lease liabilities	15	120.6	128.5
Provisions		546.5	546.5
Derivative financial liabilities		-	10.7
Other financial liabilities		122.9	145.4
Trade and other payables	16	138.3	112.2
Deferred income tax liabilities		1,007.9	865.2
Total non-current liabilities		**7,902.5**	**8,115.2**
Current liabilities			
Borrowings	14	622.7	872.8
Lease liabilities	15	18.8	20.2
Provisions		109.3	97.9
Derivative financial liabilities		-	29.3
Trade and other payables	16	477.9	470.2
Current income tax liabilities		124.0	22.7
Total current liabilities		**1,352.7**	**1,513.1**
Total liabilities		**9,255.2**	**9,628.3**
Net current assets/(liabilities)		**565.7**	**(355.4)**
Total equity and liabilities		**12,842.4**	**12,298.0**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	FOR SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)					
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
US$ MILLION	SHARE CAPITAL (Note 12)	TOTAL RESERVES (Note 13)	(ACCUMULATED LOSSES)/ RETAINED PROFITS (Note 13)	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**

	FOR SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)					
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
US$ MILLION	SHARE CAPITAL	TOTAL RESERVES	ACCUMULATED LOSSES	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At 1 January 2020	**2,912.2**	**(1,899.1)**	**(0.9)**	**1,012.2**	**1,665.7**	**2,677.9**
Loss for the period	-	-	(158.0)	**(158.0)**	(24.7)	**(182.7)**
Other comprehensive loss for the period	-	(1.6)	-	**(1.6)**	(1.0)	**(2.6)**
Total comprehensive loss for the period	**-**	**(1.6)**	**(158.0)**	**(159.6)**	**(25.7)**	**(185.3)**
Transactions with owners						
Employee share options exercised and performance awards vested	4.2	(4.1)	-	**0.1**	-	**0.1**
Employee share options lapsed	-	(2.1)	2.1	**-**	-	**-**
Employee long-term incentives	-	(1.8)	-	**(1.8)**	-	**(1.8)**
Total transactions with owners	**4.2**	**(8.0)**	**2.1**	**(1.7)**	**-**	**(1.7)**
At 30 June 2020	**2,916.4**	**(1,908.7)**	**(156.8)**	**850.9**	**1,640.0**	**2,490.9**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	SIX MONTHS ENDED 30 JUNE	
	2021 (UNAUDITED) US$ MILLION	2020 (UNAUDITED) US$ MILLION
Cash flows from operating activities		
Receipts from customers	2,427.6	1,377.6
Payments to suppliers and employees	(1,104.5)	(1,042.6)
Payments for exploration expenditure	(11.8)	(8.1)
Income tax (paid)/refunded	(3.2)	39.7
Net cash generated from operating activities	**1,308.1**	**366.6**
Cash flows from investing activities		
Purchase of property, plant and equipment	(273.9)	(254.5)
Purchase of intangible assets	(4.0)	(0.8)
Net cash used in investing activities	**(277.9)**	**(255.3)**
Cash flows from financing activities		
Proceeds from issue of shares	302.1	-
Payment of issue costs	(3.1)	-
Proceeds from external borrowings	-	354.1
Repayments of external borrowings	(636.1)	(631.0)
Proceeds from related party borrowings	270.0	200.0
Repayments of related party borrowings	(230.0)	-
Proceeds from shares issued upon exercise of employee share options	2.2	0.1
Repayment of lease liabilities	(16.7)	(20.3)
Interest and financing costs paid on external borrowings	(100.2)	(153.5)
Interest and financing costs paid on related party borrowings	(2.2)	(0.2)
Withholding taxes paid in respect of financing arrangements	(5.1)	(8.5)
Interest received	0.7	1.4
Net cash used in financing activities	**(418.4)**	**(257.9)**
Net increase/(decrease) in cash and cash equivalents	**611.8**	**(146.6)**
Cash and cash equivalents at 1 January	192.7	217.5
Cash and cash equivalents at 30 June	**804.5**	**70.9**

The accompanying notes are an integral part of the condensed consolidated interim 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 2021 Interim Report.

The Company is an investment holding company and is 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 the six months ended 30 June 2021 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 2021.

The financial information relating to the year ended 31 December 2020 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 2020 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 the six months ended 30 June 2021 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 the six months ended 30 June 2021 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 2020, 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 2021, the Group had net current assets of US$565.7 million (31 December 2020: net current liabilities US$355.4 million) and cash and cash equivalents of US$804.5 million (31 December 2020: US$192.7 million). For the six months ended 30 June 2021, the Group generated a net profit of US$584.0 million (2020: net loss US$182.7 million) and operational cash flows of US$1,308.1 million (2020: US$ 366.6 million).

In June 2021, the Group raised equity of US$299.0 million, net of issue costs, through share placement. The Group has various revolving credit facilities to assist with liquidity requirements. At 30 June 2021, these include undrawn facilities of US$580.0 million (31 December 2020: US$650.0 million) for the Group (excluding Las Bambas), US$1,150.0 million for Las Bambas (31 December 2020: US$1,150.0 million) and undrawn Dugald River project facility of US$180.0 million (31 December 2020: nil).

The Group has also hedged part of its interest rate exposure in relation to the project finance facility at Las Bambas, as well as entered into hedges for copper and zinc sales in 2021 to mitigate downward price risks.

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

Based on the improvement in financial performance, the execution of the equity placement 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 accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 December 2020, except for the adoption of new amendments to the existing standards as set out below.

(a) Amendments to existing standards effective and adopted in 2021 but not relevant or significant to the Group

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKFRS 9 Financial Instruments, HKAS 39 Financial Instruments: Recognition and Measurement, HKFRS 7 Financial Instruments: Disclosures, HKFRS 4 Insurance Contracts and HKFRS 16 Leases	Interest Rate Benchmark Reform – Phase 2

1. The Group has early adopted the amendment, which has been issued and are effective for the Group for reporting periods beginning on 1 January 2021. The application of this amendment has had no material impact on the Group's financial positions and performance for the current and prior periods.

