

## TRANSCRIPTION

**Company:** MMG Limited  
**Title:** MMG 2024 Interim Results Webcast  
**Date:** 14 August 2024  
**Time:** 11:00PM AEDT

### WELCOME (MS ANDREA ATELL)



### Andrea ATELL:

- Thank you. Good morning and good afternoon. Welcome to MMG's 2024 Interim Results Briefing. Presenting today are Mr Cao Liang, our CEO; Mr Qian Song, our CFO; and members of the Company's Executive Committee.
- In this presentation we'll cover MMG's performance highlights for the first half. We'll then detail our financial performance at an asset level and share insights into our strategy and outlook.

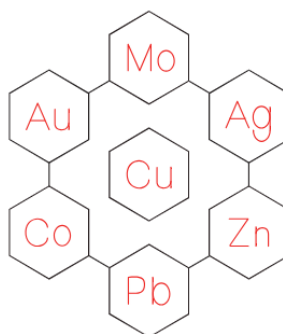
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This presentation may contain certain information derived from official government publications, industry sources and third parties. While we believe inclusion of such information is reasonable, such information has not been independently verified by us or our advisers, and no representation is given as to its accuracy or completeness.

This presentation should be read in conjunction with MMG Limited's interim results announcement for the six months ended 30 June 2024 issued to the Hong Kong Stock Exchange on 13 August 2024.





- At the conclusion of the presentation there will be an opportunity to ask questions. You'll be provided with details by the moderator on how to ask your question.
- I will now hand over to Mr CAO Liang.

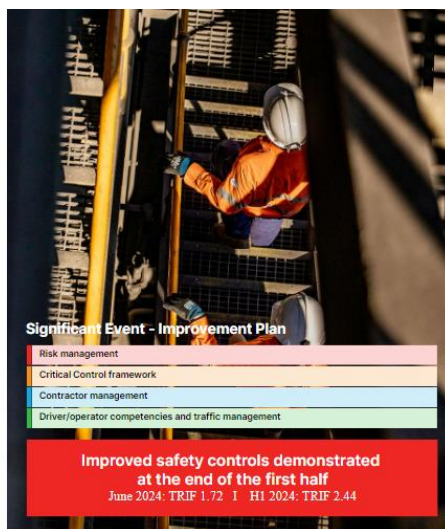
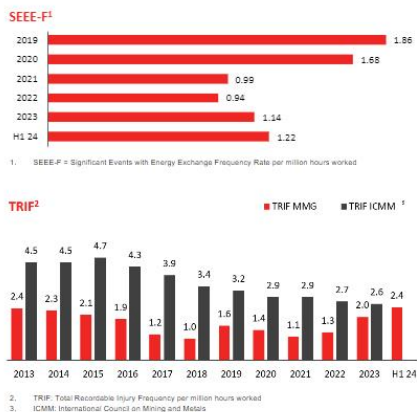
## YEAR IN REVIEW (MR CAO LIANG)



### CAO Liang:

- Thank you, Andrea.
- Hello, everyone. Thank you very much for attending today's meeting. I'm very pleased to share with you the interim results.

## Safety – our first value



### CAO Liang:

- **Firstly, safety performance.**
- Safety is our core value, our commitment is that every employee and contractor across our organisation will go home safely every day.
- For the first half of this year we recorded a total recordable injury frequency (TRIF) of 2.44 per million hours worked. This is an increase compared to last year. The significant events with energy exchange (SEEE) frequency was 1.22 per million hours worked.
- Our Company places great importance on this matter and has implemented an improvement plan. The plan has a particular focus on critical controls around the vehicle and mobile equipment, and also improvement to contractor management. These matters have already shown results. We have seen no high potential injuries in the past two months and the TRIF in July shows a downward trend.
- **Let's move on to discussing our performance in the first half of this year.**



