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MMG LIMITED

五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(STOCK CODE: 1208)

FOURTH QUARTER PRODUCTION REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2020

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (Listing Rules) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (Board) of MMG Limited (Company or MMG) is pleased to provide the Fourth Quarter Production Report for the three months ended 31 December 2020.

The report is annexed to this announcement.

By order of the Board
MMG Limited
GAO Xiaoyu
CEO and Executive Director

Hong Kong, 21 January 2021

As at the date of this announcement, the Board comprises eight directors, of which one is an executive director, namely Mr Gao Xiaoyu; four are non-executive directors, namely Mr Guo Wenqing (Chairman), Mr Jiao Jian, Mr Zhang Shuqiang and Mr Xu Jiqing; and three are independent non-executive directors, namely Dr Peter William Cassidy, Mr Leung Cheuk Yan and Mr Chan Ka Keung, Peter.

2020 FOURTH QUARTER PRODUCTION REPORT

FOR THE THREE MONTHS ENDED 31 DECEMBER 2020					
	4Q20	4Q20 VS 4Q19	4Q20 VS 3Q20	YTD20	YTD20 VS YTD19
Copper (cathode, tonnes)					
Kinsevere	17,479	-14%	-3%	72,007	6%
Total	17,479	-14%	-3%	72,007	6%
Copper (contained metal in concentrate, tonnes)					
Las Bambas	95,236	-4%	13%	311,020	-19%
Rosebery	440	2%	22%	1,537	2%
Total	95,676	-4%	13%	312,557	-19%
Total Copper	113,155	-6%	10%	384,564	-15%
Zinc (contained metal in concentrate, tonnes)					
Dugald River	52,446	9%	14%	177,704	4%
Rosebery	17,974	-20%	16%	67,393	-19%
Total	70,420	-1%	14%	245,097	-3%
Lead (contained metal in concentrate, tonnes)					
Dugald River	7,601	12%	19%	23,847	3%
Rosebery	6,133	-10%	-3%	23,272	-5%
Total	13,734	1%	8%	47,119	-1%
Molybdenum (contained metal in concentrate, tonnes)					
Las Bambas	1,315	446%	11%	3,167	78%
Total	1,315	446%	11%	3,167	78%

KEY POINTS

- Total recordable injury frequency (TRIF) of 0.54 per million hours worked for the fourth quarter in 2020 and 1.38 for the full year. This represents a 13% decrease on the full year 2019 TRIF of 1.58.
- MMG's successful response to the management of risks presented by the COVID-19 outbreak continues, with a return to 90%+ workforce capacity at Las Bambas.
- Total copper and zinc production for 2020 was 384,564 and 245,097 tonnes respectively.
- Strong operational performance across all sites during the period resulted in increased production of copper, zinc and lead compared to the third quarter, with records set at Las Bambas for mining, Kinsevere for milling and Dugald River for both metal production and recovery. A new full year record was also set for both zinc and lead production at Dugald River.

- Strong financial performance in the second half of the year has allowed a reduction in net debt of approximately US\$498.0 million since 30 June 2020. Further details will be provided when the Group's annual results are released in March.

Production

- **Las Bambas:** a return to 90%+ workforce capacity drove significant increases in mining volumes. Copper production during the quarter of 95,236 tonnes was broadly in line with the prior year comparative period and 15% higher than the third quarter of 2020, largely driven by higher grades.
- Full year copper production of 311,020 tonnes was 19% below 2019, with COVID-19 related impacts on workforce availability the largest driver of reduced volumes.
- Transport logistics at Las Bambas were disrupted for a total of 107 days during 2020. Of this, 43 days were attributable to COVID-19 restrictions. A further 64 days were a result of community disruptions along the Southern Road Corridor. A recent blockade at Velille – approximately 200 kilometres from Las Bambas – has been lifted and concentrate transport is currently operating at full capacity.
- Community disruptions across Peru have escalated during the second half as a result of political instability. There has been minimal direct impact on production volumes, however blockades have continued to impact the Company's ability to ship stockpiled concentrate.
- **Kinsevere:** copper cathode production of 17,479 tonnes during the period was lower than both the prior year comparative period and third quarter of 2020. Processing of lower grade stockpiled and third party ore following the temporary suspension of mining from September was the major cause.
- Full year copper cathode production of 72,007 tonnes at Kinsevere was a 6% improvement on 2019 performance reflecting higher milling volumes and improved ore grades at the Central pit.
- **Dugald River:** record quarterly zinc production of 52,446 tonnes was a 14% increase on the third quarter of 2020. This was supported by record recoveries, with work to optimise the performance of both the mine and mill throughout 2020 resulting in full year zinc production of 177,704 tonnes, a 4% increase on 2019.
- **Rosebery:** fourth quarter production of 17,974 tonnes was the strongest period for 2020. Full year production of 67,393 tonnes exceeded guidance and was achieved despite restricted access to areas of the mine for much of 2020.

