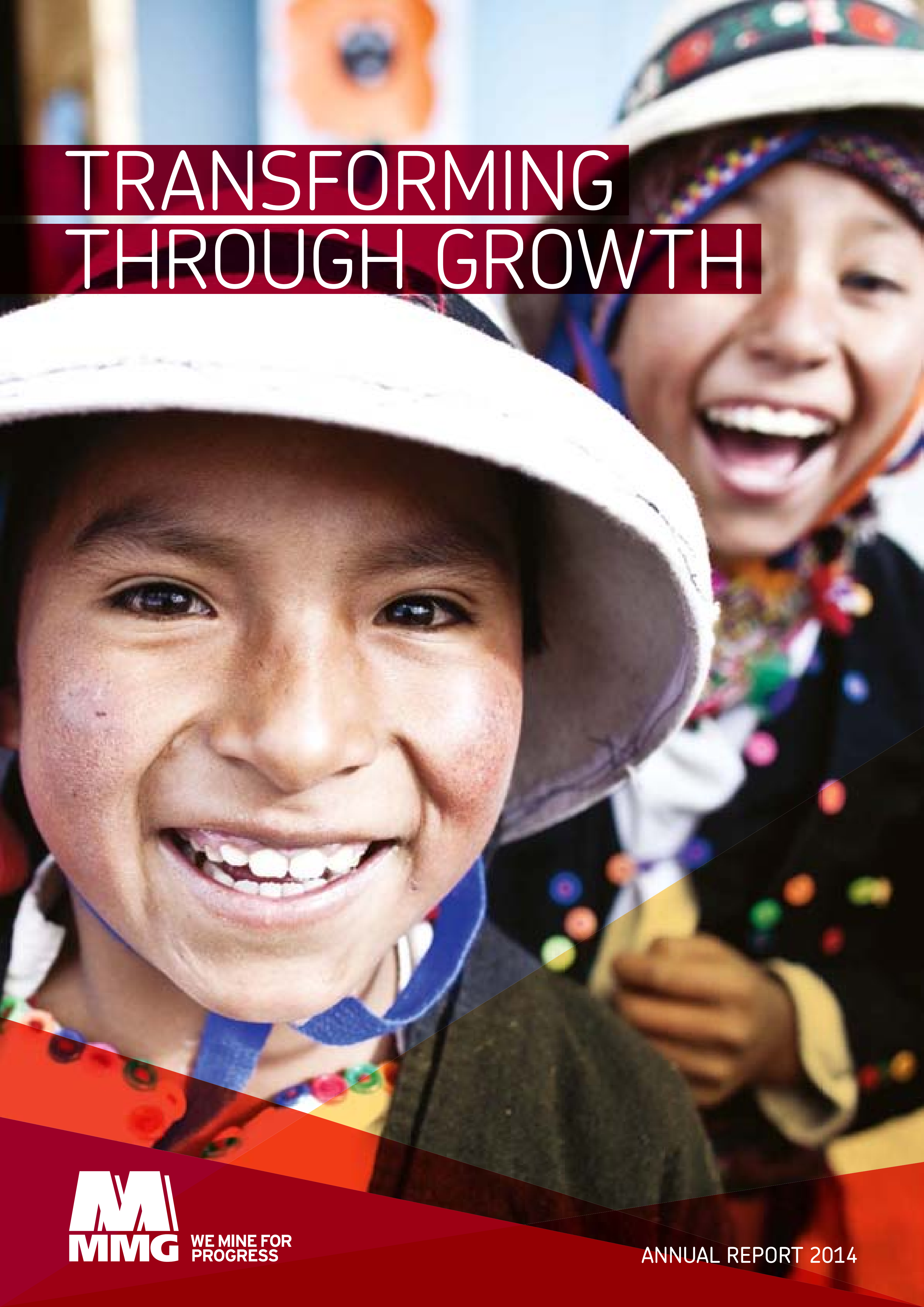
TRANSFORMING THROUGH GROWTH



MMG
WE MINE FOR PROGRESS

ANNUAL REPORT 2014

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
JIAO Jian
(Non-executive Director)

Executive Directors
Andrew MICHELMORE
(Chief Executive Officer)

David LAMONT
(Chief Financial Officer)

XU Jiqing
(Executive General Manager – China and Group Strategy)

Non-executive Directors
WANG Lixin

GAO Xiaoyu

Independent Non-executive Directors
Peter CASSIDY

Anthony LARKIN

LEUNG Cheuk Yan

AUDIT COMMITTEE

Chairman
Anthony LARKIN

Members
GAO Xiaoyu

Peter CASSIDY

LEUNG Cheuk Yan

REMUNERATION AND NOMINATION COMMITTEE

Chairman
Peter CASSIDY

Members
WANG Lixin

JIAO Jian

Anthony LARKIN

LEUNG Cheuk Yan

SAFETY, HEALTH, ENVIRONMENT AND COMMUNITY COMMITTEE

Chairman
Peter CASSIDY

Members
Andrew MICHELMORE

GAO Xiaoyu

DISCLOSURE COMMITTEE

Members
Andrew MICHELMORE

Colette CAMPBELL

Troy HEY

David LAMONT

LEUNG Suet Kam Lucia

Nick MYERS

XU Jiqing

QIN Maggie

GENERAL COUNSEL

Nick MYERS

COMPANY SECRETARY

LEUNG Suet Kam Lucia

LEGAL ADVISER

Linklaters, Hong Kong

White & Case, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

SHARE REGISTRAR

Computershare Hong Kong
Investor Services Limited

17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

China Development Bank Corporation

Industrial and Commercial Bank of China Limited

Bank of China Limited

The Export-Import Bank of China

Bank of America Merrill Lynch Limited

INVESTOR AND MEDIA ENQUIRIES

Colette CAMPBELL
Group Manager – Investor Relations and Communications

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REGISTERED OFFICE

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CORPORATE OFFICES AND PRINCIPAL PLACE OF BUSINESS

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Australia

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F +61 3 9288 0800
E info@mmg.com

WEBSITE

www.mmg.com

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 1208

ADDITIONAL SHAREHOLDER INFORMATION

The Chinese version of the Annual Report is prepared based on the English version. If there is any inconsistency between the English and Chinese version of this Annual Report, the English text shall prevail to the extent of the inconsistency.

It is MMG's vision to become the world's most respected diversified base metals company.

We mine to build wealth through the development of our people, the investments we make in improving local capability, and the value we deliver to our Shareholders.

CONTENTS

2014 HIGHLIGHTS

PRODUCTION AND FINANCIAL HIGHLIGHTS

CONSISTENT DISCIPLINE OF OPERATIONAL MANAGEMENT AT ALL SITES IN 2014

STABLE REVENUE OF

US$2,479.8 MILLION

due to record copper sales and a higher average realised zinc price, offset by the lower average realised copper price.

EBITDA OF US$780.8 MILLION,

4% higher than 2013 and improved EBITDA margin of 31%.

LAS BAMBAS

is on track to deliver on MMG's growth strategy.

TOTAL PROFIT

US$99.2 MILLION

a 19% decrease compared to 2013.

The Board does not recommend the payment of a dividend for the year as a prudent approach to cash flow management.

MMG'S GROWTH STRATEGY

remains unchanged – we will continue to focus on maximising Shareholder returns by discovering, acquiring, developing and sustainably operating resources projects around the world.

Cu, Zn

MMG REMAINS CONFIDENT IN THE UNDERLYING FUNDAMENTALS OF COPPER AND ZINC

which will continue to be driven by sustainable growth in China and the economic recovery of the US and developing economies.

MMG SUSTAINABILITY PERFORMANCE RECOGNISED BY CHANNEL NEWSASIA AND THE HANG SENG CORPORATE SUSTAINABILITY BENCHMARK INDEX (HUSSUB)

THE 1000 DAYS PROJECT

a partnership with UNICEF and the Lao Ministry of Health, entered its third year with micronutrients delivered to children and families across three Lao provinces.

TOTAL RECORDABLE INJURY FREQUENCY IMPROVED

from 2.4 per million hours worked in 2013 to 2.3 in 2014.[1]

Continued support for employee localisation initiatives.

LOCAL WORKFORCE:

94% SEPON
94% KINSEVERE
96% LAS BAMBAS
17% INDIGENOUS AUSTRALIANS AT CENTURY

MMG'S WORKFORCE GREW SIGNIFICANTLY

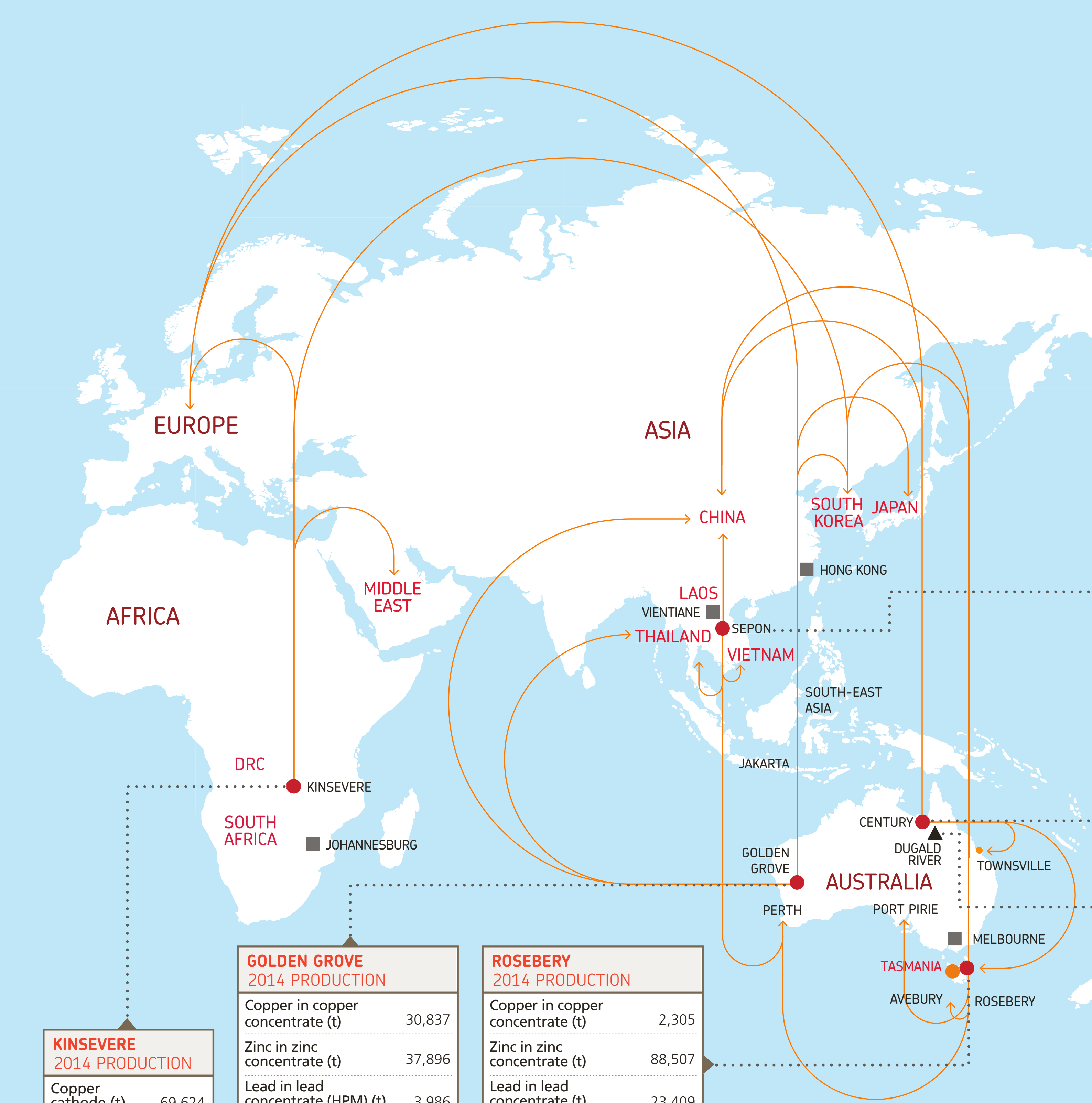
FROM 8,951
at the end of 2013
TO 26,370
people as at the end of 2014, as a result of the inclusion of the Las Bambas construction workforce.

Total community investment at existing sites was approximately

US$14.1 MILLION

1 Excluding statistics for Las Bambas operations and projects.

MAP OF OPERATIONS



KINSEVERE
2014 PRODUCTION

Copper cathode (t)	69,624
Revenue	US$465.7m
EBIT	US$49.0m

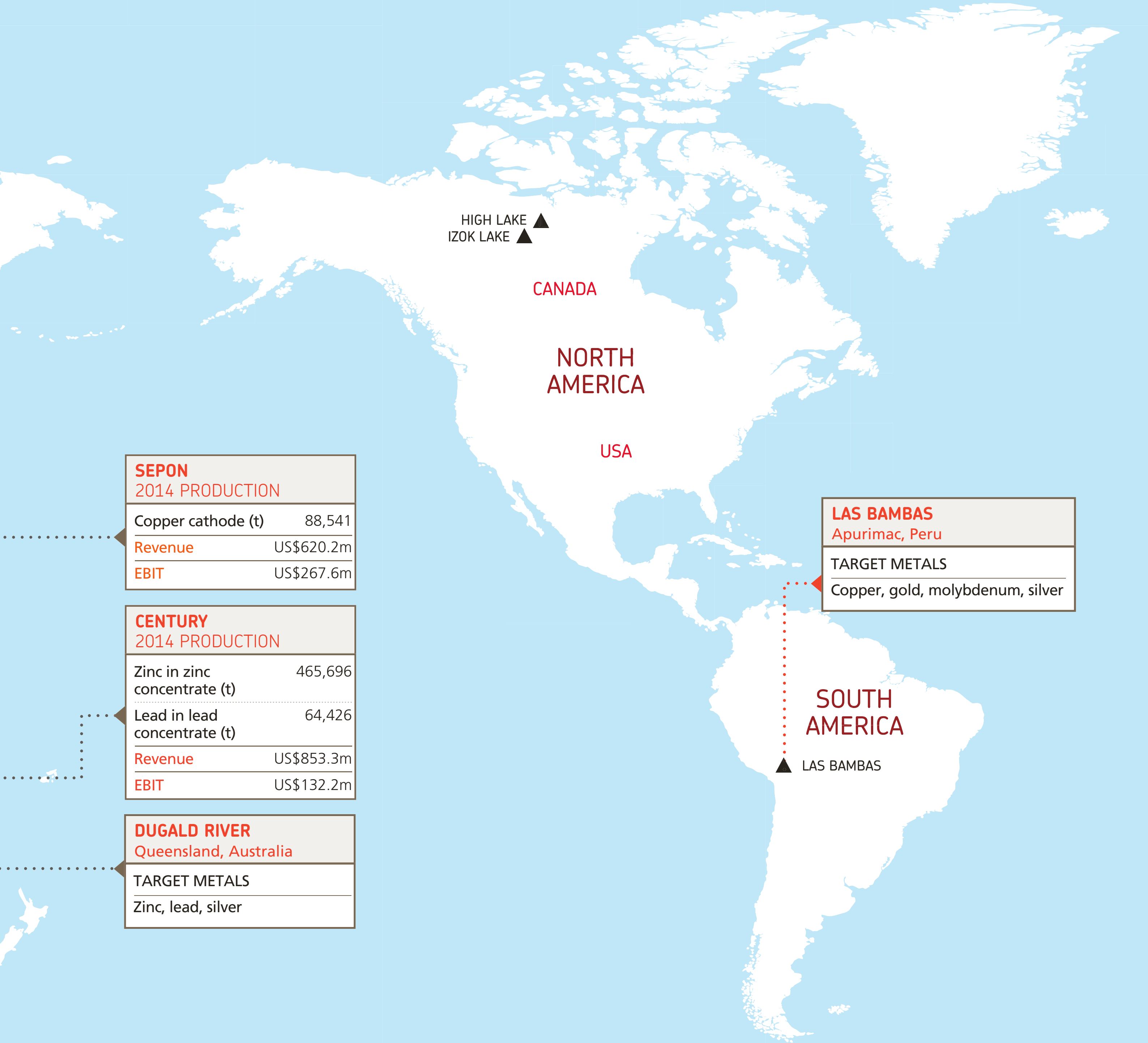
GOLDEN GROVE
2014 PRODUCTION

Copper in copper concentrate (t)	30,837
Zinc in zinc concentrate (t)	37,896
Lead in lead concentrate (HPM) (t)	3,986
Revenue	US$293.1m
EBIT	–US$15.2m

ROSEBERY
2014 PRODUCTION

Copper in copper concentrate (t)	2,305
Zinc in zinc concentrate (t)	88,507
Lead in lead concentrate (t)	23,409
Revenue	US$247.5m
EBIT	US$38.7m

OPERATIONS
CORPORATE OFFICES
DEVELOPMENT PROJECTS
SALES ROUTES
SUSPENDED OPERATION



SEPON 2014 PRODUCTION	
Copper cathode (t)	88,541
Revenue	US$620.2m
EBIT	US$267.6m

CENTURY 2014 PRODUCTION	
Zinc in zinc concentrate (t)	465,696
Lead in lead concentrate (t)	64,426
Revenue	US$853.3m
EBIT	US$132.2m

DUGALD RIVER Queensland, Australia
TARGET METALS
Zinc, lead, silver

LAS BAMBAS Apurimac, Peru
TARGET METALS
Copper, gold, molybdenum, silver

COMPANY OVERVIEW

MMG (the Company) has a vision to become the world's most respected diversified base metals company.

We mine to build wealth through the development of our people, the investments we make in improving local capability, and the value we deliver to our Shareholders.

Working in partnership with our major Shareholder – China Minmetals Corporation (CMC) – our objective is to become a top mid-tier miner by 2020.

We are guided by our Code of Conduct and our values of thinking safety first, respecting each other, working together, doing what we say and wanting to be better.

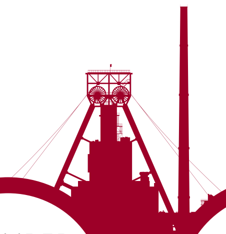
We operate and develop copper, zinc and other base metals projects across Australia, the Democratic Republic of the Congo (DRC), Laos and Peru. We also have significant exploration projects and partnerships across Australia, Africa and the Americas.

We are headquartered in Melbourne, Australia, and listed on the Hong Kong Stock Exchange (Stock Exchange) (HKEx 1208).

A long-term outlook, our pride in mining, our commitment to shared international standards and our respect for people, land and culture underpin our success.

We are MMG and we mine for progress.

TIMELINE



JULY 1988

The Company was incorporated in Hong Kong with focus on commodities, trading and fabrication.

DECEMBER 1994

STOCK CODE: 1208

The Company was listed on the Hong Kong Stock Exchange under Stock Code: 1208.

JUNE 2009

Minerals and Metals Group formed following CMC's acquisition of the majority of OZ Minerals Limited's assets through CMC's subsidiary China Minmetals Non-ferrous Metals Company Limited (CMN). This includes the Sepon, Century, Rosebery and Golden Grove Mines; the Dugald River and Izok Corridor development projects; and a range of exploration tenements. Minerals and Metals Group was 100% owned by CMN following the acquisition.

DECEMBER 2010

The Company acquired Minerals and Metals Group.

APRIL 2011

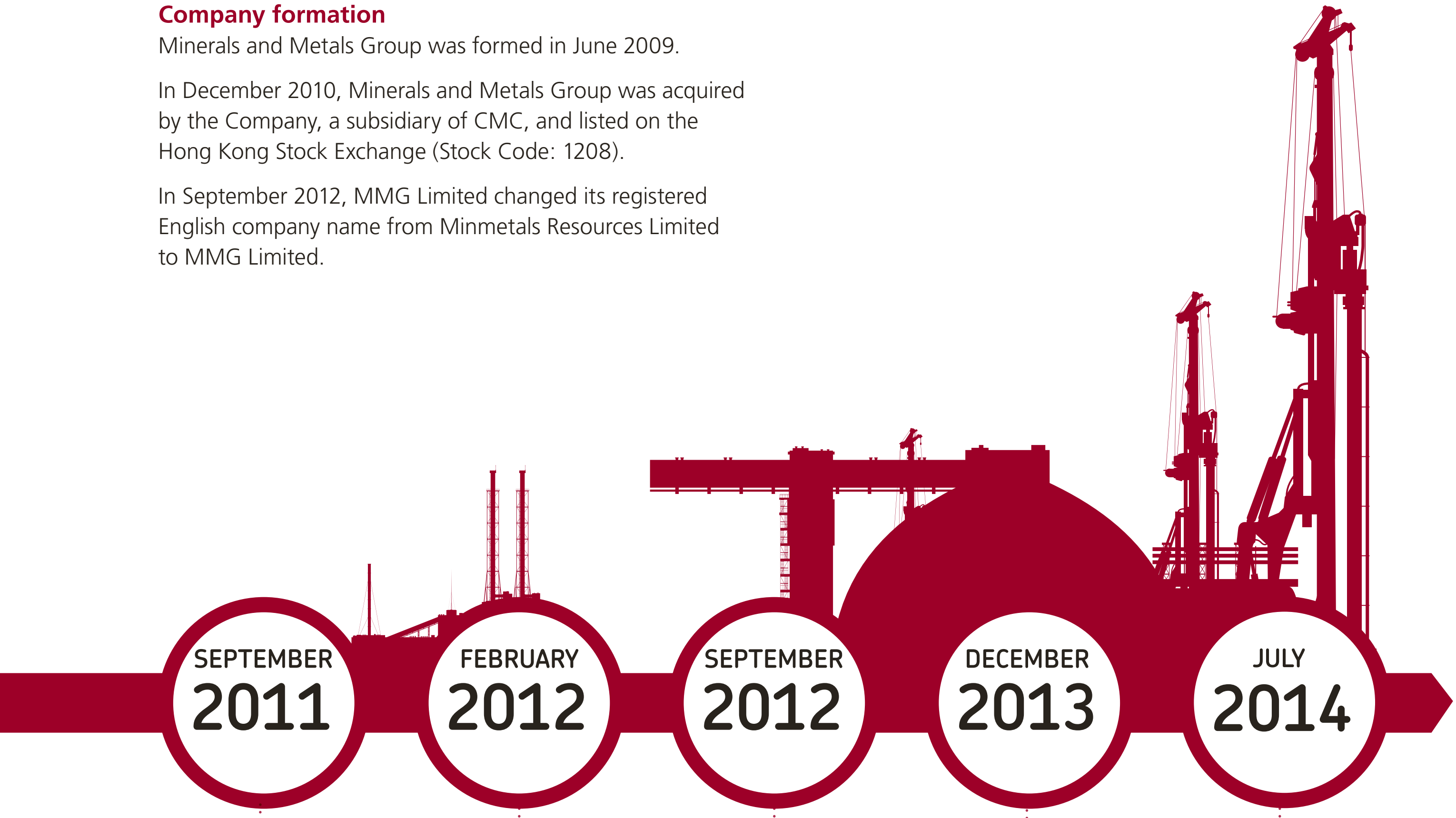
The Company issued 762,612,000 ordinary shares to independent third parties and 1,560,000,000 ordinary shares to CMN following the conversion by CMN of perpetual subordinated convertible securities (PSCS).

Company formation

Minerals and Metals Group was formed in June 2009.

In December 2010, Minerals and Metals Group was acquired by the Company, a subsidiary of CMC, and listed on the Hong Kong Stock Exchange (Stock Code: 1208).

In September 2012, MMG Limited changed its registered English company name from Minmetals Resources Limited to MMG Limited.



The Company acquired Anvil Mining Limited (Anvil), which includes the Kinsevere mine in the DRC.

The Company changed its registered English company name from Minmetals Resources to MMG Limited.

MMG ceased gold operations at its Sepon mine in Laos.

MMG completed the acquisition of Las Bambas as part of a joint venture.

The Company divested the trading, fabrication and downstream businesses to CMN in order to focus on its upstream base metals assets. The divested assets, predominantly located in China, include the Company's interests in Minmetals Aluminium Co. Ltd. (Minmetals Aluminium), North China Aluminium Co. Ltd. (North China Aluminium), Yingkou Orienmet Plica Tube Company Limited (Yingkou Orienmet) and Changzhou Jinyuan Copper Co. Ltd. (Changzhou Jinyuan) and their respective subsidiaries. The sales of Minmetals Aluminium North China Aluminium were completed in December 2011 and the sales of Yinkou Orienmet and Changzhou Jinyuan completed in May 2012.

BOARD

Chairman
Mr JIAO Jian

Executive Director
Mr Andrew MICHELMORE

Executive Director
Mr David LAMONT

Executive Director
Mr XU Jiqing

Non-executive Director
Mr WANG Lixin

Non-executive Director
Mr GAO Xiaoyu

Independent Non-executive Director
Dr Peter CASSIDY

Independent Non-executive Director
Mr Anthony LARKIN[2]

Independent Non-executive Director
Mr LEUNG Cheuk Yan

2 Mr Larkin has indicated his intention to resign as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee of the Company, effective upon the conclusion of the Company's AGM to be held on 20 May 2015. The Company has begun a search for Mr Larkin's replacement.

EXECUTIVE COMMITTEE

Chief Executive Officer
Mr Andrew MICHELMORE

Chief Operating Officer
Mr Marcelo BASTOS

- Operations
- Operational Excellence
- Technical Services

Executive General Manager – Business Development
Mr Michael NOSSAL

- Project Delivery
- Mergers and Acquisitions
- Exploration

Chief Financial Officer
Mr David LAMONT

- Finance
- Legal
- Marketing and Sales
- Risk Management
- Supply Chain

Executive General Manager – Stakeholder Relations
Mr Troy HEY

- Stakeholder Relations
- Investor Relations
- Communications
- International Development
- Sustainability Communications

Executive General Manager – Business Support
Mr Greg TRAVERS

- Human Resources
- Safety, Health, Environment and Community
- Information Technology
- Shared Business Services

Executive General Manager – China and Group Strategy
Mr XU Jiqing

- Group Strategy

VISION, MISSION, STRATEGY

WE MINE FOR PROGRESS

VISION

To build the world's most respected diversified base metals company.