## First half 2024 highlights

Improved financial performance

### EBITDA

↑ US\$779.0 million  
 Increased by 23% YoY

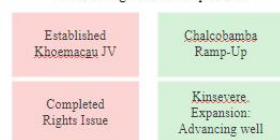
### Net Operating Cash Inflows

↑ US\$515.3 million  
 Increased by 21% YoY

Strengthening balance sheet whilst delivering growth



Accelerating Portfolio Expansion

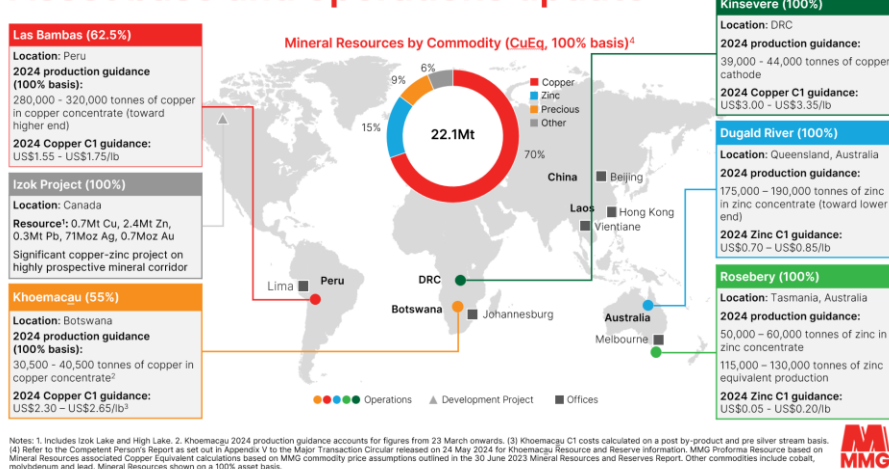


### CAO Liang:

- MMG had an improvement in financial performance in the first half. The improvement is closely linked to stable production across all the sites, allowing us to benefit from higher commodity prices.
- Our CFO, Mr Qian Song, will give you more detailed slides later.
- In this first half, we are actively pursuing growth and accelerating portfolio expansion.

- As you know, we successfully acquired the Khoemaçau copper mine in Botswana, further expanding our presence in the copper business. At Las Bambas, for the first time, we shipped ore from the Chalcobamba pit to the processing plant in the second quarter.
- The construction of the Kinsevere expansion project is progressing very well, and with mechanical completion anticipated by the end of this year.
- Also in the first half, we successfully completed two significant asset restructuring activities. The first is establishment of a Khoemaçau joint venture, the second is the completion of the Rights Issue. These actions are key milestones in optimising our balance sheet and driving sustainable growth.
- **Now I will share an update on our asset portfolio.**

## Asset base and operations update



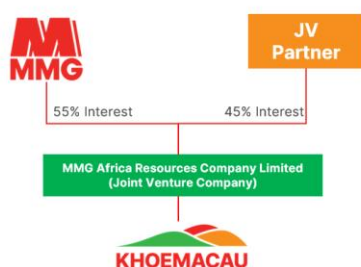
### CAO Liang:

- **All of our assets have been performing well throughout the first half of the year.**
- This is particularly true for our largest asset, Las Bambas. Although compared to the same period in last year, Las Bambas produced less copper in the first half of this year. However, it was in line with our mining plan, with mining activity primarily occurring in the low grade sectors at Ferrobamba pit.
- As we advance operations in the Chalcobamba pit, which is currently underway, we are now having stronger production. This positive trend sets the stage for stronger second half of the year, with Las Bambas production expected to be towards the high end of our guidance range of 320,000 tonnes of copper. We also anticipate improvement in Las Bambas C1 cost starting from the second half of the year.
- Turning our focus to our operations at Kinsevere in DRC, our initiatives during the first half of the year were dedicated to improving power sustainability on the processing plants and increasing mining activity at the Sokoroshe II pit. A rise in self-mined ore supply has allowed us to significantly cut costs associated with the third party ore. We anticipate this year's production to closely align with our target range of 39,000 to 44,000 tonnes of copper. As I just mentioned, Kinsevere expansion is also advancing very well.
- Shifting to the Khoemaçau mine, which has been included in our financial report for the first time, we expect copper production this year, starting from the completion of our acquisition on 23 March, to range between 30,500 to 40,500 tonnes of copper.
- We are dedicated to ramping up Khoemaçau to reach an annual production of 60,000 tonnes of copper by 2026. This goal will be supported by continuous mining development to enhance mining fronts, operational flexibility and mined grades, alongside the completion of the primary vent fans and the paste-fill project.
- Furthermore, the Company is committed to finishing the construction of expansion program at Khoemaçau as well, aiming to boost our production capacity to 130,000 tonnes of copper. We expect to complete the project by 2028 and operate at full capacity by 2029. Further reduction in C1 cost is also expected.
- Regarding zinc production, Rosebery production remains very stable, while the Dugald River plant resumed operation in late July from the unplanned maintenance shutdown. We still maintain our target of 225,000 to 250,000 tonnes of zinc for this year. Driven by strong metal prices, including zinc and precious metals and the low treatment charges this year, we foresee a better profitability for our zinc mines.

- Now I will talk in a little more detail about our accomplishments this year for Khoemacau.

## Khoemacau acquisition completion and JV establishment

JV establishment – step toward balance sheet management



Khoemacau asset highlights

<b>C1 cost post-expansion<sup>1</sup></b> <b>US\$1.55/lb</b> High-grade mine with attractive financial metrics, bottom half of cost curve	<b>Near-term expansion<sup>2</sup> to</b> <b>~130 ktpa Cu</b> Delivered through increased processing capacity and additional mining fronts
<b>Low-capital intensity<sup>3</sup></b> <b>~US\$8,000/t CuEq</b>	<b>Long-life project</b> <b>&gt;20 years</b> Supported by 3.8Mt CuEq Resource <sup>4,5</sup> in the Zone 5 Group
<b>Increased scale potential</b> <b>&gt;200 ktpa Cu</b> Supported by 6.3Mt CuEq Total Resource <sup>4</sup> and substantial exploration upside	<b>~4,040 km<sup>2</sup></b> Dominant tenement package across the emerging, highly prospective Kalahari Copper Belt

Notes: All financial metrics are shown on a 2023 real basis. 1. C1 Cost calculated on a post-by-product and pre-silver stream basis. 2. Grade increases as mine development progresses achieving 60ktpa by 2026 and ~130ktpa post-expansion. 3. Khoemacau capital intensity calculated as: (expansion capital) divided by (incremental CuEq production between pre- and post-expansion). 4. Copper Equivalent calculations for Resources based on MMG commodity price assumptions outlined in the 30 June 2023 Mineral Resources and Reserves Report. 5. Refer to the Competent Person's Report as set out in Appendix V to the Major Transaction Circular released on 24 May 2024 for Khoemacau Resource and Reserve information.