Outlook

- In 2021, MMG expects to produce between 360,000 and 390,000 tonnes of copper and between 240,000 and 260,000 tonnes of zinc.
- Due to COVID-19 related delays, many of the transitional activities at Las Bambas that were planned for 2020 now taking place in 2021, including the commencement of mining at Chalcobamba. Las Bambas' 2021 copper production is expected to be between 310,000 and 330,000 tonnes.
- Las Bambas copper volumes are expected to recover from 2022 onwards, with average annual production of approximately 400,000 tonnes anticipated over the period 2022 to 2025.
- In 2021 C1 unit costs will increase slightly at Las Bambas due in large part to the impact of carry over expenditure from 2020 and pre-stripping work at Chalcobamba. At Kinsevere increases are largely due to lower production and increased mining volumes. C1 costs at Dugald River and Rosebery will be broadly in line with 2020 levels.
- Work continues to complete Government permitting and community discussions in advance of commencing development of the Chalcobamba pit at Las Bambas. Significant development of the pit is still expected to commence in the first half of 2021, to be followed shortly thereafter by mining of first ore.
- Positive results continue to be achieved at drilling programs around existing operating hubs.
- Expected strong medium-term performance for Las Bambas and Dugald River, anticipated approval of the next phase of development at Kinsevere, the potential for mine life extension at Rosebery and short and mid-term commodity price trends present a positive outlook for the Company.

COMMODITY PRICES, MARKETING AND SALES

	COMMODITY PRICES, MARKETING AND SALES					
	QUARTER-AVERAGE			QUARTER CLOSE		
	4Q20	3Q20	4Q19	4Q20	3Q20	4Q19
Metal Price						
Copper (US\$/lb)	3.25	2.96	2.67	3.51	3.00	2.79
Gold (US\$/oz)	1,875	1,909	1,482	1,891	1,885	1,523
Lead (US\$/lb)	0.86	0.85	0.85	0.89	0.82	0.87
Molybdenum (US\$/lb)	9.01	7.71	9.44	10.03	8.15	9.20
Silver (US\$/oz)	24.39	24.26	17.32	26.49	23.73	18.05
Zinc (US\$/lb)	1.19	1.06	1.08	1.24	1.09	1.04

Sources: zinc, lead and copper: LME cash settlement price; Molybdenum: Platts; gold and silver: LBMA.

Along with equities, commodities have been buoyed by indications of the world returning to some sense of normality following the approval, distribution and subsequent application of the first tranche of COVID-19 vaccines. The expectation is that economic stimulus measures implemented by governments across the world will drive metal demand over the coming years.

This optimism helped fuel a rapid recovery in copper prices over the final quarter of 2020, with three-month LME copper pushing through US\$8,000/t in mid-December to trade at its highest level since February 2013. Prices are now almost 80% higher than the low of US\$4,371/t in March. Supported by a weaker US dollar and visible decreases in stocks, average copper prices increased by over 17% quarter on quarter. Gold prices increased marginally, however silver also increased significantly over the period, up almost 12%.

The LME zinc price also rose strongly in the December quarter, pushed higher on the same positive sentiment that drove increases in the copper price. Zinc has been second only to copper as the best performer amongst LME base metals in 2020. The market anticipates strong infrastructure spending in the near to medium term, with zinc being a crucial industrial metal that will benefit from an increase in construction activity.

While the LME lead price rose in the December quarter, its performance during 2020 has been more subdued compared to other base metal prices. The automobile industry, the main consumer of lead metal for lead acid batteries, has faced challenges as consumers held cars for longer and used them less frequently during lockdowns. This impacted both battery demand for new vehicles and the rate of battery replacement in existing. Recently, there have been positive reports of increased demand for lead, particularly in China and North America as automobile manufacturing recovers and as the North American and Europe winter season approaches, being the peak period for battery replacements.

As discussed further below, the interruption of concentrate logistics at Las Bambas from the middle of December until early January affected some of the Company's copper shipments in Peru.

With respect to spot treatment and refining charges for copper, and reflecting anticipated supply constraints, a number of miners have reached agreement on 2021 annual charges with key smelters in China, Japan, South Korea and Europe with settlement prices of less than US\$60/t. This is the lowest since 2011 and represents an approximate fall of 4% year on year.

Spot zinc and lead concentrate treatment charges continued to fall during the December quarter. Strong metal prices have encouraged higher zinc and lead metal production, translating into strong concentrate demand. Several large zinc/lead mines, particularly in Latin America have still not recovered their production to pre-COVID levels. In addition, news that Vedanta's Gamsberg zinc/lead mine in South Africa, one of the largest zinc/lead mines in the world, had halted operations due to a pit wall failure at the same time as Chinese smelters were building stocks for the winter months led to further tightness in concentrate markets. As a result, spot zinc concentrate treatment charges pushed below US\$80/dmt in the December quarter. This compares favourably to spot treatment charges that were in

excess of US\$300/dmt at the start of 2020. Market consensus is that annual benchmark contract treatment charges will reduce in 2021.

PROVISIONAL PRICING

The following table provides a summary of the metal that was sold but which remains provisionally priced at the end of the fourth quarter 2020 and the month that final average pricing is expected to occur.