(b) Derivative financial instruments and hedge accounting

As at 30 June 2021, the Group had Commodity Collar Options, Fixed Price Swap, Quotation Period ("QP") Swap and Interest Rate Swap instruments, all of which have been detailed in note 20 (b) and note 20 (c). Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

For the purpose of determining whether a forecast transaction (or a component thereof) in a cash flow hedge is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of interest rate benchmark reform (for which both Phase I and II have been adopted by the Group).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

In assessing the economic relationship between the hedged item and the hedging instrument the Group assumes that the interest rate benchmark on which the hedged cash flows and/or hedged risk are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

The effective portion of changes in the fair value of the hedging instrument designated as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in 'other income/expense' (for any other hedges, e.g., a commodity hedge). As to cash flow statements disclosure, cashflow resulting from commodity hedge is part of 'operating activities'.

2.2 IMPACT OF THE INITIAL APPLICATION OF AMENDMENTS TO HKFRS 9, HKAS 39, HKFRS 4 AND HKFRS 16 "INTEREST RATE BENCHMARK REFORM PHASE 2"

For the year ended 31 December 2020, the Group early adopted the Phase 1 amendments for the Interest Rate Benchmark Reform—Amendments to HKFRS 9/HKAS 39 and HKFRS 7. These amendments modified specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

The Phase 2 amendments for the Interest Rate Benchmark Reform—Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (issued in August 2020) has been adopted by the Group, being mandatory for reporting periods beginning on or after 1 January 2021. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

Both the Phase 1 and 2 amendments are relevant to the Group as it applies hedge accounting for the interest rate benchmark exposure in respect of the interest rate swap hedge on the Las Bambas project finance facility. Please refer to Note 20 for further details on the interest rate swap hedge and the impact of the amendments on the hedge instruments.

The Group will continue to apply the Phase 1 amendments until the uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of underlying cashflows to which the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference the London inter-bank offered rates (LIBOR) expire or are revised. LIBOR are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of alternative benchmark rate are determined. As a result of adoption of Phase 1 amendments, the Group will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reform.

In respect of the Phase 2 amendments:

- When contractual terms of the Group's borrowings are amended as direct consequence of the interest rate benchmark reform and the new basis of determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group shall change the basis for determining the contractual cash flows prospectively by revising the effective interest rate. Any additional changes not directly related to the reforms will be accounted for in line with applicable requirements of HKFRS 9.

- The Group currently does not have any leases with an IBOR as the basis for lease payments. In case the Group may acquire such leases and if the interest rate reforms impact the basis for determining lease payments, then if the new basis is economically equivalent to the previous basis, the Group shall remeasure the lease liability to reflect the revised lease payments discounted using the revised discount rate.
- When any changes shall be made to hedging instrument or the hedged item and hedged risk as a result of these reforms, the Group shall update the hedge documentation without discontinuing the hedge relationship.
- In respect of the cash flow hedge reserve, if the hedged item is modified due to the interest rate benchmark reform, the cumulative gain or loss in the cash flow hedge reserve shall be deemed to be based on the alternative benchmark rate.
- The Group currently does not have any fair value hedges.

Please refer to Notes 14 and 20 for further details on impacts from the amendments.

2.3 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 2020.

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 moly 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 exploration projects, mine sites under care and maintenance and 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 the six months ended 30 June 2021 are as follows:

US$ MILLION	LAS BAMBAS	KINSEVERE	DUGALD RIVER	ROSEBERY	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
Revenue by metals						
-Copper	1,591.6[1]	225.8[1]	-	8.6	1.8	**1,827.8**
-Zinc	-	-	196.3[1]	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**

1. Commodity derivative related gains and losses were included in "Revenue". For six months ended 30 June 2021, net realised losses and unrealised gains with an amount of US$0.6 million (2020: nil) and US$23.3 million (2020: nil) respectively were under Las Bambas; unrealised gains with an amount of US$2.1 million (2020: nil) were under Kinsevere; realised losses and unrealised gains with an amount of US$8.0 million (2020: nil) and US$0.3 million (2020: nil) respectively were under Dugald River. The transaction is mainly with related party of the Group. Refer to Note 17(a) for further details.

The segment assets and liabilities as at 30 June 2021 are as follows:

US$ MILLION	LAS BAMBAS	KINSEVERE	DUGALD RIVER	ROSEBERY	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
Segment assets	10,542.9	509.8	650.8	305.1	613.0[1]	**12,621.6**
Current/deferred income tax assets						**220.8**
Consolidated assets						**12,842.4**
Segment liabilities	4,820.2	238.1	356.7	182.5	2,525.8[2]	**8,123.3**
Current/deferred income tax liabilities						**1,131.9**
Consolidated liabilities						**9,255.2**
Segment non-current assets	**9,503.5**	**402.2**	**566.9**	**299.5**	**151.9**	**10,924.0**

The segment revenue and result for the six months ended 30 June 2020 were as follows:

US$ MILLION	LAS BAMBAS	KINSEVERE	DUGALD RIVER	ROSEBERY	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
Revenue by metals						
-Copper	648.0	187.4	-	4.0	1.4	**840.8**
-Zinc	-	-	93.1	46.6	-	**139.7**
-Lead	-	-	15.7	15.6	-	**31.3**
-Gold	68.1	-	-	30.7	-	**98.8**
-Silver	30.7	-	12.1	22.5	-	**65.3**
-Molybdenum	4.4	-	-	-	-	**4.4**
Revenue from contracts with customers	**751.2**	**187.4**	**120.9**	**119.4**	**1.4**	**1,180.3**
EBITDA	**328.8**	**8.2**	**9.1**	**48.5**	**(11.0)**	**383.6**
Depreciation and amortisation expenses	(294.0)	(59.6)	(29.0)	(23.6)	(0.7)	**(406.9)**
EBIT	**34.8**	**(51.4)**	**(19.9)**	**24.9**	**(11.7)**	**(23.3)**
Finance income						**1.2**
Finance costs						**(221.6)**
Income tax credit						**61.0**
Loss for the period						**(182.7)**

The segment assets and liabilities as at 31 December 2020 are as follows:

US$ MILLION	LAS BAMBAS	KINSEVERE	DUGALD RIVER	ROSEBERY	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
Segment assets	10,166.7	513.3	672.6	323.6	357.5[1]	**12,033.7**
Current/deferred income tax assets						**264.3**
Consolidated assets						**12,298.0**
Segment liabilities	5,097.0	240.2	447.4	194.5	2,761.3[2]	**8,740.4**
Current/deferred income tax liabilities						**887.9**
Consolidated liabilities						**9,628.3**
Segment non-current assets	**9,625.2**	**430.6**	**583.6**	**310.3**	**190.6**	**11,140.3**

