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MMG LIMITED
ANNUAL REPORT 2022

MMG

A MEMBER OF:

ICMM International Council on Mining & Metals

MINING WITH PRINCIPLES

CONTENTS

WE MINE FOR PROGRESS

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.

Our vision is to create a leading international mining company for a low carbon future.

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.

LETTER FROM THE BOARD

With global commodity markets expected to remain robust and demand for our core products to grow as decarbonisation and a shift to electrification intensifies, the future for our business is bright.

Dear Shareholders,

The MMG Board is pleased to present the 2022 Annual Report.

This year was a challenging one for our business as we contended with community protests at Las Bambas, our largest asset, ongoing disruptions from COVID-19, a fire near our Rosebery operation and escalating costs due to global inflation and supply challenges.

In the face of these challenges, we are proud of our team's ability to keep driving our business forward while protecting the health and safety of our people and our communities.

Safety

MMG's core value is safety. While we have directed significant effort to ensuring that we are building a safety-focussed culture with the aim of eliminating injuries, we are saddened to report that two people, employed through our mining contractor Barminco at Dugald River mine, tragically lost their lives after a light vehicle they were travelling in fell into a stope on 15 February 2023.

The entire MMG team feels tremendous sorrow about this incident and we extend our sincere condolences to the families and friends of our lost colleagues Trevor Davis and Dylan Langridge.

The Company has commenced an investigation into how this event has occurred and we will take every measure necessary to ensure our workplaces are safe.

Our portfolio and performance

Challenging external conditions were reflected in our annual results with MMG achieving earnings before interest, tax, depreciation and amortisation (EBITDA) of US$1,535.4 million and net profit after tax of US$243.5 million. This result represents a 44 per cent and 74 per cent reduction respectively on 2021 due to lower sales at Las Bambas as well as lower realised commodity prices and higher costs across the business.

While we expect that the rapidly rising interest rates will act to slow global economic growth, we are confident that the reopening of China and robust demand for our products will provide a supportive environment over the medium term.

The development of the next phase of Las Bambas, through the Chalcobamba deposit, will meaningfully increase production to 380,000-400,000 tonnes per annum over the medium term. Securing a sustainable agreement with the Huancuire community is a critical enabler to this.

At Kinsevere we are continuing to progress the development of Kinsevere Expansion Project which will add a further 13 years of mine life and introduce cobalt production. Civil works on the cobalt plant have now been completed and the first cobalt production is expected in 2023. We also continue to invest in regional exploration projects in the Democratic Republic of Congo focusing on the areas near the Kinsevere operation.

At Dugald River we continue direct efforts on safe and sustainable production that will enable the site to maintain zinc equivalent production at approximately

LETTER FROM THE BOARD

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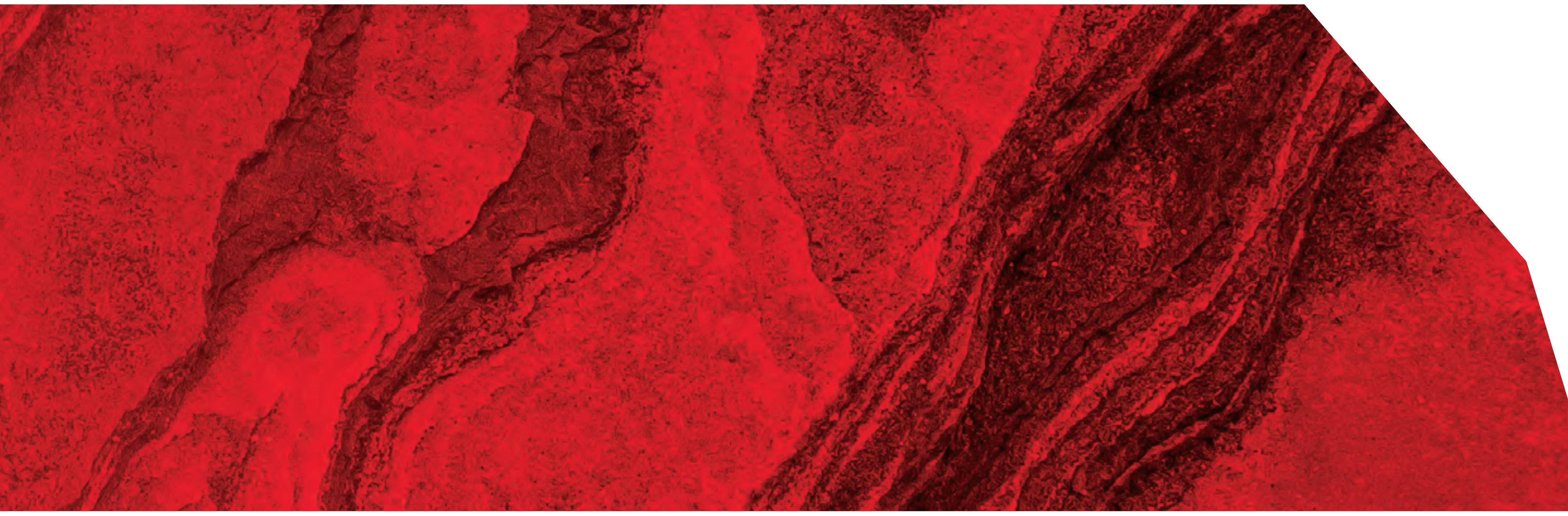


200,000 tonnes per annum. And at Rosebery, our work to secure the life extension of the asset continues; with an exploration drilling program and investigation of tailings storage options to be conducted over the next two years.

Our strategy and growth

MMG remains a critical part of CMC's international growth strategy as it seeks to expand its footprint in the future-facing commodities that are critical to the energy transition.

In 2022, we revised our vision to create a leading international mining company for a low carbon future. To achieve this, we are focusing on maximising the value of our assets, improving competitiveness and pursuing disciplined growth in our target commodities.

Undoubtedly, our first priority is to achieve a sustainable, dialogue and partnership-driven outcome to the Las Bambas community challenges. We are committed to growing this world class asset and sharing the benefits of its success with communities in a mutually beneficial manner that both improves the quality of life for local residents and enables us to deliver on Las Bambas' vast potential.

Management changes

In March 2022, the Company announced the appointment of Mr Nan Wang to the position of Executive General Manager Australia and Africa. Mr Wang has held a number of senior mining and executive positions with a number of international mining companies and returned to MMG having previously spent six years in a senior mining position. He brings to the role strong technical acumen and extensive knowledge of our existing assets.

Outlook

In 2023, we expect Las Bambas production to be in the range of 265,000-305,000 tonnes of copper concentrate. This target however, is highly contingent on a resolution in widespread political protests that commenced in December 2022 and the resumption in concentrate logistics. Kinsevere copper cathode production is expected to be in the range of 40,000-48,000 tonnes.

Group level zinc production is anticipated to be in the range of 225,000-250,000 tonnes of zinc in zinc concentrate.

While we expect cost pressures to remain, we anticipate that global demand for our products will remain steady.

In closing

Delivering a bright future for MMG is not possible without our people and the support of our shareholders. The Board extends its gratitude to all MMG people for their efforts and resilience in a challenging year. We thank our shareholders, partners and communities for their ongoing support.

By order of the Board
LI Liangang
INTERIM CEO AND EXECUTIVE DIRECTOR

CHIEF EXECUTIVE OFFICER'S REPORT

Despite a challenging 2022, I am confident in the future outlook of our business as demand for our products intensifies and we strengthen our growth pipeline.

Dear Shareholders,

I am pleased to present our 2022 Annual Report.

Safety

It is with deep sadness that MMG Limited confirms the death of two Barminco contractors, Trevor Davis and Dylan Langridge injured in an incident at the Dugald River operation in Queensland on February 15, 2023. In collaboration with mining contractor Barminco and the relevant authorities, investigations into the incident are now underway.

Our deepest sympathies are with Trevor and Dylan's family and friends and the Barminco team as well as our Dugald River employees who have lost a colleague and friends in such tragic circumstances. I'd like to sincerely thank everyone involved in the emergency response to this incident and the support we have received from community and authorities.

MMG's total recordable injury frequency (TRIF) rate was 1.25 for the full year 2022, which is higher than the full year 2021 result of 1.09; however, it represents a 16 per cent improvement on the first half of 2022 as we refocused efforts on driving a safety-first mindset across our operations.

MMG continues to maintain its strong TRIF performance when compared to our ICMM peers. Whilst this is a welcome achievement, we recognise there is still significant room for improvement. Across the business we are committed to eliminating the significant potential incidents that present injury risks and this means driving a culture that recognises the safety and wellbeing of our people as our guiding value and highest priority.

Operational performance

In 2022, MMG produced 305,053 tonnes of copper and 224,551 tonnes of zinc. Total copper production was 10 per cent lower than the prior year largely driven by the impact of community protests at Las Bambas. Total zinc production was also 10 per cent below the 2021 result due to the impacts of COVID-19 on workforce availability at our Australian operations in early 2022, as well as lower ore grades.

In April 2022, Las Bambas suspended operations for more than 50 days after community members entered site. Since then, we have continued to engage in ongoing dialogue in order to transparently review commitments. We are optimistic about reaching a sustainable outcome to these discussions that is based on a shared vision. We have dedicated project resources to transforming the way we manage our relationships and commitments with communities and to support the importance of the mine and its significant contribution to local, regional and national-level economies.

Production at our Kinsevere operation increased by 2 per cent in 2022 due to higher feed grades following the resumption of mining activity and increased supply of third-party ore. The construction of the Kinsevere Expansion Project, including the transition to the mining and processing of sulphide ores and the commencement of cobalt production, continues to advance. We anticipate the production of first cobalt to be achieved by the end of 2023 which is an important milestone in adding a new product to our existing portfolio of future-focused metals.

CHIEF EXECUTIVE OFFICER'S REPORT

CONTINUED

Our Dugald River zinc operation exceeded 200,000 tonnes of zinc equivalent production for 2022 and the highest mining rates over the previous two years in the fourth quarter.

In 2021, we launched our first MMG Climate Resilience Strategy to embed climate considerations and greenhouse gas reduction commitments into all aspects of our business strategy and future planning. I am pleased to advise that our operations are now working to determine potential decarbonisation pathways and are evaluating options to transition to renewable electricity supply. As a first step on that journey in 2021, MMG's Dugald River mine entered into a 15-year renewable energy agreement which will supply solar power to Dugald River from early 2023, reducing its carbon footprint and providing immediate energy cost savings.

Financial performance

MMG's EBITDA result for 2022 was US$1,535.4 million, 44 per cent below the 2021 result. This result was driven by the lower sales at Las Bambas and Rosebery operations, lower realised commodity prices and higher costs due to global and industry-wide inflationary pressures.

Net profit after tax was US$243.5 million, including a profit of US$172.4 million attributable to equity holders, 74 per cent below the 2021 result.

Outlook

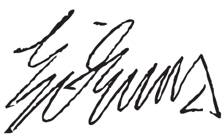
In 2023 the management team's priority will be to secure a strong future for our assets and protect the health and safety of our people and communities. This means safely increasing production over the coming years, building sustainable community relationships and careful resource management, particularly as we expect that inflationary pressures will take some time to abate.

Growing our assets remains a priority with constructive community dialogue at Las Bambas critical to the development of the Chalcobamba deposit. In 2023, we will also continue to advance the Kinsevere Expansion Project and maintain our focus on future proofing the Rosebery mine by securing a suitable tailings storage solution.

Despite a challenging 2022, I am confident in the future outlook of our business as demand for our products intensifies and we strengthen our growth pipeline.

We remain committed to growth through development of our existing portfolio as well as actively evaluating external opportunities that are value accretive to all of our shareholders.

Thank you for your continuing support of MMG.



LI Liangang
CHIEF EXECUTIVE OFFICER (INTERIM)

BOARD OF DIRECTORS

Mr LI Liangang
Executive Director

Mr ZHANG Shuqiang
Non-executive Director

Mr XU Jiqing
Non-executive Director

Dr Peter CASSIDY
Independent Non-executive Director

Mr LEUNG Cheuk Yan
Independent Non-executive Director

Mr CHAN Ka Keung (Peter)
Independent Non-executive Director

EXECUTIVE COMMITTEE

Mr LI Liangang
Interim Chief Executive Officer

Mr Ross CARROLL
Chief Financial Officer

Mr Troy HEY
Executive General Manager - Corporate Relations

Mr WEI Jianxian
Executive General Manager – Americas

Mr Nan WANG
Executive General Manager – Australia and Africa

MINERAL RESOURCES AND ORE RESERVES

EXECUTIVE SUMMARY

Mineral Resources and Ore Reserves for MMG have been estimated as at 30 June 2022 and are reported in accordance with the guidelines in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 JORC Code) and Chapter 18 of the Listing Rules. Mineral Resources and Ore Reserves tables are provided on pages 10 to 15, which include the 30 June 2022 and 30 June 2021 estimates for comparison. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources that have been converted to Ore Reserves. All supporting data are provided within the Technical Appendix, available on the MMG website.

Mineral Resources and Ore Reserves information in this statement have been compiled by Competent Persons (as defined by the 2012 JORC Code). Each Competent Person consents to the inclusion of the information in this report, that they have provided in the form and context in which it appears. Competent Persons are listed on page 16.

MMG has established processes and structures for the governance of Mineral Resources and Ore Reserves estimation and reporting. MMG has a Mineral Resources and Ore Reserves Committee that regularly convenes to assist the MMG Governance and Nomination Committee and the Board of Directors with respect to the reporting practices of the Company in relation to Mineral Resources and Ore Reserves, and the quality and integrity of these reports of the Group.

Key changes to the Mineral Resources (contained metal) since the 30 June 2021 estimate relate to depletion[1] at all sites together with increased costs, changes in metal price assumptions, increases to cut-off grades and updates to the models at all sites. Geological models are continually improved and updated with new drilling information and result in both increases and decreases. Relatively small increases have occurred at Ferrobamba (Las Bambas) while all other copper deposits have increased by less than 1 per cent compared to the global change. There are no material changes at the Kinsevere mine whereas copper and cobalt have increased in the regional DRC satellite copper deposits resulting from new drilling at Sokoroshe 2 and an increase of the copper price assumption. Zinc metal increases are more than twice the depleted metal at Rosebery while at Dugald River, depletion (43 per cent) and model changes (57 per cent), partially driven by narrower intersections in some areas, explains the negative zinc variance at the site. The lead and silver negative variances are partially explained by depletion of those metals, 18 per cent and 27 per cent respectively, with the majority of the negative variance due to adverse model changes.

Key changes to the Ore Reserves (contained metal) since the 30 June 2021 estimate are mostly related to depletion.[1] An increase in contained copper metal at Las Bambas in the Ferrobamba deposit are due to improved grades and changes resulting from the pit design. Other pits show no material change. Milled depletion explains 90 per cent of the negative zinc metal variance at Dugald River, but only 30 per cent and 50 per cent of the lead and silver negative variances respectively.

Pages 17 and 18 provide further discussion of the Mineral Resources and Ore Reserves changes.

On 13 October 2022, MMG made a voluntary announcement regarding an invasion of both Sokoroshe 2 and Nambulwa project sites. Kinsevere Operation intends to mine both of these deposits as part of its Expansion Project and its future operations. MMG maintains that it holds current and valid mining lease agreements with Gécamines over these deposits and has announced it has commenced international arbitration before the International Chamber of Commerce on 21 October 2022.

1 Depletion in this report refers to material processed by the mill and depleted from the Mineral Resources and Ore Reserves through mining and processing.

MINERAL RESOURCES AND ORE RESERVES

CONTINUED

MINERAL RESOURCES[1]

All data reported here is on a 100 per cent asset basis, with MMG's attributable interest shown against each asset within brackets.

	2022								2021							
Deposit	**Tonnes (Mt)**	**Cu (%)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**Au (g/t)**	**Mo (ppm)**	**Co (%)**	**Tonnes (Mt)**	**Cu (%)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**Au (g/t)**	**Mo (ppm)**	**Co (%)**
Las Bambas (62.5%)																
Ferrobamba Oxide Copper																
Indicated	0.03	1.7							0.4	1.4						
Inferred									0.01	1.1						
Total	**0.03**	**1.7**							**0.4**	**1.4**						
Ferrobamba Primary Copper																
Measured	470	0.56			2.3	0.04	210		410	0.59			2.6	0.05	220	
Indicated	270	0.70			3.3	0.06	180		280	0.70			3.2	0.06	200	
Inferred	110	0.84			4.2	0.08	170		72	0.92			3.9	0.08	140	
Total	**850**	**0.64**			**2.9**	**0.05**	**190**		**770**	**0.66**			**3.0**	**0.06**	**210**	
Ferrobamba Total	**850**								**770**							
Chalcobamba Oxide Copper																
Indicated	6.8	1.4							6.5	1.5						
Inferred	0.06	1.5							0.5	1.7						
Total	**6.9**	**1.4**							**7.0**	**1.5**						
Chalcobamba Primary Copper																
Measured	140	0.54			1.7	0.02	140		120	0.52			1.6	0.02	150	
Indicated	180	0.64			2.5	0.03	110		170	0.70			2.7	0.03	120	
Inferred	29	0.56			2.4	0.03	130		27	0.60			2.5	0.03	140	
Total	**340**	**0.60**			**2.1**	**0.03**	**120**		**320**	**0.63**			**2.3**	**0.03**	**130**	
Chalcobamba Total	**347**								**327**							
Sulfobamba Primary Copper																
Indicated	84	0.67			4.7	0.02	170		80	0.68			4.8	0.02	170	
Inferred	98	0.58			6.5	0.02	120		96	0.58			6.5	0.02	120	
Total	**180**	**0.62**			**5.7**	**0.02**	**140**		**180**	**0.63**			**5.7**	**0.02**	**140**	
Sulfobamba Total	**180**	**0.62**			**5.7**	**0.02**	**140**		**180**	**0.63**			**5.7**	**0.02**	**140**	
Oxide Copper Stockpile																
Indicated	14	1.1							13	1.1						
Total	**14**	**1.1**							**13**	**1.1**						
Sulphide Stockpile																
Measured	30	0.38			2.2		130		26	0.39			1.8		140	
Total	**30**	**0.38**			**2.2**		**130**		**26**	**0.39**			**1.8**		**140**	
Las Bambas Total	**1,400**								**1,300**							

1 S.I. units used for metals of value; Cu=copper, Zn=zinc, Pb=lead, Ag=silver, Au=gold, Mo=molybdenum, Co=cobalt.

MINERAL RESOURCES AND ORE RESERVES

CONTINUED

MINERAL RESOURCES[1]

Deposit	2022 Tonnes (Mt)	2022 Cu (%)	2022 Zn (%)	2022 Pb (%)	2022 Ag (g/t)	2022 Au (g/t)	2022 Mo (ppm)	2022 Co (%)	2021 Tonnes (Mt)	2021 Cu (%)	2021 Zn (%)	2021 Pb (%)	2021 Ag (g/t)	2021 Au (g/t)	2021 Mo (ppm)	2021 Co (%)
Kinsevere (100%)																
Oxide Copper																
Measured	2.6	2.9						0.08	1.2	3.2						0.11
Indicated	4.4	2.6						0.12	5.5	2.7						0.09
Inferred	2.0	2.0						0.09	2.2	2.1						0.07
Total	**9.0**	**2.6**						**0.10**	**8.9**	**2.7**						**0.09**
Transition Mixed Copper Ore																
Measured	1.0	2.2						0.16	0.8	2.0						0.12
Indicated	2.5	2.0						0.12	2.2	2.1						0.08
Inferred	1.3	1.7						0.08	1.1	1.6						0.12
Total	**4.8**	**1.9**						**0.12**	**4.1**	**1.9**						**0.25**
Primary Copper																
Measured	2.2	2.5						0.23	1.5	2.6						0.25
Indicated	18	2.2						0.10	19	2.3						0.10
Inferred	10	1.6						0.07	9.2	1.7						0.08
Total	**31**	**2.1**						**0.10**	**29**	**2.1**						**0.10**
Oxide-TMO Cobalt																
Measured									0.02	0.46						0.31
Indicated	0.70	0.21						0.32	0.16	0.35						0.33
Inferred	0.73	0.16						0.33	0.99	0.23						0.32
Total	**1.4**	**0.18**						**0.32**	**1.2**	**0.3**						**0.32**
Primary Cobalt																
Measured									0.01	0.54						0.24
Indicated	0.17	0.31						0.20	0.15	0.57						0.20
Inferred	0.24	0.26						0.22	0.17	0.33						0.25
Total	**0.41**	**0.28**						**0.21**	**0.34**	**0.44**						**0.22**
Stockpiles																
Measured																
Indicated	14	1.5							16	1.6						
Total	**14**	**1.5**							**16**	**1.6**						
Kinsevere Total	**61**	**1.9**							**59**	**2.0**						

1 S.I. units used for metals of value; Cu=copper, Zn=zinc, Pb=lead, Ag=silver, Au=gold, Mo=molybdenum, Co=cobalt.

MINERAL RESOURCES AND ORE RESERVES

CONTINUED

MINERAL RESOURCES[1]

	2022								2021							
Deposit	Tonnes (Mt)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Mo (ppm)	Co (%)	Tonnes (Mt)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Mo (ppm)	Co (%)
Sokoroshe 2 (100%)																
Oxide Copper																
Measured																
Indicated	2.8	2.1						0.39	1.7	2.4						0.35
Inferred	0.16	1.1						0.10	0.02	3.4						0.07
Total	**2.9**	**2.1**						**0.37**	**1.7**	**2.4**						**0.34**
Transition Mixed Copper Ore																
Measured																
Indicated	0.07	1.6						0.23	0.1	0.9						1.50
Inferred									0.2	2.5						0.24
Total	**0.07**	**1.6**						**0.23**	**0.3**	**1.8**						**0.75**
Primary Copper																
Measured																
Indicated	0.62	1.50						0.47								
Inferred									0.67	1.7						0.58
Total	**0.62**	**1.5**						**0.47**	**0.67**	**1.7**						**0.58**
Oxide Cobalt																
Measured																
Indicated	0.63	0.24						0.51	0.47	0.41						0.56
Inferred	0.31	0.35						0.31	0.10	0.25						0.34
Total	**0.93**	**0.27**						**0.45**	**0.57**	**0.4**						**0.52**
Primary Cobalt																
Measured																
Indicated	0.047	0.53						0.64	0.012	0.14						0.34
Inferred									0.004	0.36						0.65
Total	**0.047**	**0.53**						**0.64**	**0.016**	**0.20**						**0.42**
Sokoroshe 2 Total	**4.6**	**1.6**						**0.40**	**3.3**	**1.9**						**0.46**
Nambulwa (100%)																
Oxide Copper																
Measured																
Indicated	1.1	2.2						0.11	1.0	2.2						0.11
Inferred	0.10	1.9						0.07	0.09	1.9						0.07
Total	**1.2**	**2.1**						**0.11**	**1.1**	**2.2**						**0.11**
Transition Mixed Copper Ore																
Measured																
Indicated	0.02	3.3						0.18								
Inferred																
Total	**0.02**	**3.3**						**0.18**								
Oxide Cobalt																
Measured																
Indicated	0.17	0.14						0.27	0.17	0.15						0.27
Inferred																
Total	**0.17**	**0.14**						**0.27**	**0.2**	**0.1**						**0.27**
Nambulwa Total	**1.4**	**1.9**						**0.13**	**1.3**	**2.0**						**0.13**

1 S.I. units used for metals of value; Cu=copper, Zn=zinc, Pb=lead, Ag=silver, Au=gold, Mo=molybdenum, Co=cobalt.

MINERAL RESOURCES AND ORE RESERVES

CONTINUED

MINERAL RESOURCES[1]

	2022								2021							
Deposit	**Tonnes (Mt)**	**Cu (%)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**Au (g/t)**	**Mo (ppm)**	**Co (%)**	**Tonnes (Mt)**	**Cu (%)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**Au (g/t)**	**Mo (ppm)**	**Co (%)**
DZ (100%)																
Oxide Copper																
Measured																
Indicated	0.94	1.8						0.13	0.79	2.0						0.13
Inferred	0.04	2.0						0.12	0.04	2.0						0.13
Total	**0.98**	**1.8**						**0.13**	**0.82**	**2.0**						**0.13**
Oxide Cobalt																
Measured																
Indicated	0.33	0.22						0.27	0.35	0.26						0.27
Inferred	0.01	0.14						0.25	0.01	0.14						0.25
Total	**0.33**	**0.22**						**0.27**	**0.35**	**0.26**						**0.27**
DZ Total	**1.3**	**1.4**						**0.16**	**1.2**	**1.5**						**0.17**
Mwepu (100%)																
Oxide Copper																
Measured																
Indicated	0.75	2.5						0.17	0.86	2.4						0.18
Inferred	0.45	2.7						0.29	0.57	2.4						0.28
Total	**1.2**	**2.6**						**0.22**	**1.4**	**2.4**						**0.22**
TMO Copper																
Measured																
Indicated	0.20	1.3						0.18								
Inferred	0.18	1.4						0.22								
Total	**0.38**	**1.3**						**0.20**								
Oxide Cobalt																
Measured																
Indicated	0.04	0.7						0.45	0.10	0.56						0.32
Inferred	0.05	0.7						0.44	0.12	0.61						0.33
Total	**0.09**	**0.7**						**0.45**	**0.22**	**0.59**						**0.33**
Primary Cobalt																
Measured																
Indicated	0.07	0.25						0.31	0.07	0.25						0.31
Inferred	0.20	0.27						0.42	0.20	0.27						0.41
Total	**0.27**	**0.26**						**0.39**	**0.27**	**0.26**						**0.39**
Mwepu Total	**1.9**	**1.9**						**0.29**	**1.9**	**1.9**						**0.25**

1 S.I. units used for metals of value; Cu=copper, Zn=zinc, Pb=lead, Ag=silver, Au=gold, Mo=molybdenum, Co=cobalt.

MINERAL RESOURCES AND ORE RESERVES

CONTINUED

MINERAL RESOURCES[1]

	2022								2021							
Deposit	**Tonnes (Mt)**	**Cu (%)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**Au (g/t)**	**Mo (ppm)**	**Co (%)**	**Tonnes (Mt)**	**Cu (%)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**Au (g/t)**	**Mo (ppm)**	**Co (%)**
Dugald River (100%)																
Primary Zinc																
Measured	12		13.5	2.2	71				13		13.1	2.4	80			
Indicated	15		12.0	0.9	16				17		11.6	1.4	21			
Inferred	33		11.3	0.8	8.1				36		11.2	0.8	9			
Total	**61**		**11.9**	**1.1**	**23**				**66**		**11.7**	**1.3**	**26**			
Primary Copper																
Inferred	4.5	1.5				0.1			4.5	1.5				0.1		
Total	**4.5**	**1.5**				**0.1**			**4.5**	**1.5**				**0.1**		
Dugald River Total	**65**								**70**							
Rosebery (100%)																
Rosebery																
Measured	7.3	0.20	7.4	2.7	118	1.2			6.5	0.22	7.7	3.0	135	1.4		
Indicated	4.6	0.18	6.9	1.9	75	1.1			3.1	0.17	6.5	2.3	117	1.2		
Inferred	7.9	0.19	7.0	2.1	77	1.1			7.1	0.21	8.6	2.5	91	1.2		
Total	**20**	**0.19**	**7.1**	**2.3**	**92**	**1.1**			**17**	**0.21**	**7.9**	**2.6**	**113**	**1.3**		
Rosebery Total	**20**								**17**							
High Lake (100%)																
Measured																
Indicated	7.9	3.0	3.5	0.3	83	1.3			7.9	3.0	3.5	0.3	83	1.3		
Inferred	6.0	1.8	4.3	0.4	84	1.3			6.0	1.8	4.3	0.4	84	1.3		
Total	**14**	**2.5**	**3.8**	**0.4**	**84**	**1.3**			**14**	**2.5**	**3.8**	**0.4**	**84**	**1.3**		
Izok Lake (100%)																
Measured																
Indicated	13	2.4	13.3	1.4	73	0.18			13	2.4	13.3	1.4	73	0.18		
Inferred	1.2	1.5	10.5	1.3	73	0.21			1.2	1.5	10.5	1.3	73	0.21		
Total	**15**	**2.3**	**13.1**	**1.4**	**73**	**0.18**			**15**	**2.3**	**13.1**	**1.4**	**73**	**0.18**		

1 S.I. units used for metals of value; Cu=copper, Zn=zinc, Pb=lead, Ag=silver, Au=gold, Mo=molybdenum, Co=cobalt.

MINERAL RESOURCES AND ORE RESERVES

CONTINUED

ORE RESERVES[1]

All data reported here is on a 100 per cent asset basis, with MMG's attributable interest shown against each asset within brackets.

	2022								2021							
Deposit	**Tonnes (Mt)**	**Cu (%)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**Au (g/t)**	**Mo (ppm)**	**Co (%)**	**Tonnes (Mt)**	**Cu (%)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**Au (g/t)**	**Mo (ppm)**	**Co (%)**
Las Bambas (62.5%)																
Ferrobamba Primary Copper																
Proved	340	0.65			2.9	0.05	200		360	0.61			2.7	0.05	220	
Probable	130	0.91			4.6	0.08	180		160	0.77			3.5	0.07	190	
Total	**470**	**0.72**			**3.4**	**0.06**	**200**		**520**	**0.66**			**2.9**	**0.06**	**210**	
Chalcobamba Primary Copper																
Proved	100	0.65			2.1	0.03	130		83	0.60			1.9	0.02	140	
Probable	130	0.71			2.7	0.03	110		140	0.74			2.7	0.03	120	
Total	**230**	**0.68**			**2.4**	**0.03**	**120**		**220**	**0.69**			**2.4**	**0.03**	**130**	
Sulfobamba Primary Copper																
Proved																
Probable	54	0.80			5.9	0.03	160		56	0.79			5.8	0.03	160	
Total	**54**	**0.80**			**5.9**	**0.03**	**160**		**56**	**0.79**			**5.8**	**0.03**	**160**	
Primary Copper Stockpiles																
Proved	30	0.38			2.2		130		26	0.39			1.8		140	
Total	**30**	**0.38**			**2.2**		**130**		**26**	**0.39**			**1.8**		**180**	
Las Bambas Total	**780**	**0.70**			**3.2**		**170**		**820**	**0.67**			**3.0**		**180**	
Kinsevere (100%)																
Oxide/TMO Copper and Cobalt																
Proved	3.0	2.5						0.12	1.0	3.4						0.15
Probable	5.7	2.2						0.12	3.8	2.9						0.11
Total	**8.6**	**2.3**						**0.12**	**4.8**	**3.0**						**0.12**
Primary Copper and Cobalt																
Proved	1.9	2.3						0.21	1.8	2.5						0.24
Probable	16	2.2						0.10	18	2.4						0.11
Total	**18**	**2.2**						**0.11**	**19**	**2.4**						**0.12**
Stockpiles																
Proved																
Probable	14	1.5							16	1.6						
Total	**14**	**1.5**							**16**	**1.6**						
Kinsevere Total	**40**	**2.0**							**40**	**2.1**						
Dugald River (100%)																
Primary Zinc																
Proved	12		10.9	1.9	62				12		11.0	2.1	70			
Probable	10		10.1	0.9	14				12		10.1	1.3	18			
Total	22		10.5	1.4	39				24		10.6	1.7	44			
Dugald River Total	**22**		**10.5**	**1.4**	**39**				**24**		**10.6**	**1.7**	**44**			
Rosebery (100%)																
Proved	4.8	0.19	6.7	2.7	120	1.2			5.3	0.19	6.4	2.6	120	1.3		
Probable	0.77	0.20	6.1	2.1	79	1.3			0.84	0.18	5.5	2.0	110	1.1		
Total	**5.5**	**0.19**	**6.6**	**2.6**	**110**	**1.2**			**6.1**	**0.19**	**6.3**	**2.5**	**120**	**1.2**		
Rosebery Total	**5.5**	**0.19**	**6.6**	**2.6**	**110**	**1.2**			**6.1**	**0.19**	**6.3**	**2.5**	**120**	**1.2**		

1 S.I. units used for metals of value; Cu=copper, Zn=zinc, Pb=lead, Ag=silver, Au=gold, Mo=molybdenum, Co=cobalt.

MINERAL RESOURCES AND ORE RESERVES

CONTINUED

COMPETENT PERSONS

Table 1: Competent Persons for Mineral Resources, Ore Reserves and Corporate

Deposit	Accountability	Competent Person	Professional Membership	Employer
MMG Mineral Resources and Ore Reserves Committee	Mineral Resources	Rex Berthelsen[1]	HonFAusIMM(CP)	MMG
MMG Mineral Resources and Ore Reserves Committee	Ore Reserves	Cornel Parshotam[1]	MAusIMM	MMG
MMG Mineral Resources and Ore Reserves Committee	Metallurgy: Mineral Resources / Ore Reserves	Amy Lamb[1]	MAusIMM(CP)	MMG
Las Bambas	Mineral Resources	Hugo Rios[1]	MAusIMM(CP)	MMG
Las Bambas	Ore Reserves	Jorge Valverde[1]	MAusIMM(CP)	MMG
Kinsevere	Mineral Resources	Jeremy Witley[2]	Pr.Sci.Nat.	The MSA Group (Pty) Ltd
Kinsevere	Ore Reserves	Dean Basile	MAusIMM(CP)	Mining One Pty Ltd
Rosebery	Mineral Resources	Maree Angus	MAusIMM(CP)	AMC Consultants Pty Ltd
Rosebery	Ore Reserves	Andrew Robertson	FAusIMM	Mining Plus Pty Ltd
Dugald River	Mineral Resources	Andrew Fowler	MAusIMM(CP)	Mining Plus Pty Ltd
Dugald River	Ore Reserves	Philip Bremner	FAusIMM	Oreteck Pty Ltd
High Lake, Izok Lake	Mineral Resources	Allan Armitage[3]	MAPEG (P.Geo)	Formerly MMG

1 Participants in the MMG Long-Term Incentive Plans which may include Mineral Resources and Ore Reserves growth as a performance condition
2 South African Council for Natural Scientific Professions, Professional Natural Scientist
3 Member of the Association of Professional Engineers and Geoscientists of British Columbia

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by the listed Competent Persons, who are Members or Fellows of the Australasian Institute of Mining and Metallurgy (AusIMM), the Australian Institute of Geoscientists (AIG) or a Recognised Professional Organisation (RPO) and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Each of the Competent Persons has given consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

MINERAL RESOURCES AND ORE RESERVES

CONTINUED

SUMMARY OF SIGNIFICANT CHANGES

MINERAL RESOURCES

Mineral Resources as at 30 June 2022 have changed, since the 30 June 2021 estimate, for several reasons with the most significant changes outlined in this section.

Mineral Resources (contained metal) have increased for copper (5 per cent), cobalt (11 per cent), molybdenum (2 per cent) and gold (2 per cent). Zinc (-3 per cent), lead (-10 per cent) and silver (-1 per cent) have decreased from 2021. Variations to Mineral Resources (contained metal) on an individual site basis are discussed below:

Increases:

The increases in Mineral Resources (contained metal) are due to:

- metal prices, specifically copper, has increased the overall contained copper metal and contributed by association to an increase in cobalt at the Kinsevere and satellite DRC deposits; and
- improvements in orebody knowledge, specifically at Las Bambas and Rosebery. At Rosebery, continued drilling success in the middle and lower mine areas, specifically Z lens, combined with a reduction in cut-off grade, has further delineated a combined 3.1Mt of additional Mineral Resource as extensions to the deposit. An increase in metal of 10 per cent copper, 7 per cent zinc, 3 per cent lead and 6 per cent gold have resulted. At Las Bambas, copper metal has increased by 6 per cent, silver by 7 per cent and molybdenum by 2 per cent.

Decreases:

The decreases in Mineral Resources (contained metal) are due to:

- depletion at all producing operations;
- drilling at Dugald River has intersected some narrower zones than expected and has partially contributing to the -6 per cent zinc metal reduction. Changes to the modelling procedures aimed at addressing a negative reconciliation in by-products have contributed to the majority of the lead (-20 per cent) and silver (-19 per cent) variances. This largely impacts the Indicated category; and
- removal of a further 10kt Cu from Sulfobamba deposit at Las Bambas due to illegal mining over the last 12 months taking the total estimated depletion due to illegal mining to 50kt Cu.

MINERAL RESOURCES AND ORE RESERVES

CONTINUED

ORE RESERVES

Ore Reserves as at 30 June (contained metal) have decreased for copper (-1 per cent), zinc (-8 per cent), lead (-19 per cent), silver (-5 per cent), gold (-5 per cent), molybdenum (-13 per cent) and cobalt (-0.2 per cent).

Variations to Ore Reserves (contained metal) on an individual site basis are discussed below:

Increases:

There are no increases of metal in the 2022 Ore Reserves.

Decreases:

Decreases of Ore Reserves (metal) as stated above are due to:

- depletion at all producing operations;
- changes in modelling practices at Dugald River have had an adverse impact on lead (-23 per cent) and silver (-18 per cent), specifically in the Probable Ore Reserve category. This impact is not material from a value perspective as lead and silver combined represent less than 10 per cent of the total Metal Zn Equivalent (4.5 per cent);
- the reduction of copper metal (-6 per cent) at Kinsevere, and at Rosebery (-6 per cent) are both due to depletion; and
- the reduction of zinc metal (-8 per cent) at Dugald River and (-4 per cent) at Rosebery are due to depletion net of minor model updates.

MINERAL RESOURCES AND ORE RESERVES

CONTINUED

KEY ASSUMPTIONS

PRICES AND EXCHANGE RATES

The following price and foreign exchange assumptions, set according to the relevant MMG Standard as at February 2022, have been applied to all Mineral Resources and Ore Reserves estimates. Price assumptions for all metals have changed from the 2021 Mineral Resources and Ore Reserves statement.

Table 2: 2022 Price (real) and foreign exchange assumptions

	Ore Reserves	Mineral Resources
Cu (US$/lb)	3.38	4.04
Zn (US$/lb)	1.17	1.39
Pb (US$/lb)	0.89	1.06
Au US$/oz	1,566	1,878
Ag US$/oz	19.60	23.48
Mo (US$/lb)	10.48	12.12
Co (US$/lb)	20.60	30.30
USD:CAD	1.25	As per Ore Reserves
AUD:USD	0.75	
USD:PEN	3.71	

MINERAL RESOURCES AND ORE RESERVES

CONTINUED

CUT-OFF GRADES

Mineral Resources and Ore Reserves cut-off values are shown in Table 3 and Table 4, respectively.

Table 3: Mineral Resources cut-off grades

Site	Mineralisation	Likely Mining Method[1]	Cut-Off Value	Comments
Las Bambas	Oxide copper	OP	1% Cu[2]	Cut-off is applied as a range that varies for each deposit and mineralised rock type at Las Bambas. *In-situ* copper Mineral Resources constrained within US$4.04/lb Cu and US$12.12/lb Mo pit shell.
	Primary copper Ferrobamba		0.16% Cu[2] (average)	
	Primary copper Chalcobamba		0.18% Cu[2] (average)	
	Primary copper Sulfobamba		0.20% Cu[2] (average)	
Kinsevere	Oxide copper & stockpiles	OP	0.55% CuAS[3]	*In-situ* copper Mineral Resources constrained within a US$4.04/lb Cu and US$30.30/lb Co pit shell.
	Transition mixed ore copper (TMO)	OP	0.6% Cu[2]	
	Primary copper	OP	0.6% Cu[2]	
	Oxide TMO Cobalt	OP	0.2% Co[4]	*In-situ* cobalt Mineral Resources constrained within a US$4.04/lb Cu and US$30.30/lb Co pit shell, but exclusive of copper mineralisation.
	Primary cobalt	OP	0.1% Co[4]	
Sokoroshe II	Oxide	OP	0.6% CuAS[3]	*In-situ* copper Mineral Resources constrained within a US$4.04/lb Cu and US$30.30/lb Co pit shell.
	TMO Copper	OP	0.8% Cu[2]	
	Primary copper	OP	0.8% Cu[2]	
	Oxide TMO cobalt	OP	0.2% Co[4]	*In-situ* cobalt Mineral Resources constrained within a US$4.04/lb Cu and US$30.30/lb Co pit shell, but exclusive of copper mineralisation above cut off.
	Primary cobalt	OP	0.2% Co[4]	
Nambulwa / DZ	Oxide copper	OP	0.6% CuAS[3]	*In-situ* copper Mineral Resources constrained within a US$4.04/lb Cu and US$30.30/lb Co pit shell.
	TMO copper	OP	0.8% Cu[2]	
	Primary copper	OP	0.8% Cu[2]	
	Oxide TMO cobalt	OP	0.2% Co[4]	*In-situ* cobalt Mineral Resources constrained within a US$4.04/lb Cu and US$30.30/lb Co pit shell, but exclusive of copper mineralisation.
	Primary cobalt	OP	0.2% Cu[4]	
Mwepu	Oxide copper	OP	0.75% CuAS[3]	*In-situ* copper Mineral Resources constrained within a US$4.04/lb Cu and US$30.30/lb Co pit shell.
	TMO copper	OP	1.0% Cu[2]	
	Primary copper	OP	1.0% Cu[2]	
	Oxide TMO cobalt	OP	0.3% Co[4]	*In-situ* cobalt Mineral Resources constrained within a US$4.04/lb Cu and US$30.30/lb Co pit shell, but exclusive of copper mineralisation.
	Primary cobalt	OP	0.2% Co[4]	
Rosebery	Rosebery (Zn, Cu, Pb, Au, Ag)	UG	A$155/t NSR[5]	All areas of the mine are reported using the same NSR cut-off value.
Dugald River	Primary zinc (Zn, Pb, Ag)	UG	A$145/t NSR[5]	All areas of the mine are reported using the same NSR cut-off value.
	Primary copper	UG	1% Cu[2]	All areas of the mine are reported at the same cut-off grade
High Lake	Cu, Zn, Pb, Ag, Au	OP	2.0% CuEq[6]	CuEq[6] = Cu + (Zn×0.30) + (Pb×0.33) + (Au×0.56) + (Ag×0.01): based on Long-Term prices and metal recoveries at Au:75%, Ag:83%, Cu:89%, Pb:81% and Zn:93%.
	Cu, Zn, Pb, Ag, Au	UG	4.0% CuEq[6]	CuEq[6] = Cu + (Zn×0.30) + (Pb×0.33) + (Au×0.56) + (Ag×0.01): based on Long-Term prices and metal recoveries at Au:75%, Ag:83%, Cu:89%, Pb:81% and Zn:93%.
Izok Lake	Cu, Zn, Pb, Ag, Au	OP	4.0% ZnEq[1]	ZnEq[1] = Zn + (Cu×3.31) + (Pb×1.09) + (Au×1.87) + (Ag×0.033); prices and metal recoveries as per High Lake.

1 OP = Open Pit, UG = Underground
2 Cu = Total copper
3 CuAS = Acid Soluble copper
4 Co = Total Cobalt
5 NSR = Net Smelter Return
6 CuEq = Copper Equivalent

MINERAL RESOURCES AND ORE RESERVES

CONTINUED

Table 4: Ore Reserves cut-off grades

Site	Mineralisation	Mining Method	Cut-Off Value	Comments
Las Bambas	Primary copper Ferrobamba	OP	0.20% Cu[2] (average)[3]	Range based on rock type recovery.
	Primary copper Chalcobamba		0.23% Cu[2] (average)[4]	
	Primary copper Sulfobamba		0.25% Cu[2] (average)[5]	
Kinsevere	Copper oxide	OP	0.5% CuAS[6]	Approximate cut-off grades shown in this table for ex-pit material. Variable cut-off grade based on net value script.
		OP	0.5% CuAS[6]	For existing stockpiles reclaim.
Rosebery	(Zn, Cu, Pb, Au, Ag)	UG	A$155/t NSR[7]	
Dugald River	Primary zinc	UG	A$145/t NSR (average)[7]	

1 ZnEq = Zinc Equivalent
2 Cu = Total copper
3 Range from 0.20 to 0.24% Cu
4 Range from 0.22 to 0.29% Cu
5 Range from 0.24 to 0.29% Cu
6 CuAS = Acid Soluble Copper
7 NSR = Net Smelter Return

PROCESSING RECOVERIES

Average processing recoveries are shown in Table 5. More detailed processing recovery relationships are provided in the Technical Appendix.

Table 5: Processing Recoveries

		Recovery						Concentrate Moisture
Site	Product	Cu	Zn	Pb	Ag	Au	Mo	Assumptions
Las Bambas	Copper Concentrate	86%	-	-	75%	71%		10%
	Molybdenum Concentrate						55.5%	5%
Rosebery	Zinc Concentrate		84%					7.8%
	Lead Concentrate		8%	77%	37%	16%		6%
	Copper Concentrate	58%			40%	35%		8.7%
	Doré[1] (gold and silver)				0.14%	24%		
Dugald River	Zinc Concentrate	–	91%		35%	–		9.7%
	Lead Concentrate	–		66%	36%	–		9.2%
Kinsevere and satellites	Copper Cathode	80%						
		(96% CuAS[2])						
	Cobalt Precipitate	64% Co Recovery						

1 Silver in Rosebery doré is calculated as a constant ratio to gold in the doré. Silver is set to 0.17 against gold being 20.7
2 CuAS = Acid Soluble Copper

The Technical Appendix published on the MMG website contains additional Mineral Resources and Ore Reserves information (including the Table 1 disclosure).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

For the purpose of the management discussion and analysis, the Group's results for the year ended 31 December 2022 are compared with results for the year ended 31 December 2021.