OPEN PRICING AT 1 JANUARY 2021				
	JAN-21	FEB-21	MAR-21	TOTAL
Copper (tonnes cathode and copper contained in concentrate)	29,656	6,683	3,602	39,941
Gold (ounces)	8,526	3,499	4,581	16,606
Lead (tonnes)	6,633	1,090		7,723
Molybdenum (pounds)	738,471	310,162		1,048,633
Silver (ounces)	686,706	791,835	341,954	1,820,495
Zinc (tonnes)	20,491	8,615	8,573	37,679

OPERATIONS

LAS BAMBAS

LAS BAMBAS					
	4Q20	4Q20 VS 4Q19	4Q20 VS 3Q20	YTD20	YTD20 VS YTD19
Copper (tonnes)	95,236	-4%	13%	311,020	-19%
Molybdenum (tonnes)	1,315	446%	11%	3,167	78%

Fourth quarter and 2020 performance

Copper production of 95,236 tonnes was achieved for the quarter, broadly in line with the prior year comparative period. This was also a 13% improvement on the third quarter of 2020, demonstrating continued and steady recovery from the impacts of COVID-19.

Onsite workforce levels at Las Bambas are now in excess of 90% of normal, with expanded COVID safe accommodation options available at site and in local communities. This, together with increased mining performance underpinned by increased mining fleet, enabled a record quarter for mining of ore, which increased by 84% on the prior year comparative period. Steady mill throughput and an improvement in grades further supported a relatively strong quarter.

Increased Molybdenum production against both the prior year comparative period and the third quarter reflected the successful continuation of the ramp-up of the Molybdenum plant following de-bottlenecking works which completed in June 2020.

Full year copper production of 311,020 tonnes was in line with revised guidance. This was achieved despite COVID-19 associated restrictions on people movement, unplanned site maintenance requirements and to a lesser degree, community road blockages, some of which extended to inbound logistics. These factors adversely impacted copper production by approximately 70,000 tonnes for the year. This loss was partially offset by efforts to maximise recoveries and mine plan resequencing. Despite the challenges faced during 2020, a deliberate focus on the safety of our employees and effective management of risks associated with COVID-19 enabled continued operations and a return to near full operations by the end of the year, despite continued constraints imposed by the significant prevalence of COVID across Peru.

Full year C1 costs of US\$1.00/lb were also within the most recent guidance range, benefiting from savings associated with a range of activities that were not able to be performed during 2020 as a result of COVID-19 impacts. Many of these costs will now fall into 2021.

Community Update

Community road blocks resulted in approximately 64 days of transport logistics disruption for Las Bambas during 2020. This was in addition to 43 days of logistics disruption due to COVID-19 restrictions. While not all of these community actions were specifically targeted at Las Bambas, sales volumes were impacted. On occasion, impacts also extended to in-bound logistics, however there was relatively limited impacts on production.

Political instability increased across Peru over the second half of 2020. This followed the impeachment of the incumbent President and the resignation of his replacement, all during November 2020. It is expected that political instability will continue in the lead up to national elections in April 2021 (first round) or June 2021 (second round). This instability has facilitated an escalation in community unrest across the country, with a series of road blocks occurring nationwide, including along the Southern Road Corridor in the fourth quarter of 2020. Specifically, Las Bambas was most affected by a blockade in the Velille district which resulted in the temporary suspension of concentrate trucking from 12 December 2020 until 6 January 2021. While this impacted outbound transport, production at site was not impacted.

The Company continues to pursue constructive dialogue with communities along the Southern Road Corridor and the National Government regarding sustainable alternative solutions to the transportation of concentrate. However, ongoing disruptions are an escalating source of frustration, with communities increasingly using mining related logistics as a vehicle to pursue demands solely within the control of the Government of Peru.

The Company continues to appreciate the support it receives from the Government of Peru and the Ministry of Mines and respects the rights of the community to raise legitimate environmental or economic grievances. However, without basic respect for the rule of law and existing company and national agreements, roadblocks are increasingly being used to seek personal political and economic benefit. Disruptions over 2019 and 2020 have led to communities facing heightened risks of impacts to human rights and threats to local security, and the Company being unable to meet shipping schedules. Should the current pattern of disruptions continue, the ability of the Company and communities to effectively manage these risks may be impacted. This will limit the contribution an operation like Las Bambas makes to local and regional economies and to a sector that is of vital importance to the Peruvian economy as it seeks to recovery from the impacts of COVID-19.

As announced to the Hong Kong Exchange on 10 January 2021, at 31 December 2020, approximately 65,000 tonnes of copper metal remained stockpiled at site. This included 18,000 tonnes which was provisionally sold during December, but remained warehoused at Las Bambas. This increase in stock at site was directly attributable to community disruption during the fourth quarter. All possible steps will be taken to clear these stocks as soon as possible, however in light of current political uncertainty in Peru site stock balances may be carried well into the second quarter of 2021.