1. Included in segment assets of US$613.0 million (31 December 2020: US$357.5 million) for the other segment is cash of US$180.8 million (31 December 2020: US$42.8 million) mainly held at Group's treasury entities and trade receivables of US$280.1 million (31 December 2020: US$198.3 million) for MMG South America Company Limited ("MMG SA") in relation to copper concentrate sales.
2. Included in segment liabilities of US2,525.8 million (31 December 2020: US$2,761.3 million) for the other segment are borrowings of US$2,265.3 million (31 December 2020: US$2,496.2 million) and bank guarantee financial liabilities of US$122.9 million (31 December 2020: US$145.4 million), which are managed at Group level.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

4. EXPENSES

Profit/(loss) before income tax includes the following specific expenses:

	SIX MONTHS ENDED 30 JUNE	
	2021 (UNAUDITED) US$ MILLION	2020 (UNAUDITED) US$ MILLION
Changes in inventories of finished goods and work in progress	22.5	6.9
Write down of inventories to net realisable value	23.5	20.9
Employee benefit expenses[1]	135.8	98.6
Contracting and consulting expenses[3]	212.3	210.9
Energy costs	108.0	97.6
Stores and consumables costs	207.3	171.4
Depreciation and amortisation expenses[2]	439.6	391.4
Other production expenses[3]	55.2	48.2
Cost of goods sold	**1,204.2**	**1,045.9**
Other operating expenses[1]	16.5	17.1
Royalty expenses	83.6	46.1
Selling expenses[3]	54.9	45.6
Operating expenses including depreciation and amortisation[4]	**1,359.2**	**1,154.7**
Exploration expenses[1,2,3]	10.3	8.1
Administrative expenses[1,3]	10.3	13.6
Foreign exchange loss– net	8.5	9.7
(Gain)/loss on financial assets at fair value through profit or loss	(0.7)	1.3
Other expenses[1,2,3]	17.7	19.5
Total expenses	**1,405.3**	**1,206.9**

1. In aggregate, US$24.8 million (2020: US$23.9 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$160.6 million (2020: US$122.5 million).
2. In aggregate, US$14.5 million (2020: US$15.5 million) of depreciation and amortisation expenses were included in exploration expenses and other expenses categories. Total depreciation and amortisation expenses were US$454.1 million (2020: US$406.9 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$25.7 million (2020: US$17.8 million) in respect of variable lease payments, US$2.7 million (2020: US$0.8 million) for short-term leases and US$0.7 million (2020: US$0.6 million) for low-value leases.
4. Operating expenses include mining and processing costs, royalties, selling expenses (including transportation) and other costs incurred by operations.

5. FINANCE INCOME AND FINANCE COSTS

	SIX MONTHS ENDED 30 JUNE	
	2021 (UNAUDITED) US$ MILLION	2020 (UNAUDITED) US$ MILLION
Finance income		
Interest income on cash and cash equivalents	0.7	1.2
Other finance income	0.1	-
Finance income – total	**0.8**	**1.2**
Finance costs		
Interest expense on bank borrowings	(101.4)	(152.9)
Interest expense on related party borrowings (Note 17(a))	(48.4)	(47.2)
Withholding taxes in respect of financing arrangements	(4.7)	(7.4)
Unwinding of discount on provisions	(3.7)	(5.2)
Unwinding of interest on lease liabilities	(6.6)	(7.2)
Other related party finance costs (Note 17(a))	(0.9)	(0.3)
Other external finance costs	(4.3)	(1.4)
Finance costs – total	**(170.0)**	**(221.6)**

6. INCOME TAX EXPENSE/(CREDIT)

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	
	2021 (UNAUDITED) US$ MILLION	2020 (UNAUDITED) US$ MILLION
Current income tax expense – Overseas income tax	111.8	36.7
Deferred income tax expense/(credit) – Overseas income tax	179.6	(97.7)
Income tax expense/(credit)	**291.4**	**(61.0)**

Deferred income tax expense of US$14.0 million relating to items of other comprehensive income (2020: deferred income tax credit of US$1.2 million relating to other comprehensive loss) was recognised during the six months ended 30 June 2021.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

7. EARNINGS/(LOSS) PER SHARE

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

Diluted earnings/(loss) 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. For six months ended 30 June 2020, no conversion of dilutive potential ordinary shares was assumed as it would result in a decrease in loss per share.

	SIX MONTHS ENDED 30 JUNE	
	2021 (UNAUDITED) US$ MILLION	2020 (UNAUDITED) US$ MILLION
Profit/(loss) attributable to equity holders of the Company in the calculation of basic and diluted earnings/(loss) per share	400.1	(158.0)

	NUMBER OF SHARES '000	NUMBER OF SHARES '000
Weighted average number of ordinary shares used in the calculation of the basic earnings/(loss) per share	8,142,292	8,054,940
Shares deemed to be issued in respect of long-term incentive equity plans	83,948	-
Weighted average number of ordinary shares used in the calculation of the diluted earnings/(loss) per share	8,226,240	8,054,940
Basic earnings/(loss) per share	US 4.91 cents	US (1.96) cents
Diluted earnings/(loss) per share	US 4.86 cents	US (1.96) 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. Refer to Note 12 for further details.

8. DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: nil).

9. PROPERTY, PLANT AND EQUIPMENT

SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)	US$ MILLION
Net book amount at 1 January 2021	10,075.9
Additions	266.2
Depreciation and amortization	(432.2)
Disposals	(0.2)
Net book amount at 30 June 2021	**9,909.7**

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, a formal estimate of the recoverable amount is made.

Management of the Group has reviewed indicators for impairment across all of the Group's CGUs. Management of the Group has concluded that no indicators for impairment or impairment reversal were identified during the reporting period in respect of any of the Group's CGUs, therefore no formal assessment of the recoverable amounts were performed.

In addition, management of the Group continue to closely monitor the assumptions and ongoing risks for each of its operations including the impact of the COVID-19 pandemic.

Key assumptions at Las Bambas that present the greatest risk to its recoverable value consistent with those disclosed in the 31 December 2020 financial report include: copper price, operating costs, land access (including permitting delays and the amount and timing of exploration potential to be realised) and discount rate.