Year Ended 31 December	2022 US$ Million	2021 US$ Million	Change % Fav/(Unfav)
Revenue	3,254.2	4,255.0	(24%)
Operating expenses	(1,682.6)	(1,587.3)	(6%)
Exploration expenses	(30.8)	(21.3)	(45%)
Administration expenses	(16.0)	(20.8)	23%
Net other income	10.6	99.8	(89%)
EBITDA	**1,535.4**	**2,725.4**	**(44%)**
Depreciation and amortisation expenses	(790.1)	(898.0)	12%
EBIT	**745.3**	**1,827.4**	**(59%)**
Net finance costs	(284.8)	(323.6)	12%
Profit before income tax	**460.5**	**1,503.8**	**(69%)**
Income tax expense	(217.0)	(583.3)	63%
Profit after income tax for the year	**243.5**	**920.5**	**(74%)**
Attributable to:			
Equity holders of the Company	172.4	667.1	(74%)
Non-controlling interests	71.1	253.4	(72%)

Profit attributable to equity holders of the Company

MMG's profit of US$243.5 million for the year ended 31 December 2022 includes profit attributable to equity holders of US$172.4 million and profit attributable to non-controlling interests of US$71.1 million. This compares to a profit attributable to equity holders of US$667.1 million and a profit attributable to non-controlling interests of US$253.4 million for the year ended 31 December 2021. Amounts attributable to non-controlling interests relate to the 37.5 per cent interest in Las Bambas not owned by the Company.

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

Year Ended 31 December	2022 US$ Million	2021 US$ Million	Change % Fav/(Unfav)
Profit after tax – Las Bambas 62.5% interest	118.4	422.3	(72%)
Profit after tax – Other continuing operations	154.6	232.4	(33%)
Exploration expenses	(30.8)	(21.3)	(45%)
Administration expenses	(16.0)	(20.8)	23%
Net finance costs (excluding Las Bambas)	(81.7)	(94.7)	14%
Other	27.9	149.2	(81%)
Profit for the year attributable to equity holders	**172.4**	**667.1**	**(74%)**

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUED

Overview of operating results

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

	Revenue			EBITDA		
Year Ended 31 December	**2022 US$ Million**	**2021 US$ Million**	**Change % Fav/(Unfav)**	**2022 US$ Million**	**2021 US$ Million**	**Change % Fav/(Unfav)**
Las Bambas	2,086.8	2,965.2	(30%)	1,121.9	2,047.3	(45%)
Kinsevere	421.5	437.3	(4%)	131.7	137.6	(4%)
Dugald River	484.3	482.9	0%	210.2	212.7	(1%)
Rosebery	259.9	365.2	(29%)	98.6	203.3	(52%)
Other	1.7	4.4	(61%)	(27.0)	124.5	(122%)
Total	**3,254.2**	**4,255.0**	**(24%)**	**1,535.4**	**2,725.4**	**(44%)**

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

Revenue decreased by US$1,000.8 million (24 per cent) to US$3,254.2 million compared to 2021 due to lower sales volumes (US$667.8 million) and lower realised commodity prices (US$333.0 million).

Sales decreased by US$667.8 million compared to 2021 driven by lower sales of copper concentrate (US$484.3 million) and molybdenum concentrate (US$61.7 million) at Las Bambas due to 173 days of road blockages throughout the year (2021: 106 days) and the forced suspension of operations between 21 April 2022 to 10 June 2022 due to protest activities by neighbouring communities. Rosebery zinc and lead concentrate sales volumes were lower by US$99.7 million driven by lower production due to COVID–19 impacts on workforce availability earlier in the year as well as lower ore grades, in line with the currently planned mining sequences.

Unfavourable commodity price variances of US$333.0 million were driven by lower realised prices for copper (US$345.4 million), silver (US$34.7 million), gold (US$8.0 million) and lead (US$1.6 million). This was partly offset by higher realised prices for zinc (US$46.9 million) and molybdenum (US$9.8 million). Price variances also include mark-to-market adjustments on open sales contracts and the impacts of commodity hedging.

Revenue by Commodity Year Ended 31 December	**2022 US$ Million**	**2021 US$ Million**	**Change % Fav/(Unfav)**
Copper	2,227.7	3,050.4	(27%)
Zinc	547.1	575.8	(5%)
Lead	72.9	89.3	(18%)
Gold	151.5	174.4	(13%)
Silver	135.8	194.0	(30%)
Molybdenum	119.2	171.1	(30%)
Total	**3,254.2**	**4,255.0**	**(24%)**

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUED

Price

Average LME base metals prices were lower in the year ended 31 December 2022 compared to the prior corresponding period for all metals, except for zinc and molybdenum.

Average LME Cash Price[1] Year Ended 31 December	2022	2021	Change % Fav/(Unfav)
Copper (US$/tonne)	8,815	9,315	(5%)
Zinc (US$/tonne)	3,485	3,005	16%
Lead (US$/tonne)	2,153	2,205	(2%)
Gold (US$/ounce)	1,801	1,800	0%
Silver (US$/ounce)	21.75	25.17	(14%)
Molybdenum (US$/tonne)	41,411	34,930	19%

1 Sources: zinc, lead, and copper: LME cash settlement price; Molybdenum: Platts; gold and silver: LBMA.
LME (London Metal Exchange) data is used in this report under licence from LME; LME has no involvement and accepts no responsibility to any third party in connection with the data; and onward distribution of the data by third parties is not permitted.

Sales volumes

Payable Metal in Product Sold Year Ended 31 December	2022	2021	Change % Fav/(Unfav)
Copper (tonnes)	272,132	322,008	(15%)
Zinc (tonnes)	185,606	213,554	(13%)
Lead (tonnes)	36,461	43,808	(17%)
Gold (ounces)	89,049	97,209	(8%)
Silver (ounces)	6,707,204	7,621,998	(12%)
Molybdenum (tonnes)	3,156	4,935	(36%)

Payable Metal in Product Sold Year Ended 31 December 2022	Copper Tonnes	Zinc Tonnes	Lead Tonnes	Gold Ounces	Silver Ounces	Molybdenum Tonnes
Las Bambas	221,918	-	-	62,901	3,293,364	3,156
Kinsevere	49,048	-	-	-	-	-
Dugald River	-	140,980	19,116	-	1,342,406	-
Rosebery	1,166	44,626	17,345	26,148	2,071,434	-
Total	**272,132**	**185,606**	**36,461**	**89,049**	**6,707,204**	**3,156**

Payable Metal in Product Sold Year Ended 31 December 2021	Copper Tonnes	Zinc Tonnes	Lead Tonnes	Gold Ounces	Silver Ounces	Molybdenum Tonnes
Las Bambas	272,299	-	-	59,673	3,581,185	4,935
Kinsevere	48,096	-	-	-	-	-
Dugald River	-	153,992	18,988	-	1,184,179	-
Rosebery	1,613	59,562	24,820	37,537	2,856,635	-
Total	**322,008**	**213,554**	**43,808**	**97,210**	**7,621,999**	**4,935**

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUED

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

Total operating expenses increased by US$95.3 million (6 per cent) in 2022, driven by higher consumable unit prices across the group (US$157.2 million), particularly for diesel and explosives, due to broader industry cost pressures, and higher mining costs at Kinsevere (US$42.4 million) attributable to the resumption of mining activities in April 2022.

This was partly offset by favourable stock movement at Las Bambas (US$70.3 million) due to a higher net build-up of finished goods reflecting lower copper concentrate sales volumes and favourable exchange rate impacts at the Australian operations (US$31.2 million).

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

Exploration expenses increased by US$9.5 million (45 per cent) to US$30.8 million in 2022 due to higher expenditure at Las Bambas (US$4.1 million) with exploration activities focused on Ferrobamba Deeps targets. Exploration costs at Kinsevere were also higher by US$4.1 million with exploration activities concentrating on potential satellite copper targets within a 50km radius of the Kinsevere mine.

Administrative expenses decreased by US$4.8 million (23 per cent) to US$16.0 million in 2022 mainly due to the weaker Australian dollar (US$2.8 million) and lower short term incentive (STI) expenses (US$0.9 million).

Net other income decreased by US$89.2 million (89 per cent) mainly due to the gain recognised on the reduction in the Century Bank Guarantee (US$136.3 million) in 2021, partly offset by the recognition of provisions in 2021 in relation to the VAT 2011/2012 matter in Peru ($15.5 million) and favourable foreign exchange gains ($US15.2 million).

Depreciation and amortisation expenses decreased by US$107.9 million (12 per cent) to US$790.1 million in 2022. The decrease was due to lower depreciation expenses at Las Bambas (US$67.1 million) and Rosebery (US$32.8 million) due to lower mining and milling volumes.

Net finance costs decreased by US$38.8 million (12 per cent) to US$284.8 million compared to 2021. The decrease was mainly due to lower debt balances (US$41.0 million) and a refund of interest from SUNAT (US$9.5 million), partly offset by higher net interest costs driven by a rising interest rate environment (US$17.4 million).

Income tax expense decreased by US$366.3 million, reflecting the decrease in the Group's underlying profit before income tax from the prior year. The effective tax rate for 2022 was 47.1 per cent, with a prima facie income tax rate from operations of 32 per cent, which was impacted by non-creditable withholding tax expenses (7.8 per cent) and Democratic Republic of the Congo (DRC) Special Tax on Excess Profits (STEP) provisions (6.1 per cent).

MINE ANALYSIS: LAS BAMBAS

Products

Copper Concentrate
Molybdenum Concentrate

Ownership

62.5%
MMG Limited

22.5%
Guoxin International Investment Co. Ltd.

15.0%
Citic Metal Co. Ltd.

Location: Peru

Revenue (US$ Million)

$2,086.8

Ore Milled (Tonnes)

44,043,203

Copper In Concentrate Produced (Tonnes)

254,836

MINE ANALYSIS: LAS BAMBAS

CONTINUED

Year Ended 31 December	2022	2021	Change % Fav/(Unfav)
Production			
Ore mined (tonnes)	43,178,984	59,878,802	(28%)
Ore milled (tonnes)	44,043,203	48,476,799	(9%)
Waste movement (tonnes)	116,206,593	135,003,377	(14%)
Copper in copper concentrate (tonnes)	254,836	290,097	(12%)
Payable metal in product sold			
Copper (tonnes)	221,918	272,299	(19%)
Gold (ounces)	62,901	59,673	5%
Silver (ounces)	3,293,364	3,581,185	(8%)
Molybdenum (tonnes)	3,156	4,935	(36%)

Year Ended 31 December	2022 US$ Million	2021 US$ Million	Change% Fav/(Unfav)
Revenue	**2,086.8**	**2,965.2**	**(30%)**
Operating expenses			
Production expenses			
Mining	(401.2)	(244.1)	(64%)
Processing	(261.5)	(235.8)	(11%)
Other	(403.5)	(413.7)	2%
Total production expenses	**(1,066.2)**	**(893.6)**	**(19%)**
Freight (transportation)	(86.1)	(77.2)	(12%)
Royalties	(59.4)	(89.9)	34%
Other[1]	263.4	185.0	42%
Total operating expenses	**(948.3)**	**(875.7)**	**(8%)**
Other expenses	(16.6)	(42.2)	61%
EBITDA	**1,121.9**	**2,047.3**	**(45%)**
Depreciation and amortisation expenses	(665.7)	(732.8)	9%
EBIT	**456.2**	**1,314.5**	**(65%)**
EBITDA margin	**54%**	**69%**	**(22%)**

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

Las Bambas produced 254,836 tonnes of copper in 2022, 35,261 tonnes (12 per cent) below 2021 due to continued community protests including an operational shut of more than 50 days in the second quarter. Ore milled grades were also lower than 2021 (0.67 per cent vs. 0.69 per cent) mainly due to processing of lower grade rehandled ores in the fourth quarter of 2022 when mining was impacted by community protests.

Las Bambas' third ball mill was successfully commissioned during the fourth quarter. Supported by the third ball mill, the mine achieved the highest quarter milling throughput since 2020, which was also the second highest quarter throughput in the mine's history.

Production of molybdenum and silver by–products were also 36 per cent and 8 per cent lower respectively due to the reduced ore processing throughput impacted by community protests. Gold production was 5 per cent higher due to higher grades.

Revenue of US$2,086.8 million was 30 per cent lower than 2021 due to lower copper (US$482.7 million) and molybdenum sales volumes (US$61.7 million) and lower realised commodity prices (US$346.0 million).

Copper sales volumes were 19 per cent lower compared to the prior year, primarily due to increased community protests that caused over 173 days (2021: 106 days) of disruption to concentrate transport in 2022. From early December 2022, Peru has experienced widespread social unrest following the impeachment of Pedro Castillo, the previous President of Peru. The widespread protests have caused disruptions along the Southern Road Corridor, affecting the broader mining industry. Lower molybdenum sales volumes were also impacted by road disruptions and lower molybdenum production due to lower feed grades in 2022.

As a result of transport disruptions, the concentrate inventory levels on site increased to approximately 85,000 tonnes of copper in concentrate at the end of 2022, compared to approximately 59,000 tonnes at the end of 2021. This stockpiled copper concentrate is expected to be drawn down and shipped by the fourth quarter of 2023, subject to the resolution to current nationwide protests followed by stability in concentrate transport logistics.

Total production expenses of US$1,066.2 million were US$172.6 million or 19 per cent above 2021. This was mainly driven by higher unit costs of diesel ($65.0 million), explosives ($36.9 million) and reagents and grinding media ($27.3 million). Total production expenses were also unfavourably impacted by lower deferred mine capitalisation costs (US$63.4 million) as a result of delays to stripping activities caused by persistent community disruptions and focus on ore mining. Increased risk mitigation expenses due to social conflicts ($34.9 million) also contributed to the higher costs. This was partly offset by lower material mined and milled volumes ($40.4 million) due to the temporary suspension of operations and deferral of maintenance for the mine fleet ($12.9 million).

The higher production expenses were largely offset by favourable stock movement of US$70.3 million due to a net build-up of finished goods (US$92.9 million) reflecting lower copper concentrate sales volumes, partly offset by a draw-down of ore stockpiles (US$27.3 million). Royalty expenses were lower by US$30.5 million reflecting lower revenue and other expenses were also lower by US$25.6 million predominantly due to favourable foreign exchange rates. Freight costs were higher by US$8.9 million due to revised sea freight rates in 2022 reflecting current market conditions offset by lower sales volumes.

Depreciation and amortisation expenses of $665.7 million were 9 per cent lower than 2021 due to lower mining and milling volumes.

C1 costs of US$1.53/lb in 2022 were below our guidance range of US$1.60-1.65/lb, however the result was higher than the US$1.02/lb result in 2021. Higher unit costs were a function of increased prices for energy and consumables and lower production. Excluded from the calculation of C1 costs in 2022 (but reported as part of the Total Operating Expenses) were care and maintenance costs for the period of the shutdown in Q2 of US$97.4 million. This is to better reflect the direct costs of production.

2023 outlook

Following transport disruptions caused by widespread social unrest in early 2023, Las Bambas was forced to slow down its operation rate due to a shortage of critical supplies in the first two months of 2023. On 11 March 2023 (Peru time), transportation of concentrate recommenced and site operations have returned to full capacity. Following the resumption of concentrate transport, Las Bambas will work to progressively reduce stockpiles of copper concentrate held on site.

Las Bambas copper production for 2023 is expected to be in the range of 265,000 and 305,000 tonnes. This represents an improvement on 2022 but is highly contingent on the swift resolution to the wide-spread political protests that Peru is currently experiencing and a resumption of stability in transport logistics. Subject to a resolution of this social unrest, followed by reaching a comprehensive agreement with the Huancurie community, development of the Chalcobamba deposit is targeted to commence in the second half of 2023.

Las Bambas C1 costs in 2023 are expected to be in the range of US$1.70 – US$1.90/lb representing an increase on 2022 due to cost inflation on consumables, higher levels of concentrate transported, lower capitalised mining and increased development and maintenance activities deferred from 2022.

MINE ANALYSIS: KINSEVERE

Product

Copper Cathode

Ownership

100%

MMG Limited

Location: Democratic Republic of Congo

Revenue (US$ Million)

$421.5

Ore Milled (Tonnes)

2,348,699

Copper Cathode Produced (Tonnes)

49,070

MINE ANALYSIS: KINSEVERE

CONTINUED

Year Ended 31 December	2022	2021	Change % Fav/(Unfav)
Production			
Ore mined (tonnes)	3,100,273	20,075	15,343%
Ore milled (tonnes)	2,348,699	2,448,517	(4%)
Waste movement (tonnes)	7,087,508	-	n/a
Copper cathode (tonnes)	49,070	48,017	2%
Payable metal in product sold			
Copper (tonnes)[1]	49,048	48,096[2]	2%

Year Ended 31 December	2022 US$ Million	2021 US$ Million	Change % Fav/(Unfav)
Revenue	**421.5**	**437.3**	**(4%)**
Operating expenses			
Production expenses			
Mining	(62.5)	(20.1)	(211%)
Processing	(118.7)	(85.7)	(39%)
Other	(74.3)	(78.2)	5%
Total production expenses	**(255.5)**	**(184.0)**	**(39%)**
Freight (transportation)	(5.0)	(8.3)	40%
Royalties	(23.6)	(25.9)	9%
Other[3]	(10.2)	(54.1)	81%
Total operating expenses	**(294.3)**	**(272.3)**	**(8%)**
Other income	4.5	(27.4)	116%
EBITDA	**131.7**	**137.6**	**(4%)**
Depreciation and amortisation expenses	(27.8)	(29.1)	4%
EBIT	**103.9**	**108.5**	**(4%)**
EBITDA margin	**31%**	**31%**	**0%**

1 Kinsevere sold copper includes copper cathode and copper scrap.
2 Kinsevere 2021 sold copper volume is adjusted in this report for inclusive of copper scrap.
3 Other operating expenses include changes in inventories, corporate recharges and other costs of operations.

MINE ANALYSIS: KINSEVERE

CONTINUED

Copper cathode production of 49,070 tonnes was 1,053 tonnes (2 per cent) higher than 2021 due to the higher average plant feed grade in 2022 (2.18 per cent vs. 2.00 per cent) attributable to the resumption of mining activity in April 2022 and increased supply of higher-grade third-party ores.

Kinsevere revenue decreased by US$15.8 million or 4 per cent to US$421.5 million compared to the 2021 due to lower realised copper prices (US$24.4 million), partly offset by higher copper sales volumes in line with higher production (US$8.6 million).

Total production expenses increased by US$71.5 million or 39 per cent compared to 2021. This was mainly driven by higher mining costs (US$42.4 million) due to the resumption of mining activities in April 2022. Processing costs were also higher than 2021 by US$33.0 million due to higher unit prices for sulphuric acid (US$10.8 million) and energy (US$6.1 million), higher cost of third-party ores driven by increased consumption and price (US$7.6 million) and higher maintenance cost (US$1.8 million).

Other operating expenses were lower compared to 2021 (US$43.9 million) mainly driven by favourable stock movement ($40.9M) due to net build up of ore stockpiles in 2022 compared to a net drawdown in 2021.

C1 costs for 2022 were US$2.55/lb, higher than the US$1.95/lb in 2021 while at the lower end of the guidance (US$2.50-2.80/lb). Increased C1 costs than 2021 were mainly driven by higher cash production expenses due to the resumption of mining activities, which was partly offset by stronger second-half production.

2023 outlook

Kinsevere copper cathode production for 2023 is expected to be in the range of 40,000 and 48,000 tonnes. This represents the declining oxide ore tonnes with the transition from the mining of oxide ores to the mining sulphide ores. First cobalt production from the Kinsevere Expansion Project (KEP) is expected in 2023.

C1 costs in 2023 are expected to be in the range of US$2.50 – US$2.80/lb, largely unchanged from the prior year representing cost pressures from consumable prices, transport costs and power prices, partly offset by an increase in by-product credits from the commencement of cobalt production. From 2024 onwards, higher copper production and cobalt by-product credits are expected to lower the mine's C1 costs considerably when at a steady state of operation, placing Kinsevere in the bottom half of the global cost curve.

MINE ANALYSIS: DUGALD RIVER

Products

Zinc Concentrate
Lead Concentrate

Ownership

100%
MMG Limited

Location: Australia

Revenue (US$ Million)

$484.3

Ore Milled (Tonnes)

1,844,212

Zinc in Zinc Concentrate Produced (Tonnes)

173,395

Lead in Lead Concentrate Produced (Tonnes)

20,869

MINE ANALYSIS: DUGALD RIVER

CONTINUED

Year Ended 31 December	2022	2021	Change % Fav/(Unfav)
Production			
Ore mined (tonnes)	1,873,332	1,862,862	1%
Ore milled (tonnes)	1,844,212	1,891,701	(3%)
Zinc in zinc concentrate (tonnes)	173,395	180,313	(4%)
Lead in lead concentrate (tonnes)	20,869	20,361	2%
Payable metal in product sold			
Zinc (tonnes)	140,980	153,992	(8%)
Lead (tonnes)	19,116	18,988	1%
Silver (ounces)	1,342,406	1,184,179	13%

Year Ended 31 December	2022 US$ Million	2021 US$ Million	Change % Fav/(Unfav)
Revenue	**484.3**	**482.9**	**0%**
Operating expenses			
Production expenses			
Mining	(111.6)	(91.1)	(23%)
Processing	(68.6)	(73.4)	7%
Other[1]	(69.3)	(71.0)	2%
Total production expenses	**(249.5)**	**(235.5)**	**(6%)**
Freight (transportation)	(18.2)	(12.9)	(41%)
Royalties	(20.7)	(18.6)	(11%)
Other[1]	10.9	(4.6)	337%
Total operating expenses	**(277.5)**	**(271.6)**	**(2%)**
Other income/(expenses)	3.4	1.4	143%
EBITDA	**210.2**	**212.7**	**(1%)**
Depreciation and amortisation expenses	(57.7)	(59.8)	4%
EBIT	**152.5**	**152.9**	**0%**
EBITDA margin	**43%**	**44%**	**(2%)**

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

MINE ANALYSIS: DUGALD RIVER

CONTINUED

Dugald River produced 173,395 tonnes of zinc in zinc concentrate in 2022, 4 per cent lower than 2021. The reduction is primarily due to COVID-19 impacts on workforce availability early in the year, alongside lower ore feed grade compared to 2021 (10.5 per cent vs. 10.8 per cent). This was partly offset by record high annual zinc recovery rates of 89.3 per cent compared to 87.9 per cent in 2021. In the fourth quarter, Dugald River achieved the highest mining rates in the past two years, driven by better workforce availability and improved equipment utilisation. On a zinc equivalent basis, Dugald River production exceeded 200,000 tonnes for the third consecutive year.

Revenue marginally increased by US$1.4 million to US$484.3 million due to higher realised zinc prices (US$38.8 million) and higher by-products sales volumes (US$4.2 million). This was partly offset by an 8 per cent drop in zinc concentrate sales volumes (US$35.0 million) in line with lower production and lower realised silver (US$5.0 million) and lead prices (US$1.6 million).

Total production expenses were higher by US$14.0 million compared to 2021. This was mainly attributable to higher contractor mining expenses (US$20.6 million) to support the transition to owner miner model for production activities and onboarding of Redpath for development activities and increased development metres. Costs were also impacted by higher unit prices for gas (US$3.8 million), diesel (US$1.5 million) and other processing consumables (US$3.5 million). This was partly offset by favourable exchange rates with the weakening of the Australian dollar (US$20.9 million).

Freight costs were also higher by US$5.3 million due to revised sea freight rates in 2022 reflecting current market conditions.

Dugald River's zinc C1 costs were US$0.84/lb in 2022, lower than our revised guidance of US$0.85 – US$0.95/lb but higher than US$0.67/lb in 2021. Higher C1 costs were attributable to lower production volumes and higher treatment charges.

2023 outlook

Dugald River zinc production for 2023 is expected to be in the range of 170,000 and 185,000 tonnes of zinc in zinc concentrate.

C1 costs in 2023 are expected to be in the range of US$0.90 – US$1.05/lb. Cost escalation includes increased mining costs in the current highly competitive market and a soaring domestic gas price. Dugald River is transitioning to an owner miner model for production activities, which will partially mitigate cost escalation. Redpath has been awarded a contract for development to ensure a dedicated focus on these activities. Dugald River has also entered into a long-term solar offtake agreement with energy provider, APA Group. The solar agreement will supply the Dugald River mine with renewable energy to reduce its carbon footprint and provide immediate energy cost savings once operational. The solar farm commissioning period started in February 2023 and we expect it to be in commercial operations in March 2023.

MINE ANALYSIS: ROSEBERY

Products

Zinc Concentrate
Lead Concentrate
Precious Metals Concentrate
Gold Doré

Ownership

100%
MMG Limited

Location: Australia


Revenue (US$ Million)
$259.9
Ore Milled (Tonnes)
896,861
Zinc in Zinc Concentrate Produced (Tonnes)
51,156

MINE ANALYSIS: ROSEBERY

CONTINUED

Year Ended 31 December	2022	2021	Change % Fav/(Unfav)
Production			
Ore mined (tonnes)	886,118	1,004,168	(12%)
Ore milled (tonnes)	896,861	1,022,487	(12%)
Zinc in zinc concentrate (tonnes)	51,156	69,454	(26%)
Lead in lead concentrate (tonnes)	18,077	25,053	(28%)
Copper in precious metals concentrate (tonnes)	1,147	1,567	(27%)
Gold (ounces)	26,709	43,010	(38%)
Silver (ounces)	2,178,998	3,375,624	(35%)
Payable metal in product sold			
Copper (tonnes)	1,166	1,613	(28%)
Zinc (tonnes)	44,626	59,562	(25%)
Lead (tonnes)	17,345	24,820	(30%)
Gold (ounces)	26,148	37,537	(30%)
Silver (ounces)	2,071,434	2,856,635	(27%)

Year Ended 31 December	2022 US$ Million	2021 US$ Million	Change % Fav/(Unfav)
Revenue	**259.9**	**365.2**	**(29%)**
Operating expenses			
Production expenses			
Mining	(70.5)	(76.5)	8%
Processing	(31.0)	(32.5)	5%
Other	(26.7)	(27.6)	3%
Total production expenses	**(128.2)**	**(136.6)**	**6%**
Freight (transportation)	(10.1)	(8.9)	(13%)
Royalties	(12.8)	(18.8)	32%
Other[1]	(10.2)	2.4	(525%)
Total operating expenses	**(161.3)**	**(161.9)**	**0%**
Other expenses	-	-	-
EBITDA	**98.6**	**203.3**	**(52%)**
Depreciation and amortisation expenses	(46.9)	(79.7)	41%
EBIT	**51.7**	**123.6**	**(58%)**
EBITDA margin	**38%**	**56%**	**(32%)**

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

MINE ANALYSIS: ROSEBERY

CONTINUED

Rosebery produced 51,156 tonnes of zinc and 18,077 tonnes of lead in 2022. This represented a 26 per cent and 28 per cent drop in zinc and lead production respectively, compared to 2021. The reduction in production from the prior year is mainly a reflection of COVID-19 impact on workforce availability early in the year, declining ore feed grades and resequencing of mining activities in the second and third quarters.

Precious metal production for 2022 totalled 11,087 ounces of gold and 5,624 ounces of silver, with both decreasing compared to 2021 due to mining sequence change and decreasing grades.

Revenue decreased by US$105.3 million (29 per cent) to US$259.9 million due to lower zinc (US$40.5 million), lead (US$15.0 million) and other by-product sales volumes (US$44.2 million) and lower realised silver prices (US$11.5 million). This was partly offset by higher realised zinc prices (US$8.1 million).

Total production expenses decreased by US$8.4 million (6 per cent) compared to 2021 mainly due to favourable exchange rates with the weakening of the Australian dollar in 2022 (US$10.3 million), partly offset by higher diesel prices (US$2.3 million).

Rosebery full-year C1 costs of US$0.26/lb were at the lower end of revised guidance of US$0.25 – US$0.35/lb but higher than 2021 as a result of the lower production rates and lower by-product prices.

2023 outlook

Rosebery zinc production for 2023 is expected to be in the range of 55,000 and 65,000 of zinc in zinc concentrate. This is an improvement on 2022 due to higher ore grades and higher ore mined tonnes due to improved workforce availability.

C1 costs in 2023 are expected to be in the range of US$0.35 – US$0.50/lb, an increase on 2022 due to the cost escalation experienced across mining industry, lower anticipated by-product credits and increased treatment charges, which will be partly offset by higher production.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUED

CASH FLOW ANALYSIS

Net cash flow

Year Ended 31 December	2022 US$ Million	2021 US$ Million
Net operating cash flows	832.1	2,551.5
Net investing cash flows	(538.7)	(573.7)
Net financing cash flows	(1,176.5)	(915.2)
Net cash (outflows)/inflows	**(883.1)**	**1,062.6**

Net operating cash inflows decreased by US$1,719.4 million (67 per cent) to US$832.1 million driven by lower EBITDA (US$1,190.0 million) attributable to lower commodity prices and lower sales volumes at Las Bambas. Operating cash flows were also unfavourably impacted by net working capital movements (US$314.8 million) and higher tax payments in Peru (US$157.3 million), Australia (US$46.1 million) and the DRC (US$21.1 million).

Net investing cash outflows decreased by US$35.0 million (6 per cent) to US$538.7 million. This was mainly due to final receipt from the sale of Sepon (US$27.5 million) in 2022. Capital expenditure at Las Bambas was also lower by US$83.9 million predominantly due to decreased capitalised mining costs. This was largely offset by higher capital expenditure at Kinsevere (US$60.9 million) attributable to expenditure on the Kinsevere Expansion Project.

Net financing cash outflows was unfavourable by US$261.3 million (29 per cent) compared to 2021. This was mainly due to a US$500.0 million early payment on the Las Bambas Project facility and net proceeds received from the share placement in 2021 (US$299.0 million). This was partly offset by a higher net drawdown on working capital facilities (US$310.0 million). Financing costs of US$286.9 million (2021: US$288.5 million) were consistent between the two periods.

Financial resources and liquidity

	31 December 2022 US$ Million	31 December 2021 US$ Million	Change US$ Million
Total assets	12,535.5	13,024.1	(488.6)
Total liabilities	(8,307.0)	(9,096.1)	789.1
Total equity	**4,228.5**	**3,928.0**	**300.5**

Total equity increased by US$300.5 million to US$4,228.5 million as at 31 December 2022, mainly due to the profit for the year of US$243.5 million.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUED

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	31 December 2022 US$ Million	31 December 2021 US$ Million
Total borrowings (excluding prepaid finance charges)[1]	5,456.9	6,348.3
Less: cash and cash equivalents	(372.2)	(1,255.3)
Net debt	**5,084.7**	**5,093.0**
Total equity	4,228.5	3,928.0
Net debt +Total equity	**9,313.2**	**9,021.0**
Gearing ratio	**0.55**	**0.56**

1 Borrowings at an MMG Group level reflect 100 per cent of the borrowings of the Las Bambas Joint Venture Group. Las Bambas Joint Venture Group borrowings at 31 December 2022 were US$2,981.7 million (31 December 2021: US$3,762.4 million) and Las Bambas Joint Venture Group cash and cash equivalents at 31 December 2022 were US$171.8 million (31 December 2021: US$836.3 million). For the purpose of calculating the gearing ratio, Las Bambas Joint Venture Group's borrowings have not been reduced to reflect the MMG Group's 62.5 per cent 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$2,161.3 million (31 December 2021: US$2,261.3 million) of shareholder debt that was used to fund the MMG Group's equity contribution to the Las Bambas Joint Venture Group. For the purpose of the above, it has, however, been included as borrowings.

Available debt facilities

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

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

Note: An undrawn US$80.0 million facility under a US$85.0 million facility with China Development Bank was terminated in June 2022; and an undrawn US$180.0 million under a US$450 million Dugald River project facility with Album Trading Company has matured in June 2022 as the availability period has lapsed.

At 31 December 2022, the Las Bambas Joint Venture Group had available in its undrawn debt facilities of US$800.0 million (31 December 2021: US$1,150.0 million). This was represented by:

(i) US$650.0 million (31 December 2021: US$800.0 million) that was undrawn and available under a US$800.0 million revolving credit facility to support the operations and general corporate purposes of Las Bambas, with the revolving credit facility borrowed from China Development Bank, Bank of China, Bank of Communications and The Export-Import Bank of China maturing in October 2023;

(ii) US$150.0 million (31 December 2021: nil) that was undrawn and available under a new US$350.0 million revolving credit facility provided by Album Enterprises Limited which maturing in August 2023.

Note: A US$175.0 million revolving credit facility provided by BOC Sydney and a US$175.0 million revolving credit facility provided by ICBC Luxembourg, for general corporate purposes had expired in August 2022.

Some of 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 31 December 2022. The financial covenants are measured with reference to the financial performance of the Group or its subsidiaries, and may be influenced by future operational performance.

MANAGEMENT DISCUSSION AND ANALYSIS

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DEVELOPMENT PROJECTS

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

MMG remains committed to working closely with the Government of Peru and the Huancauire community members to review all of its commitments and to engage in transparent and constructive dialogue. Discussions with the Huancuire community resumed in January 2023 but unfortunately, the dialogue table has been forced to pause due to security concerns amid nation-wide protests. We look forward to progressing these discussions once the social unrest dissipates.

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

Kinsevere Expansion Project, the next phase of Kinsevere development, is progressing. This project will enable the mining and processing of Kinsevere's sulphide copper and cobalt reserves and is expected to extend Kinsevere's mine life for at least 13 years from 2022. It will result in total annual production of approximately 80,000 tonnes of copper cathode and between 4,000-6,000 tonnes of cobalt in cobalt hydroxide once fully ramped up.

All civil work for the cobalt plant has been completed, long-lead time equipment is being shipped to site and the installation of equipment has commenced. Detailed engineering for the concentrator and roaster plant is in progress. Earthworks of the new tailing dam have started. First cobalt production is expected in 2023 and the first copper from the sulphide plant in 2024.

Rosebery mine life extension will be supported by an accelerated exploration program over the next two years. The site continues to engage with the Minister and the Department of Climate Change, Energy, the Environment and Water (DCCEEW) and provide all required information and documentation while awaiting the Minister's decision on the proposed preliminary works at South Marionoak. Concurrently the mine is continuing to investigate potential options for safe and viable short-term capacity increases at existing tailings storage facilities. A sustainable tailings storage solution that supports the Rosebery mine life extension remains a key priority for our operation and we will continue to proactively explore all feasible options.

There were no other major development projects noted during the year ended 31 December 2022.

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CONTRACTS AND COMMITMENTS

A total of 685 contracts have been established during 2022, either through market engagements or in-contract renegotiations. The annual operational or capital value addressed by these activities is US$1,056.48 million.

Significant additional contracting activities were undertaken for all the Company's operations throughout 2022 to ensure the security of supply for critical inputs and other requirements as necessary to enable continued operations and the management of risks in the post-pandemic era as well as other disruptions.

Las Bambas

New and revised agreements were finalised to support optimising production and development options for Las Bambas, including contracts for projects construction, mining services, concentrate logistics by truck, general cargo consolidation and transport, mobile equipment maintenance, drilling services, plant shutdown services, equipment renting, major component repair, supply of grinding media, components, spares and other consumables, and contracts for engineering, earthmoving, road maintenance and civil works. Significant activity was also undertaken to maintain the safety and surety of supply under frequent blockades to support continued operations.

Kinsevere

New and revised agreements were finalised for various contracts supporting steady Kinsevere operations. With the resumption of mining activities, the main mining services contract was finalised along with other supporting contracts ahead of the resumption of mining. The relaxation of the COVID-19 controls has enabled more competitive shipping costs and fewer delays caused by quarantine in the second half of 2022. Support towards the Kinsevere expansion project is ongoing with the cobalt plant construction package, third tailing storage facility (TSF3) construction package, roaster-gas plant-acid plant (RGA) EPC contract package and concentration plant design package awarded.

Dugald River

New and revised agreements were finalised for requirements in support of optimising production performance and operations, including contracts related to inbound logistics, goods and services requirements for site infrastructure projects, multiple contracts for the purchase of mobile equipment and contractor services related to the insource of production mining, development mining services, and other site support services. A major ongoing activity during this period was the review of long-term energy options to drive cost reduction and increase uptake of renewable energy.

Rosebery

New and revised agreements were finalised with regards to significant goods and services including outbound rail haulage, inbound logistics, operational mine rehab and development services, fleet maintenance and condition monitoring. Various other agreements included contracts for engineering services and consultancy agreements for project-related requirements, and partial mobile fleet replacement.

Group

New and revised agreements were finalised with regard to various goods and services, including corporate insurance broker service and captive management contracts, market intelligence services contracts, IT-related services and licence agreements, and several professional services consultancy agreements (including services for the human resources, tax, supply, sustainability and social performance, and operational technology).

MANAGEMENT DISCUSSION AND ANALYSIS

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PEOPLE

As at 31 December 2022, the Group employed a total of 4,296 full-time equivalent employees (2021:4,238) in its continuing operations (excluding contractors and casual employees) with the majority of employees based in Australia, Peru, the DRC, China and Laos.

Total employee benefits expenses for the Group's operations for the year ended 31 December 2022, including Directors' emoluments, totalled US$321.9 million (2021: US$306.3 million). The increase was primarily driven by the closing bonus for the collective agreement at Las Bambas and increased annual salaries as a result of the annual remuneration review.

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

EXPLORATION ACTIVITIES

Las Bambas

During 2022 exploration drilling was performed at the Chalcobamba South and Chalcobamba Deeps near-surface, skarn and porphyry copper targets located along the southern margin of the Chalcobamba Deposit. Drilling was also performed at the Ferrobamba East, Ferrobamba Deeps and Ferrobamba South targets. A total of 46 drill holes were completed for 24,374 metres. All core has been logged and assayed.

At the Chalcobamba South target, drilling targeted the extension of mineralisation along the southern edge of the future Chalcobamba pit.

Drilling at Ferrobamba East project targeted breccias associated with elevated levels of gold, silver, copper, molybdenum, lead and zinc in surface rock and soil samples.

Drilling at the Ferrobamba Deeps target is designed to test the depth projection of higher-grade mineralisation currently being mined by the open pit. The targeted mineralisation could serve to deepen the open pit or provide future ore for underground mining activity. A proof of concept study for potential underground mining at Ferrobamba Deeps is underway and will be completed in the first quarter of 2023.

Kinsevere

In the DRC, exploration activities continued to focus on the resource development of satellite copper and cobalt deposits within an operating radius of the Kinsevere mine that may be suitable for economic exploitation and processing at the Kinsevere plant. Exploration also completed scout drilling in the Regional Tshangalele project.

The main activities in 2022 include 1) resource extension and delineation drilling in Mwepu Main, Sokoroshe II, and Kimbwe Kafubu projects, 2) resource testing drilling in Mwepu South and Shandwe South Projects, 3) prospect testing drilling in Tumbwe West, Kamafesa, Tshangalele Central, Mwadingusha East, Mwadingusha West, and Karavia West projects, and 4) geotechnical and hydrogeological drilling in Mwepu Main project.

MANAGEMENT DISCUSSION AND ANALYSIS

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Dugald River

Surface drilling continued within the mining lease at Dugald River throughout 2022 to further test the host slate horizons on the periphery of the known deposit and along strike into the southern leases of the Dugald River mine for zinc. A secondary aim was to further test the copper mineralisation through the hanging wall schists, calc-silicate and slate units. Drilling was targeted around the southern-most area of the zinc deposit to improve confidence in the Mineral Resource for mine design as well as testing for copper mineralisation. Drilling was also completed to target disseminated copper targets along the southern periphery of the known zinc lode. Further drilling is planned for 2023 to focus on the periphery of the know zinc orebody. Geophysical studies are planned for 2023 to expand on the geological understanding of the drilling results from 2022.

Underground resource drilling continued with a third drill rig mobilised to site in July. Drilling was conducted to convert areas of Indicated to Measured Resource. Underground Resource Delineation and Reserve Definition drilling continues to expand our understanding of the structural complexity of the Dugald River deposit.

Rosebery

During 2022, in-mine drilling activities continued to focus on Resource Testing, Resource Delineation and Reserve Definition around Z, U, V, H, K and P lenses. These will be a key focus in 2023. Resource Testing programs focussed on Z lens and Oak prospect at the northern extensions of the Rosebery deposit.

Renewed orebody knowledge lead to the identification of new prospects in the West Rosebery domain including Perseus and Sterling prospects, which were tested during the year with follow up work in 2023 to be completed. Surface drilling recommenced during the year testing the host position between the historic Jupiter and Hercules mines.

Drilling totals were impacted for the year against budget due to COVID-19 in Tasmania and gaining access to key underground platforms. Crew and platform availabilities are a primary focus ahead of the growth drilling program planned in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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Project	Hole Type	Meterage (metres)	Number of Holes	Average Length (metres)
Americas				
Las Bambas	Diamond (Chalcobamba Deeps)	565	1	565
	Diamond (Ferrobamba Deeps)	16,841	27	624
	Diamond (Chalcobmaba South)	3,693	9	410
	Diamond (Ferrobamba South)	842	4	210
	Diamond (Ferrobamba East)	2,433	5	487
Africa				
Kinsevere	Diamond (Sokoroshe II Resource)	239	1	239
	Diamond (Sokoroshe II)	707	6	118
	Diamond (Nambulwa - Kimbwe Kafubu Resource)	5,427	22.8	238
	Diamond (Mwepu Main Resource)	3,306	20	165
	Diamond (Mwepu Main Geotech)	927	11	84
	Reverse Circulation (Mwepu Main Hydrogeology)	656	5	131
	Diamond (Mwepu South Resource)	2,028	12	169
	Reverse Circulation (Karavia West)	2,133	17	125
	Reverse Circulation (Mwadingusha East)	2,876	23	125
	Reverse Circulation (Mwadingusha West)	1,360	10	136
	Reverse Circulation (Tshangalele Central)	1,874	14	134
	Reverse Circulation (Shandwe)	394	4	99
	Reverse Circulation (Tumbwe West)	700	7	100
	Reverse Circulation (Kamafesa)	3,000	20	150
Australia				
Dugald River	Diamond Surface	14,269	17	861
	Diamond Underground	94,676	386	245
Rosebery	Diamond Surface	9,834	15	678
	Diamond Underground	71,170	301	236
Total		**239,950**	**938**	**256**

MANAGEMENT DISCUSSION AND ANALYSIS

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MATERIAL ACQUISITIONS AND DISPOSALS

The Group made no material acquisition or disposal in the year ended 31 December 2022.

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.

- On 31 January 2023, SUNAT released its 2016 Income Tax Assessment which was appealed to SUNAT on 28 February 2023;
- Subsequent to 31 December 2022, Las Bambas continued to be impacted by nationwide political protests. During the period, the Group secured critical supplies that enabled production to continue at a reduced rate. On 11 March 2023 (Peru time), transportation of concentrate recommenced and site operations have returned to full capacity. Following the resumption of concentrate transport, Las Bambas will work to progressively reduce stockpiles of copper concentrate held on site; and
- On 2 April 2023, the Board announced that Mr Jiao Jian resigned with effect from 31 March 2023 as the Chairman of the Company and as a Non-Executive Director. The Board will consider and appoint a new Chairman of the Company at a board meeting to be convened in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

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FINANCIAL AND OTHER RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks, including commodity price risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk and risk arising from the interest benchmark reform. 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 interest rate swaps, collar hedges and commodity swaps to manage certain exposures. The Group does not and is prohibited from entering into derivative contracts for speculative purposes.