MISSION

We mine to create wealth for our people, host communities and Shareholders.

OBJECTIVE

To be valued as one of the world's top mid-tier miners by 2020.

STRATEGY

We deliver value through four strategic drivers:

1. GROWTH

We acquire and discover base metal assets that transform our business. We unlock the potential value of our project pipeline.

2. OPERATIONS TRANSFORMATION

We develop effective plans to deliver innovative growth opportunities and improve productivity.

3. PEOPLE AND ORGANISATION

We provide a healthy, secure and safe workplace and a culture that values collaboration, accountability and respect.

4. REPUTATION

We are valued for our commitment to progress, long-term partnerships and international management.

VALUES

WE THINK SAFETY FIRST

We stop and think then act to prevent injury.

WE RESPECT EACH OTHER

We are honest, considerate and act with integrity.

WE WORK TOGETHER

We engage diverse views to achieve better outcomes.

WE DO WHAT WE SAY

We take responsibility and follow through on our commitments.

WE WANT TO BE BETTER

We always look for opportunities to improve.

CHAIRMAN'S REVIEW

Dear Shareholders

I am very pleased to report on MMG's 2014 performance in my new capacity as MMG Chairman. I look forward to guiding the next chapter of the MMG journey in my new role.

In many ways, 2014 was an important year of transition for MMG.

First of all, our safety performance. At MMG we think safety first. In 2014, we reported a decrease in the Total Recordable Injury Frequency (TRIF) from 2.4 per million hours worked in 2013 to 2.3 in 2014.

While this is a good result overall, there remain differences across sites and we continue to experience serious incidents that do, or have the potential to, cause serious harm.

MMG maintained a consistent revenue of US$2,479.8 million despite lower prices for all commodities with the exception of zinc. This was driven by robust sales at Kinsevere and Century which helped to offset reduced sales at Sepon.

Total profit for the year was US$99.2 million despite additional costs associated with the acquisition and integration of Las Bambas during the year. Earnings per share for 2014 were US1.96 cents. This represents a 1% increase compared to 2013. It is important that MMG maintains its focus on cost control and asset utilisation – these areas are critical to ensuring the long-term success of the Company.

In 2014 the Company also made its largest single step in its pursuit of sustained business growth – leading a powerful joint venture to acquire the Las Bambas copper project in Peru. This marked both a transformational milestone for the Company and one of the largest international base metal acquisitions of the year.

Las Bambas will reposition MMG among the world's largest copper producers while maintaining our exposure to other base metals. While our growth strategy in base metals is unchanged, the scale Las Bambas brings to our business makes us a very different company that is well positioned to generate additional Shareholder value.

The completion of the acquisition on 31 July 2014 was the result of over a year's hard work and collaboration between CMC, joint venture partners MMG, Guoxin International and Citic Metals, and many stakeholders in China, Peru and Australia.

As a large-scale, low-cost, long-life asset with further growth potential, Las Bambas is expected to significantly enhance Shareholder returns over the long term.

This project is important not only for MMG, the joint venture partners and CMC, but also the local community and Government of Peru. There will be challenges ahead when we construct, commission and operate the mine. Our work is to face the challenges and unlock the value of Las Bambas. I have every confidence in MMG's ability to do so.

CMC, MMG's major shareholder, has been positioning MMG to serve as its platform for international growth and diversification in upstream base metals, and has been strongly supporting MMG's initiatives for sustainable growth.

As a result, our focus has been on 'earning the right to grow' by delivering consistent performance in line with our goals. We aim to achieve this by maximising the value from our assets – through innovative ideas, technology and a desire for continuous improvement. MMG has demonstrated its strength as an operator of scaled assets and a commitment to world-class standards in safety, health and environment.

On behalf of the MMG Board (Board), I would like to acknowledge Mr Wang Lixin for his dedicated leadership as Chairman of MMG over the past three years. Mr Wang has been instrumental in driving MMG's growth aspirations and will be invaluable to the development of Las Bambas in his role as Chairman of MMG South America Management Company Limited (Las Bambas Joint Venture Company).

I would also like to express appreciation to my fellow Board members for their continued support and commitment to this business. In particular, I would like to thank Mr Anthony Larkin for his contribution as an Independent Non-executive Director over the past three years. Mr Larkin has indicated his intention to resign effective upon the conclusion of the Company's next annual general meeting (AGM). I would like to extend the Board's best wishes to Mr Larkin for his retirement.

Finally, I recognise and sincerely appreciate the ongoing dedication and hard work demonstrated by our employees around the world. The year ahead is sure to present MMG with many challenges and opportunities.

We mine for progress. Our mission is to mine to create wealth for our people, host communities and Shareholders. We will remain diligent and focused as we look to deliver on this mandate.

Jiao Jian
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholder

I am pleased to report on our operational and financial performance for 2014.

SAFETY

In 2014, we reported improved overall safety results as measured by a decrease in the annual total recordable injury frequency from 2.4 per million hours worked in 2013 to 2.3 in 2014, excluding the statistics for Las Bambas projects and operations.

While this result reflects an overall improvement, we continue to experience serious incidents across our operations. Safety is our first value and as a company, we are committed to continuing to minimise safety exposures and reducing the number of injuries and incidents that have the potential to cause serious harm.

VOLUME

MMG's operations delivered a solid operating performance in 2014 producing a total of 191,307 tonnes of copper and 587,099 tonnes of zinc.

We achieved an annual copper production record (up 2% over 2013) following a strong fourth quarter at both Sepon and Kinsevere, supported by consistent results from Golden Grove and Rosebery.

Total annual zinc production of 587,099 tonnes was 2% lower as Century progressed through the final stage of the mine plan.

COSTS

Our operating expenses were well managed and we maintained financial discipline at all sites, evident through a further US$52.7 million, or 3%, reduction in operating costs compared to 2013. This was despite continuing cost pressures experienced across the Company's operations, offset by a favourable movement in the Australian dollar exchange rate.

This comes as a result of our ongoing commitment to operational excellence and improvement at each of our sites, with major contributions from Century, Kinsevere and Sepon.

Sepon reduced operating expenses by US$82.2 million following the cessation of gold production in 2013 combined with improvements in mining efficiencies.

SUSTAINABLE DEVELOPMENT

At MMG, we recognise that true sustainable development is the result of many smaller steps, which over time lead to real and lasting improvements to the lives of those touched by our operations. Partnerships, which value on-the-ground experience and engagement, commitment and understanding, are critical.

I am pleased that in 2014 we were able to establish and progress a number of important partnerships that will create and sustain a positive legacy that extends beyond mining.

At MMG's newest asset, the Las Bambas copper project, we began what we expect to be an intergenerational partnership with communities and authorities in the Apurimac region of Peru. This included working closely with the communities of Fuerabamba, with approximately three quarters of families relocated to the new town by the end of 2014.

In Laos, our world-first three-year partnership with UNICEF and the Lao Ministry of Health progressed to its next stage, with assistance to prevent child malnutrition and stunting delivered to thousands of families in one of the country's poorest regions. In Africa, Kinsevere completed the construction and handover of a series of community infrastructure projects, including a new primary school, administrative buildings and marketplaces, which are key to supporting long-term socio-economic development in areas around the mine. These facilities will be managed in partnership by local authorities and civil society, with support from the mine.

In Australia, MMG maintained its focus on providing employment and training opportunities for young people with connections to the areas in which we operate. As the mine approaches closure, Century is delivering on this commitment through innovative partnerships with businesses, community groups and training organisations in the region. Golden Grove and Rosebery also awarded new tertiary scholarships to promising local students, continuing our work with well-respected universities.

STRATEGY

It is with great pride that I reflect on the successful acquisition of the Las Bambas copper project in Peru in 2014. Acquiring a project of this scale would not have been possible without the support of our major Shareholder, CMN, and our joint venture partners, CITIC Metal Co. Ltd and Guoxin International Investment Co. Ltd.

Las Bambas is one of the world's largest copper mines under construction, making it a truly transformational acquisition for MMG. We are pleased with the quality of the project, its people and progress to date. The project is tracking well and was 80% complete as at 31 December 2014.

Our immediate focus is on the successful completion of construction of the project with first concentrate delivery expected in the first quarter 2016. While Las Bambas will certainly be a major focus in the near term, we will continue to assess other opportunities to support our future growth strategy.

We continue to consider our long-term strategy for Queensland, as we look for opportunities to utilise Century's infrastructure while continuing our assessment of development options at Dugald River. We believe that the Dugald River project will be an important part of our portfolio of assets once the development pathway has been determined. In 2014, MMG completed its trial stoping program in order to expand our understanding of the geotechnical conditions of the deposit and the optimal mining strategy. We are continuing to review the results of the trial and all available options to ensure that this project generates maximum Shareholder returns throughout the life of the mine.

In 2014, MMG's exploration program focused on near-mine activities at Kinsevere within current operation tenements and newly acquired tenements within a 50-kilometre radius of the mine, along with other near-mine drilling and new discovery programs. MMG invested a total of US$73.0 million in exploration in 2014.

MMG's growth strategy remains unchanged – we will continue to focus on maximising Shareholder returns by discovering, acquiring, developing and sustainably operating resources projects around the world.

I would like to thank our Shareholders for your ongoing support and belief in this business. Together, we have built a Company committed to delivering progress.

Andrew Michelmore
Chief Executive Officer

MARKET OUTLOOK

With the exception of zinc, commodity prices were lower in 2014 than in 2013.

In 2014, global copper supply outstripped demand for the fourth consecutive year. This, together with concerns about the growth of the Chinese economy, the wind-back of monetary stimulus by the US Federal Reserve and lower oil prices, continued to weigh on copper prices.

Recent Chinese government announcements of further investment in China's power grid network are expected to provide additional support to copper prices in the near term. This along with the continued population growth and migration of rural populations to the cities is expected to increase copper consumption as purchasing power grows. Lower energy prices are stimulating other global economies, particularly the US, where there are reported improvements in manufacturing, employment and consumer sentiment.

Copper mine supply increased by 3.3% to 18.7 million tonnes in 2014, with supply expected to increase further in 2015. However, lower grades, depleting reserves and higher costs are likely to impact future production and investment. Current reserves are being replaced by lower-grade and higher-cost operations in more remote and geopolitically difficult locations. This will ultimately impact the cost curve and incentivised price of copper for mining companies.

Zinc fundamentals continued to improve with London Metal Exchange (LME) warehouse stocks falling 0.4 million tonnes to 0.8 million tonnes. Development of new deposits is required to offset the closure of several key zinc mines that are expected to remove approximately 1.8 million tonnes from a 13.0 million tonne market.

We remain confident in the underlying fundamentals of copper and zinc demand, which will continue to be driven by sustainable growth in China and the economic recovery of the US and developing economies, particularly Asia.

SEPON

Sepon is an open-pit copper mining operation in the Savannakhet Province, southern Laos. The registered name of the operating company is Lane Xang Minerals Limited (LXML), of which MMG owns 90% and the Lao Government 10%.

The Sepon copper operation commenced production in 2005 and produces copper cathode using a whole-of-ore leach, solvent extraction and electro-winning (SX-EW) process. Sepon has a nameplate capacity of 80,000 tonnes. Sepon's copper cathode is registered as Copper – Grade A quality by the LME, making it eligible for delivery to LME-approved warehouses. Copper cathodes are transported via road and sea to manufacturers of cable, wire and tube in Asia and Europe.

Sepon produced gold doré from December 2002 to December 2013 using a conventional carbon-in-leach process; however, the gold plant remains on care and maintenance due to the decline in gold price.

Sepon copper plant, Laos

OPERATIONAL REVIEW

KINSEVERE

Kinsevere is an open-pit copper mine located in the Katanga Province of the DRC.

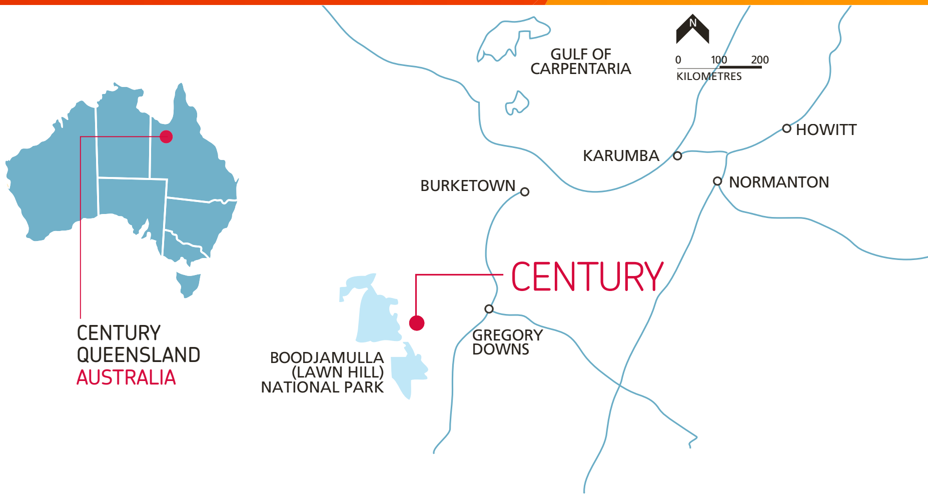
Kinsevere uses simple mining methods to extract a resource of a high quality. The copper cathode produced is sold under a life-of-mine (LOM) sales agreement.

MMG acquired Kinsevere in February 2012 as part of its acquisition of Anvil.

Production at Kinsevere uses an SX-EW plant originally designed to produce 60,000 tonnes of copper per annum. Through a focus on operational excellence, Kinsevere has continued to demonstrate its ability to deliver in excess of its original design.

Kinsevere processing plant, DRC

CENTURY



Century is Australia's largest open-pit zinc mine, located in north-west Queensland. The mine and processing operation are at Lawn Hill, while the associated concentrate dewatering and ship-loading facilities are at the Karumba Port on the Gulf of Carpentaria.

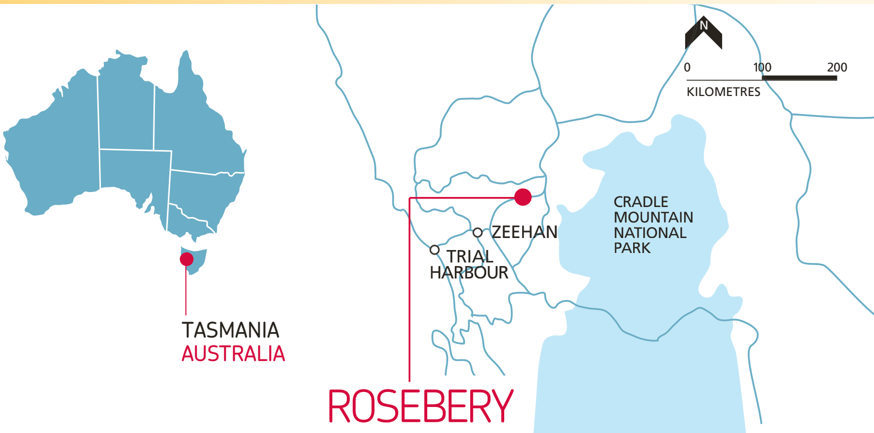
Century uses conventional open-pit mining, grinding and flotation methods to produce zinc and lead concentrate. The low iron content in Century zinc concentrate is highly valued by zinc smelters as the re-treatment and disposal costs of the iron-containing smelting by-products are minimised. The zinc and lead concentrates from Century are sold to smelters in Europe, Australia and Asia.

Century began operations in 1999 and the last production from the open pit is expected to occur in the third quarter of 2015. Key focus areas for the operation are planning and progressive rehabilitation in preparation for closure.

Century open pit, Australia

OPERATIONAL REVIEW

ROSEBERY

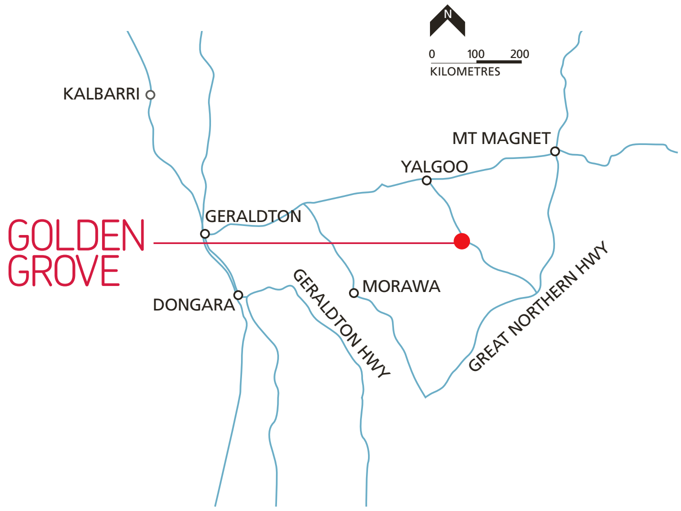


Rosebery is an underground polymetallic base metal mine located on the west coast of Tasmania, Australia. The mine has operated continually since 1936 and is positioned in the centre of the township of Rosebery. The majority of Rosebery employees are local to the area, making the mine an integral part of the community.

The mine produces zinc, lead and copper concentrate and gold doré using mechanised underground mining methods and crushing, grinding and flotation processes. The polymetallic nature of the ore body presents a cost advantage through the sale of by-products. Rosebery concentrates are transported by rail to the Port of Burnie where they are shipped in bulk carriers to smelters in Hobart and Port Pirie. Gold doré bars are sold to a refinery in Australia where they are refined into gold bullion.

Rosebery mill, Australia

GOLDEN GROVE



Golden Grove comprises two underground mines and one open-pit mine and is located approximately 450 kilometres north-east of Perth and 250 kilometres east of Geraldton, Western Australia.

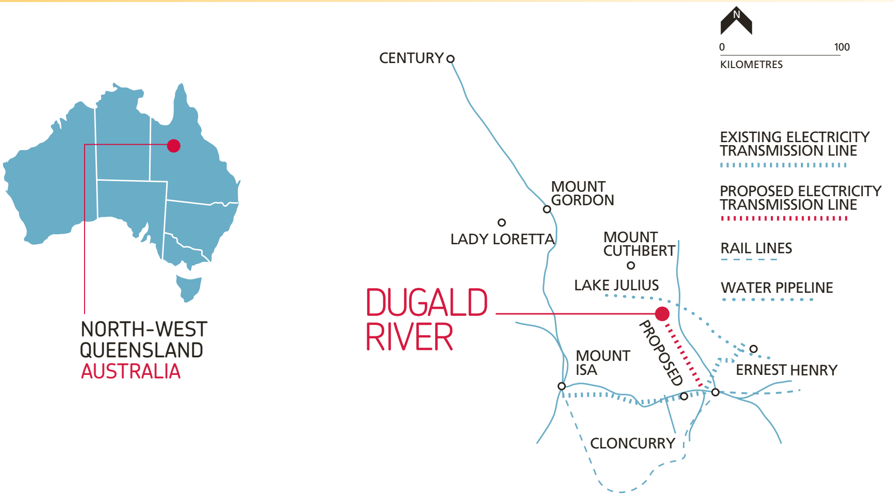
Operations at Golden Grove commenced in 1990. The two underground mines produce zinc concentrate, copper concentrate and a high precious metals (HPM) concentrate using sub-level stoping methods. The open-pit above Gossan Hill produces copper oxide concentrate.

The ore is processed using a crushing, grinding and flotation process. The concentrate is transported by truck to the Port of Geraldton, before being exported to smelters in Asia and Europe. MMG will continue to source ore from the open pit and via underground mining.


Golden Grove open pit, Australia

MAJOR DEVELOPMENT PROJECTS

DUGALD RIVER



Dugald River is a world-class ore body with unique geological characteristics. It is one of the world's largest and highest-grade known zinc-lead-silver deposits, with a Mineral Resource of 55.2 million tonnes at 13.4% zinc, 2.1% lead and 36g/t silver. It is located in north-west Queensland, approximately 65 kilometres north-west of Cloncurry.

MMG regularly informs and consults with landholders, traditional owners, local government, community organisations and other stakeholders in relation to the project through regular face-to-face discussions and updates. MMG also holds an open town hall meeting each year and community site tours to allow key stakeholders to see how the project is progressing.

MMG has an agreement with the Kalkadoon People, the traditional owners of the land on which the Dugald River mine is being developed, to provide training, employment and business development opportunities and cultural recognition for the life of the mine.


Trial stoping activity at Dugald River, Australia

LAS BAMBAS

Las Bambas is a large, long-life copper development project located in the Apurimac region of Peru. It is at an advanced stage of construction and is set to become one of the largest global copper mines once in full production.

Las Bambas ore will be mined via three open pits: Ferrobamba, Chalcobamba and Sulfobamba. Ferrobamba contains approximately 70% of the ore feed and is located 10 kilometres east of the concentrator.

The concentrator has been designed to treat 140 ktpd (kilotons per day – equivalent to 51.1 mtpa (metric tons per annum)) and has additional space within its footprint to increase grinding capacity. The mine will produce copper concentrates containing payable gold and silver and a separate molybdenum concentrate. Processing will be carried out using conventional crushing, grinding and flotation techniques.

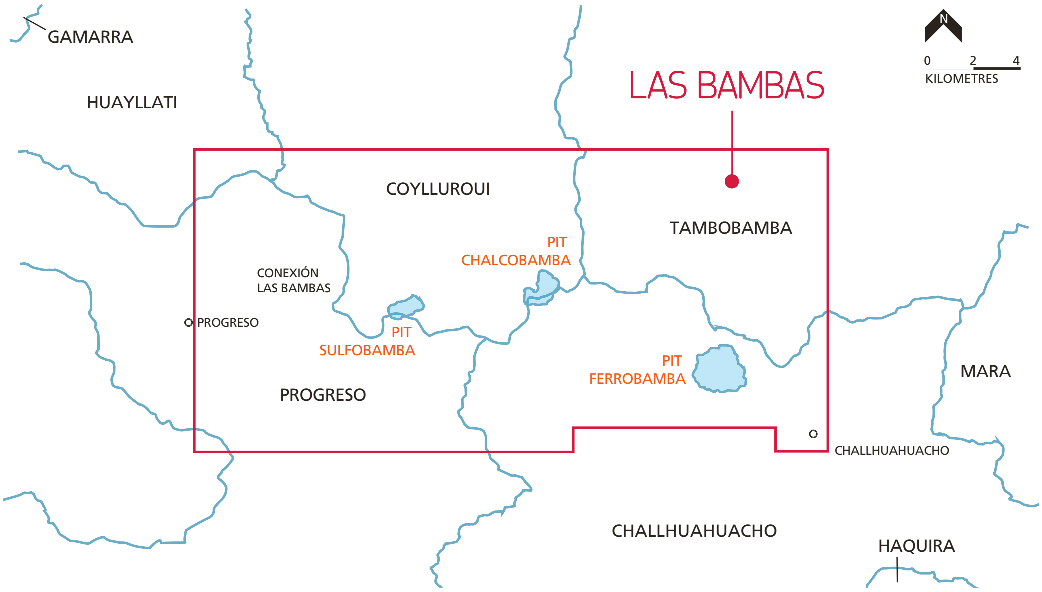
Concentrate will be delivered to the Port of Matarani, 710 kilometres from Las Bambas, at an approximate rate of 4 ktpd. A portion of the road has been purpose-built and other sections are already in use by other operators. A new berthing facility is under development by port operators TISUR to handle Las Bambas concentrate, as well as concentrate from other mine sites.

Las Bambas is expected to produce more than 2 million tonnes of copper in concentrate in its first five years and is expected to operate for more than 20 years.

Las Bambas is a joint venture between MMG Limited as the operator (62.5%), a wholly owned subsidiary of Guoxin International Investment Co. Ltd (22.5%) and CITIC Metal Co. Ltd (15.0%).

Construction was 80% complete at 31 December 2014.

Aerial view of Las Bambas project, Peru



Tailings thickeners and concentrator, Las Bambas

Overland conveyor, Las Bambas

RESOURCES AND RESERVES

EXECUTIVE SUMMARY

Mineral Resources and Ore Reserves for MMG have been estimated as at 30 June 2014, and are reported in accordance with the guidelines in the 2012 edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (2012 JORC Code) and Chapter 18 of the *Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited* (Listing Rules). Mineral Resource and Ore Reserve tables are provided on pages 25 to 29, which include the 30 June 2014 and 2013 estimates for comparison. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.

Mineral Resources and Ore Reserves information in this statement has been compiled by Competent Persons (as defined by the 2012 JORC Code). Each Competent Person consents to the inclusion of the information in this report that they have provided in the form and context in which it appears. Competent Persons are listed on page 29.

MMG has established processes and structures for the governance of Mineral Resources and Ore Reserves estimation and reporting. MMG has a Mineral Resources and Ore Reserves Committee that regularly convenes for the regulation of estimation and reporting matters, and that reports to the MMG Audit Committee and the Board of Directors.

Key changes to the Mineral Resources since the 30 June 2013 estimate include increases due to the discovery of additional Golden Grove mineralisation and inclusion of the Silver King Mineral Resource. Mineral Resources discoveries at Golden Grove include extensions to Hougoumont Hanging-wall, Amity and Tryall mineralisation within the Gossan Hill underground mine and discovery of oxide mineralisation at Scuddles. Decreases are due to milling depletion at all operating sites, along with a significant reduction in gold Mineral Resources at Sepon due to the lower long-term gold price assumption. Overall Ore Reserves have decreased since the 30 June 2013 estimate principally due to milling depletion at all operational sites. The acquisition of Las Bambas was completed after 30 June 2014 and will significantly add to the 30 June 2015 Mineral Resource.