Key assumptions at Kinsevere that present the greatest risk to its recoverable value consistent with those disclosed in the 31 December 2020 financial report include: adverse movements in copper and cobalt prices, the approval and completion of the Kinsevere Expansion Plan ("KEP"), uncertainties in relation to the application of the new Mining Code (2018), additional duties and taxes, recoverability of VAT receivable from the DRC Government and the outcome of certain litigation matters.

10. RIGHT-OF-USE ASSETS

SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)	US$ MILLION
Net book amount at 1 January 2021	122.8
Additions	1.6
Depreciation	(10.3)
Termination	(0.8)
Net book amount at 30 June 2021	**113.3**

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

11. TRADE AND OTHER RECEIVABLES

	30 JUNE 2021 (UNAUDITED) US$ MILLION	31 DECEMBER 2020 (AUDITED) US$ MILLION
Non-current other receivables		
Other receivables – government taxes (net of provisions)[1]	12.8	8.9
Sundry receivables[2]	66.0	69.7
	78.8	**78.6**
Current trade and other receivables		
Trade receivables[3]	508.1	369.2
Prepayments	25.0	19.4
Other receivables – government taxes (net of provisions)[1]	67.0	86.9
Sundry receivables[4]	74.9	47.3
	675.0	**522.8**

1. The government taxes amount mainly consists of VAT receivables associated with the Group's operations in Peru and the DRC.
2. Non-current sundry receivables include amounts relating to tax matters of Minera Las Bambas S.A. ("MLB") during Glencore's period of ownership.
3. At 30 June 2021 and 31 December 2020, trade receivables of the Group mainly related to the mining operations. The majority of sales for mining operations were made under contractual arrangements whereby provisional payment is received promptly after delivery and the balance within 20 to 120 days from delivery. All the trade receivables at 30 June 2021 and 31 December 2020 were within six months from the due 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. At 30 June 2021, the Group's trade receivables and prepayments included an amount of US$269.1 million (31 December 2020: US$169.6 million), which was due from a related company of the Group (Note 17(c)). The carrying amounts of the Group's trade receivables are all denominated in US$.
4. Current sundry receivables include cash held in bank accounts in the DRC, which is restricted for use (Note 19(c)) and settled fixed price swap hedges receivables with an amount of US$13.2 million (31 December 2020: nil) which was due from a related company of the Group (Note 17(c)).

12. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES '000	SHARE CAPITAL US$ MILLION
Issued and fully paid:		
At 1 January 2020	8,054,787	2,912.2
Employee share options exercised	3,554	1.2
Employee performance awards vested	8,693	4.2
At 31 December 2020 (audited)	**8,067,034**	**2,917.6**
Shares issued	565,000	299.0
Employee share options exercised[1]	6,217	3.0
Employee performance awards vested[2]	835	0.5
At 30 June 2021 (unaudited)	**8,639,086**	**3,220.1**

1. During the first half of 2021, a total of 6,217,076 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 share price during the period is HK$4.47 per share;
2. During the first half of 2021, a total 835,659 new shares were issued upon vesting of performance awards under the Company's 2018 Performance Awards.

On 8 June 2021, the Company undertook a shares placement with an issue of 565.0 million shares at a price of HK$4.15 per share. The net proceeds, after deducting share issue cost of US$3.1 million, was US$299.0 million.

13. RESERVES AND RETAINED PROFITS

US$ MILLION	SPECIAL CAPITAL RESERVE	EXCHANGE TRANS-LATION RESERVE	MERGER RESERVE[1]	CASH FLOW HEDGE RESERVE[2]	SURPLUS RESERVE	SHARE-BASED PAYMENT RESERVE	OTHER RESERVE	TOTAL RESERVES	ACCUM-ULATED LOSSES/ RETAINED PROFITS	TOTAL
At 1 January 2021 (audited)	**9.4**	**2.7**	**(1,946.9)**	**(10.1)**	**19.3**	**9.6**	**(1.7)**	**(1,917.7)**	**(63.5)**	**(1,981.2)**
Profit for the period	-	-	-	-	-	-	-	**-**	400.1	**400.1**
Other comprehensive income for the period	-	-	-	23.9[3]	-	-	-	**23.9**	-	**23.9**
Total comprehensive income for the period	**-**	**-**	**-**	**23.9**	**-**	**-**	**-**	**23.9**	**400.1**	**424.0**
Employee share options exercised and performance awards vested	-	-	-	-	-	(1.3)	-	**(1.3)**	-	**(1.3)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(1.3)**	**-**	**(1.3)**	**-**	**(1.3)**
At 30 June 2021 (unaudited)	**9.4**	**2.7**	**(1,946.9)**	**13.8**	**19.3**	**8.3**	**(1.7)**	**(1,895.1)**	**336.6**	**(1,558.5)**

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.
3. The cost of hedging reserve with an amount of US$9.3 million is included in this item. It represents the extrinsic (time) value of cash flow hedge instrument (collar hedges, refer Note 20(b)) and are recognised in "Other Comprehensive Income".

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

14. BORROWINGS

	30 JUNE 2021 (UNAUDITED) US$ MILLION	31 DECEMBER 2020 (AUDITED) US$ MILLION
Non-current		
Loans from a related party (Note 17(c))[1]	2,531.3	2,261.3
Bank borrowings, net	3,435.0	4,045.4
	5,966.3	**6,306.7**
Current		
Loan from a related party (Note 17(c))	-	230.0
Bank borrowings, net	622.7	642.8
	622.7	**872.8**
Analysed as:		
- Secured	4,106.2	4,742.3
- Unsecured	2,536.3	2,496.2
	6,642.5	**7,238.5**
Prepayments – finance charges	(53.5)	(59.0)
	6,589.0	**7,179.5**
Borrowings (excluding prepayments) are repayable as follows:		
- Within one year	629.1	879.5
- More than one year but not exceeding two years	688.9	722.2
- More than two years but not exceeding five years	3,760.0	3,912.0
- More than five years	1,564.5	1,724.8
	6,642.5	**7,238.5**
Prepayments – finance charges	(53.5)	(59.0)
Total (Note 20(e))	**6,589.0**	**7,179.5**

1. During the six months ended 30 June 2021, the bank borrowing from China Development Bank and BOC Sydney for Dugald River project was fully repaid and replaced by a new loan from Album Trading Company (a subsidiary of China Minmetals Non-ferrous Metals Co.,Ltd). Refer to Note 17(c) for further details.