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

(a) Commodity price risk

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

During the year ended 31 December 2022, the Group entered into various commodity trades to hedge the sales prices for copper and zinc. This included:

- Zero/low-cost collar hedges:
  - 9,800 tons of zinc with put strike price ranging from US$ at US$3,300/ton to US$3,700/ton and call strike price ranging from US$3,800/ton to US$4,100/ton;
  - 4,400 tons of copper with put strike price ranging from US$9,500/ton to US$10,000/ton and call strike price ranging from US$10,500/ton to US$10,750/ton.
- Fixed price swap hedges:
  - 4,900 tons of zinc with fixed price ranging from US$3,030/ton to US$3,040/ton;
  - 54,000 tons of copper with fixed price ranging from US$8,267/ton to$8,582/ton.
- Above hedges settlement ranged from January to March 2023.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Term	Carrying Amount of Hedging Instrument US$ Million	Favourable/(Unfavourable) Changes in Fair Value Used for Measuring Ineffectiveness		Settled Portion of Hedging Instrument Realised Gains/(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:							
At 31 December 2022							
Derivative financial assets/(liabilities)	**March 2022 to December 2022**	-	-	-	47.0	-	-
At 31 December 2021							
Derivative financial assets/(liabilities)	**January 2021 to December 2021**	-	-	-	(8.0)	-	-

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 per cent and taking into account the commodity hedges, with all other variables held constant, the Group's post-tax profit would have changed as set out below:

	2022		2021	
Commodity	Commodity Price Movement	Increase/(Decrease) in Profit US$ Million	Commodity Price Movement	Increase/(Decrease) in Profit US$ Million
Copper	+10%	(21.5)	+10%	(23.9)
Zinc	+10%	0.3	+10%	1.1
Total		**(21.2)**		**(22.8)**

Commodity	Commodity Price Movement	Increase in Profit US$ Million	Commodity Price Movement	Increase/(Decrease) in Profit US$ Million
Copper	-10%	21.8	-10%	25.5
Zinc	-10%	-	-10%	(1.7)
Total		**21.8**		**23.8**

MANAGEMENT DISCUSSION AND ANALYSIS

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(b) Interest rate risk

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

The Group regularly monitors its interest rate risk to ensure 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 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				
	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 Gains / (losses) US$ Million	Hedging Gain Recognised in Cash Flow Hedge Reserve US$ Million	Hedge Ineffectiveness Recognised in Profit or Loss US$ Million
Cash flow hedges:								
At 31 December 2022								
Derivative financial assets	June 2020 – June 2025	1,560	113.9	82.1	(82.1)	17.9	55.8	-
At 31 December 2021								
Derivative financial assets	June 2020 – June 2025	1,860	31.8	42.5	(42.5)	(6.8)	29.0	-

1 In 2020, the Group has entered into a notional US$2,100 million 5-year amortising interest rate swap with BOC Sydney. The purpose of the arrangement is to fix approximately half of the remaining interest rate exposure accompanying the floating interest rate MLB project facility (borrowings of US$2,653.6 million outstanding at 31 December 2022, maturing in July 2032) from CDB, ICBC, BOC Sydney and The Export-Import Bank of China for a period of 5 years. The interest rate swap hedge will amortise in line with the MLB project facility and swap the 6-month LIBOR exposure for a fixed rate (0.5568 per cent per annum in the first year and 0.5425 per cent per annum from June 2021 to June 2025);

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

MANAGEMENT DISCUSSION AND ANALYSIS

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At 31 December 2022 and 2021, 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:

	2022				2021			
	+100 Basis Points		-100 Basis Points		+100 Basis Points		-100 Basis Points	
US$ Million	Increase/ (Decrease) in Profit After Tax	Increase in OCI	Increase/ (Decrease) in Profit After Tax	Decrease in OCI	Increase/ (Decrease) in Profit After Tax	Increase in OCI	Increase/ (Decrease) in Profit After Tax	Decrease in OCI
Financial assets								
Cash and cash equivalents	2.5	-	(2.5)	-	8.5	-	(8.5)	-
Financial liabilities								
Borrowings (taking into account the impact of the interest rate swap)	(9.7)	13.6	9.7	(13.6)	(14.8)	26.5	2.9	(24.9)
Total	**(7.2)**	**13.6**	**7.2**	**(13.6)**	**(6.3)**	**26.5**	**(5.6)**	**(24.9)**

(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.

Based on the Group's net monetary assets and financial liabilities at 31 December 2022 and 2021, a movement of the US dollar against the principal non-functional currencies as illustrated in the table below, with all other variables held constant, would cause changes in post-tax profit as follows:

	2022		2021	
	Weakening of US Dollar	Strengthening of US Dollar	Weakening of US Dollar	Strengthening of US Dollar
US$ Million	Decrease in Profit After Tax	Increase in Profit After Tax	(Decrease)/ Increase in Profit After Tax	(Decrease)/ Increase in Profit After Tax
10% movement in Australian dollar (2021: 10%)	(5.6)	5.6	(5.7)	5.7
10% movement in Peruvian sol (2021: 10%)	(5.2)	5.2	0.7	(0.7)
Total	**(10.8)**	**10.8**	**(5.0)**	**5.0**

MANAGEMENT DISCUSSION AND ANALYSIS

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(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. 100 per cent of the trade receivables balance is aged less than 6 months based on invoice date. The carrying amount of the Group's trade receivables at fair value through profit or loss (FVTPL) best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

Investments in cash, short-term deposits and similar assets are with approved counterparty banks. Counterparties are assessed prior to, during and after the conclusion of transactions to ensure exposure to credit risk is limited to acceptable levels. There has been no change in the estimation techniques or significant assumptions made during the year ended 31 December 2022 in assessing the ECL for these financial assets. The limits are set to minimise the concentration of risks and therefore mitigate the potential for financial loss through counterparty failure. Impairment is provided for where the credit risk is perceived to exceed the acceptable levels and there are concerns on recoverability of the relevant assets. The management of the Group considers cash and cash equivalents that are deposited with financial institutions with high credit rating to be low credit risk financial assets.

Other receivables include balances related to various matters including other taxes, indemnities. These balances are assessed at the reporting date considering contractual and non-contractual legal rights to receive such amounts as well as the expectation of recoverability based on expert third party advice and management assessment based on all available information. There are no significant increases in credit risk for these balances since their initial recognition and the Group provided impairment based on a 12 month ECL. For the years ended 31 December 2022 and 2021, the Group assessed the ECL for these balances and considered no significant impact to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

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The Group's most significant customers are CMN, Citic Metal Peru Investment Limited (CITIC Metal), and Trafigura Pte Ltd (Trafigura). Revenue earned from these customers as a percentage of total revenue was:

	2022	2021
CMN	34.5%	38.2%
CITIC Metal	16.2%	16.6%
Trafigura	14.0%	13.2%

The Group's largest debtor at 31 December 2022 was CMN with a balance of US$85.7 million (2021: US$18.1 million) and the five largest debtors accounted for 84.0 per cent (2021: 96.2 per cent) of the Group's trade receivables. Credit risk arising from sales to large concentrate customers is managed by contracts that stipulate a provisional payment of at least 90 per cent of the estimated value of each sale. For most sales a second provisional payment is received within 60 days of the vessel arriving at the port of discharge. Final payment is recorded after completion of the quotation period and assaying.

The credit risk by geographic region was:

	At 31 December	
US$ Million	**2022**	**2021**
Asia	154.0	28.7
Europe	31.2	20.9
Australia	6.4	1.8
Other	21.1	12.5
	212.7	**63.9**

MANAGEMENT DISCUSSION AND ANALYSIS

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(e) Liquidity risk

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

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

The table below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in each maturity grouping are the contractual undiscounted cash flows for financial instruments.

US$ Million	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total	Total Carrying Value
At 31 December 2022						
Financial assets						
Cash and cash equivalents	372.2	-	-	-	**372.2**	**372.2**
Trade receivables	212.7	-	-	-	**212.7**	**212.7**
Other receivables	114.7	145.5	9.9	-	**270.1**	**270.1**
Derivative financial assets	75.0	51.0	-	-	**126.0**	**126.0**
Other financial assets	1.5	-	-	-	**1.5**	**1.5**
Financial liabilities						
Trade and other payables	(535.5)	(217.5)	-	-	**(753.0)**	**(753.0)**
Derivative financial liabilities	(0.3)	-	-	-	**(0.3)**	**(0.3)**
Borrowings (including interest)	(1,510.1)	(1,357.8)	(2,530.6)	(1,090.5)	**(6,489.0)**	**(5,412.6)**
Lease liabilities (including interest)	(32.7)	(25.4)	(59.6)	(85.4)	**(203.1)**	**(138.7)**
	(1,302.5)	**(1,404.2)**	**(2,580.3)**	**(1,175.9)**	**(6,462.9)**	**(5,322.1)**
At 31 December 2021						
Financial assets						
Cash and cash equivalents	1,255.3	-	-	-	**1,255.3**	**1,255.3**
Trade receivables	63.9	-	-	-	**63.9**	**63.9**
Other receivables	150.6	135.6	14.3	-	**300.5**	**300.5**
Derivative financial assets	0.5	26.7	5.5	-	**32.7**	**32.7**
Other financial assets	1.8	-	-	-	**1.8**	**1.8**
Financial liabilities						
Trade and other payables	(451.0)	(164.8)	-	-	**(615.8)**	**(615.8)**
Derivative financial liabilities	(4.9)	-	-	-	**(4.9)**	**(4.9)**
Borrowings (including interest)	(899.6)	(1,610.8)	(3,212.0)	(1,644.1)	**(7,366.5)**	**(6,298.1)**
Lease liabilities (including interest)	(30.0)	(24.8)	(49.7)	(98.2)	**(202.7)**	**(131.1)**
	86.6	**(1,638.1)**	**(3,241.9)**	**(1,742.3)**	**(6,535.7)**	**(5,395.7)**

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUED

(f) Risks arising from the interest rate benchmark reform

- **Interest rate related risks:** For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

  There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

- **Litigation risk:** If no agreement is reached to implement the interest rate benchmark reform on contracts which have not been transitioned to the relevant alternative benchmark rates (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

- **Interest rate basis risks:** Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. The Group will monitor this risk to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.

Progress towards implementation of alternative benchmark interest rates

As part of the Group's risk management for transition, new contracts entered into by the Group are linked to interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

The Group is planning to transition the majority of its remaining IBOR-linked contracts through introduction of, or amendments to, fallback clauses into the contracts which will change the basis for determining the interest cash flows from IBOR to alternative reference rate at an agreed point in time.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUED

The following table shows the total amounts of outstanding contracts and the progress in completing the transition to alternative benchmark rates. The amounts of financial assets and liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

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 2023 to July 2032	1,713	1,713
US$ debt linked to LIBOR designated in cash flow hedge [1]	Non-derivative liability	June 2025	1,560	1,560
Interest rate swap converting LIBOR to Fixed (cash flow hedge)	Derivatives	June 2025	1,560	113.9

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 US$ LIBOR interest rate risk components continue to be reliably measurable.

Country and community risks

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

The DRC Government during 2018 made changes to the 2002 Mining Code and Mining Regulations. These changes were enacted (2018 Mining Code) and continue to result in an increased tax burden on mining companies.

Las Bambas has faced continuous community disruptions during 2022. A site invasion in April resulted in 52 days of full operation cessation, due to safety precautions for both protestors and the Las Bambas workforce. Further community disruption continued once Las Bambas recommenced operation with blockades intermittently impacting transport of concentrate to the Matarani port. Late in 2022, the Peru President Pedro Castillo, was impeached, removed from office and arrested. Dina Boluarte was installed as the new President on 7 December 2022. Since that time, community protests have escalated preventing movement of concentrates on the national highways. A total of 173 days of transport disruption were experienced in 2022. As the political situation evolves, the Group will continue to work closely with the relevant authorities and community groups to minimise the potential direct risk of social instability and disruptions to the Las Bambas operations.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUED

CONTINGENT LIABILITIES

Bank guarantees

Certain bank guarantees have been provided in connection with the operations of certain subsidiaries of the Company primarily associated with the terms of mining leases, mining concessions, exploration licences or key contracting arrangements. At the end of the reporting period, no material claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the relevant regulatory authorities. At 31 December 2022, these guarantees amounted to US$297.5 million (2021: US$291.5 million).

Contingent Liabilities - tax related contingencies

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

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

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

Included within such uncertain tax matters are audits of the 2014, 2015, 2016 and 9 months ended 30 September 2017 tax periods for MLB in relation to withholding taxes on fees paid under certain loans, which were provided to MLB pursuant to facility agreements entered into among MLB and a consortium of Chinese banks in connection with the acquisition of the Las Bambas mine in 2014. MLB received assessment notices from the Peruvian tax authority (National Superintendence of Tax Administration of Peru or "SUNAT"), which advised that, in its opinion, MLB and the Chinese banks are related parties and thus a 30 per cent withholding tax rate ought to be imposed rather than the 4.99 per cent applied. The assessments of omitted tax plus penalties and interest until the estimated date of Peru Tax Court resolution are PEN178.0 million (approximately US$46.6 million), PEN579.9 million (approximately US$151.8 million), PEN724.9 million (approximately US$189.8 million) and PEN532.3 million (approximately US$139.3 million) for 2014, 2015, 2016 and 2017 tax periods respectively.

In relation to these assessments, having received external legal and tax advice, the Group has formed the view that the Company and its controlled entities are not related parties to Chinese banks under Peruvian tax law. MLB notes that the Peruvian tax law was amended to apply from October 2017 onwards to provide expressly that parties are not related by being under state ownership for the purposes of withholding taxes.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUED

Peru –2016 Income Tax

In January 2023, MLB received assessment notices from SUNAT in connection with the 2016 income tax audit (2016 Income Tax Assessment). The assessment was issued on the basis that all of the loan interest expensed during 2016 tax year were non-deductible. It is partly based upon the same interpretation of the Peru Income Tax Law by SUNAT as previous assessments in relation to withholding taxes in respect of China bank loans. SUNAT denied all loan interest deductions on the basis that the alleged related party debt should be included in calculating MLB's related party debt to equity ratio. SUNAT also alleges interest payable upon a shareholder loan from a shareholder of MLB, MMG Swiss Finance A.G. is non-deductible, due to the application of the "Causality Principle". Further, SUNAT separately alleges that the accounting treatment of the merger should have resulted in a negative equity adjustment meaning MLB should be regarded as having no equity for the purposes of calculating its thin capitalisation allowance. The Assessment issued by SUNAT for tax, interest and penalties totalled approximately US$160 million. Similar deductions were also made by MLB in subsequent years which are likely to be subject to the same interpretation by SUNAT.

MLB strongly disagrees with these interpretations. The Group filed an appeal for the 2016 Income Tax Assessment to SUNAT and, if unsuccessful, intends to appeal the assessment to the Tax Court. The Group will also review other avenues for resolution of the dispute, however if MLB is not successful in rebutting or appealing such challenges, this could result in significant additional tax liabilities.

CHARGES ON ASSETS

As at 31 December 2022, certain borrowings of the Group were secured as follows:

(a) Approximately US$2,653.6 million (31 December 2021: US$3,754.2 million) from China Development Bank, Industrial and Commercial Bank of China Limited, BOC Sydney and The Export-Import Bank of China was secured by share security over the entire share capital of MMG South America Management Co Ltd and each of its subsidiaries including MLB, a debenture over the assets of MMG South America Management Co Ltd, an assets pledge agreement and production unit mortgage in respect of all of the assets of MLB, assignments of shareholder loans between MMG South America Management Co Ltd and its subsidiaries and security agreements over bank accounts of MLB;

(b) Approximately US$22.0 million (31 December 2021: US$57.8 million) from ICBC Peru Bank, Banco de Crédito del Peru and Scotiabank Peru was secured by mine fleet equipment procured under asset finance arrangements.

FUTURE PROSPECTS

MMG's vision is to create a leading international mining company for a low carbon future. We mine to create wealth for our people, host communities and shareholders with an ambition to grow and diversify our resource, production and value, by leveraging Chinese and international expertise. Our strong relationship with China 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 maximising value of our existing assets by increasing our safety performance, competitiveness, containing costs, continually improving productivity, building successful relationships with our host communities and governments and growing our resource base. We are actively pursuing our next phase of disciplined growth.

We expect global commodity markets to remain robust, with improved economic growth in China as they enter the post zero-COVID era, and demand for our core commodities will grow, as global decarbonisation efforts accelerate.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUED

Las Bambas copper production in 2023 is expected to be in the range of 265,000 and 305,000 tonnes. Its annual production is expected to reach 380,000-400,000 tonnes in the medium term with the extended contribution from the Chalcobamba project. The company will continue to progress dialogues with the community members once the social unrest dissipates in Peru. The aim is to reach a long term solution to persistent community disruptions. The continued development of Las Bambas is significant for the economy of Peru and will support additional social contributions and financial and business opportunities for local and regional communities.

MMG expects to produce between 40,000 and 48,000 tonnes of copper cathode at Kinsevere, and between 225,000 and 250,000 tonnes of zinc at its Dugald River and Rosebery operations in 2023.

In the DRC, MMG continues to progress the next phase of Kinsevere Expansion Project, namely the transition to the mining and processing of sulphide ores. This project will extend Kinsevere's mine life and increase copper production back to around 80,000 tonnes of copper cathode per annum and 4,000 to 6,000 tonnes of cobalt in cobalt hydroxide. All civil work for the cobalt plant has been completed, with first cobalt production expected in 2023. First cathode production from the sulphide orebody is expected in 2024. MMG will continue to invest in regional exploration programs focusing on proving up discoveries within an operating radius of the Kinsevere mine.

In relation to Dugald River, the Company continues to focus on safe and sustainable production to deliver annual ore mined throughput of two million tonnes in the future years. This will pave the way for targeted zinc equivalent production to remain at around 200,000 tonnes annually. MMG will also continue to progress renewable energy initiatives at Dugald River having entered into a long-term solar offtake agreement with energy provider, APA Group. This will reduce Dugald River's carbon footprint and provide immediate energy cost savings once supply commences in early 2023. MMG will also continue to support other infrastructure initiatives that seek to provide reliable and cost-effective power including CopperString 2.0, which aims to connect Queensland's North West Minerals Province to the National Electricity Grid.

At Rosebery, an accelerated resource extension and near mine exploration drilling program will be conducted over the next two years to support a mine life extension. MMG remains committed to extending the operating life of this important asset, including significant resource extension drilling and a proactive investigation of all feasible options to secure a sustainable tailings storage solution.

Total capital expenditure in 2023 is expected to be between US$700 million and US$850 million. US$400-450 million is attributable to Las Bambas, including the expansion of the Las Bambas tailings dam facility, Chalcobamba development and Ferrobamba pit Infrastructure. This is subject to the swift resolution to the wide-spread political protests that Peru is currently experiencing followed by reaching a comprehensive agreement with the Huancuire community on the development of Chalcobamba. At Kinsevere, capital expenditure related to the Kinsevere Expansion Project is expected to be between US$200-250 million.

MMG will continue to focus on the next phase of growth. Currently the company 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.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS' BIOGRAPHIES

EXECUTIVE DIRECTOR

MR LI LIANGANG

Mr Li, aged 58, was appointed as the Interim CEO and an Executive Director of the Company in January 2022. He has served on the Executive Committee of the Company including as the Executive General Manager – Commercial since January 2020 with responsibility for the Supply and Marketing functions, and the Executive General Manager – Australia and Commercial from July 2020 to May 2022 with responsibilities for the Dugald River and Rosebery operations and Australia support functions. Mr Li was also responsible for the Africa operations from January 2022 until May 2022. He is also a director of two subsidiaries of the Company.

Mr Li holds a Bachelor's degree in English language from the Normal College for Foreign Language of Beijing Union University in the PRC. He has extensive experience in international business and the non-ferrous metals industry.

Mr Li joined CMC in 1987. He has held various senior management positions with subsidiaries of CMC in the PRC, Australia, Mexico and the USA. Mr Li was also a Director of the Company from 2009 to 2012. He was a Vice President of CMN in Beijing, leading several global trading departments from 2016 to 2018. Mr Li was the President and CEO of Minmetals Inc. (L.A.) from 2018 to 2019.

NON-EXECUTIVE DIRECTORS

MR ZHANG SHUQIANG

Mr Zhang, aged 56, was appointed as a Non-executive Director of the Company in February 2017. He is a member of the Company's Audit and Risk Management Committee.

Mr Zhang has been the General Manager of the Finance Department of CMC since January 2016, a director of CMNH and CMN since February 2016, and a director of Minmetals HK since August 2016. He was appointed as the Chairman of Minmetals Finance Co., Ltd. in September 2018 and was designated as a chairman of CMNH in February 2021, and a director of China Rare Earth Group Co., Ltd since December 2021.

Mr Zhang graduated from Zhejiang Metallurgical Economy College in the PRC, majoring in Financial Accounting. He also obtained a Master's degree in Economics from Wuhan University of Technology in the PRC.

Mr Zhang started his career at China National Nonferrous Metals Import and Export Corporation, working as the Financial Accountant since 1987. From 1997 to 2000, he served as the Deputy Chief of the Finance Division of China National Nonferrous Metals Industry Trading Group Corporation. From 2000 to 2002, Mr Zhang served as the Assistant General Manager of the Finance Department of China National Nonferrous Metals Industry Trading Group Corporation. He also served as the Assistant General Manager (from April 2002 to March 2003) and the Deputy General Manager (from March 2003 to October 2005) of the Finance Department of CMN. From October 2005 to May 2013, Mr Zhang was the Deputy General Manager of the Finance Department of CMC. From May 2013 to December 2015, he served as the Vice President and the Chief Financial Officer (CFO) of CMN and CMNH. From December 2015 to January 2016, Mr Zhang was the acting Deputy General Manager of the Finance Department of CMC. From December 2016 to August 2018, he was a director of Minmetals Development Co., Ltd. From April 2017 to May 2020, Mr Zhang was a director of Minmetals Capital Co., Ltd. and from July 2017 to June 2020, he was a director of Minmetals Innovative Investment Co., Limited. Mr Zhang was the Vice Chairman and a director of Xiamen Tungsten Co. Ltd (a company listed on the Shanghai Stock Exchange) from January 2014 to December 2014. He was also a director of Hunan Nonferrous Metals Holding Group Co., Ltd from August 2013 to January 2017 and a director of China Tungsten and Hightech Materials Co., Ltd. (a company listed on the Shenzhen Stock Exchange) from June 2016 to November 2018.

DIRECTORS AND SENIOR MANAGEMENT

CONTINUED

MR XU JIQING

Mr Xu, aged 55, was redesignated from an Executive Director to a Non-executive Director of the Company in January 2020. Prior to his redesignation, he was an Executive Director and Executive General Manager of the Company from May 2013 to December 2019 with responsibility for various areas, most recently China Relations, Marketing and Supply. Mr Xu was also a Non-executive Director of the Company from May 2009 to May 2013. He is a member of the Company's Audit and Risk Management Committee and the Governance, Remuneration, Nomination and Sustainability Committee.

Mr Xu was appointed as President of CMN in January 2020. He has been a director of CMN since February 2016.

Mr Xu holds a Bachelor's degree in Accounting from the University of International Business and Economics in the PRC, and a Master's degree in Business Administration from Saint Mary's University in Canada. He is a qualified senior accountant in the PRC, a fellowship member of the Certified General Accountants Association of Canada and a chartered professional accountant member of the Chartered Professional Accountants of British Columbia, Canada. Mr Xu has extensive experience in strategic planning, accounting, marketing and corporate financial and risk management.

Mr Xu joined the CMC Group in 1991, holding a number of management roles from 1997 in various Finance departments. He was the Vice President and CFO of CMN between 2005 and 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

DR PETER CASSIDY

Dr Cassidy, aged 77, was appointed as an Independent Non-executive Director of the Company in December 2010. He is the Chairman of the Company's Governance, Remuneration, Nomination and Sustainability Committee and a member of Audit and Risk Management Committee.

Dr Cassidy is a metallurgical engineer with over 50 years' experience in the resources and energy sectors, including more than 30 years as a director of major public companies listed in Australia, Canada, the USA and Hong Kong. Following his retirement from the position of CEO of Goldfields Limited in 2001, he has served as a non-executive director on the Boards of companies involved in the base metals, precious metals and renewable energy generation sectors. He was also a member of the Board of Advice of Monash University Division of Mining and Resources Engineering.

Dr Cassidy has most recently been involved in the development and operation of major mining and processing projects in Australia, Peru, the PRC, Laos, Papua New Guinea, the DRC and Côte d'Ivoire.

MR LEUNG CHEUK YAN

Mr Leung, aged 71, was appointed as an Independent Non-executive Director of the Company in July 2012. He is a member of the Company's Audit and Risk Management Committee and Governance, Remuneration, Nomination and Sustainability Committee.

Mr Leung is a solicitor admitted to practise law in Hong Kong, England and Wales, and Victoria and the Australian Capital Territory in Australia. He holds a Bachelor of Social Science (First Class Honours) degree from the Chinese University of Hong Kong, and a Master of Philosophy degree from the University of Oxford. Mr Leung, a corporate finance and capital markets specialist, was a partner at Baker & McKenzie and for many years the head of its securities practice group in Hong Kong. He retired from Baker & McKenzie in 2011.

Mr Leung was an independent non-executive director of Bank of China Limited (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange) from September 2013 to September 2019.

DIRECTORS AND SENIOR MANAGEMENT

CONTINUED

MR CHAN KA KEUNG, PETER
Mr Chan, aged 71, was appointed as an Independent Non-executive Director, the Chairman of the Audit and Risk Management Committee and a member of the Governance, Remuneration, Nomination and Sustainability Committee of the Company in December 2019.

Mr Chan graduated from Hong Kong Polytechnic majoring in accounting. He is a member of Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants of the United Kingdom, an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) of the United Kingdom, and a member of CPA Australia.

From January 1994 to December 2008, Mr Chan served as Beijing-based managing partner of the Tax and Investment Advisory Service Department and then managing partner of the NPA Transaction Advisory Service Department of Ernst & Young. He also served as member of the executive committee of the Hong Kong Chamber of Commerce in China from 1996 to 2003 and the Chairman of Hong Kong Chamber of Commerce in China in 2000 and 2003. Mr Chan was an independent non-executive director of CRRC Corporation Limited (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange) from May 2015 to May 2018. He was also an independent non-executive director of Metallurgical Corporation of China Ltd. (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange) and China Railway Signal & Communication Corporation Limited (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange) from November 2014 to April 2020 and from August 2018 to February 2022 respectively.

BIOGRAPHIES OF SENIOR MANAGEMENT

MR ROSS CARROLL, CHIEF FINANCIAL OFFICER
Mr Carroll, aged 58, was appointed as CFO and a member of the Executive Committee of the Company in December 2015, with responsibility for Finance, Legal, Risk and Audit, Mergers and Acquisitions, and Project Services. He is also a director of a number of subsidiaries of the Company.

Prior to joining the Company, Mr Carroll was CEO and Managing Director of Macmahon Holdings Limited (a company listed on the Australian Securities Exchange), and previously held the positions of CFO and director of International Mining, and Chief Operating Officer of Mining at Macmahon Holdings Limited. Prior to that, he was CFO of Woodside Petroleum Limited, and also worked in senior financial roles within BHP Billiton Limited.

Mr Carroll has extensive experience in the mining industry and in corporate finance, capital management and business development. He holds a Bachelor's degree in Commerce from the University of Melbourne and is a Certified Public Accountant with the Australian Society of Certified Practising Accountants. Mr Carroll is a member of the Australian Institute of Company Directors and was previously a member of the Executive Committee of the Western Australian Chamber of Mines.

MR TROY HEY, EXECUTIVE GENERAL MANAGER – CORPORATE RELATIONS
Mr Hey, aged 52, has served on the Executive Committee of the Company since August 2013 in his capacity as the Executive General Manager – Stakeholder Relations. His present role title is Executive General Manager – Corporate Relations. In this role, he is responsible for Stakeholder Relations, Corporate Affairs, Human Resources, Global Business Services and Technology. Mr Hey is also a director of a number of subsidiaries of the Company.

Prior to joining the Company as General Manager – Stakeholder and Investor Relations in April 2011, Mr Hey was the General Manager – Media and Reputation at Foster's Group since 2005. He was previously the Group Manager – Public Affairs for WMC Resources Limited, up to its acquisition by BHP Billiton Limited in 2005. Mr Hey began his career in economic and public policy consultancy at the Allen Consulting Group and Australian Centre for Corporate Public Affairs, before working across the aviation, entertainment and mining sectors.

DIRECTORS AND SENIOR MANAGEMENT

CONTINUED

Mr Hey has over 20 years' experience in government, media, community and investor relations, economic and public policy, industry association and communications management.

Mr Hey has dual degrees in Law and Commerce from the University of Melbourne and is the recipient of an Australia-Japan Foundation Language Scholarship at Kwansei Gakuin University, Nishinomiya, Japan.

MR WEI JIANXIAN, EXECUTIVE GENERAL MANAGER – AMERICAS

Mr Wei, aged 57, has served on the Executive Committee of the Company since December 2019 in his capacity as the Executive General Manager – Americas. He is also a director of a number of subsidiaries of the Company.

Mr Wei was appointed as a director and the Chairman of Lumina Copper SAC in October 2020.

Prior to joining the Company, Mr Wei was the President of Minmetals Mining Holdings Limited. He previously held the positions of the President of Minmetals Hanxing Mining Co., Ltd and the President of Anhui Kaifa Mining Co., Ltd., managing the construction and operation of one of the China's largest underground mines.

Mr Wei has over 30 years of both open pit and underground mining experience covering operations management and mine planning.

Mr Wei is a Professoriate Senior Engineer of Mining and holds a Bachelor's degree in Mining Engineering from The Beijing Institute of Iron and Steel Engineering (now known as University of Science and Technology Beijing) in the PRC.

MR NAN WANG, EXECUTIVE GENERAL MANAGER – AUSTRALIA AND AFRICA

Mr Wang, aged 50, has served on the Executive Committee of the Company since May 2022 in his capacity as the Executive General Manager – Australia and Africa. He is also a director of a number of subsidiaries of the Company.

Mr Wang is a mining executive with over 20 years of management, technical and operational experience, in open cut and underground operations. He previously spent over six years at MMG in Australia as Group Manager Mining between 2013 and 2019 and had extensive knowledge of MMG's operations.

Prior to his time at MMG, Mr Wang worked with Gold Fields Limited as Vice President and Head of Technical Services for West African Regional operations in Ghana. He also previously worked for various mining companies in different commodities.

Mr Wang has a Bachelor of Engineering – Mining (Honours), University of Queensland, Australia and is a Member of the Australian Institute of Mining and Metallurgy (MAusIMM).

DIRECTORS' REPORT

The board of directors of the Company (Board) is pleased to present the Annual Report together with the audited Financial Statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were exploration, development and mining of copper, zinc, cobalt, gold, silver and lead deposits around the world.

The full details of the principal activities of the Company's subsidiaries are set out in Note 15 to the Consolidated Financial Statements.

An analysis of the Group's revenue for the year ended 31 December 2022 by reportable segments, together with their respective contributions to profit from operations (EBIT), is set out in Note 4 to the Consolidated Financial Statements.

STRATEGY AND BUSINESS REVIEW

MMG's vision is to create a leading international mining company for a low carbon future. We mine to create wealth for our people, host communities and shareholders with an ambition to grow and diversify our resource, production and value, by leveraging Chinese and international expertise.

MMG has established strong foundations that support future growth and development. The Company has four strategic drivers that are embedded into corporate planning and decision-making processes:

- **China Champion:** Building on the strength of the world's largest commodity consumer to create a sustainable competitive advantage.
- **Business Miner:** Adopting a mindset that leverages excellence in owning and operating mines to generate superior returns on investment, enhancing our ability to fund and deliver future growth.
- **Federation of MMG:** Embracing the advantages of an empowered and diverse operating structure with core group disciplines and guiding values that drive a unique way of working across our international footprint.
- **Delivering Progress:** Taking pride in mining's role in driving social progress through local, regional and national contributions and delivering materials for a changing world.

Aligned with achievement of its ambitions, the Company is structured along the following lines:

- **Operations:** Largely self-sufficient sites, with regional offices driving local efficiencies.
- **Group operations support:** A limited number of experts in areas critical to the operation of the global asset base.
- **Global services:** Lowest cost delivery of truly global and shared activities.
- **Corporate:** A lean corporate office, based in Melbourne and Beijing, focused on only what is needed to operate and govern a listed business and deliver inorganic growth.

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.

A review of the business of the Group during the year, possible risks and uncertainties that the Group may be facing, and a discussion on the Group's future business development are provided in the Letter from the Board, CEO's Report and the Management Discussion and Analysis in this Annual Report.

In addition to financial performance, the Group maintains a belief that a high standard of corporate social responsibility is essential for building good corporate and social relationships, motivating staff and creating sustainable returns. Further discussion on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group is provided on pages 96 to 108 of this Annual Report.

DIRECTORS' REPORT

CONTINUED

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the largest customer and the five largest customers in aggregate accounted for approximately 40.2 per cent and approximately 79.6 per cent of the total sales of the Group respectively. Purchases from the five largest suppliers to the Group in aggregate accounted for approximately 17.5 per cent of the total purchases of the Group during the year.

Apart from CMC, the ultimate controlling Shareholder, having an interest of approximately 88.4 per cent in one of the five largest customers, none of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors, owned more than 5 per cent of the total number of issued shares of the Company) had any beneficial interest in any of the five largest customers or suppliers of the Group.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2022 are set out in the Consolidated Statement of Profit or Loss in the Financial Statements on page 115 of this Annual Report.

No interim dividend was declared for 2022 (2021: nil). The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil).

RESERVES

Movements in reserves of the Group during the year are set out in Note 24 to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company as at 31 December 2022 are set out in Note 24 to the Consolidated Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in Note 12 to the Consolidated Financial Statements.

BORROWINGS

Particulars of borrowings of the Group, as at 31 December 2022, are set out in Note 25 to the Condensed Consolidated Financial Statements.

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

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

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

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

   On 21 December 2020, MMG Finance Limited entered into a facility agreement (2020 ICBC Facility) pursuant to which ICBC agreed to provide MMG Finance Limited with a US$300.0 million revolving credit facility for a term of three years for general corporate purposes. As at 31 December 2022, the 2020 ICBC Facility was undrawn.

   Under the 2020 ICBC Facility, an event of default will occur in the event that the Company ceases to be a subsidiary of CMN, or MMG Finance Limited ceases to be a wholly owned subsidiary of the Company, and the lender is entitled to declare all outstanding loans under the facilities immediately due and payable.

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

   On 21 August 2019, Minera Las Bambas S.A. entered into a US$175.0 million three-year revolving loan facility for its operational funding requirements with each of BOC Sydney and ICBC Luxembourg (2019 Facilities), for a total facility of US$350.0 million. As at 31 December 2022, US$125.0 million was drawn under each of the 2019 Facilities, and another US$100.0 million was drawn, being a total

DIRECTORS' REPORT

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amount of US$350.0 million. The US$350.0 million was repaid and the 2019 Facilities was terminated in August 2022.

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 per cent 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 per cent of the maximum number of votes that might be cast at a general meeting of the Company; or

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

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

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

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

On 4 September 2020, the Company entered into a facility agreement (2020 CDB Facility) pursuant to which CDB agreed to provide the Company with a US$85.0 million credit facility for a term of three years for general corporate purposes. The 2020 CDB Facility will be available for draw down during the first two years of the term. The amount of US$5.0 million was outstanding under the 2020 CDB Facility in 2021. As at 31 December 2022, the US$5.0 million was repaid and the 2020 CDB Facility was terminated in June 2022.

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

4. **Facility granted by China Development Bank, Bank of China Limited, Sydney Branch, Bank of Communications Co., Ltd. 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 31 December 2022, US$150.0 million was drawn.

In June 2022, ICBC Macau transferred its interest in the 2020 Las Bambas Facility to BOCOM.

Under the 2020 Las Bambas Facility, on the occurrence of the following events, CDB, BOC Sydney, BOCOM 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 per cent 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 per cent 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, BOCOM and EXIM Bank may also cancel commitments and declare all outstanding loans under their respective facility agreement immediately due and payable.

DIRECTORS' REPORT

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FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on pages 201 to 202 of this Annual Report.

SHARE CAPITAL

Details of the movements in the Company's share capital are set out in Note 23 to the Consolidated Financial Statements.

DONATIONS

Donations made by the Group during the year for charitable and community purposes amounted to approximately US$469,468.

DIRECTORS

The Directors who held office during the year and up to the date of this report are as follows:

CHAIRMAN

Mr GUO Wenqing (Non-executive Director)
(Resigned as a Non-executive Director and the Chairman of the Company on 5 January 2022)

Mr JIAO Jian (Non-executive Director)
(Appointed as the Chairman of the Company on 5 January 2022)
(Resigned as a Non-executive Director and the Chairman of the Company on 31 March 2023)

EXECUTIVE DIRECTOR

Mr GAO Xiaoyu (CEO)
(Resigned as an Executive Director and the CEO of the Company on 5 January 2022)

Mr LI Liangang (Interim CEO)
(Appointed as an Executive Director and the Interim CEO of the Company on 5 January 2022)

NON-EXECUTIVE DIRECTORS

Mr ZHANG Shuqiang

Mr XU Jiqing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr Peter CASSIDY

Mr LEUNG Cheuk Yan

Mr CHAN Ka Keung, Peter

In accordance with article 98 of the articles of association of the Company, Mr Zhang Shuqiang and Mr Xu Jiqing will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

In accordance with article 98 of the articles of association of the Company and Code Provision B.2.2 in the Appendix 14 of the Listing Rules, Mr Chan Ka Keung, Peter will retire by rotation at the forthcoming AGM and, being eligible, offer himself for re-election.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming AGM has an unexpired service contract that is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No contracts of significance to which the Company, any of its holding companies, or any of their subsidiaries was a party, in which a Director had a material interest, subsisted at the end of the year or at any time during the year.

DIRECTORS' REPORT

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

As at 31 December 2022, the interests and short positions of the Directors and the CEO of the Company or any of their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (SFO)), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (Model Code) were as follows:

LONG POSITION IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AS AT 31 DECEMBER 2022

		Number of Underlying Shares Held			
Name of directors	Nature of Interest	Number of Shares Held	Options	Performance Awards	Approximate Percentage of Total Number of Issued Shares (%)[3]
LI Liangang[1]	Personal	-	-	4,304,974	0.05
XU Jiqing[2]	Personal	940,050	-	-	0.01

Notes:
1 The interests of Mr Li Liangang in the 4,304,974 performance awards were granted under 2020, 2021 and 2022 Performance Awards, details of which are set out under the section headed 'Performance Awards' on pages 75 to 77 of this Annual Report.
2 The 940,050 shares held by Mr Xu Jiqing were the balance of the vested performance awards granted to him under 2015 Performance Awards in 2015 and 2016 which were subject to holding locks for various periods of up to three years after vesting in 2018.
3 The calculation is based on the number of shares and/or underlying shares as a percentage of the total number of issued shares of the Company (that is, 8,639,767,233 shares) as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, none of the Directors or the CEO of the Company or any of their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, which they are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code. In addition, none of the Directors or the CEO of the Company or any of their associates had been granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) during the year ended 31 December 2022.

DIRECTORS' REPORT

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DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 December 2022, the interests of Directors in a business that competes or is likely to compete with the businesses of the Group, as defined in the Listing Rules, are as follows:

1. Mr Guo Wenqing, a former Non-executive Director and the former Chairman of the Company (resigned on 5 January 2022), was:
    - a director and the President of CMC;
    - the Chairman of CMCL; and
    - the Chairman of China Metallurgical Group Corporation.
2. Mr Jiao Jian, a Non-executive Director of the Company (appointed as Chairman of the Company on 5 January 2022 and resigned as a Non-executive Director and the Chairman of the Company on 31 March 2023), was:
    - a Vice President of CMC;
    - a director and the President of CMCL; and
    - the Chairman of CMN.
3. Mr Gao Xiaoyu, a former Executive Director and the former CEO of the Company (resigned on 5 January 2022), was:
    - a director of CMN; and
    - a director of Top Create Resources Limited (Top Create).
4. Mr Zhang Shuqiang, a Non-executive Director of the Company, is:
    - the General Manager of the Finance Department of CMC;
    - The Chairman of CMNH;
    - a director of CMN;
    - a director of Minmetals HK; and
    - the Chairman of Minmetals Finance Co., Ltd..
5. Mr Xu Jiqing, a Non-executive Director of the Company, is:
    - a director and the President of CMN.

Although the Group and the above companies are involved in businesses in the same industry, they are separate companies operated by separate and independent management. The Company is therefore capable of carrying on its business independently of, and at arm's length from, the CMC Group.

PERMITTED INDEMNITY AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Pursuant to the articles of association of the Company and subject to the provisions of the Companies Ordinance, every Director or other officer of the Company shall be indemnified out of the assets of the Company against all loss and liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that such Article shall only have effect in so far as its provisions are not avoided by the Companies Ordinance. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year.

DIRECTORS' REPORT

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SHARE OPTION SCHEME

2013 SHARE OPTION SCHEME

Pursuant to share option scheme adopted at the extraordinary general meeting of the Company (EGM) held on 26 March 2013 (2013 Share Option Scheme), options were granted to eligible participants under 2016 Options. As at 31 December 2022, there were a total of 3,261,984 options outstanding granted under 2016 Options, which represented approximately 0.04 per cent of the total number of issued shares of the Company as at that date.

The following is a summary of the principal terms of the 2013 Share Option Scheme:

1. **Purpose**

   The purpose of the 2013 Share Option Scheme is to enable the Company to grant awards to selected employees of the Group as incentives or rewards for their contribution or potential contribution to the development and growth of the Group.

2. **Participants**

   The Company may grant an option to anyone who is an employee of the Company, its subsidiaries or any other company that is associated with the Company and is so designated by the Directors on the date of grant.

3. **Total number of shares available for issue under the 2013 Share Option Scheme**

   The total number of shares available for issue under the 2013 Share Option Scheme is 454,932,931 shares, representing approximately 5.27 per cent of the total number of issued shares of the Company as at the date of this report.

4. **Maximum entitlement of each participant**

   No option may be granted to any eligible person which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted and to be granted to such eligible person under the 2013 Share Option Scheme (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such new grant exceeding 1 per cent of the total number of issued shares of the Company as at the date of such new grant. Any grant of further options above this limit shall be subject to the requirements under the Listing Rules.

5. **Period within which the shares must be taken up under an option**

   The Board may in its absolute discretion determine the period during which an option may be exercised, save that such period shall not be more than 10 years from the date on which such option is granted and accepted subject to the provisions for early termination.

6. **Minimum period for which an option must be held before it can be exercised**

   The minimum period for which an option must be held before it can be exercised is 12 months from the date of grant, subject to the Board having the right to determine a longer minimum period at the time of granting the option.

7. **Time of acceptance and the amount payable on acceptance of the option**

   No amount is payable upon application or acceptance of an option.

8. **Basis of determining the exercise price**

   The exercise price shall be determined by the Board at the time of grant of the relevant option and shall not be less than the highest of:

   - the closing price per share of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant of the relevant option; and
   - an amount equivalent to the average closing price per share of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant option.

9. **The remaining life of the 2013 Share Option Scheme**

   The 2013 Share Option Scheme will terminate on 26 March 2023 unless terminated earlier by the Board.

DIRECTORS' REPORT

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2016 OPTIONS

On 15 December 2016, the Company granted options to the eligible participants pursuant to the 2013 Share Option Scheme (2016 Options). There were 3,261,984 options outstanding as at 31 December 2022, which represented approximately 0.04 per cent of the total number of issued shares of the Company as at that date.

During the year ended 31 December 2022, the movements of the 2016 Options were as follows:

				Number of Options				
Category of Participant	Date of Grant[1]	Exercise Price Per Share (HK$)	Exercise Period[2]	Balance as at 1 January 2022	Granted During the Year	Exercised During the Year[3]	Lapsed During the Year[4]	Balance as at 31 December 2022
Employees of the Group	15 December 2016	2.29	4 years after the date of vesting	4,074,630	-	(640,980)	(171,666)	3,261,984
Total				**4,074,630**	**-**	**(640,980)**	**(171,666)**	**3,261,984**

Notes:
1 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.
2 The vesting and performance period of the options is three years from 1 January 2016 to 31 December 2018, with 60 per cent of vested options exercisable from 1 January 2019 and 40 per cent 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 per cent of the 2016 Options granted to participants vesting on 22 May 2019.
3 The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK$3.08.
4 Options lapsed due to cessation of employment.
5 No options were cancelled during the year.

DIRECTORS' REPORT

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PERFORMANCE AWARDS

Pursuant to the performance awards granted under the Long-Term Incentive Equity Plan, performance awards were granted to eligible participants under the 2019 Performance Awards, 2020 Performance Awards, 2021 Performance Awards and 2022 Performance Awards. As at 31 December 2022, there were a total of 91,110,744 performance awards outstanding granted under the 2019 Performance Awards, 2020 Performance Awards, 2021 Performance Awards and 2022 Performance Awards, which represented approximately 1.05 per cent of the total number of issued shares of the Company as at that date.

2019 PERFORMANCE AWARDS

On 3 May 2019, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2019 Performance Awards). There were no performance awards outstanding as at 31 December 2022.

During the year ended 31 December 2022, the movements of the 2019 Performance Awards were as follows:

		Number of Performance Awards					
Category and Name of Participant	Date of Grant[2]	Balance as at 1 January 2022	Granted During the Year	Vested During the Year	Cancelled During the Year	Lapsed During the Year[3]	Balance as at 31 December 2022
Director							
GAO Xiaoyu[1]	3 May 2019	5,604,754	-	-	-	(5,604,754)	-
Employees of the Group	3 May 2019	11,796,209	-	-	-	(11,796,209)	-
Total		**17,400,963**	**-**	**-**	**-**	**(17,400,963)**	**-**

Notes:

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

2 The vesting and performance period of the performance awards is three years from 1 January 2019 to 31 December 2021. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration and were cancelled on 14 April 2022.

3 Performance awards lapsed due to cessation of employment or non-achievement of performance conditions during the vesting period.

DIRECTORS' REPORT

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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 48,238,268 performance awards outstanding as at 31 December 2022, representing approximately 0.55 per cent of the total number of issued shares of the Company as at that date.