Further discussion of the Mineral Resources and Ore Reserves changes are on page 30.

The Las Bambas Mineral Resources and Ore Reserves will be included in the 30 June 2015 statement. The Share Purchase Agreement for this acquisition was completed and became effective on 1 August 2014 whereupon the Las Bambas Project was transferred to the Consortium of MMG Limited, CITIC and GXIIC. The Las Bambas Project Mineral Resources and Ore Reserves are provided in the Competent Person's Report prepared for the Circular released on 30 June 2014 (http://www.hkexnews.hk/listedco/listconews/sehk/2014/0630/01208_1970351/E118.PDF).

Las Bambas Mineral Resources and Ore Reserves tables are provided in Appendix A to the Technical Appendix published on the MMG website (http://www.mmg.com/en/About-Us/Mineral-Resources-and-Ore-Reserves.aspx).

MINERAL RESOURCES

	2014						2013					
	TONNES (MT)	COPPER (%)	ZINC (%)	LEAD (%)	SILVER (G/T)	GOLD (G/T)	TONNES (MT)	COPPER (%)	ZINC (%)	LEAD (%)	SILVER (G/T)	GOLD (G/T)
SEPON												
Oxide Gold												
Measured	0.8				8	2.9	1.6				6	2.3
Indicated	3.1				4	1.5	4.4				7	1.3
Inferred	1.4				3	1.2	2.4				4	1.3
Total	**5.3**				**4**	**1.6**	**8.4**				**6**	**1.5**
Partial Oxide Gold												
Measured	0.9				13	3.5	1.1				12	3.1
Indicated	1.6				6	2.3	2.3				8	2.0
Inferred	1.0				5	1.2	1.8				5	1.4
Total	**3.5**				**7**	**2.2**	**5.1**				**8**	**2.0**
Primary Gold												
Measured	0.9				13	3.5	1.1				12	3.1
Indicated	11.2				10	3.2	13.5				10	3.0
Inferred	5.7				8	3.3	8.7				7	2.7
Total	**16.9**				**9**	**3.2**	**22.2**				**9**	**2.9**
Gold Stockpiles												
Measured	0.7					1.5	0.5					1.7
Total	**0.7**					**1.5**	**0.5**					**1.7**
Supergene Copper												
Measured							4.3	3.1				
Indicated	30.8	2.2					19.5	2.5				
Inferred	11.5	1.4					11.4	1.6				
Total	**42.2**	**2.0**					**35.2**	**2.3**				
Primary Copper												
Indicated	7.7	0.9			6	0.2	3.1	1.2			8	
Inferred	2.4	1.3			5	0.2	11.2	0.8			5	
Total	**10.1**	**1.0**			**6**	**0.2**	**14.2**	**0.9**			**6**	
Copper Stockpiles												
Measured	8.5	1.5					7.7	1.8				
Total	**8.5**	**1.5**					**7.7**	**1.8**				
Sepon Totals	**87.3**						**93.3**					
KINSEVERE												
Oxide Copper												
Measured	7.0	3.8					12.2	4.0				
Indicated	12.2	3.2					12.0	2.9				
Inferred	0.5	2.9					0.8	2.5				
Total	**19.7**	**3.4**					**24.9**	**3.5**				
Primary Copper												
Measured							1.5	2.7				
Indicated							10.1	2.7				
Inferred	24.6	2.5					10.9	2.2				
Total	**24.6**	**2.5**					**22.5**	**2.5**				
Stockpiles												
Measured	5.3	2.7										
Indicated							3.8	2.4				
Total	**5.3**	**2.7**					**3.8**	**2.4**				
Kinsevere Totals	**49.6**						**51.3**					

	2014						2013					
	TONNES (MT)	COPPER (%)	ZINC (%)	LEAD (%)	SILVER (G/T)	GOLD (G/T)	TONNES (MT)	COPPER (%)	ZINC (%)	LEAD (%)	SILVER (G/T)	GOLD (G/T)
ROSEBERY												
Rosebery												
Measured	7.7	0.4	12.6	3.9	127	1.6	8.1	0.4	13.0	3.9	124	1.6
Indicated	4.3	0.3	10.0	3.5	125	1.5	4.9	0.3	10.2	3.4	125	1.4
Inferred	5.2	0.6	10.3	3.4	115	2.2	5.3	0.6	10.0	3.2	112	2.1
Total	**17.2**	**0.4**	**11.3**	**3.6**	**123**	**1.7**	**18.2**	**0.4**	**11.4**	**3.6**	**121**	**1.7**
South Hercules												
Measured	0.6	0.1	4.0	2.1	164	3.1	0.7	0.1	3.7	2.0	163	2.9
Indicated	0.1	0.1	2.7	1.3	168	3.0	0.1	0.1	2.5	1.2	162	2.9
Total	**0.7**	**0.1**	**3.8**	**2.0**	**165**	**3.1**	**0.8**	**0.1**	**3.5**	**1.8**	**163**	**2.9**
Rosebery Totals	**17.9**						**19.1**					
GOLDEN GROVE												
Oxide Gold												
Indicated	0.8				52	3.6	0.5				105	3.3
Inferred	0.3				25	2.1	0.2				50	2.2
Total	**1.1**				**45**	**3.2**	**0.7**				**88**	**3.0**
Partial Oxide Gold												
Indicated	0.1				177	2.9	0.2				194	2.4
Inferred	0.1				74	2.1	0.1				113	1.5
Total	**0.2**				**149**	**2.7**	**0.2**				**172**	**2.1**
Primary Gold												
Indicated	0.1				39	1.8	0.1				81	1.4
Inferred	0.04				28	1.5	0.1				119	0.4
Total	**0.1**				**35**	**1.7**	**0.1**				**97**	**1.0**
Primary Zinc												
Measured	1.5	0.3	13.2	1.6	111	1.4	1.0	0.4	12.8	1.2	84	1.2
Indicated	1.8	0.4	14.4	1.6	103	3.1	1.3	0.3	14.3	1.6	122	2.0
Inferred	5.5	0.4	12.7	0.9	56	0.8	4.8	0.5	12.0	0.7	52	0.7
Total	**8.9**	**0.4**	**13.2**	**1.1**	**75**	**1.4**	**7.1**	**0.4**	**12.5**	**0.9**	**69**	**1.0**
Oxide Copper												
Measured	0.2	3.3					0.8	2.4				
Indicated	0.4	2.0					1.2	2.3				
Inferred	0.01	1.7										
Total	**0.6**	**2.4**					**2.0**	**2.3**				
Partial Oxide Copper												
Indicated	0.6	3.6					0.6	2.2				
Inferred	0.01	3.5										
Total	**0.6**	**3.3**					**0.6**	**2.2**				
Primary Copper												
Measured	6.1	2.7	0.5	0.1	19	0.5	5.9	2.8	0.4	0.04	17	0.5
Indicated	2.6	2.8	1.2	0.2	26	1.0	3.2	2.7	1.7	0.2	28	1.3
Inferred	11.5	2.9	0.4	0.04	23	0.3	9.8	3.1	0.3	0.04	24	0.3
Total	**20.2**	**2.8**	**0.6**	**0.1**	**22**	**0.4**	**18.9**	**2.9**	**0.6**	**0.1**	**23**	**0.5**
Golden Grove Totals	**31.6**						**29.8**					

	2014							2013						
	TONNES (MT)	COPPER (%)	ZINC (%)	LEAD (%)	SILVER (G/T)	GOLD (G/T)	NICKEL (%)	TONNES (MT)	COPPER (%)	ZINC (%)	LEAD (%)	SILVER (G/T)	GOLD (G/T)	NICKEL (%)
CENTURY														
Century Pit														
Measured														
Indicated	7.9		9.3	1.7	41			16.6		9.9	1.6	39		
Inferred	0.5		9.1	1.5	38									
Total	**8.4**		**9.3**	**1.7**	**41**			**16.6**		**9.9**	**1.6**	**39**		
Eastern Fault Block														
Measured														
Indicated	0.5		11.6	1.1	48			0.5		11.8	1.1	49		
Inferred														
Total	**0.5**		**11.6**	**1.1**	**48**			**0.5**		**11.8**	**1.1**	**49**		
Stockpiles														
Measured	1.1		5.7	2.3	51			0.1		8.4	1.1	27		
Total	**1.1**		**5.7**	**2.3**	**51**			**0.1**		**8.4**	**1.1**	**27**		
Silver King														
Inferred	2.7		6.9	12.5	121									
Total	**2.7**		**6.9**	**12.5**	**121**									
Century Totals	**12.8**							**17.2**						
DUGALD RIVER														
Primary Zinc														
Measured	5.6		14.7	2.0	64			3.0		13.6	1.9	61		
Indicated	25.2		13.5	2.3	52			30.6		12.1	1.9	46		
Inferred	24.4		13.1	1.9	14			29.0		12.0	1.7	13		
Total	**55.2**		**13.4**	**2.1**	**36**			**62.5**		**12.1**	**1.8**	**31**		
Primary Copper														
Inferred	4.4	1.8				0.2		4.4	1.8				0.2	
Total	**4.4**	**1.8**				**0.2**		**4.4**	**1.8**				**0.2**	
Dugald River Totals	**59.6**							**66.9**						
HIGH LAKE														
Indicated	7.9	3.0	3.5	0.3	83	1.3		7.9	3.0	3.5	0.3	83	1.3	
Inferred	6.0	1.8	4.3	0.4	84	1.3		6.0	1.8	4.3	0.4	84	1.3	
Total	**14.0**	**2.5**	**3.8**	**0.4**	**84**	**1.3**		**14.0**	**2.5**	**3.8**	**0.4**	**84**	**1.3**	
IZOK LAKE														
Indicated	13.5	2.4	13.3	1.4	73	0.2		13.5	2.4	13.3	1.4	73	0.2	
Inferred	1.2	1.5	10.5	1.3	73	0.2		1.2	1.5	10.5	1.3	73	0.2	
Total	**14.6**	**2.3**	**13.1**	**1.4**	**73**	**0.2**		**14.6**	**2.3**	**13.1**	**1.4**	**73**	**0.2**	
AVEBURY														
Measured	3.8						1.1	3.8						1.1
Indicated	4.9						0.9	4.9						0.9
Inferred	20.7						0.8	20.7						0.8
Total	**29.3**						**0.9**	**29.3**						**0.9**

ORE RESERVES

DEPOSIT	2014 TONNES (MT)	2014 COPPER (%)	2014 ZINC (%)	2014 LEAD (%)	2014 SILVER (G/T)	2014 GOLD (G/T)	2013 TONNES (MT)	2013 COPPER (%)	2013 ZINC (%)	2013 LEAD (%)	2013 SILVER (G/T)	2013 GOLD (G/T)
SEPON												
Oxide Gold												
Proved							0.1				8	2.4
Probable							0.5				4	1.7
Total							**0.6**				**5**	**1.8**
Supergene Copper												
Proved							5.4	2.6				
Probable	8.8	4.3					8.6	4.8				
Total	**8.8**	**4.3**					**14.0**	**4.0**				
Copper Stockpiles												
Proved	5.6	1.8										
Total	**5.6**	**1.8**										
Sepon Total	**14.5**						**14.6**					
KINSEVERE												
Stockpiles												
Proved	1.6	4.6										
Probable	2.7	1.5										
Total	**4.3**	**2.6**										
Oxide Copper												
Proved	5.2	4.2					9.8	4.8				
Probable	6.8	3.6					11.0	2.8				
Total	**12.0**	**3.8**					**20.8**	**3.7**				
Kinsevere Total	**16.4**						**20.8**					
ROSEBERY												
Proved	3.2	0.3	10.7	3.4	111	1.4	2.8	0.3	11.8	3.5	110	1.5
Probable	2.3	0.3	8.2	3.3	121	1.3	2.9	0.3	8.9	3.4	130	1.5
Total	**5.4**	**0.3**	**9.7**	**3.4**	**115**	**1.4**	**5.7**	**0.3**	**10.3**	**3.4**	**120**	**1.5**
GOLDEN GROVE												
Primary Zinc												
Proved	0.9	0.5	12.3	1.7	138	1.7	0.6	0.6	10.5	1.2	90	1.4
Probable	1.0	0.7	12.4	1.5	81	4.0	1.0	0.7	10.8	1.4	110	2.2
Total	**1.9**	**0.6**	**12.3**	**1.6**	**107**	**2.9**	**1.6**	**0.7**	**10.7**	**1.3**	**103**	**1.9**
Oxide Copper												
Proved	0.2	3.3					1.5	2.6				
Probable							0.9	2.5				
Total	**0.2**	**3.3**					**2.4**	**2.6**				
Transition Copper												
Probable	0.4	3.7										
Total	**0.4**	**3.7**										
Primary Copper												
Proved	2.1	2.9	0.4	0.04	17	0.5	3.4	2.4	0.4		14	0.5
Probable	1.0	3.0	2.9	0.3	30	1.8	1.2	2.3	2.0	0.2	28	1.8
Total	**3.1**	**2.9**	**1.2**	**0.1**	**21**	**1.0**	**4.6**	**2.4**	**0.8**	**0.1**	**18**	**0.8**
Golden Grove Total	**5.5**						**8.6**					

DEPOSIT	2014						2013					
	TONNES (MT)	COPPER (%)	ZINC (%)	LEAD (%)	SILVER (G/T)	GOLD (G/T)	TONNES (MT)	COPPER (%)	ZINC (%)	LEAD (%)	SILVER (G/T)	GOLD (G/T)
CENTURY												
Open Pit												
Proved	0.8		6.8	2.6	69		0.1		8.4	1.1	27	
Probable	7.2		8.3	1.5	37		14.0		9.8	1.5	36	
Total	**7.9**		**8.2**	**1.6**	**40**		**14.1**		**9.8**	**1.5**	**36**	
DUGALD RIVER												
Primary Zinc												
Proved												
Probable	21.2		12.6	2.2	49		24.0		12.5	2.0	41	
Total	**21.2**		**12.6**	**2.2**	**49**		**24.0**		**12.5**	**2.0**	**41**	

COMPETENT PERSONS

DEPOSIT	ACCOUNTABILITY	COMPETENT PERSON	PROFESSIONAL MEMBERSHIP	EMPLOYER
MMG Mineral Resources and Ore Reserves Committee	Mineral Resources	Jared Broome	FAusIMM(CP)	MMG Ltd
MMG Mineral Resources and Ore Reserves Committee	Ore Reserves	Richard Butcher	FAusIMM(CP)	MMG Ltd
MMG Mineral Resources and Ore Reserves Committee	Metallurgy: Mineral Resources/Ore Reserves	Geoff Senior	MAusIMM	MMG Ltd
Sepon	Mineral Resources	Kerrin Allwood	MAusIMM(CP)	Geomodelling Ltd
Sepon	Ore Reserves	Dean Basile	MAusIMM(CP)	Mining One Pty Ltd
Kinsevere	Mineral Resources	Mauro Bassotti	MAusIMM(CP)	MMG Ltd
Kinsevere	Ore Reserves	Richard Butcher	FAusIMM(CP)	MMG Ltd
Rosebery	Mineral Resources	Mark Aheimer	MAusIMM	MMG Ltd
Rosebery	Ore Reserves	David Brown	MAusIMM	MMG Ltd
Golden Grove (Underground & Open Pit)	Mineral Resources	Jared Broome	FAusIMM(CP)	MMG Ltd
Golden Grove – Underground	Ore Reserves	Wayne Ghavalas	MAusIMM	MMG Ltd
Golden Grove – Open Pit	Ore Reserves	Chris Lee	MAusIMM	MMG Ltd
Century	Mineral Resources	Mike Smith	MAusIMM(CP)	MMG Ltd
Silver King	Mineral Resources	Damian O'Donohue	MAusIMM	MMG Ltd
Century	Ore Reserves	David Purdey	MAusIMM(CP)	QG Australia Pty Ltd
Dugald River	Mineral Resources	Mauro Bassotti	MAusIMM(CP)	MMG Ltd
Dugald River	Ore Reserves	Richard Butcher	FAusIMM(CP)	MMG Ltd
High Lake, Izok Lake	Mineral Resources	Allan Armitage	MAPEG[1] (P.Geo)	Former MMG Ltd
Avebury	Mineral Resources	Peter Carolan	MAusIMM	Former MMG Ltd

1. Member of the Association of Professional Engineers and Geoscientists of British Columbia

SUMMARY OF SIGNIFICANT CHANGES

The MMG 30 June 2014 Mineral Resources have changed since the 30 June 2013 estimate for a number of reasons with the most significant changes outlined in this section. Overall contained metal has increased for lead (10%) and silver (5%), decreased for zinc (4%), copper (1%) and gold (7%), and remains unchanged for nickel.

Increases:

The Silver King Mineral Resource has been re-included after re-estimation as part of Proof of Concept (PoC) work. Exploration within the Gossan Hill mine at Golden Grove has continued to extend the Hougoumont Hanging-wall, Tryall and Amity lenses resulting in additions to the Mineral Resource more than off-setting milling depletion. Recently discovered oxide copper and gold mineralisation at Scuddles has been realised and zones within the Gossan Valley area have also been added for the first time. Further drilling, updated modelling and an increase in copper price used for the constraining pit shells have resulted in additional copper Mineral Resources for Sepon.

Reductions:

Milling depletion at all MMG Operations has reduced Mineral Resources. The outlook for lower gold prices has resulted in a significant reduction in the Sepon Gold Mineral Resources. The use of a pit-shell constraint in 2014 has resulted in a small decrease (66kt) to the Kinsevere Mineral Resource.

The MMG 30 June 2014 Ore Reserves decreased in 2014 for zinc (21%), copper (22%), lead (11%), silver (7%) and gold (4%). The most significant change was due to milling depletion at all operational sites. Other significant changes included removal of the stage 8 buttress in the south-west wall of the Century pit. Golden Grove Ore Reserves decreased due to reductions in metal prices, which were partly offset by conversion of Mineral Resource discovery. Reduction of the Dugald River Ore Reserve resulted from adjustments in metallurgical recoveries, concentrate grade, treatment and refining charges and royalties, which were partly offset by increases due to increased stope sizes and mining production rates. At Sepon milling depletion was more than offset by additions to the Ore Reserve arising from Mineral Resource model increases at Khanong and Thengkham primarily due to changes in the pit shells used for Mineral Resource reporting.

Expected future changes:

Since 30 June 2014, MMG has acquired 62.5% of Las Bambas which will be included in the 2015 Mineral Resource and Ore Reserve statement. Las Bambas is not included in the current statement. In addition, mining and milling processes at operating sites will continue to deplete Mineral Resources and Ore Reserves, while exploration across the MMG Operations will continue and is expected to discover additional Mineral Resources.

Key assumptions

PRICES AND EXCHANGE RATES

Table 1 : Price (real) and foreign exchange assumptions

	MEDIUM TERM (CY15-17)	LONG TERM (2018+)	OCTOBER 2014 LONG TERM (2018+)
Zn $/lb	0.97	1.14	1.20
Cu $/lb	3.00	3.00	2.95
Pb $/lb	1.03	1.14	1.12
Au $/oz	1220	1030	1030
Ag $/oz	21.90	21.10	21.10
A$:US$	0.90	0.82	0.82
CAD:US$	0.93	0.94	0.92

Ore Reserves applied metal prices and exchange rates as follows:

- Long-term (Life-of-Asset) Ore Reserves (> 3 years) used the 'Long-term' price and exchange rate values;
- Medium-term (< 3 years) Ore Reserves used the average price and exchange rate of the CY15–CY17 three years where price forecast is declining (Cu, Au and Ag), and first year price and exchange rate where price forecast is increasing (Zn and Pb); and
- For short-term planning, where it is known that the Ore Reserves will be mined out and completed in CY14, the sites used the CY14 price and exchange assumptions.

Dugald River Ore Reserves were calculated using the October 2014 long-term (2018+) metal prices and exchange rates to align with other changes to the project assumptions made in November 2014 following initial results of the ongoing trial stoping program. The modelling analysis for the remainder of the operations and projects was undertaken using the metal prices and exchange rate assumptions utilising a 30 June 2014 cut-off date for determining the applicable assumptions.

Estimation of Mineral Resources applied the long-term prices and exchange rate assumptions.

CUT-OFF GRADES

Mineral Resources and Ore Reserves cut-off values are shown in Table 2 and Table 3 respectively.

Table 2 : Mineral Resource cut-off grades

<table>
<tr><th>SITE</th><th>MINERALISATION</th><th>LIKELY MINING METHOD[a]</th><th>CUT-OFF VALUE</th><th>COMMENTS</th></tr>
<tr><td rowspan="4">Sepon</td><td>Oxide Gold & Stockpiles</td><td>OP</td><td>0.6 g/t Au</td><td rowspan="2">In situ Gold Mineral Resources constrained within US$1230/oz Au pit shell</td></tr>
<tr><td>Partial Oxide & Primary Gold</td><td>OP</td><td>1 g/t Au</td></tr>
<tr><td>Primary Gold</td><td>UG</td><td>3 g/t Au</td><td>3.2Mt of the total Primary Gold Mineral Resource is likely to be mined from underground and reported above 3g/t Au</td></tr>
<tr><td>Supergene & Primary Copper</td><td>OP</td><td>0.5% Cu</td><td>In situ Copper Mineral Resources constrained within US$4/lb Cu pit shell</td></tr>
<tr><td rowspan="2">Kinsevere</td><td>Oxide Copper & Stockpiles</td><td>OP</td><td>0.75% ASCu[b]</td><td rowspan="2">In situ Copper Mineral Resources constrained within a US$4/lb Cu pit shell</td></tr>
<tr><td>Primary Copper</td><td>OP</td><td>0.75% TCu[c]</td></tr>
<tr><td>Rosebery</td><td>Rosebery (Zn, Cu, Pb, Au, Ag)</td><td>UG</td><td>A$122.5/t NSRAR[d]</td><td rowspan="2">Price assumptions:
US$3.00/lb Cu
US$1.14/lb Pb
US$1.14/lb Zn
US$1030/oz Au
US$21.1/oz Ag
A$1 = $0.82</td></tr>
<tr><td></td><td>South Hercules (Zn, Cu, Pb, Au, Ag)</td><td>UG</td><td>A$105/t NSRAR[d]</td></tr>
<tr><td rowspan="4">Golden Grove</td><td>Primary Zinc & Primary Copper (Zn, Cu, Pb, Au, Ag)</td><td>UG</td><td>A$100/t NSRAR[d]</td><td rowspan="4">Price assumptions:
US$3.00/lb Cu
US$1.14/lb Pb
US$1.14/lb Zn
US$1030/oz Au
US$21.1/oz Ag
A$1 = $0.82</td></tr>
<tr><td>Oxide & Partial Oxide & Primary Copper</td><td>OP</td><td>1.0% Cu</td></tr>
<tr><td>Oxide, Partial Oxide & Primary Gold</td><td>OP</td><td>1.1 g/t Au</td></tr>
<tr><td>Primary Zinc</td><td>OP</td><td>3% Zn</td></tr>
<tr><td rowspan="2">Century</td><td>Century Pit & Eastern Fault Block (Zn, Pb, Ag)</td><td>OP</td><td>3.5% ZnEq[e]</td><td rowspan="2">ZnEqe = Zn + 1.19*Pb based on price and metallurgical recovery constrained within the Century final pit shell</td></tr>
<tr><td>Silver King (Zn, Pb, Ag)</td><td>OP</td><td>5% Pb+Zn</td></tr>
<tr><td rowspan="2">Dugald River</td><td>Primary Zinc (Zn, Pb, Ag)</td><td>UG</td><td>A$120/t NSRAR[d]</td><td></td></tr>
<tr><td>Primary Copper</td><td>UG</td><td>1% Cu</td><td></td></tr>
<tr><td rowspan="2">High Lake</td><td rowspan="2">Cu, Zn, Pb, Ag, Au</td><td>OP</td><td>2.0% CuEq[f]</td><td rowspan="2">CuEq[f] = Cu + (Zn×0.30) + (Pb×0.33) + (Au×0.56) + (Ag×0.01): based on long-term prices and metal recoveries at Au:75%, Ag:83%, Cu:89%, Pb:81% and Zn:93%</td></tr>
<tr><td>UG</td><td>4.0% CuEq[f]</td></tr>
<tr><td>Izok Lake</td><td>Cu, Zn, Pb, Ag, Au</td><td>OP</td><td>4.0% ZnEq[e]</td><td>ZnEq = Zn + (Cu×3.31) + (Pb×1.09) + (Au×1.87) + (Ag×0.033); prices and metal recoveries as per High Lake</td></tr>
</table>

[a]: OP = Open Pit, UG = Underground, DO = Dredging Operation, ASCu[b] = Acid Soluble Copper, TCu[c] = Total Copper, NSRAR[d] = Net Smelter Return After Royalty, ZnEq[e] = Zinc Equivalent, CuEq[f] = Copper Equivalent

RESOURCES AND RESERVES (CONTINUED)

Table 3 : Ore Reserves cut-off grades

SITE	MINERALISATION	MINING METHOD	CUT-OFF VALUE	COMMENTS
Sepon	Copper – Sulphide Surface Copper – LAC[a] Carbonate Surface Copper – HAC[b] Carbonate Surface		1.1% to 1.2% Cu 1.4% Cu 2.6% to 3.1% Cu	Dependent upon pit-haul distance to crusher Dependent upon pit-haul distance to crusher Dependent upon pit-haul distance to crusher and average GAC[c] per area.
Kinsevere	Copper Oxide	OP	1.0% ASCu[d]	
Rosebery	(Zn, Cu, Pb, Au, Ag)	UG	A$189/t	NSRAR[e] Stopes with access already available applied a A$156/t cut-off grade
Golden Grove	Primary Zinc and Primary Copper (Zn, Cu, Pb, Au, Ag)	UG	A$145/t	NSRAR[e]
	Oxide Copper	OP	1.3% Cu	
	Transition Copper	OP	1.4% Cu	
Century	Zinc	OP	5.1% ZnEq[f]	ZnEqf = Zn + (1.19*Pb).
Dugald River	Primary Zinc	UG	A$170/t	

LAC[a] = Low Acid Consuming; HAC[b] = High Acid Consuming, GAC[c] = Gangue Acid Consuming, ASCu[d] = Acid Soluble Copper,
NSRAR[e] = Net Smelter Return After Royalty[1], ZnEq[f] = Zinc Equivalent

1. Net Smelter Return is a measure of the in-ground value of a metal grade or set of metal grades after all the realisation costs down-stream of the mill have been accounted for, and effectively represents the dollar value at the mine gate of the in-ground minerals. NSRAR (NSR after Royalties) is similar to NSR but includes the cost effects of Royalties payable. See the following paper for a detailed explanation: R. Goldie, and P. Tredger, 1991. Net Smelter Return Models and Their Use in the Exploration, Evaluation and Exploitation of Polymetallic Deposits, Geoscience Canada, Vol 18, No. 4, pp 159–171.