Further information about Las Bambas' concentrate logistics and its contribution to local development, as well as how it is managing social and community engagement can be found at www.elaportedelasbambas.pe. The page is available in English, Spanish and Chinese.

2021 Outlook

2020 originally represented a year of transition for Las Bambas, with an intended focus on continuing to increase mining volumes to open up additional operating faces, completion of the third ball mill and the development of the Chalcobamba pit. The significant impacts of COVID-19 throughout Peru adversely effected these plans. As such, many of the 2020 transitional activities will now fall into 2021 with a return to higher production volumes in following years.

Formal permitting of the Chalcobamba pit continues to be delayed by COVID-19 impacts and the general political situation in Peru. It is now expected this will be received during the first quarter of 2021, with the Company also continuing to take steps to progress community engagement in the area. This is with an expectation of commencing significant development of the pit during the first half of 2021, to be followed by mining of first ore shortly thereafter.

Reflecting the above factors, full year production for 2021 is expected to be between 310,000 and 330,000 tonnes of copper in copper concentrate. Benefiting from the development of Chalcobamba, investment in mine fleet and the

third ball mill, it is expected that production will increase to an average of 400,000 tonnes over the subsequent four-year period (2022-2025).

C1 unit cost guidance of US\$1.10-1.20/lb for 2021 represents an increase on 2020. In large part this is attributable to increased pre-stripping, maintenance, community costs and project study expenditure, much of which has been held over from 2020 due to COVID-19 impacts. Cost pressures associated with increased mining and milling volumes and longer haul distances as the depth of the Ferrobamba pit increases and Chalcobamba comes into production, will continue to be partially offset by ongoing cost and efficiency programs. This will ensure Las Bambas remains one of the lowest cost mines of this scale in the world.

KINSEVERE

	KINSEVERE				
	4Q20	4Q20 VS 4Q19	4Q20 VS 3Q20	YTD20	YTD20 VS YTD19
Copper Cathode (tonnes)	17,479	-14%	-3%	72,007	6%

Fourth quarter and 2020 performance

Kinsevere produced 17,479 tonnes of copper cathode in the fourth quarter of 2020, slightly below the September quarter and 14% lower than the prior year comparative period.

As previously advised, mining activity has been temporarily suspended at Kinsevere, with feed to the mill now coming from existing ore stockpiles and third parties. The typically lower grade nature of stockpiled ore was the key reason for lower production volumes. The impact of this was partially offset by higher throughput, with optimised crushing equipment assisting in the achievement of a record setting quarter for milling volumes. In addition, stable performance of the processing plant resulted in significantly improved recoveries.

Full year cathode production of 72,007 tonnes represents a 6% (4,072 tonne) improvement on 2019 and was toward the upper end of the guidance range. This can be attributed to a return to mining at the higher-grade Central pit and a cessation of mining at the more geologically challenging Mashi pit. This shift also resulted in significantly lower waste movement than the prior year, with 2020 full year C1 costs of US\$1.81/lb at the bottom end of guidance and a significant improvement on prior year.

2021 outlook

Copper cathode production for 2021 is expected to be in the range of 50,000 to 60,000 tonnes. This reflects expected ore grade declines, depleting oxide reserves, and a mine plan that assumes the Company will proceed with a transition to the mining and processing of sulphide ores in future years. This next phase of Kinsevere development, should it proceed, will extend Kinsevere's mine life, see a return to higher copper production volumes in future years and also add cobalt production to MMG's portfolio. A decision to proceed with this project remains subject to MMG Board approval. Due to ongoing project optimisation work and local regulatory considerations, a decision on this is now expected during the first quarter of 2021.

Reflecting a lower production guidance range and an anticipated increase in mining volumes once mining activity resumes, 2021 full year C1 costs are expected to be between US\$2.15 and US\$2.25/lb.

During 2021, MMG will continue to invest in regional exploration programs focusing on proving up discoveries within a 50-kilometre radius of the Kinsevere mine.

DUGALD RIVER

	DUGALD RIVER				
	4Q20	4Q20 VS 4Q19	4Q20 VS 3Q20	YTD20	YTD20 VS YTD19
Contained metal in concentrate					
Zinc (tonnes)	52,446	9%	14%	177,704	4%
Lead (tonnes)	7,601	12%	19%	23,847	3%

Fourth quarter and 2020 performance

Record production of 52,446 tonnes of zinc in zinc concentrate was achieved for the fourth quarter of 2020 at Dugald River (9% above the previous record set in the fourth quarter of 2019).

This significant achievement reflects ongoing benefits achieved from work over the course of the year to open up new operating areas and improve stability of the underground environment, with improved mining and milling grades reflecting reduced dilution. An ongoing focus on mill performance and processing circuit optimization resulted in new records also being set for recovery during the fourth quarter, which was also the year's strongest period for throughput volumes. This continued and steady improvement in overall site performance over the year leaves Dugald River well positioned to maximise output over coming periods.