During the year ended 31 December 2022, the movements of the 2020 Performance Awards were as follows:

		Number of Performance Awards					
Category and Name of Participant	**Date of Grant[3]**	**Balance as at 1 January 2022**	**Granted During the Year**	**Vested During the Year**	**Cancelled During the Year**	**Lapsed During the Year[4]**	**Balance as at 31 December 2022**
Directors							
GAO Xiaoyu[1]	29 April 2020	12,130,042	-	-	-	(12,130,042)	-
LI Liangang[2]	29 April 2020	2,295,115	-	-	-	-	2,295,115
Employees of the Group	29 April 2020	49,148,035	-	-	-	(3,204,882)	45,943,153
Total		**63,573,192**	**-**	**-**	**-**	**(15,334,924)**	**48,238,268**

Notes:

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

2 Mr Li Liangang was appointed as the Interim CEO and an Executive Director of the Company on 5 January 2022. He was granted 2,295,115 performance awards on 29 April 2020.

3 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.

4 Performance awards lapsed due to cessation of employment.

DIRECTORS' REPORT

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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 14,821,182 performance awards outstanding as at 31 December 2022, representing approximately 0.17 per cent of the total number of issued shares of the Company as at that date.

During the year ended 31 December 2022, the movements of the 2021 Performance Awards were as follows:

		Number of Performance Awards					
Category and Name of Participant	Date of Grant[3]	Balance as at 1 January 2022	Granted During the Year	Vested During the Year	Cancelled During the Year	Lapsed During the Year[4]	Balance as at 31 December 2022
Directors							
GAO Xiaoyu[1]	21 June 2021	4,019,967	-	-	-	(4,019,967)	-
LI Liangang[2]	21 June 2021	760,615	-	-	-	-	760,615
Employees of the Group	21 June 2021	15,801,682	-	-	-	(1,741,115)	14,060,567
Total		**20,582,264**	**-**	**-**	**-**	**(5,761,082)**	**14,821,182**

Notes:

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

2 Mr Li Liangang was appointed as the Interim CEO and an Executive Director of the Company on 5 January 2022. He was granted 760,615 performance awards on 21 June 2021.

3 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.

4 Performance awards lapsed due to cessation of employment.

DIRECTORS' REPORT

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2022 PERFORMANCE AWARDS

On 21 April 2022, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2022 Performance Awards). There were 28,051,294 performance awards outstanding as at 31 December 2022, representing approximately 0.32 per cent of the total number of issued shares of the Company as at that date.

During the year ended 31 December 2022, the movements of the 2022 Performance Awards were as follows:

		Number of Performance Awards					
Category and Name of Participant	Date of Grant[1]	Balance as at 1 January 2022	Granted During the Year	Vested During the Year	Cancelled During the Year	Lapsed During the Year[2]	Balance as at 31 December 2022
Director							
LI Liangang	21 April 2022	-	1,249,244	-	-	-	1,249,244
Employees of the Group	21 April 2022	-	28,633,414	-	-	(1,831,364)	26,802,050
Total		**-**	**29,882,658**	**-**	**-**	**(1,831,364)**	**28,051,294**

Notes:

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

2 Performance awards lapsed due to cessation of employment.

DIRECTORS' REPORT

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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 31 December 2022, the following persons had interests or short positions in the shares or underlying shares of the Company that were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or that were recorded in the register required to be kept by the Company under Section 336 of the SFO:

LONG POSITION IN THE SHARES OF THE COMPANY AS AT 31 DECEMBER 2022

Name of Substantial Shareholder	Capacity	Number of Shares Held[1]	Approximate Percentage of Total Number of Issued Shares (%)[2]
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:

1 Minmetals HK is owned as to approximately 39.04 per cent, 38.95 per cent and 22.01 per cent by CMCL, Album Enterprises and Top Create respectively. Album Enterprises and Top Create are wholly owned by CMN that, in turn, is owned as to approximately 99.999 per cent and 0.001 per cent by CMNH and CMCL respectively. CMNH is a wholly owned subsidiary of CMCL. CMCL is owned as to approximately 87.5 per cent by CMC and approximately 0.8 per cent 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.

2 The calculation is based on the number of shares that each person is interested in (whether directly/indirectly interested or deemed to be interested) as a percentage of the total number of issued shares (that is, 8,639,767,233 shares) of the Company as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, there was no other person who was recorded in the register of the Company, as having an interest or short positions in the shares or underlying shares of the Company who was required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' REPORT

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CONNECTED TRANSACTIONS

During the year ended 31 December 2022 the Group had the following material connected transactions, details of which are set out below:

1. On 2 May 2021, the Company announced that MLB had entered into agreements with China 19th Metallurgical Corporation Sucursal Peru (MCC19) for the execution of the construction and installation of a third ball mill at Las Bambas, and associated works. The construction works were valued at up to approximately US$22.0 million, and the installation works at up to approximately US$2.2 million. The Company would like to clarify that it was an inadvertent clerical error to state on page 71 of the company's published 2021 annual report that during 2021, approximately US$15.2 million was paid to MCC19, pursuant to the terms of the agreement. The correct figure should have been approximately US$8.9 million. Approximately US$14.9 million was paid to MCC19 during 2022.

   MCC19 is a wholly owned subsidiary of CMC, the ultimate controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the agreements with MLB constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

2. On 15 June 2021, the Company announced that MLB had entered into agreements with MCC19 for the execution of civil and electromechanical works associated with the construction of transmission lines valued at approximately US$4.2 million, and the construction of fuel tanks, a water tank and emulsion silos valued at approximately US$8.3 million. The Company would like to clarify that it was an inadvertent clerical error to state on page 71 of the Company's published 2021 annual report that approximately US$2.9 million and US$5.8 million was paid to MCC19 respectively, pursuant to the terms of the agreements. The correct figures should have been approximately US$1.9 million and US$2.2 million respectively. Approximately US$2.0 million and US$1.8 million was paid to MCC19 during 2022 respectively.

   MCC19 is a wholly owned subsidiary of CMC, the ultimate controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the agreements with MLB constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

3. On 27 May 2022, the Company announced that MMG Dugald River Pty Ltd (MMG Dugald River) had entered into an agreement with Minmetals North-Europe AB (Minmetals North-Europe) in relation to the sale of the zinc concentrates produced by the MMG Dugald River to Minmetals North-Europe in an amount of approximately 10,000 dry metric tonnes of zinc concentrate valued at approximately US$15.0 million. During 2022, approximately US$10.5 million was received from Minmetals North-Europe pursuant to the terms of the agreement.

   On 2 August 2022, MMG Dugald River and Minmetals North-Europe entered into a further agreement in relation to the sale of approximately 20,000 dry metric tonnes of Dugald River zinc concentrates to Minmetals North-Europe for delivery in 2023, valued at approximately US$25.0 million. During 2022, no payment was therefore received from Minmetals North-Europe pursuant to the terms of the agreement.

   Minmetals North-Europe is a wholly owned subsidiary of CMC, the ultimate controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, each of the Dugald River zinc concentrate sale agreements with Minmetals North-Europe constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

4. On 12 July 2022, the Company announced that MMG Kinsevere SARL (MMG Kinsevere) had entered into an agreement with MCC International Incorporation Ltd. (MCCI) for the design of the detailed engineering for the concentrator plant that forms part of the processing facility for the Kinsevere Expansion Project, valued at a lump-sum payment of approximately US$1.74 million and a provision has been made for a reserve of US$50,000 for additional engineer on-site services as required. During 2022, approximately US$0.8 million was paid to MCCI pursuant to the terms of the agreement.

   When the agreement was executed, some of the relevant percentage ratios in respect of the agreement were more than 0.1 per cent but less than 5 per cent, when aggregated with other connected

DIRECTORS' REPORT

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transactions with connected persons providing services to the Kinsevere Expansion Project in the previous 12 month period. Those agreements were for the supply of cobalt thickeners with Changsha Research Institute of Mining and Metallurgy Co Ltd (CRIMM) (valued at approximately US$2.3 million), and agreements with Northern Engineering & Technology Corporation (Dalian) (NETC) for mining design services (valued at approximately US$114,000), consulting services for tendering processes (valued at approximately US$86,000), consulting services for a feasibility studies report (valued at approximately US$27,000 and consulting services for Sokoroshe II Mine technical support (valued at approximately US$100,000).

MCCI, CRIMM and NETC are each members of the CMC Group, the ultimate controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

5. On 20 March 2023, the Company announced that MMG Kinsevere had entered into agreements with The 23rd Metallurgical Construction Group Co., Ltd. (MCC23) for the purchase of materials for the construction of new administrative facilities and the relocation of existing facilities at the Kinsevere Expansion Project dated 22 April 2022 (Material Purchase Agreements). In April 2022, MMG Kinsevere awarded contracts for the construction, and procurement of materials required for the construction, of a new administration facility and the relocation of existing facilities for use by the Kinsevere Expansion Project team at the Kinsevere Mine to a third party. That party then appointed a connected person of the Company, MCC23, as its subcontractor for the procurement of materials. MCC23 was authorised to execute the Materials Purchase Agreements on behalf of the third party, and therefore entered into the Materials Purchase Agreements directly with MMG Kinsevere. At the time of the execution of the Materials Purchase Agreements, the Company incorrectly classified this transaction as not being subject to compliance with Chapter 14A of the Listing Rules. The Material Purchase Agreements were valued at a total sum of US$3.2 million and approximately US$2.58 million was paid to MCC23 during 2022.

   MCC23 is a subsidiary of Minmetals Land Holdings Company Limited which is a non-wholly owned subsidiary of CMC, the ultimate controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2022, the Group had the following material continuing connected transactions, details of which are set out below:

1. On 27 June 2014, MMG South America Company Limited (MMG SA) entered into an agreement with CMN in relation to the sale of copper concentrate to be purchased by MMG SA from the Las Bambas Project to the CMN Group (Las Bambas CMN Copper Sale Framework Agreement), subject to the approval of the Independent Shareholders. The Independent Shareholders approved the Las Bambas CMN Copper Sale Framework Agreement, and the proposed annual caps on sales, at an EGM held on 21 July 2014.

   On 11 January 2016, pursuant to the terms of the Las Bambas CMN Copper Sale Framework Agreement, MMG SA and CMN entered into an agreement to set out the specific terms on which the sale and purchase of the copper concentrate between CMN and MMG SA will be made (Las Bambas CMN Copper Concentrate Offtake Agreement).

   In accordance with the Las Bambas CMN Copper Sale Framework Agreement, the term of the Las Bambas CMN Copper Concentrate Offtake Agreement is for the term of the life of the Las Bambas mine. The annual caps with respect to the Las Bambas CMN Copper Sale Framework Agreement are set as a fixed quantity of copper contained in copper concentrate from the Las Bambas Project to be sold by MMG SA to members of the CMN Group in a year, which for the year commencing 1 January 2022 was set at 277,000 tonnes. During the year ended 31 December 2022, approximately 140,000 tonnes of copper contained in copper concentrate were sold by MMG SA to members of the CMN Group under the Las Bambas CMN Copper Concentrate Offtake Agreement.

DIRECTORS' REPORT

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CMN is a controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Las Bambas CMN Copper Sale Framework Agreement and Las Bambas CMN Copper Concentrate Offtake Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

2. On 11 January 2016, pursuant to the Shareholders' Agreement, MLB and CITIC Metal Peru Investment Limited (CITIC) entered into an agreement for the sale and purchase of CITIC's entitlement to copper concentrate from the Las Bambas mine (CITIC Copper Concentrate Offtake Agreement). The term of the CITIC Copper Concentrate Offtake Agreement is for the term of the life of the Las Bambas mine. The annual caps with respect to the CITIC Copper Sale Framework Agreement are set as a fixed quantity of copper contained in copper concentrate from the Las Bambas Project to be sold by MLB to CITIC in a year, which for the year commencing 1 January 2022 was set at 127,000 tonnes. During the year ended 31 December 2022, approximately 63,000 tonnes of copper contained in copper concentrate were sold by MLB to CITIC under the CITIC Copper Concentrate Offtake Agreement.

   As CITIC controls more than 10 per cent of the total number of issued shares of MMG SAM, it is a substantial shareholder of MMG SAM. CITIC is therefore a connected person of the Company and the transactions contemplated under the CITIC Copper Concentrate Offtake Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

3. On 9 December 2021, MMG Australia Limited (MMG Australia) entered into an agreement with Minmetals North-Europe in relation to the sale of concentrate for the period from 1 January 2022 to 31 December 2023 (Rosebery Concentrate Sales Agreement). The annual cap for sales for each year of this agreement is US$100.0 million. During the year ended 31 December 2022, sales of approximately US$50.0 million were transacted under the Rosebery Concentrate Sales Agreement.

   Minmetals North Europe is a wholly owned subsidiary of CMC, the ultimate controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. Accordingly, the agreements with MMG Australia constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

4. On 16 December 2021, MMG Dugald River entered into an agreement with Minmetals North-Europe in relation to the sale of zinc concentrate for the period from 1 January 2022 to 31 December 2024 (Dugald River Zinc Concentrate Sales Agreement). The annual cap for sales for each year of this agreement was increased in April 2022 from US$145.0 million to US$205.0 million. During the year ended 31 December 2022, sales of approximately US$115.0 million were transacted under the Dugald River Zinc Concentrate Sales Agreement.

   Minmetals North-Europe is a wholly owned subsidiary of CMC, the ultimate controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the agreement with MMG Dugald River constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

5. During 2022, each of MLB and MMG Finance (Appointers), each a subsidiary of the Company, entered into separate agreements with Minmetals (U.K.) Limited (Minmetals UK) in relation to the provision of agency services by Minmetals UK for executing certain commodity and quotational period (QP) hedging transactions on the LME or with financial institutions on behalf of each respective subsidiary (Commodity Hedging Agency Agreements). The Commodity Hedging Agency Agreements provide an immediate, cost effective and readily available platform to transact hedging instruments, providing the Appointors with timely access to existing and established credit lines of Minmetals UK, without the need to provide credit support and without any margin call requirements (one or both of which were required by certain independent parties which were approached with a view to providing similar hedging agency services). Each Appointor shall pay Minmetals UK a service charge in an amount to be agreed between the parties (which takes into account the copper trading cost, margin and labour cost), up to a maximum of US$20.0 (equivalent to approximately HK$156.0) per tonne of copper, which has been the subject of a relevant transaction.

   As announced on 14 December 2022, the annual cap applicable to the service charges to be paid by each of the subsidiaries in aggregate to Minmetals UK under the Commodity Hedging Agency Agreements was set at US$5.2 million. During the year ended 31 December 2022, US$1.75 million in service charges payable to Minmetals UK were incurred by MLB and no charges were incurred by MMG Finance.

DIRECTORS' REPORT

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Minmetals UK is a wholly owned subsidiary of CMC, the ultimate controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the Commodity Hedging Agency Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

6. On 30 July 2020, the Company announced that it had entered into shipping framework agreement with Minmetals Logistics Group Co., Ltd (Minmetals Logistics) in relation to the provision of ocean transport by Minmetals Logistics for the shipment of the products of the Group (Shipping Framework Agreement) during 2020, 2021 and 2022 with annual caps of US$10.0 million for 2020 and US$23.0 million for each of 2021 and 2022. During the year ended 31 December 2022, services to the value of approximately US$3.8 million were provided by Minmetals Logistics under the shipping framework agreement.

   On 15 March 2023, the Company announced that it had entered into a shipping framework agreement with Minmetals Logistics in relation to the provision of ocean transport by Minmetals Logistics for the shipment of the products of the Group during 2023 and 2024 with annual caps of US$10.0 million.

   Minmetals Logistics is a wholly owned subsidiary of CMC, the ultimate controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the shipping framework agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

7. On 2 September 2020, the Company announced that MLB had entered into molybdenum concentrate sales agreements with each of China Tungsten and Hightech Materials Co., Ltd. (China Tungsten) and CMN for sales of molybdenum concentrate during 2020, 2021 and 2022 with an annual cap of US$15.0 million for each of China Tungsten and CMN for 2020 and US$35.0 million for each of China Tungsten and CMN for each of 2021 and 2022. During the year ended 31 December 2022, sales of approximately US$9.8 million were transacted under the agreement with CMN, and sales of approximately US$1.2 million transacted under the agreement with China Tungsten.

   On 23 March 2023, the Company announced that MLB had entered into a molybdenum concentrate sales framework agreement with CMN for sales of molybdenum concentrate during 2023, 2024 and 2025 to CMN and its associates with an annual cap of US$110.0 million.

   China Tungsten is a wholly owned subsidiary of CMC, the ultimate controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. CMN is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As a result, the molybdenum concentrate sales framework agreements each constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

8. Upon the completion of the acquisition of Minerals and Metals Group on 31 December 2010, the following material continuing transaction became a continuing connected transaction under Chapter 14A of the Listing Rules (Grandfathered Continuing Connected Transaction).

   On 10 June 2010, MMG Management Pty Ltd, a wholly owned subsidiary of the Company, entered into a loan facility agreement with Album Enterprises (Grandfathered MMG Loan Facility) pursuant to which MMG Management Pty Ltd agreed to make loan facilities available to Album Enterprises on an uncommitted basis. During the year ended 31 December 2022, no amounts were advanced or outstanding under the Grandfathered MMG Loan Facility. Album Enterprises is a substantial Shareholder and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Grandfathered MMG Loan Facility constitutes a Grandfathered Continuing Connected Transaction for the Company and the Company will comply with Listing Rule 14A.60 in respect of this transaction.

   The Company has followed its pricing policies and guidelines when determining the price and terms of the connected transactions and continuing connected transactions conducted during the year.

DIRECTORS' REPORT

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REVIEW OF CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions described above for the year ended 31 December 2022 have been reviewed by the Independent Non-executive Directors of the Company.

The Independent Non-executive Directors of the Company have confirmed that the continuing connected transactions have been entered into:

(a) the ordinary and usual course of business of the Group;

(b) either on normal commercial terms or better; and

(c) in accordance with the respective terms of the Las Bambas CMN Copper Sale Framework Agreement, the Las Bambas CMN Copper Concentrate Offtake Agreement, the CITIC Copper Concentrate Offtake Agreement, the Rosebery Concentrate Sales Agreement, the Dugald River Zinc Concentrate Sales Agreement, the Commodity Hedging Agency Agreements, the Shipping Framework Agreement and the Molybdenum Concentrate Sales Framework Agreements that are fair and reasonable, in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and with reference to Practice Note 740 'Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules' issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing its conclusion in respect of the continuing connected transactions for the year ended 31 December 2022 disclosed above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

In addition, the auditor of the Company has confirmed to the Board that nothing has come to their attention that causes them to believe that the above continuing connected transactions for the year ended 31 December 2022:

(a) have not been approved by the Board;

(b) were not, in all material respects, in accordance with the pricing policies of the Group where the transactions involve the provision of goods or services by the Group;

(c) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(d) the Las Bambas CMN Copper Sale Framework Agreement, the Las Bambas CMN Copper Concentrate Offtake Agreement, the CITIC Copper Concentrate Offtake Agreement, the Rosebery Concentrate Sales Agreement, the Dugald River Zinc Concentrate Sales Agreement, the Commodity Hedging Agency Agreements, the Shipping Framework Agreement and the Molybdenum Concentrate Sales Framework Agreements have exceeded the respective annual caps as disclosed in the announcements of the Company.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

On 22 July 2014 Top Create, a subsidiary of CMN, a controlling Shareholder, extended a loan facility for a principal sum of up to US$2,262.0 million to MMG SA for a term of four years for the purpose of acquiring the Las Bambas Project. On 29 December 2017, 22 December 2020 and 27 December 2022, the loan facility was amended by the parties for the purpose of (among other things) extending the term of the loan, deferring payment dates and adjusting interest rates. Such loan facility was exempt from the announcement and reporting requirements of the Listing Rules with respect to connected transactions on the basis that it was unsecured and on normal commercial terms.

Particulars of other contracts of significance that exist between the Company (or one of its subsidiary companies) and a controlling Shareholder (or any of its subsidiaries) are set out under Connected Transactions on pages 79 to 83 of this Annual Report.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business are set out in Note 30 to the Consolidated Financial Statements.

DIRECTORS' REPORT

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Related party transactions set out in Note 30 to the Consolidated Financial Statements also constitute connected transactions and continuing connected transactions of the Company under the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules except for those transactions that are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMOLUMENT POLICY

The Group's Emolument Policy is formulated by the Governance, Remuneration, Nomination and Sustainability Committee on the basis of employees' merit, market practice, qualifications and competence.

The determination of remuneration for the Directors takes into consideration factors such as remuneration paid by comparable companies, accountabilities of the Directors, applicable regional employment conditions. In the circumstance of Executive Directors, appropriate 'at-risk' performance-based remuneration is also provided.

The Company has adopted share option scheme and performance awards as incentives to the Executive Directors and eligible employees. Details of the share option scheme and performance awards are set out under the sections headed 'Share Option Scheme' and 'Performance Awards'. In relation to MMG, it has adopted both long-term and short-term 'at-risk' incentive plans to reward its Executive Directors and eligible employees and to align their incentive remuneration with the performance of MMG.

RETIREMENT SCHEMES

Details of the Group's retirement schemes are set out in Note 11 to the Consolidated Financial Statements.

DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors and senior management of the Company are set out on pages 62 to 65 of this Annual Report.

INDEPENDENT AUDITOR

The Consolidated Financial Statements have been audited by Deloitte Touche Tohmatsu who will retire at the forthcoming AGM and, being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE REPORT

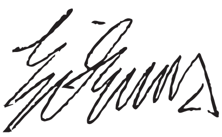
Details of the Corporate Governance Report are set out on pages 85 to 95 of this Annual Report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Board, as at the latest practicable date prior to the printing of this report, the Company has maintained sufficient public float of not less than 25 per cent of the Company's issued shares as required under the Listing Rules.

EVENTS AFTER THE BALANCE SHEET DATE

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



By order of the Board
LI Liangang
INTERIM CEO AND EXECUTIVE DIRECTOR
7 March 2023

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (CG Code) throughout the year ended 31 December 2022, except for the deviations from code provisions C.2.7 and F.1.1 as explained under the section headed "Chairman of the Board and Chief Executive Officer" and "Dividend Policy" respectively and also code provision F.2.2 of the CG Code as explained below.

Code provision F.2.2 of the CG Code requires the Chairman of the Board to attend and answer questions at the AGM. Mr Jiao Jian, who was the then Chairman of the Board and was not physically available for the AGM held on 20 May 2022 but attended the AGM via video conferencing, due to inability to travel to Hong Kong as a result of COVID-19 restrictions. Accordingly, Mr Leung Cheuk Yan, an Independent Non-executive Director, a member of the Audit and Risk Management Committee and the Governance, Remuneration, Nomination and Sustainability Committee of the Company, took 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 practices and applicable laws. The Board Charter is adopted on the basis that strong corporate governance can add to the performance of the Company, create Shareholder value and engender the confidence of the investment market.

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 year ended 31 December 2022.

BOARD

COMPOSITION

The Board currently comprises six Directors of which one is an Executive Director, two are Non-executive Directors and three are Independent Non-executive Directors.

The members of the Board as at the date of this report are as follows:

Executive Director

Mr LI Liangang (Interim CEO)
(Appointed on 5 January 2022)

Non-executive Directors

Mr ZHANG Shuqiang

Mr XU Jiqing

Independent Non-executive Directors

Dr Peter CASSIDY

Mr LEUNG Cheuk Yan

Mr CHAN Ka Keung, Peter

CORPORATE GOVERNANCE REPORT

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The current Board possesses an appropriate balance of skills, experience and diversity of perspectives relevant to the management of the Company's business. The Directors' biographical information is set out on pages 62 to 65 under the section headed 'Directors and Senior Management' of this Annual Report.

ROLE AND FUNCTION

The Board formulates overall strategies and policies of the Group. It also ensures the availability of adequate capital and managerial resources to implement the strategies adopted, the adequacy of systems of financial and internal control and the conduct of business in conformity with applicable laws and regulations. The Board members are fully committed to their roles and have acted in the best interests of the Group and its Shareholders at all times. There is no financial, business, family or other material/ relevant relationship among the Directors.

All Directors are required to comply with Rule 3.08(d) of the Listing Rules to avoid actual and potential conflicts of interest and duty at all times. Directors are required to declare their interest in the matters to be considered at each Board meeting and Board committee meeting. If a Director or any of his/her associates has material interest in the matter to be considered, the Director will not be allowed to vote at the meeting. The Director may also be required to withdraw from the meeting during discussion of the matter.

During the year ended 31 December 2022, other than resolutions passed in writing by all the Directors, the Company held nine Board meetings. The AGM was held on 20 May 2022. Board meetings are attended by a majority of the Directors in person or through electronic means of communication.

The attendance of each Director at the Board meetings and the AGM during the year ended 31 December 2022 is set out below. Figures in brackets indicate the maximum number of meetings held in the period in which the individual was a Board member.

	Number of Meetings Attended	
Directors	**Board Meetings**	**AGM**
EXECUTIVE DIRECTOR		
LI Liangang[1]	8/(8)	1/(1)
NON-EXECUTIVE DIRECTORS		
JIAO Jian (Chairman)[2]	7/(9)	1/(1)
ZHANG Shuqiang	9/(9)	1/(1)
XU Jiqing	9/(9)	1/(1)
INDEPENDENT NON-EXECUTIVE DIRECTORS		
Peter CASSIDY	9/(9)	1/(1)
LEUNG Cheuk Yan	9/(9)	1/(1)
CHAN Ka Keung, Peter	9/(9)	1/(1)

Notes:
1 Mr Li Liangang was appointed as an Executive Director and the Interim CEO of the Company on 5 January 2022.
2 Mr Jiao Jian was appointed as the Chairman of the Company on 5 January 2022 and resigned as a Non-executive Director and the Chairman of the Company with effect from 31 March 2023.

BOARD AND WORKFORCE DIVERSITY

The Company has developed the Board Diversity Statement recognising and embracing the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

In designing the Board's composition, the Company has considered Board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Governance, Remuneration, Nomination and Sustainability Committee has endorsed a strategy for appointing a female director by December 2024 and in line with this strategy management are preparing a pipeline of potential applicants. The Board will appoint a new director in accordance with the Board Diversity Statement, Board Succession Guidelines and Board Skills Matrix of the Group.

All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. The ultimate decision will be based on the contribution that the selected candidate will bring to the Board.

CORPORATE GOVERNANCE REPORT

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The Board comprises members from a diverse background. The Company has at all times during the year had one Independent Non-executive Director who is a qualified accountant. One of the Independent Non-executive Directors is a qualified solicitor. Five Directors have experience sitting on the boards of other companies listed on the stock exchanges of Hong Kong, the PRC and/or Australia. Collectively the Directors have extensive experience in the metals and mining industry, trading, finance and accounting, business strategy, law, enterprise risk management and exposure or experience in various countries. Some of them are members of professional and/or industry bodies.

MMG strives to provide an inclusive workplace and to nurture and support the employees to reach their fullest potential. The Company believes that this is a key driver for innovation and adaptability which will increase competitiveness and drive the Group forward. As at 31 December 2022, women represent 16.1 per cent of our employee population and 5.9 per cent of our senior management across the Group.

Empowering the female employees with more leadership roles has been a key focus of the Group. We have taken measures to ensure team compositions are diverse with a balanced number of female and male employees. By the year end of 2023, the Company strives to increase the female employment level across all operation areas to 16.8 per cent.

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board was Mr Jiao Jian (resigned as the Chairman of the Board with effect from 31 March 2023) and Mr Li Liangang is currently the Interim CEO of the Company. The roles of the Chairman of the Board and the CEO/Interim CEO of the Company are segregated to ensure their respective independence, accountability and responsibility.

The Chairman takes the lead in formulating the Group's overall strategies and policies, ensures the Board's effective performance of its functions, including compliance with good corporate governance practices, and encourages and facilitates active contribution of Directors in Board activities. Directors with different views are encouraged to voice their concerns. They are allowed sufficient time for discussion of issues so as to ensure that Board decisions fairly reflect Board consensus. A culture of openness and debate is promoted to facilitate the effective contribution of Non-executive Directors and Independent Non-executive Directors and to ensure constructive relations between Executive Directors, Non-executive Directors and Independent Non-executive Directors. During the year, the Chairman did not hold a separate meeting with the Independent Non-executive Directors. The Chairman is available to hold meetings with any director including the Non-executive Directors and Independent Non-executive Directors if required or necessary outside of the Board meetings.

The Chairman also ensures that all Directors are properly briefed on issues arising at Board meetings and have received, in a timely manner, adequate information, which must be accurate, clear, complete and reliable.

The CEO/Interim CEO, supported by a management committee comprising himself and senior management (Executive Committee), is responsible for managing the day-to-day operations of the Group and executing the strategies adopted by the Board. The CEO/Interim CEO is also accountable to the Board for the implementation of the Group's overall strategies, and coordination of overall business operations.

EXECUTIVE DIRECTORS AND EXECUTIVE COMMITTEE

The Board has delegated the management of the Group's day-to-day operations to the CEO/Interim CEO and the Executive Committee. The Executive Committee is also required to report regularly to the Board on the progress being made by the Group's businesses.

The members of the Executive Committee as at the date of this report are as follows:

Mr LI Liangang (Interim CEO and Executive Director);

Mr Ross CARROLL (CFO);

Mr Troy HEY (Executive General Manager – Corporate Relations)

Mr WEI Jianxian (Executive General Manager – Americas); and

Mr Nan WANG (Executive General Manager – Australia and Africa).

CORPORATE GOVERNANCE REPORT

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NON-EXECUTIVE DIRECTORS

The Non-executive Directors (including the Independent Non-executive Directors) provide a wide range of expertise and experience and bring independent judgement on issues relating to the Group's strategies, development, performance and risk management through their contribution at Board and committee meetings.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Their participation provides adequate checks and balances to safeguard the interests of Shareholders. The Board has three Independent Non-executive Directors and one of them has accounting or related financial management expertise. The Board confirms that the Company has received from each of the Independent Non-executive Directors a confirmation of independence for the year ended 31 December 2022 pursuant to Rule 3.13 of the Listing Rules and considers such Directors to be independent.

RE-ELECTION OF DIRECTORS

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 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 Shareholders at the AGMs held in 2011, 2013, 2016, 2019 and 2022.

DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Every newly appointed Director receives a briefing and orientation on his legal and other responsibilities as a listed company director and the role of the Board. He also receives a comprehensive induction package covering the statutory and regulatory obligations of a director, organisational structure, policies, procedures and codes of the Company, terms of reference of Board committees and charter of responsibilities. All Directors are encouraged to participate in continuous professional development and refresh their knowledge and skills.

All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

All Directors have participated in continuous professional development by attending seminars and/or conferences and/or forums and/or in-house trainings to develop and refresh their knowledge and skills. In addition, attendance at briefing sessions (including the delivery of speeches) and the provision of reading materials on the relevant topics contributed toward continuous professional training. All Directors provided a record of training to the Company. A summary of training attended by the Directors for the year ended 31 December 2022 is set out below:

Directors	Types of Training (Notes)
EXECUTIVE DIRECTOR	
LI Liangang	1, 2, 3
NON-EXECUTIVE DIRECTORS	
JIAO Jian (Resigned on 31 March 2023)	1, 3
ZHANG Shuqiang	1, 2, 3
XU Jiqing	1, 2, 3
INDEPENDENT NON-EXECUTIVE DIRECTORS	
Peter CASSIDY	1, 3
LEUNG Cheuk Yan	1, 3
CHAN Ka Keung, Peter	1, 3

Notes:
1 Attending seminars and/or conferences and/or forums and/or in-house trainings.
2 Delivering speeches/presentations at seminars and/or conferences and/or forums.
3 Reading journals, documentaries, books and newspapers relating to director's duties and responsibilities.

CORPORATE GOVERNANCE REPORT

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DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

The Company has arranged appropriate directors' and officers' liabilities insurance in respect of legal action against the Directors and officers of the Company.

THE BOARD COMMITTEES

There are two Board committees, namely the Audit and Risk Management Committee and the Governance, Remuneration, Nomination and Sustainability Committee (formerly: the Governance, Remuneration and Nomination Committee), for overseeing particular aspects of the Company's affairs.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprises five members including three Independent Non-executive Directors, namely Mr Chan Ka Keung, Peter as Chair, Dr Peter Cassidy and 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) 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 terms of reference of the Audit and Risk Management Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended 31 December 2022, the Audit and Risk Management Committee held five meetings. The Committee reviewed financial reporting matters, the Company's Financial Statements, annual and interim reports, the connected transactions and the continuing connected transactions entered into by the Group and the audit fees for the year ended 31 December 2022. It also reviewed the external audit scope and plans and audit findings, material risk profile and prioritised material risk analysis including internal audit plans and audit findings, treasury, tax matters, compliance against the Risk Management Framework, and the Insurance Program including the renewals of the annual insurance and the directors and officers liabilities insurance and the programs for Audit and Risk Management Committee activities for 2022 and 2023. The Committee discussed with senior management the independence of the external auditors and the effectiveness of the external and internal audit process.

The attendance of each member at the Audit and Risk Management Committee meetings for the year ended 31 December 2022 is set out below. Figures in brackets indicate the maximum number of meetings held in the period in which the individual was a member of the Audit and Risk Management Committee.

Members	Number of Meetings Attended
NON-EXECUTIVE DIRECTORS	
ZHANG Shuqiang	5/(5)
XU Jiqing	5/(5)
INDEPENDENT NON-EXECUTIVE DIRECTORS	
Peter CASSIDY	5/(5)
LEUNG Cheuk Yan	5/(5)
CHAN Ka Keung, Peter (Chairman)	5/(5)

GOVERNANCE, REMUNERATION, NOMINATION AND SUSTAINABILITY COMMITTEE

The Governance, Remuneration and Nomination Committee was renamed to the Governance, Remuneration, Nomination and Sustainability Committee with effect from 7 March 2023 due to inclusion of new duties on reviewing the Environmental, Social and Governance (ESG) and sustainability reporting and compliance requirements. It currently comprises four members including three Independent Non-executive Directors, namely Dr Peter Cassidy as Chair, Mr Leung Cheuk Yan and Mr Chan Ka Keung, Peter, and a Non-executive Director, namely Mr Xu Jiqing.

The Governance, Remuneration, Nomination and Sustainability Committee is principally responsible for (i) developing, reviewing and monitoring the Group's policies and practices on corporate governance to ensure compliance with the relevant legal and regulatory requirements; (ii) formulating the Company's remuneration policy and structure for all Directors and senior management's remuneration and to make recommendations to the Board on the above remuneration policy and proposal; (iii) formulating the policy for nomination of Directors and leading the process of identifying and nominating candidates suitably qualified to become Board members, and reviewing the structure, size and composition of the Board and Board Committees (including knowledge, skills and experience, independence and diversity of the members) and makes recommendations to the Board with regard to any changes; review ESG

CORPORATE GOVERNANCE REPORT

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and Sustainability reporting and relevant compliance requirements. The terms of reference of the Governance, Remuneration, Nomination and Sustainability Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended 31 December 2022, the Governance, Remuneration, Nomination and Sustainability Committee held six meetings. The Committee reviewed the Mineral Resources and Ore Reserves Statement, the Whistleblower Reports, the 2022 Disclosure Reports, the performance review and evaluation of the Board and the Board Committees, the Directors and senior management training program and the Corporate Governance Report for inclusion in the annual report. It also reviewed the remuneration policy, the incentive and retention plans, annual remuneration and the programs for Governance, Remuneration, Nomination and Sustainability Committee activities for 2022 and 2023.

The attendance of each member at the Governance, Remuneration, Nomination and Sustainability Committee meetings for the year ended 31 December 2022 is set out below. Figures in brackets indicate the maximum number of meetings held in the period in which the individual was a member of the Governance, Remuneration, Nomination and Sustainability Committee.

Members	Number of Meetings Attended
NON-EXECUTIVE DIRECTORS	
JIAO Jian (Resigned on 31 March 2023)	5/(6)
XU Jiqing	6/(6)
INDEPENDENT NON-EXECUTIVE DIRECTORS	
Peter CASSIDY (Chairman)	6/(6)
LEUNG Cheuk Yan	6/(6)
CHAN Ka Keung, Peter	6/(6)

The Company's Mineral Resources and Ore Reserves Committee and Disclosure Committee also report to the Governance, Remuneration, Nomination and Sustainability Committee.

The Mineral Resources and Ore Reserves Committee is responsible for overseeing the Mineral Resources and Ore Reserves reporting process and ensuring its compliance with the Listing Rules and JORC Code.

The Disclosure Committee is responsible for advising on disclosure obligations of the Company. The Company has adopted a Disclosure Framework to ensure its compliance with the disclosure obligations under the Listing Rules and the timely disclosure of inside information to the market. The Disclosure Committee comprises the Interim CEO, CFO, Executive General Manager – Corporate Relations, the General Counsel and the Company Secretary. The Disclosure Framework requires employees to refer all information that potentially requires disclosure to a member of the Disclosure Committee.

EXECUTIVE COMMITTEE

The Executive Committee reviews safety, health and environmental and social performance in order to improve efficiency and effectiveness. Specific Safety, Health, Environment and Community (SHEC) matters to be discussed by the Board include identification, review and governance of SHEC-related material issues, significant incidents, remediation/mitigation strategies and any specific areas of focus as identified by the Board.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing all information and representations contained in the Financial Statements for the year ended 31 December 2022 as disclosed in this Annual Report. The Directors consider that the Financial Statements have been prepared in conformity with Hong Kong Financial Reporting Standards (HKFRS) issued by the Hong Kong Institute of Certified Public Accountants and the Companies Ordinance, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgement of the Board and management with an appropriate consideration to materiality. The Directors, having made appropriate enquiries, were not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Please refer to Note 2.1 to the Consolidated Financial Statements for further details.

Accordingly, the Directors have prepared the Financial Statements on a going-concern basis.

The statement of the Company's auditor regarding its responsibilities for the Financial Statements is set out in the Independent Auditor's Report on pages 109 to 113 of this Annual Report.

CORPORATE GOVERNANCE REPORT

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Management has provided all members of the Board with monthly updates giving a balanced and comprehensible assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Audit and Risk Management Committee assists the Board with regard to the oversight of the Company's risk management and internal control systems and practices.

The Risk and Audit function in MMG supports the Audit and Risk Management Committee and line management by:

- establishing and maintaining Group-wide Standards relating to risk management and assurance;
- undertaking internal audits to test compliance with Group Standards and legal obligations and to assess the adequacy and effectiveness of critical controls to material risks;
- reporting control weaknesses and non-compliances at MMG's operations;
- monitoring critical control failings across the industry and assessing implications for MMG;
- monitoring and reporting closeout of management agreed actions to improve control effectiveness and to correct non-compliances; and
- monitoring the Group's risk profile and reporting substantive changes in the risk profile.

The Company's risk management and internal audit processes are subject to periodic, independent external assessment against relevant International Standards and industry best practices.

The annual internal audit plan is approved by the Audit and Risk Management Committee. Its focus is on material risks to the business, both financial and non-financial.

The Audit and Risk Management Committee is responsible for ensuring that there is appropriate coordination between internal and external audit. It is also responsible for ensuring that internal audit is adequately resourced and has appropriate standing within the Group. It also reviews and monitors the effectiveness of internal audit.

MMG's Internal Audit Procedure requires the Risk and Audit function to maintain its independence. It also requires reporting, to the Chair of the Audit and Risk Management Committee, of any instance where the Group's independence may have been compromised.

AUDITOR'S REMUNERATION

An analysis of the remuneration of the external auditor, Deloitte Touche Tohmatsu (which for these purposes includes any entity under common control, ownership or management with the external auditor or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally), for the year ended 31 December 2022 is set out as follows:

Services Rendered	Fee Paid/Payable 2022 US$'000
Audit Services	1,743
Other Assurance Services	25
Non-audit Services	6
	1,774

COMPANY SECRETARY

Ms Leung Suet Kam, Lucia was appointed as Company Secretary of the Company in June 2001. She is a fellow of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators). Ms Leung resigned as Company Secretary of the Company with effect from 8 October 2022.

Ms Wong Lok Wun, Anfield was appointed as Company Secretary of the Company with effect from 8 October 2022. Ms Wong has over 15 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies and private companies. Ms Wong is a chartered secretary, a chartered governance professional and an associate member of The Hong Kong Chartered Governance Institute (HKCGI) (formerly known as The Hong Kong Institute of Chartered Secretaries).

The Company Secretary assists the Board by ensuring good information flow within the Board and that the Board policy and procedures including those on governance matters are followed. All the Directors are

CORPORATE GOVERNANCE REPORT

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entitled to have access to the advice and services of the Company Secretary. She reports to the Chairman of the Board and also the CEO/Interim CEO. Both Ms Leung and Ms Wong have respectively attended various professional seminars during the year ended 31 December 2022, which exceed the requirements of the Listing Rules.

SHAREHOLDERS' RIGHTS

PROCEDURES FOR SHAREHOLDERS TO CONVENE A GENERAL MEETING

Shareholders holding at least 5 per cent of the total voting rights of all Shareholders having a right to vote at the Company's general meeting can deposit a written request to convene a general meeting at Unit 1208, 12/F, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong, the registered office of the Company, for the attention of the Company Secretary, or send the written request to the Company by fax at +852 2840 0580.

The written request: (i) must state the general nature of the business to be dealt with at the meeting, and (ii) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting and signed by the Shareholders concerned.

The request will be verified with the Company's Share Registrar and, upon confirmation that the request is proper and in order, the Board will convene a general meeting by serving sufficient notice to all the registered Shareholders.

However, if the request has been verified as not in order, the Shareholders concerned will be advised of this outcome and, accordingly, a general meeting will not be convened as requested.

Pursuant to the articles of association of the Company and the Companies Ordinance, the notice period to be given to all the registered Shareholders for consideration of the proposed resolutions at a general meeting is not less than 14 days.

If the Directors do not within 21 days after the date on which they become subject to the requirement to call a general meeting to be held on a date not more than 28 days after the date of the notice convening the meeting, the Shareholders concerned or any of them representing more than one half of the total votes of all of them, may themselves call a general meeting, provided that such general meeting must be called for a date not more than three months after the date on which the Directors become subject to the requirement to call a meeting.

Any reasonable expenses incurred by the Shareholders concerned by reason of the failure of the Directors duly to call a general meeting shall be repaid to the Shareholders concerned by the Company.

The procedures for Shareholders to convene a general meeting are available on the Company's website.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT THE ANNUAL GENERAL MEETING

Shareholders holding at least 2.5 per cent of the total voting rights of all Shareholders having the right to vote at the AGM, or at least 50 Shareholders who have a right to vote on the resolution at the AGM to which the request relates, can submit a written request to move a resolution at the AGM.

The written request must state the resolution and be signed by all the Shareholders concerned.

The written request must state the resolution and be signed by all the Shareholders concerned. The written request must be deposited at Unit 1208, 12/F, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong, the registered office of the Company, for the attention of the Company Secretary, or sent to the Company by fax at +852 2840 0580 not later than six weeks before the AGM to which the request relates, or if later, the time at which notice is given of that meeting.

The request will be verified with the Company's Share Registrar and, upon confirmation that the request is proper and in order, the Board will include the resolution in the agenda for the next AGM in accordance with statutory requirements. However, if the request has been verified as not in order, the Shareholders concerned will be advised of this outcome and, accordingly, the proposed resolution will not be included in the agenda for the AGM.

The Company will be responsible for the expenses in serving the notice of the resolution and circulating the statement submitted by the Shareholders concerned.

The procedures for Shareholders to put forward proposals at the AGM are available on the Company's website.

CORPORATE GOVERNANCE REPORT

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PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

If a Shareholder wishes to propose a person other than a Director for election as a Director at an AGM or a general meeting, he/she can deposit a written notice to that effect signed by the Shareholder concerned at Unit 1208, 12/F, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong, the registered office of the Company, for the attention of the Company Secretary.

The written notice must:

- state the full name of the person proposed for election as a Director;
- state the person's biographical details as required by Rule 13.51(2) of the Listing Rules; and
- be accompanied by a confirmation signed by the candidate indicating his/her willingness to be appointed.

The period for lodgement of the above notice shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such meeting, provided that such period shall be at least seven days.

If the written notice is received after the AGM/general meeting notice has been despatched but later than seven clear calendar days prior to the date of the AGM/general meeting, the Company may need to consider the adjournment of the AGM/general meeting in order to allow a sufficient period of notice.

The procedures for Shareholders to propose a person for election as a Director at an AGM/general meeting are available on the Company's website.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary to the registered office of the Company at Unit 1208, 12/F, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong.

Shareholders may also make enquiries with the Board at the AGM/general meetings of the Company.