CAO Liang:

- Our initial step towards strengthening our balance sheet and lowering the gearing ratio was the establishment of a joint venture at Khoemacau.
- This strategic move positions the Khoemacau mine to more effectively deliver the expansion project, thereby promising long-term benefits of all of our shareholders.
- Let's turn our attention to our recently completed equity raising project, which served as the second step in our strategy to strengthen our balance sheet.

## Rights Issue

Source of funds	US\$ million
Rights Issue	1,163
Use of funds	US\$ million
Repayment of short term Khoemacau acquisition funding	611
Partial repayment of MMG South America shareholder loan - Tranche A <sup>1</sup>	175
Repayment of outstanding Revolving Credit Facilities	345
Transaction costs, interest cost, etc.	32
<b>Total</b>	<b>1,163</b>

- Supported deleveraging efforts and lowered the gearing ratio.
- Led to annualized interest cost savings of approximately US\$80M.

Notes:  
 1. The repayment deadline for the remaining MMG South America shareholder loan of Tranche A has been rolled forward in a 3-year extension.

**Gearing ratio**

**Reduced gearing and stronger capital base**

**Pro forma gearing ratio of ~45%**

**Achieve immediate interest savings of ~US\$80m p.a.**

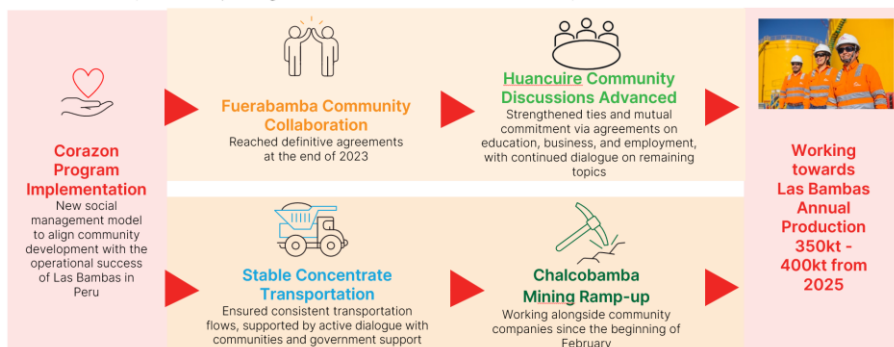
**Greater flexibility to fund future growth**

**Enables Shareholders to participate in and benefit from growth and a stronger balance sheet**

- Through this rights issue, MMG successfully raised a total US\$1,163 million.
- These funds have been directed towards the repayment of the short-term funding for the Khoemacau acquisition and additional debt repayment leading to the immediate interest saving of approximately US\$8 million annually.
- As a result of this equity raising, MMG's pro forma gearing ratio has achieved a record low since the acquisition of Las Bambas, now estimated at around 45%.

## Las Bambas: dialogue tables in parallel with Chalcobamba ramp-up

"Las Bambas and MMG are establishing positive parameters around their roles in and for society in the district."  
 — Danielle Martin, Co-Chief Operating Officer and Director of Social Performance, ICMM June 2024



### CAO Liang:

- In terms of the community relationships at Las Bambas, during the first half we continued to advance the implementation of the Corazon de Las Bambas program, our new social management approach. As part of this we conducted extensive and constructive dialogue between Las Bambas, our communities, and local government as well.
- Through the implementation of this program, communities including along the Southern Road Corridor and those nearby our site will benefit from Las Bambas stable production.
- In parallel with advancing dialogue tables, we started the development of the Chalcobamba pit this year.
- With such progress, we will work towards Las Bambas annual production around 350,000 to 400,000 tonnes of copper from next year, 2025. We will provide more details regarding the Corazon project as part of our sustainability briefing.

## Kinsevere Expansion Project



### CAO Liang:

- For the Kinsevere expansion project, construction remains on track.
- Recent milestones include the completion of the construction of the sulphide circuit in concentrator and the mechanical completion of the roaster (RGA plant), with commissioning currently underway.
- First production of copper cathode from sulphides is expected in the second half of this year, and a full ramp up is expected next year. This next phase of Kinsevere will extend the mine life to least 2035.

## Executing our copper growth pipeline



- ✓ Well progressed growth opportunities to expand exposure to copper
- ✓ Become a low-cost top 10 copper producer

Near Term Growth			Mid Term Growth
			
<b>Kinsevere Expansion Project</b> Expand to 80 ktpa copper	<b>Khoemaçau Production Ramp-Up</b> 60 ktpa copper production	<b>Las Bambas</b> Return to a 350 – 400 ktpa copper producer through Chalcobamba ramp-up	<b>Khoemaçau Expansion</b> Expand to 130 ktpa copper production



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### CAO Liang:

- Moving forward, we will focus on the delivery of the Kinsevere expansion project and Chalcobamba pit and actively advance the organic growth projects, such as the Khoemaçau expansion, with the goal of increasing copper production capacity by 150,000 to 200,000 over the next three to five years. Our ambition is to be a top 10 copper producer globally.
- I will stop here and hand over to Mr Qian Song, our CFO, to talk a little bit more about our financial performance.