The effective interest rate at 30 June 2021 was 3.9% (31 December 2020: 3.9%) per annum.

As noted in Note 2, the Group has adopted the amendments related to HKFRS 9 and HKAS 39 in respect of the interest rate benchmark reform. As of 30 June 2021, the Group is exposed to potential USD LIBOR replacement in respect of borrowings, hedge accounting in relation to the interest rate swap and certain operating related contracts. Borrowings include Dugald River project facility, Las Bambas acquisition facility, Las Bambas project facility and other revolving credit facilities. The long-term project facilities and interest rate swap refer to the 6-month LIBOR, the revolving credit facilities refer to 1, 2, 3, 4 or 6-month LIBOR and have provisions in the debt contracts on how to calculate the applicable interest rate if the LIBOR rate is not available for a specific period e.g. interpolation using two available rates. In addition, certain sales and supply contracts refer to LIBOR to calculate interest on overdue payments or interest on receiving early payments. They refer to the 1, 3 or 6-month LIBOR. Given the majority of the Group's contracts refer to 1, 3, or 6-month LIBOR, which are expected to be published until 30 June 2023, the Group does not expect any immediate impact to the effective interest rate, borrowings, hedge accounting or operating related contracts. The Group is actively managing the progressive transition to an alternate reference rate. Refer to Note 20 for further risk management details.

15. LEASE LIABILITIES

	30 JUNE 2021 (UNAUDITED) US$ MILLION	31 DECEMBER 2020 (AUDITED) US$ MILLION
Non-current		
Lease liabilities	120.6	128.5
Current		
Lease liabilities	18.8	20.2
Total	**139.4**	**148.7**
Lease liabilities are repayable as follows:		
- Within one year	18.8	20.2
- More than one year but not exceeding two years	16.2	18.3
- More than two years but not exceeding five years	26.7	29.4
- More than five years	77.7	80.8
Total (Note 20(e))	**139.4**	**148.7**

The Group currently does not have any lease liabilities which may be impacted by the interest rate reforms amendment noted in Note 2.

16. TRADE AND OTHER PAYABLES

At 30 June 2021, the balance of the trade payables was US$ 242.1 million (31 December 2020: US$269.1million), of which an amount of US$ 235.6 million (31 December 2020: US$265.7 million) was aged less than six months; and an amount of US$6.5 million (31 December 2020: US$3.4 million) was aged over six months.

17. SIGNIFICANT RELATED PARTY TRANSACTIONS

At 30 June 2021, 67.7% (31 December 2020: 72.5%) of the Company's shares were held by China Minmetals Non-ferrous Metals Co.,Ltd ("CMN") through its subsidiary, China Minmetals H.K. (Holdings) Limited ("Minmetals HK"). The remainder 32.3% of the Company's shares were widely held by the public. The Directors consider the ultimate holding company is 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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

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

	SIX MONTHS ENDED 30 JUNE	
	2021 (UNAUDITED) US$ MILLION	2020 (UNAUDITED) US$ MILLION
Revenue		
Sales of non-ferrous metals	1,179.4	480.7
Commodity derivatives	24.7	-
Purchases		
Purchases of consumables and services	(13.8)	(2.6)
Finance costs		
Finance costs (Note 5)	(49.3)	(47.5)

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

During the six months ended 30 June 2021, 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.

(c) Significant related party balances

	30 JUNE 2021 (UNAUDITED) US$ MILLION	31 DECEMBER 2020 (AUDITED) US$ MILLION
Amounts payable to related parties		
Loan from Top Create[1] (Note 14)	2,261.3	2,261.3
Loan from Top Create – working capital facility[2] (Note 14)	-	230.0
Interest payable to Top Create[1]	88.4	42.9
Loan from Album Trading Company[3] (Note 14)	270.0	-
Interest from Album Trading Company[3]	0.3	-
Trade payables to CMN	0.2	0.1
Other payable to CMN	-	0.9
	2,620.2	**2,535.2**
Amounts receivable from related parties		
Trade and other receivables from CMN (Note 11)	265.7	165.4
Prepayments from CMN (Note 11)	3.4	4.2
Sundry receivables (Note 11)	13.2	-
	282.3	**169.6**
Derivative financial assets/(liabilities) to related parties	**42.9**	**(21.4)**

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$862.0 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 amount from Top Create represents amounts drawn from a US$300.0 million revolving credit facility with a maturity date in June 2021. The facility incurs interest at LIBOR plus 1.0% per annum.
3. The loan amount from Album Trading Company represents the amount drawn by the Company on 17 June 2021 under a project facility up to US$450.0 million. The facility incurs interest at LIBOR plus 2.7% per annum.

18. 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 2021 (UNAUDITED) US$ MILLION	31 DECEMBER 2020 (AUDITED) US$ MILLION
Property, plant and equipment		
Within one year	172.3	121.5
Over one year but not more than five years	-	25.0
	172.3	**146.5**

19. 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 2021, these guarantees amounted to US$423.0 million (31 December 2020: US$417.7 million).

- The Group has an Australian dollar ("A$") 230.0 million (approximately US$172.8 million), revolving bank guarantee facility with BOC, Sydney ("BG Facility"), which is guaranteed by CMN. MMG has entered into a counter-indemnity agreement in favour of CMN for the maximum principal amount outstanding under the BG Facility.
- Following the sale of Century mine in 2017, the Group has procured certain bank guarantees amounting to US$122.9 million (31 December 2020: US$145.4 million) for the benefit of New Century until 31 December 2023. New Century is legally required to punctually meet all obligations and must use best endeavours to ensure that no demand is made under the bank guarantees. New Century must ensure that, within 90 days of the end of each half-year financial period, the bank guarantee is reduced by not less than 40% of the Century mine's EBITDA in respect of a half-year financial period. During the six months ended 30 June 2021, the bank guarantee has been reduced by A$7.6 million (US$5.7 million) to A$181.3 million (US$136.2 million) from a partial reduction of the rehabilitation reduction agreement between New Century and the Queensland Government's Department of Environment and Science ("DES"). Management of the Group agreed to defer any further EBITDA related reductions to the bank guarantee to the second half of 2021.