Shareholders' questions in relation to their shareholdings should be directed to the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company recognises the importance of maintaining an ongoing dialogue with the Company's shareholders and endeavours to develop and maintain continuing relationships and effective communication with its Shareholders and investors. In an effort to facilitate and enhance the relationships and communication, the Company has adopted a Shareholder Communication Policy, which was reviewed by the Board in 2022 to ensure its effectiveness. The effectiveness of engagement with Shareholders is assessed by the Governance, Remuneration, Nomination and Sustainability Committee. The Committee endorsed the Shareholder Communication Policy in 2022, noting that it remained effective and was appropriate for the Company as it articulated the various communication channels for Shareholders. Such Policy is available on the Company's website. The principles of the Shareholder Communication Policy are to ensure effective communication between the Company and its Shareholders is maintained, and ready, equal and timely access to clear and balanced information about the Company (including its financial performance, strategic plans, material developments, governance and risk profile) is available to the Shareholders to enable them to exercise their rights in an informed manner.

CORPORATE GOVERNANCE REPORT

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CORPORATE COMMUNICATIONS

The Company will generally communicate with Shareholders and the investing public through the following corporate communication materials:

- financial reports (interim and annual reports), quarterly production reports and sustainability reports;
- announcements, Shareholder circulars and other disclosures through the websites of the Hong Kong Stock Exchange and the Company; and
- other corporate communications, presentations, publications and media releases of the Company.

The Company endeavours to use plain, non-technical language in all its communication materials provided to Shareholders and, where possible, the communication materials are made available in both English and Chinese.

INVESTOR RELATIONS

The Company may from time to time conduct investor/analyst briefings and presentations, road shows, site visits, or marketing activities for the financial community.

Communications and dialogues with Shareholders, investors, analysts, media or other parties will be conducted in compliance with the disclosure obligations and requirements under the Disclosure Framework, which aims to ensure equal, fair and timely dissemination of information.

CORPORATE WEBSITE

A dedicated 'Investors and Media Centre' section is available on the Company's website where all corporate communication materials including materials published on the website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) is posted as soon as practicable after their release.

The following information is available on the Company's website:

- the articles of association of the Company;
- the terms of reference of the Audit and Risk Management Committee and the Governance, Remuneration, Nomination and Sustainability Committee;
- a summary of the procedures for Shareholders to convene a general meeting, to put forward proposals at the AGM, and to propose a person for election as a Director;
- a news archive of stock exchange announcements and media releases; and
- an events calendar setting out important dates and forthcoming events of the Company.

Information on the Company's website is updated on a regular basis. Shareholders are encouraged to subscribe to news updates.

SHAREHOLDER MEETINGS

Shareholders are encouraged to participate in AGM/general meetings or appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend.

Board members including the Chairman of the Board, and where appropriate, Chairmen and other members of the relevant Board committees or their delegates, appropriate management executives and representatives from the Company's external auditor will attend AGM/general meetings to answer Shareholders' questions.

In addition, separate resolutions are proposed at the AGM/ general meetings on each substantially separate issue.

DIVIDEND POLICY

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

Respect for the environment is a core part of the way MMG operates. The objective of the Company is to maximise recycling and reuse and to minimise the draw on natural resources, with water being the most significant natural resource used in our operations. The Company also seeks to minimise energy use and the use of resources in the generation of electricity.

CORPORATE GOVERNANCE REPORT

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The environmental management approach is based on the principles of plan, do, check, act and aligns to the principles of ISO14001. The approach involves identification, assessment and control of material risks across all phases of our business, from exploration through to development, operation and mine closure. The Company works in partnership with its Stakeholders to understand the challenges and opportunities of its activities, and how best to manage them.

The MMG Safety, Security, Health and Environment (SSHE) Performance Standard defines MMG's minimum requirements and provides the basis for sustainable environmental management through its deployment at its operations. These requirements are audited as part of an integrated assurance process.

Through the application of the MMG Operating Model, operations focus on essential environmental delivery work, supported by functional excellence that drives continual improvement of our management processes.

KEY STAKEHOLDER RELATIONSHIPS

The Company seeks Stakeholder relationships based on trust, transparency and mutual respect for culture, values and heritage. Understanding the needs, expectations and aspirations of communities impacted by its operations is vital for the Company to achieve its vision and growth objectives.

The Company's key relationships are with its employees, communities, suppliers, governments, Shareholders, non-government organisations, industry and customers.

Areas of interest vary between each Stakeholder group but cover topics including economic performance, safety and health management, employee development and well-being, environmental management and compliance and support for community and regional development.

Stakeholders interact with the Company through a variety of avenues including direct communication and meetings, receipt of newsletters and corporate publications, disclosures to the Hong Kong Stock Exchange and membership and representation on industry associations.

MMG has relationships with a range of customers globally for the sale of its products. The sales and marketing of all products is managed by a Group Sales and Marketing function that negotiates all terms and conditions at arm's length arrangements. All prices are referenced to LME or London Bullion Market Association market prices for the appropriate product sold. Further information is discussed in the Management Discussion and Analysis on pages 22 to 61 of this Annual Report.

Information on MMG's approach to environmental, social and governance issues will be reported in the 2022 MMG Sustainability Report available on the Company's website at (www.mmg.com) in the Second Quarter 2023.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has adopted the Corporate Legal Compliance Standard and other practices to ensure adherence to applicable legal and regulatory requirements and, in particular, those that have a significant impact on the operations of the Group. Our Governance, Remuneration, Nomination and Sustainability Committee is delegated by the Board to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies and practices are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and business units from time to time.

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's articles of association during the year ended 31 December 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE APPROACH AND PERFORMANCE

MMG Limited (the Company) operates and develops copper, zinc, cobalt and other base metals projects across Australia, the DRC and Peru. In 2022, MMG had four mining operations: Las Bambas, Kinsevere, Dugald River and Rosebery.

The Company is committed to responsible environmental and social performance and effective governance of its operations. This supports our growth strategy by helping to:

- manage reputational and regulatory risks;
- control costs and drive efficiencies;
- build strong stakeholder relationships; and
- attract and retain talented employees.

ESG REPORTING AND MATERIALITY

The Company conducts a Global Reporting Initiative (GRI)-aligned materiality assessment to ensure that ESG issues which matter most to our stakeholders are reported.

The MMG Sustainability Report provides an annual summary of our approach and performance across our material sustainability issues. Elements of our sustainability reports are externally assured in line with our commitments as a member of the International Council on Mining and Metals (ICMM).

Further information on MMG's approach to health and safety, social performance, environmental performance, key stakeholder relationships and compliance with laws and regulations will be reported in the 2022 MMG Sustainability Report available on the Company's website at www.mmg.com in the second quarter of 2023.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices demonstrated through an experienced Board, sound risk management and internal controls, and transparency and accountability to all shareholders. The Company complies with the principles of good corporate governance as set out in the Corporate Governance Code (CG Code) of the Hong Kong Listing Rules, those of the ICMM and all external reporting obligations.

The Company has applied the principles of good corporate governance as set out in the CG Code contained in Appendix 14 of the Hong Kong Listing Rules. It has complied with all applicable code provisions throughout the years, except for the deviation from code provision B.2.2 as explained under the section headed 'Re-election of Directors' of the MMG Annual Report.

MMG has the Audit and Risk Management Committee and the Governance, Remuneration, Nomination and Sustainability Committee, both of which operate under clear Terms of References. MMG also has a number of Executive Management Committees, including the Executive Committee, the Disclosure Committee, Investment Review Committee, Mineral Resources and Ore Reserves Committee and Code of Conduct and People Committee. A function of the Executive Committee is to review safety, health and environmental and social performance in order to improve efficiency and effectiveness. Specific Safety, Health, Environment and Community (SHEC) matters to be discussed by the Board include identification, review and governance of SHEC-related material issues, significant incidents, remediation and mitigation strategies and any specific areas of focus as identified by the Board.

In accordance with the Company's Sustainability Framework, owned and endorsed by the Board Governance, Remuneration, Nomination and Sustainability Committee and implemented across the business, the Board carries out identification, review and governance of SHEC-related material issues consistent with this framework. The framework aligns with the ICMM's ten sustainable development principles. The Company's approach is informed by our Corporate Governance Policy, People Policy, Shareholder Communication Policy, SHEC Policy, and Quality and Materials Stewardship Policy.

The Company applies business-wide standards to define the minimum requirements to manage material risks, meet legal requirements and external reporting obligations, and to create and preserve competitive advantage and organisational effectiveness. Our assurance program focuses on verifying that the critical controls required to manage material risk events are implemented and effective. These standards provide the basis for sustainable operations and are aligned to the ICMM's Mining Principles and the eight ICMM Position Statements.

ESG APPROACH AND PERFORMANCE

CONTINUED

There is no universal formula for good corporate governance. Our emphasis throughout this Statement is on compliance with our internal standards, informed by CG Code of the Hong Kong Listing Rules, those of the ICMM and all external reporting obligations.

COMPLIANCE

The Governance, Remuneration, Nomination and Sustainability Committee is responsible for developing and reviewing the Company's policies and practices on corporate governance, the Code of Conduct and monitoring MMG's compliance with the Listing Rules and applicable laws.

Our Executive Committee monitors our performance in line with the Group's policies, standards and regulatory requirements relating to safety, health, environment and community.

BUSINESS ETHICS

MMG Values and Code of Conduct set out our commitment to operating in a responsible manner. We expect all our employees, contractors and suppliers to integrate these standards of behaviour into their working practices. The Company's Code of Conduct covers areas such as conflict of interest, fraud, money laundering, anti-bribery, anti-corruption and legal compliance and its application is overseen by our Code of Conduct and People Committee, chaired by the Executive General Manager, Corporate Relations. MMG engages an independent confidential whistleblower service which is available to all employees globally in their local language. MMG's Whistleblower Framework explains the process for reporting any improper conduct, the protections afforded to people who report improper conduct, how such reports will be dealt with and the type of action which may be taken as a result. The Whistleblower Framework is an integral part of the Corporate Legal Compliance Standard. MMG also has an Anti-Corruption Standard.

All MMG employees including management and directors are informed of and required to comply with the Code of Conduct and Anti-Corruption Standard and Framework as a condition of their employment. An online training module is made available to employees and directors and face to face training is conducted from time to time. As part of our new set of Sustainability performance indicators in effect as of 2022, progress against targets relating to the percentage of employees required to complete anti-bribery and corruption training modules as well as grievance response and resolution times were regularly monitored by the MMG Executive Committee and MMG Board. In 2023, ongoing monitoring will be conducted quarterly by MMG's Executive Committee and the GRN Committee.

Data protection including customer data is ensured by the use of SAP, enforcing identification authorisation, monitored by the Global Business Service. Privacy is controlled by the Company's Anti-Corruption Framework, with a segregation of duties and anti-bribery, anti-corruption and anti-competitive behaviour expectations. Confidentiality terms are also defined in all contracts. These processes and frameworks are monitored by legal, assurance and risk departments. In addition, all corporate technology applications are hosted on Microsoft Azure cloud, with security design as well as Advanced Protection service procured from Microsoft.

In 2022, there were no confirmed significant non-compliances with the Company's Code of Conduct identified and no legal cases regarding corrupt practices brought against the Company or its employees.

DEVELOPING AND SUPPORTING OUR WORKFORCE AND PROTECTING LABOUR RIGHTS

The Company has one standard governing people and benefits matters globally, the People Standard. This standard is supported with detailed work quality requirements, systems and processes to ensure global standards and local requirements are met, which include policies related to compensation and dismissal, working hours, recruitment and people movements.

The Company is also aligned with all national legislation and legal requirements in the countries where our operations are located. The Company, through robust selection processes, seek to hire the best people for each position and rewards them competitively with salary and benefits that are in line with market conditions and their contribution to our overall business success. The Company is committed to sharing its successes with our communities through local employment opportunities and by investing in training and education to help local residents transition to careers in mining or related fields.

ESG APPROACH AND PERFORMANCE

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The Company provides its people with the opportunity to develop their skills, expertise and experience to optimise their contribution to our business and to develop their careers. The Company has two broad streams of vocational training, operational training and competency verification, to drive safety, efficiencies and manage material business risks.

In addition, the Company enables employees' professional development to enhance leadership capabilities and support career pathways. The Company undertakes extensive workforce and community engagement on, and offers support to, individuals affected by any business decisions to downsize or close operations.

The Company aims to provide safe workplaces that are free of discrimination and harassment, and which foster diversity and inclusion. The Company also has a global Diversity and Inclusion approach led by the Executive Committee. The Company, through the Code of Conduct and People Committee, provides guidance on diversity and inclusion policy and practice, working alongside the regions as they determine diversity and inclusion initiatives and actions specific to their region. MMG's approach to inclusion and diversity supports our comparative advantage in attracting and retaining talent, in addition to delivering business benefits associated with greater levels of collaboration.

The Company promotes good mental health practices in the workplace and supports our workers to be physically fit and well rested so that they are able to carry out their duties safely.

We are committed to upholding the International Labour Organization's (ILO) Declaration of Fundamental Principles and Rights at Work and their Core Labour Standards and comply with local labour laws, as a minimum, and with consideration of the eight core conventions of the ILO focusing on human rights that are directly applicable to business. This includes the rights of our employees to freedom of association and collective representation, and MMG endeavours to have positive and constructive negotiations with elected representatives of employee groups. The Company also upholds the ILO Principles regarding the elimination of all forms of forced and child labour.

In 2022, there were no confirmed non-compliance incidents or grievances in relation to labour practices that have had a significant impact on the Group.

The following tables represent the Company's workforce by gender, employment type, age group and geographical region as well as the employee turnover rate by gender, age group and geographical region.

ESG APPROACH AND PERFORMANCE

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Table 1: 2022 Total Workforce by Employment Type and Site

Site	Permanent	Temporary	Permanent %	Temporary %	Total Workforce
Dugald River	334	433	44%	56%	767
Kinsevere	902	1,578	36%	64%	2,480
Las Bambas	2,623	4,798	35%	65%	7,421
Rosebery	337	193	64%	36%	530
Corporate	172	6	96%	4%	178
Australian Operations	31	-	100%	0%	31
MMG	**4,399**	**7,008**	**39%**	**61%**	**11,407**

* Please note that in this table, MMG permanent employees represents employees directly employed by MMG. Temporary employees includes contractors, consultants and other short-term engagements.

** Headcount for MMG permanent employees is at 31 December 2022. For temporary, this is an average of the total workforce throughout the course of the year.

Table 2: 2022 Total Permanent Workforce by Gender and Site

Site	Male (#)	Female (#)	Male %	Female %	Total Workforce
Dugald River	293	41	88%	12%	334
Kinsevere	779	123	86%	14%	902
Las Bambas	2,311	312	88%	12%	2,623
Rosebery	300	37	89%	11%	337
Corporate	89	83	52%	48%	172
Australian Operations	18	13	58%	42%	31
MMG	**3,790**	**609**	**86%**	**14%**	**4,399**

* Please note this table refers to MMG permanent employees directly employed by MMG. This does not include temporary employees, including contractors or consultants.

Table 3: 2022 MMG Workforce Turnover Rate by Age Group and Site

Site	Age (<30)	Age (31-50)	Age (>50)	Age (<30)	Age (31-50)	Age (>50)
Dugald River	13	23	11	28%	49%	23%
Kinsevere	-	10	5	0%	67%	33%
Las Bambas	5	74	7	6%	86%	8%
Rosebery	13	27	22	21%	44%	35%
Corporate	4	10	3	23%	59%	18%
Australian Operations	-	3	2	0%	60%	40%
Total	**35**	**147**	**50**	**15%**	**63%**	**22%**

* Please note this table refers to total MMG permanent employees during 2022, including all voluntary resignations for permanent employees. This does not include temporary employees, including contractors or consultants.

** The workforce turnover rate by age group and site was calculated using the total turnover for each operation, rather than as a percentage of the total permanent workforce.

ESG APPROACH AND PERFORMANCE

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Table 4: 2022 MMG Workforce Turnover Rate by Gender and Site

Site	Female	Male	Female (%)	Male (%)
Dugald River	13	34	28%	72%
Rosebery	9	53	15%	85%
Kinsevere	2	13	13%	87%
Las Bambas	15	71	17%	83%
Australian Operations.	1	4	20%	80%
Corporate	11	6	65%	35%
Total	**51**	**181**	**22%**	**78%**

* Please note this table refers to total MMG permanent employees during 2022, including all voluntary resignations for permanent employees. This does not include temporary employees, including contractors or consultants.

** The workforce turnover rate by gender and site was calculated using the total turnover for each operation, rather than as a percentage of the total permanent workforce.

Table 5: 2022 MMG Permanent Workforce Training by Sites

Site	Workforce	Total Trained Hours	Average Trained Hours
Dugald River	334	12,086.65	36.19
Kinsevere	902	6,134.54	6.80
Las Bambas	2,623	168,755	64.34
Rosebery	337	5,495.85	16.31
Corporate	203	440.85	2.17
MMG	**4,399**	**192,912.89**	**43.85**

* Please note this table refers to MMG permanent employees directly employed by MMG. This does not include temporary employees, including contractors or consultants.

** Due to an ongoing update to MMG's training systems and software, data for 2022 is only available at this level. From 1 January 2023, more detailed information will be available and published in next year's report.

ESG APPROACH AND PERFORMANCE

CONTINUED

SOCIAL PERFORMANCE AND STAKEHOLDER ENGAGEMENT

We recognise that ongoing, meaningful stakeholder engagement from exploration through to the cessation of our mining activities is critical in ensuring that our business decisions are responsive to the needs and expectations of our host communities and governments. We aim to partner with our communities and strive to maintain socially and culturally inclusive and proactive communication with stakeholders regarding future plans and performance. MMG's commitment to the ICMM's Mining Principles, including the commitment to community dialogue and position on free, prior and informed consent regarding Indigenous Peoples, guides our approach to stakeholder engagement. The Company's responsibilities regarding interactions and contribution to host communities are further defined in the Company's Social Performance Standard.

The social and economic benefits we provide through our operations and their supply chains support our employees, communities, regions and host countries to develop and prosper. This contribution comes through our payment of taxes, royalties, wages and employee entitlements; our purchase of goods and services; and through community compensation, support for local initiatives and our direct investment in addressing the United Nations Sustainable Development Goals 1–6, as listed below:

- SDG1: No Poverty
- SDG2: Zero Hunger
- SDG3: Good Health and Wellbeing
- SDG4: Quality Education
- SDG5: Gender Equality
- SDG6: Clean Water and Sanitation

More information about the Company's stakeholder engagement approach, as well as social performance and investment initiatives, can be found in the 2022 MMG Sustainability Report, available in the second quarter of 2023 on www.mmg.com.

In 2022, there were no confirmed non-compliance incidents or grievances in relation to human rights that have had a significant impact on the Group.

Table 6: 2022 Total Community Investment Spend by Focus Area (USD $)

Investment by SDG	Dugald River	Kinsevere	Las Bambas	Rosebery	Total
SDG1: No Poverty	$7,627	$479,784	$15,389,357	$1,387	$15,878,155
SDG2: Zero Hunger	$3,467	$893,743	$4,731,430	$8,238	$5,636,878
SDG3: Good Health and Wellbeing	$77,297	$336,189	$3,036,215	$307,729	$3,757,430
SDG4: Quality Education	$26,349	$523,397	$4,593,127	$42,060	$5,184,933
SDG5: Gender Equality	$11,753	$0	$158,235	$1,734	$171,722
SDG6: Clean Water and Sanitation	$0	$200,090	$414,519	$0	$614,609
Total	**$126,493**	**$2,433,203**	**$28,322,883**	**$361,148**	**$31,243,727**

ESG APPROACH AND PERFORMANCE

CONTINUED

SUPPLY CHAIN

The Company sources goods and services through a global supply chain to satisfy the requirements of our operating sites. Our suppliers are essential to our business and our commitments to the environment and social contributions; hence all suppliers must satisfactorily pass the Company's Due Diligence requirements prior to the commencement of any sourcing activity. We value our relationships with qualified suppliers.

In 2022, the Company had 4,871 active suppliers, of which 38.92 per cent were in Australia, 34.64 per cent in Peru, 9.12 per cent in the DRC, 5.59 per cent in South Africa, and 0.89 per cent in China. The rest were distributed among 44 other countries. Our total spend in 2022 was over US$2,580 million, and over 91 per cent were localised expenditures.

The Company's supplier engagement and contract award process includes a comprehensive assessment across a range of criteria, including commercial, social, safety, environmental, quality and technical capabilities. As part of the supplier selection process, we also assess a range of non-financial criteria around supporting sustainable development in the regions where we work, including local community training and commitment to local employment.

As part of our supplier engagement process, the Company seeks formal agreement from suppliers to comply with the Supplier Code of Conduct and Anti-Corruption Framework as well as all relevant Company standards, policies and procedures, including the Supply, Fatal Risk Management, Human Rights, Social Performance and Safety, Security, Health and Environment (SSHE) Performance Standards. In 2022 the Company regularly reviewed and reported on agreed contract performance measures, as well as identified and actioned improvement opportunities.

In 2022, there were no confirmed non-compliance incidents or grievances in relation to supply chain management that have had a significant impact on the Group.

PRODUCT STEWARDSHIP

The Company aims to supply metal and metal concentrate products that consistently meet customer quality expectations and that are safe for people and the environment in their intended use. The Company has processes for managing customer complaints to facilitate timely and satisfactory resolution.

The Product Stewardship Procedure guides activities to understand the characteristics of the Company's products and manage its potential impacts on human health and the environment during transportation, storage and handling. Shipments of copper, zinc and lead concentrates comply with international maritime legislation and the Company's products are classified in line with the International Maritime Organisation's (IMO) MARPOL Convention Annex V and the International Maritime Solid Bulk Cargoes Code. Most products are delivered by standard bulk container process without packaging materials. Las Bambas molybdenum concentrate is packed in non-returnable bags and loaded for shipment in ISO general purpose shipping containers.

The Company's global customers also have a shared responsibility for managing impacts throughout the life cycle of the goods they make from downstream processing of our products.

Products sold by the Company are commodities of which intellectual property is not applicable. The quality of products is priced with multiple commercial terms such as payable and claims in a wide range without recall. Therefore, no products sold or shipped are subject to recalls for safety and health reasons.

In 2022, the Company is not aware of any significant incidents of non-compliance with regulations and voluntary codes concerning the provision and use of the Company's products and services that have had a significant impact on the Company.

ESG APPROACH AND PERFORMANCE

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HEALTH AND SAFETY

The Company's first value is safety with a commitment to eliminating fatalities and reduction of incidents and injuries at the workplace. The Company's Safety, Security, Health, Environment and Community (SSHEC) Policy, standards, work quality requirements and procedures collectively define the way work should be planned, assigned and executed to achieve safe outcomes. These standards include safety, security, health and environment (Fatal Risk, SSHE Performance Standards), contract management (Supply and Insurance Standard), project management (Project Standard), plant and equipment maintenance (Production and Maintenance Standard) and learning from events (Risk Management Standard).

The Company's focus on driving a safety mindset is embedded with supporting leadership and key processes in every area of the business.

Four key elements in developing an organisational culture with a strong and effective focus on safety and health has been identified including:

1. Leadership and culture.
2. Elimination of fatalities (low probability, high consequence events), consistent with the requirements of our Fatal Risk Standard and Risk Management Standard.
3. Prevention of serious injuries and illnesses (high-potential events), consistent with the requirements of the SSHE Performance Standard, specifically the safety and health element.
4. Application of learnings from Significant Events in line with the requirements of our internal safety and health standards.

The Company has had no work-related fatalities in the last four years. At the end of 2022, the total recordable injury frequency rate (TRIF) was 1.25 per million hours worked. This represents a minor increase since 2021 and highlights a continued low frequency of injuries. The Company is committed to doing more to achieve its target of zero fatalities and reduce recordable injuries. 34 people across the Company's operations in 2022 experienced injuries that required medical treatment and time away from work or resulted in them being unable to perform their normal duties for a period of time. The lost time injury frequency rate (LTIF) was 0.37 for 2022.

In 2022, MMG received no significant safety-related fines or non-monetary sanctions.

ENVIRONMENT

The Company is committed to minimising its environmental footprint and its use of natural resources. The Company's SSHEC Policy, SSHE Performance Standard defines minimum requirements for the management of water, greenhouse gases emission (GHG) reduction measures, mineral and non-mineral wastes, land, biodiversity and cultural heritage, air, noise and vibration, and all sites are required to comply with these requirements.

The Company's approach to environmental management and impact is based on the principle of continuous improvement and is aligned to the ISO14001. The approach involves identification, assessment and control of material environmental risks across all phases of our business, from exploration through to development, operation and closure. Further, the SSHE Performance Standard sets the benchmark for the efficient use of resources and minimisation of environmental impacts from our operations that include mining, processing and transportation.

Site compliance with the requirements of the SSHE Performance Standard is internally audited as part of an integrated assurance process.

The Company acknowledges human induced climate change and its impacts on the environment, the economy and communities. As extreme weather events continued to intensify globally in 2022, the Company's need to assess and build resilience became more important than ever. The Company is dedicated to being part of the global solution through the provision of minerals and metals required in a low carbon future and by committing to net zero emissions by 2050. In 2022 MMG set a Net Zero by 2050 GHG emissions target and an interim reduction target of 40 per cent in Scopes 1 and 2 emissions by 2030, from a 2020 baseline.
A climate strategy was developed and approved by the Board in March 2022, strengthening our commitment to reduce GHG emissions.

ESG APPROACH AND PERFORMANCE

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As part of MMG's integrated business planning, each site has developed a decarbonisation roadmap identifying GHG reduction opportunities and expected timelines to achieve the MMG targets. The key areas that the Company is targeting are reductions in fossil fuel generated electricity, and onsite diesel combustion related emissions, largely from material movements using mobile equipment.

Another key piece of the climate strategy is to clearly define and manage climate change risks and opportunities. Variables including increase or decrease in precipitation and extreme heat present a major risk for the Company's sites, including in our mine plans, infrastructure and our people. Climate risks have been identified and assessed in 2022, and controls set in place for risks deemed as material. Further information can be found in the 2022 MMG Sustainability Report available at www.mmg.com.

The Company tracks and monitors hazardous and non-hazardous waste types and volumes, with opportunities for waste reduction and efficacy highlighted through reporting processes. Hazardous waste is managed as per state and national regulations with certified contractors transporting to appropriate waste facilities. The Company faces no challenges in sourcing water that is fit for purpose. As part of the new set of sustainability performance indicators, progress towards performance at optimal level of compliance against Global Industry Standard on Tailings Management will be monitored quarterly by the Executive Committee including waste reduction and water efficiency.

In 2022, there were no significant fines or penalties related to environmental management that have had a significant impact on the Group.

Information and data relating to the type and total air and greenhouse gas emissions, hazardous and non-hazardous waste produced, direct and indirect energy consumption and water consumption are listed in the 2022 Environmental Data section below and are managed in accordance with the Environmental Standard and core principles of ISO14001.

ESG APPROACH AND PERFORMANCE

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2022 ENVIRONMENTAL DATA

Consistent with our internal reporting, energy consumption is listed in gigajoules (GJ), emissions to air and waste is reported in tonnes, and water is reported in megalitres (ML). For consistency, ratios are calculated on a per tonne of ore milled or per thousand tonnes of ore milled basis.

Table 7: Total energy consumption (GJ)

Site	2022	2021
Dugald River	999,323	930,825
Rosebery	743,655	740,972
Las Bambas	9,862,987	11,008,782
Kinsevere	1,279,561	856,474
MMG Total	**12,885,526**	**13,537,053**

Note: Energy consumption made up of a mix of sources, including diesel, LPG, on grid electricity, explosives and others.

Table 8: Energy consumption (GJ/tonnes milled)

Site	2022	2021
Dugald River	0.54	0.49
Kinsevere	0.54	0.35
Rosebery	0.83	0.72
Las Bambas	0.22	0.23
MMG Total	**0.26**	**0.25**

Table 9: Direct and indirect energy consumption (GJ)

Site and Year	Direct energy consumption	Indirect energy consumption
Dugald River		
2022	235,597	763,726
2021	229,112	701,713
Kinsevere		
2022	788,181	491,380
2021	337,844	518,630
Las Bambas		
2022	6,154,606	3,708,381
2021	6,843,516	4,165,266
Rosebery		
2022	227,649	516,006
2021	239,064	501,907
MMG Total		
2022	**7,406,033**	**5,479,493**
2021	**7,649,536**	**5,887,516**

ESG APPROACH AND PERFORMANCE

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Table 10: Total greenhouse gas emissions (tonnes CO_2-e)

Site and Year	Direct GHG Emissions	Indirect GHG Emissions	Total
Dugald River			
2022	15,771	91,562	107,333
2021	15,492	84,351	99,843
Kinsevere			
2022	54,454	8,599	63,053
2021	22,919	2,593	25,512
Las Bambas			
2022	416,473	206,580	623,053
2021	464,699	201,213	665,912
Rosebery			
2022	15,258	23,662	38,920
2021	16,078	22,983	39,061
MMG Total			
2022	**501,956**	**330,403**	**832,359**
2021	**519,188**	**311,140**	**830,328**

Table 11: Greenhouse gas (GHG) emissions (tonnes CO_2-e/'000 tonnes milled)

Site	2022	2021
Dugald River	58.20	52.78
Kinsevere	26.85	10.42
Rosebery	43.40	38.20
Las Bambas	14.15	13.74
MMG Total	**35.65**	**28.79**

ESG APPROACH AND PERFORMANCE

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Table 12: Air emissions (tonnes)

	2022	2021
Oxides of Nitrogen (NO_x)		
Dugald River	98.5	120
Kinsevere	58,975	31,043
Las Bambas	16,271	23,863
Rosebery	92	98
MMG Total	**75,437**	**55,124**
Oxides of Sulphur (SO_x)		
Dugald River	0	0
Kinsevere	109.8	58.0
Las Bambas	26	33
Rosebery	0	0
MMG Total	**136**	**91.0**
Particulate Matter (PM_{10})		
Dugald River	360	312
Kinsevere	15,715	8,317
Las Bambas	3,606	4,598
Rosebery	328	247
MMG Total	**20,009**	**13,474**
Volatile Organic Compounds (VOCs)		
Dugald River	12	13
Kinsevere	2,853	1,486
Las Bambas	791	1,171
Rosebery	7	7
MMG Total	**3,663**	**2,677**

Table 13: Total hazardous waste (tonnes)

Site	2022	2021
Dugald River	187	235
Kinsevere	79	18
Rosebery	462	617
Las Bambas	2,022	2,076
MMG Total	**2,750**	**2,946**

Table 14: Hazardous waste produced (tonnes/'000 tonnes milled)

Site	2022	2021
Dugald River	0.10	0.12
Kinsevere	0.03	0.01
Rosebery	0.52	0.60
Las Bambas	0.05	0.04
MMG Total	**0.06**	**0.05**

ESG APPROACH AND PERFORMANCE

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Table 15: Total non-hazardous waste (tonnes)

Site	2022	2021
Dugald River	2,434	2,597
Kinsevere	366	208
Rosebery	1,885	2,449
Las Bambas	10,938	31,624
MMG Total	**15,623**	**36,878**

Table 16: Non-hazardous waste produced (tonnes/'000 tonnes milled)

Site	2022	2021
Dugald River	1.32	1.37
Kinsevere	0.16	0.08
Rosebery	2.10	2.40
Las Bambas	0.25	0.65
MMG Total	**0.32**	**0.68**

Table 17: Total water consumption (ML)

Site	2022	2021
Dugald River	2,204	2,557
Kinsevere	4,992	4,544
Rosebery	943	921
Las Bambas	15,224	15,958
MMG Total	**23,363**	**23,980**

Table 18: Total water consumption (ML/'000 tonnes milled)

Site	2022	2021
Dugald River	1.19	1.35
Kinsevere	2.13	1.86
Rosebery	1.05	0.90
Las Bambas	0.35	0.33
MMG Total	**0.48**	**0.45**

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

To the Members of MMG Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of MMG Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 115 to 200, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

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Key audit matters	How our audit addressed the key audit matters
Impairment of goodwill and other non-current assets – Las Bambas	

We identified the impairment of goodwill and other non-current assets for the Las Bambas cash generating unit ("CGU") as a key audit matter due to the significance of these balances in the Group's consolidated statement of financial position. In addition, the estimation of recoverable amount of the Las Bambas CGU involves complex and subjective estimates based on management's judgement of key variables and market conditions such as future commodity prices, future exchange rates, future operating performance, the timing and approval of future capital and operating expenditure, and the discount rate.
 	
As at 31 December 2022, the Las Bambas CGU has segment non-current assets, which mainly comprise of property, plant and equipment and goodwill, details of which are set out in notes 4, 12 and 14 to the consolidated financial statements.
 	
Goodwill is required to be tested for impairment annually. As a result, management completed impairment testing for the Las Bambas CGU as at 31 December 2022. Following management's assessment, no impairment has been recognised for the year ended 31 December 2022.
	Our procedures in relation to the impairment assessment of goodwill and other non-current assets for the Las Bambas CGU included:
	
	• Testing key controls over the valuation of the Las Bambas CGU's non-financial assets and goodwill, including those to determine asset impairments;
	• Working with valuation specialists to:
	  – Evaluate the appropriateness of the model used by management to calculate the fair value less cost of disposal of the Las Bambas CGU;
	  – Assess and challenge the reasonableness of the key assumptions such as forecast commodity prices, discount rates, including country specific risk rates used, and comparing them to external market data;
	  – Review and assess the appropriateness of mining-based assumptions, including dilution and recovery rates, ore grades and ramp-up profiles included within the models; and
	  – Challenge management's sensitivity analysis on key variables (e.g. commodity pricing and discount rate).
	• Analysing the future projected cash flows used in the model to determine whether they are reasonable and supportable given the current macroeconomic climate, the political environment in Peru and the expected future performance of the Las Bambas CGU;
	• Evaluating the competence and objectivity of management's experts who assisted in the valuation, including those who prepared the resource and reserve estimates;
	• Evaluating comparable market transactions that support the valuation of exploration potential value included in the Las Bambas CGU; and
	• Assessing the appropriateness of the related disclosures included in notes 4, 12 and 14 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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Accounting for uncertain tax matters

We identified the accounting for uncertain tax matters as a key audit matter due to the Group's related party relationships and associated tax implications of substantial transactions, the significant judgement involved in the determination of the tax positions and the relevant estimates and assumptions in light of the number of jurisdictions in which the Group operates, including judgement concerning residency of key operations and holding companies, application of transfer pricing rules, the recognition of deferred income tax assets, the taxation impacts of any corporate restructurings and the recognition and measurement of provisions for tax exposures that may arise and associated disclosures.

This gives rise to complexity and uncertainty in respect of the calculation of income taxes and deferred taxation and consideration of contingent liabilities associated with tax years open to audit.

As at 31 December 2022, the Group operates across a number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business, including transfer pricing, indirect taxes, change of taxation laws, and transaction related tax matters as disclosed in notes 3.2(a), 8, 18, 19, 35 and 36 to the consolidated financial statements.

Our procedures in relation to the accounting for uncertain tax matters included:

- Testing key controls relating to the accounting for and the disclosure of tax related transactions and matters;
- Working with tax specialists in Australia, Peru and Democratic Republic of Congo to evaluate the Group's tax obligations, review tax computations of the Group, obtain an understanding of the current status of tax assessments and investigations and to evaluate developments in ongoing tax disputes, if any;
- Assessing the recognition and measurement of any relevant deferred tax assets, deferred tax liabilities and current provisions for tax;
- Reading recent rulings, correspondence with local tax authorities and the advices from management's external tax advisors with the assistance from our tax specialists, to satisfy ourselves that the tax provisions recognised or contingent liabilities disclosed have been appropriately recorded or adjusted to reflect the latest external developments;
- Assessing the Group's related party relationships for any transactions and associated tax implications outside the normal course of business; and
- Assessing the appropriateness of the related disclosures included in notes 3.2(a), 8, 18, 19, 35 and 36 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

CONTINUED

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Tsang Yiu Chung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
7 March 2023

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year Ended 31 December	
	Notes	2022 US$ Million	2021 US$ Million
Revenue	4	3,254.2	4,255.0
Net other income	5	2.4	110.8
Expenses (excluding depreciation and amortisation)	6	(1,721.2)	(1,640.4)
Earnings before interest, income tax, depreciation and amortisation – EBITDA		**1,535.4**	**2,725.4**
Depreciation and amortisation expenses	6	(790.1)	(898.0)
Earnings before interest and income tax – EBIT		**745.3**	**1,827.4**
Finance income	7	15.0	5.4
Finance costs	7	(299.8)	(329.0)
Profit before income tax		**460.5**	**1,503.8**
Income tax expense	8	(217.0)	(583.3)
Profit for the year		**243.5**	**920.5**
Profit for the year attributable to:			
Equity holders of the Company		172.4	667.1
Non-controlling interests		71.1	253.4
		243.5	**920.5**
Earnings per share attributable to equity holders of the Company			
Basic earnings per share	9	US 2.00 cents	US 7.95 cents
Diluted earnings per share	9	US 1.98 cents	US 7.86 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year Ended 31 December	
	2022 US$ Million	2021 US$ Million
Profit for the year	**243.5**	**920.5**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Movement on hedging instruments designated as cash flow hedges	82.1	50.5
Income tax expense relating to cash flow hedges	(26.3)	(16.0)
Item that may not be reclassified to profit or loss		
Remeasurement on the net defined benefit liability	-	1.2
Other comprehensive income for the year, net of income tax	**55.8**	**35.7**
Total comprehensive income for the year	**299.3**	**956.2**
Attributable to:		
Equity holders of the Company	207.3	692.0
Non-controlling interests	92.0	264.2
	299.3	**956.2**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
	Notes	2022 US$ Million	2021 US$ Million
ASSETS			
Non-current assets			
Property, plant and equipment	12	9,509.4	9,763.1
Right-of-use assets	13	111.2	104.6
Intangible assets	14	534.2	537.3
Inventories	17	122.2	80.0
Deferred income tax assets	18	315.7	184.7
Other receivables	19	167.5	161.4
Derivative financial assets	20	113.9	31.8
Other financial assets	21	1.5	1.8
Total non-current assets		**10,875.6**	**10,864.7**
Current assets			
Inventories	17	872.6	602.9
Trade and other receivables	19	342.5	238.0
Current income tax assets		60.5	62.3
Derivative financial assets	20	12.1	0.9
Cash and cash equivalents	22	372.2	1,255.3
Total current assets		**1,659.9**	**2,159.4**
Total assets		**12,535.5**	**13,024.1**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23	3,220.5	3,220.3
Reserves and retained profits	24	(1,081.5)	(1,289.8)
		2,139.0	**1,930.5**
Non-controlling interests	16	2,089.5	1,997.5
Total equity		**4,228.5**	**3,928.0**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONTINUED

		At 31 December	
	Notes	2022 US$ Million	2021 US$ Million
LIABILITIES			
Non-current liabilities			
Borrowings	25	4,209.6	5,639.0
Lease liabilities	26	117.4	112.5
Provisions	27	599.2	532.8
Trade and other payables	28	217.5	164.8
Deferred income tax liabilities	18	1,208.0	1,018.8
Total non-current liabilities		**6,351.7**	**7,467.9**
Current liabilities			
Borrowings	25	1,203.0	659.1
Lease liabilities	26	21.3	18.6
Provisions	27	81.0	217.0
Derivative financial liabilities	20	0.3	4.9
Trade and other payables	28	535.5	451.0
Current income tax liabilities		114.2	277.6
Total current liabilities		**1,955.3**	**1,628.2**
Total liabilities		**8,307.0**	**9,096.1**
Net current (liabilities)/asset		**(295.4)**	**531.2**
Total equity and liabilities		**12,535.5**	**13,024.1**

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

LI Liangang
INTERIM CEO AND EXECUTIVE DIRECTOR

XU Jiqing
NON-EXECUTIVE DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company					
US$ Million	Share Capital	Total Reserves	Retained Profits	Total	Non-Controlling Interests	Total Equity
	(Note 23)	(Note 24)	(Note 24)		(Note 16)	
At 1 January 2022	**3,220.3**	**(1,862.7)**	**572.9**	**1,930.5**	**1,997.5**	**3,928.0**
Profit for the year	-	-	172.4	**172.4**	71.1	**243.5**
Other comprehensive income	-	34.9	-	**34.9**	20.9	**55.8**
Total comprehensive income for the year	**-**	**34.9**	**172.4**	**207.3**	**92.0**	**299.3**
Provision of surplus reserve	-	0.1	(0.1)	**-**	-	**-**
Employee long-term incentives	-	1.1	-	**1.1**	-	**1.1**
Employee share options exercised and vested	0.2	(0.1)	-	**0.1**	-	**0.1**
Total transactions with owners	**0.2**	**1.1**	**(0.1)**	**1.2**	-	**1.2**
At 31 December 2022	**3,220.5**	**(1,826.7)**	**745.2**	**2,139.0**	**2,089.5**	**4,228.5**

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

	Attributable to Equity Holders of the Company					
US$ Million	Share Capital	Total Reserves	(Accumulated Losses)/ Retained Profits	Total	Non-Controlling Interests	Total Equity
	(Note 23)	(Note 24)	(Note 24)		(Note 16)	
At 1 January 2021	**2,917.6**	**(1,917.7)**	**(63.5)**	**936.4**	**1,733.3**	**2,669.7**
Profit for the year	-	-	667.1	**667.1**	253.4	**920.5**
Other comprehensive income	-	24.9	-	**24.9**	10.8	**35.7**
Total comprehensive income for the year	**-**	**24.9**	**667.1**	**692.0**	**264.2**	**956.2**
Provision of surplus reserve	-	30.8	(30.8)	**-**	-	**-**
Issue of shares, net of share issue costs	299.0	-	-	**299.0**	-	**299.0**
Employee long-term incentives	-	1.0	-	**1.0**	-	**1.0**
Employee share options exercised and vested	3.7	(1.6)	-	**2.1**	-	**2.1**
Employee share options lapsed	-	(0.1)	0.1	**-**	-	**-**
Total transactions with owners	**302.7**	**30.1**	**(30.7)**	**302.1**	**-**	**302.1**
At 31 December 2021	**3,220.3**	**(1,862.7)**	**572.9**	**1,930.5**	**1,997.5**	**3,928.0**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year Ended 31 December 2022 US$ Million	2021 US$ Million
Cash flows from operating activities			
Receipts from customers		3,402.1	4,689.1
Payments to suppliers and employees		(2,319.9)	(2,029.0)
Payments for exploration expenditure		(30.8)	(21.3)
Income tax paid		(268.0)	(41.1)
Net settlement of commodity hedges		48.7	(46.2)
Net cash generated from operating activities	29	**832.1**	**2,551.5**
Cash flows from investing activities			
Purchase of property, plant and equipment	29	(564.5)	(569.7)
Purchase of intangible assets		(1.7)	(4.1)
Proceeds from disposal of subsidiary		27.5	-
Proceeds from disposal of property, plant and equipment		-	0.1
Net cash used in investing activities		**(538.7)**	**(573.7)**
Cash flows from financing activities			
Proceeds from issue of shares		-	302.1
Payment of issue costs		-	(3.1)
Proceeds from external borrowings	25	500.0	-
Repayments of external borrowings	25	(1,491.4)	(930.3)
Proceeds from related party borrowing	25	200.0	270.0
Repayments of related party borrowing	25	(100.0)	(230.0)
Net settlement of interest rate swap		17.9	(6.8)
Proceeds from shares issued upon exercise of employee share options		0.1	2.1
Repayment of lease liabilities	26	(31.2)	(33.4)
Interest and financing costs paid on external borrowings		(182.2)	(179.1)
Interest and financing costs paid on related party borrowings		(95.6)	(99.9)
Withholding taxes paid in respect of financing arrangements		(9.1)	(9.5)
Interest received		15.0	2.7
Net cash used in financing activities		**(1,176.5)**	**(915.2)**
Net (decrease)/increase in cash and cash equivalents		**(883.1)**	**1,062.6**
Cash and cash equivalents at 1 January		1,255.3	192.7
Cash and cash equivalents at 31 December	22	**372.2**	**1,255.3**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

The consolidated financial statements for the year ended 31 December 2022 are presented in United States dollars ("US$") unless otherwise stated and were approved for issue by the Board of Directors of the Company (the "Board") on 7 March 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") – a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These consolidated financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities at fair value through profit or loss and through other comprehensive income, which are measured at fair value.

The preparation of consolidated financial statements in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

(a) Going Concern

The consolidated 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 continues to closely monitor 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.

As at 31 December 2022, the Group had net current liabilities of US$295.4 million (31 December 2021: net current assets of US$531.2 million) and cash and cash equivalents of US$372.2 million (31 December 2021: US$1,255.3 million). For the year ended 31 December 2022, the Group generated a net profit of US$243.5 million (2021: US$920.5 million) and operational cash flows of US$832.1 million (2021: US$2,551.5 million).