Further reflecting a successful ramp-up and ongoing operational enhancements, Dugald River delivered a record volume of zinc in zinc concentrate for the full year, with in excess of 177,000 tonnes produced. This was at the upper end of guidance, with C1 costs of US\$0.70/lb being at the lower end of the expected range.

2021 outlook

On the back of a successful 2020, Dugald River is expected to produce between 180,000 and 190,000 tonnes of zinc in zinc concentrate during 2021, an increase on prior year guidance. Anticipated 2021 C1 costs of US\$0.70/lb – US\$0.75/lb are in line with 2020. Higher production volumes, together with an expected fall in treatment charges and higher by-product credits will offset the impacts of any increases in cash production expenses including what is anticipated to be a less favourable exchange rate environment.

Dugald River continues to target sustained delivery of annual mine capacity of two million tonnes and by 2022, zinc production approaching 200kt per annum. As further discussed in the Geoscience and Discovery section, near mine drilling programs suggest a wider zinc ore body than originally expected, at relatively shallow depth. This remains subject to ongoing study but underpins a growing expectation that Dugald River's mine life can be extended or production volumes increased over future years.

ROSEBERY

	ROSEBERY				
	4Q20	4Q20 VS 4Q19	4Q20 VS 3Q20	YTD20	YTD20 VS YTD19
Contained metal in concentrate					
Zinc (tonnes)	17,974	-20%	16%	67,393	-19%
Lead (tonnes)	6,133	-10%	-3%	23,272	-5%
Copper (tonnes)	440	2%	22%	1,537	2%

Fourth quarter and 2020 performance

Rosebery produced 17,974 tonnes of zinc in zinc concentrate and 6,133 tonnes of lead in lead concentrate during the fourth quarter of 2020. This represented the strongest period for zinc production in 2020 and was achieved despite the impact of a scheduled mill shell replacement that meant the processing plant operated at half capacity for 20 days. As a result of this work, throughput fell by approximately 8% on the prior year comparative period and the third quarter of 2020.

The impacts of lower throughput were offset by a significant improvement in zinc ore grades, the result of previously flagged deferrals of higher grade stopes which were mined during the fourth quarter. Recoveries also improved, after dropping off in the third quarter of 2020 due to elevated pH levels in the ore feed.

Full year zinc production of 67,393 tonnes was 19% below the prior year, as expected due to declining ore grades. The 2020 result exceeded the upper end of guidance by more than 2,000 tonnes and was achieved despite key areas of the mine being inaccessible for much of the year due to 2019 seismic activity.

Lead production of 6,133 tonnes was broadly in line with the third quarter. Full year production of 38,061 tonnes was 5% below 2019 results, with slightly higher lead grades being offset by the impacts of lower throughput and lower lead recoveries over the course of the year.

Precious metal production for the year totaled 10,636 ounces of gold and 6,137 ounces of silver, both an increase on 2019 results. Full year C1 costs of US\$0.01/lb were within revised guidance levels and significantly below both original expectations and prior year, reflecting the strong contribution from metal by-product credits.

2021 outlook

MMG expects to produce between 60,000 and 70,000 tonnes of zinc in zinc concentrate in 2021. C1 costs are estimated at US\$0.00-0.10/lb, with this range remaining sensitive to by-product metal production and price. These guidance ranges are broadly in line with 2020 results, reflecting the ability of the Company to continue efficiently operating the mine and maximizing output. This is despite longer term grade declines and higher costs associated with operating at depth.

Resource extension and near mine exploration drilling at Rosebery will continue during 2021. Results continue to indicate further extensions to the resource and the Company will further pursue its investigation of options to extend the life of the mine, together with studies into sustainable longer-term tailings management options.

GEOSCIENCE AND DISCOVERY

On 2 December 2020 MMG released its Mineral Resources and Ore Reserves Statement as at 30 June 2020, detailing the annual movement in MMG's mineral inventory.

The key changes to Mineral Resources and Ore Reserves Statement as at 30 June 2020:

- An increase in the Group's Mineral Resources (contained metal) for zinc (5%) and cobalt (35%) and a decrease for copper (11%), lead (10%), silver (2%), gold (9%) and molybdenum (13%).
- An increase in the Group's Ore Reserves (contained metal) for lead (2%) and a decrease for copper (14%), zinc (2%), silver (0.3%), gold (8%) and molybdenum (13%).

For copper metal, the main reasons for changes are depletion at all sites (44% of the total decrease), negative mine to mill reconciliations, cost increases and refreshed metal price assumptions. Refinements to the geological model at Las Bambas resulting from improved orebody knowledge also contributed. Depletion and other negative impacts were partly offset by Ore Resource increases at Kinsevere and its satellite deposits and the south-west extension of Chalcobamba at Las Bambas, which contributed to a 13% increase in copper resource at the Chalcobamba deposit. Drilling continues in this area from existing platforms, with new drilling locations anticipated to be permitted by March 2021. In addition, work has commenced at the Ferrobamba Deeps exploration target, testing for high-grade skarn mineralization located beneath the final open pit at Ferrobamba.