PROCESSING RECOVERIES

Output average processing recoveries are shown in Table 4.

Table 4: Processing Recoveries

SITE	PRODUCT	RECOVERY					CONCENTRATE MOISTURE ASSUMPTIONS
		COPPER	ZINC	LEAD	SILVER	GOLD	
Century	Zinc Concentrate	–	71%	–	57%	–	11%
	Lead Concentrate	–	–	63%	8.5%	–	11%
Golden Grove – Underground	Zinc Concentrate	–	88%	–	–	–	8.9%
	Lead Concentrate	–	–	65%	59%	56%	9.2%
	Copper Concentrate	90%	–	–	68%	–	9.0%
Golden Grove – Open Cut	Oxide Copper Concentrate	65%	–	–	–	–	16%
	Transition Copper Concentrate	87%	–	–	–	–	14%
Rosebery	Zinc Concentrate	–	90%	–	12%	8.7%	8%
	Lead Concentrate	–	–	77%	43%	14%	8%
	Copper Concentrate	67%	–	–	39%	44%	8%
	Gold Doré				a	14%	
Dugald River	Zinc Concentrate	–	87%		–	–	8.9%
	Lead Concentrate	–		65%	35%	–	9.5%
Sepon	Copper Cathode	90%	–	–	–	–	–
Kinsevere	Copper Cathode	81% (96% ASCu)	–	–	–	–	–

a: Silver for Rosebery Gold Doré is calculated as a constituent ratio to gold in the doré. Silver is set to 0.35 against gold being 0.57.

APPENDIX A

The Las Bambas Mineral Resources and Ore Reserves do not form part of the MMG 30 June 2014 Mineral Resources and Ore Reserves estimate but have been included in Appendix A for convenience.

Las Bambas Mineral Resources as at 1 January 2014 at a 0.2% Cu Cut-off Grade

AREA	TYPE	CLASS	QUANTITY (MT)	CU (%)	CU (KT)	MO (%)	MO (KT)	AG (G/T)	AG (MOZ)	AU (G/T)	AU (MOZ)
Chalcobamba	Sulphide	Measured	85	0.44	363	0.014	11.5	1.4	3.7	0.02	0.05
		Indicated	250	0.61	1,524	0.013	33.1	2.3	18.3	0.03	0.23
		Measured + Indicated	**335**	**0.57**	**1,887**	**0.013**	**44.5**	**2.1**	**22.0**	**0.03**	**0.28**
		Inferred	45	0.35	157	0.012	5.4	1.1	1.5	0.02	0.03
		Sub Total (M+I+Inf)	**380**	**0.54**	**2,044**	**0.013**	**50.0**	**1.9**	**23.5**	**0.03**	**0.31**
	Oxide	Indicated	35	0.57	200	0.01	2.3	2.0	2.3	0.02	0.02
		Measured + Indicated	**35**	**0.57**	**200**	**0.01**	**2.3**	**2.0**	**2.3**	**0.02**	**0.02**
		Inferred	1	0.33	3	0.01	0.1	1.1	0.0	0.02	0.00
		Sub Total (M+I+Inf)	**35**	**0.56**	**203**	**0.006**	**2.3**	**2.0**	**2.3**	**0.02**	**0.02**
Ferrobamba	Sulphide	Measured	405	0.68	2,730	0.02	73.3	3.3	43.0	0.07	0.86
		Indicated	365	0.74	2,682	0.02	75.0	4.0	47.2	0.08	0.90
		Measured + Indicated	**770**	**0.71**	**5,413**	**0.02**	**148.3**	**3.7**	**90.2**	**0.07**	**1.77**
		Inferred	310	0.48	1,481	0.02	50.7	2.1	21.4	0.04	0.40
		Sub Total (M+I+Inf)	**1,080**	**0.64**	**6,894**	**0.018**	**199.0**	**3.2**	**111.6**	**0.06**	**2.17**
	Oxide	Indicated	55	0.86	473	0.01	4.1	4.5	8.0	0.08	0.14
		Measured + Indicated	**55**	**0.86**	**473**	**0.01**	**4.1**	**4.5**	**8.0**	**0.08**	**0.14**
		Inferred	10	0.86	77	0.01	1.0	4.7	1.4	0.08	0.02
		Sub Total (M+I+Inf)	**65**	**0.86**	**550**	**0.008**	**5.1**	**4.5**	**9.3**	**0.08**	**0.16**
Sulfobamba	Sulphide	Indicated	105	0.64	682	0.02	16.1	4.6	15.8	0.02	0.06
		Measured + Indicated	**105**	**0.64**	**682**	**0.02**	**16.1**	**4.6**	**15.8**	**0.02**	**0.06**
		Inferred	115	0.45	509	0.01	13.6	3.8	13.9	0.01	0.04
		Sub Total (M+I+Inf)	**220**	**0.54**	**1,190**	**0.013**	**29.6**	**4.2**	**29.7**	**0.01**	**0.10**
Total	Sulphide	Measured	490	0.64	3,094	0.02	84.8	3.0	46.6	0.06	0.91
		Indicated	720	0.68	4,888	0.02	124.1	3.5	81.3	0.05	1.20
		Measured + Indicated	**1,210**	**0.66**	**7,981**	**0.02**	**208.9**	**3.3**	**128.0**	**0.05**	**2.11**
		Inferred	470	0.46	2,146	0.01	69.8	2.45	36.85	0.03	0.47
		Sub Total (M+I+Inf)	**1,680**	**0.60**	**10,127**	**0.017**	**278.7**	**3.1**	**164.8**	**0.05**	**2.58**
	Oxide	Indicated	90	0.75	673	0.01	6.4	3.5	10.2	0.06	0.16
		Measured + Indicated	**90**	**0.75**	**673**	**0.01**	**6.4**	**3.5**	**10.2**	**0.06**	**0.16**
		Inferred	10	0.81	81	0.01	1.0	4.3	1.4	0.07	0.02
		Sub Total (M+I+Inf)	**100**	**0.75**	**753**	**0.007**	**7.4**	**3.6**	**11.6**	**0.06**	**0.19**
	Total	**Measured**	**490**	**0.64**	**3,094**	**0.02**	**84.8**	**3.0**	**46.6**	**0.06**	**0.91**
		Indicated	**810**	**0.69**	**5,560**	**0.02**	**130.5**	**3.5**	**91.5**	**0.05**	**1.36**
		Inferred	**480**	**0.47**	**2,227**	**0.01**	**70.8**	**2.5**	**38.2**	**0.03**	**0.49**
		All (M+I+Inf)	**1,780**	**0.61**	**10,881**	**0.02**	**286.1**	**3.1**	**176.4**	**0.05**	**2.77**

Notes:

1. The Statement of JORC Mineral Resources has been compiled under the supervision of Mr Esteban Acuña who is a full-time employee of RungePincockMinarco Limited and a Registered Member of the Chilean Mining Commission. Mr Acuña has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code.
2. All Mineral Resources figures reported in the table above represent estimates at 1 January 2014. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.
3. Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 edition).

Las Bambas Ore Reserves as at 1 January 2014 at a 0.2% Cu Cut-off Grade

DESCRIPTION	QUANTITY (MT)	CU (%)	CU (KT)	MO (%)	MO (KT)	AG (G/T)	AG (MOZ)	AU (G/T)	AU (MOZ)
Ferrobamba									
Proved	386	0.68	2,640	0.018	70.0	3.4	41.8	0.07	0.8
Probable	271	0.80	2,179	0.021	57.2	4.5	38.9	0.09	0.8
Sub Total	**657**	**0.73**	**4,819**	**0.019**	**127.2**	**3.8**	**80.7**	**0.08**	**1.6**
Chalcobamba									
Proved	63	0.46	292	0.014	9.0	1.5	3.0	0.02	0.0
Probable	172	0.74	1,264	0.013	22.9	2.8	15.4	0.03	0.2
Sub Total	**235**	**0.66**	**1,556**	**0.014**	**31.9**	**2.4**	**18.4**	**0.03**	**0.2**
Sulfobamba									
Proved	–	–	–	–	–	–	–	–	–
Probable	60	0.86	516	0.014	8.4	6.6	12.9	0.02	0.0
Sub Total	**60**	**0.86**	**516**	**0.014**	**8.4**	**6.6**	**12.9**	**0.02**	**0.0**
Total									
Proved	450	0.65	2,932	0.018	78.9	3.1	44.8	0.06	0.9
Probable	503	0.79	3,960	0.018	88.6	4.2	67.2	0.06	1.0
Grand Total	**952**	**0.72**	**6,892**	**0.018**	**167.5**	**3.7**	**112.0**	**0.06**	**1.9**

Notes:

1. The Statement of JORC Ore Reserves has been compiled under the supervision of Mr Rondinelli Sousa, who is a full-time Senior Mining Engineer employed by RungePincockMinarco Limited and is a Member of the American Society of Mining, Metallurgy and Exploration (SME). Mr Sousa has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code.
2. Tonnages are metric tonnes.
3. Cut-off Grade of 0.2% Cu applied to all are types.
4. Copper price: $2.91/lb; Molybdenum price: $13.37/lb; Silver price: $19.83/oz; Gold price: $1,196/oz.

Figures reported are rounded which may result in small tabulation errors. Ore Reserves have been estimated under the 2012 Edition of the JORC Code.

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

Additional information about the estimation of the Ore Reserves is included in the Technical Appendix published on the MMG website (http://www.mmg.com/en/About-Us/Mineral-Resources-and-Ore-Reserves.aspx).

SUSTAINABILITY

At MMG we take a long-term view – operating sustainably and sharing the wealth of mining with our people, local communities and shareholders. Our vision is to build the world's most respected diversified base metals company, delivering progress and enhancing lives.

This year, MMG will publish its sixth full annual Sustainability Report in accordance with the International Council on Mining and Metals' (ICMM) independent assurance procedure and Global Reporting Initiative (GRI 3.1) indicators.

Material sustainability issues are identified and reported using a comprehensive engagement and reporting process. These issues are broadly grouped into five areas:

SUSTAINING THE COMPANY'S ECONOMIC PERFORMANCE

Ensuring the economic sustainability of MMG means that we can continue to grow our business while creating wealth for our people, host communities and Shareholders.

MMG achieved strong production performance in 2014 achieving annual copper production and sales records. During the year MMG continued to focus on extracting maximum value from its assets through an ongoing focus on asset utilisation and efficiency. Strong production results have supported consistent sales revenue, despite the challenges of a lower average copper price for 2014.

The acquisition of Las Bambas marks an important step towards MMG's growth aspirations, significantly increasing MMG's Mineral Resources and Ore Reserves. The project is expected to produce over two million tonnes of copper in concentrate in its first five years of operation. MMG believes the project also offers considerable upside potential given that only 10% of the licence area has been explored. The future contribution of Las Bambas is critical as MMG prepares for the end of open-pit production at Century in the third quarter of 2015.

MMG's economic footprint continues to benefit local economies through the purchase of goods and services. In 2014, more than US$1.4 billion was spent on the procurement of goods and services from in-country suppliers with US$721 million spent on local and regional suppliers alone.

In 2014, MMG entered into the third year of its 1000 Day Project, a US$1.4 million public-private partnership between MMG, UNICEF and the Lao Ministry of Health, which seeks to improve early childhood nutrition in Laos. The project commenced the distribution phase of micronutrients in June 2014 targeting 180,000 infants across the Savannakhet, Saravane and Attapeu provinces.

PEOPLE

At MMG we believe the success of our business begins with our people. Following the acquisition of Las Bambas, MMG's workforce (including contractors) grew significantly from 8,951 at the end of 2013 to 26,370 people at the end of 2014, as a result of the inclusion of the Las Bambas construction workforce. Las Bambas had a total workforce of 18,116 at the end of 2014, of which 823 were employees and 17,293 were contractors. This number will decrease substantially following the completion of construction. With a substantial number of contractors working on the construction of Las Bambas, MMG's total workforce consists of approximately 20% direct employees and 80% contractors.

MMG's concerted investment in pre-employment and workforce localisation training continued to result in successful local and national employee development pathways into management roles. At the end of 2014, local and national employees comprised 94% of Sepon, 94% of Kinsevere and 96% of the Las Bambas workforces respectively. Indigenous Australians represented 17% of the workforce at Century and 2% of the workforce at Golden Grove and Rosebery.

During 2014, employees contributed to an update of the Company's vision, mission and values and their integration into MMG's comprehensive training and performance programs. Code of Conduct training was also expanded and delivered across MMG's operations.

The health of Company culture was reflected in gains in both the Employee Perception Survey and Diversity and Inclusion Indices. MMG's inaugural Diversity and Inclusion Council was established in 2014, with employee representatives from all sites working together to drive workplace diversity and engagement across MMG. Women comprised approximately 16% of the direct workforce during 2014.

HEALTH AND SAFETY

At MMG, we think safety first. In 2014, we reported a decrease in the total recordable injury frequency (TRIF) from 2.4 per million hours worked in 2013 to 2.3 in 2014 and an increase in the lost time injury frequency (LTIF) from 0.5 per million hours worked in 2013 to 0.6 in 2014.[3]

There was variability in the safety performance across individual sites and we continue to experience serious incidents that do, or have the potential to, cause serious harm.

In 2014, a security incident on a tenement in the DRC, where MMG holds exploration and mining rights, led to the death of a policeman and the injury of another policeman and four MMG contractors. At Las Bambas, a lightning strike seriously injured a member of the Las Bambas construction workforce.

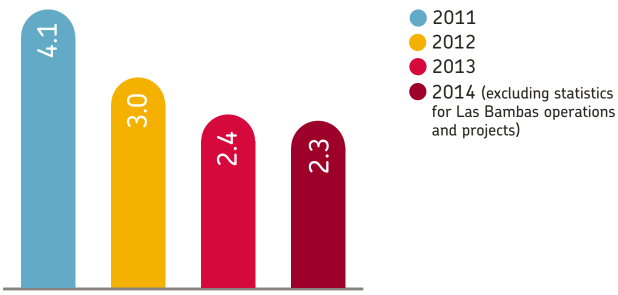
Across our operations and projects in 2014, 84 people experienced injuries which, at a minimum, required medical treatment. Four of these injuries are permanently disabling and we are continuing to support those affected during their ongoing care and rehabilitation.

Our process for incident identification, investigation and improvement generated 64 incident reports during 2014 where learnings could be shared across our business. A total of 74 reports were made in 2013. We continue to improve the incident reporting process and opportunities for learning.

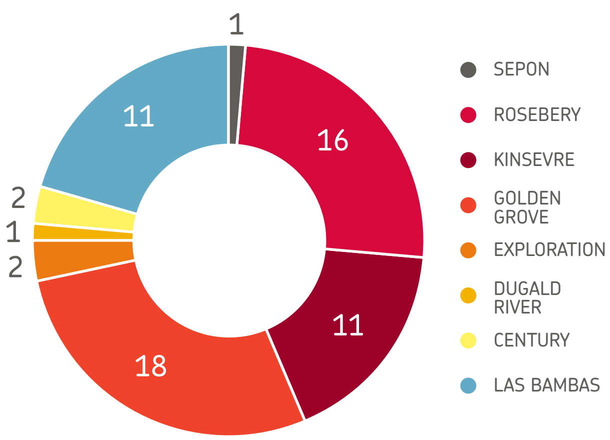
The development and implementation of a common clearance-to-work process and Creating Safe Work Initiatives were among key safety efforts during 2014. Implementation commenced in 2014 and will continue throughout 2015.

We remain committed to the health and safety of our people and minimising overall safety exposures.

Total recordable injury frequency trend



Significant incidents reported by site during 2014



3 Excluding statistics for Las Bambas operations and projects.

WORKING WITH STAKEHOLDERS

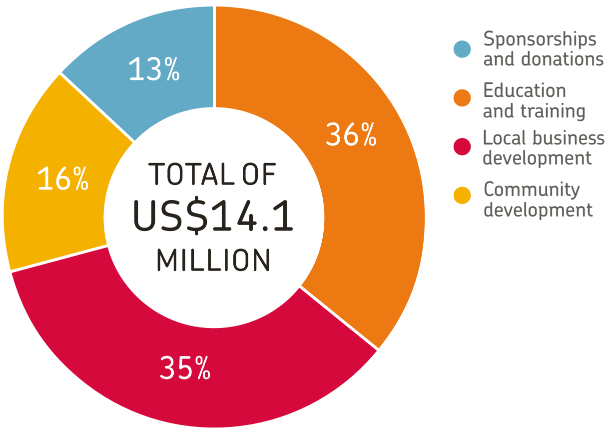
MMG continued to work closely with a diverse set of stakeholders during 2014. The primary focus was on building relationships to support the Las Bambas Project and sustaining benefits beyond mining at Century and Sepon.

Significant focus was placed on establishing relationships with communities and authorities in Peru in the lead-up to, and following, the acquisition of Las Bambas in August 2014. MMG has been working very closely with the local community on relocation to the new Fuerabamba town with approximately three quarters of families relocated by the end of 2014.

MMG also continued engagement with local native title groups, government and other groups regarding the completion of Century open-pit production in 2015. At Sepon, the updated community investment program was released following consultation with key stakeholders. It prioritises improving income streams and access to agricultural markets as well as health and education outcomes.

In total, MMG invested approximately US$14.1 million in community investment activities, excluding community investment relating to Las Bambas, in 2014. These activities related to education, training and community and local business development during 2014.

Community Investment during 2014



RESPECTING THE ENVIRONMENT

MMG strengthened its approach to environmental stewardship during 2014, with an emphasis on rehabilitation at Century, life-of-asset planning and water management across its existing operations.

Highlights at Century included the progression of bulk earthworks and other rehabilitation activities, such as aerial reseeding of remediated areas, as well as further refinement of the site's closure plan. Significant resources were also directed towards reducing water process storage volumes at Sepon and Century and addressing issues relating to water scarcity at Golden Grove.

In 2014, the cessation of gold production at Sepon led to a decrease in energy use, emissions and water inputs when compared to 2013. Total energy consumption reduced to 8,119 terajoules from 9,016 terajoules in 2013 while total greenhouse gas emissions decreased to 0.93 million tonnes of carbon dioxide-equivalent from 1.02[4] million tonnes. Total water inputs reduced to 28.1 gigalitres from 31.8[5] gigalitres in 2013.

4 Restatement of 2013 data.

5 Restatement of 2013 data.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

For the purpose of the management discussion and analysis, the Group's results for the 12 months ended 31 December 2014 are compared with the results for the 12 months ended 31 December 2013.

YEAR ENDED 31 DECEMBER	2014 US$ MILLION	2013 US$ MILLION	CHANGE % FAV/ (UNFAV)
Revenue	**2,479.8**	**2,469.8**	–
Operating expenses	(1,491.3)	(1,544.0)	3
Exploration expenses	(73.0)	(71.9)	(2)
Administration expenses	(111.5)	(78.9)	(41)
Business acquisition expenses	(16.3)	(5.2)	(213)
Other income and expenses	(6.9)	(18.9)	63
EBITDA	**780.8**	**750.9**	**4**
Depreciation, amortisation and impairment expenses	(537.1)	(472.6)	(14)
EBIT	**243.7**	**278.3**	**(12)**
Net finance costs	(79.4)	(77.2)	(3)
Profit before income tax	**164.3**	**201.1**	**(18)**
Income tax expense	(65.1)	(78.6)	17
Profit for the year	**99.2**	**122.5**	**(19)**

The Group's management determined the reporting segments based on reports reviewed by its Executive Committee. The Group's operations are managed on an operating site-by-site basis, with exploration, development projects and corporate activities being classified as 'other'. The Group's operations comprise Sepon, Kinsevere, Century, Rosebery, Golden Grove and Las Bambas.

	REVENUE			EBITDA		
YEAR ENDED 31 DECEMBER	2014 US$ MILLION	2013 US$ MILLION	CHANGE %	2014 US$ MILLION	2013 US$ MILLION	CHANGE % FAV/(UNFAV)
Sepon	620.2	746.2	(17)	366.5	396.5	(8)
Kinsevere	465.7	455.3	2	189.3	198.0	(4)
Century	853.3	721.0	18	323.5	176.5	83
Rosebery	247.5	253.3	(2)	85.2	84.3	1
Golden Grove	293.1	294.0	–	29.0	73.0	(60)
Las Bambas(i)	–	–	–	(42.3)	–	–
Other	–	–	–	(170.4)	(177.4)	4
Total	**2,479.8**	**2,469.8**	–	**780.8**	**750.9**	**4**

(i) MMG acquired Las Bambas as part of the acquisition of Xstrata Peru S.A. in July 2014. The financial results of Las Bambas have been consolidated from 31 July 2014.

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

REVENUE

The Group's operations generated revenue of US$2,479.8 million for the year ended 31 December 2014, US$10.0 million (0%) higher than the year ended 31 December 2013.

REVENUE BY COMMODITY	2014 US$ MILLION	2013 US$ MILLION	CHANGE % FAV/(UNFAV)
Copper	1,280.7	1,364.9	(6)
Zinc	884.7	739.1	20
Lead	142.9	136.9	4
Gold	73.2	122.0	(40)
Silver	98.3	106.9	(8)
Total	**2,479.8**	**2,469.8**	–

PRICE

With the exception of zinc, average LME base metal prices were lower in 2014 resulting in an unfavourable impact on revenue.

AVERAGE LME CASH PRICE	2014	2013	CHANGE % FAV/ (UNFAV)
Copper (US$/tonne)	6,862	7,322	(6)
Zinc (US$/tonne)	2,164	1,909	13
Lead (US$/tonne)	2,096	2,141	(2)
Gold US$/ounce)	1,266	1,410	(10)
Silver (US$/ounce)	19.08	23.79	(20)

SALES VOLUMES

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER	2014	2013	CHANGE % FAV/(UNFAV)
Copper (tonnes)	192,909	187,449	3
Zinc (tonnes)	524,828	493,339	6
Lead (tonnes)	86,951	77,685	12
Gold (ounces)	61,028	89,996	(32)
Silver (ounces)	5,138,014	4,713,267	9

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER 2014	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES
Sepon	88,377	–	–	524	718
Kinsevere	69,552	–	–	–	–
Century	–	419,484	60,786	–	1,626,930
Rosebery	2,351	73,051	22,894	35,572	2,446,196
Golden Grove	32,629	32,293	3,271	24,932	1,064,170
Total	**192,909**	**524,828**	**86,951**	**61,028**	**5,138,014**

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER 2013	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES
Sepon	92,687	–	–	38,843	83,663
Kinsevere	62,074	–	–	–	–
Century	–	402,421	49,751	–	1,144,351
Rosebery	1,576	76,200	23,786	29,161	2,392,054
Golden Grove	31,112	15,307	4,148	21,992	1,093,199
Total	**187,449**	**493,339**	**77,685**	**89,996**	**4,713,267**

The Company reported higher sales volumes in 2014 for all products with the exception of gold.

Total copper sales were 192,909 tonnes, 3% higher than 2013, in line with increased production at Kinsevere and Golden Grove and partially offset by lower production at Sepon.

Kinsevere achieved record annual production and sales volumes following a continuing focus on asset utilisation and efficiency throughout the year. Kinsevere contributed an additional 7,478 tonnes of copper cathode sold in 2014 compared with 2013. This increase was partially offset by copper cathode sales from Sepon which decreased by 4,310 tonnes (5%) in 2014 following the record production and sales achieved in the prior year.

Century and Golden Grove contributed to a 6% increase in zinc sales volumes compared with 2013. Zinc sales volumes at Century increased by 17,063 tonnes (4%) compared with 2013.

Sales volumes at Golden Grove were in line with annual production.

Gold sales volumes decreased by 32% primarily due to cessation of gold production at Sepon in 2013.

Lead sales volumes increased by 12% compared with 2013 due to the reclamation of lead from storage dams at Century.

Operating expenses include operating site expenses excluding depreciation and amortisation. Site expenses include mining and processing expenses, changes in inventories, royalty expenses, selling expenses, corporate recharge expenses and other operating expenses.

Operating expenses decreased by US$52.7 million (3%) compared to 2013 despite continuing cost pressures experienced across the Company's operations which were offset by a favourable movement in the Australian dollar exchange rate.

Sepon reduced operating expenses by US$82.2 million following the cessation of gold production in 2013 combined with improvements in mining efficiencies.