### FINANCIAL RESULTS (QIAN SONG)



**Financial results**



**QIAN Song**  
Chief Financial Officer

- Thank you, Cao Liang and welcome, everyone joining us on this conference today.

## Financial performance

### Summary Income Statement

SIX MONTHS ENDED 30 JUNE	2024 (US\$ M)	2024 vs. 2023
Revenue	1,918.2	1%
EBITDA	779.0	23%
<b>Profit for the year</b>	<b>79.5</b>	<b>419%</b>
EBITDA margin	41%	20%
Net cash generated from operating activities	515.3	21%
Basic earnings per share	US 0.23 cents	

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**QIAN Song:**

- In the first half of this year MMG's EBITDA, which is E-B-I-T-D-A, increased to US\$779 million. We achieved a net cash flow from operations amounting to \$515 million. This positive shift can largely be attributed to stable production across all sites and was further enhanced by rising metal prices.
- Now let me take you through the financial performance of our five operations.

## Las Bambas

One of the world's largest copper mines with near term organic growth optionality

Six Months Ended 30 June	1H 2024	1H 2023	CHANGE % FAV/(UNFAV)
<b>Production metrics</b>			
Ore mined	24,793 kt	21,374 kt	16%
Ore milled	25,685 kt	25,872 kt	(1%)
Ore milled grade - Cu	0.57%	0.64%	(11%)
Recovery rate - Cu	86.5%	85.0%	2%
Contained Copper in concentrate	126 kt	140 kt	(10%)
C1 cost	US\$1.81 / lb	US\$1.60 / lb	(13%)
LME average price- Cu <sup>1</sup>	US\$4.13 / lb	US\$3.95 / lb	5%
<b>Financial metrics (US\$m)</b>			
Revenue	1,256.0	1,480.4	(15%)
Operating expenses	(645.0)	(854.5)	25%
<i>in which: net operating expenses (excluding stock movements)</i>	(652.4)	(698.5)	7%
<i>Stock movements</i>	7.4	(156.0)	
EBITDA	590.3	643.0	(8%)
EBITDA margin	47%	43%	

1. Six months average LME Official Settlement Price

Good progress on Chalcobamba ramp-up


Production expected to significantly improve from H2 2024

H1 2024 Net operating expenses ↓ 7% vs H1 2023

H1 2024 EBITDA margin 47%

Stable production maintained

Engaging with communities concurrently with Chalcobamba development



**QIAN Song:**

- Las Bambas generated an EBITDA of US\$590 million for the first half of the year.
- Operating expenses decreased during the period, driven by an increase in deferred mine capitalization costs which is related to the Chalcobamba pre-stripping activities, and a reduction in expenses allocated for the risk mitigation of social conflicts.
- With stable production, the Las Bambas mine can generate very good operational cash flow. Its EBITDA margin reached 47% during the first half of this year.



### Kinsevere

Growing to be a ~100kt copper equivalent mine once expansion project fully ramped up

Six Months Ended 30 June	1H 2024	1H 2023	CHANGE % FAV/(UNFAV)
<b>Production metrics</b>			
Ore mined	1,600 kt	1,273 kt	26%
Oxide ore mined	1,427 kt	271 kt	428%
Sulphide ore mined	173 kt	1,002 kt	(83%)
Ore milled	1,052 kt	1,004 kt	5%
Ore milled grade - Cu	2.03%	2.22%	(9%)
Recovery rate - Cu	96.20%	96.20%	0%
Copper cathode production	21 kt	22 kt	(2%)
C1 cost	US\$3.14 / lb	US\$3.53 / lb	11%
LME average price- Cu <sup>1</sup>	US\$4.13 / lb	US\$3.95 / lb	5%
<b>Financial metrics (US\$m)</b>			
Revenue	188.3	178.4	6%
Operating expenses	(137.9)	(176.7)	22%
<i>in which: net operating expenses (excluding stock movements)</i>	<i>(180.6)</i>	<i>(179.2)</i>	<i>(1%)</i>
<i>Stock movements</i>	<i>42.7</i>	<i>2.5</i>	
EBITDA	41.4	(13.8)	400%
EBITDA margin	22%	-8%	

1. Six months average LME Official Settlement Price

- Ore mined volume ↑ 26%
- Accelerated mining activities at Sokoroshe II
- Reducing reliance on lower margin third-party ore
- H1 2024 C1 Costs US\$3.14 / lb ↓ 11% vs H1 2023
- KEP on track
- First sulphide ore production expected in H2 2024, full ramp up in 2025

**QIAN Song:**

- Kinsevere showcased improved performance by generating a positive EBITDA of US\$41 million during the first half of the year. This achievement was bolstered by accelerated mining activities at Sokoroshe II, aimed at reducing our reliance on expensive, high-grade third-party ores.
- Looking forward, we anticipate even greater profitability as we move towards the commissioning and ramp-up of the Kinsevere expansion project.