For zinc metal reserves, the main reasons for the changes are depletion at all sites and conversion of Mineral Resources to Ore Reserves at Rosebery. This was a result of focused drilling and detailed studies that seek to extend the life of this operation. Zinc Mineral Resources have increased, primarily as a result of the discovery of thick, high grade zones within the main lens in the southern part of the Dugald River orebody with an increase in tonnage of the primary zinc resource by approximately 14%. High grade lead and silver are also present in these areas of structural thickening. Further interpretation work has indicated that these thicknesses in the zinc orebody could be repeated within the current in-mine footprint requiring prioritised infill drilling. At Rosebery, in-mine drilling activities continue to focus on resource conversion and resource extension. Further work in 2021 will continue to assess various targets within the mine area, along with deeper extensions to the north.

A 35% increase in cobalt metal in Mineral Resources from 2019 was due to a new cobalt rich zone discovered at Sokorshe II and the addition of another new satellite deposit, Mwepu, to the mineral inventory. The regional exploration program at Kinsevere will continue during 2021.

CORPORATE UPDATE

LIQUIDITY

Cash on hand as at 31 December 2020 was US\$192.7 million, of which US\$102.2 million was attributable to the Las Bambas joint venture.

As at 31 December 2020, total term debt held by the Company and its subsidiaries totalled US\$6,911.10 million. A further US\$327.5 million was drawn under revolving credit and asset lease facilities. US\$1,800.0 million remained undrawn under standby liquidity facilities, of which US\$1,150.0 million is available exclusively for the use of Las Bambas.

This represents a reduction in net debt for the MMG Group of approximately US\$498.0 million during the second half of 2020.

These figures remain subject to auditor confirmation. Further detail will be provided with the Company's 2020 annual results, which are scheduled for release on 3 March 2021.

FUNDING INITIATIVES

On 22 December 2020, the Company announced that its subsidiary, MMG Finance Limited, had entered into a three-year, US\$300.0 million revolving credit facility with ICBC. This three-year facility is unsecured and available for drawing over its three year term, with repaid funds available for redraw. At the same time, the Company also announced the extension of the maturity date for a separate US\$300.0 million revolving credit facility provided by Top Create Resources Limited, a subsidiary of China Minmetals Corporation. This facility, which was originally due to mature in December 2020, will now remain in place until June 2021.

In July 2014, MMG South America Company Limited, a wholly owned subsidiary of the Company, entered into a US\$2,262.0 million, four year loan with Top Create Resources Limited. Drawings under the facility were used to fund MMG's 62.5% equity contribution to the Las Bambas joint venture. This agreement has since been amended, most recently on 22 December 2020 when it was announced that a US\$700.0 million repayment obligation that was to fall due in July 2021 would be deferred until July 2024. In addition, a reduction to applicable interest rates was also agreed.

These transactions demonstrate the strong ongoing support of MMG's banking partners and majority shareholder.

CAPITAL EXPENDITURE

Full year capital expenditure and depreciation figures for 2020 remain subject to auditor confirmation, however are expected to be approximately US\$516.0 million (inclusive of capitalised mining) and US\$928.0 million, respectively.

The Company anticipates 2021 full year capital expenditure of between US\$750.0 million and US\$800.0 million. Of this, approximately US\$650.0 million will be attributable to Las Bambas, inclusive of approximately US\$250.0 million of capitalised mining. Full year depreciation is anticipated to be approximately US\$910.0 million.

These figures represent an increase on 2020 capital expenditure, largely due to key projects that were originally scheduled for 2020 being deferred into 2021. It is anticipated that group wide capital expenditure will fall to approximately US\$450.0 million (approximately US\$650.0 million, inclusive of capitalised mining), in subsequent years.

A further breakdown of 2020 capital expenditure and key projects that make up anticipated 2021 capital expenditure will be provided as part of the Company's 2020 annual results presentation.

Capital expenditure guidance does not include funding for the next phase of development at Kinsevere. Cost details will be announced if and when the project receives formal approval.

-ENDS-

CORPORATE DETAILS

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IMPORTANT DATES

3 March 2021 – 2020 Annual Results Announcement
4 March 2021 – 2020 Annual Results Investor Presentation

For details please contact Corporate Affairs below.

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Throughout this report figures in italics indicate that this figure has been adjusted since it was previously reported.

APPENDIX – GUIDANCE

2021 GUIDANCE SUMMARY		
	2021 GUIDANCE	2020 ACTUAL
Las Bambas		
Copper – production	310,000 – 330,000 tonnes	311,020 tonnes
Copper – C1 costs	US\$1.10 – US\$1.20 / lb	US\$1.00 / lb
Dugald River		
Zinc – production	180,000 – 190,000 tonnes	177,704 tonnes
Zinc – C1 costs	US\$0.70 – US\$0.75 / lb	US\$0.70 / lb
Kinsevere		
Copper – production	50,000 - 60,000 tonnes	72,007 tonnes
Copper – C1 costs	US\$2.15 – US\$2.25 / lb	US\$1.81 / lb
Rosebery		
Zinc – production	60,000 – 70,000 tonnes	67,393 tonnes
Zinc – C1 costs	US\$0.00 – US\$0.10 / lb	US\$0.01/ lb