Century's operating expenses decreased by US$20.5 million compared to 2013, due to continued tight cost controls as well as cost reductions leading up to closure of the open pit-mine.

Operating expenses at Kinsevere increased by US$18.7 million compared to 2013 due to additional contractors, employees, consumables and diesel required to support increased production in addition to general cost inflation in the country.

At Golden Grove, operating expenses increased by US$39.5 million due to the drawdown of stockpiles and timing of shipments. This was despite a US$28.6 million reduction in production expenses resulting from an operational change increasing the mining and processing of lower-cost zinc ore compared to higher-cost copper oxide ore in 2013.

The weaker Australian dollar is estimated to have resulted in a US$48.5 million favourable impact on total operating expenses.

Exploration expenses increased by US$1.1 million (2%) to US$73.0 million in 2014. This was mainly due to increased spending on new discovery exploration.

Exploration in 2014 focused on project generation and new discovery exploration activities in the DRC both within current operating tenements as well as newly acquired tenements within a 50 kilometre radius of Kinsevere.

MMG invested a total of US$36.8 million in new discovery and project generation programs in Australia, the Americas and Africa.

The Group invested US$35.0 million in mine district exploration, a decrease of US$0.2 million compared with 2013.

Administrative expenses increased by US$32.6 million (41%) to US$111.5 million in 2014.

This increase was mainly due to integration activity associated with the acquisition of the Las Bambas Project and contributed to an additional US$17.3 million of expenses in 2014.

As we expect to deliver our planned set of business objectives, long-term incentive (LTI) costs have been accounted for accordingly. This has resulted in a US$21.2 million increase in corporate costs due to an LTI provision of US$7.2 million for the current period, compared with a reversal of LTI provisions of US$14.0 million in 2013 when performance targets associated with LTIs were not met.

The weaker Australian dollar is estimated to have resulted in a US$7.2 million favourable impact on administration costs.

Business acquisition expenses of US$16.3 million relate to the acquisition of Las Bambas.

Other income and expenses had an aggregate US$6.9 million and US$18.9 million unfavourable impact on EBIT in 2014 and 2013 respectively.

Other items include the net gain on disposal of available-for-sale financial assets, non-refundable deposits relating to the sale of Avebury and Yangtai Penghui, foreign exchange gains on the translation of monetary items, more than offset by losses on financial assets recognised at fair value through profit or loss and other sundry income and expense items.

Depreciation, amortisation and impairment expenses increased by US$64.5 million (14%) to US$537.1 million in 2014 due to higher mining and processing volumes at Kinsevere and Century in addition to the impact of reducing economic reserves at Sepon, Century and Rosebery.

Net finance costs increased by US$2.2 million to US$79.4 million in 2014. Interest expenses on bank borrowings decreased by US$4.2 million, primarily driven by the US$248.5 million of debt repayments made during 2014.

Interest expenses on Convertible Redeemable Preference Shares increased from US$8.0 million in 2013 to US$19.6 million in 2014. This reflects the convertible redeemable preference share expensing over a full 12 months, rather than five months in 2013.

The increases in other finance costs were driven by a US$2.5 million Parent Guarantee charged in relation to the Company's interest in Las Bambas.

The increase in capitalised borrowing costs is due to the establishment of the Las Bambas debt facilities, while also continuing to capitalise fees relating to the Dugald River debt facility.

Income tax expenses decreased by US$13.5 million to US$65.1 million in 2014 reflecting the decrease in profit before income tax for the Group. The effective tax rate in 2014 was 39.6%. This is higher than the statutory corporate tax rates applicable in MMG's operating jurisdictions (Laos 33.3%, Australia 30.0%, DRC 30.0% and Peru 32.0%). This is mainly due to tax credits associated with withholding taxes not recoverable in relation to Las Bambas and the impact of a legislated increase in the rate of DRC 'Minimum Tax' which is currently an additional tax impost to the DRC corporate tax.

SEGMENT ANALYSIS

SEPON

YEAR ENDED 31 DECEMBER	2014	2013	CHANGE % FAV/ (UNFAV)
Production			
Ore mined (tonnes)	1,788,282	3,589,858	(50)
Ore milled (tonnes)	1,909,018	4,141,945	(54)
Copper cathode (tonnes)	88,541	90,030	(2)
Gold (ounces)	364	36,075	(99)
Silver (ounces)	–	81,899	(100)
Payable metal in product sold			
Copper (tonnes)	88,377	92,687	(5)
Gold (ounces)	524	38,843	(99)
Silver (ounces)	718	83,663	(99)

YEAR ENDED 31 DECEMBER	2014 US$ MILLION	2013 US$ MILLION	CHANGE % FAV/ (UNFAV)
Revenue	**620.2**	**746.2**	**(17)**
Operating expenses			
Production expenses			
Mining	(12.2)	(38.9)	69
Processing	(101.4)	(112.3)	10
Other	(100.5)	(111.7)	10
Total production expenses	**(214.1)**	**(262.9)**	**19**
Freight (transportation)	(6.7)	(8.7)	23
Royalties	(27.6)	(33.1)	17
Other(i)	(5.0)	(30.9)	84
Total operating expenses	**(253.4)**	**(335.6)**	**24**
Other income/(expenses)	(0.3)	(14.1)	98
EBITDA	**366.5**	**396.5**	**(8)**
Depreciation, amortisation and impairment expenses	(98.9)	(77.8)	(27)
EBIT	**267.6**	**318.7**	**(16)**
EBITDA margin	**59%**	**53%**	

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

Sepon completed its first full year as a dedicated copper operation following the cessation of gold production in December 2013. Revenue of US$620.2 million was US$126.0 million (17%) lower than 2013, mainly due to the significant reduction in gold sales which attributed US$54.2 million of the total decrease. Revenue was also impacted by lower copper sales and the 6% decrease in the average realised copper price.

Processing costs decreased by US$10.9 million (10%) as a result of lower electricity and diesel costs of US$8.8 million and reduced consumables costs previously related to gold production. Mining costs decreased by US$26.7 million (69%) due to lower mining and processing volumes associated with the cessation of gold production.

Due to the factors above, the EBITDA margin improved to 59% in 2014, from 53% in 2013.

Depreciation, amortisation and impairment expenses increased by US$21.1 million (27%) due to changes in the balance of mining inventories to align with updates to the resources and reserves guidelines.

KINSEVERE

YEAR ENDED 31 DECEMBER	2014	2013	CHANGE % FAV/ (UNFAV)
Production			
Ore mined (tonnes)	2,792,664	2,592,960	8
Ore milled (tonnes)	1,798,258	1,588,563	13
Copper cathode (tonnes)	69,624	62,076	12
Payable metal in product sold			
Copper (tonnes)	69,552	62,074	12

YEAR ENDED 31 DECEMBER	2014 US$ MILLION	2013 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**465.7**	**455.3**	**2**
Operating expenses			
Production expenses			
Mining	(36.6)	(19.4)	(89)
Processing	(55.1)	(41.2)	(34)
Other	(118.3)	(132.6)	11
Total production expenses	**(210.0)**	**(193.2)**	**(9)**
Freight (transportation)	(39.7)	(37.2)	(7)
Royalties	(19.8)	(19.0)	(4)
Other[(i)]	(6.5)	(7.9)	18
Total operating expenses	**(276.0)**	**(257.3)**	**(7)**
Other income/(expenses)	(0.4)	–	–
EBITDA	**189.3**	**198.0**	**(4)**
Depreciation, amortisation and impairment expenses	(140.3)	(126.1)	(11)
EBIT	**49.0**	**71.9**	**(32)**
EBITDA margin	**41%**	**43%**	

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

Kinsevere achieved its second year of record production driven by operational improvements and supported by a stable power supply. Annual production of 69,624 tonnes of copper cathode was 12% higher than 2013.

Revenue increased by US$10.4 million (2%) compared to 2013 as a result of the 12% increase in copper sales, marginally offset by a lower average realised copper price.

Mining costs increased by US$17.2 million (89%) due to additional contractors, employees, consumables and diesel required to support increased production. Ore milled increased by 13% in 2014 with a corresponding 34% increase in processing costs, mainly relating to the higher use of consumables.

The increased availability of lower-cost grid-sourced power resulted in a US$9.7 million reduction in energy costs compared to 2013 (energy costs are reported as part of other production expenses). Approximately 34% of power requirements were met from electricity sourced via diesel generation in 2014 compared with 57% in 2013.

Depreciation, amortisation and impairment expenses increased by US$14.2 million (11%), consistent with increases in mining and processing volumes.

CENTURY

YEAR ENDED 31 DECEMBER	2014	2013	CHANGE % FAV/ (UNFAV)
Production			
Ore mined (tonnes)	7,273,064	6,947,259	5
Ore milled (tonnes)	7,109,879	7,096,282	–
Zinc in zinc concentrate (tonnes)	465,696	488,233	(5)
Lead in lead concentrate (tonnes)	64,426	54,792	18
Payable metal in product sold			
Zinc (tonnes)	419,484	402,421	4
Lead (tonnes)	60,786	49,751	22
Silver (ounces)	1,626,930	1,144,351	42

YEAR ENDED 31 DECEMBER	2014 US$ MILLION	2013 US$ MILLION	CHANGE % FAV/ (UNFAV)
Revenue	**853.3**	**721.0**	**18**
Operating expenses			
Production expenses			
Mining	(108.0)	(112.2)	4
Processing	(244.0)	(259.5)	6
Other	(65.2)	(74.0)	12
Total production expenses	**(417.2)**	**(445.7)**	**6**
Freight (transportation)	(51.3)	(46.2)	(11)
Royalties	(30.6)	(23.2)	(32)
Other(i)	(32.2)	(36.7)	12
Total operating expenses	**(531.3)**	**(551.8)**	**4**
Other income/(expenses)	1.5	7.3	(79)
EBITDA	**323.5**	**176.5**	**83**
Depreciation, amortisation and impairment expenses	(191.3)	(172.7)	(11)
EBIT	**132.2**	**3.8**	**3,379**
EBITDA margin	**38%**	**24%**	

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

Century continues to deliver on strategic cost savings and improved mining performance leading up to closure of the open-pit mine. Century achieved annual records in mining and processing in 2014 which helped alleviate decreasing zinc feed grades that were expected from the final stages of the mine.

Revenue increased by US$132.3 million (18%) due to the increased average realised price of zinc, combined with higher sales volumes.

Mining and processing costs decreased by US$4.2 million and US$15.5 million respectively due to reduced spending on explosives, tyres and general consumables as Century draws down on its supply inventory to align with the slow-down of mining at the site in 2015.

MMG has provisioned an amount of US$378.1 million to allow for the closure of Century, an increase of US$146.3 million from the 2013 level. MMG expects to spend US$39.8 million in 2015 on the rehabilitation of land as part of the site's plan for closure. It is expected that progressive rehabilitation of the area will take place over approximately 40 years.

Depreciation, amortisation and impairment expenses increased by US$18.6 million (11%) consistent with increases in mining and processing volumes, and accelerated depreciation in line with mine closure.

ROSEBERY

YEAR ENDED 31 DECEMBER	2014	2013	CHANGE % FAV/ (UNFAV)
Production			
Ore mined (tonnes)	842,923	893,181	(6)
Ore milled (tonnes)	879,288	897,277	(2)
Copper in copper concentrate (tonnes)	2,305	1,852	24
Zinc in zinc concentrate (tonnes)	83,507	88,369	(6)
Lead in lead concentrate (tonnes)	23,409	24,865	(6)
Gold (ounces)	10,164	6,058	68
Silver (ounces)	5,904	3,623	63
Payable metal in product sold			
Copper (tonnes)	2,351	1,576	49
Zinc (tonnes)	73,051	76,200	(4)
Lead (tonnes)	22,894	23,786	(4)
Gold (ounces)	35,572	29,161	22
Silver (ounces)	2,446,196	2,392,054	2

YEAR ENDED 31 DECEMBER	2014 US$ MILLION	2013 US$ MILLION	CHANGE % FAV/ (UNFAV)
Revenue	**247.5**	**253.3**	**(2)**
Operating expenses			
Production expenses			
Mining	(73.8)	(93.8)	21
Processing	(26.2)	(31.6)	17
Other	(31.9)	(18.9)	(69)
Total production expenses	**(131.9)**	**(144.3)**	**9**
Freight (transportation)	(6.4)	(8.7)	26
Royalties	(7.4)	(11.2)	34
Other(i)	(19.5)	(9.2)	(112)
Total operating expenses	**(165.2)**	**(173.4)**	**5**
Other income/(expenses)	2.9	4.4	(34)
EBITDA	85.2	84.3	1
Depreciation, amortisation and impairment expenses	(46.5)	(25.9)	(80)
EBIT	**38.7**	**58.4**	**(34)**
EBITDA margin	**34%**	**33%**	

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

Rosebery continues to deliver a consistent performance in safety, volume and costs, making an important contribution to the Group's overall result.

Revenue decreased by US$5.8 million (2%) due to lower zinc and lead sales together with a 20% decrease in the average realised price of silver, marginally offset by a 49% increase in copper sales and 13% increase in the average realised zinc price.

Lower production expenses of US$12.4 million (9%) relate to lower ore mined and milled due to geotechnical restrictions.

Depreciation, amortisation and impairment expenses increased by US$20.6 million (80%) due to reductions in Ore Reserves.

GOLDEN GROVE

YEAR ENDED 31 DECEMBER	2014	2013	CHANGE % FAV/ (UNFAV)
Production			
Ore mined (tonnes)	1,262,975	2,443,716	(48)
Ore milled (tonnes)	1,739,111	1,766,157	(2)
Copper in copper concentrate (tonnes)	30,837	33,780	(9)
Zinc in zinc concentrate (tonnes)	37,896	23,619	60
Lead in lead concentrate (HPM, tonnes)	3,986	2,383	67
Payable metal in product sold			
Copper (tonnes)	32,629	31,112	5
Zinc (tonnes)	32,293	15,307	111
Lead (tonnes)	3,271	4,148	(21)
Gold (ounces)	24,932	21,992	13
Silver (ounces)	1,064,170	1,093,199	(3)

YEAR ENDED 31 DECEMBER	2014 US$ MILLION	2013 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**293.1**	**294.0**	–
Operating expenses			
Production expenses			
Mining	(71.0)	(105.7)	33
Processing	(54.8)	(56.5)	3
Other	(68.8)	(61.0)	(13)
Total production expenses	**(194.6)**	**(223.2)**	**13**
Freight (transportation)	(11.3)	(9.9)	(14)
Royalties	(13.1)	(12.3)	(7)
Other(i)	(46.4)	19.5	(338)
Total operating expenses	**(265.4)**	**(225.9)**	**(17)**
Other income/(expenses)	1.3	4.9	(73)
EBITDA	**29.0**	**73.0**	**(60)**
Depreciation, amortisation and impairment expenses	(44.2)	(62.8)	30
EBIT	**(15.2)**	**10.2**	**(249)**
EBITDA margin	**10%**	**25%**	

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

Golden Grove delivered revenue of US$293.1 million, consistent with 2013, following higher sales of copper, zinc and gold along with a 13% increase in the average realised price of zinc, offset by lower average realised prices of copper, lead and gold.

Operating expenses increased by US$39.5 million (17%) due to the drawdown of stockpiles and timing of shipments. This was despite a US$28.6 million reduction in production expenses resulting from an operational change increasing the mining and processing of lower-cost zinc ore compared to higher-cost copper oxide ore in 2013.

Depreciation, amortisation and impairment expenses were US$18.6 million (30%) lower than 2013 mainly due to lower volumes of ore mined and ore milled from the copper oxide open pit in 2014.

CASH FLOW ANALYSIS

NET CASH FLOW

Net cash flow reflects an increase in the Company's operating cash flows and investments in 2014 associated with the acquisition and construction of Las Bambas.

YEAR ENDED 31 DECEMBER	2014 US$ MILLION	2013 US$ MILLION
Operating cash flows	666.7	554.5
Investing cash flows	(3,932.8)	(660.6)
Financing cash flows	3,379.9	147.0
Net cash inflow	113.8	40.9

Net operating cash inflows increased by 20% to US$666.7 million in 2014 due to higher EBITDA, favourable working capital movements and lower tax paid.

Net investing cash outflows were US$3,932.8 million in 2014 compared to US$660.6 million in 2013.

During 2014, the net cash paid by the Group for the acquisition of Las Bambas was US$2,950.1 million, and US$772.4 million on project capital expenditure.

In addition, the Group invested US$313.5 million in the purchase of property plant and equipment and the development of software (2013: US$616.3 million). This includes US$68.0 million expenditure on the Dugald River project (2013: US$240.3 million) and US$119.7 million (2013: US$129.6 million) investment in mine property and development.

Investment cash outflows in 2014 were offset by the proceeds from the disposal of other financial assets and subsidiaries of US$104.2 million.

Net financing cash inflows were US$3,379.9 million in 2014 compared to US$147.0 million in 2013.

Financing cash inflows in 2014 included the drawdown of US$969.0 million under the US$969.0 million Las Bambas Acquisition Facility and US$4,119.0 million under the US$5,988.0 million Las Bambas Project Facility with China Development Bank Corporation (CDB), Industrial and Commercial Bank of China Limited (ICBC), Bank of China Limited, Sydney Branch (BOC Sydney), and The Export-Import Bank of China (EXIM).

Inflows also include capital contribution from non-controlling Shareholders upon the acquisition of Las Bambas of US$1,106.2 million, and the drawdown of US$1,843.8 million under the US$2,262.0 million facility with MMG Shareholder Top Create.

These were partially offset by repayments of Las Bambas Sellers' Group Intragroup Loans of US$4,018.1 million, repayments of borrowings, loan to a related party and payments of interest and financing costs in line with contractual terms.

Dividends of US$62.9 million were paid to Sepon minority Shareholder Government of Laos and MMG Shareholders.

Financing cash inflows in 2013 included the June 2013 drawdown of US$250.0 million under the US$1.0 billion Dugald River Facility agreed with BOC Sydney and CDB, and US$338.0 million raised in August 2013 via the issuance of Convertible Redeemable Preference Shares. This was partially offset by repayments of borrowings and payment of interest and financing costs in line with contractual terms.

FINANCIAL RESOURCES AND LIQUIDITY

AS AT 31 DECEMBER	2014 US$ MILLION	2013 US$ MILLION	CHANGE US$ MILLION
Total assets	13,490.0	4,683.5	8,806.5
Total liabilities	(10,515.4)	(2,866.7)	(7,648.7)
Total equity	**2,974.6**	**1,816.8**	**1,157.8**

Total equity increased by US$1,157.8 million to US$2,974.6 million as at 31 December 2014, mainly reflecting the US$1,106.2 million non-controlling interests arising from the Las Bambas acquisition and recognised profits for the year, offset by the dividends paid of US$62.9 million.

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

The Group manages the capital structure and makes adjustments in light of changes in economic conditions and business strategies. To maintain or adjust the capital structure, the Group may adjust the amount of dividend payments to Shareholders, issue new shares or raise/repay debts.

The Group monitors capital and manages its cash flow in accordance with financial covenants contained in group debt facilities. During the year, the Group raised US$5,150.8 million external bank borrowings and US$1,843.8 million Shareholder borrowings to fund the Las Bambas Project. Under MMG Group debt facility agreements, MMG South America Group related items are excluded from the MMG Group gearing ratio calculation. The gearing ratio is defined as net debt (total borrowings excluding finance charge prepayments, less cash and bank deposits) divided by the aggregate of net debt plus total equity. As a result, the borrowings, cash and equity amounts in 2014 in the MMG Group gearing ratio calculation exclude those in MMG South America Company Limited (MMG SA) to fund its equity contribution in the Las Bambas joint venture company MMG South America Management Company Limited (MMG SAM).

MMG GROUP (EXCLUDING MMG SOUTH AMERICA MANAGEMENT GROUP)	2014 US$ MILLION	2013 US$ MILLION
Total borrowings (excluding prepayments)	1,321.8	1,644.2
Less: cash and cash equivalents	91.9	137.4
Net debt	**1,229.9**	**1,506.8**
Total equity	1,922.5	1,816.8
	3,152.4	**3,323.6**
Gearing ratio	**0.39**	**0.45**

The Group's objectives on managing the capital employed by MMG South America Management Group (the Las Bambas joint venture company and its subsidiaries) are to safeguard the MMG South America Management Group's ability to continue as a going concern, support the development of projects, enhance Shareholder value and provide capital for further investment.

The process used to manage and monitor the capital for the MMG South America Management Group is consistent with the process applied for the MMG Group.

MMG SOUTH AMERICA MANAGEMENT GROUP	2014 US$ MILLION
Total borrowings (excluding prepayments)	5,150.8
Less: cash and cash equivalents	159.3
Net debt	**4,991.5**
Total equity	2,895.9
	7,887.4
Gearing ratio	**0.63**

AVAILABLE DEBT FACILITIES

As at 31 December 2014, the MMG Group (excluding MMG South America Management Group) had available undrawn facilities of US$1,040.0 million (including US$750.0 million Dugald River facility which can only be used for the purpose of funding the project. In the event the project does not progress, the facility will need to be repaid). The MMG South America Management Group had available undrawn facilities of US$1,806.2 million. Additionally, a further US$418.3 million undrawn facility was available with Top Create, a Shareholder of the Company, to fund MMG Group equity contributions to the MMG South America Group.

The Group's cash and cash equivalents at 31 December 2014 of US$251.2 million (2013: US$137.4 million) were denominated mainly in US dollars.

As at 31 December 2014, the Group's borrowings (excluding finance charge prepayments) were as follows:

- 75.4% were bank borrowings, 22.2% were loans from related parties and 2.4% related to balances associated with convertible redeemable preference shares;
- 100% were denominated in US$;
- 97.6% were priced based on floating interest rates and 2.4% based on fixed interest rates; and
- 1.5% were repayable within one year, 3.4% were repayable between one and two years, 22.0% were repayable between two and five years and 73.1% were repayable over five years.

The Group's capital commitments for purchases of property, plant and equipment and intangible assets as at 31 December 2014 were US$1,229.8 million (2013: US$37.3 million) as discussed further in Note 34 to the Financial Statements.

DIVIDENDS

At a Board meeting on 10 March 2015, the Directors did not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: US$52.9 million).

At a Board meeting on 11 March 2014, the Directors of the Company recommended the payment of a final dividend of US1.0 cent per ordinary share (US$52.9 million) for the year ended 31 December 2013. The recommended dividend was approved on 21 May 2014 and was paid on 6 June 2014. This is reflected as an appropriation of retained earnings during the year ended 31 December 2014.

	2014 US$ MILLION	2013 US$ MILLION
Dividends paid/payable during the year		
MMG Limited 2013 final dividend	52.9	–
	52.9	–

MAJOR DEVELOPMENT PROJECTS

An update of the Company's major development projects is below.

LAS BAMBAS, PERU

Las Bambas is a large, long-life copper development project located in the Apurimac region of Peru. It is at an advanced stage of construction and is set to become one of the largest global copper mines once in full production.

Throughout 2014, project activity focused on the construction of the processing plant, primary crusher, overland conveyor and key surface infrastructure. As at 31 December 2014, the overall project was 80% complete.

MMG expects first production of concentrate in the first quarter of 2016, with the remaining capital expenditure required to complete the Las Bambas Project to be in the range of US$1.9–US$2.4 billion from 1 January 2015.

Capital expenditure for the Las Bambas Project totalled US$772.4 million from 1 August 2014 to 31 December 2014.

DUGALD RIVER, AUSTRALIA

The Dugald River project is one of the largest high-grade known deposits of zinc, lead and silver in the world. Located in north-west Queensland, approximately 65 kilometres north-west of Cloncurry, the deposit has a Mineral Resource of 63 million tonnes at 12% zinc, 1.8% lead and 31g/t silver.

In 2014, MMG conducted a mine trial stoping program which was designed to determine the geotechnical conditions and practical operating performance for an underground mine. The mining component of this program was completed with 19 stopes successfully mined, providing valuable input into the determination of the optimal stope size and project parameters.

The results of the trial continue to be analysed in parallel with a review of surface infrastructure and processing requirements.

As a result of the trial stoping program, there are ore stockpiles at Dugald River of approximately 450,000 tonnes with an average grade of 13.3% zinc. Trucking this stockpiled ore to Century for processing is one of a number of options being considered in the short term.

Total capital expenditure for the Dugald River project in 2014 totalled US$68.0 million, contributing to a total value of US$626.7 million in property, plant and equipment associated with the project at 31 December 2014.

CONTRACTS AND COMMITMENTS

SEPON

Several agreements were entered into or extended for Sepon in the areas of equipment and tyres purchase and mining services, including drilling services. The agreement for the provision of diesel fuel was extended with amended commercial arrangements, including the incorporation of key performance indicators which will be reviewed regularly along with clearer visibility of pricing structures. The contract also considers potential increases in consumption with a rebates mechanism in place. An improved risk profile was also achieved under the amended commercial arrangements with increased insurance levels.

KINSEVERE

An agreement was entered into for the provision of diesel fuel and related services at Kinsevere after a competitive market engagement process. The agreement provides security of supply and includes increased safety performance indicators. Another competitive market engagement process resulted in a new supplier introduced to perform camp management service for the Kinsevere camp (and surrounding sites) as well as the Lubumbashi camp under one consolidated agreement.

ROSEBERY

Several agreements were entered into for the provision of mining services including raiseboring, mine development and near-mine drilling. Other agreements included an extension of the electricity supply agreement and capital works associated with the new powerline.

GOLDEN GROVE

A competitive market engagement process conducted for activities related to inbound freight services resulted in a new supplier awarded the agreement for Golden Grove. The agreement provides for freight services including pick-ups from the wharf, warehousing and consolidation of goods, transport of goods to site and unloading.