(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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

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 and 2016)

Included within such uncertain tax matters are audits of the 2014, 2015 and 2016 tax years 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 estimate date of Peru Tax Court resolution are PEN199,030,760 (approximately US$51.0 million), PEN534,307,517 (approximately US$137.0 million) and PEN660,508,102 (approximately US$169.4 million) for 2014, 2015 and 2016 tax years 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 intends to appeal 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.

Peru – VAT refund claims (2011/12)

Included as an uncertain tax matter is the decision from the Peru Tax Court in relation to SUNAT's audit of MLB's VAT refund claims in the 2011 and 2012 years. SUNAT conducted an audit of MLB's tax affairs of the 2011 and 2012 financial years and challenged certain VAT matters. SUNAT disallowed MLB's claim, despite MLB providing a substantial amount of documentary evidence to support its position during and after the audit, which MLB is of the opinion it is entitled to do, pursuant to Peruvian law. Based on SUNAT issued assessments by the end of 2020, there will be approximately PEN687.0 million (approximately US$176.0 million) of VAT, penalties and interest in respect of the 2011 and 2012 financial years when the Las Bambas mine was under the ownership of Glencore plc.

MLB has appealed the judgment. Appeals in the Peruvian Judiciary System may take several years to resolve.

The assessed amount relates to the pre-closing period under the agreement signed with Glencore in 2014 ("Share Purchase Agreement") in respect of the acquisition of the Las Bambas mine, which clarified MMG can pursue indemnity and warranty claims against Glencore due to the matters before 2014 and, upon the Peruvian Tax Court upholding the assessment, MLB may seek reimbursement of some or all of the amount from Glencore plc by way of indemnity or warranty claims under that agreement.

The Group continues to proactively cooperate with the relevant taxation authorities and to actively manage these audits and reviews. Where appropriate, the Group has filed appeals with either the relevant tax authority or the tax court. For all such open tax matters that the Group presently has, any ultimate obligation would depend on future resolution of the matters and currently, a payment is either not probable or cannot be measured reliably. As such, no provision has been reflected in the condensed consolidated interim financial statements for such tax matters.

(c) Contingent liabilities – other contingencies

Mining Company Katanga SARL ("MCK") filed a claim against MMG Kinsevere SARL ("MMG Kinsevere"), a subsidiary of the Group, in relation to a mining services contract with its associate entity MCK Trucks (then known as NB Mining SA) in 2018.

MCK is seeking an award of losses suffered and punitive damages. MMG Kinsevere and the Company regard the claim as unfounded and the amount claimed as disproportionate to the losses that could reasonably have been suffered. The Group is contesting the claim. Court proceedings between MMG Kinsevere and MCK in the DRC are continuing. MCK obtained freezing orders in 2020 over certain assets of Kinsevere, which have been partly enforced over US$15.8 million cash held in bank accounts in the DRC.

Considering the uncertainty around this matter and the fact that there is no present obligation for Kinsevere to make any payments, nor such payment being reliably estimated at this time, no provision has been recognised for this matter.

20. 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 2020.

There have been no changes in the risk management department or in any risk management policies since 31 December 2020, except as disclosed in relation to the interest rate reform amendments in HKFRS 9/HKAS 39.

(b) Commodity price risk

The prices of copper, zinc, lead, gold, silver and moly 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 2021, the Group entered into various commodity trades to hedge the sales prices for copper and zinc. This included:

- Zero/low-cost collar hedges:
  - 67,200 tons of zinc with put strike price ranging from US$2,550/ton to US$2,800 /ton and call strike price ranging from US$3,100/ton to US$3,340/ton;
  - 81,800 tons of copper at put strike price ranging from US$9,000/ton to US$9,550/ton and call strike price ranging from US$10,000/ton to US$11,350/ton;
  - Certain hedges will be settled in January and February 2022.
- Fixed price swap hedges: 20,500 tons of copper with fixed price ranging from US$9,708/ton to US$10,340/ton which will be settled in second half of 2021.
- QP hedges: 39,800 tons of copper with QP month from July 2021 to September 2021 were swapped to average price for the month of June 2021.

Management of the Group have designated the collar hedges with a QP settling in 2021 under a hedge relationship. The fair value of these collar hedges which remain unsettled at 30 June 2021 have been recognised as a derivative financial asset with an amount of US$18.4 million. Accordingly, the fair value movement, from hedge inception to reporting date, has been recognised in other comprehensive income with an amount of US$0.6 million. Management of the Group has excluded the extrinsic (time value) component from the hedge relationship, and accordingly, this has been recognised in other comprehensive income with an amount of US$12.6 million.

For all remaining derivatives, fair value change in reporting period is recognised through profit or loss.

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:

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

AT 30 JUNE 2021	TERM	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/(LOSS) RECOGNISED IN CASH FLOW HEDGE RESERVE US$ MILLION	COST OF HEDGING RESERVE US$ MILLION
			HEDGING INSTRUMENT US$ MILLION	HEDGED ITEM US$ MILLION			
Cash flow hedges:							
Derivative financial liabilities	January 2021 to March 2021	-	-	-	5.5	-	-
Derivative financial assets	July 2021 to December 2021	18.4	18.4	(18.4)	-	0.6	12.6

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 would have changed as set out below:

	30 JUNE 2021			31 DECEMBER 2020		
COMMODITY	COMMODITY PRICE MOVEMENT	(DECREASE)/ 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%	(22.8)	(22.0)	+10%	(11.0)	-
Zinc	+10%	0.6	(6.1)	+10%	2.0	(6.3)
Total		**(22.2)**	**(28.1)**		**(9.0)**	**(6.3)**

COMMODITY	COMMODITY PRICE MOVEMENT	INCREASE/ (DECREASE) IN PROFIT US$ MILLION	INCREASE IN OCI US$ MILLION	COMMODITY PRICE MOVEMENT	DECREASE IN PROFIT US$ MILLION	INCREASE IN OCI US$ MILLION
Copper	-10%	23.3	25.8	-10%	(18.9)	-
Zinc	-10%	(0.7)	5.7	-10%	(2.0)	6.3
Total		**22.6**	**31.5**		**(20.9)**	**6.3**

(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 14.

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.