Cash flow forecasts, include an allowance for the intermittent disruption at Las Bambas, drawdowns from existing and new credit facilities and the successful extension of revolving credit facilities. With the inclusion of these assumptions, the Group will have sufficient liquidity to meet its operational, existing contractual debt service and capital expenditure requirements for the 12 month period from the approval of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

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

- At 31 December 2022, total cash and cash equivalents of US$372.2 million (2021: US$1,255.3 million) were held by the Group;
- The Group has a number of undrawn facilities:
  - A US$650.0 million undrawn Revolving Credit Facility ("RCF") of US$800.0 million from external banks which is due to expire in October 2023(Note31.1(e));
  - A US$150.0 million undrawn RCF from Album Enterprises Limited US$350 million shareholder loan is due to expire in August 2023 (Note31.1(e));
  - An undrawn debt facility of US$300.0 million with ICBC. The maturity for this credit facility is December 2023(Note31.1(e)). If required, the Group intends to consult with the bank to increase and extend the facility;
  - The Group is finalising documentation with external banks for a new US$425.0 million RCF, of which US$275 million is with BOC and US$150.0 million with ICBC. These new facilities have received the respective banks' credit approval; and
  - An additional RCF of US$100 million to US$200 million if required, the negotiations are on-going with other lenders.
- The Group's major shareholder, China Minmetals Non-ferrous Metals Co., Ltd ("CMN") remains committed to supporting the Group. During the year, CMN provided the following support:
  - In July 2022, a working capital facility of US$350.0 million was provided by Album Enterprises Limited (a subsidiary of CMN) with an option to extend for additional 12 months if required;
  - In December 2022, US$400.0 million of the US$700.0 million borrowing from Top Create Resources Limited ("Top Create") (a subsidiary of CMN) which was due in 2023 was deferred to 2026; and
  - In respect of the Kinsevere Expansion Project (KEP) project, the Group is finalising the loan agreement to receive an additional project facility of up to $300 million from Top Create.

In the event that forecast cash flow is not achieved or if existing or new debt facilities are insufficient or not obtained in a timely manner, the Group has the ongoing support of its major shareholder, CMN. Support to the Group may be in the form of providing additional debt facilities, deferral of debt service and repayment obligations in relation to existing shareholder loans from CMN, early payments for shipments of commodity or through further equity contributions.

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

(b) Amendments to existing standards effective and adopted in 2022 with no significant impact to the Group

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

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

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

The Group has not early adopted the following new standards and amendments to standards that have been issued but are not effective for financial year 2022. The Group does not expect them to have material impact to the Group's financial results.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1	Non-current liabilities with Covenant[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or 1 January 2024.

2.2 Consolidation

(a) Acquisition method of accounting for non-common control combination

The Group applies the acquisition method of accounting to account for business combinations other than common control combinations. The purchase consideration for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The purchase consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiaries. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, which is the date on which control is obtained. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

The excess of purchase consideration, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired are recorded as goodwill. If the total of purchase consideration, non-controlling interest recognised and previously held interest measured are less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

(b) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when it has existing rights to direct the relevant activities that significantly affect the entity's returns. The subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

(c) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint arrangement or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of the investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee of the Company.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (functional currency). The functional currency of the Company is US dollars (US$), which is also the presentation currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or reporting date where monetary items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the consolidated statement of profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.5 Property, plant and equipment

Cost

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss, if any. The cost of those items are measured in accordance with the measurement requirements of HKAS 2. The cost of property, plant and equipment includes the estimated cost of mine rehabilitation, restoration and dismantling.

Depreciation and amortisation

The major categories of property, plant and equipment are depreciated over the estimated useful lives of the assets on a unit of production or reducing balance basis as indicated below. The useful lives below are subject to the lesser of the asset categories' useful life and the life of the mine:

- Freehold land – Not depreciated or unit of production (tonnes mined) as applicable;
- Buildings – straight line over the useful life of the asset as applicable which do not exceed 40 years;
- Plant and machinery – Units-of-production (tonnes mined or milled) or straight line over the useful life of the asset as applicable which does not exceed 20 years;
- Plant and machinery (other) – Straight line 2-15 years;
- Mine property and development assets – Units-of-production (tonnes mined, milled, or metal produced);
- Exploration and evaluation assets – Not depreciated; and
- Construction in progress – Not depreciated.

Depreciation and amortisation commence when an asset is available for use.

The units-of-production method is applied based on assessments of proven and probable Ore Reserves and a portion of Mineral Resources available to be mined or processed by the current production equipment to the extent that such resources are considered to be economically recoverable. Resource and Reserves estimates are reviewed annually.

(a) Exploration and evaluation assets

Exploration and evaluation activities include expenditure to identify potential Mineral Resources, determine the technical feasibility and assess the commercial viability of the potential Mineral Resources.

Exploration and evaluation costs that are incurred before the Group has obtained the legal right to explore an area, or are incurred up to and including the pre-feasibility phase, are recognised in the consolidated statement of profit or loss. Subsequent exploration and evaluation costs are capitalised as exploration and evaluation asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Exploration and evaluation costs that relate to an area of interest acquired as part of an asset acquisition or business combination are capitalised and the exploration and evaluation asset is measured at fair value on acquisition.

Exploration and evaluation assets are treated as tangible assets and classified as part of property, plant and equipment. As the assets are not yet ready for use they are not depreciated.

Exploration and evaluation assets are carried forward if the rights to the area of interest are current and the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by the sale of the asset. Exploration and evaluation assets shall no longer be classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

The assets are monitored for indications of impairment and an assessment is performed where an indicator of impairment exists. For the purpose of the impairment testing, exploration and evaluation assets are allocated to cash-generating units (CGU) to which the exploration activity relates.

Once the technical feasibility and commercial viability of the development of an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

(b) Development expenditure

The following assets are classified directly as mine property and development assets from the commencement of development:

- Mineral rights balances representing identifiable exploration and evaluation assets including Mineral Resources and Ore Reserves acquired as part of a business combination and recognised at fair value at the date of acquisition; and
- Mine rehabilitation, restoration and dismantling assets.

All subsequent expenditure to develop the mine to the production phase is capitalised and classified as construction in progress. On completion of development, construction in progress balances are reclassified to land and buildings, plant and machinery or mine property and development categories of property, plant and equipment as appropriate.

(c) Overburden and waste removal

Overburden and other waste removal costs incurred in the development phase of a mine before production commences are initially capitalised as part of construction in progress. At the completion of development, costs are transferred to the mine property and development category of property, plant and equipment.

The Group defers a portion of waste removal costs incurred during the production phase of an open-pit operation as part of determining the cost of inventories. Current period waste mining expenses are allocated between current period inventory and deferred waste assets based on the ratio of waste tonnes mined to ore tonnes mined (waste to ore ratio). The amount of deferred waste asset is calculated for each separate component of the ore body identified based on mine plans. Current period expenses are deferred to the extent that the current period waste to ore ratio exceeds the life-of-mine waste to ore ratio for the identified component of ore body. Deferred waste assets are categorised in the mine property and development category of property, plant and equipment and are amortised over the life of the component on a units-of-production basis. Changes to estimates are accounted for prospectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(d) Other expenditure

When further development expenditure is incurred in respect of the mine property after the commencement of the production phase, or additional property, plant and equipment are acquired, such expenditure is capitalised and carried forward only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Major spare parts are carried as property, plant and equipment when an entity expects to use them during more than one period or when they can be used only in connection with an item of property, plant and equipment. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the consolidated statement of profit or loss during the accounting period in which they are incurred.

(e) Disposal of property, plant and equipment

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and the carrying amount of the asset is recognised as a gain or loss in the consolidated statement of profit or loss within other income.

2.6 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the purchase consideration over the interest of the Group in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the non-controlling interest in the acquiree.

Goodwill is not amortised and is tested for impairment annually (refer to Note 2.7). For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the acquisition. Each unit or group of units to which the goodwill is allocated, represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(b) Software development

Development costs that are directly attributable to the design, testing and deployment of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs include direct materials, employee costs, services and an appropriate portion of relevant overheads.

Other development expenditure that does not meet these criteria and costs associated with maintaining computer software programs is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Software development assets are amortised over their estimated useful lives, which do not exceed seven years.

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2.7 Impairment of non-financial assets

All intangible assets that have an indefinite useful life, for example goodwill, or are not ready for use are tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment.

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and value in use of an asset. For the purposes of impairment assessment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Any impairment loss related to goodwill is recognised immediately as an expense and is not subsequently reversed. Any impairment loss related to non-financial assets other than goodwill is reviewed and may be reversed at subsequent reporting dates. A reversal of previously recognised impairment loss is limited to the lesser of the amount that would not cause the carrying amount to exceed its recoverable amount or the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised.

2.8 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(a) Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from COVID-19 related rent concessions in which the Group applied the practical expedient.

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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Right-of-use assets in which the Group are reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

(b) Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate ("IBR") at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in rental rates, in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

(c) Lease modifications

The Group is allowed to apply the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use assets arising from the head lease, not with reference to the underlying assets.

2.9 Financial assets

Classification

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

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

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

(a) Amortised cost

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

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

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

Recognition and measurements

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

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the consolidated statement of profit or loss within expenses in the period in which they arise. The net gain or loss recognised in profit or loss arising from changes in the fair value of the financial assets at fair value through profit or loss excludes any dividend income. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of profit or loss as part of other income when the right

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of the Group to receive payment is established, the Group is probable to obtain the economic benefits associated with it and the amount can be measured reliably.

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

Impairment of financial assets
The Group applies an expected credit loss ("ECL") approach in respect of receivables classified as financial assets at amortised cost, which is assessed on an individual basis for each counterparty at the end of each reporting period where relevant. The Group reviews credit risk with respect to the counterparty, likelihood or risk of default and forward-looking reasonable and supportable documentation in assessing a loss allowance for the respective financial asset at the end of each reporting period. The Group's consideration of credit risk takes into account, among other things, the instrument type, credit risk rating, date of initial recognition, remaining term to maturity and geographical location of the debtor. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Credit loss is measured at the present value of such difference in cash flows, discounted using the effective interest rate determined at initial recognition. The Group measures the loss allowance equal to 12-month ECL ("12m ECL"). In the event when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(c) Derivative financial instruments and hedge accounting
For the year ended 31 December 2022, the Group has held derivative financial instruments, all of which have been detailed in note 31.1 (a) and note 31.1 (b). 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.

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.

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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 Group adopted the Phase 1 and Phase 2 amendments for the Interest Rate Benchmark Reform—Amendments to HKFRS 9/ HKAS 39 and HKFRS 7. Applying Phase 1 amendments, the Group will continue hedge accounting 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 cumulative gain or loss from designated cash flow hedges that are subject to interest rate benchmark reform will retain in the cash flow hedge reserve; Applying Phase 2 amendments, the Group will 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.

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. When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'finance income' or 'finance costs' line item for a financing hedge (e.g., an interest rate swap) or 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'; cashflow resulting from financing hedge (e.g., an interest rate swap) is part of 'financing activities'.

2.10 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected loss is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

2.11 Inventories

Inventories comprise raw materials, stores and consumables, work in progress and finished goods. Inventories are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

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Costs are assigned to individual items of inventory based on weighted average costs. Costs include the costs of direct materials, overburden removal, mining, processing, labour, related transportation costs to the point of sale, an appropriate proportion of related production overheads, mine rehabilitation costs incurred in the extraction process and other fixed and variable costs directly related to mining activities. They exclude borrowings costs.

2.12 Trade and other receivables

Trade receivables are recognised initially at transaction price and subsequently measured at fair value through profit or loss. The terms of sales contracts with third parties contain provisional pricing arrangements whereby the selling price for contained metal is based on prevailing spot prices during a specified future date range after shipment to the customer (quotation period). In case of such provisional pricing arrangements, the Group re-estimates the fair value of the final sales price adjustment continually by reference to forward market prices. Related trade receivable balances are recognised at fair value through profit and loss. Refer to Note 2.20 for details.

Other receivables are measured at amortised cost using the effective interest method, less provision for impairment. If collection of trade and other receivables is expected in one year or less, trade and other receivables are classified as current assets. If not, they are presented as non-current assets.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2.13 Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- cash, which comprises of cash on hand and deposits held at call with banks, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- cash equivalents, which comprises of short-term highly liquid investments with original maturities of three months or less. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

2.14 Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(a) Financial liabilities

Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

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Borrowings are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(b) Equity instruments

Equity instruments are any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Subsequent to initial recognition, the equity instrument is not remeasured. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Mine rehabilitation, restoration and dismantling obligations

Provisions are made for the estimated cost of rehabilitation, restoration and dismantling relating to areas disturbed during the mine's operations up to the reporting date but not yet rehabilitated. Provision has been made in full for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of recontouring, top soiling and revegetation to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Uncertainty exists as to the amount of rehabilitation obligations that will be incurred due to the impact of changes in environmental legislation, and many other factors, including future developments, changes in technology, price increases and changes in interest rates. The amount of the provision relating to mine rehabilitation, restoration and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time.

The provision is recognised as a liability, separated into current (estimated expenditure arising within 12 months) and non-current components, based on the expected timing of these cash flows. A corresponding asset is included in mine property and development assets, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity, otherwise a corresponding expense is recognised in the profit or loss. The capitalised cost of this asset is recognised in property, plant and equipment and is amortised over the life of the mine.

At each reporting date, the rehabilitation liability is remeasured in line with changes in discount rates, and timing or amounts of the costs to be incurred. Rehabilitation, restoration and dismantling provisions are adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence considering the significant judgements and estimates involved. Changes in the liability relating to mine rehabilitation, restoration and dismantling obligations are added to or deducted from the related asset (where it is probable that future economic benefits will flow to the entity), other than the unwinding of discount on provisions, which is recognised as a finance cost in the consolidated statement of profit or loss. Changes to capitalised cost result in an adjustment to future depreciation charges.

The provisions referred to above do not include any amounts related to remediation costs associated with unforeseen circumstances.

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2.16 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

A provision is recognised for the amount expected to be paid under short-term or long-term bonus entitlements if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the Director or employee and the obligation can be estimated reliably.

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the limited circumstances where no reliable estimate can be made.

2.17 Current and deferred income tax

The tax expense recognised for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or subsequently enacted at the reporting date in the jurisdictions or where a stability agreement is applicable where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date or where a stability agreement is applicable and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention and agreement with tax authorities to settle the balances on a net basis.

Tax consolidation – Australia

The majority of the Australian subsidiaries of the Company are an income tax consolidated group and are taxed as a single entity. MMG Australia Limited is the head company of the Australian tax consolidated group.

The subsidiaries in the Australian tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone tax payer in its own right. In addition to its own current and deferred tax amounts, the head entity recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the other entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements between entities within the tax consolidated group entities are utilised as amounts receivable from or payable to other entities within the tax consolidated group.

2.18 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.19 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they are accrued by employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations – defined contribution plans

Arrangements for staff retirement benefits are made in accordance with local regulations and customs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

(c) Long-term employee benefits

Long-term employee benefit obligations are measured at the present value of expected future payments to be made. Long-term benefits include post-employment defined benefit plan in Democratic Republic of the Congo ("DRC") and long service leave in Australia.

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Post-employment defined benefit plan

Defined benefit obligation under the plan is measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method and recorded as non-current liabilities. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Consideration is given to expected future salary increase and historic attrition rates. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments are recognised as past service costs. Current and past service costs related to post-employment benefits are recognised immediately in the consolidated statement of profit and loss while unwinding of the liability at discount rates used are recorded as financial cost.

Long service leave

Long service leave is a period of paid leave granted to an employee in recognition of a long period of service to an employer. The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. The Group applies simplified method of accounting as required by HKAS 19 Employee Benefits and all past service costs and actuarial gains and losses (where applicable) are recognised immediately.

(d) Share-based compensation to employees

The Group operates multiple equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options or performance shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options/performance shares granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability and remaining employees of the entity over a specified period). Non-market vesting conditions are included in assumptions about the number of options/performance shares that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the Group revises its estimates of the number of options/performance shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated statement of profit or loss with a corresponding adjustment to equity.

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The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Options which lapse or are cancelled prior to their exercisable date are deleted from the register of outstanding options and the amount previously recognised in share-based payment reserve will be transferred to retained profits.

2.20 Revenue recognition

Revenue is recognised when persuasive evidence of an arrangement exists, usually in the form of an executed sales agreement, indicating there has been a transfer of control and completion of distinctive performance obligations separately identified by the Group. Factors which indicate transfer of control include, but are not limited to, transfer of risk and reward, transfer of legal title to customer and a present right to payment.

Transaction price under the sales agreement is allocated to the various performance obligations under the relevant sales agreement and revenue is recognised in line with satisfaction of each performance obligation.

Revenue is presented net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

(a) Sale of goods

Sale of goods is recognised upon transfer of control, which for majority of the products is the bill of lading date when the commodity is delivered for shipment, or in case of bill-and-hold arrangements, once a holding and title certificate is issued to the buyer together with the invoice. Depending on various incoterms associated with the sales agreement, the Group may have other performance obligations such as shipping service. Revenue may be allocated to various performance obligations and is recognised for each performance obligation as such obligations are fulfilled. Allocation of transaction price to other performance obligations (e.g. shipping services) is based on best estimate of a similar stand-alone service.

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

Price adjustments in case of provisionally priced sales

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

Changes in fair value of provisionally priced sales

The terms of sales contracts with third parties contain provisional pricing arrangements whereby the initial selling price (provisional price) for contained metal is based on prevailing spot prices before the shipment to the customer (provisional quotational period). Adjustment to the provisional price occurs based on movements in quoted market prices up to the completion of a specific future date range (quotational period). The period between provisional invoicing and quotational period completion is typically between 0 and 120 days.

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

Payment from customers is due within 2-30 working days of receiving the provisional invoicing and any adjustments as per the final invoice are payable in 2-30 working days.

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(b) Interest and dividend income

Interest income is recognised on a time-proportion basis, using the effective interest method. Dividend income is recognised when right to receive dividend is established.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders or the Board, as appropriate.

2.22 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made estimates and judgements that affect the application of the Group's accounting policies. Estimates and judgements are reviewed on an ongoing basis based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.1 Estimates

(a) Mine rehabilitation, restoration and dismantling obligations

Provision is made for the anticipated costs of future restoration, rehabilitation and dismantling of mining areas from which natural resources have been extracted in accordance with the accounting policy in Note 2.15. These provisions include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues. These future cost estimates are discounted to their present value. The calculation of these provision estimates requires assumptions such as the application of environmental legislation, the scope and timing of planned activities, available technologies, engineering cost estimates and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine rehabilitation, restoration and dismantling provisions. For non-operating sites, changes to estimated costs are recognised immediately in the consolidated statement of profit or loss.

(b) Mineral Resources and Ore Reserves estimates

The estimated quantities of economically recoverable Mineral Resources and Ore Reserves are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported Reserves and Resources estimates can impact the carrying value of property, plant and equipment through depreciation, provisions for mine rehabilitation, restoration and dismantling obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the consolidated statement of profit or loss. The changes are effective from next financial year following Board approval of the revised Reserves and Resources estimates.

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(c) Inventory valuation

Accounting for inventory involves the use of estimates. Such estimates include determination of the net realisable value of inventory (refer Note 2.11). Net realisable value is estimated based on expected selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale. Management utilises the mine plan of the respective operations in order to estimate the net realisable value. Where the net realisable value is lower than the cost of inventory, the inventory value is reduced to reflect such difference. In particular, the lower grade ore inventory is generally susceptible to such value reduction. A change in assumptions may result in the net realisable value estimate to vary significantly, thereby impacting the overall inventory valuation.

(d) Recoverability of non-financial assets

The recoverable amount of each of the Group's cash-generating units is determined as the higher of the asset's fair value less costs of disposal and its value in use in accordance with the accounting policy in Notes 2.7 and 12. These calculations require the use of estimates and assumptions including discount rates, exchange rates, commodity prices, exploration potential, future capital requirements and future operating performance.

(e) Deferral of waste removal costs

The Group defers a portion of waste removal costs incurred during the production phase of an open-pit operation as part of determining the cost of inventories. The amount of deferred waste asset is calculated for each separate component of the ore body as identified by management based on mine plans.

(f) Depreciation and amortisation

The Group allocates the depreciable amount of assets on a systematic basis over the relevant asset's useful life. Refer to Note 2.5 where depreciation methods and useful life estimates for major classes of assets has been disclosed. The estimation of the useful life of the asset is a matter of management judgement and changes in such estimation can result in material impact to the current and future depreciation and amortisation expenses. As per Group's policy, the depreciation method is re-assessed periodically and changes are made where management believes that such changes in depreciation method or useful life estimate are required to better reflect the pattern of consumption of economic benefits embodied in the asset.

3.2 Judgements

(a) Taxes

The Group is subject to tax in a number of jurisdictions. Some of these are in countries that carry higher levels of sovereign risk. Management continually assesses the levels of sovereign risk in determining whether political and administrative changes and reforms in laws, regulations or taxation may impact the Group's future performance.

Significant judgement is required in determining the tax position and the estimates and assumptions in relation to the provision for taxes and the recovery of tax assets, having regard to the nature and timing of their origination and compliance with the relevant tax legislation. There are some tax matters for which the ultimate tax determination is uncertain during the ordinary course of business, which could have a significant impact on the Group. Where the final outcome of pending tax matters is different from the amounts that were initially recognised, such differences will impact the balances in the accounting period in which such determination is made. Also refer to Note 35 in respect of tax matters with uncertain outcomes, which could result in further claims in future against the Group.

A number of above-mentioned tax matters exist at Las Bambas which is also currently subject to multiple audits and reviews by the Peruvian taxation authority in relation to value added taxes ("VAT"), withholding taxes and income taxes. Some of these tax matters relate to Glencore plc's period of ownership and may be subject to potential indemnity claims. At 31 December 2022, the Group had certain indemnity claims in court against Glencore plc and its subsidiaries ("Glencore"). These matters remain ongoing in the judicial process.

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For some of the tax matters under audit in Peru, Minera Las Bambas S.A ("MLB") may appeal and not pay the assessed amount if unfavourable assessment resolutions were ultimately issued, or make judgements as to the timing of payments in relation to these matters. The timing of resolution and potential economic outflow of the unresolved tax matters are uncertain. Some of these uncertain tax matters are either incapable of being measured reliably or there is remote possibility of economic outflow at the reporting date. As such, no provision has been reflected in the consolidated financial statements for those tax matters.

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

(b) Leases

Certain contracts require management to exercise judgement in applying HKFRS 16 requirements to determine whether an identified asset exists for which the Group utilises substantially all the economic benefits and whether the Group may have a right to use or direct use of that asset. Management conclusion as to whether a lease component exists or not in any given contract may thus be subjective.

4. SEGMENT INFORMATION

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

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

The Group's reportable segments are as follows:

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

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

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

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The segment revenue and results for the year ended 31 December 2022 are as follows:

	For the Year Ended 31 December 2022					
US$ Million	Las Bambas	Kinsevere	Dugald River	Rosebery	Other Unallocated Items/ Eliminations	Group
Revenue by metal:						
-Copper[1]	1,795.9	421.5	-	8.6	1.7	2,227.7
-Zinc[2]	-	-	417.9	129.2	-	547.1
-Lead	-	-	38.1	34.8	-	72.9
-Gold	105.7	-	-	45.8	-	151.5
-Silver	66.0	-	28.3	41.5	-	135.8
-Molybdenum	119.2	-	-	-	-	119.2
Revenue from contracts with customers	**2,086.8**	**421.5**	**484.3**	**259.9**	**1.7**	**3,254.2**
EBITDA	**1,121.9**	**131.7**	**210.2**	**98.6**	**(27.0)**	**1,535.4**
Depreciation and amortisation expenses (Note 6)	(665.7)	(27.8)	(57.7)	(46.9)	8.0	(790.1)
EBIT	**456.2**	**103.9**	**152.5**	**51.7**	**(19.0)**	**745.3**
Finance income (Note 7)						15.0
Finance costs (Note 7)						(299.8)
Income tax expense (Note 8)						(217.0)
Profit for the year						**243.5**
Other segment information:						
Additions to non-current assets (excluding deferred tax assets, inventories and financial instruments)	354.4	44.8	59.1	52.3	38.3	**548.9**

The segment assets and liabilities at 31 December 2022 are as follows:

	At 31 December 2022					
US$ Million	Las Bambas	Kinsevere	Dugald River	Rosebery	Other Unallocated Items/ Eliminations	Group
Segment assets[3]	**10,275.6**	**539.6**	**654.3**	**276.1**	**413.7**	**12,159.3**
Current/deferred income tax assets						376.2
Consolidated assets						**12,535.5**
Segment liabilities[4]	**3,965.4**	**240.2**	**358.4**	**175.4**	**2,245.4**	**6,984.8**
Current/deferred income tax liabilities						1,322.2
Consolidated liabilities						**8,307.0**
Segment non-current assets	**9,231.8**	**387.6**	**583.1**	**245.3**	**427.8**	**10,875.6**

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The segment revenue and results for the year ended 31 December 2021 are as follows:

	For the Year Ended 31 December 2021					
US$ Million	**Las Bambas**	**Kinsevere**	**Dugald River**	**Rosebery**	**Other Unallocated Items/ Eliminations**	**Group**
Revenue by metal:						
-Copper[1]	2,595.4	437.3	-	13.9	3.8	3,050.4
-Zinc[2]	-	-	414.2	161.6	-	575.8
-Lead	-	-	39.5	49.8	-	89.3
-Gold	107.1	-	-	66.9	0.4	174.4
-Silver	91.6	-	29.2	73.0	0.2	194.0
-Molybdenum	171.1	-	-	-	-	171.1
Revenue from contracts with customers	**2,965.2**	**437.3**	**482.9**	**365.2**	**4.4**	**4,255.0**
EBITDA	**2,047.3**	**137.6**	**212.7**	**203.3**	**124.5**	**2,725.4**
Depreciation and amortisation expenses (Note 6)	(732.8)	(29.1)	(59.8)	(79.7)	3.4	(898.0)
EBIT	**1,314.5**	**108.5**	**152.9**	**123.6**	**127.9**	**1,827.4**
Finance income (Note 7)						5.4
Finance costs (Note 7)						(329.0)
Income tax expense (Note 8)						(583.3)
Profit for the year						**920.5**
Other segment information:						
Additions to non-current assets (excluding deferred tax assets, inventories and financial instruments)	451.3	23.5	47.5	37.3	2.0	**561.6**

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

	At 31 December 2021					
US$ Million	**Las Bambas**	**Kinsevere**	**Dugald River**	**Rosebery**	**Other Unallocated Items/ Eliminations**	**Group**
Segment assets[3]	**10,876.2**	**489.7**	**651.1**	**271.1**	**489.0**	**12,777.1**
Current/deferred income tax assets						247.0
Consolidated assets						**13,024.1**
Segment liabilities[4]	**4,642.9**	**262.4**	**368.1**	**180.5**	**2,345.8**	**7,799.7**
Current/deferred income tax liabilities						1,296.4
Consolidated liabilities						**9,096.1**
Segment non-current assets	**9,438.0**	**322.8**	**581.5**	**240.0**	**282.4**	**10,864.7**

1 Commodity derivative realised and unrealised net gains with a total amount of US$58.2 million (2021: US$23.4 million) were included in "Revenue" of copper.
2 Commodity derivative realised and unrealised net gains with a total amount of US$14.4 million (2021: net losses of US$16.4 million) were included in "Revenue" of Zinc.
3 Included in segment assets of US$413.7 million (2021: US$489.0 million) under the other unallocated items is cash of US$171.7 million (2021: US$353.2 million) mainly held in the Group treasury entities and US$102.9 million trade receivables (2021: nil) for MMG South America Company Limited ("MMG SA") in relation to copper concentrate sales.
4 Included in segment liabilities of US$2,245.4 million (2021: US$2,345.8 million) under the other unallocated items are borrowings of US$2,160.9 million (2021: US$2,265.6 million), which are managed at the Group level.

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5. NET OTHER INCOME

	2022 US$ Million	2021 US$ Million
Loss on disposal of property, plant and equipment	(9.0)	(2.3)
Century Bank guarantee liability reduction[1]	-	136.3
Sundry income /(expense)	11.4	(23.2)
Total net other income	**2.4**	**110.8**

1 In 2017, the Group sold the assets and infrastructure associated with Century Mine. As part of the sales terms, the Group agreed to provide a bank guarantee facility against which a provision was recognised by the Group given the risk associated with providing such guarantee at the time. The provision has since been reduced in line with reduced bank guarantee levels. In 2021, New Century Resources Limited ("New Century") announced an undertaking of equity raise and replacement of the Group's bank guarantee. The bank guarantee has now been reduced to nil, and consequently, the Group has reversed the provision in relation to such bank guarantee in 2021.

6. EXPENSES

Profit before income tax includes the following expenses:

	2022 US$ Million	2021 US$ Million
Changes in inventories of finished goods and work in progress	(298.2)	(182.8)
Write-down of inventories to net realisable value	3.3	1.8
Employee benefit expenses[1]	277.9	260.9
Contracting and consulting expenses[3]	529.1	452.8
Energy costs	305.4	213.5
Stores and consumables costs	422.9	387.3
Depreciation and amortisation expenses[2]	773.8	873.7
Other production expenses[3]	165.5	135.6
Cost of goods sold	**2,179.7**	**2,142.8**
Other operating expenses	41.0	52.4
Royalty expenses	116.4	153.2
Selling expenses[3]	119.3	107.1
Total operating expenses including depreciation and amortisation[4]	**2,456.4**	**2,455.5**
Exploration expenses[1,2,3]	30.8	21.3
Administrative expenses[1,3]	16.0	20.8
Auditors' remuneration	1.7	1.5
Foreign exchange (gain)/loss – net	(6.6)	7.4
Loss/(gain) on financial assets at fair value through profit or loss	0.3	(0.1)
Other expenses[1,2,3]	12.7	32.0
Total expenses	**2,511.3**	**2,538.4**

1 In aggregate US$44.0 million (2021: US$45.4 million) employee benefit expenses by nature is included in the administrative expenses, exploration expenses, and other expenses categories. Total employee benefit expenses were US$321.9 million (2021: US$306.3 million) (Note 11).
2 In aggregate US$16.3 million (2021: US$24.3 million) depreciation and amortisation expenses are included in exploration expenses and the other expenses category. Total depreciation and amortisation expenses were US$790.1 million (2021: US$898.0 million).
3 The expense under these categories include certain amounts in respect of lease and non-lease contracts which were not recognised as right-of-use assets on the consolidated statement of financial position following the guidance as per HKFRS 16 or where the contracts were low value for a lease assessment under HKFRS 16 requirements. Expenditure in respect of such contracts assessed as leases but which did not qualify for recognition as right-of-use assets included US$87.8 million (2021: US$65.4 million) in respect of variable lease payments contracts and, US$1.0 million (2021: US$7.1 million) and US$1.3 million (2021: US$1.4 million) for short-term and low-value lease contracts, respectively.
4 Operating expenses include mining and processing costs, royalties, selling expenses (including transportation) and other costs incurred by operations.

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7. FINANCE INCOME AND FINANCE COSTS

	2022 US$ Million	2021 US$ Million
Finance income		
Interest income	15.0	5.4
Finance income - total	**15.0**	**5.4**
Finance costs		
Interest expense - 3rd party	(166.8)	(185.4)
Interest expense - related party (Note 30(a))	(96.1)	(95.3)
Withholding taxes in respect of financing arrangements	(10.3)	(9.0)
Unwinding of discount on lease liabilities	(11.8)	(12.8)
Unwinding of discount on provisions	(13.4)	(9.7)
Other finance refund/(cost) - 3rd party	0.1	(15.1)
Other finance cost - related party (Note 30(a))	(1.5)	(1.7)
Finance costs – total	**(299.8)**	**(329.0)**

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8. INCOME TAX EXPENSE

Hong Kong profits tax is provided at a rate of 16.5 per cent where there are net assessable profits derived for the year. The income tax rates applicable for the main jurisdictions in which the Group operates are: Australia (30.0 per cent), Peru (32.0 per cent) and the DRC (30.0 per cent). Tax rates for some jurisdictions are covered by historical legal agreements with governments. Taxation on profits arising from other jurisdictions has been calculated on the estimated assessable profits for the year at the rates prevailing in the relevant jurisdictions.

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

	2022 US$ Million	2021 US$ Million
Current income tax expense		
– HK income tax	(2.6)	-
– Overseas income tax	(182.5)	(391.8)
Deferred income tax expense		
– HK income tax	(1.0)	-
– Overseas income tax	(30.9)	(191.5)
Income tax expense	**(217.0)**	**(583.3)**

The deferred income tax expense relating to items of other comprehensive income is US$26.3 million (2021: US$16.0 million) and it is included in other comprehensive income.

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

	2022 US$ Million	2021 US$ Million
Profit before income tax	460.5	1,503.8
Calculated at domestic tax rates applicable to profits or losses in the respective countries	(128.5)	(460.0)
Net non-deductible amounts	(33.4)	(66.7)
Under-provision in prior years	(2.5)	(1.1)
Non-creditable withholding tax	(52.8)	(52.7)
Others	0.2	(2.8)
Income tax expense	**(217.0)**	**(583.3)**

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9. EARNINGS PER SHARE

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

Diluted earnings per share are 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.

	2022 US$ Million	2021 US$ Million
Earnings attributable to equity holders of the Company in the calculation of basic and diluted earnings per share	**172.4**	**667.1**

	Number of Shares '000	
	2022	2021
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	8,639,618	8,392,739
Shares deemed to be issued in respect of long-term incentive equity plans	57,552	94,545
Weighted average number of ordinary shares used in the calculation of the diluted earnings per share	8,697,170	8,487,284
Basic earnings per share[1]	**US 2.00 cents**	**US 7.95 cents**
Diluted earnings per share	**US 1.98 cents**	**US 7.86 cents**

1 For the year ended 31 December 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 23 for further details.

10. DIVIDENDS

The Directors did not recommend the payment of an interim or final dividend for the year ended 31 December 2022 (2021: nil).

11. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2022 US$ Million	2021 US$ Million
Salaries and other benefits	303.9	291.2
Retirement scheme contributions (a)	18.0	15.1
Total employee benefit expenses (Note 6)	**321.9**	**306.3**

(a) Retirement schemes

The Group provides retirement benefits to all eligible Hong Kong employees under the Mandatory Provident Fund (MPF Scheme). Under the MPF Scheme, the Group and its employees make monthly contributions to the MPF Scheme at 5 per cent of the employees' salaries as defined under the Mandatory Provident Fund legislation. Contributions of both the Hong Kong subsidiaries and their employees are subject to a maximum of HK$1,500 per month and thereafter contributions are voluntary and are not subject to any limitation. The MPF Scheme is administered by an independent trustee and its assets are held separately from those of the Group.

The Group provides a superannuation contribution for all Australian-based employees to their nominated superannuation fund. This contribution is to provide benefits for employees and their dependants in retirement, and for relevant employees, for disability or death. In accordance with the applicable regulation in Australia, the Group was required to withhold and deposit 10 per cent of ordinary time earnings of all Australian-based employees. This rate increased to 10.5 per cent with effect from 1 July 2022. Also, in accordance with the applicable regulation in Australia, the Group caps the superannuation contributions at the maximum super contribution base. The maximum super contribution base is used to determine the maximum limit on any individual employee's earnings base for each quarter of any financial year. Organisations do not have to provide the minimum support for the part of earnings above this limit.

The Group provides for retirement benefits to those employees who reach statutory retirement age in the DRC in accordance with the Collective Bargaining Agreement with its employees at the Kinsevere mine. A provision for the retirement benefit is recognised which is measured as the present value of the expected future payments to be made taking into consideration the period of employee service and their job position at the reporting date.

The Group provides on a monthly basis to various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the People's Republic of China ("PRC"). The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

The Group provides pension contributions on a monthly basis for all Peru based employees. There are two pension schemes in Peru: the National Pension System and the Private Pension System. Employees can elect to join one of the two pension schemes. Contributions to both schemes are deducted from the employee's monthly base salary and no cap applies.

- The National Pension System (Sistema Nacional de Pensiones – ONP), is administered by the state and the mandatory contribution is 13 per cent of the employee's total remuneration;
- The Private Pension System (Sistema Privado de Pensiones – SPP) is formed by the Private Pension Funds Administrators (Administradoras Privadas de Fondos de Pensiones - AFP) and the mandatory contribution is 10 per cent of the monthly base salary, not including fees and insurances. The overall deduction to employee´s salary is approximately 14 per cent, including fees and insurances charged by AFP.

There is also an Early Retirement Fund for employees who are classified as working in high risk jobs in the following areas: underground mining, mining extraction to open pit, centres of mining, metallurgical and steel production, exposed to risk of toxicity, insalubrity and danger and construction activities. The employee and company provide monthly contributions towards the early retirement fund. This additional amount is added to the employee's preferred pension scheme.

The Group provides Social Security contributions to all Laos employees in accordance with the relevant legislation. Contributions will only be made under the National Social Security Scheme and will be calculated on the accumulation of the employee's total gross remuneration, capped at the maximum contribution base of LAK4,500,000. The current contribution rates are:

- 6 per cent of the gross remuneration must be contributed by the employer;
- 5.5 per cent of the gross remuneration must be contributed by the employee.

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12. PROPERTY, PLANT AND EQUIPMENT

US$ Million	Land and Buildings	Plant and Machinery	Mine Property and Development	Exploration and Evaluation	Construction in Progress	Total
At 1 January 2022						
Cost	936.5	4,810.7	10,324.1	106.4	436.0	16,613.7
Accumulated depreciation, amortisation and impairment	(329.4)	(2,121.6)	(4,293.2)	(106.4)	-	(6,850.6)
Net book amount at 1 January 2022	**607.1**	**2,689.1**	**6,030.9**	**-**	**436.0**	**9,763.1**
Year ended 31 December 2022						
At the beginning of the year	607.1	2,689.1	6,030.9	-	436.0	9,763.1
Additions (Note 29(b))	0.2	100.5	128.0	-	291.2	519.9
Depreciation and amortisation	(59.6)	(262.2)	(442.8)	-	-	(764.6)
Disposals, net	-	(9.0)	-	-	-	(9.0)
Transfers, net	3.4	149.6	71.7	-	(224.7)	-
At the end of the year	**551.1**	**2,668.0**	**5,787.8**	**-**	**502.5**	**9,509.4**
At 31 December 2022						
Cost	937.6	4,993.8	10,388.8	106.4	502.5	16,929.1
Accumulated depreciation, amortisation and impairment	(386.5)	(2,325.8)	(4,601.0)	(106.4)	-	(7,419.7)
Net book amount at 31 December 2022	**551.1**	**2,668.0**	**5,787.8**	**-**	**502.5**	**9,509.4**

US$ Million	Land and Buildings	Plant and Machinery	Mine Property and Development	Exploration and Evaluation	Construction in Progress	Total
At 1 January 2021						
Cost	931.4	4,722.0	9,955.9	106.4	357.9	16,073.6
Accumulated depreciation, amortisation and impairment	(260.2)	(1,861.5)	(3,769.6)	(106.4)	-	(5,997.7)
Net book amount at 1 January 2021	**671.2**	**2,860.5**	**6,186.3**	**-**	**357.9**	**10,075.9**
Year ended 31 December 2021						
At the beginning of the year	671.2	2,860.5	6,186.3	-	357.9	10,075.9
Additions (Note 29(b))	-	60.7	251.7	-	240.6	553.0
Depreciation and amortisation	(69.3)	(267.8)	(526.3)	-	-	(863.4)
Disposals, net	-	(2.3)	(0.1)	-	-	(2.4)
Transfers, net	5.2	38.0	119.3	-	(162.5)	-
At the end of the year	**607.1**	**2,689.1**	**6,030.9**	**-**	**436.0**	**9,763.1**
At 31 December 2021						
Cost	936.5	4,810.7	10,324.1	106.4	436.0	16,613.7
Accumulated depreciation, amortisation and impairment	(329.4)	(2,121.6)	(4,293.2)	(106.4)	-	(6,850.6)
Net book amount at 31 December 2021	**607.1**	**2,689.1**	**6,030.9**	**-**	**436.0**	**9,763.1**

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Impairment testing of non-current assets and goodwill

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

In respect of Las Bambas, the CGU is subject to impairment testing due to goodwill being attributed to the CGU which requires an annual impairment assessment.

In respect of Kinsevere and Dugald River, impairment losses have been recognised in 2019 and 2015 respectively. Management has reviewed the operational performance and considered the operation's sensitivity to a range of factors including commodity prices, throughput, grade, recovery, operation, capital expenditure and progress of development projects and concluded that there is currently no further impairment or any requirement to reverse the previously recognised impairment.

No impairment indicators were noted in respect of Rosebery.

(i) Approach to recognition of an impairment loss

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

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

All reserves and resources have been included in the valuations at justifiable reasonable conversion rates, supported by proof of concept studies. Exploration targets are included in the valuation based on management's expectation of identifying and converting potential resources to reserves and successfully utilising such resources.

(ii) Key assumptions

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

- Commodity prices;
- Operating costs;
- Production rates;
- Capital requirements;
- Political instability and social unrest impacting regulatory approvals and timing thereof;
- Real post-tax discount rates;
- Foreign exchange rates;
- Reserves and resources and conversion of exploration targets;
- Recovery of taxes;
- Optimisation of operational activity and productivity; and
- Rehabilitation timing.

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

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

The long-term price assumed for copper is US$3.86 per pound (2021: US$3.35 per pound) and for zinc is US$1.25 per pound (2021: US$1.16 per pound).

The long term AUD:USD exchange rate remains unchanged at 0.75 (2021: 0.75).

The real post-tax discount rates used in the Fair Value estimates of the CGU's are listed below at 10.5 per cent for Kinsevere (2021: 10 per cent), 6.5 per cent for Dugald River and Rosebery (2021: 6 per cent) and 7.75 per cent for Las Bambas (2021: 7.25 per cent), reflecting a 0.5 per cent increase in the Weighted Average Cost of Capital (WACC).

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

(iii) Valuation methodology

Las Bambas

The Las Bambas Fair Value is determined through CGU discounted cash flows at 31 December 2022. The valuation is based on the current operation and further regional exploration targets included in the initial valuation to acquire the mine in 2014. Management continues to work with local communities to secure land access to continue its exploratory drilling activities, to materialise the potential from such exploration targets.

The cash flows assume additional capital investment in the processing plant, tailings facilities and mine developments as well as expected cost reductions from operational improvement programs. Significant upcoming projects are included that are subject to regulatory permits and approvals. Future cash flow forecasts include estimates for the cost of obtaining access to land where the rights do not currently exist.

Political instability at a national level may result in delays of environmental and drilling permits and the ability to engage with the community and carry out exploration drilling. Increased community protests including an operational shut of more than 50 days had a significant impact on Las Bambas' production in 2022 and will bring potential risks to operations in 2023. MMG remains committed to working closely with the government of Peru and community members, to reach an enduring agreement. Management continues to progress dialogue with local communities and the Government of Peru to ensure the continuity of road access into the future. This includes continuing to deliver on the Company's obligations in relation to social and community development programs and supporting the Government of Peru to progress public investment projects which will improve the condition of the public road which Las Bambas' uses for the transport of concentrate to the port, which is expected to reduce disruptions of road usage into the future.

The impairment assessment of the Las Bambas CGU at 31 December 2022 did not result in the recognition of any impairment although a limited headroom was observed.

Kinsevere

The Kinsevere Fair Value at 31 December 2022 assumes delivery of the Kinsevere Expansion Project (KEP), which was approved in March 2022 and construction is currently underway. KEP will extend the life of Kinsevere by modifying and extending the existing oxide processing facilities to include a sulphide ore and cobalt processing circuit.

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The impairment assessment of the Kinsevere CGU at 31 December 2022 did not result in the recognition of any further impairment.

In 2019, management had recognised a pre-tax impairment of US$ 150.0 million due to operational challenges and risks associated with political and legislative matters. Significant risks and uncertainties still exist in respect of the application of the new Mining Code (2018), additional duties and taxes, and recoverability of VAT receivable from the DRC Government. The valuation is also sensitive to factors such as copper and cobalt price, discount rate, recovery, ore loss, KEP schedule and dilution. Considering such risks and sensitivities, no reversal of previously recognised impairment was required. The Group will continue to monitor and assess if a reversal of impairment is required in future periods.

Dugald River

The impairment assessment of the Dugald River CGU at 31 December 2022 resulted in positive headroom requiring no impairment.

Previously, in 2015, management had recognised a pre-tax impairment loss of US$573.6 million for Dugald River. Given the value of the headroom and considering that the fair value is highly sensitive to zinc price, exchange rates and operational performance, management believes no reversal of previously recognised impairment is required. The Group will continue to monitor and assess if a reversal of impairment is required in future periods.

Rosebery

The Rosebery Fair Value is determined through the 2022 Life of Mine Planning discounted cashflows. No indicators of impairment were noted for Rosebery and the Fair Value currently supports the carrying value of the CGU. Consequently, no impairment was recognised.

(iv) Sensitivity analysis

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

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

Las Bambas

The key assumptions to which the calculation of recoverable amount for Las Bambas is most sensitive are discount rate, copper prices, operating costs, tax disputes, permitting delays, land access and timing of identifying and converting potential resources and reserves thereby realising the exploration potential. An unfavourable movement in any one of these factors may result in a material impairment to the asset with a favourable movement resulting in a substantial improvement to the recoverable amount.