DUGALD RIVER

An agreement was negotiated for the provision of mining services in relation to the stope mining trial at Dugald River. The agreement met MMG's requirement for a trial with flexibility in a range of equipment and personnel available for the work to be undertaken.

LAS BAMBAS

Several agreements were entered into for the supply of major spare parts for the concentrator plant. The provision of earthmoving services was transitioned to a new supplier, under a competitive tender process.

OTHER

An extension to the existing agreement for the supply of fuel and services for MMG's Australian sites was completed following extensive negotiations with the incumbent supplier. This followed an Expression of Interest process conducted to explore opportunities following changes in the Australian fuel market. The negotiations yielded improved commercial arrangements including revision of key performance indicators including those in the area of continuous improvement.

PEOPLE

As at 31 December 2014, the Group employed a total of 5,109 full-time equivalent employees (2013: 4,897) in its operations (excluding contractors, casual employees, apprentices and trainees) with the majority of employees based in Australia, Laos, South America and the DRC.

Total employee benefits expenses for the Group's operations for the 12 months ended 31 December 2014, including directors' emoluments, totalled US$446.6 million which is consistent with the prior year (2013: US$448.3 million).

The Group has remuneration policies that align with market practice and remunerates its employees based on the responsibilities of their role, their performance, market requirements and the performance of the Group. Employee benefits include market-competitive fixed remuneration, performance-related incentives, a limited share option scheme and, in specific cases, insurance and medical coverage. 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.

MATERIAL ACQUISITIONS AND DISPOSALS

ACQUISITION OF LAS BAMBAS

On 14 April 2014, the Group announced that it had entered into a conditional agreement to acquire the Las Bambas Project as part of a joint venture with two other entities. The acquisition was approved by Shareholders on 21 July 2014, and was completed on 31 July 2014 for an aggregate consideration of US$2,968.1 million.

Also in accordance with the Share Purchase Agreement, the Purchasers lent an amount of approximately US$4.0 billion (equivalent to approximately HK$31.3 billion), being the Estimated Intragroup Loan Amount, to the Project Company for its repayment of the Intragroup Loans to members of the Sellers' Group.

The Las Bambas Project is a large, scalable, long-life development project with prospective exploration options. Located in Cotabambas, within the Apurimac Region of Peru, the project is at an advanced stage of construction. The estimated mine life is in excess of 20 years.

With construction being 80% complete at 31 December 2014, MMG expects first production of concentrate in the first quarter of 2016, with the remaining capital expenditure required to complete the Las Bambas Project to be in the range of US$1.9–US$2.4 billion from 1 January 2015.

Further details of the acquisition are disclosed in Note 28 to the Financial Statements.

EVENTS AFTER THE REPORTING DATE

Other than the matters outlined elsewhere in this announcement, 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.

FINANCIAL AND CAPITAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks, including commodity price risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk, equities price risk and sovereign 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 does not and is prohibited to enter into derivative contracts for speculative purposes.

Financial risk management is carried out by the Group Treasury function under policies 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 above.

(a) Commodity price risk

The Group is exposed to commodity price volatility on commodity sales made by its operations. This arises from the sale of metal and metal in concentrate products such as zinc, copper, lead, gold and silver, which are priced on, or benchmarked to, open market exchanges. There were no commodity hedges in place as at 31 December 2014.

(b) Interest rate risk

The Group is exposed to interest rate volatility on deposits and borrowings. Deposits and borrowings at variable rates expose the Group to cash flow interest rate risk. Deposits and borrowings at fixed rates expose the Group to fair value interest rate risk.

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

(c) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency exchange risk. The Group's reporting currency and functional currency of the majority of subsidiaries within the Group is US dollars. The majority of revenue received by the Group is in US dollars. The Group's foreign currency exchange risk arises predominantly from the currency of the countries in which the Group's operations are located.

The Group is exposed to foreign exchange risk primarily with respect to the Peruvian Nuevo Sol (PEN), the Australian dollar (A$), and the Hong Kong dollar (HK$). Given the exchange rate peg between HK$ and US$, it is not foreseen that the Group will be exposed to significant exchange rate risk for the transactions conducted in HK$ or US$. However, exchange rate fluctuations of PEN or A$ against US$ could affect the Group's performance and asset value. The PEN and A$ are the most important currencies that influence costs.

The Group tries to minimise its foreign exchange risk exposures through natural hedges wherever possible. For instance, all external debt and surplus cash is denominated in US dollars. A portion of cash may be held in Australian dollars to meet operating costs.

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to counterparty credit risk through sales of metal products on normal terms of trade, through deposits of cash and settlement risk on foreign exchange transactions. At the reporting date, the carrying amount of the Group's financial assets, including cash and cash equivalents, trade and other receivables and other bank deposits, represents the maximum credit exposure.

The credit risk on investments in cash, short-term deposits and similar assets are with approved counterparty banks and the Company's intermediate holding company. Counterparties are assessed prior to, during and after the conclusion of transactions to ensure that 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.

(e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. Management utilises short and long-term cash flow forecasts and other consolidated information to ensure that appropriate liquidity buffers are maintained to support the Group's activities.

(f) Equities price risk

Equity securities price risk arising from investments held by the Group are classified in the balance sheet as available-for-sale and fair value through profit and loss financial assets. All the Group's equity investments are publicly traded. The price risk of the Group's equity securities was not significant as at 31 December 2014.

(g) Sovereign risk

The Group has operations in countries that carry higher levels of sovereign risk. Political and administrative change and reforms in law, regulations or taxation may impact the Group's future performance.

CONTINGENT LIABILITIES

The Company and its subsidiaries are defendants from time to time in legal proceedings arising from the conduct of their businesses. The Group does not consider that the outcome of any of these proceedings ongoing at the balance sheet date, either individually or in aggregate, is likely to have a material effect on its financial position.

Additionally, certain bank guarantees have been provided in connection with the operations of certain of the subsidiaries of the Company. These are primarily associated with the terms of mining leases or exploration licences. As at 31 December 2014 no claims had been made under these guarantees.

Further details are included in Note 35 to the Financial Statements.

CHARGES ON ASSETS

As at 31 December 2014 the following banking facilities granted to the Group required certain assets to be charged:

- the US$751.0 million facility granted by CDB and BOC Sydney to Album Resources Private Limited (Album Resources) and MMG Management Pty Ltd (MMG Management) dated 12 June 2012 (US$751.0 million Facility), with respect to a borrowing of US$713.4 million;
- the US$200.0 million facility granted by CDB to Album Resources dated 12 June 2009 (US$200.0 million Facility), with respect to a borrowing of US$150.0 million;
- the A$350.0 million bank guarantee facility between MMG Management and BOC Sydney (A$350.0 million Facility);
- the US$1.0 billion facility granted by CDB and BOC Sydney to MMG Dugald River Pty Ltd (MMG Dugald River) dated 27 June 2013 (US$1.0 billion Facility), with respect to a borrowing of US$250.0 million; and
- the US$969.0 million acquisition facility and US$5,988.0 million project facility granted by CDB, ICBC, BOC Sydney and the Export-Import Bank of China to Minera Las Bambas S.A. with respect to a borrowing of approximately US$5,150.8 million, and the US$380.0 million bank guarantee facility between Minera Las Bambas S.A. and ICBC (together, the Las Bambas Facilities).

The charges in respect of the US$751.0 million and US$200.0 million Facilities are:

- a first-ranking equitable mortgage over 100% of the shares held in Album Resources' wholly owned subsidiary, Album Investment Private Limited (Album Investment);
- a first-ranking equitable mortgage over 100% of the shares in certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings Limited (MMG Laos Holdings); and
- a share charge over 70% of the shares in certain other subsidiaries of Album Investment including MMG Laos Holdings.

The security in respect of the A$350.0 million Facility is a second-ranking equitable mortgage over the assets described above.

The charges in place for the US$1.0 billion Facility are the same as those existing in respect of the US$751.0 million Facility. In addition, certain subsidiaries of the Company that relate to the Dugald River project have provided asset security in respect of their assets. Following successful commissioning of the Dugald River project, and subject to meeting certain agreed conditions, the financing will be limited recourse to the assets and shares of MMG Dugald River.

The charges in respect of the Las Bambas Facilities are:

- share security over 100% of the shares held in MMG SAM and each of its subsidiaries, including the borrower, Minera Las Bambas S.A.;
- a debenture over the assets of MMG SAM and an assets pledge agreement and production unit mortgage in respect of all of the assets of Minera Las Bambas S.A.; and
- assignments of Shareholder loans between MMG SAM and its subsidiaries and security agreements over bank accounts of Minera Las Bambas S.A.

FUTURE PROSPECTS

MMG expects to produce 166,000–181,000 tonnes of copper and 440,000–510,000 tonnes of zinc in 2015.

Capital Expenditure guidance for 2015 is US$350–US$400 million which excludes forecast expenditure on Las Bambas.

MMG currently does not have any future plans for material investments or capital assets sanctioned by the Board other than those detailed in this report or announced to the market.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS' BIOGRAPHIES

CHAIRMAN

MR JIAO JIAN

Mr Jiao, aged 46, was appointed as the Chairman of the Company in August 2014. He is a member of the Company's Remuneration and Nomination Committee.

Prior to his appointment as the Chairman, Mr Jiao served as a Non-executive Director of the Company since December 2010. He has also served as a director of certain subsidiaries of the Company. Mr Jiao has been a Director and the President of CMN since December 2009 and May 2010 respectively, and a director and the President of China Minmetals Non-ferrous Metals Holding Company Limited (CMNH) since December 2009 and January 2011 respectively. He has been the Chairman of Album Enterprises Limited (Album Enterprises) and a director of Top Create Resources Limited (Top Create) since November 2011 and February 2012 respectively. Mr Jiao has been a director of Hunan Nonferrous Metals Holding Group Co., Ltd (HNG) and China Minmetals Rare Earth Group Co., Ltd. since July 2010 and December 2011 respectively. He is a director of Copper Partners Investment Co., Ltd. (Copper Partners Investment).

Mr Jiao holds a Bachelor's degree in International Economics from the Nankai University in the People's Republic of China (PRC) and a Master of Business Administration from Saint Mary's University in Canada. He has extensive experience in international trade, investment and corporate management.

Mr Jiao joined the China Minmetals Corporation and its subsidiaries (CMC Group) in 1992. He was the Vice President of CMN from 2007 to May 2010. Mr Jiao was the Chairman of China Minmetals Rare Earth Co., Ltd. (CMRE) (a company listed on the Shenzhen Stock Exchange) and China Tungsten and Hightech Materials Co., Ltd. (a company listed on the Shenzhen Stock Exchange) from April 2010 to April 2014 and from April 2013 to March 2014 respectively. He was also a director of Jiangxi Tungsten Industry Group Co., Ltd. (Jiangxi Tungsten) from November 2009 to August 2014.

EXECUTIVE DIRECTORS

MR ANDREW MICHELMORE

Mr Michelmore, aged 62, was appointed as an Executive Director and the Chief Executive Officer (CEO) of the Company in December 2010. He is a member of the Company's Safety, Health, Environment and Community (SHEC) Committee.

Mr Michelmore is also a director of a number of subsidiaries of the Company. He was the managing director and CEO of Minerals and Metals Group from its formation in June 2009 until its acquisition by the Company in December 2010. Prior to joining Minerals and Metals Group, Mr Michelmore was the CEO of Zinifex Limited followed by OZ Minerals Limited. He is a director of Century Aluminum Company (a company listed on the NASDAQ and the Iceland Stock Exchange). Prior to his role as the CEO of Zinifex Limited, Mr Michelmore spent two years working in London and Russia as the CEO of En+ Group.

Mr Michelmore has more than 30 years' experience in the metals and mining industry including 12 years at WMC Resources Limited, where he was the CEO, and prior to that, he held senior roles in the company's nickel, gold, alumina, copper, uranium and fertiliser businesses.

Mr Michelmore holds a First Class Honours degree in Engineering (Chemical) from the University of Melbourne and a Master of Arts in Politics, Philosophy and Economics from Oxford University. He is a Fellow of the Institution of Chemical Engineers, the Institution of Engineers Australia and the Australian Academy of Technological Sciences and Engineering.

Mr Michelmore is also Chairman of the International Zinc Association (IZA), Chairman of the Jean Hailes Foundation for Women's Health, Chairman of the Council of Ormond College at the University of Melbourne, Deputy Chairman of the ICMM, Chairman of the Minerals Council of Australia and a member of the Business Council of Australia.

MR DAVID LAMONT

Mr Lamont, aged 49, was appointed an Executive Director and the Chief Financial Officer (CFO) of the Company in December 2010.

Mr Lamont is also a director of a number of subsidiaries of the Company. He served as the CFO of Minerals and Metals Group from its formation in June 2009 until its acquisition by the Company in December 2010. Prior to that, Mr Lamont was the CFO of OZ Minerals Limited from October 2008 until June 2009.

Mr Lamont has also been a director of the Financial Executives Institute of Australia since December 2013.

He holds a Bachelor of Commerce degree and is a qualified Chartered Accountant. He is a member of the Institute of Chartered Accountants and was an Audit Supervisor at Deloitte Haskins and Sells before commencing a corporate career.

After progressing through various senior roles in the chemical and agricultural industries, Mr Lamont was appointed the CFO of Incitec Limited in 1999. He joined BHP Billiton in 2001 where he held a number of senior roles including the CFO of BHP Billiton's Energy Coal and Carbon Steel Materials Groups. Mr Lamont joined OZ Minerals Limited from PaperlinX Limited, where he had served as the CFO since 2006. He was appointed an executive director of PaperlinX Limited in February 2008, resigning in September 2008.

MR XU JIQING

Mr Xu, aged 47, was appointed as an Executive Director and Executive General Manager – Strategic Planning of the Company in May 2013. His role title changed to Executive General Manager – China and Group Strategy in August 2014. Prior to that, Mr Xu served as a Non-executive Director of the Company from May 2009 until May 2013 and a member of the Company's Audit Committee from July 2009 until May 2013. He is also a director of a number of subsidiaries of the Company.

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

Mr Xu joined the CMC Group in 1991. He was appointed as the Manager of Finance at Minmetals Development Co. Ltd. in 1997, and was promoted to Vice General Manager in 1999 and General Manager in 2000. Mr Xu was also the General Manager of Finance at China National Nonferrous Metals Industry Trading Group Corporation from July 2001 to April 2002, and the General Manager of Finance at CMN from April 2002 to December 2007. He was the CFO of CMN from December 2005 to November 2007 and the Vice President and CFO of CMN from December 2007 until May 2013. Mr Xu was the Vice President and CFO of CMNH from January 2011 until May 2013. He was the director of Album Enterprises and Top Create from December 2005 to October 2013 and from February 2012 to October 2013 respectively. Mr Xu was the director of Copper Partners Investment and HNG from March 2009 to December 2013 and from July 2010 to October 2013 respectively. He was also the director of CMNH and Jiangxi Tungsten from December 2009 to December 2014 and from April 2010 to August 2014 respectively.

NON-EXECUTIVE DIRECTORS

MR WANG LIXIN

Mr Wang, aged 47, was appointed as a Non-executive Director of the Company since January 2008. He is a member of the Company's Remuneration and Nomination Committee.

Mr Wang has served as an Executive Director and the Vice President of the Company from October 2005 until December 2007; a Non-executive Director from January 2008 until June 2009; the Vice Chairman and a Non-executive Director from July 2009 until December 2009; a Non-executive Director from December 2009 until April 2011; and the Chairman and a Non-executive Director from April 2011 until August 2014. He has also served as a director of a number of subsidiaries of the Company.

Mr Wang has also been an independent director of Maike Metals International Limited since January 2013.

Mr Wang holds a Bachelor of Arts in International Trade from the University of International Business and Economics in the PRC and has more than 14 years' experience in foreign trade and corporate management, as well as five years' experience with government services.

Mr Wang joined the Ministry of Foreign Trade and Economic Cooperation in 1990 and CMC Group in 1995. He was the President of CMN from 2007 to 2009. He was also a director of CMRE, a company listed on the Shenzhen Stock Exchange, from April 2009 to December 2009.

MR GAO XIAOYU

Mr Gao, aged 45, was appointed as a Non-executive Director of the Company in April 2011. He is a member of the Company's Audit Committee and SHEC Committee.

Mr Gao is a director of certain subsidiaries of the Company. He has also served as the Vice President of CMNH since January 2011 and the Vice President of CMN since January 2008. Mr Gao has been a director of Top Create since February 2012 and is also a director of certain subsidiaries of the CMC Group.

He holds a Master's degree in Business Management from The Renmin University of China in the PRC. He has extensive experience in enterprise risk management and control.

Mr Gao joined the CMC Group in 1993. He has worked in the Futures department of China Nonferrous Metals Import and Export Corporation from 1993 to 1997. He was also the General Manager of the Risk Management department of CMN from 2000 to 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

DR PETER CASSIDY

Dr Cassidy, aged 69, was appointed as an Independent Non-executive Director of the Company in December 2010. He is the Chairman of the Company's Remuneration and Nomination Committee and the SHEC Committee. Dr Cassidy is also a member of the Company's Audit Committee.

He has also been an independent non-executive director of Kerry Gold Mining Limited since September 2010.

Dr Cassidy is a metallurgical engineer with more than 40 years' experience in the resource and energy sectors, including more than 20 years as a director of major public companies. He was an independent non-executive director of Oxiana Limited (2002 to 2007); Zinifex Limited (2004 to 2008); Sino Gold Mining Limited (2002 to 2009); Lihir Gold Limited (2003 to 2010); OZ Minerals Limited (2008 to 2009); and Energy Developments Limited (2003 to 2009).

Dr Cassidy was also Non-executive Chairman of Allegiance Mining NL (April to July 2008) and a director of Eldorado Gold Corporation (2009 to 2010). He was CEO of Goldfields Limited from 1995 until its merger with Delta Gold Limited in 2002 to form Aurion Gold Limited (AurionGold) where he remained a director until 2003. Prior to 1995, Dr Cassidy was executive director – operations of RGC Limited.

Dr Cassidy has most recently been involved in the development and operation of major mining and processing projects in Australia, the PRC, Laos, Papua New Guinea and the Cote d'Ivoire. He is also a member of the Board of Advice of the Monash University Division of Mining and Resources Engineering.

MR ANTHONY LARKIN[6]

Mr Larkin, aged 72, was appointed as an Independent Non-executive Director of the Company in November 2011. He is the Chairman of the Company's Audit Committee and a member of the Company's Remuneration and Nomination Committee.

Mr Larkin has been a Fellow of the Australian Society of Certified Practising Accountants and the Australian Institute of Company Directors since 1984 and 1992 respectively. He received his accounting education from Wollongong Technical College and Sydney Technical College. Mr Larkin has extensive experience in enterprise audit and risk management.

Mr Larkin was previously a non-executive director and the Chairman of the Audit and Risk Committee and a member of the Nominations Committee of Incitec Pivot Limited, a company listed on the Australian Stock Exchange (2003 to 2014); a director and the Chairman of the Audit and Risk Committee and a member of the Remuneration and Appointments Committee of Oakton Limited, a company listed on the Australian Stock Exchange (2009 to 2014); a director of Corporate Express Australia Limited, a company listed on the Australian Stock Exchange (2004 to 2010); and Eyecare Partners Limited, a company listed on the Australian Stock Exchange (2007 to 2010), being the Chairman of their respective Audit and Risk Committees. He was also a director and Chairman of the Audit and Risk Committee and a member of the Remuneration and Appointments Committee of OZ Minerals Limited, a company listed on the Australian Stock Exchange (2008 to 2009); a director and Chairman of the Audit and Risk Committee and a member of the Remuneration and Appointments Committee of Zinifex Limited, a company formerly listed on the Australian Stock Exchange (2004 to 2008); the Chairman and member of the Remuneration and Appointments Committee of Ausmelt Limited, a company formerly listed on the Australian Stock Exchange (2003 to 2007); and the executive director of Finance of Orica Limited, a company listed on the Australian Stock Exchange (1998 to 2002).

MR LEUNG CHEUK YAN

Mr Leung, aged 63, was appointed as an Independent Non-executive Director of the Company in July 2012. He is a member of the Company's Audit Committee and Remuneration and Nomination Committee.

Mr Leung has also been an independent non-executive director of Bank of China Limited (BOC), a company listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange, since September 2013.

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

BIOGRAPHIES OF SENIOR MANAGEMENT

MR MARCELO BASTOS, CHIEF OPERATING OFFICER

Mr Bastos, aged 52, has served on the Executive Committee of the Company since June 2011 in his capacity as the Chief Operating Officer with responsibility for all operating assets. He is also a director of a number of subsidiaries of the Company.

Prior to joining the Company, Mr Bastos was CEO of BHP Billiton Mitsubishi Alliance from 2008 to 2011 and before that, President of BHP Billiton Nickel West from 2007 to 2008. He was also President of Cerro Matoso Nickel, a BHP Billiton company in Colombia, from 2004 to 2006.

Mr Bastos commenced his career at Vale and worked with iron ore, gold and copper from 1985 to 2004. His most senior roles at Vale were General Manager at the Carajas mines complex in Brazil and director of Non-ferrous Operations.

6 Mr Larkin has indicated his intention to resign as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee of the Company, effective upon the conclusion of the Company's AGM to be held on 20 May 2015. The Company has begun a search for Mr Larkin's replacement.

He has 29 years' international mining experience in the iron ore, gold, copper, nickel and coal sectors. He holds a Bachelor's degree in Mechanical Engineering from Federal University of Minas Gerais State, and a Master of Business Administration in Management from Fundação Dom Cabral – INSEAD associated, both in Brazil.

Mr Bastos has also been a non-executive director and a member of the Audit Committee of Iluka Resources Limited (a company listed on the Australian Stock Exchange) since February 2014.

Mr Bastos has trained at the Columbia Business School and Kellogg School of Management in the United States, Cranfield Business School in the United Kingdom and INSEAD in France. He was a member of the Western Australia Chamber of Mines and Energy from 2007 to 2008 and was the Vice President of the Queensland Resources Council from 2008 to 2010, both in Australia. Mr Bastos was a non-executive director of Golding Contractors Pty Ltd in Queensland, Australia, from 2012 to 2013.

MR MICHAEL NOSSAL, EXECUTIVE GENERAL MANAGER – BUSINESS DEVELOPMENT

Mr Nossal, aged 56, has served on the Executive Committee of the Company since January 2011 in his capacity as the Executive General Manager – Business Development, a role he previously held at Minerals and Metals Group from January 2010 until its acquisition by the Company in December 2010. He is also a director of a number of subsidiaries of the Company.

Prior to joining Minerals and Metals Group, Mr Nossal was the Deputy CEO of En+ Group, where he was responsible for corporate finance, strategy and business development and execution of key merger and acquisition projects. Prior to En+ Group, Mr Nossal was Executive General Manager Business Strategy and Development at WMC Resources Limited, where he was responsible for business development, corporate planning, exploration, technical research and project development.

Mr Nossal has also held senior roles at Normandy Mining Limited and Kenmare Resources Limited. Between these roles, he spent several years in investment banking as Associate Director at Macquarie Corporate Finance, where he worked in the resources team on public market mergers and acquisitions, project finance and mining asset sales and acquisitions. He has also been a non-executive director of Nord Gold NV.

Mr Nossal holds a Bachelor's degree in Science from Monash University in Melbourne and a Master of Business Administration from the Wharton School of the University of Pennsylvania.

MR GREG TRAVERS, EXECUTIVE GENERAL MANAGER – BUSINESS SUPPORT

Mr Travers, aged 56, has served on the Executive Committee of the Company since May 2014 in his capacity as Executive General Manager – Business Support. In this role he is responsible for the Human Resources, Remuneration and Benefits, Shared Business Services, Information Technology, Safety, Health, Environment and Community functions.

Mr Travers previously worked at Myer Limited from 2006 until 2014. He was Director of Strategic Planning and Human Resources before being appointed Executive General Manager Business Services and Strategic Planning in 2010, responsible for a range of business areas similar to his current position (including throughout his time at Myer, Procurement, Human Resources, Occupational Health and Safety, Sustainability, Shared Services, Corporate Affairs and the company's Program Management Office) as well as leading the Office of the CEO from 2012, where he was responsible for the review and delivery of new business opportunities and strategy.

Mr Travers has experience in the mining sector, having worked with BHP in the Minerals division for seven years, mostly in human resources roles in manganese, coal and iron ore. Following this he worked for six years at Pratt Group, a privately owned paper and packaging business, and subsequently at WMC Resources.

He is a former director of the Institute of Public Affairs and the Australian Mines and Metals Association.

Mr Travers holds a Bachelor of Arts degree majoring in Economics from the University of Adelaide.

MR TROY HEY, EXECUTIVE GENERAL MANAGER – STAKEHOLDER RELATIONS

Mr Hey, aged 44, has served on the Executive Committee of the Company since August 2013 in his capacity as the Executive General Manager – Stakeholder Relations.

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

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

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

DIRECTORS' REPORT

The Board of Directors of the Company (Board) is pleased to present the Annual Report together with the audited Financial Statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

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

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

An analysis of the Group's revenue for the year ended 31 December 2014 by reportable segments, together with their respective contributions to profit from operations (EBIT), is set out in Note 4 to the Financial Statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the largest customer and the five largest customers in aggregate accounted for 33% and 68% of the total sales of the Group respectively. Purchases from the five largest suppliers to the Group in aggregate accounted for 17% of the total purchases of the Group during the year.

Apart from CMC, the ultimate controlling Shareholder, having an interest of approximately 88.4% in one of the five largest customers, none of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors, owned more than 5% of the Company's share capital) had any beneficial interest in any of the five largest customers or suppliers of the Group.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 are set out in the Consolidated Income Statement in the Financial Statements on page 82.