APPENDIX – PRODUCTION RESULTS

		LAS BAMBAS						
		QUARTER ENDED				YEAR-TO-DATE		
		DEC 2019	JAN 2020	JUN 2020	SEP 2020	DEC 2020	DEC 2020	DEC 2019
Ore mined - copper	tonnes	10,934,016	9,600,874	10,734,366	17,547,304	20,117,301	57,999,845	51,653,616
Ore milled - copper	tonnes	12,785,623	9,898,899	9,815,438	12,643,970	12,826,088	45,184,395	51,283,371
Waste movement	tonnes	34,907,342	35,696,212	30,803,477	36,191,289	34,793,489	137,484,467	128,286,976
COPPER								
Ore mined - grade	%	0.91	0.87	0.70	0.68	0.71	0.73	0.81
Ore milled - grade	%	0.87	0.84	0.70	0.76	0.86	0.79	0.84
Recovery	%	89.4	87.8	85.6	87.9	86.5	87.0	88.1
Production								
Copper concentrate	tonnes	261,513	199,411	179,692	244,328	269,420	892,851	994,130
Grade	%	38.13	36.77	32.49	34.42	35.33	34.83	38.48
Containing	tonnes	99,702	73,319	58,378	84,086	95,236	311,020	382,518
Sales								
Total concentrate sold	tonnes	271,784	217,013	179,394	229,626	277,498	903,531	853,297
Payable metal in product sold	tonnes	100,435	76,262	58,373	76,037	93,594	304,266	312,918
GOLD & SILVER								
Payable metal in product sold - gold	oz	31,840	24,654	14,944	15,455	17,808	72,860	91,439
Payable metal in product sold - silver	oz	1,486,314	1,146,899	729,607	964,886	1,251,480	4,092,872	4,581,714
MOLYBDENUM								
Production								
Molybdenum concentrate	tonnes	526	273	1,156	2,461	2,777	6,667	3,792
Grade	%	45.79	45.55	47.41	47.97	47.33	47.51	47.01
Contained metal produced	tonnes	241	124	548	1,180	1,315	3,167	1,783
Sales								
Total product sold	tonnes	775	200	539	2,056	2,686	5,482	3,969
Payable metal in product sold	tonnes	354	93	252	982	1,282	2,609	1,866

KINSEVERE								
QUARTER ENDED							YEAR-TO-DATE	
		DEC 2019	JAN 2020	JUN 2020	SEP 2020	DEC 2020	DEC 2020	DEC 2019
Ore mined - copper	tonnes	708,505	383,158	625,164	917,287	0	1,925,609	2,462,037
Ore milled - copper	tonnes	632,321	565,148	628,813	613,888	641,004	2,448,852	2,355,275
Waste movement	tonnes	3,913,258	2,355,250	3,480,273	2,937,685	0	8,773,208	17,024,363
COPPER								
Ore mined - grade	%	2.87	2.87	2.66	2.28	0.00	2.52	2.42
Ore milled - grade	%	3.39	3.35	3.15	3.03	2.82	3.08	3.04
Recovery	%	94.7	94.0	95.5	95.8	96.4	95.4	95.6
Production								
Contained metal produced - cathode	tonnes	20,438	18,207	18,298	18,022	17,479	72,007	67,935
Sales								
Total product sold - cathode	tonnes	20,083	17,874	18,036	17,650	17,228	70,787	65,326
Payable metal in product sold - cathode	tonnes	20,083	17,874	18,036	17,650	17,228	70,787	65,326

DUGALD RIVER								
		QUARTER ENDED					YEAR-TO-DATE	
		DEC 2019	JAN 2020	JUN 2020	SEP 2020	DEC 2020	DEC 2020	DEC 2019
Ore mined	tonnes	513,169	462,570	483,165	541,796	495,458	1,982,988	1,853,876
Ore milled	tonnes	546,738	443,378	504,255	481,540	529,499	1,958,672	1,975,569
ZINC								
Ore mined - grade	%	10.53	9.97	10.28	10.91	11.00	10.56	10.46
Ore milled - grade	%	10.37	9.56	10.00	10.89	11.23	10.45	10.15
Recovery	%	85.1	83.8	86.6	87.9	88.2	86.8	84.7
Production								
Zinc concentrate	tonnes	100,014	72,846	89,468	93,829	105,701	361,843	349,870
Grade	%	48.24	48.74	48.81	49.11	49.62	49.11	48.61
Containing	tonnes	48,247	35,505	43,672	46,081	52,446	177,704	170,057
Sales								
Total product sold	tonnes	100,007	83,429	95,636	88,723	103,878	371,666	340,297
Payable metal in product sold	tonnes	40,625	33,881	39,036	36,469	43,187	152,573	138,409
LEAD								
Ore mined - grade	%	1.86	1.63	1.71	1.94	2.22	1.88	1.80
Ore milled - grade	%	1.87	1.55	1.69	1.95	2.22	1.86	1.76
Recovery	%	66.1	62.2	65.3	68.2	64.8	65.3	66.5
Production								
Lead concentrate	tonnes	11,758	7,622	10,395	11,488	14,378	43,882	39,222
Grade	%	57.54	56.11	53.58	55.72	52.86	54.34	59.03
Containing	tonnes	6,766	4,277	5,569	6,401	7,601	23,847	23,154
Sales								
Total product sold	tonnes	10,756	10,431	10,213	10,029	13,724	44,397	36,396
Payable metal in product sold	tonnes	6,023	5,735	5,234	5,366	6,966	23,301	20,291
SILVER								
Ore milled - grade	g/t	62.73	66.95	56.69	46.18	55.26	56.04	56.04
Payable metal in product sold	oz	344,958	343,156	372,328	361,338	506,364	1,583,186	1,193,303