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

				FAVOURABLE/ (UNFAVOURABLE) CHANGES IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS				
AT 30 JUNE 2021	TERM	NOTIONAL AMORTISING AMOUNT US$ MILLION	CARRYING AMOUNT OF HEDGING INSTRUMENT US$ MILLION	HEDGING INSTRUMENT US$ MILLION	HEDGED ITEM US$ MILLION	SETTLED PORTION OF HEDGING INSTRUMENT REALISED LOSSES US$ MILLION	HEDGING GAIN/(LOSS) RECOGNISED IN CASH FLOW HEDGE RESERVE US$ MILLION	HEDGE INEFFECTIVE-NESS RECOGNISED IN PROFIT OR LOSS US$ MILLION
Cash flow hedges:								
Derivative financial asset[1]	June 2020 - June 2025	1,940.0	9.4	20.1	(20.0)	(3.0)	13.6[2]	0.1

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$3,911.4 million outstanding at 30 June 2021, maturing in June 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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

At 30 June 2021 and 31 December 2020, 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:

	30 JUNE 2021				31 DECEMBER 2020			
	+100 BASIS POINTS		-100 BASIS POINTS		+100 BASIS POINTS		-100 BASIS POINTS	
US$ MILLION	INCREASE/ (DECREASE) IN PROFIT AFTER TAX	INCREASE IN OCI	DECREASE 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	5.5	-	(5.5)	-	1.3	-	(1.3)	-
Financial liabilities								
Borrowings (taking into account the impact of the interest rate swap)	(7.7)	39.6	(9.6)	(28.8)	(19.0)	39.1	(18.5)	(15.9)
Total	**(2.2)**	**39.6**	**(15.1)**	**(28.8)**	**(17.7)**	**39.1**	**(19.8)**	**(15.9)**

Effect of benchmark interest rates reform

As noted in Note 2, the Group has adopted the Phase I and Phase II Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform. Refer to Note 14 for details of borrowings which may be impacted by the interest rate benchmark reform.

Additionally, the Group has cash flow hedge relationship (as described above for the interest rate swap) which will also be subject to the interest rate benchmark reform. In respect of the interest rate swap, the amendments provide temporary relief from applying specific hedge accounting requirements to the hedging relationships if it directly gets affected by benchmark interest rates reform. This will prevent hedge accounting from terminating but may result in hedge ineffectiveness. Any hedge ineffectiveness continues to be recorded in the condensed consolidated interim statement of profit or loss.

Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements. The Group currently anticipates that the areas of greatest change will be amendments to the contractual terms of US$ LIBOR-referenced floating-rate debt and swaps, and updating hedge designations.

The Group is closely monitoring the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by IBOR regulators (including the Financial Conduct Authority 'FCA' and the US Commodity Futures Trading Commission) regarding the transition from IBOR (including the US$ LIBOR) to the Sterling Overnight Index Average rate ("SONIA"), the Secured Overnight Financing rate ("SOFR") and the Tokyo Overnight Average rate (TONA).

Below is the list of derivative and non-derivative financial instrument which will be impacted by IBOR replacement:

FINANCIAL INSTRUMENT	TYPE OF INSTRUMENT	MATURING IN	NOTIONAL VALUE US$ MILLION	CARRYING VALUE US$ MILLION
US$ debt linked to LIBOR[1]	Non-derivative liability	Through July 2021 to July 2032	2,365.9	2,365.9
US$ debt linked to LIBOR designated in cash flow hedge[1]	Non-derivative liability	June 2025	1,940.0	1,940.0
Interest rate swap converting LIBOR to Fixed (cash flow hedge)	Derivatives	June 2025	1,940.0	9.4

1. For the US$ Debt, the fallback clauses are under negotiation with lenders. This relief does not extend to the requirement that the designated interest rate risk component continues to be reliably measurable and if the risk component is no longer reliably measurable, the hedging relationship is discontinued. The Group has determined that USD LIBOR interest rate risk components continue to be reliably measurable.

In response to the announcements, the Group has put in place an interest rate benchmark transition programme being led by the Group's Treasury team. Treasury team has commenced the discussions with the internal and external stakeholders to understand the impact of the transition and work involved.

Risks arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition:

› **Interest rate basis risk:** There are two elements to this risk as outlined below:

  - If bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBOR publishing, there are significant uncertainties with regard to the interest rate that may apply. The Group is working closely with counterparties to avoid this from occurring.
  - Interest rate basis risk can arise if the move to the alternate benchmark rate occurs at different timing for the non-derivative instrument (the project finance facility) and the derivative instrument (the interest rate swap) held to manage the interest risk on the non-derivative. The Group will monitor this risk against its risk management policy which shall allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.

› **Liquidity risk:** There are differences between the LIBOR and the various alternative benchmark rates which the Group may be adopting. The LIBOR is published for a period (e.g., 1 month or 6 month) and includes an inter-bank credit spread, whereas the alternative benchmark rates are typically risk-free overnight rates with no embedded credit spread and published at the end of the overnight period. These differences can result in uncertainty regarding the floating rate interest payments which will require additional liquidity management. Management of the Group shall ensure sufficient liquidity is available to accommodate any unexpected increases in overnight rates.

› **Accounting risk:** If transition to alternate benchmark rates is finalised in a manner which does not permit the application of reliefs introduced in the Phase 2 amendments, this can lead to discontinuation of hedge accounting relationships (i.e., gains or losses recognised in the other comprehensive income will be re-classified to profit and loss). This can also lead to increased volatility in profit or loss if re-designated hedges are not fully effective and volatility in the profit or loss if non-derivative financial instruments are modified or de-recognised. Management of the Group aims to agree timely changes to the contracts to allow HKFRS 9 reliefs to apply and does not expect to close out derivatives and enter into new ones in respect of the existing hedge relationship.

Below are details of the hedging instruments and the related hedged items that will be subject to transition to alternative benchmark interest rates, by hedge type. The terms of the hedged items listed match those of the corresponding hedging instruments.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

HEDGE RELATIONSHIP	PRIOR TO TRANSITION INSTRUMENT TYPE	MATURING IN	NOTIONAL VALUE US$ MILLION	CARRYING VALUE US$ MILLION	HEDGED ITEM	TRANSITION PROGRESS
Cash flow hedge	Receive 6-month USD LIBOR, pay US dollar fixed interest rate swap	June 2025	1,940.0	9.4	USD LIBOR debt	Discussion with counterparty of derivatives are in process.

As noted earlier, the Group will continue to apply the Phase 1 amendments to HKFRS 9/HKAS 39 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of underlying cashflows to which the Group is exposed ends.