No interim dividend was declared for 2014 (2013: nil). The Board has given due consideration to the payment of dividends and determined that given the current focus on growth, the Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: US 1.0 cent per share).

RESERVES

Movements in reserves of the Group during the year are set out in Note 23 to the Financial Statements.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company as at 31 December 2014 are set out in Note 23 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in Note 13 to the Financial Statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2014 are set out in Note 24 to the Financial Statements.

Other than as disclosed in the Company's announcements on the Stock Exchange on 20 May 2014, the Company and its subsidiaries have not entered into a loan agreement that includes a condition imposing specific performance obligations on any controlling Shareholder. A breach of such an obligation would cause a default in respect of loans that are significant to the operations of the issuer.

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

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

FACILITIES GRANTED BY CHINA DEVELOPMENT BANK CORPORATION AND BANK OF CHINA LIMITED

On 13 June 2012, Album Resources and MMG Management, each a wholly owned subsidiary of the Company, entered into the US$751.0 million Facility, pursuant to which:

- CDB agreed to provide Album Resources with a US$366.0 million cash facility (Tranche A Facility). Such loan is to be repaid by instalment on the specified dates set out in the facility agreement, the last date of such repayment being 10 June 2017. Such facility has been fully drawn down and applied towards the refinancing of the US$366.0 million facility granted by CDB to Album Resources in 2009; and
- BOC Sydney agreed to provide MMG Management with a US$385.0 million cash facility (Tranche B Facility). Such loan is to be repaid by instalment on the specified dates set out in the facility agreement, the last date of such repayment being 10 June 2017. Such facility has been fully drawn down and applied to an intra-group loan extended by MMG Management to MMG Century Limited (MMG Century) to repay the US$385.0 million facility granted by BOC Sydney to MMG Century in 2010.

Pursuant to the terms of the US$751.0 million Facility, on the occurrence of the following events (among others), CDB and/or BOC Sydney may declare all outstanding loans under the Tranche A Facility and/or the Tranche B Facility immediately due and payable:

- CMN ceases to legally and beneficially own at least 51% of the issued share capital of the Company; or
- CMN (a) ceases to beneficially hold at least 51% of the issued share capital of Album Resources; or (b) does not have any of the following: (1) the power to cast, or control the casting of, at least 51% of the maximum number of votes that might be cast at a general meeting of Album Resources; or (2) the ability to appoint or remove all, or the majority, of the directors of Album Resources; or (3) the power to give directions with respect to the operating and financial policies of Album Resources with which the directors of Album Resources are obliged to comply.

On 27 June 2013, the Company, MMG Dugald River and certain other subsidiaries entered into a facility agreement with CDB and BOC Sydney in relation to the financing of the development and construction of the Dugald River project for an amount up to US$1 billion (Dugald River Facility). The Dugald River Facility will be available for drawdown until 27 June 2016, and is to be repaid by 26 June 2026. As at 31 December 2014, the amount of US$250.0 million was drawn under the Dugald River Facility.

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

- CMN ceases to legally and beneficially own, directly or indirectly, at least 51% of the issued share capital of the Company; or
- CMN ceases to have the power to (a) cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of the Company; or (b) appoint or remove all, or the majority, of the Directors or other equivalent officers of the Company; or (c) give directions with respect to the Company's operating and financial policies with which the Directors or other equivalent officers of the Company are obliged to comply.

FACILITIES GRANTED BY CDB

Album Resources has been granted by CDB a loan not exceeding US$200.0 million for a term of not more than seven years from 12 June 2009, during which the loan is to be repaid over the last five years, on the specified dates set out in the facility agreement (CDB 7-year Facility). The CDB 7-year Facility has been fully drawn down.

Pursuant to the CDB 7-year Facility, CMN undertook, among other undertakings, that prior to repayment under the facility, CMN would remain a controlling Shareholder and certain subsidiaries of the Company, namely, Album Resources, Album Investment and MMG Century.

FACILITY GRANTED BY BANK OF CHINA LIMITED, SINGAPORE BRANCH (BOC SINGAPORE)

Album Resources has been granted by BOC Singapore a US$144.0 million cash facility, which is to be repaid by instalment on the specified dates set out in such facility agreement, the last date of such repayment being 10 June 2016 (BOC Singapore Facility). CMN acted as the guarantor of such facility.

Under the BOC Singapore Facility, a review event will occur in the event that Album Resources ceases to be a subsidiary of CMN, which event entitles the borrower to elect to repay all outstanding monies, or if such election is not made, the lender may declare all of the outstanding monies due and payable.

FACILITY GRANTED BY ICBC

On 22 August 2012, MMG Finance Limited was granted by ICBC a US$150.0 million one-year term facility. On 20 August 2013, ICBC agreed to extend its facility for a further term of one year. On 20 May 2014, ICBC and MMG Finance Limited entered into a US$300.0 million three-year loan facility, to replace the US$150.0 million loan facility, which consists of a US$200.0 million term facility along with a US$100.0 million revolving facility for discretionary working capital. Under the facility, an event of default will occur in the event that the Company ceases to be a subsidiary of CMN or MMG Finance Limited ceases to be a wholly owned subsidiary of the Company, and the lender may declare all outstanding loans under the facilities immediately due and payable.

Please refer to the announcements of the Company on 10 January 2011, 14 June 2012, 22 August 2012, 27 June 2013, 20 August 2013 and 20 May 2014 for further details of the facilities referred to above.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on pages 144 to 145.

SHARE CAPITAL

Details of the movements in the Company's share capital are set out in Note 22 to the Financial Statements.

DONATIONS

Donations made by the Group during the year for charitable and community purposes amounted to approximately US$1.2 million.

DIRECTORS

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

CHAIRMAN

Mr Jiao Jian (Non-executive Director)
(Appointed as Chairman on 20 August 2014)

EXECUTIVE DIRECTORS

Mr Andrew Michelmore (CEO)
Mr David Lamont (CFO)
Mr Xu Jiqing (Executive General Manager – China and Group Strategy)

NON-EXECUTIVE DIRECTORS

Mr Wang Lixin
(Resigned as Chairman on 20 August 2014)
Mr Gao Xiaoyu

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr Peter Cassidy
Mr Anthony Larkin[7]
Mr Leung Cheuk Yan

In accordance with article 101 of the articles of association of the Company, Mr Jiao Jian, Mr David Lamont and Mr Gao Xiaoyu will retire by rotation at the Company's forthcoming AGM and, being eligible, offer themselves for re-election.

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

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

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

As at 31 December 2014, the interests and short positions of the Directors and the CEO of the Company or any of their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (SFO)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (Model Code) as set out in Appendix 10 of the Listing Rules were as follows:

LONG POSITION IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY

NAME OF DIRECTOR	NATURE OF INTEREST	NUMBER OF SHARES HELD	NUMBER OF UNDERLYING SHARES HELD	APPROXIMATE PERCENTAGE OF TOTAL NUMBER OF ISSUED SHARES (%)[1]
JIAO Jian	Personal	–	1,200,000[3]	0.02
Andrew MICHELMORE	Personal	891,000[4]	28,150,200[2]	0.55
David LAMONT	Personal	450,000	6,240,582[2]	0.13
XU Jiqing	Personal	–	1,000,000[3]	0.02

1. The calculation is based on the number of ordinary shares and/or underlying ordinary shares as a percentage of the total number of issued ordinary shares of the Company (that is, 5,289,607,889 shares) as at 31 December 2014.
2. The Directors' interests in the underlying ordinary shares of the Company are through share options granted by the Company pursuant to the 2013 Share Option Scheme, details of which are set out under the section headed '2013 Share Option Scheme'.
3. The Directors' interests in the underlying ordinary shares of the Company are through share options granted by the Company pursuant to the 2004 Share Option Scheme, details of which are set out under the section headed '2004 Share Option Scheme'.
4. The number of shares held by Andrew Michelmore has increased to 1,163,000 following his additional purchase of MMG shares on 16 March 2015.

7 Mr Larkin has indicated his intention to resign as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee of the Company, effective upon the conclusion of the Company's AGM to be held on 20 May 2015. The Company has begun a search for Mr Larkin's replacement.

Save as disclosed above, as at 31 December 2014, none of the Directors or the CEO of the Company or any of their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code. In addition, none of the Directors or the CEO of the Company or any of their associates had been granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) during the year ended 31 December 2014.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 December 2014, the interests of Directors of the Company in a business that competes or is likely to compete with the businesses of the Group, as defined in the Listing Rules, are as follows:

1. **Mr Xu Jiqing, an Executive Director of the Company, is:**
   - a Director of CMNH (resigned in December 2014).
2. **Mr Jiao Jian, a Non-executive Director and Chairman of the Company, is:**
   - the President and director of CMNH;
   - the President and director of CMN;
   - the Chairman of Album Enterprises;
   - a director of Top Create;
   - a director of HNG; and
   - a director of Copper Partners Investment.
3. **Mr Wang Lixin, a Non-executive Director of the Company, is:**
   - an independent director of Maike Metals International Limited.
4. **Mr Gao Xiaoyu, a Non-executive Director of the Company, is:**
   - the Vice President of CMNH;
   - the Vice President of CMN; and
   - a director of Top Create.

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

SHARE OPTION SCHEME

2004 SHARE OPTION SCHEME

Pursuant to the share option scheme adopted at the Company's AGM held on 28 May 2004 (2004 Share Option Scheme), there were 3,600,000 options outstanding as at 31 December 2014, which represented approximately 0.07% of the total number of issued shares of the Company as at that date. The 2004 Share Option Scheme had expired on 27 May 2014. Accordingly, no further options shall be granted in accordance with the provisions thereunder but in all other respects the provisions of the 2004 Share Option Scheme shall remain in force to govern the exercise of all the options granted prior to such expiry, which shall continue to be valid and exercisable.

					NUMBER OF OPTIONS				
CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT[1]	EXERCISE PRICE PER SHARE HK$	EXERCISE PERIOD[2]	BALANCE AS AT 1 JANUARY 2014	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CANCELLED DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AS AT 31 DECEMBER 2014
DIRECTORS									
JIAO Jian	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,200,000	–	–	–	–	1,200,000
XU Jiqing	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,000,000	–	–	–	–	1,000,000
EMPLOYEES OF THE GROUP	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,400,000	–	–	–	–	1,400,000
				3,600,000	**–**	**–**	**–**	**–**	**3,600,000**

1. The closing price of the shares of the Company immediately before the date on which the options were granted was HK$2.69 per share.
2. The options granted may be exercised according to the following three tranches, which are subject to certain terms and conditions including, among others, the achievement of certain performance targets by the Group and the grantee:
   (i) up to 33% of the options granted to each grantee shall be exercisable at any time after the expiration of 24 months from the date of grant of options;
   (ii) up to 67% of the options granted to each grantee shall be exercisable at any time after the expiration of 36 months from the date of grant of options; and
   (iii) up to 100% of the options granted to each grantee shall be exercisable at any time after the expiration of 48 months from the date of grant of options, and in each case, not later than 2 June 2015.

2013 SHARE OPTION SCHEME

Pursuant to the share option scheme adopted at the Company's Extraordinary General Meeting held on 26 March 2013 (2013 Share Option Scheme), there were 153,842,722 options outstanding as at 31 December 2014, which represented approximately 2.91% of the total number of issued shares of the Company as at that date.

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

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

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

3. **Total number of shares available for issue under the 2013 Share Option Scheme**
   The total number of shares available for issue under the 2013 Share Option Scheme is 369,610,066 shares, representing approximately 6.99% of the issued share capital of the Company as at the date of this report.

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

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

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

7. **Time of acceptance and the amount payable on acceptance of the option**
   No amount is payable upon application or acceptance of an option.

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

   (i) the closing price per share of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option; and

   (ii) an amount equivalent to the average closing price per share of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant option.

9. **The remaining life of the 2013 Share Option Scheme**
   The 2013 Share Option Scheme will terminate on 26 March 2023 unless terminated earlier by the Board.

   During the year ended 31 December 2014, the movements of the options which have been granted under the 2013 Share Option Scheme were as follows:

					NUMBER OF OPTIONS				
CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT[1]	EXERCISE PRICE PER SHARE HK$	EXERCISE PERIOD[2]	BALANCE AS AT 1 JANUARY 2014	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CANCELLED DURING THE YEAR	LAPSED DURING THE YEAR[3]	BALANCE AS AT 31 DECEMBER 2014
DIRECTORS									
Andrew MICHELMORE	9 April 2013	2.62	9 April 2016 to 8 April 2020	28,150,200	–	–	–	–	28,150,200
David LAMONT	9 April 2013	2.62	9 April 2016 to 8 April 2020	6,240,582	–	–	–	–	6,240,582
EMPLOYEES OF THE GROUP	9 April 2013	2.62	9 April 2016 to 8 April 2020	124,737,940	–	–	–	(5,286,000)	119,451,940
				159,128,722	**–**	**–**	**–**	**(5,286,000)**	**153,842,722**

1. The closing price of the shares of the Company immediately before the date on which the options were granted was HK$2.45 per share.
2. The vesting period of the options is three years from the date of grant. The vesting of options is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant, including among others, achievement of financial, reserves and market-related performance targets during the vesting period.
3. This refers to options lapsed due to cessation of employment.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and CEO of the Company, as at 31 December 2014, the following persons had interests or short positions in the shares or underlying shares of the Company that were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, that were recorded in the register required to be kept by the Company under Section 336 of the SFO:

LONG POSITION IN THE SHARES OF THE COMPANY

NAME	CAPACITY	NUMBER OF SHARES HELD	APPROXIMATE PERCENTAGE OF TOTAL NUMBER OF ISSUED SHARES (%)[1]
China Minmetals Corporation (CMC)	Interest of controlled corporations[2,3]	3,898,110,916	73.69
China Minmetals Corporation Limited (CMCL)	Interest of controlled corporations[2,3]	3,898,110,916	73.69
China Minmetals Non-ferrous Metals Holding Company Limited (CMNH)	Interest of controlled corporations[2,3]	3,898,110,916	73.69
China Minmetals Non-ferrous Metals Company Limited (CMN)	Interest of controlled corporations[2,3]	3,898,110,916	73.69
Album Enterprises Limited (Album Enterprises)	Beneficial owner[3]	2,276,800,860	43.04
Top Create Resources Limited (Top Create)	Beneficial owner[2]	1,621,310,056	30.65

1. The calculation is based on the number of ordinary shares that each person is interested in (whether directly/indirectly interested or deemed to be interested) as a percentage of the total number of issued ordinary shares (that is, 5,289,607,889 shares) of the Company as at 31 December 2014.
2. Top Create is a wholly owned subsidiary of CMN, which in turn is owned as to approximately 99.999% by CMNH and approximately 0.001% by CMCL. CMNH is a wholly owned subsidiary of CMCL. CMCL is owned as to approximately 87.5% by CMC and approximately 0.8% by China National Metal Products Co. Ltd., which in turn is a wholly owned subsidiary of CMC. Accordingly, CMN, CMNH, CMCL and CMC were by virtue of the SFO deemed to be interested in the 1,621,310,056 shares of the Company held by Top Create as at 31 December 2014.
3. Album Enterprises is a wholly owned subsidiary of CMN. Accordingly, CMN, CMNH, CMCL and CMC were by virtue of the SFO deemed to be interested in the 2,276,800,860 shares of the Company held by Album Enterprises as at 31 December 2014.

Save as disclosed above, as at 31 December 2014, there was no other person who was recorded in the register of the Company, as having an interest or short positions in the shares or underlying shares of the Company who was required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year ended 31 December 2014, the Group had the following material connected transactions, details of which are set out below:

1. On 30 September 2011, the Company entered into an unsecured acquisition finance facility agreement with Album Enterprises pursuant to which Album Enterprises agreed to make available to the Company up to US$1,000 million for the purpose of acquiring all of the issued shares of Anvil (Anvil Loan Facility). On 16 February 2012, a loan in the amount of US$300 million was advanced to the Company under the Anvil Loan Facility for a term of 12 months.

   On 17 December 2012, the parties agreed to extend the term of the Anvil Loan Facility, and consequently the term of the loan advanced under the Anvil Loan Facility, for a period of 12 months, to 14 February 2014. On 14 February 2014, the Anvil Loan Facility was further extended by agreement of the parties for a period of six months. Following prepayments made in 2013, the balance owing under the Anvil Loan Facility was repaid in full on 20 June 2014.

   Album Enterprises is a substantial Shareholder, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Anvil Loan Facility constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

2. On 22 July 2014, MMG SA entered into an unsecured acquisition finance facility agreement for a four-year term with Top Create pursuant to which Top Create agreed to make available to MMG SA up to US$2,262 million for the purpose of contributing the equity interest of MMG SA to the joint venture established for the purpose of the acquisition of the Las Bambas Project (Las Bambas Facility). During the year ended 31 December 2014, approximately US$1,844 million was advanced under the Las Bambas Facility.

   Top Create is a substantial Shareholder, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Las Bambas Facility constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

3. On 17 December 2014, MMG Finance Limited entered into a one-year loan facility agreement with Album Enterprises pursuant to which MMG Finance Limited agreed to make available to Album Enterprises up to US$80 million for the

working capital requirements of Album Enterprises (Album Loan Facility). During the year ended 31 December 2014, US$80 million was advanced under the Album Loan Facility.

Album Enterprises is a substantial Shareholder, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Album Loan Facility constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2014, the Group had the following material continuing connected transactions, details of which are set out below:

1. On 5 April 2012, the Company announced that it had entered into an agreement with CMN in relation to the sale of copper cathode, copper concentrate, zinc concentrate and lead concentrate produced, processed, manufactured, traded or distributed by any member of the Group to the CMN Group (Products Sale Framework Agreement), subject to the approval of the Independent Shareholders. The Independent Shareholders approved the Products Sale Framework Agreement, and the proposed annual caps on sales, at the AGM held on 30 May 2012. The term of the Products Sale Framework Agreement accordingly commenced on 30 May 2012 and expired on 31 December 2014.

   On 19 March 2014, the Company announced that it was seeking approval from Independent Shareholders to revise the annual cap on the sale of copper concentrate to CMN for the year ended 31 December 2014 from US$40.0 million to US$125.0 million. The maximum aggregate value of products sales by the Company to CMN during the year ended 31 December 2014 was accordingly increased from US$258.0 million to US$343.0 million following approval by the Independent Shareholders at the AGM held on 21 May 2014.

   CMN is a controlling Shareholder, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Products Sale Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

   The total value of products sales by the Company to CMN during the year ended 31 December 2014 is shown below:

	US$ MILLION	
PRODUCT	CAP	SALES
Copper Cathode	108.0	87.5
Copper Concentrate	125.0	66.1
Zinc Concentrate	60.0	8.2
Lead Concentrate	50.0	0.0
Total	**343.0**	**161.8**

   The annual caps for sales under the Product Sales Framework Agreement for the year ended 31 December 2014 were not exceeded.

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

   The term of the Las Bambas CMN Copper Sale Framework Agreement is for the term of the life of the Las Bambas mine. Under the Las Bambas CMN Copper Sale Framework Agreement, the annual caps will be the maximum aggregate annual amount of copper contained in copper concentrate from the Las Bambas Project to be sold by MMG SA to members of the CMN Group. No products sales by MMG SA to CMN during the year ended 31 December 2014 occurred as the Las Bambas Project is not yet in production.

   CMN is a controlling Shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Las Bambas CMN Copper Sale Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

3. On 23 December 2014, LXML entered into an agreement with CMN in relation to the sale of copper cathodes by LXML to the CMN Group (LXML Copper Cathode Sale Agreement) for the period from 1 January 2015 to 30 June 2015.

   The maximum aggregate amount to be paid under the LXML Copper Cathode Sale Agreement for the period from 1 January 2015 to 30 June 2015 will be US$80,000,000.

   CMN is a controlling Shareholder, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the LXML Copper Cathode Sale Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

4. On 2 April 2013, LXML and Minmetals Australia entered into an agreement for the purchase by LXML of off-the-road tyres from Minmetals Australia (Tyre Supply Agreement) for a period of one year effective from 1 January 2013.

   On 30 December 2013, MMG Management agreed to renew the Tyre Supply Agreement for a further year effective from 1 January 2014. The maximum aggregate amount to be paid under the Tyre Supply Agreement in 2014 was US$0.4 million. For the year ended 31 December 2014, there were no transactions under the Tyre Supply Agreement. The Tyre Supply Agreement has now expired.

   Minmetals Australia is a subsidiary of CMC and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. Accordingly, the Tyre

Supply Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

5. On 20 December 2010, MMG Management, a wholly owned subsidiary of the Company, entered into an agreement for the supply of goods with Minmetals Australia pursuant to which MMG Management agreed to purchase hot roll-forged and hand-forged grinding media from Minmetals Australia (Minmetals Supply Agreement) for a term of two years commencing 20 December 2010.

   On 2 April 2013, MMG Management agreed to renew the Minmetals Supply Agreement on the same terms for a further year effective from 1 January 2013. On 30 December 2013, MMG Management agreed to further renew the Minmetals Supply Agreement for a further year effective from 1 January 2014. The maximum aggregate amount to be paid under the Minmetals Supply Agreement in 2014 was US$9.0 million. For the year ended 31 December 2014, there were transactions under the Minmetals Supply Agreement to the value of approximately US$2.7 million.

   On 23 December 2014, MMG Management agreed to further renew the Minmetals Supply Agreement for a further year effective from 1 January 2015. The maximum aggregate amount to be paid under the Minmetals Supply Agreement in 2015 was US$4.0 million.

   Minmetals Australia is a subsidiary of CMC and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. Accordingly, the Minmetals Supply Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

   Upon the completion of the acquisition of Minerals and Metals Group on 31 December 2010 (Completion Date), the following material continuing transactions became continuing connected transactions with effect from the Completion Date (Grandfathered Continuing Connected Transactions) and details of these transactions for the year ended 31 December 2014 are set out below:

6. On 10 June 2010, MMG Management, a wholly owned subsidiary of the Company, entered into a loan facility agreement with Album Enterprises (Grandfathered MMG Loan Facility) pursuant to which MMG Management agreed to make loan facilities available to Album Enterprises on an uncommitted basis. During the year ended 31 December 2014, no amounts were advanced or outstanding under the Grandfathered MMG Loan Facility.

   Album Enterprises is a substantial Shareholder, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Grandfathered MMG Loan Facility constitutes a Grandfathered Continuing Connected Transaction for the Company under Chapter 14A of the Listing Rules, and the Company will comply with Listing Rule 14A.60 in respect of this transaction.

7. MMG Laos Holdings is a party to a Mineral Exploration and Production Agreement (MEPA) with the Government of Laos dated 15 June 1993 (as amended). The MEPA, among other things, grants a licence to operate the project contemplated by the MEPA, being the Sepon project in Laos, which licence terms are in addition to rights granted by relevant Lao law in respect of mining operations. In accordance with the terms of the MEPA, LXML was established and incorporated in Laos to conduct the activities contemplated under the MEPA. Under the MEPA, LXML is appointed the sole contractor for the Government of Laos with respect to the area on which the Sepon project is located. The MEPA sets out the terms and conditions for LXML's mining and processing operations, and exploration activity, with respect to gold and copper in Laos, and confirms the taxes payable by LXML and concessions granted by the Government of Laos to LXML in respect of such taxes. For the year ended 31 December 2014, the actual amount payable under the MEPA was approximately US$114.6 million, being an aggregated amount of all taxes and royalties payable to the Government of Laos pursuant to the MEPA.

   The Government of Laos holds a 10% equity interest in LXML, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the MEPA constitute Grandfathered Continuing Connected Transactions for the Company under Chapter 14A of the Listing Rules. The transactions between LXML and the Government of Laos became connected transactions for the Company on 31 December 2010 following the acquisition of Minerals and Metals Group by the Company, and the Company will comply with Listing Rule 14A.60 in respect of these transactions subject to the terms of the waiver of the Listing Rules discussed below.

8. On 26 February 2004, LXML, a 90% owned subsidiary of the Company, entered into a Power Purchase Agreement with Electricité Du Laos (EDL), pursuant to which LXML agreed to purchase energy from EDL for the purposes of operating the Sepon mine in Laos (Power Purchase Agreement). The total consideration payable under the Power Purchase Agreement is subject to levels of energy consumption which vary from year to year. The Power Purchase Agreement was amended by agreement of the parties in July 2012 to include the provision by EDL of operations and maintenance services to LXML, including maintenance of transmission lines and the power substation. For the year ended 31 December 2014, the actual amount payable under the Power Purchase Agreement was approximately US$26.7 million.

   EDL is a state-owned corporation operated by the Ministry for Energy and Mines, which is a department of the Government of Laos. The Government of Laos is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Power Purchase Agreement constitute Grandfathered Continuing Connected Transactions for the Company under Chapter 14A of the Listing Rules, and the Company will comply with Listing Rule 14A.60 in respect of these transactions subject to the terms of the waiver of the Listing Rules discussed below.

WAIVER OF LISTING RULES

On 12 April 2012, the Company announced that it had applied to the Stock Exchange, and the Stock Exchange had agreed to waive the announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules for any connected transactions or continuing connected transactions entered into or to be entered into between the Company and the Government of Laos and its associates in relation to the Sepon mine and other mines in Laos, which are of a revenue nature in the ordinary and usual course of the Company's business and on normal commercial terms (Laos Waiver).

The Laos Waiver is subject to certain conditions, including that the Company is required to disclose details of connected transactions and continuing connected transactions with the Government of Laos and its associates in the Company's annual reports under Rule 14A.71 of the Listing Rules. The continuing connected transactions described above in paragraphs 7 and 8 have been reported in accordance with these requirements.

