MANAGEMENT DISCUSSION AND ANALYSIS

Results for the Six Months Ended 30 June 2022

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

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

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

OVERVIEW OF OPERATING RESULTS

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

PRICE

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

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

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

SALES VOLUMES

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

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

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

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

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Mines Analysis — Las Bambas

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

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

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

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

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

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

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

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

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

OUTLOOK

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Mines Analysis — Kinsevere

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

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

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

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

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

OUTLOOK

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Mine Analysis — Dugald River

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

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

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

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

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

OUTLOOK

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Mine Analysis — Rosebery

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

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

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

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

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

OUTLOOK

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Cash Flow Analysis

NET CASH FLOW

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Financial Resources and Liquidity

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

AVAILABLE DEBT FACILITIES

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

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

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

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

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

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

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

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

Development Projects

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Contracts and Commitments

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

LAS BAMBAS

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

KINSEVERE

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

DUGALD RIVER

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

ROSEBERY

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

GROUP (INCLUDING GLOBAL GEOSCIENCE AND DISCOVERY REQUIREMENTS)

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

People

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

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

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

Exploration Activities

LAS BAMBAS

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

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

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

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

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

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

KINSEVERE

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

DUGALD RIVER

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

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

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

ROSEBERY

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Material Acquisitions and Disposals

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

Events After the Reporting Date

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Financial and Other Risk Management

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

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

(a) Commodity price risk

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

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

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

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

(b) Interest rate risk

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

(c) Liquidity risk

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

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

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

(d) Foreign exchange risk

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

(e) Credit risk

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

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

(f) Country and community risks

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Contingent Liabilities

BANK GUARANTEES

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

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

CONTINGENT LIABILITIES – TAX-RELATED CONTINGENCIES

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Charges on Assets

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

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

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

Future Prospects

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

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

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

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

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

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

Total capital expenditure in 2022 is now expected to be between US$650.0 and US$750.0 million. US$400.0 million to US$500.0 million is attributable to Las Bambas, including the Chalcobamba development (subject to receiving timely access to the Chalcobamba project), completion of the third ball mill project and lift of the Las Bambas tailings dam facility. At Kinsevere, the capital expenditure plan in 2022 is approximately US$100.0 to US$150.0 million, the majority of which is attributable to the expansion project.

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