- A movement of 1 per cent to the discount rate would impact recoverable amount by approximately US$900 million;
- A change of 5 per cent in copper price over the remaining mine life would impact the recoverable amount by approximately US$1,000 million.; and
- A change of 5 per cent in operating costs would impact the recoverable amount by approximately US$450 million.

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Political instability and community blockades are potential risks which may result in delays in environmental and drilling permits and the ability to access land required for carrying out exploration activities and ultimately the development of operations. They may also cause delays to critical capital projects impacting cashflows. MMG remains committed to working closely with the government of Peru and community members to reach an enduring agreement. Potential impacts on Las Bambas' cashflows due to a level of delays in permits and disruptions by communities have been considered in the Las Bambas fair value.

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

Management expects that the impact of delays caused by community disputes, access to land or the amount and timing of exploration potential realised would result in a revision to the mine plan.

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

Kinsevere

The key assumptions to which the calculation of Fair Value for Kinsevere is most sensitive are copper and cobalt prices and discount rate. An unfavourable movement in any one of these factors in isolation may result in a material impairment to the asset with a favourable movement resulting in a substantial improvement to the recoverable amount.

- A change of 5 per cent in copper price over the remaining mine life would impact the recoverable amount by approximately US$125 million;
- A change of 5 per cent in cobalt price over the remaining mine life would impact the recoverable amount by approximately US$45 million; and
- A movement of 1 per cent to the discount rate would impact recoverable amount by approximately US$45 million.

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13. RIGHT-OF-USE ASSETS

US$ Million	Land and Building	Plant and Machinery	Total
At 1 January 2022			
Cost	12.6	144.2	156.8
Accumulated depreciation	(9.2)	(43.0)	(52.2)
Net book amount at 1 January 2022	**3.4**	**101.2**	**104.6**
Year ended 31 December 2022			
At the beginning of the year	3.4	101.2	104.6
Additions, net	0.8	26.0	26.8
Depreciation	(1.6)	(18.6)	(20.2)
At the end of the year	**2.6**	**108.6**	**111.2**
At 31 December 2022			
Cost	13.3	148.0	161.3
Accumulated depreciation	(10.7)	(39.4)	(50.1)
Net book amount at 31 December 2022	**2.6**	**108.6**	**111.2**

US$ Million	Land and Building	Plant and Machinery	Total
At 1 January 2021			
Cost	12.6	144.2	156.8
Accumulated depreciation	(6.9)	(27.1)	(34.0)
Net book amount at 1 January 2021	**5.7**	**117.1**	**122.8**
Year ended 31 December 2021			
At the beginning of the year	5.7	117.1	122.8
Additions, net	-	2.8	2.8
Depreciation	(2.3)	(18.7)	(21.0)
At the end of the year	**3.4**	**101.2**	**104.6**
At 31 December 2021			
Cost	12.6	144.2	156.8
Accumulated depreciation	(9.2)	(43.0)	(52.2)
Net book amount at 31 December 2021	**3.4**	**101.2**	**104.6**

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14. INTANGIBLE ASSETS

US$ Million	Goodwill	Software Development	Total
At 1 January 2022			
Cost	739.9	214.3	954.2
Accumulated amortisation and impairment	(211.4)	(205.5)	(416.9)
Net book amount at 1 January 2022	**528.5**	**8.8**	**537.3**
Year ended 31 December 2022			
At the beginning of the year	528.5	8.8	537.3
Additions, net	-	2.2	2.2
Amortisation	-	(5.3)	(5.3)
At the end of the year	**528.5**	**5.7**	**534.2**
At 31 December 2022			
Cost	739.9	215.9	955.8
Accumulated amortisation and impairment	(211.4)	(210.2)	(421.6)
Net book amount at 31 December 2022	**528.5**	**5.7**	**534.2**
At 1 January 2021			
Cost	739.9	209.9	949.8
Accumulated amortisation and impairment	(211.4)	(191.9)	(403.3)
Net book amount at 1 January 2021	**528.5**	**18.0**	**546.5**
Year ended 31 December 2021			
At the beginning of the year	528.5	18.0	546.5
Additions	-	4.4	4.4
Amortisation	-	(13.6)	(13.6)
At the end of the year	**528.5**	**8.8**	**537.3**
At 31 December 2021			
Cost	739.9	214.3	954.2
Accumulated amortisation and impairment	(211.4)	(205.5)	(416.9)
Net book amount at 31 December 2021	**528.5**	**8.8**	**537.3**

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15. INVESTMENT IN SUBSIDIARIES

The following is a list of the principal subsidiaries of the Group at 31 December 2022 and 2021:

Name of Company	Place of Incorporation/ Operation	Principal Activities	Particulars of Issued or Paid-Up Capital	Proportion of Issued Capital Held by the Company 2022 Directly	2022 Indirectly	2021 Directly	2021 Indirectly
MMG Australia Limited	Australia	Mineral exploration and production, management and employment services	490,000,000 Ordinary Shares at A$[1] 1 a share	-	100%	-	100%
MMG Dugald River Pty Ltd	Australia	Holds Dugald River Assets	301,902,934 Ordinary Shares at A$1 a share	-	100%	-	100%
MMG Exploration Pty Ltd	Australia	Investment holding	1 Ordinary Share at A$1 a share	-	100%	-	100%
MMG Management Pty Ltd	Australia	Treasury and management services	1 Ordinary Share at A$1 a share	-	100%	-	100%
Topstart Limited	British Virgin Islands	Investment holding	1,386,611,594 Ordinary Shares at US$1 a share	100%	-	100%	-
Anvil Mining Limited	British Virgin Islands	Investment holding	100 Class A Common Shares at US$1	-	100%	-	100%
MMG Resources Inc.	Canada	Mineral exploration	200 Common Shares at C$[1] 1 a share	-	100%	-	100%
MMG Kinsevere SARL	DRC	Mineral exploration and production	10,000 Ordinary Shares at CDF[1] 10,000 a share	-	100%	-	100%
MMG Exploration Holdings Limited	Hong Kong	Mineral exploration and holding company	1 Ordinary Share providing a share capital of HK$[1] 1	100%	-	100%	-

1 A$, C$, CDF, HK$, S$, PEN, CHF, CNY and EUR stand for Australian dollar, Canadian dollar, Congo dollar, Hong Kong dollar, Singapore dollar, Peruvian Sol, Swiss Franc, Chinese Yuan and Euro respectively.

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Name of Company	Place of Incorporation/ Operation	Principal Activities	Particulars of Issued or Paid-Up Capital	Proportion of Issued Capital Held by the Company 2022 Directly	2022 Indirectly	2021 Directly	2021 Indirectly
MMG Finance Limited	Hong Kong	Administration and treasury services	1 Ordinary Share providing a share capital of HK$1	100%	-	100%	-
MMG South America Company Limited	Hong Kong	Investment holding and sales of copper concentrate	1,880,000 Ordinary Shares providing a share capital of HK$1,880,000	100%	-	100%	-
MMG South America Management Company Limited	Hong Kong	Holding investments in Peru	1,200 Ordinary Shares providing a share capital of HK$28,046,249,501	-	62.5%	-	62.5%
MMG Netherlands B.V.	Netherlands	Investment holding	5,000 Ordinary Shares at EUR[1]1 a share	-	62.5%	-	62.5%
Minera Las Bambas S.A.	Peru	Mineral exploration and production	2,890,004,037 CommonShares at PEN[1] 1 a share	-	62.5%	-	62.5%
Album Investment Pte Ltd	Singapore	Investment holding	488,211,901 Ordinary Shares at S$[1]1 a share	-	100%	-	100%
Album Resources Pte Ltd	Singapore	Investment holding	488,211,901 Ordinary Shares at S$1 a share	-	100%	-	100%
MMG Swiss Finance AG	Switzerland	Investment holding and financial services	100,000 Ordinary Sharesat CHF[1]1 a share	-	62.5%	-	62.5%
MMG Beijing Co., Ltd	Beijing	Corporate management services	Registered capital of CNY10,000,000	100%	-	100%	-

1 A$, C$, CDF, HK$, S$, PEN, CHF, CNY and EUR stand for Australian dollar, Canadian dollar, Congo dollar, Hong Kong dollar, Singapore dollar, Peruvian Sol, Swiss Franc, Chinese Yuan and Euro respectively.

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16. PRINCIPAL SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The Group had total non-controlling interests of US$2,089.5 million at 31 December 2022 (2021: US$1,997.5 million) which relate to the Las Bambas Joint Venture Group.

The summarised financial information is shown on a 100 per cent basis. It represents the amounts shown in the Las Bambas Joint Venture Group's consolidated financial statements prepared in accordance with HKFRSs under Group's accounting policies, before inter-company eliminations.

	At 31 December	
US$ Million	**2022**	**2021**
Summarised Consolidated Statement of Financial Position		
Assets	**10,685.5**	**11,109.9**
Current	1,225.2	1,599.8
Non-current	9,460.3	9,510.1
Liabilities	**(5,113.6)**	**(5,783.4)**
Current	(1,393.0)	(1,286.7)
Non-current	(3,720.6)	(4,496.7)
Net assets	**5,571.9**	**5,326.5**

Year ended 31 December		
Summarised Consolidated Statement of Comprehensive Income	**2022**	**2021**
Revenue	2,086.8	2,978.7
Profit for the year	189.5	675.6
Other comprehensive income for the year	55.8	29.0
Total comprehensive income	245.3	704.6
Total comprehensive income attributable to non-controlling interests	**92.0**	**264.2**

Year ended 31 December		
Summarised Consolidated Statement of Cash Flows	**2022**	**2021**
Net (decrease)/increase in cash and cash equivalents	(664.5)	734.1
Cash and cash equivalents at 1 January	836.3	102.2
Cash and cash equivalents at 31 December	**171.8**	**836.3**

17. INVENTORIES

	At 31 December	
	2022 US$ Million	**2021 US$ Million**
Non-current		
Work in progress	**122.2**	**80.0**
Current		
Stores and consumables	130.7	114.6
Work in progress	177.6	165.7
Finished goods	564.3	322.6
	872.6	**602.9**
Total	**994.8**	**682.9**

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18. DEFERRED INCOME TAX

The movements in deferred income tax assets/(liabilities) during the years are as follows:

US$ Million	Property, Plant and Equipment	Provisions	Tax Losses	Others	Total
At 1 January 2021	**(842.3)**	**222.8**	**35.9**	**(43.0)**	**(626.6)**
(Charged)/credited to profit or loss (Note 8)	(261.8)	16.3	(35.9)	89.9	(191.5)
Charged to other comprehensive income (Note 8)	-	-	-	(16.0)	(16.0)
At 31 December 2021	**(1,104.1)**	**239.1**	**-**	**30.9**	**(834.1)**
(Charged)/credited to profit or loss (Note 8)	(167.8)	10.5	152.1	(26.7)	(31.9)
Charged to other comprehensive income (Note 8)	-			(26.3)	(26.3)
At 31 December 2022	**(1,271.9)**	**249.6**	**152.1**	**(22.1)**	**(892.3)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to income tax levied by the same taxation authority on either the taxation entity or different taxation entities, and there is an intention to settle the balances on a net basis. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	At 31 December	
	2022 US$ Million	2021 US$ Million
Deferred income tax assets	315.7	184.7
Deferred income tax liabilities	(1,208.0)	(1,018.8)
	(892.3)	**(834.1)**

The Group only recognises deferred income tax assets for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses in the foreseeable future. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. At 31 December 2022 and 2021, the Group had unrecognised deferred tax losses and temporary differences as follows:

	At 31 December	
	2022 US$ Million	2021 US$ Million
Tax losses (tax effected)	33.5	32.5
Deductible temporary differences (tax effected)	47.0	47.0
	80.5	**79.5**

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19. TRADE AND OTHER RECEIVABLES

	At 31 December 2022 US$ Million	At 31 December 2021 US$ Million
Non-current other receivables		
Other receivables – government taxes (net of provisions)[1]	11.4	5.4
Sundry receivables[2]	156.1	156.0
	167.5	**161.4**
Current trade and other receivables		
Trade receivables[3] (Note 31.1(c),(d),(e))	212.7	63.9
Prepayments	20.0	28.3
Other receivables – government taxes[1]	74.0	63.4
Sundry receivables	35.8	82.4
	342.5	**238.0**

1 The government taxes amount mainly consists of VAT receivables associated with the Group's operations in Peru and DRC.
2 Sundry receivables amount mainly consists of receivables from Glencore in MLB acquisition project and VAT2011/12 receivables from SUNAT.
3 At 31 December 2022 and 2021, 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 in line with requirement under the sales contract, usually within 30 days of submission of all required documentation and fulfilment of obligations under the respective incoterm for the sales; Upon issuance of final invoice at end of the quotational period, any remaining balance is then payable within 30 days from such final invoice being issued. All the trade receivables at 31 December 2022 and 2021 were within 6 months from the date of invoice. At 31 December 2022, there was no trade receivable past due (2021: nil). At 31 December 2022, the Group's trade receivables, other receivables and prepayments included an amount of US$106.4 million (2021: US$22.5 million) which were due from a related company of the Group (Note 30(d)). The carrying amounts of the Group's trade receivables are all denominated in US$.

20. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	At 31 December 2022 US$ Million	At 31 December 2021 US$ Million
Assets		
Non-current		
Interest rate swap	113.9	31.8
Current		
Commodity derivative-Copper	8.1	0.9
Commodity derivative-Zinc	4.0	-
	126.0	**32.7**
Liabilities		
Current		
Commodity derivative- Zinc	-	(4.1)
Commodity derivative-Copper	(0.3)	(0.8)
	(0.3)	**(4.9)**

At 31 December 2022, post-tax other comprehensive income on changes in fair value arising from interest rate swap contracts were US$55.8 million (2021: income of US$29.0 million); post-tax other comprehensive income from commodity hedges were nil (2021: income of US$5.5 million). Refer to Note 31.1(a) and (b) for details on the hedge derivative instruments.

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21. OTHER FINANCIAL ASSETS

	At 31 December	
	2022 US$ Million	2021 US$ Million
Non-current financial assets (Note 31.1(c) (d) and (e),31.3 and 31.4)		
Financial assets at fair value through profit or loss – listed[1]	1.5	1.8
	1.5	**1.8**

1 Financial assets at fair value through profit or loss are listed investments outside Hong Kong and their carrying values are equal to their market values.

22. CASH AND CASH EQUIVALENTS

	At 31 December	
	2022 US$ Million	2021 US$ Million
Cash at bank and in hand	191.2	269.6
Short-term bank deposits[2]	181.0	985.7
Total[1] (Note 31.1(b) (c) (d) and (e), 31.3 and 31.5)	**372.2**	**1,255.3**

1 Total cash and cash equivalents include US$171.8 million (2021: US$836.3 million) of cash held limited for use by Las Bambas Joint Venture Group.
2 The effective interest rate on short-term bank deposits as at 31 December 2022 range from 4.37 per cent to 4.55 per cent (31 December 2021: 0.16 per cent to 3.75 per cent). These deposits have an average 18 days (2021: 54 days) to maturity.

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

	At 31 December	
	2022 US$ Million	2021 US$ Million
US dollars	346.4	1,242.4
Australian dollars	-	1.2
Peruvian sol	21.2	7.1
Hong Kong dollars	1.8	2.4
Others	2.8	2.2
	372.2	**1,255.3**

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23. SHARE CAPITAL

	Number of Ordinary Shares		Share Capital	
	2022 '000	2021 '000	2022 US$ Million	2021 US$ Million
Issued and fully paid:				
At 1 January	**8,639,126**	**8,067,034**	**3,220.3**	**2,917.6**
Shares issued	-	565,000	-	299.0
Employee share options exercised[1]	641	6,257	0.2	3.2
Employee performance awards vested	-	835	-	0.5
At 31 December	**8,639,767**	**8,639,126**	**3,220.5**	**3,220.3**

1 During the year ended 31 December 2022, a total of 640,980 (2021: 6,257,077) 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 Option Scheme which were pursuant to 2013 Share Option Scheme. The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK$3.08 (2021: HK$4.68) (Note 33).

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24. RESERVES AND RETAINED EARNING

US$ Million	Special Capital Reserve	Exchange Translation Reserve	Merger Reserve[1]	Surplus Reserve[2]	Share-Based Payment Reserve	Cash Flow Hedge Reserve[3]	Other Reserve	Total Reserves	Retained Profits	Total
At 1 January 2022	**9.4**	**2.7**	**(1,946.9)**	**50.1**	**8.9**	**13.6**	**(0.5)**	**(1,862.7)**	**572.9**	**(1,289.8)**
Profit for the year	-	-	-	-	-	-	-	-	172.4	**172.4**
Other comprehensive income for the year	-	-	-	-	-	34.9	-	34.9	-	**34.9**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**34.9**	**-**	**34.9**	**172.4**	**207.3**
Provision of surplus reserve	-	-	-	0.1	-	-	-	0.1	(0.1)	**-**
Employee long-term incentives	-	-	-	-	1.1	-	-	1.1	-	**1.1**
Employee share options exercised and vested	-	-	-	-	(0.1)	-	-	(0.1)	-	**(0.1)**
Total transactions with owners	**-**	**-**	**-**	**0.1**	**1.0**	**-**	**-**	**1.1**	**(0.1)**	**1.0**
At 31 December 2022	**9.4**	**2.7**	**(1,946.9)**	**50.2**	**9.9**	**48.5**	**(0.5)**	**(1,826.7)**	**745.2**	**(1,081.5)**

US$ Million	Special Capital Reserve	Exchange Translation Reserve	Merger Reserve[1]	Surplus Reserve[2]	Share-Based Payment Reserve	Cash Flow Hedge Reserve[3]	Other Reserve	Total Reserves	(Accumulated Losses)/ Retained Profits	Total
At 1 January 2021	**9.4**	**2.7**	**(1,946.9)**	**19.3**	**9.6**	**(10.1)**	**(1.7)**	**(1,917.7)**	**(63.5)**	**(1,981.2)**
Profit for the year	-	-	-	-	-	-	-	-	667.1	**667.1**
Other comprehensive income for the year	-	-	-	-	-	23.7	1.2	24.9	-	**24.9**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**23.7**	**1.2**	**24.9**	**667.1**	**692.0**
Provision of surplus reserve	-	-	-	30.8	-	-	-	30.8	(30.8)	**-**
Employee long-term incentives	-	-	-	-	1.0	-	-	1.0	-	**1.0**
Employee share options exercised and vested	-	-	-	-	(1.6)	-	-	(1.6)	-	**(1.6)**
Employee share options lapsed	-	-	-	-	(0.1)	-	-	(0.1)	0.1	**-**
Total transactions with owners	**-**	**-**	**-**	**30.8**	**(0.7)**	**-**	**-**	**30.1**	**(30.7)**	**(0.6)**
At 31 December 2021	**9.4**	**2.7**	**(1,946.9)**	**50.1**	**8.9**	**13.6**	**(0.5)**	**(1,862.7)**	**572.9**	**(1,289.8)**

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 According to the General Law of Companies in Peru, surplus reserve is constituted by transferring 10 per cent, as a minimum, of the net income for each period, after deducting accumulated losses, until reaching an amount equivalent to a fifth of capital.

3 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. Also refer to Note 20 for Derivative Financial Assets/(Liabilities). During the year ended 31 December 2022, there was nil realised gains or losses (2021: losses of US$5.5 million) which were transferred out to "revenue" from settlement of 2021 commodity hedge (Note 31.1(a)); There was realised gains of US$17.9 million (2021: losses of US$6.8 million) which were transferred to "financial costs" from settlement of interest rate swap (Note 31.1 (b)).

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Distributable reserves

At 31 December 2022 and 2021, the Company did not have any distributable reserves available for distribution to shareholders.

25. BORROWINGS

	At 31 December	
	2022 US$ Million	2021 US$ Million
Non-current		
Loan from related parties (Note 30(d))	2,231.3	2,531.3
Bank borrowings, net	1,978.3	3,107.7
	4,209.6	**5,639.0**
Current		
Loan from related parties (Note 30(d))	400.0	-
Bank borrowings, net	803.0	659.1
	1,203.0	**659.1**
Analysed as:		
– Secured[1]	2,675.7	3,812.0
– Unsecured	2,781.2	2,536.3
	5,456.9	**6,348.3**
Prepayments – finance charges	(44.3)	(50.2)
	5,412.6	**6,298.1**
Borrowings (excluding: prepayments) were repayable as follows:		
– Within one year	1,208.8	665.1
– More than one year but not exceeding two years	1,136.8	1,406.6
– More than two years but not exceeding five years	2,181.6	2,844.5
– More than five years	929.7	1,432.1
	5,456.9	**6,348.3**
Prepayments – finance charges	(44.3)	(50.2)
Total (Notes 31.1(b), (c), (e) and 31.3)	**5,412.6**	**6,298.1**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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An analysis of the carrying amounts of the total borrowings (excluding prepayments) by type and currency is as follows:

	At 31 December	
	2022 US$ Million	2021 US$ Million
US dollars		
– At floating rates[1]	1,713.6	2,169.3
– At fixed rates	3,743.3	4,179.0
	5,456.9	**6,348.3**

1 Includes the floating interest rate MLB project facility (borrowings of US$2,653.6 million outstanding at 31 December 2022 (31 December 2021: US$3,754.2 million), maturing in July 2032), whereby the Group has entered into a notional US$2,100 million 5-year amortising interest rate swap with Bank of China Sydney Branch office ("BOC Sydney") in 2020 with notional principal US$1,560.0 million outstanding at 31 December 2022 (31 December 2021: US$1,860 million). The interest rate swap hedge will reduce in line with the MLB project facility and swap the 6-month LIBOR exposure for a fixed rate (0.5568 per cent per annum in the first year and 0.5425 per cent per annum from the second to fifth years).

The effective interest rate of borrowings during the year ended 31 December 2022 was 4.3 per cent (2021: 3.8 per cent) per annum.

At 31 December 2022, certain borrowings of the Group were secured as follows:

(a) US$2,653.6 million (2021: US$3,754.2 million) from China Development Bank, ICBC, BOC Sydney and Export-Import Bank of China was secured by share security over the entire share capital of MMG South America Management Co Ltd and each of its subsidiaries including MLB, a debenture over the assets of MMG South America Management Co Ltd, an assets pledge agreement and production unit mortgage in respect of all of the assets of MLB, assignments of shareholder loans between MMG South America Management Co Ltd and its subsidiaries and security agreements over bank accounts of MLB.;

(b) US$22.1 million (2021: US$57.8 million) from ICBC Peru Bank, Banco de Crédito del Peru and Scotiabank Peru secured by mine fleet equipment procured under asset finance arrangements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Reconciliation of borrowings arising from financing activities

				Non-Cash Changes		
US$ Million	**Notes**	**1 January 2022**	**Financing Cashflow[1]**	**Effective Interest**	**Other Changes[2]**	**31 December 2022**
Loans from a related party	30(d)	**2,531.3**	100.0	-	-	**2,631.3**
Bank borrowings	25	**3,766.8**	(991.4)	-	5.9	**2,781.3**
Accrued interest[3]		**42.8**	(249.6)	252.8	-	**46.0**
		6,340.9	**(1,141.0)**	**252.8**	**5.9**	**5,458.6**

				Non-Cash Changes		
US$ Million	**Notes**	**1 January 2021**	**Financing Cashflow[1]**	**Effective Interest**	**Other Changes[2]**	**31 December 2021**
Loan from a related party	30(d)	**2,491.3**	40.0	-	-	**2,531.3**
Bank borrowings	25	**4,688.2**	(930.3)	-	8.9	**3,766.8**
Accrued interest[3]		**48.4**	(273.2)	267.6	-	**42.8**
		7,227.9	**(1,163.5)**	**267.6**	**8.9**	**6,340.9**

1 Net bank borrowings financing cashflow is made up of repayments of and proceeds from borrowings in the consolidated statement of cash flows.
2 Other changes include the amortisation of capitalised prepayments on borrowings.
3 Accrued interest includes both interest on external bank borrowings and related party borrowings.

The Group has adopted the amendments related to HKFRS 9 and HKAS 39 in respect of the interest rate benchmark reform. As of 31 December 2022, the Group is exposed to potential US$ LIBOR replacement in respect of borrowings, hedge accounting in relation to the interest rate swap and certain operating related contracts. Borrowings include Dugald River credit 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. 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 31.1(f) for further risk management details.

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26. LEASE LIABILITIES

	At 31 December	
	2022 US$ Million	2021 US$ Million
Non-current		
Lease liabilities	117.4	112.5
Current		
Lease liabilities	21.3	18.6
Total (Notes 31.1(c) and (e), 31.3)	**138.7**	**131.1**
Lease liabilities were repayable as follows:		
– Within one year	21.3	18.6
– More than one year but not exceeding two years	15.3	14.6
– More than two years but not exceeding five years	35.4	24.4
– More than five years	66.7	73.5
	138.7	**131.1**

The weighted average incremental borrowing rates applied to new lease liabilities at 31 December 2022 was from 3.13 per cent to 6.84 per cent (2021: from 1.90 per cent to 3.30 per cent).

Refer to Note 31.1(e) for maturity profile of the undiscounted lease liabilities. In respect of such lease liabilities, the Group generally does not have any early termination options. However, in case of certain leases the Group has extension option exercisable at the discretion of the Group. Such extension options allow for operational flexibility in managing the Group's assets. Where the Group assesses at lease commencement date that it is reasonably certain to exercise the extension options, rentals during the extension period are included in determination of lease liability. The undiscounted potential estimated exposure in respect of future lease payments for extension options which the Group is not reasonably certain to exercise is presented as follows:

	At 31 December	
	2022 US$ Million	2021 US$ Million
- Within one year	0.7	1.0
- More than one year but not exceeding two years	3.9	4.7
- More than two years but not exceeding five yeas	10.4	10.6
- More than five years	43.4	43.2
Total	**58.4**	**59.5**

As presented under financing cashflows in the consolidated statement of cashflows, cash outflows for lease payments of US$31.2 million (2021: US$33.4 million) include repayment of US$19.4 million principal (2021: US$20.6 million) and US$11.8 million interest (2021: US$12.8 million).

In respect of lease contracts not recognised as right-of-use assets in line with HKFRS 16 requirements (refer to Note 6), payments of US$90.1 million (2021: US$73.9 million) have been presented under operating cash flows.

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27. PROVISIONS

	At 31 December	
	2022 US$ Million	2021 US$ Million
Non-current		
Employee benefits	17.4	16.9
Workers' compensation	-	0.4
Mine rehabilitation, restoration and dismantling (a)	401.8	466.9
Other provisions[1]	180.0	48.6
Total non-current provisions	**599.2**	**532.8**
Current		
Employee benefits	26.2	76.1
Workers' compensation	0.2	0.2
Mine rehabilitation, restoration and dismantling (a)	3.2	8.4
Other provisions[1]	51.4	132.3
Total current provisions	**81.0**	**217.0**
Aggregate		
Employee benefits	43.6	93.0
Workers compensation	0.2	0.6
Mine rehabilitation, restoration and dismantling (a)	405.0	475.3
Other provisions[1]	231.4	180.9
Total provisions	**680.2**	**749.8**

1 Other provisions primarily include amounts for certain tax related matters.

(a) Mine rehabilitation, restoration and dismantling

	2022 US$ Million	2021 US$ Million
At 1 January	**475.3**	**495.7**
Reversal of provisions	(68.1)	(13.6)
Payments made	(3.0)	(4.7)
Unwinding of discount on provisions	13.1	9.4
Exchange rate differences	(12.3)	(11.5)
At 31 December	**405.0**	**475.3**

Provision is made in these consolidated financial statements for the anticipated costs of the mine rehabilitation obligations under the mining leases and exploration licences.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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28. TRADE AND OTHER PAYABLES

The analysis of the trade and other payables is as follows:

	At 31 December	
	2022 US$ Million	2021 US$ Million
Non-Current		
Other payables and accruals	**217.5**	**164.8**
Current		
Trade payables		
- Less than 6 months	271.9	247.0
- More than 6 months	0.4	2.8
	272.3	249.8
Related party interest payable (Note 30(d))	37.6	37.2
Other payables and accruals	225.6	164.0
Total current trade and other payables	**535.5**	**451.0**
Aggregate		
Trade payables[1]	272.3	249.8
Related party interest payable(Note 30(d))	37.6	37.2
Other payables and accruals[2]	443.1	328.8
Total trade and other payables (Notes 31.1(c),(e) and 31.3)	**753.0**	**615.8**

1 At 31 December 2022, the Group's trade and other payables included an amount of US$3.5 million (2021: US$4.4 million) (Note 30(d)), which was due to a related company of the Group. The ageing analysis of the trade payables is based on the creditors' invoice date.

2 At 31 December 2022, the Group's other payables and accruals included an amount of US$8.4 million (2021: US$5.6 million) accrued interest on external bank borrowings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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29. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit for the year to net cash generated from operating activities is as follows:

	2022 US$ Million	2021 US$ Million
Profit for the year	**243.5**	**920.5**
Adjustments for:		
Finance income (Note 7)	(15.0)	(5.4)
Finance costs	309.3	329.0
Depreciation and amortisation expenses (Note 6)	790.1	898.0
Loss on disposal of property, plant and equipment (Note 5)	9.0	2.3
Loss/(gain) on financial assets at fair value through profit or loss (Note 6)	0.3	(0.1)
Share-based payment	1.1	1.0
Unrealised (gain)/loss on commodity hedge[1]	(11.8)	4.0
Changes in working capital:		
Inventories	(311.9)	(190.3)
Trade and other receivables	(142.7)	0.4
Trade and other payables	56.8	314.3
Provisions	(28.6)	(183.0)
Tax assets and tax liabilities	(68.0)	460.8
Net cash generated from operating activities	**832.1**	**2,551.5**

1 The unrealised loss on commodity derivative is recognised in revenue.

(b) In the Consolidated Statement of Cash Flows, purchase of property, plant and equipment comprises:

	2022 US$ Million	2021 US$ Million
Total additions (Note 12)	519.9	553.0
Add: non-cash reduction		
Reversal of provision for mine rehabilitation, restoration and dismantling[1]	80.4	25.1
Less: other non-cash additions	(35.8)	(8.4)
Purchase of property, plant and equipment	**564.5**	**569.7**

1 The transfer from provision for mine rehabilitation, restoration and dismantling included the impact of exchange rate differences on foreign currency provisions for mine rehabilitation, restoration and dismantling for operating sites. Refer to Note 27(a) for details.

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30. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is controlled by China Minmetals Non-ferrous Metals Co. Ltd ("CMN") through China Minmetals H.K. (Holdings) Limited ("Minmetals HK"), which is a subsidiary of CMN. At 31 December 2022, 67.7 per cent (31 December 2021: 67.7 per cent) of the Company's shares were held by CMN and 32.3 per cent (31 December 2021: 32.3 per cent) were widely held by the public. The Directors consider the ultimate holding company to be CMC, a stated-owned company incorporated in the PRC, of which CMN is a subsidiary.

For the purposes of the related party transaction disclosures, the Directors believe that meaningful information in respect of related party transactions has been adequately disclosed. In addition to the related party information and transactions disclosed elsewhere in the consolidated 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 year.

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

	2022 US$ Million	2021 US$ Million
Sales		
Sales of non-ferrous metals	1,308.5	1,855.8
Commodity derivatives transaction		
Gain on commodity derivatives	36.9	20.1
Purchases		
Purchases of consumables and services	(29.8)	(34.0)
Finance costs – net		
Finance costs (Note 7)	(97.6)	(97.0)

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

During the year ended 31 December 2022, the Group's significant transactions with Chinese state-owned enterprises (excluding CMC and its subsidiaries) are sales of non-ferrous metals and purchases of consumables and services and the related receivables and payables balances. These transactions were based on terms as set out in the underlying agreements, on statutory rates or market prices or actual cost incurred, or as mutually agreed.

(c) Key management compensation

Key management includes Directors (executive and non-executive) and members of the Executive Committee. The key management personnel remuneration for the Group was as follows:

	2022 US$ Million	2021 US$ Million
Salaries and other short-term employee benefits	3.9	5.0
Short-term incentives and discretionary bonus	1.6	4.0
Long-term incentives	0.5	1.1
Post-employment benefits	0.1	0.1
	6.1	**10.2**

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(d) Year-end balances

	At 31 December	
	2022 US$ Million	**2021 US$ Million**
Amounts payable to related parties		
Loan from Top Create Resources Limited ("Top Create")[1] (Note 25)	2,161.3	2,261.3
Loan from Album Trading Company (Note 25)	270.0	270.0
Loan from Album Enterprises Limited[2] (Note 25)	200.0	-
Interest payable to related parties (Note 28)	37.6	37.2
Trade and other payable to CMN (Note 28)	3.5	4.4
	2,672.4	**2,572.9**
Amounts receivable from related parties		
Trade receivables from CMN (Note 19)	102.6	19.8
Other receivables from CMN(Note 19)	2.6	-
Prepayments from CMN (Note 19)	1.2	2.7
	106.4	**22.5**
Derivative financial assets from related parties	**1.8**	**0.9**
Derivative financial liabilities to related parties	**-**	**1.1**

1 The loan amount from Top Create represents the amounts drawn by the Company on 22 July 2014 (US$1,843.8 million) and 16 February 2015 (US$417.5 million) pursuant to a facility agreement dated 22 July 2014 between MMG SA and Top Create. In accordance with that agreement, a loan facility of up to US$2,262.0 million was made available to MMG SA, for a period of eleven years commencing on the date of the first drawdown of the loan. The loan repayments falling due in separate tranches in July 2023 (US$700.0 million), July 2024 (US$700.0 million) and July 2025 (US$862.0 million). In 2022, MMG SA prepaid US$100.0 million of the second tranche and successfully deferred US$400.0 million of the second tranche to 2026. The facility incurs interest at a separate all-in fixed rate for each of the repayment tranches of between 2.20 per cent and 4.50 per cent per annum, which is payable annually.

2 The loan amount from Album Enterprises Limited represents the amount drawn by the Company on 15 December 2022 under a working capital facility up to US$350.0 million maturing in August 2023. The facility incurs interest at LIBOR plus 1.7 per cent per annum.

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31. FINANCIAL AND OTHER RISK MANAGEMENT

31.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including commodity price risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk and risk arising from the interest benchmark reform. 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 interest rate swaps, collar hedges and commodity swaps to manage certain exposures. The Group does not and is prohibited from entering into derivative contracts for speculative purposes.

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

(a) Commodity price risk

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

During the year ended 31 December 2022, the Group entered into various commodity trades to hedge the sales prices for copper and zinc. This included:

- Zero/low-cost collar hedges:
  - 9,800 tons of zinc with put strike price ranging from US$ at US$3,300/ton to US$3,700/ton and call strike price ranging from US$3,800/ton to US$4,100/ton;
  - 4,400 tons of copper with put strike price ranging from US$9,500/ton to US$10,000/ton and call strike price ranging from US$10,500/ton to US$10,750/ton.
- Fixed price swap hedges:
  - 4,900 tons of zinc with fixed price ranging from US$3,030/ton to US$3,040/ton;
  - 54,000 tons of copper with fixed price ranging from US$8,267/ton to$8,582/ton.
- Above hedges settlement ranged from January to March 2023.

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

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

	Term	Carrying Amount of Hedging Instrument US$ Million	Favourable/(Unfavourable) Changes in Fair Value Used for Measuring Ineffectiveness: Hedging Instrument US$ Million	Favourable/(Unfavourable) Changes in Fair Value Used for Measuring Ineffectiveness: Hedged Item US$ Million	Settled Portion of Hedging Instrument Realised Gains/(losses) US$ Million	Hedging Gain/(loss) Recognised in Cash Flow Hedge Reserve US$ Million	Cost of Hedging Reserve US$ Million
Cash flow hedges:							
At 31 December 2022							
Derivative financial assets/(liabilities) (Note 20)	March 2022 to December 2022	-	-	-	47.0	-	-
At 31 December 2021							
Derivative financial assets/(liabilities) (Note 20)	January 2021 to December 2021	-	-	-	(8.0)	-	-

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 per cent and taking into account the commodity hedges, with all other variables held constant, the Group's post-tax profit would have changed as set out below:

	2022		2021	
Commodity	**Commodity Price Movement**	**Increase/(Decrease) in Profit US$ Million**	**Commodity Price Movement**	**Increase/(Decrease) in Profit US$ Million**
Copper	+10%	(21.5)	+10%	(23.9)
Zinc	+10%	0.3	+10%	1.1
Total		**(21.2)**		**(22.8)**

Commodity	**Commodity Price Movement**	**Increase in Profit US$ Million**	**Commodity Price Movement**	**Increase/(Decrease) in Profit US$ Million**
Copper	-10%	21.8	-10%	25.5
Zinc	-10%	-	-10%	(1.7)
Total		**21.8**		**23.8**

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(b) Interest rate risk

The Group is exposed to interest rate risk primarily through interest bearing borrowings and investment of surplus cash holdings. Deposits and borrowings at variable rates expose the Group to cash flow interest rate risk. Deposits and borrowings at fixed rates expose the Group to fair value interest rate risk. Details of the Group's cash and cash equivalents have been disclosed in Note 22 while the details of the Group's borrowings are set out in Note 25.

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 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				
	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 Gains/ (losses) US$ Million (Note24)	Hedging Gain Recognised in Cash Flow Hedge Reserve[2] US$ Million	Hedge Ineffectiveness Recognised in Profit or Loss US$ Million
Cash flow hedges:								
At 31 December 2022								
Derivative financial assets (Note 20)[1]	June 2020 – June 2025	1,560	113.9	82.1	(82.1)	17.9	55.8	-
At 31 December 2021								
Derivative financial assets (Note 20)[1]	June 2020 – June 2025	1,860	31.8	42.5	(42.5)	(6.8)	29.0	-

1 In 2020, the Group has entered into a notional US$2,100 million 5-year amortising interest rate swap with BOC Sydney. The purpose of the arrangement is to fix approximately half of the remaining interest rate exposure accompanying the floating interest rate MLB project facility (borrowings of US$2,653.6 million outstanding at 31 December 2022, maturing in July 2032) from CDB, ICBC, BOC Sydney and The Export-Import Bank of China for a period of 5 years. The interest rate swap hedge will amortise in line with the MLB project facility and swap the 6-month LIBOR exposure for a fixed rate (0.5568 per cent per annum in the first year and 0.5425 per cent per annum from June 2021 to June 2025).

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

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At 31 December 2022 and 2021, 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:

	2022				2021			
	+100 Basis Points		-100 Basis Points		+100 Basis Points		-100 Basis Points	
US$ Million	Increase/ (Decrease) in Profit After Tax	Increase in OCI	Increase/ (Decrease) in Profit After Tax	Decrease in OCI	Increase/ (Decrease) in Profit After Tax	Increase in OCI	Increase/ (Decrease) in Profit After Tax	Decrease in OCI
Financial assets								
Cash and cash equivalents	2.5	-	(2.5)	-	8.5	-	(8.5)	-
Financial liabilities								
Borrowings (taking into account the impact of the interest rate swap)	(9.7)	13.6	9.7	(13.6)	(14.8)	26.5	2.9	(24.9)
Total	**(7.2)**	**13.6**	**7.2**	**(13.6)**	**(6.3)**	**26.5**	**(5.6)**	**(24.9)**

(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.

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The following table shows the foreign currency risk arising from the monetary assets and liabilities, which are shown by foreign currency of the Group.

US$ Million	Notes	US$	PEN	A$	HK$	Others	Total
At 31 December 2022							
Financial assets							
Cash and cash equivalents	22	346.4	21.2	-	1.8	2.8	**372.2**
Trade receivables	19	212.7	-	-	-	-	**212.7**
Other receivables		28.0	235.6	6.5	-	-	**270.1**
Derivative financial assets	20	126.0	-	-	-	-	**126.0**
Other financial assets	21	1.5	-	-	-		**1.5**
Financial liabilities							
Trade and other payables	28	(333.2)	(332.6)	(62.1)	-	(25.1)	**(753.0)**
Borrowings	25	(5,412.6)	-	-	-	-	**(5,412.6)**
Lease liabilities	26	(114.0)	(0.2)	(24.5)	-	-	**(138.7)**
Derivative financial liabilities	20	(0.3)	-	-	-	-	**(0.3)**
		(5,145.5)	**(76.0)**	**(80.1)**	**1.8**	**(22.3)**	**(5,322.1)**

US$ Million	Notes	US$	PEN	A$	HK$	Others	Total
At 31 December 2021							
Financial assets							
Cash and cash equivalents	22	1,242.4	7.1	1.2	2.4	2.2	**1,255.3**
Trade receivables	19	63.9	-	-	-	-	**63.9**
Other receivables		38.5	236.5	0.9	-	24.6	**300.5**
Derivative financial assets	20	32.7	-	-	-	-	**32.7**
Other financial assets	21	1.8	-	-	-	-	**1.8**
Financial liabilities							
Trade and other payables	28	(300.1)	(233.2)	(72.8)	-	(9.7)	**(615.8)**
Borrowings	25	(6,298.1)	-	-	-	-	**(6,298.1)**
Lease liabilities	26	(119.8)	(0.5)	(10.8)	-	-	**(131.1)**
Derivative financial liabilities	20	(4.9)	-	-	-	-	**(4.9)**
		(5,343.6)	**9.9**	**(81.5)**	**2.4**	**17.1**	**(5,395.7)**

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Based on the Group's net monetary assets and financial liabilities at 31 December 2022 and 2021, a movement of the US dollar against the principal non-functional currencies as illustrated in the table below, with all other variables held constant, would cause changes in post-tax profit as follows:

	2022		2021	
	Weakening of US Dollar	Strengthening of US Dollar	Weakening of US Dollar	Strengthening of US Dollar
US$ Million	Decrease in Profit After Tax	Increase in Profit After Tax	(Decrease)/increase in Profit After Tax	Increase/(decrease) in Profit After Tax
10% movement in Australian dollar (2021: 10%)	(5.6)	5.6	(5.7)	5.7
10% movement in Peruvian sol (2021: 10%)	(5.2)	5.2	0.7	(0.7)
Total	**(10.8)**	**10.8**	**(5.0)**	**5.0**

(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. The aging analysis of the trade receivables is provided in Note 19, and 100 per cent of the balance is aged less than 6 months based on invoice date. The carrying amount of the Group's trade receivables at FVTPL as disclosed in Note 19 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

Investments in cash, short-term deposits and similar assets are with approved counterparty banks. Counterparties are assessed prior to, during and after the conclusion of transactions to ensure exposure to credit risk is limited to acceptable levels. There has been no change in the estimation techniques or significant assumptions made during the year ended 31 December 2022 in assessing the ECL for these financial assets. The limits are set to minimise the concentration of risks and therefore mitigate the potential for financial loss through counterparty failure. Impairment is provided for where the credit risk is perceived to exceed the acceptable levels and there are concerns on recoverability of the relevant assets. The management of the Group considers cash and cash equivalents that are deposited with financial institutions with high credit rating to be low credit risk financial assets.

Other receivables include balances related to various matters including other taxes, indemnities. These balances are assessed at the reporting date considering contractual and non-contractual legal rights to receive such amounts as well as the expectation of recoverability based on expert third party advice and management assessment based on all available information. There are no significant increases in credit risk for these balances since their initial recognition and the Group provided impairment based on a 12 month ECL. For the years ended 31 December 2022 and 2021, the Group assessed the ECL for these balances and considered no significant impact to the consolidated financial statements.

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The Group's most significant customers are CMN, Citic Metal Peru Investment Limited (CITIC Metal), and Trafigura Pte Ltd (Trafigura). Revenue earned from these customers as a percentage of total revenue was:

	2022	2021
CMN	34.5%	38.2%
CITIC Metal	16.2%	16.6%
Trafigura	14.0%	13.2%

The Group's largest debtor at 31 December 2022 was CMN with a balance of US$85.7 million (2021: US$18.1 million) and the five largest debtors accounted for 84.0 per cent (2021: 96.2 per cent) of the Group's trade receivables. Credit risk arising from sales to large concentrate customers is managed by contracts that stipulate a provisional payment of at least 90 per cent of the estimated value of each sale. For most sales a second provisional payment is received within 60 days of the vessel arriving at the port of discharge. Final payment is recorded after completion of the quotation period and assaying.

The credit risk by geographic region was:

	At 31 December	
US$ Million	**2022**	**2021**
Asia	154.0	28.7
Europe	31.2	20.9
Australia	6.4	1.8
Other	21.1	12.5
	212.7	**63.9**

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(e) Liquidity risk

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

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

The table below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in each maturity grouping are the contractual undiscounted cash flows for financial instruments.