### Khoemacau

One of the globally highest quality new copper mines with attractive financial metrics post-expansion

Six Months Ended 30 June	1H 2024 since 22 March 2024
<b>Production metrics</b>	
Ore mined	756 kt
Ore milled	745 kt
Ore milled grade - Cu	1.54%
Recovery rate - Cu	88.3%
Contained Copper in concentrate <sup>1</sup>	10 kt
C1 cost <sup>2</sup>	US\$2.65 / lb
LME average price- Cu <sup>3</sup>	US\$4.13 / lb
<b>Financial metrics (US\$m)</b>	
Revenue	90.2
Operating expenses	(56.6)
EBITDA	33.5
EBITDA margin	37%

1. MMG completed the acquisition of the Khoemacau mine on 22 March 2024. Production for the March quarter and year-to-date data of 2024 includes figures starting from 23 March 2024.  
 2. Khoemacau C1 costs calculated on a post-by-product and pre-silver stream basis.  
 3. Six months average LME Official Settlement Price

- First time inclusion of Khoemacau production
- Ramp up to 60 ktpa Cu by 2026
- H1 2024 EBITDA US\$33.5 million
- Production ramp-up and expansion project to reduce C1 costs
- Near-term expansion to 130 ktpa Cu
- Low capital intensity brownfield expansion

**QIAN Song:**

- For Khoemacau, beginning on March 22, 2024, when MMG completed the acquisition of the mine, it contributed US\$34 million in EBITDA through the first half of the year.
- We are fully committed to supporting the ramp-up of Khoemacau to achieve an annual production of 60,000 tonnes of copper by 2026, and completing the expansion to 130,000 tonnes by 2028.

## Dugald River

A world top 10 producing Zn mine with a >20yr mine life

Six Months Ended 30 June	1H 2024	1H 2023	CHANGE % FAV/(UNFAV)
<b>Production metrics</b>			
Ore mined	909 kt	614 kt	48%
Ore milled	885 kt	653 kt	35%
Ore milled grade – Zn	9.9%	9.8%	1%
Recovery rate – Zn	89.4%	89.7%	0%
Contained Zinc in concentrate	79 kt	57 kt	38%
C1 cost	US\$0.67 / lb	US\$1.30 / lb	48%
LME average price- Zn <sup>1</sup>	US\$1.20 / lb	US\$1.29 / lb	(7%)
<b>Financial metrics (US\$m)</b>			
Revenue	226.1	132.7	70%
Operating expenses	(146.4)	(159.6)	8%
EBITDA	80.2	(26.4)	404%
EBITDA margin	35%	(20%)	

1. Six months average LME Official Settlement Price

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### QIAN Song:

- Dugald River achieved an EBITDA of US\$80 million in the first half.
- We aim to further enhance Dugald River's profitability through continuous operational improvement initiatives.

## Rosebery

Continues to deliver after almost 90 years of operations

Six Months Ended 30 June	1H 2024	1H 2023	CHANGE % FAV/(UNFAV)
<b>Production metrics</b>			
Ore mined	519 kt	442 kt	17%
Ore milled	518 kt	441 kt	18%
Ore milled grade – Zn	6.6%	6.2%	6%
Recovery rate – Zn	88.5%	85.0%	4%
Contained Zinc in concentrate	30 kt	23 kt	31%
C1 cost	(US\$0.42 / lb)	US\$0.18 / lb	333%
LME average price- Zn <sup>1</sup>	US\$1.20 / lb	US\$1.29 / lb	(7%)
<b>Financial metrics (US\$m)</b>			
Revenue	152.7	103.2	48%
Operating expenses	(84.5)	(65.3)	(29%)
EBITDA	68.3	35.6	92%
EBITDA margin	45%	34%	

1. Six months average LME Official Settlement Price

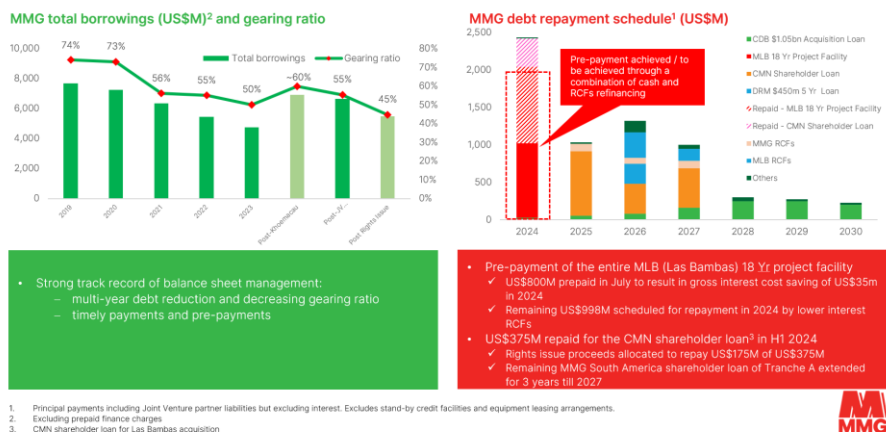
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### QIAN Song:

- Rosebery mine recorded an EBITDA of US\$68 million dollar. As a polymetallic mine that generates significant revenue from by-products such as gold and silver, Rosebery's profits were buoyed by the robust prices of these precious metals.