(d) Liquidity risk

Compared to 31 December 2020, there was no material change in the contractual undiscounted cash outflows for financial liabilities. The new derivatives including fixed price swaps, QP swaps and collar derivatives as noted under Note 20(b) are with a carrying value of US$18.4 million for derivatives designated under hedge accounting and with a carrying value of US$25.8 million for derivatives carried at fair value though profit or loss respectively. All of these derivatives will be maturing within 12 months from the reporting date.

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 2021. 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.

During six months ended 30 June 2021, the Group raised equity of US$299.0 million through a share placement.

In addition, at 30 June 2021, 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$200.0 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.

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	CASH FLOW HEDGE	AMORTISED COST (LIABILITIES)	TOTAL CARRYING VALUE	TOTAL FAIR VALUE
As at 30 June 2021						
Financial assets						
Cash and cash equivalents	804.5	-	-	-	**804.5**	**804.5**
Trade receivables (Note 11)	-	508.1	-	-	**508.1**	**508.1**
Other receivables	195.4	-	-	-	**195.4**	**195.4**
Derivative financial assets	-	25.8	27.8	-	**53.6**	**53.6**
Other financial assets	-	2.4	-	-	**2.4**	**2.4**
Financial liabilities						
Trade and other payables	-	-	-	(616.2)	**(616.2)**	**(616.2)**
Other financial liabilities	-	(122.9)	-	-	**(122.9)**	**(122.9)**
Borrowings (Note 14)	-	-	-	(6,589.0)	**(6,589.0)**	**(6,589.0)**
Lease liabilities (Note 15)	-	-	-	(139.4)	**(139.4)**	**(139.4)**
Total	**999.9**	**413.4**	**27.8**	**(7,344.6)**	**(5,903.5)**	**(5,903.5)**
As at 31 December 2020						
Financial assets						
Cash and cash equivalents	192.7	-	-	-	**192.7**	**192.7**
Trade receivables (Note 11)	-	369.2	-	-	**369.2**	**369.2**
Other receivables	185.3	-	-	-	**185.3**	**185.3**
Other financial assets	-	1.7	-	-	**1.7**	**1.7**
Financial liabilities						
Trade and other payables	-	-	-	(582.4)	**(582.4)**	**(582.4)**
Other financial liabilities	-	(145.4)	-	-	**(145.4)**	**(145.4)**
Derivative financial liabilities	-	(21.4)	(18.6)	-	**(40.0)**	**(40.0)**
Borrowings (Note 14)	-	-	-	(7,179.5)	**(7,179.5)**	**(7,179.5)**
Lease liabilities (Note 15)	-	-	-	(148.7)	**(148.7)**	**(148.7)**
Total	**378.0**	**204.1**	**(18.6)**	**(7,910.6)**	**(7,347.1)**	**(7,347.1)**

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 2021 and 31 December 2020.

US$ MILLION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
As at 30 June 2021				
Trade receivables (Note 11)	-	508.1	-	**508.1**
Financial assets at fair value through profit and loss – listed[1]	2.4	-	-	**2.4**
Derivative financial assets[2]	-	53.6	-	**53.6**
Other financial liabilities[3]	-	-	(122.9)	**(122.9)**
	2.4	**561.7**	**(122.9)**	**441.2**
As at 31 December 2020				
Trade receivables (Note 11)	-	369.2	-	**369.2**
Financial assets at fair value through profit and loss – listed[1]	1.7	-	-	**1.7**
Derivative financial liabilities[2]	-	(40.0)	-	**(40.0)**
Other financial liabilities[3]	-	-	(145.4)	**(145.4)**
	1.7	**329.2**	**(145.4)**	**185.5**

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

1. 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.
2. 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 commodity swap, collar hedge and QP hedge are 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 the credit risk of various counterparties and time value.
3. Reflecting the bank guarantees associated with the disposal of the Century mine in 2017. The amount of possible cash outflow is regularly assessed by the management of the Group and is the significant unobservable input to the fair value determination. Management of the Group considers the fair value is the maximum amount payable stipulated under the bank guarantee agreement at the reporting date.

(g) Sovereign risk

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, and changing political conditions and governmental regulations. Changes in any mining or investment policies or shifts in political attitudes in the jurisdictions in which the Group operates may adversely affect the Group's operations and profitability. The decline in growth and macroeconomic activity in many developing nations has resulted in governments seeking alternative means of increasing their income, including increases to corporate tax, 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 continues to result in an increased tax burden on mining companies.

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

21. EVENTS AFTER THE REPORTING DATE

Other than the matters outlined below, 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.

- As noted under contingent liabilities for tax, MLB received SUNAT's assessment notice for *Peru – Withholding Taxes (2014, 2015 and 2016)* in connection with audits undertaken in respect of the 2016 tax year in July 2021. MLB intends to appeal the assessments.

22. RE-CLASSIFICATION

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

GLOSSARY

AGM	annual general meeting of the Company
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
CMC	China Minmetals Corporation, a state-owned enterprise incorporated under the Laws of the PRC
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
Placee(s)	professional, institutional or other investors whom the Placing Agents procure to purchase any Placing Shares pursuant to their obligations under the Placing Agreement
Placing	the placement of the Placing Shares to the Placee(s) at the placing price of HK$4.15 per Placing Share pursuant to the Placing Agreement
Placing Agents	Credit Suisse (Hong Kong) Limited, CLSA Limited and BOCI Asia Limited
Placing Agreement	the placing agreement dated 1 June 2021 between the Company and the Placing Agents in respect of the Placing
Placing Share(s)	565,000,000 new Shares, representing approximately 6.54% of the issued share capital of the Company as enlarged by the Placing
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	fully paid ordinary share(s) of the Company
Shareholder(s)	the shareholder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
TRIF	total recordable injury frequency per million hours worked
US$	United States dollar, the lawful currency of the United States of America
VAT	value added tax
Zinc equivalent	Zinc equivalent is the term to convert value of several secondary metals in concentrates to the major metal zinc. Specifically, in this report values of minor metals (Pb, Cu, Au and Ag) are added to the value of zinc and divided by zinc price

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
GUO Wenqing
(Non-executive Director)

Executive Director
GAO Xiaoyu
(Chief Executive Officer)

Non-executive Directors
JIAO Jian
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
GAO Xiaoyu
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
Certified Public Accountants

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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
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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