ROSEBERY								
		QUARTER ENDED					YEAR-TO-DATE	
		DEC 2019	JAN 2020	JUN 2020	SEP 2020	DEC 2020	DEC 2020	DEC 2019
Ore mined	tonnes	276,624	221,522	237,379	265,771	266,453	991,124	1,032,507
Ore milled	tonnes	262,329	234,415	238,232	264,427	242,644	979,718	1,030,016
ZINC								
Ore mined - grade	%	10.73	8.91	7.82	7.84	8.75	8.32	9.80
Ore milled - grade	%	9.90	8.60	8.13	7.19	8.77	8.15	9.45
Recovery	%	86.9	86.6	84.9	81.6	84.5	84.4	85.8
Production								
Zinc concentrate	tonnes	41,323	32,363	30,277	28,845	33,578	125,064	154,346
Grade	%	54.61	53.93	54.30	53.82	53.53	53.89	54.08
Containing	tonnes	22,566	17,452	16,442	15,525	17,974	67,393	83,463
Sales								
Total product sold	tonnes	32,440	31,744	35,796	29,771	36,801	134,113	147,840
Payable metal in product sold	tonnes	15,004	14,817	16,644	13,661	17,048	62,170	68,473
LEAD								
Ore mined - grade	%	3.53	3.31	3.19	3.54	3.12	3.29	3.22
Ore milled - grade	%	3.28	3.20	3.23	3.27	3.46	3.29	3.10
Recovery	%	79.2	75.5	66.6	73.4	73.1	72.2	76.9
Production								
Lead concentrate	tonnes	11,320	9,155	8,613	10,148	10,145	38,061	40,317
Grade	%	60.19	61.90	59.45	62.60	60.45	61.15	60.89
Containing	tonnes	6,813	5,666	5,120	6,353	6,133	23,272	24,549
Sales								
Total product sold	tonnes	11,008	5,912	11,260	8,441	12,227	37,840	40,872
Payable metal in product sold	tonnes	6,298	3,426	6,498	4,812	7,050	21,787	23,690

ROSEBERY (continued)								
QUARTER ENDED							YEAR-TO-DATE	
		DEC 2019	JAN 2020	JUN 2020	SEP 2020	DEC 2020	DEC 2020	DEC 2019
Ore mined	tonnes	276,624	221,522	237,379	265,771	266,453	991,124	1,032,508
Ore milled	tonnes	262,329	234,415	238,232	264,427	242,644	979,718	1,030,016
COPPER								
Ore mined - grade	%	0.24	0.24	0.20	0.24	0.31	0.25	0.22
Ore milled - grade	%	0.25	0.25	0.23	0.22	0.28	0.25	0.24
Recovery	%	65.8	64.6	63.4	61.1	64.1	63.3	62.2
Production								
Copper concentrate	Tonnes	2,339	2,143	2,019	2,085	2,576	8,823	8,896
Grade	%	18.43	17.95	17.39	17.32	17.08	17.42	16.97
Containing	tonnes	431	385	351	361	440	1,537	1,510
Sales								
Total product sold	tonnes	1,699	1,557	3,367	1,932	2,405	9,261	8,567
Payable metal in product sold	tonnes	296	271	584	316	391	1,562	1,415
OTHER METALS								
Ore milled grade – gold	g/t	1.5	1.4	1.8	1.5	1.6	1.6	1.3
Ore milled grade - silver	g/t	113.2	113.4	125.8	120.7	128.7	122.2	103.6
Recovery - gold	%	22.3	23.6	22.7	23.0	28.0	23.8	23.5
Production								
Gold doré	oz	4,450	3,026	4,837	4,664	5,484	18,012	17,263
Containing - gold	oz	2,916	1,816	2,767	2,774	3,279	10,636	10,567
Containing - silver	oz	1,711	993	1,428	1,775	1,941	6,137	6,051
Sales								
Gold doré sold	oz	4,061	3,447	2,426	6,369	4,416	16,658	16,852
Payable metal in all products sold - gold	oz	7,095	5,980	11,604	9,949	8,943	36,476	28,621
Payable metal in all products sold - silver	oz	574,515	408,630	942,791	607,605	783,856	2,742,882	2,286,605