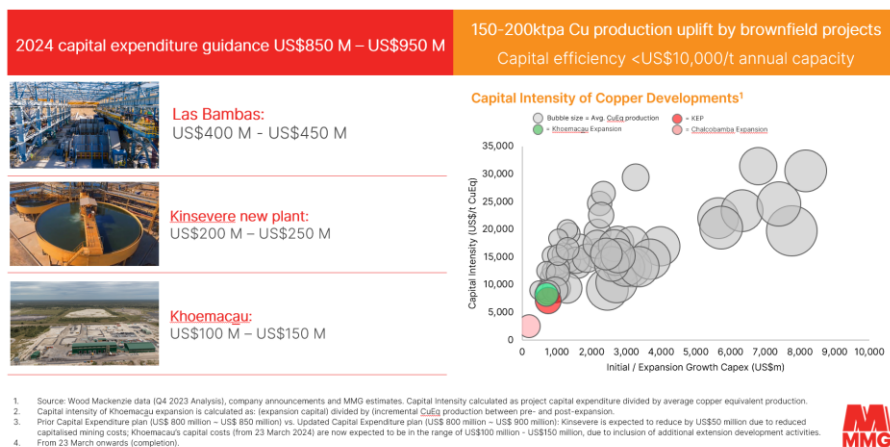
## MMG's commitment to debt reduction



### QIAN Song:

- In recent years, MMG has continuously reduced gearing ratio through strong cash flows generated from operations. Particularly, after completing the acquisition of Khoemacau this year, by utilizing a series of financing methods, the company's proforma gearing ratio is now estimated at around 45%, the lowest level since the acquisition of Las Bambas.
- In the current global high-interest rate market environment, we will continue to take measures to consistently reduce debt level, thereby lowering finance costs and enhancing profitability.
- Next, I'll discuss our outlook on capital expenditure.

## Capital expenditure outlook



### QIAN Song:

- Las Bambas, Kinsevere, and Khoemacau all have promising expansion prospects. We believe that capital expenditures on these projects are crucial for ensuring the increase in the Company's copper production and the growth profits for all of our shareholders. Our total capital expenditure for 2024 is expected to be between US\$850 million and US\$950 million.
- For Las Bambas, we are maintaining capital expenditure between US\$400 million and US\$450 million. This budget includes the expansion such as Las Bambas tailings dam facility, Ferrobamba pit infrastructure, and Chalcobamba execution.
- At Kinsevere, due to reduced capitalized mining costs, capital expenditure is expected to decrease by US\$50 million from the previous guidance, bringing the range to US\$200-250 million.

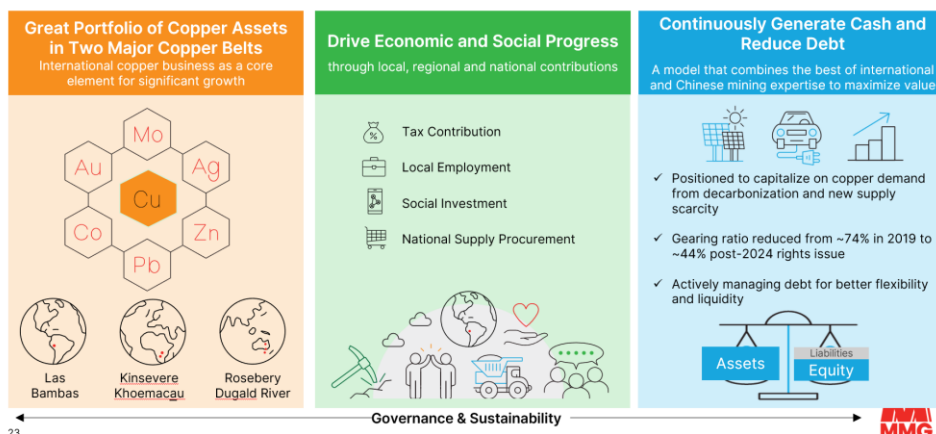
- For Khoemacau, from March 23, 2024, capital costs are anticipated to be in the range of US\$100 million to US\$150 million. This includes capitalized underground mine development, continued expansion studies, paste-fill plant design and construction, and the installation of primary ventilation fans.
- The company's brownfield copper mine expansion projects are expected to add 150,000 tonnes to 200,000 tonnes of new copper capacity over the next five years, with a capital intensity of less than US\$10,000 per tonne, which is significantly lower than the investment intensity of new copper mine projects globally.
- I will now hand back to Cao Liang to wrap up the presentation. Thank you.

**STRATEGY AND OUTLOOK (CAO LIANG)**



- Thanks, Song.

**Create a sustainable mining company for a low carbon future**



- In summary, our sites are tracking well with the performance in line with or exceeding updated 2024 guidance. We anticipate a more profitable second half.
- Looking ahead, we will continue to contribute to building a low carbon future in three key areas.