US$ Million	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total	Total Carrying Value
At 31 December 2022						
Financial assets						
Cash and cash equivalents (Note 22)	372.2	-	-	-	**372.2**	**372.2**
Trade receivables (Note 19)	212.7	-	-	-	**212.7**	**212.7**
Other receivables	114.7	145.5	9.9	-	**270.1**	**270.1**
Derivative financial assets (Note 20)	75.0	51.0	-	-	**126.0**	**126.0**
Other financial assets (Note 21)	1.5	-	-	-	**1.5**	**1.5**
Financial liabilities						
Trade and other payables (Note 28)	(535.5)	(217.5)	-	-	**(753.0)**	**(753.0)**
Derivative financial liabilities (Note 20)	(0.3)	-	-	-	**(0.3)**	**(0.3)**
Borrowings (including interest) (Note 25)	(1,510.1)	(1,357.8)	(2,530.6)	(1,090.5)	**(6,489.0)**	**(5,412.6)**
Lease liabilities (including interest) (Note 26)	(32.7)	(25.4)	(59.6)	(85.4)	**(203.1)**	**(138.7)**
	(1,302.5)	**(1,404.2)**	**(2,580.3)**	**(1,175.9)**	**(6,462.9)**	**(5,322.1)**
At 31 December 2021						
Financial assets						
Cash and cash equivalents (Note 22)	1,255.3	-	-	-	**1,255.3**	**1,255.3**
Trade receivables (Note 19)	63.9	-	-	-	**63.9**	**63.9**
Other receivables	150.6	135.6	14.3	-	**300.5**	**300.5**
Derivative financial assets (Note 20)	0.5	26.7	5.5	-	**32.7**	**32.7**
Other financial assets (Note 21)	1.8	-	-	-	**1.8**	**1.8**
Financial liabilities						
Trade and other payables (Note 28)	(451.0)	(164.8)	-	-	**(615.8)**	**(615.8)**
Derivative financial liabilities (Note 20)	(4.9)	-	-	-	**(4.9)**	**(4.9)**
Borrowings (including interest) (Note 25)	(899.6)	(1,610.8)	(3,212.0)	(1,644.1)	**(7,366.5)**	**(6,298.1)**
Lease liabilities (including interest) (Note 26)	(30.0)	(24.8)	(49.7)	(98.2)	**(202.7)**	**(131.1)**
	86.6	**(1,638.1)**	**(3,241.9)**	**(1,742.3)**	**(6,535.7)**	**(5,395.7)**

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Available debt facilities

At 31 December 2022, the Group (excluding the Las Bambas Joint Venture Group) had available in its undrawn debt facilities an amount of US$300.0 million (31 December 2021: US$560.0 million). These include:

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

Note: An undrawn US$80.0 million facility under a US$85.0 million facility with China Development Bank was terminated in June 2022; and an undrawn US$180.0 million under a US$450 million Dugald River project facility with Album Trading Company has matured in June 2022 as the availability period has lapsed.

At 31 December 2022, the Las Bambas Joint Venture Group had available in its undrawn debt facilities of US$800.0 million (31 December 2021: US$1,150.0 million). These include:

1. US$650.0 million (2021: 800.0 million) that was undrawn and available under a US$800.0 million three years revolving credit facility to support the operations and general corporate purposes of Las Bambas, with the revolving credit facility borrowed from China Development Bank, Bank of China, Bank of Communications and The Export-Import Bank of China which will expire in October 2023;
2. US$150.0 million (2021: nil) that was undrawn and available under a new US$350.0 million revolving credit facility provided by Album Enterprises Limited which will expire in August 2023.

Note: A US$175.0 million revolving credit facility provided by BOC Sydney and a US$175.0 million revolving credit facility provided by ICBC Luxembourg, for general corporate purposes had expired in August 2022.

The Group's certain 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 31 December 2022. Certain financial covenants are measured with reference to the financial performance of the Group or its subsidiaries, and may be influenced by future operational performance.

(f) Risks arising from the interest rate benchmark reform

Interest rate related risks: For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Litigation risk: If no agreement is reached to implement the interest rate benchmark reform on contracts which have not been transitioned to the relevant alternative benchmark rates (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

Interest rate basis risk: Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. The Group will monitor this risk to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.

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Progress towards implementation of alternative benchmark interest rates

As part of the Group's risk management for transition, new contracts entered into by the Group are linked to interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

The Group is planning to transition the majority of its remaining IBOR-linked contracts through introduction of, or amendments to, fallback clauses into the contracts which will change the basis for determining the interest cash flows from IBOR to alternative reference rate at an agreed point in time.

The following table shows the total amounts of outstanding contracts and the progress in completing the transition to alternative benchmark rates. The amounts of financial assets and liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

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 2023 to July 2032	1,713	1,713
US$ debt linked to LIBOR designated in cash flow hedge [1]	Non-derivative liability	June 2025	1,560	1,560
Interest rate swap converting LIBOR to Fixed (cash flow hedge)	Derivatives	June 2025	1,560	113.9

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 US$ LIBOR interest rate risk components continue to be reliably measurable.

31.2 Country and community risks

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

The DRC Government during 2018 made changes to the 2002 Mining Code and Mining Regulations. These changes were enacted (2018 Mining Code) and continue to result in an increased tax burden on mining companies.

Las Bambas has faced continuous community disruptions during 2022. A site invasion in April resulted in 52 days of full operation cessation, due to safety precautions for both protestors and the Las Bambas workforce. Further community disruption continued once Las Bambas recommenced operation with blockades intermittently impacting transport of concentrate to the Matarani port. Late in 2022, the Peru President Pedro Castillo, was impeached, removed from office and arrested. Dina Boluarte was installed as the new President on 7 December 2022. Since that time, community protests have escalated preventing movement of concentrates on the national highways. A total of 173 days of transport disruption were experienced in 2022. As the political situation evolves, the Group will continue to work closely with the relevant authorities and community groups to minimise the potential direct risk of social instability and disruptions to the Las Bambas operations.

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.

31.3 Fair values 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 value of the interest rate swap is determined based the 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 commodity derivatives is determined based on the discounted future cash flows. Future cash flows are estimated based on forward commodity price from observable yield curves at the end of the reporting period and contracted price, discounted by the current interest rate.

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.

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The carrying amounts and fair values of financial assets and liabilities by category and class at 31 December 2022 and 2021 are:

US$ Million	Notes	Amortised Cost (assets)	Financial Assets/ (liabilities) at Fair Value Through Profit or Loss	Financial Assets/ (liabilities) at Fair Value Designated Under Cash Flow Hedge	Amortised Cost (Liabilities)	Total Carrying Value	Total Fair Value
At 31 December 2022							
Financial assets							
Cash and cash equivalents	22	372.2	-	-	-	**372.2**	**372.2**
Trade receivables	19	-	212.7	-	-	**212.7**	**212.7**
Other receivables		270.1	-	-	-	**270.1**	**270.1**
Derivative financial assets	20	-	12.1	113.9	-	**126.0**	**126.0**
Other financial assets	21	-	1.5	-		**1.5**	**1.5**
Financial liabilities							
Trade and other payables	28	-	-	-	(753.0)	**(753.0)**	**(753.0)**
Derivative financial liabilities	20	-	(0.3)	-	-	**(0.3)**	**(0.3)**
Borrowings	25	-	-	-	(5,412.6)	**(5,412.6)**	**(5,533.6)**
Lease liabilities	26	-	-	-	(138.7)	**(138.7)**	**(138.7)**
		642.3	**226.0**	**113.9**	**(6,304.3)**	**(5,322.1)**	**(5,443.1)**

US$ Million	Notes	Amortised Cost (assets)	Financial Assets/ (liabilities) at Fair Value Through Profit or Loss	Financial Assets at Fair Value Designated Under Cash Flow Hedge	Amortised Cost (Liabilities)	Total Carrying Value	Total Fair Value
At 31 December 2021							
Financial assets							
Cash and cash equivalents	22	1,255.3	-	-	-	**1,255.3**	**1,255.3**
Trade receivables	19	-	63.9	-	-	**63.9**	**63.9**
Other receivables		300.5	-	-	-	**300.5**	**300.5**
Derivative financial assets	20	-	0.9	31.8	-	**32.7**	**32.7**
Other financial assets	21	-	1.8	-	-	**1.8**	**1.8**
Financial liabilities							
Trade and other payables	28	-	-	-	(615.8)	**(615.8)**	**(615.8)**
Derivative financial liabilities	20	-	(4.9)	-	-	**(4.9)**	**(4.9)**
Borrowings	25	-	-	-	(6,298.1)	**(6,298.1)**	**(6,623.8)**
Lease liabilities	26	-	-	-	(131.1)	**(131.1)**	**(131.1)**
		1,555.8	**61.7**	**31.8**	**(7,045.0)**	**(5,395.7)**	**(5,721.4)**

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31.4 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 at 31 December 2022 and 31 December 2021.

US$ Million	Level 1	Level 2	Total
At 31 December 2022			
Trade receivables (Note 19)	-	212.7	**212.7**
Derivative financial assets[2] (Note 20)	-	126.0	**126.0**
Derivative financial liabilities[2] (Note 20)	-	(0.3)	**(0.3)**
Financial assets at fair value through profit and loss – listed[1] (Note 21)	1.5	-	**1.5**
	1.5	**338.4**	**339.9**
At 31 December 2021			
Trade receivables (Note 19)	-	63.9	**63.9**
Derivative financial assets[2] (Note 20)	-	32.7	**32.7**
Derivative financial liabilities[2] (Note 20)	-	(4.9)	**(4.9)**
Financial assets at fair value through profit and loss – listed[1] (Note 21)	1.8	-	**1.8**
	1.8	**91.7**	**93.5**

There were no transfers between levels 1, 2 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 fixed price swap hedge, 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.

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31.5 Capital risk management

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

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

	At 31 December	
The Group	**2022 US$ Million**	**2021 US$ Million**
Total borrowings (excluding prepaid finance charges)[1] (Note 25)	5,456.9	6,348.3
Less: cash and cash equivalents (Note 22)	(372.2)	(1,255.3)
Net debt	**5,084.7**	**5,093.0**
Total equity	4,228.5	3,928.0
Net debt +Total equity	**9,313.2**	**9,021.0**
Gearing ratio	**0.55**	**0.56**

1 Borrowings at an MMG Group level reflect 100 per cent of borrowings of the Las Bambas Joint Venture Group. The Las Bambas Joint Venture Group's borrowings have not been reduced to reflect the MMG Group's 62.5 per cent equity interest in that entity. This is consistent with the basis of preparation of MMG's financial statements.

Under the terms of relevant debt facilities held by the Group, the gearing ratio for covenant compliance purposes is calculated exclusive of US$2,161.3 million (2021: US$2,261.3 million) of shareholder debt that was used to fund the MMG Group's equity contribution to the Las Bambas Joint Venture Group. For the purpose of the above, it has however been included as borrowings.

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32. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of every Director for the year ended 31 December 2022 is set out below:

	For the Year Ended 31 December 2022					
Name of Director	Fees US$'000	Salaries US$'000	Other Benefits[1] US$'000	Short-Term Incentive Plans[2] US$'000	Long-Term Incentive Plans[3] US$'000	Total US$'000
Mr LI Liangang[4]	-	985	22	266	236	1,509
Mr JIAO Jian(Chairman)[6]	-	-	1	-	-	1
Mr XU Jiqing	-	-	1	-	-	1
Mr LEUNG Cheuk Yan	145	-	-	-	-	145
Dr Peter William CASSIDY	155	-	1	-	-	156
Mr ZHANG Shuqiang	-	-	1	-	-	1
Mr Peter Ka Keung CHAN	165	-	1	-	-	166
	465	**985**	**27**	**266**	**236**	**1,979**

The remuneration of every Director for the year ended 31 December 2021 is set out below:

	For the Year Ended 31 December 2021					
Name of Director	Fees US$'000	Salaries US$'000	Other Benefits[1] US$'000	Short-Term Incentive Plans[2] US$'000	Long-Term Incentive Plans[3] US$'000	Total US$'000
Mr GAO Xiaoyu[4]	-	1,701	32	1,729[5]	849[5]	4,311
Mr XU Jiqing	-	-	2	-	-	2
Mr JIAO Jian[6]	-	-	2	-	-	2
Mr LEUNG Cheuk Yan	153	-	-	-	-	153
Dr Peter William CASSIDY	163	-	1	-	-	164
Mr GUO Wenqing (Chairman)[6]	-	-	-	-	-	-
Mr ZHANG Shuqiang	-	-	1	-	-	1
Mr Peter Ka Keung CHAN	174	-	1	-	-	175
	490	**1,701**	**39**	**1,729**	**849**	**4,808**

1 Other benefits include statutory superannuation, pension contributions and non-monetary benefits. Not all benefits apply to each executive; benefits are applied variably based on contractual obligations.

2 Short-term incentive ("STI") plans include at-risk, performance-linked remuneration, STI plans and discretionary bonuses.
The STI plan is an annual cash award determined by performance against Group financial and safety targets and individual performance. For operational roles, additional components include performance targets related to production rates, unit costs, and operational safety.
Participation in the at-risk incentive plans is offered to participants as a percentage of their fixed remuneration according to seniority and their ability to influence the performance of the Group. All employees on long-term employment contracts are eligible to participate in a STI plan. The incentive plans' provision for STIs was re-assessed at the reporting date.

3 Long-term incentive ("LTI") plans are performance-linked remuneration LTI plans, and most recently consist of the 2020, 2021 and 2022 Long-Term Incentive Equity plans ("LTIEP"), which are Performance Awards Schemes vesting at the conclusion of a three year performance period. The vesting of LTI plans is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant, including amongst others, achievement of financial, resources growth and market-related performance targets at the conclusion of the respective vesting period.
Participation in the at-risk incentive plans is offered to participants as a percentage of their fixed remuneration according to seniority and their ability to influence the performance of the Group. The LTI plans are limited to senior managers invited to participate by the Board. The incentive plans' provision for LTI plans was re-assessed at the reporting date. The values attributed to the LTI plans are estimated values based on an assessment of the likely outcomes for each LTI plans and may be adjusted based on the actual outcome. The values attributed to the LTI plans are subject to Board approval at end of the vesting period.

4 Mr Gao Xiaoyu has resigned as the Chief Executive Officer ("CEO") and an Executive Director of the Company on 5 January 2022; Mr Li Liangang was appointed as the interim CEO and an Executive Director of the Company on 5 January 2022.

5 On Mr Gao Xiaoyu's resignation as the Chief Executive Officer ("CEO") on 5 January 2022, he forfeited his entitlement to receive his STI benefits and Performance Awards (Shares) granted through the Company's LTI Equity Plans.

6 Mr Guo Wenqing has resigned as the Chairman and Non-executive Director of the Company on 5 January 2022; Mr Jiao Jian has been appointed as the Chairman of the Company on 5 January 2022.

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(b) Five highest-paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one Director (2021: one) whose emoluments are reflected in the analysis presented above and four (2021: four) senior executives and senior management whose remuneration by band are set out in the "Senior management remuneration by band" section in this Note.

Details of the emoluments payable to all five individuals during the year are as follows:

	2022 US$ '000	2021 US$ '000
Salaries and other short-term employee benefits	3,662	4,481
Short-term incentives and discretionary bonus	1,547	4,023
Long-term incentives	521	1,061
Post-employment benefits	182	115
	5,912	**9,680**

During the years ended 31 December 2022 and 2021, no emoluments were paid or payable by the Group to the Directors or any of the five highest-paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) Senior management remuneration by band

The emoluments fell within the following bands:

	Number of Individuals	
	2022	2021
HK$4,000,001 - HK$4,500,000 (US$510,391 - US$574,190)	1	-
HK$6,500,001 - HK$7,000,000 (US$829,391 - US$893,190)	1	-
HK$8,500,001 - HK$9,000,000 (US$1,084,581 - US$1,148,380)	-	1
HK$9,000,001 - HK$9,500,000 (US$1,148,381 - US$1,212,180)	1	1
HK$9,500,001 - HK$10,000,000 (US$1,212,181 - US$1,275,980)	-	1
HK$11,500,001 - HK$12,000,000 (US$1,467,381 - US$1,531,180)	2	-
HK$14,500,001 - HK$15,000,000 (US$1,850,181 - US$1,913,980)	-	1
HK$33,500,001 - HK$34,000,000 (US$4,274,541 - US$4,338,340)	-	1
	5	**5**

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33. LONG-TERM INCENTIVE EQUITY PLANS

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. At 31 December 2022, there were a total of 3,261,984 options outstanding granted under 2016 Options (2021: 4,074,630), of which 3,261,984 (2021: 4,074,630) were exercisable. The outstanding options represented approximately 0.04 per cent (2021: 0.05 per cent) of the total number of issued shares of the Company at that date.

During the year ended 31 December 2022, the movement in the number of options granted under the 2016 Share Option Scheme was as follows.

2016 Options

On 15 December 2016, the Company granted options to the eligible participants pursuant to the 2013 Share Option Scheme (2016 Options). There were 3,261,984 options outstanding at 31 December 2022, which represented approximately 0.04 per cent of the total number of issued shares of the Company at 31 December 2022.

During the year ended 31 December 2022, the movements of the 2016 Options were as follows:

				Number of Options				
Category and Name of Participant	Date of Grant[1]	Exercise Price Per Share (HK$)	Exercise Period[2,5]	Balance at 1 January 2022	Granted During the Year	Exercised During the Year[3]	Lapsed During the Year[4]	Balance at 31 December 2022
Employees of the Group	15 December 2016	2.29	4 years after date of vesting	**4,074,630**	**-**	**(640,980)**	**(171,666)**	**3,261,984**

1 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.
2 The vesting and performance period of the options is three years from 1 January 2016 to 31 December 2018, with 60 per cent of vested options exercisable from 1 January 2019 and 40 per cent 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 per cent of the 2016 Options granted to participants vesting on 22 May 2019.
3 The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK$3.08 per share.
4 Options lapsed due to cessation of employment.
5 No options were cancelled during the year.

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During the year ended 31 December 2021, the movements of the 2016 Options were as follows:

				Number of Options				
Category and Name of Participant	Date of Grant[1]	Exercise Price Per Share (HK$)	Exercise Period[2,5]	Balance at 1 January 2021	Granted During the Year	Exercised During the Year[3]	Lapsed During the Year[4]	Balance at 31 December 2021
Employees of the Group	15 December 2016	2.29	4 years after date of vesting	**11,192,385**	**-**	**(6,257,076)**	**(860,679)**	**4,074,630**

1 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.
2 The vesting and performance period of the options is three years from 1 January 2016 to 31 December 2018, with 60 per cent of vested options exercisable from 1 January 2019 and 40 per cent 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 per cent of the 2016 Options granted to participants vesting on 22 May 2019.
3 The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK$4.68 per share.
4 Options lapsed due to cessation of employment.
5 No options were cancelled during the year.

The estimated fair value of the options granted on 15 December 2016 was approximately US$0.1371 each, estimated 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 per cent; the expected volatility used in calculating the value of options was 40 per cent and the expected dividend was assumed to be nil.

The validity period of the options is from the date of vesting until four years from 22 May 2019 to 22 May 2023. The vesting and performance period of the options is three years from 1 January 2016 to 31 December 2018. If a participant leaves employment before the expiry of the vesting period, the option will lapse unless the participant leaves due to certain specific reasons including ill-health, injury or disability, retirement with the agreement of the employer, redundancy, death, the participating employing company ceasing to be part of the Group and any other reason, if the Board so decides.

Performance awards (shares)

Pursuant to the performance awards granted under the Long-Term Incentive Equity Plan, performance awards were granted to eligible participants under 2019 Performance Awards, 2020 Performance Awards, 2021 Performance Awards and 2022 Performance Awards. At 31 December 2022, there were a total of 91,110,744 performance awards (2021:101,556,419) outstanding granted under the 2020, 2021 and 2022 Performance Awards, which represented approximately 1.05 per cent (2021:1.18 per cent) of the total number of issued shares of the Company at that date.

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2019 Performance Awards

On 3 May 2019, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2019 Performance Awards). There were no performance awards outstanding at 31 December 2022.

During the year ended 31 December 2022, the movements of the 2019 Performance Awards were as follows:

Category and Name of Participant	Date of Grant[1]	Number of Performance Awards: Balances at 1 January 2022	Granted During the Year	Vested and Exercised During the Year	Cancelled During the Year	Lapsed During the Year[2]	Balance at 31 December 2022
Directors							
GAO Xiaoyu[3]	3 May 2019	5,604,754	-	-	-	(5,604,754)	-
Employees of the Group	3 May 2019	11,796,209	-	-	-	(11,796,209)	-
Total		**17,400,963**	**-**	**-**	**-**	**(17,400,963)**	**-**

1 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. Achievement of the Company and individual performance conditions have resulted in nil of the 2019 Performance Awards granted to participants with cancellation date on 14 April 2022.
2 Performance awards lapsed due to cessation of employment non-achievement of performance conditions during the vesting period.
3 Mr Gao Xiaoyu has resigned as the CEO and Executive Director of the Company on 5 January 2022. His interests in the performance awards lapsed on the same day.

During the year ended 31 December 2021, the movements of the 2019 Performance Awards were as follows:

Category and Name of Participant	Date of Grant[1]	Number of Performance Awards: Balances at 1 January 2021	Granted During the Year	Vested and Exercised During the Year	Cancelled During the Year	Lapsed During the Year[2]	Balance at 31 December 2021
Directors							
GAO Xiaoyu	3 May 2019	5,604,754	-	-	-	-	5,604,754
Employees of the Group	3 May 2019	12,845,086	-	-	-	(1,048,877)	11,796,209
Total		**18,449,840**	**-**	**-**	**-**	**(1,048,877)**	**17,400,963**

1 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.
2 Performance awards lapsed due to cessation of employment.

The vesting of the performance awards will be subject to the achievement by each participant of certain performance conditions, among other things, independently assessed measures of achievement of non-market based conditions such as resources growth and financial and market based conditions such as total shareholder return. Portions of the vested performance awards will be subject to holding locks for various periods of up to three years after vesting.

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The estimated fair value of the performance awards granted on 3 May 2019 was approximately US$0.3766 each, estimated at the date of grant by using Monte Carlo Simulations (for market based conditions) and reference to market price of the Company's shares at the date of grant.

The value of the performance awards was subject to a number of assumptions and limitations of the performance awards-pricing model, including a risk-free interest rate, price volatility, expected life of the performance awards, market price of the Company's shares and expected dividend. The risk-free interest rate was 2.11 per cent; the expected volatility used in calculating the value of performance awards was 63.75 per cent and the expected dividend was assumed to be nil.

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 48,238,268 performance awards outstanding at 31 December 2022, representing approximately 0.56 per cent of the total number of issued shares of the Company at that date.

During the year ended 31 December 2022, the movements of the 2020 Performance Awards were as follows:

		Number of Performance Awards					
Category and Name of Participant	Date of Grant[1]	Balances at 1 January 2022	Granted During the Year	Vested and Exercised During the Year	Cancelled During the Year	Lapsed During the Year[2]	Balance at 31 December 2022
Directors							
GAO Xiaoyu[4]	29 April 2020	12,130,042	-	-	-	(12,130,042)	-
LI Liangang[3]	29 April 2020	2,295,115	-	-	-	-	2,295,115
Employees of the Group	29 April 2020	49,148,035	-	-	-	(3,204,882)	45,943,153
Total		**63,573,192**	**-**	**-**	**-**	**(15,334,924)**	**48,238,268**

1 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.
2 Performance awards lapsed due to cessation of employment.
3 Mr Li Liangang was appointed as the interim CEO and Executive Director of the Company on 5 January 2022. He was granted 2,295,115 performance awards on 29 April 2020.
4 Mr Gao Xiaoyu has resigned as the CEO and Executive Director of the Company on 5 January 2022. His interests in the performance awards lapsed on the same day.

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During the year ended 31 December 2021, the movements of the 2020 Performance Awards were as follows:

		Number of Performance Awards					
Category and Name of Participant	**Date of Grant[1]**	**Balances at 1 January 2021**	**Granted During the Year**	**Vested and Exercised During the Year**	**Cancelled During the Year**	**Lapsed During the Year[2]**	**Balance at 31 December 2021**
Directors							
GAO Xiaoyu	29 April 2020	12,130,042		-	-	-	12,130,042
LI Liangang[3]	29 April 2020	2,295,115	-	-	-	-	2,295,115
Employees of the Group	29 April 2020	55,145,298	-	-	-	(5,997,263)	49,148,035
Total		**69,570,455**	**-**	**-**	**-**	**(5,997,263)**	**63,573,192**

1 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.

2 Performance awards lapsed due to cessation of employment.

3 Mr Li Liangang was appointed as the interim CEO and Executive Director of the Company on 5 January 2022. He was granted 2,295,115 performance awards on 29 April 2020.

The performance awards are granted for nil cash consideration. The vesting of the performance awards will be subject to the achievement by each participant of certain performance conditions, among other things, independently assessed measures of achievement of non-market based conditions such as resources growth and financial and market based conditions such as total shareholder return. Portions of the vested performance awards will be subject to holding locks for various periods of up to three years after vesting.

The estimated fair value of the performance awards granted on 29 April 2020 was approximately US$0.1462 each, estimated at the date of grant by using Monte Carlo Simulations (for market based conditions) and reference to market price of the Company's shares at the date of grant.

The value of the performance awards was subject to a number of assumptions and limitations of the performance awards-pricing model, including a risk-free interest rate, price volatility, expected life of the performance awards, market price of the Company's shares and expected dividend. The risk-free interest rate was 0.80 per cent; the expected volatility used in calculating the value of performance awards was 60.29 per cent and the expected dividend was assumed to be nil.

During the year ended 31 December 2022, the Group recognised a share award expense of approximately US$0.2 million (2021: US$0.1 million) in relation to the 2020 Performance Awards.

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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 14,821,182 performance awards outstanding at 31 December 2022, representing approximately 0.17 per cent of the total number of issued shares of the Company at that date.

During the year ended 31 December 2022, the movements of the 2021 Performance Awards were as follows:

		Number of Performance Awards					
Category and Name of Participant	**Date of Grant[1]**	**Balances at 1 January 2022**	**Granted During the Year**	**Vested and Exercised During the Year**	**Cancelled During the Year**	**Lapsed During the Year[2]**	**Balance at 31 December 2022**
Directors							
GAO Xiaoyu[4]	21 June 2021	4,019,967	-	-	-	(4,019,967)	-
LI Liangang[3]	21 June 2021	760,615	-	-	-	-	760,615
Employees of the Group	21 June 2021	15,801,682	-	-	-	(1,741,115)	14,060,567
Total		**20,582,264**	**-**	**-**	**-**	**(5,761,082)**	**14,821,182**

1 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.
2 Performance awards lapsed due to cessation of employment.
3 Mr Li Liangang was appointed as the interim CEO and Executive Director of the Company on 5 January 2022. He was granted 760,615 performance awards on 21 June 2021.
4 Mr Gao Xiaoyu has resigned as the CEO and Executive Director of the Company on 5 January 2022. His interests in the performance awards lapsed on the same day.

During the year ended 31 December 2021, the movements of the 2021 Performance Awards were as follows:

		Number of Performance Awards					
Category and Name of Participant	**Date of Grant[1]**	**Balances at 1 January 2021**	**Granted During the Year**	**Vested and Exercised During the Year**	**Cancelled During the Year**	**Lapsed During the Year[2]**	**Balance at 31 December 2021**
Directors							
GAO Xiaoyu	21 June 2021	-	4,019,967	-	-	-	4,019,967
LI Liangang[3]	21 June 2021	-	760,615	-	-	-	760,615
Employees of the Group	21 June 2021	-	16,526,199	-	-	(724,517)	15,801,682
Total		**-**	**21,306,781**	**-**	**-**	**(724,517)**	**20,582,264**

1 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.
2 Performance awards lapsed due to cessation of employment.
3 Mr Li Liangang was appointed as the interim CEO and Executive Director of the Company and an Executive director on 5 January 2022. He was granted 760,615 performance awards on 21 June 2021.

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The performance awards are granted for nil cash consideration. The vesting of the performance awards will be subject to the achievement by each participant of certain performance conditions, among other things, independently assessed measures of achievement of non-market based conditions such as resources growth and financial and market based conditions such as total shareholder return. Portions of the vested performance awards will be subject to holding locks for various periods of up to three years after vesting.

The estimated fair value of the performance awards granted on 21 June 2021 was approximately US$0.3928 each, estimated at the date of grant by using Monte Carlo Simulations (for market based conditions) and reference to market price of the Company's shares at the date of grant.

The value of the performance awards was subject to a number of assumptions and limitations of the performance awards-pricing model, including a risk-free interest rate, price volatility, expected life of the performance awards, market price of the Company's shares and expected dividend. The risk-free interest rate was 0.45 per cent; the expected volatility used in calculating the value of performance awards was 69.06 per cent and the expected dividend was assumed to be nil.

During the year ended 31 December 2022, the Group recognised a share award expense of approximately US$0.6 million (2021: US$2.2 million) in relation to the 2021 Performance Awards.

2022 Performance Awards

On 21 April 2022, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2022 Performance Awards). There were 28,051,294 performance awards outstanding at 31 December 2022, representing approximately 0.32 per cent of the total number of issued shares of the Company at that date.

During the year ended 31 December 2022, the movements of the 2022 Performance Awards were as follows:

		Number of Performance Awards					
Category and Name of Participant	**Date of Grant[1]**	**Balances at 1 January 2022**	**Granted During the Year**	**Vested and Exercised During the Year**	**Cancelled During the Year**	**Lapsed During the Year[2]**	**Balance at 31 December 2022**
Directors							
LI Liangang	21 April 2022	-	1,249,244	-	-	-	1,249,244
Employees of the Group	21 April 2022	-	28,633,414	-	-	(1,831,364)	26,802,050
Total		**-**	**29,882,658**	**-**	**-**	**(1,831,364)**	**28,051,294**

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

2 Performance awards lapsed due to cessation of employment.

The performance awards are granted for nil cash consideration. The vesting of the performance awards will be subject to the achievement by each participant of certain performance conditions, among other things, independently assessed measures of achievement of non-market based conditions such as resources growth and financial and market based conditions such as total shareholder return. Portions of the vested performance awards will be subject to holding locks for various periods of up to three years after vesting.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

The estimated fair value of the performance awards granted on 21 April 2022 was approximately US$0.4114 each, estimated at the date of grant by using Monte Carlo Simulations (for market based conditions) and reference to market price of the Company's shares at the date of grant.

The value of the performance awards was subject to a number of assumptions and limitations of the performance awards-pricing model, including a risk-free interest rate, price volatility, expected life of the performance awards, market price of the Company's shares and expected dividend. The risk-free interest rate was 2.87 per cent; the expected volatility used in calculating the value of performance awards was 68.26 per cent and the expected dividend was assumed to be nil.

During the year ended 31 December 2022, the Group recognised a share award expense of approximately US$3.2 million (2021: nil) in relation to the 2022 Performance Awards.

34. COMMITMENTS

Capital commitments

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

	2022 US$ Million	2021 US$ Million
Property, plant and equipment		
Within one year	143.9	100.9
Over one year but not more than five years	127.6	34.4
	271.5	**135.3**
Intangible assets		
Within one year	**2.7**	**-**

Aggregate	2022 US$ Million	2021 US$ Million
Property, plant and equipment and intangible assets		
Contracted but not provided for	**274.2**	**135.3**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

35. 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 31 December 2022, these guarantees amounted to US$297.5 million (2021: US$291.5 million).

Contingent Liabilities - tax related contingencies

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

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

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

Included within such uncertain tax matters are audits of the 2014, 2015, 2016 and 9 months ended 30 September 2017 tax periods for MLB in relation to withholding taxes on fees paid under certain loans, which were provided to MLB pursuant to facility agreements entered into among MLB and a consortium of Chinese banks in connection with the acquisition of the Las Bambas mine in 2014. MLB received assessment notices from the Peruvian tax authority (National Superintendence of Tax Administration of Peru or "SUNAT"), which advised that, in its opinion, MLB and the Chinese banks are related parties and thus a 30 per cent withholding tax rate ought to be imposed rather than the 4.99 per cent applied. The assessments of omitted tax plus penalties and interest until the estimated date of Peru Tax Court resolution are PEN178.0 million (approximately US$46.6 million), PEN579.9 million (approximately US$151.8 million), PEN724.9 million (approximately US$189.8 million) and PEN532.3 million (approximately US$139.3 million) for 2014, 2015, 2016 and 2017 tax periods respectively.

In relation to these assessments, having received external legal and tax advice, the Group has formed the view that the Company and its controlled entities are not related parties to Chinese banks under Peruvian tax law. MLB notes that the Peruvian tax law was amended to apply from October 2017 onwards to provide expressly that parties are not related by being under state ownership for the purposes of withholding taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

Peru –2016 Income Tax

In January 2023, MLB received assessment notices from SUNAT in connection with the 2016 income tax audit (2016 Income Tax Assessment). The assessment was issued on the basis that all of the loan interest expensed during 2016 tax year were non-deductible. It is partly based upon the same interpretation of the Peru Income Tax Law by SUNAT as previous assessments in relation to withholding taxes in respect of China bank loans. SUNAT denied all loan interest deductions on the basis that the alleged related party debt should be included in calculating MLB's related party debt to equity ratio. SUNAT also alleges interest payable upon a shareholder loan from a shareholder of MLB, MMG Swiss Finance A.G. is non-deductible, due to the application of the "Causality Principle". Further, SUNAT separately alleges that the accounting treatment of the merger should have resulted in a negative equity adjustment meaning MLB should be regarded as having no equity for the purposes of calculating its thin capitalisation allowance. The Assessment issued by SUNAT for tax, interest and penalties totalled approximately US$160 million. Similar deductions were also made by MLB in subsequent years which are likely to be subject to the same interpretation by SUNAT.

MLB strongly disagrees with these interpretations. The Group filed an appeal for the 2016 Income Tax Assessment to SUNAT and, if unsuccessful, intends to appeal the assessment to the Tax Court. The Group will also review other avenues for resolution of the dispute, however if MLB is not successful in rebutting or appealing such challenges, this could result in significant additional tax liabilities.

36. EVENTS AFTER THE END OF THE REPORTING PERIOD

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.

- On 31 January 2023, SUNAT released its 2016 Income Tax Assessment which was appealed to SUNAT on 28 February 2023 (refer to Note 35 for details); and
- Subsequent to 31 December 2022, Las Bambas has continued to be impacted by nationwide political protests. The Group has been able to secure critical supplies that have enabled production to continue at a reduced rate, however levels of critical supplies remain low and should the situation remain unchanged, Las Bambas will be forced to commence a period of care and maintenance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

37. COMPANY STATEMENT OF FINANCIAL POSITION, RESERVES AND ACCUMULATED LOSSES

(a) Company Statement of Financial Position

	Note	At 31 December 2022 US$ Million	2021 US$ Million
ASSETS			
Non-current assets			
Loans to a subsidiary		119.9	140.9
Interests in subsidiaries		2,487.4	2,487.4
		2,607.3	**2,628.3**
Current assets			
Other receivables		1.3	2.8
Cash and cash equivalents		1.9	2.4
		3.2	**5.2**
Total assets		**2,610.5**	**2,633.5**
EQUITY			
Share capital		3,220.5	3,220.3
Reserves and accumulated losses	(b)	(614.7)	(595.2)
Total equity		**2,605.8**	**2,625.1**
LIABILITIES			
Current liabilities			
Borrowings from banks		-	5.0
Other payables		0.1	0.1
Borrowings from a subsidiary		4.6	3.3
Total liabilities		**4.7**	**8.4**
Net current liabilities		**(1.5)**	**(3.2)**
Total equity and liabilities		**2,610.5**	**2,633.5**

LI Liangang
INTERIM CEO AND EXECUTIVE DIRECTOR

XU Jiqing
NON-EXECUTIVE DIRECTOR

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

(b) Company reserves and accumulated losses

US$ Million	Special Capital Reserve	Share-Based Payment Reserve	Accumulated Losses	Total
At 1 January 2021	**9.4**	**9.6**	**(1,395.7)**	**(1,376.7)**
Profit for the year	-	-	782.1	**782.1**
Employee long-term incentives	-	1.0	-	**1.0**
Employee share options exercised and vested	-	(1.6)	-	**(1.6)**
Employee share options lapsed	-	(0.1)	0.1	**-**
At 31 December 2021	**9.4**	**8.9**	**(613.5)**	**(595.2)**
Loss for the year	-	-	(20.5)	**(20.5)**
Employee long-term incentives	-	1.1	-	**1.1**
Employee share options exercised and vested	-	(0.1)	-	**(0.1)**
At 31 December 2022	**9.4**	**9.9**	**(634.0)**	**(614.7)**

FIVE-YEAR FINANCIAL SUMMARY

US$ Million	2022	2021	2020	2019[1]	2018
Results – the Group					
Revenue	3,254.2	4,255.0	3,033.7	3,011.6	3,670.2
EBITDA	**1,535.4**	**2,725.4**	**1,379.7**	**1,461.5**	**1,751.2**
EBIT	**745.3**	**1,827.4**	**451.9**	**341.9**	**833.1**
Finance income	15.0	5.4	1.9	11.2	6.8
Finance costs	(299.8)	(329.0)	(401.4)	(523.1)	(533.7)
Profit/(loss) before income tax	**460.5**	**1,503.8**	**52.4**	**(170.0)**	**306.2**
Income tax expense	(217.0)	(583.3)	(46.8)	(25.3)	(169.6)
Profit/(loss) for the year	**243.5**	**920.5**	**5.6**	**(195.3)**	**136.6**
Attributable to:					
Equity holders of the Company	172.4	667.1	(64.7)	(230.4)	68.3
Non-controlling interests	71.1	253.4	70.3	35.1	69.1
	243.5	**920.5**	**5.6**	**(195.3)**	**137.4**

1 The Group adopted the new HKFRS 16 Leases on 1 January 2019, as such the prior period information presented is not comparable.

A summary of the Group results that relate to current operations involving the exploration for, and development of mining projects, is presented below.

US$ Million	2022	2021	2020	2019	2018
Results – current operations					
EBIT	745.3	1,827.4	451.9	341.9	833.1
Significant non-recurring items		-	-	150.0	-
Underlying EBIT[1]	**745.3**	**1,827.4**	**451.9**	**491.9**	**833.1**

1 Underlying EBIT represents EBIT adjusted for significant non-recurring items (before tax). During the year ended 31 December 2019, the underlying loss attributable to equity holders of the Company excludes non-recurring item relating to the impairment of Kinsevere assets of US$105.0 million (post-tax).

FIVE-YEAR FINANCIAL SUMMARY

CONTINUED

US$ Million	2022	2021	2020	2019	2018
Assets and liabilities – the Group					
Property, plant and equipment	9,509.4	9,763.1	10,075.9	10,394.2	10,897.7
Right-of-use assets	111.2	104.6	122.8	140.6	-
Intangible assets	534.2	537.3	546.5	567.5	596.0
Inventories	994.8	682.9	492.7	488.6	279.7
Trade and other receivables	510.0	399.4	601.4	571.9	644.4
Cash and cash equivalents	372.2	1,255.3	192.7	217.5	601.9
Other financial assets	1.5	1.8	1.7	3.1	3.3
Derivative financial assets	126.0	32.7	-	-	-
Current income tax assets	60.5	62.3	25.7	101.3	54.3
Deferred income tax assets	315.7	184.7	238.6	180.4	178.1
Total assets	**12,535.5**	**13,024.1**	**12,298.0**	**12,665.1**	**13,255.4**
Capital and reserves attributable to equity holders of the Company	2,139.0	1,930.5	936.4	1,012.2	1,257.1
Non-controlling interests	2,089.5	1,997.5	1,733.3	1,665.7	1,639.2
Total equity	**4,228.5**	**3,928.0**	**2,669.7**	**2,677.9**	**2,896.3**
Borrowings	5,412.6	6,298.1	7,179.5	7,628.3	8,131.4
Lease liabilities	138.7	131.1	148.7	160.8	-
Trade and other payables	753.0	615.8	582.4	591.3	508.1
Derivative financial liabilities	0.3	4.9	40.0	-	-
Other financial liabilities	-	-	145.4	135.7	136.6
Current income tax liabilities	114.2	277.6	22.7	2.4	18.8
Provisions	680.2	749.8	644.4	588.7	630.8
Deferred income tax liabilities	1,208.0	1,018.8	865.2	880.0	933.4
Total liabilities	**8,307.0**	**9,096.1**	**9,628.3**	**9,987.2**	**10,359.1**
Total equity and liabilities	**12,535.5**	**13,024.1**	**12,298.0**	**12,665.1**	**13,255.4**

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
Australia	The Commonwealth of Australia
Board	the board of directors of the Company
Board Charter	the board charter of the Company
BOC Sydney	Bank of China Limited, Sydney Branch
BOCOM	Bank of Communications Co., Ltd.
CDB	China Development Bank
CEO	Chief Executive Officer
CFO	Chief Financial Officer
China	has the same meaning as PRC
CITIC	CITIC Metal Peru Investment Limited
CMC	China Minmetals Corporation, a state-owned enterprise incorporated under the laws of the PRC
CMC Group	CMC and its subsidiaries
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
Companies Ordinance	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
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
DRC	Democratic Republic of Congo
EBIT	earnings before interest (net finance costs) and income tax
EBITDA	earnings before interest (net finance costs), income tax, depreciation, amortisation and impairment expense
EBITDA margin	EBITDA divided by revenue

GLOSSARY

CONTINUED

Executive Committee	the executive committee of the Group, which consists of all Executive Directors of the Company, Chief Executive Officer/Interim Chief Executive Officer, Chief Financial Officer, Executive General Manager – Corporate Relations, Executive General Manager – Americas and Executive General Manager – Australia and Africa
EXIM Bank	The Export-Import Bank of China
Group	the Company and its subsidiaries
HK$	Hong Kong dollar, the lawful currency of Hong Kong
HKFRS	Hong Kong Financial Reporting Standards, which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKAS) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA)
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange	(please refer to the definition of 'Stock Exchange')
ICBC	Industrial and Commercial Bank of China Limited
ICBC Luxembourg	Industrial and Commercial Bank of China Limited, Luxembourg Branch
ICBC Macau	Industrial and Commercial Bank of China Limited, Macau Branch
ICMM	International Council on Mining and Metals
JORC Code	Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'
Las Bambas Joint Venture Group	MMG South America Management Company Limited (also referred to as MMG SAM), and its subsidiaries
Las Bambas Project	the development, construction and operation of the copper mines, processing facilities and associated infrastructure at the Las Bambas copper project located in the Apurimac region in Peru, together with all activities and infrastructure associated with the transportation and export of products from such mines
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
LME	London Metal Exchange
MCC19	China 19th Metallurgical Corporation Sucursal Peru, a wholly owned subsidiary of CMC
Minerals and Metals Group	the collective brand name of the portfolio of international mining assets held by Album Resources Private Limited, a wholly owned subsidiary of the Company
Mineral Resources	as defined under the JORC Code, a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction

GLOSSARY

CONTINUED

Minmetals HK	China Minmetals H.K. (Holdings) Limited, an indirectly owned subsidiary of CMC
Minmetals Logistics	Minmetals Logistics Group Co., Ltd, a wholly owned subsidiary of CMC
Minmetals North-Europe	Minmetals North-Europe AB, a wholly owned subsidiary of CMC
MLB	Minera Las Bambas S.A., a non-wholly owned subsidiary of MMG and the owner of the Las Bambas mine
MMG or MMG Limited	has the same meaning as the Company
MMG Australia	MMG Australia Limited, a wholly owned subsidiary of the Company
MMG Dugald River	MMG Dugald River Pty Ltd, a wholly owned subsidiary of the Company
MMG Finance	MMG Finance Limited, a wholly owned subsidiary of the Company
MMG SA	MMG South America Company Limited, a wholly owned subsidiary of the Company
MMG SAM	MMG South America Management Company Limited, a non-wholly owned subsidiary of the Company
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
Ore Reserves	as defined under the JORC Code, the economically mineable part of a Measured and /or Indicated Mineral Resource
PRC	the People's Republic of China excluding, for the purpose of this document only, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan, unless the context requires otherwise
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SDG	Sustainable Development Goals
Share(s)	fully paid ordinary share(s) of the Company
Shareholder(s)	the shareholder(s) of the Company
SHEC	Safety, Health, Environment and Community
Stock Exchange	The Stock Exchange of Hong Kong Limited
SUNAT	National Superintendence of Tax Administration of Peru
Top Create	Top Create Resources Limited, a wholly owned subsidiary of CMN
US$	United States dollar, the lawful currency of the United States of America
VAT	value added tax

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director
LI Liangang
(Interim Chief Executive Officer)

Non-executive Directors
ZHANG Shuqiang
XU Jiqing

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

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
CHAN Ka Keung, Peter

Members
ZHANG Shuqiang
XU Jiqing
Peter CASSIDY
LEUNG Cheuk Yan

GOVERNANCE, REMUNERATION, NOMINATION AND SUSTAINABILITY COMMITTEE

Chairman
Peter CASSIDY

Members
XU Jiqing
LEUNG Cheuk Yan
CHAN Ka Keung, Peter

DISCLOSURE COMMITTEE

Members
LI Liangang
Ross CARROLL
Troy HEY
Nick MYERS
WONG Lok Wun, Anfield

GENERAL COUNSEL

Nicholas MYERS

COMPANY SECRETARY

WONG Lok Wun, Anfield

LEGAL ADVISER

Linklaters, Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor

SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

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Stock Code: 1208

ADDITIONAL SHAREHOLDER INFORMATION

The Chinese version of the Annual Report is prepared based on the English version. If there is any inconsistency between the English and Chinese versions of this Annual Report, the English text shall prevail to the extent of the inconsistency.

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