- First, we will manage our existing assets to create more value. MMG has a world-class portfolio of copper assets in two major copper belts. We will focus our operational excellence of our existing mines, continually promoting capacity expansion and achieving stable increased production.
  - Second, we will effectively manage the balance sheet, now our balance sheet is the strongest that it has been in the last 10 years. Our business model, with support from our major shareholder China Minmetals Corporation allows us to leverage the best of the international and Chinese mining expertise and to drive better financial outcomes. With the improved performance we will continue to strengthen our balance sheet.
  - Third, we are committed to maintaining strong relationships with stakeholders. Our team will continue to work with and support the local communities and play our role in driving economic and social progress. We are hosting a sustainability briefing tomorrow and the team will share more details about our approach and commitment for this important area.
  - Finally, many thanks to our talented team for their hard work and commitment over the last six months. I look forward to working alongside them, to grow our safety culture and achieve our operational goals.
  - **This concludes the results part of our call. I'm now happy to take your questions and will hand back to the moderator, thank you!**
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## <QUESTIONS AND ANSWERS>

**Operator:** Thank you. If you wish to ask a question please press star-one on your telephone and wait for your name to be announced. If you wish to cancel your question please press star-two. If you are on a speakerphone please pick up the handset to ask your question. Your first question comes from Jimmy Feng from Citi. Please go ahead.

**Jimmy FENG: (Citi, Analyst)** Hi, thanks, management for sharing. I have two questions. Firstly, for Kinsevere mine, I am happy to see its EBIT turned positive during the first half. What's the outlook for the second half? I noticed there were positive other operating expenses in the first half, caused by the increasing stock. How should we expect this item in the second half? This number is relatively large compared to the EBIT of Kinsevere. This is my first question.

**QIAN Song:** Sitting around this table we have our Executive General Manager, Operation, Nan WANG; our Executive General Manager of Las Bambas, ZHAO Jing; and our Executive General Manager, Corporate Relations, Troy Hey. I will address some of your questions, and maybe Nan could add more on this.

Regarding Kinsevere outlook, I share the same view with you that we have seen a good result with positive EBITDA in the first half. Before I get into the details of your question, I want to provide some context. The past two years at Kinsevere have not been ordinary operational years because we ran out of the oxide ore. Due to the COVID influence, our KEP - Kinsevere Expansion Project, which would have allowed us to process sulphide ore, hasn't been able to come into operation in time.

Therefore, this year and last year, our operations have been very unusual, relying purely on the third-party ore. With the rise in Q1 copper prices, the cost of third-party ore has increased significantly. If we continue to fully rely on external resources, we will face very significant cost risks. Therefore, we picked a satellite mine called Sokoroshe II. This year, we accelerated the mining process at Sokoroshe II, which is why you have seen the costs go up quickly.

**Nan WANG:** Jimmy, just adding on to what Song just mentioned. We accelerated Sokoroshe II, so we are now realising the mining costs now, and we've seen the higher-grade ore being processed at the plant to produce more copper for Q2 and the remainder of this year. Some of the stockpiles will remain there until the later part of their life. Obviously, from C1 costs perspective, we'll realise that cost now, but later on, when we reprocess those stockpiles, the C1 costs will be more favourable and beneficial. Thank you.

**Jimmy FENG: (Citi, Analyst)** Sure, thanks for the update, that's very clear. Just a quick follow-up on this Kinsevere cost. How do you expect the cost in the next year, in 2025, if any?

**QIAN Song:** We haven't published the guidance for 2025 yet, but the outlook for Kinsevere is positive. Starting in Q4, we will be able to process sulphide ore, and next year we will ramp up production. Hopefully, by the end of 2025, we could achieve 80,000 tonnes of copper per annum. I believe this will contribute significantly to our profits.

**Jimmy FENG: (Citi, Analyst):** Sure, got it. Thanks and my second question is regarding the financial expenses. After the repayment of debt there will be some savings on the financial expenses, what is the financial expenses outlook in the second half? Or what's the guidance for the full year of 2024?

**QIAN Song:** Normally we would see around \$300 million to \$400 million of financial cost each year. However, this year we saw the total debt level decrease in the first half, primarily due to the Khoemaçau acquisition. By the end of the first half, our total debt level reached US\$6.6 billion, but in July we repaid an 800 million external debt from Las Bambas, and hopefully, by the year end, we will repay around \$1 billion. This will reduce our debt level significantly.

With the capital raising (the rights issue), we have repaid around US\$1 billion external debt. This will help us reduce our debt level, lower our gearing ratio, and decrease our financial costs.

**Jimmy FENG: (Citi, Analyst)** Sure, got it. Thanks, that's all my questions. I'm looking forward to the incremental profitability going forward, thanks.

**Operator:** Thank you. Once again, to ask a question please press star-one. Your next question comes from Lawrence Lau from BOCI. Please go ahead.

**Lawrence LAU: (BOCI, Analyst)** Hi, thanks for taking my questions. I think I have three questions. First of all, for the Kinsevere, if I calculated it correctly, the realised price of cobalt in the first half was just around US\$14,000 per tonne. It seems to be significantly lower than the market price, so I just wonder why the price is so low. Is the price going to be higher into the second half of the year?

Also, for this mine, we see a significant build-up of inventory, primarily cobalt. What's your view on this? Do you think you can sell all the cobalt you produce this year within the second half?

Finally, regarding the interest rate, now the market generally expects the US to cut interest rates, later this year. But I understand we have some kind of interest rate swap. So, I wonder, if the US does cut the interest rate how fast we can fill the impact of the rate cut on our loans? Thank you.

**Nan WANG:** I'll address the first couple of questions and then I'll hand over to Song for the last one. In terms of the cobalt price, it's obviously very hard to predict. We are working closely with our marketing team to actually further investigate and then monitoring the market closely. Then, obviously higher cobalt price will definitely benefit all the mining companies.

In terms of the cobalt stock, we are working closely with potential buyers and looking for opportunities for the trial sales. Obviously we're still at the early stage, and we're trying to introduce our product to the market. So far, we're getting good feedback. In the short term, we'll continue working with potential customers to inform them about our product specifications, and gather feedback to further improve our product to meet their requirement.

Over to you, Song, for the third question, thanks.

**QIAN Song:** Thank you, Nan and thanks to Lawrence for the good questions.

Regarding the US rate, yes, our first half we realised the effective interest rate of 5.2% per annum, that's the annualised rate. We will benefit from the interest reduction if it happens, so every one-point interest rate reduction will help us significantly.

However, in terms of the interest rate swap, that was also a very good deal that the management team has achieved several years ago, but we settled that, I assume, last year. Please, Sherry, could you provide the detail of that transaction after the call? But I believe we don't have interest swap at the moment.

For the outlook of the interest rate, to be honest, you are much better in a position to explain this forecast. We would be happy to see any real interest reduction in the market. I don't have more view on this.

**Operator:** Thank you. Your next question comes from Chris Shiu from Balyasny Asset Management. Please go ahead.

**Chris SHIU: (Balyasny Asset Management, Analyst)** Thank you very much, management team, I've got two questions. The first one regarding Khoemaçau. What sort of C1 cost trajectory should we be expecting over the next few years to 2029, when the production is expected to be expanded to 130,000 tonnes? That's the first question, thank you.

**Nan WANG:** Yes, Chris, I just touched on this. In terms of our current C1, obviously we're still trying to ramp up to 60,000 tonnes by 2026. We are focusing on stabilizing our operations, opening up the mining front, and stabilizing the mining grade to access the main part of the ore body.

In terms of the short-term guidance, it's pretty much in line with our guidance already provided. But going forward to 2029, as we increase production from 60,000 tonnes to 130,000 tonnes, you will see a significant improvement on C1 cost. But at this stage we are still working hard on the life of mine estimation and then expansion study. We'll be able to provide some more detailed range in the near future. Thank you.

**Chris SHIU: (Balyasny Asset Management, Analyst)** Got it. What sort of Capex should we be expecting for the second stage extension from the 60,000 to 130,000?

**QIAN Song:** That will be in range of \$700 million to \$800 million of Capex in total, but that will be happening in three years' time. Starting from now, we are working on the feasibility, and within in one year, we could bring this into execution. Hopefully by year 2028, we can deliver that and have the ramp up to 130,000 tonnes per annum.

**Chris SHIU: (Balyasny Asset Management, Analyst)** Got it, thank you very much. My second question is regarding Izok. Is there any update on that project and maybe the infrastructure around that area?

**CAO Liang:** Sorry, I didn't catch your question.

**Chris SHIU: (Balyasny Asset Management, Analyst)** For the Izok project, I-Z-O-K, the one in Canada.

**Troy HEY:** As you know, we've been working really closely for almost eight years now with the Government of Canada, the local First Nations group and a group called West Resources, who have taken up the proponent role in the infrastructure project. We haven't changed our view that this is an outstanding project, excellent resource and reserves, and just really need that infrastructure to be unlocked to make this a very viable and very attractive project.

The good news I think is that we're seeing very good support, and the project is advancing into necessary feasibility work. We are very confident that work will start up again in earnest. There's a couple of years of work to get it to what we call shovel ready stage, which is when you'd be able to invest as a component of the infrastructure.

We still have over \$20 million of Canadian Government funding committed to that work. It's advancing well. I would expect that next year you would see some really significant work on the infrastructure and that gives us greater confidence to start thinking the project again, looking at the feasibility and as we always planned, to follow the infrastructure work with feasibility work on that study. So we're confident it's in probably the best place it's been for the last couple of years and look forward to keeping you updated.

**Chris SHIU: (Balyasny Asset Management, Analyst)** Got it, thank you very much.

**Operator:** Thank you. There are no further questions at this time. I'll now hand back to Mr Cao Liang for closing remarks.

**CAO Liang:** Okay, thank you again and thank you for joining us today. If you have any additional questions please reach out to our Investor Relations or Corporate Affairs teams. Thank you for your time, bye for now.



**Operator:** That does conclude our conference for today. Thank you for participating, you may now disconnect.

[END OF TRANSCRIPT]