REVIEW OF CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions described above for the year ended 31 December 2014 have been reviewed by the Independent Non-executive Directors of the Company. As noted above, the Independent Non-executive Directors of the Company were not required to review continuing connected transactions that were subject to the Laos Waiver.

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

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

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

(c) in accordance with the respective terms of the Products Sale Framework Agreement, the Tyre Supply Agreement, the Minmetals Supply Agreement and the Grandfathered MMG Loan Facility that are fair and reasonable, in the interests of the Shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000: 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The auditor was not required to review continuing connected transactions that were subject to the Laos Waiver. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions for the year ended 31 December 2014 disclosed above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

In addition, the auditor of the Company has confirmed to the Board that nothing has come to their attention that causes them to believe that the above continuing connected transactions for the year ended 31 December 2014:

(a) have not been approved by the Board;

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

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

(d) the Products Sale Framework Agreement, the Tyre Supply Agreement, the Minmetals Supply Agreement and the Grandfathered MMG Loan Facility have not exceeded the respective annual caps as disclosed in the announcements of the Company dated 5 April 2012 and 19 March 2014 (for the Products Sale Framework Agreement), 30 December 2013 (for the Tyre Supply Agreement and the Minmetals Supply Agreement) and 28 March 2011 (for the Grandfathered MMG Loan Facility).

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

On 22 July 2014, Top Create, a subsidiary of CMN, a controlling Shareholder, extended a loan facility in the principal sum of US$2,622.0 million to MMG SA for a term of four years for the purpose of acquiring the Las Bambas Project. MMG SA drew US$1,844.0 million[8] on 22 July 2014 and US$417.5 million on 16 February 2015. Such loan facility was exempt from the announcement and reporting requirements of the Listing Rules with respect to connected transactions on the basis that it was unsecured and on normal commercial terms.

Particulars of other contracts of significance that exist between the Company (or one of its subsidiary companies) and a controlling Shareholder (or any of its subsidiaries) are set out under Connected Transactions on pages 65 to 67 of this Annual Report.

RELATED PARTY TRANSACTIONS

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

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

MANAGEMENT CONTRACTS

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

8 Amount drawn was US$1,843,750,000.

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

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMOLUMENT POLICY

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

The determination of remuneration for the Directors of the Company takes into consideration factors such as remuneration paid by comparable companies, accountabilities of the Directors, applicable regional employment conditions and appropriate 'at-risk' performance-based remuneration.

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

RETIREMENT SCHEMES

Details of the Group's retirement schemes are set out in Note 12(b) to the Financial Statements.

DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors and senior management of the Company are set out on pages 56 to 59 of this Annual Report.

AUDITOR

The consolidated Financial Statements have been audited by PricewaterhouseCoopers, which will retire at the forthcoming AGM and, being eligible, offer itself for reappointment.

CORPORATE GOVERNANCE REPORT

Details of the Corporate Governance Report are set out on pages 70 to 78 of this Annual Report.

SUFFICIENCY OF PUBLIC FLOAT

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

EVENT AFTER THE BALANCE SHEET DATE

Other than the matters outlined elsewhere in this report, 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.

CORPORATE STRATEGY

MMG's growth strategy is aimed to create Shareholder wealth by discovering, acquiring, developing and sustainably operating resources projects around the world.

Our growth strategy is focused on:

- identifying opportunities to maximise the potential of our existing assets;
- pursuing organic growth opportunities through our projects and exploration pipelines; and
- pursuing external growth such as targeting value-focused acquisitions.

MMG will continue to build solid business foundations to enable it to grow without adding complexity. This includes implementing a scalable and systematic operating model and management system, common across all operations. It is our objective to be valued as one of the world's top mid-tier miners by 2020.

By order of the Board

Jiao Jian
Chairman
10 March 2015

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard of corporate governance practices by emphasising a quality Board, sound internal controls, and transparency and accountability to all Shareholders of the Company.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report (CG Code) contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2014, except for the deviation from code provision A.4.1 as explained under the section headed 'Re-election of Directors'.

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a model code for securities trading by Directors of the Company (Securities Trading Model Code) on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 of the Listing Rules.

Having made specific enquiry with all of the Directors, all confirmed that they have complied with the required standard set out in the Model Code and the Securities Trading Model Code during the year ended 31 December 2014.

BOARD

COMPOSITION

The Board currently comprises nine Directors of which three are Executive Directors, three are Non-executive Directors and three are Independent Non-executive Directors. Independent Non-executive Directors represent one third of the Board.

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

Executive Directors

Mr Andrew MICHELMORE (CEO)
Mr David LAMONT (CFO)
Mr XU Jiqing (Executive General Manager – China and Group Strategy)

Non-executive Directors

Mr JIAO Jian (Chairman)
Mr WANG Lixin
Mr GAO Xiaoyu

Independent Non-executive Directors

Dr Peter CASSIDY
Mr Anthony LARKIN[9]
Mr LEUNG Cheuk Yan

The current Board possesses an appropriate balance of skills, experience and diversity of perspectives relevant to the management of the Company's business. The Directors' biographical information is set out on pages 56 to 59 under the section headed 'Directors and Senior Management' of this Annual Report.

ROLE AND FUNCTION

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

9 Mr Larkin has indicated his intention to resign as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee of the Company, effective upon the conclusion of the Company's AGM to be held on 20 May 2015. The Company has begun a search for Mr Larkin's replacement.

All Directors are required to comply with Rule 3.08(d) of the Listing Rules to avoid actual and potential conflicts of interest and duty at all times. Directors are required to declare their interest in the matters to be considered at each Board meeting and Board committee meeting. If a Director or any of his associates has material interest in the matter to be considered, the Director will not be counted in the quorum, nor allowed to vote at the meeting. The Director may also be required to withdraw from the meeting during discussion of the matter.

Board meetings are held regularly, approximately six times a year, and are also held on an ad hoc basis as required by business needs. Regular Board meetings and ad hoc Board meetings are attended by a majority of the Directors in person or through other electronic means of communication.

During the year ended 31 December 2014, other than resolutions passed in writing by all the Directors, the Company held six regular Board meetings and four ad hoc Board meetings. The Company also held one AGM on 21 May 2014 and one EGM on 21 July 2014 to approve the acquisition of the Las Bambas Project and continuing connected transactions in relation to the CMN framework offtake agreement.

The attendance of each Director at the Board meetings and general meetings is set out below. Figures in brackets indicate the maximum number of meetings held in the period in which the individual was a Board member.

	NUMBER OF MEETINGS ATTENDED		
DIRECTORS	BOARD MEETINGS	AGM	EGM
EXECUTIVE DIRECTORS			
Andrew MICHELMORE	10/(10)	0/(1)	1/(1)
David LAMONT	10/(10)	1/(1)	1/(1)
XU Jiqing	10/(10)	1/(1)	0/(1)
NON-EXECUTIVE DIRECTORS			
JIAO Jian (Chairman)[1]	8/(10)	1/(1)	0/(1)
WANG Lixin[2]	10/(10)	1/(1)	1/(1)
GAO Xiaoyu	10/(10)	1/(1)	0/(1)
INDEPENDENT NON-EXECUTIVE DIRECTORS			
Peter CASSIDY	10/(10)	1/(1)	1/(1)
Anthony LARKIN	10/(10)	1/(1)	1/(1)
LEUNG Cheuk Yan[3]	9/(10)	1/(1)	1/(1)

1. Appointed as the Chairman on 20 August 2014.
2. Resigned as the Chairman on 20 August 2014.
3. Due to other business commitments, Mr Leung Cheuk Yan appointed Mr Wang Lixin, the then Chairman and a Non-executive Director, to act as his Alternate Director to attend one of the ad hoc Board meetings held during the year.

BOARD DIVERSITY

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

In designing the Board's composition, the Company has considered Board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidate will bring to the Board.

The Board is composed of members from a diverse background. The CFO and an Independent Non-executive Director (who is also the Chairman of the Audit Committee) are qualified accountants. Another Independent Non-executive Director is a qualified solicitor. Five Directors have experience sitting on the boards of other companies listed on the Stock Exchange of Hong Kong, the PRC and Australia. The Directors have extensive experience in metals and mining industry, trading, finance and accounting, business strategy, enterprise risk management and exposure or experience in various countries. Some of them are members of various professional and/or industry bodies and/or academic institutions.

During the year, the Remuneration and Nomination Committee reviewed the structure, size and composition of the Board.

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board is Mr Jiao Jian and the CEO of the Company is Mr Andrew Michelmore. The roles of the Chairman of the Board and the CEO of the Company are segregated to ensure their respective independence, accountability and responsibility.

The Chairman takes the lead in formulating the Group's overall strategies and policies, ensures the Board's effective performance of its functions, including compliance with good corporate governance practices, and encourages and facilitates active contribution of Directors in Board activities. Directors with different views are encouraged to voice their concerns. They are allowed sufficient time for discussion of issues so as to ensure that Board decisions fairly reflect Board consensus. A culture of openness and debate is promoted to facilitate the effective contribution of Non-executive Directors and ensure constructive relations between Executive and Non-executive Directors.

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

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

EXECUTIVE DIRECTORS AND EXECUTIVE COMMITTEE

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

The members of the Executive Committee are:

- Andrew MICHELMORE (CEO and Executive Director);
- David LAMONT (CFO and Executive Director);
- XU Jiqing (Executive General Manager – China and Group Strategy and Executive Director);
- Marcelo BASTOS (Chief Operating Officer);
- Michael NOSSAL (Executive General Manager – Business Development);
- Greg TRAVERS (Executive General Manager – Business Support); and
- Troy HEY (Executive General Manager – Stakeholder Relations).

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Their participation provides adequate checks and balances to safeguard the interests of Shareholders. The Board has three Independent Non-executive Directors and one of them has appropriate professional qualifications or accounting or related financial management expertise. The Board confirms that the Company has received from each of the Independent Non-executive Directors a confirmation of independence for the year ended 31 December 2014 pursuant to Rule 3.13 of the Listing Rules and considers such Directors to be independent.

RE-ELECTION OF DIRECTORS

Each of the Non-executive Directors entered into a service agreement with the Company for a specific term of three years, except for Dr Peter Cassidy and Mr Anthony Larkin. Dr Cassidy's appointment agreement commenced on 31 December 2010 and continues until either the Company or he terminates such agreement by serving on the other with not less than one month's prior written notice. Mr Larkin is on a continuing contract terminable upon reasonable notice by either party. Mr Larkin has indicated his intention to resign as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee of the Company effective upon the conclusion of the AGM of the Company to be held on 20 May 2015.

In accordance with the Company's articles of association, each Director appointed by the Board shall be subject to re-election by Shareholders at the next general meeting (in the case of filling a casual vacancy) or at the next AGM (in the case of an addition to the Board), and thereafter be subject to retirement by rotation at least once every three years at the AGM.

Dr Cassidy, who was appointed by the Board on 31 December 2010 to fill a casual vacancy, is also subject to retirement from the Board by rotation at least once every three years at the AGM. He was re-elected by the Shareholders at the AGM held on 16 May 2011 and again at the AGM held on 22 May 2013.

DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

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

DIRECTORS	TYPES OF TRAINING (NOTE)
EXECUTIVE DIRECTORS	
Andrew MICHELMORE	1, 2, 3, 4
David LAMONT	1, 2, 3, 4
XU Jiqing	1, 2, 3, 4
NON-EXECUTIVE DIRECTORS	
JIAO Jian (Chairman)	1, 2, 3, 4
WANG Lixin	1, 2, 3, 4
GAO Xiaoyu	1, 2, 3, 4
INDEPENDENT NON-EXECUTIVE DIRECTORS	
Peter CASSIDY	1, 2, 3, 4
Anthony LARKIN[10]	1, 2, 3, 4
LEUNG Cheuk Yan	1, 2, 3, 4

1. Attending seminars and/or conferences and/or forums.
2. Attending in-house trainings conducted by a reputable international law firm etc.
3. Delivering speeches/presentations at seminars and/or conferences and/or forums.
4. Reading journals, documentaries, books, newspapers relating to the director's duties and responsibilities.

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

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

THE BOARD COMMITTEES

The Board has established various Board committees to provide a forum for a more detailed analysis of key issues for the Group. Each committee is entitled to the resources and information it requires to carry out its duties, including direct access to advisors and employees.

The current standing committees of the Board are the Audit Committee, the Remuneration and Nomination Committee and the SHEC Committee.

AUDIT COMMITTEE

As at 31 December 2014, the Audit Committee comprised three Independent Non-executive Directors, namely Mr Anthony Larkin[10], Dr Peter Cassidy and Mr Leung Cheuk Yan, and one Non-executive Director, Mr Gao Xiaoyu. Mr Larkin is the Chairman of the Audit Committee.

The Audit Committee is accountable to the Board. Its principal duties include the review and supervision of the financial reporting process and internal control system of the Group. The terms of reference of the Audit Committee, incorporating all the duties set out in code provision C.3.3 of the CG Code, are available on the Company's website.

During the year ended 31 December 2014, the Audit Committee held four meetings. The Audit Committee reviewed with the senior management and auditor of the Company the accounting policies and practices adopted by the Group and discussed auditing, the internal control system and financial reporting matters. It also reviewed the Company's Financial Statements, annual and interim reports, the management letter from the auditor of the Company, the connected transactions and the continuing connected transactions entered into by the Group and the audit scope and fees for the year ended 31 December 2014.

The attendance of each member at the Audit Committee meetings is set out below. Figures in brackets indicate the maximum number of meetings held in the period in which the individual was a member of the Audit Committee.

MEMBERS	NUMBER OF MEETINGS ATTENDED
NON-EXECUTIVE DIRECTOR	
GAO Xiaoyu	4/(4)
INDEPENDENT NON-EXECUTIVE DIRECTORS	
Peter CASSIDY	4/(4)
Anthony LARKIN (Chairman)	4/(4)
LEUNG Cheuk Yan	4/(4)

10 Mr Larkin has indicated his intention to resign as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee of the Company, effective upon the conclusion of the Company's AGM to be held on 20 May 2015. The Company has begun a search for Mr Larkin's replacement.

MINERAL RESOURCES AND ORE RESERVES COMMITTEE

The Mineral Resources and Ore Reserves Committee is a sub-committee of the Audit Committee of the Company. The Committee oversees the Mineral Resources and Ore Reserves reporting processes of the Group. In doing so, the Committee facilitates and maintains free and open means of communication between the Directors, the independent evaluators/auditors and management of the Group and ensures compliance with the JORC Code and the applicable Listing Rules.

The Committee comprises Head of Exploration and two qualified staff:

- Head of Exploration (Chairman);
- General Manager Technical Services and Mining Engineering; and
- Principal Resource Geologist.

REMUNERATION AND NOMINATION COMMITTEE

As at 31 December 2014, the Remuneration and Nomination Committee comprised three Independent Non-executive Directors, namely Dr Peter Cassidy, Mr Anthony Larkin and Mr Leung Cheuk Yan, and two Non-executive Directors, Mr Wang Lixin and Mr Jiao Jian. Dr Cassidy is the Chairman of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee is responsible for, among other accountabilities:

- formulating and making recommendations to the Board on the Group's Remuneration Policy;
- determining, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management in consultation with the Chairman and/or CEO and the determination of the appropriate mix of Directors to constitute the Board;
- making recommendations to the Board on the remuneration of Non-executive Directors;
- developing policies and procedures for the selection and appointment of Directors and identifying individuals suitably qualified to become Directors, having regard to factors such as judgement, skills, diversity, experience in comparable businesses, the interplay of the candidate's experience with the experience of other Board members and the candidate's capacity to commit to the Board activities, and the extent to which the candidate would be a desirable addition to the Board or any Board committee;
- regularly reviewing the structure, size and composition (including the skills, knowledge and experience) of the boards of the Group companies; and
- reviewing succession plans for senior management annually to maintain an appropriate balance of skills, experience and expertise on the executive management team.

The terms of reference of the Remuneration and Nomination Committee are available on the Company's website.

Remuneration

When determining or recommending to the Board the remuneration packages for Directors and senior management, the Remuneration and Nomination Committee takes into consideration factors such as remuneration paid by comparable companies, accountabilities of the role, applicable regional employment conditions and, for Executive Directors and senior management, appropriate 'at-risk' performance-based remuneration.

During the year ended 31 December 2014, other than resolutions passed in writing by all the Committee members, the Remuneration and Nomination Committee held seven meetings. The Committee reviewed the Company's Remuneration Policy and the remuneration of Directors and senior management and made recommendations to the Board.

The attendance of each member at the Remuneration and Nomination Committee meetings during the year ended 31 December 2014 is set out below. Figures in brackets indicate the maximum number of meetings held in the period in which the individual was a member of the Remuneration and Nomination Committee.

MEMBERS	NUMBER OF MEETINGS ATTENDED
NON-EXECUTIVE DIRECTORS	
JIAO Jian	3/(7)
WANG Lixin	6/(7)
INDEPENDENT NON-EXECUTIVE DIRECTORS	
Peter CASSIDY (Chairman)	7/(7)
Anthony LARKIN	7/(7)
LEUNG Cheuk Yan	7/(7)

Further particulars regarding the emoluments of the Directors and senior management as required to be disclosed pursuant to Appendices 14 and 16 of the Listing Rules respectively are set out in Note 32 to the Financial Statements.

Nomination

The appointment of a new Director is made on the recommendation of the Remuneration and Nomination Committee or of Shareholders in a general meeting. The Remuneration and Nomination Committee has regard to a range of factors including, but not limited to, qualifications, skills, diversity, leadership, professional ethics, experience with business and other organisations of comparable size and the candidate's capacity to commit to the relevant board's activities when selecting or recommending candidates for directorships. The nomination procedures by Shareholders are available on the Company's website. Any Director who is appointed by the Board shall hold office until the next following general meeting (in case of filling a casual vacancy) or until the following AGM (in case of an addition to the Board) after their appointment, and shall be subject to re-election by Shareholders.

SHEC COMMITTEE

As at 31 December 2014, the SHEC Committee comprised three Directors, namely Dr Peter Cassidy, Mr Andrew Michelmore and Mr Gao Xiaoyu. Dr Cassidy is the Chairman of the SHEC Committee.

The purpose of the SHEC Committee is to assist the Board in the effective discharge of its responsibilities in relation to safety, health, environmental and community matters arising out of the activities of the Group as they affect employees, contractors and the communities in which the Group operates.

The terms of reference of the SHEC Committee are available on the Company's website.

DISCLOSURE COMMITTEE

The Company has adopted a Disclosure Framework to ensure its compliance with the disclosure obligations under the Listing Rules and the timely disclosure of inside information to the market. In addition, the Company has established a Disclosure Committee, which comprises the CEO, CFO, Executive General Manager – China and Group Strategy, Executive General Manager – Stakeholder Relations, General Counsel, Group Manager – Investor Relations and Communications, Manager Stakeholder Relations (China) and Company Secretary. The Disclosure Framework requires employees to refer all information that potentially requires disclosure to a member of the Disclosure Committee.

CODE OF CONDUCT COMMITTEE

The Company has adopted the MMG Code of Conduct to set standards of behaviour that the Company expects from its people and to support its value statements. The Code of Conduct Committee was established by the Audit Committee to assist it in reviewing and developing the MMG Code of Conduct and reviewing and responding to internal audits of compliance with the MMG Code of Conduct.

The Company also adopted the Corporate Legal Compliance Standard in December 2014 to ensure that MMG's businesses are conducted in compliance with the relevant legal requirements.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing all information and representations contained in the Financial Statements for the year ended 31 December 2014 as disclosed in this Annual Report. The Directors consider that the Financial Statements have been prepared in conformity with Hong Kong Financial Reporting Standards (HKFRS) issued by the Hong Kong Institute of Certified Public Accountants and Chapter 622 of the *Laws of Hong Kong* (Companies Ordinance), and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgement of the Board and management with an appropriate consideration to materiality. As at 31 December 2014, the Directors, having made appropriate enquiries, were not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's and the Company's ability to continue as a going concern.

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

The statement of the Company's auditor regarding its responsibilities for the Financial Statements is set out in the Independent Auditor's Report on page 79 of this Annual Report.

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

INTERNAL CONTROLS

The Board is entrusted with overall responsibility for establishing and maintaining the Group's internal control system and reviewing its effectiveness to safeguard the Group's assets and to protect Shareholders' interests. The management throughout the Group maintains and monitors the internal control system on an ongoing basis. During the year, the Group engaged an international independent external professional consultant to perform the internal control reviews over the Group's operations.

The reviews were based on the internal control framework recommended by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), a globally recognised framework. The internal control reviews covered certain key operational and financial processes of the selected entities of the Group and a follow-up review of the action plans to address the findings from last year's review. The consultant reported its findings and recommendations directly to the Audit Committee. The Audit Committee reported the findings to the Board.

AUDITOR'S REMUNERATION

An analysis of the remuneration of the external auditor, PricewaterhouseCoopers (which for these purposes includes any entity under common control, ownership or management with the external auditors or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally), for the year ended 31 December 2014 is set out as follows:

SERVICES RENDERED	FEE PAID/ PAYABLE 2014 US$'000
Statutory audit services	1,870.0
Other audit services in connection with major transactions	298.4
Other audit services	57.4
NON-AUDIT SERVICES	
Tax services in connection with the major transactions during the year	13.5
Other tax services	367.1
Other services	475.6
	3,082.0

COMPANY SECRETARY

Ms Leung Suet Kam Lucia was appointed as Company Secretary of the Company in June 2001. She is a fellow of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms Leung assists the Board by ensuring good information flow within the Board and that the Board policy and procedures including those on governance matters are followed. All the Directors are entitled access to the advice and services of the Company Secretary. She reports to the Chairman of the Board and also the CEO. Ms Leung has attended various professional seminars during the year ended 31 December 2014 which exceed the requirements of the Listing Rules.

SHAREHOLDERS' RIGHTS

PROCEDURES FOR SHAREHOLDERS TO CONVENE A GENERAL MEETING

Shareholders holding at least 5% of the total voting rights of all Shareholders having a right to vote at the Company's general meeting can deposit a written request to convene a general meeting at Units 8501–8503, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, the registered office of the Company, for the attention of the Company Secretary or by sending the written request to the Company by fax at +852 2840 0580.

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

The request will be verified with the Company's Share Registrar and upon their confirmation that the request is proper and in order, the Board will convene a general meeting by serving sufficient notice to all the registered Shareholders. However, if the request has been verified as not in order, the Shareholders concerned will be advised of this outcome and accordingly, a general meeting will not be convened as requested.

Pursuant to the articles of association of the Company and the Companies Ordinance (Chapter 622 of the *Laws of Hong Kong*), the notice period to be given to all the registered Shareholders for consideration of the proposal raised by the Shareholders concerned at a general meeting varies according to the nature of the proposal:

- not less than 10 clear business days' or 14 clear calendar days' notice (whichever is longer) in writing if the proposal constitutes an ordinary resolution;
- not less than 21 clear calendar days' notice in writing if the proposal constitutes a special resolution; and
- not less than 28 clear calendar days' notice in writing if the proposal requires the serving of a special notice under the Companies Ordinance.

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

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

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

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

The written request must be deposited at Units 8501–8503, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, the registered office of the Company, for the attention of the Company Secretary or sending the written request to the Company by fax at +852 2840 0580 not later than six weeks before the AGM to which the requests related or if later, the time at which notice is given of that meeting.

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

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

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

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

If a Shareholder wishes to propose a person other than a Director for election as a Director at the AGM or general meeting, he/she can deposit a written notice to that effect signed by the Shareholder concerned at Units 8501–8503, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, the registered office of the Company, for the attention of the Company Secretary.

The written notice must:

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

The notice should be lodged for a period of seven clear calendar days commencing from the date of despatch of the AGM/general meeting notice and no later than seven clear calendar days prior to the date of AGM/general meeting.

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

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

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary to the registered office of the Company at Units 8501–8503, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company endeavours to develop and maintain continuing relationships and effective communication with its Shareholders and investors. In an effort to facilitate and enhance the relationships and communication, the Company has adopted a Shareholder Communication Policy, which is available on the Company's website. The principles of the Shareholder Communication Policy are:

CORPORATE COMMUNICATIONS

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

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

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

INVESTOR RELATIONS

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

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

CORPORATE WEBSITE

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

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

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

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

SHAREHOLDER MEETINGS

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

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

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

ENVIRONMENT, SOCIAL AND GOVERNANCE RESPONSIBILITIES

The Company is committed to the long-term sustainability of its businesses and the communities in which it operates. It has adopted a proactive approach to environment, social and governance responsibility, guided by its Sustainability Policy and strategic alignment to the ICMM's Sustainable Development framework. The care for people, environment and stakeholders is of the utmost importance and is integrated in the management of the Company. The Company's Sustainability Policy and principles are supported by the Company's core values of 'we think safety first', 'we respect each other', 'we work together', 'we do what we say' and 'we want to be better', which underpin the behaviour of all employees and contractors.

The SHEC Committee assists the Board in the effective discharge of its responsibilities in relation to safety, health, environment and community matters. Further details of the SHEC Committee are set out on page 75 under the heading 'SHEC Committee'.

The Company's sustainability reports are available on the Company's website.

CONSTITUTIONAL DOCUMENTS

On 10 March 2015, the Board approved certain amendments to the Company's Articles of Association in order to bring the Articles of Association in line with the new Companies Ordinance, which came into effect on 3 March 2014, as well as to modernise and update the Articles of Association generally. The proposed amendments to the Articles of Association are subject to Shareholders' approval at the Company's upcoming AGM.

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MMG LIMITED
(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

We have audited the consolidated financial statements of MMG Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 82 to 143, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 March 2015

FINANCIAL STATEMENTS

CONTENTS

CONSOLIDATED INCOME STATEMENT

	Note	YEAR ENDED 31 DECEMBER 2014 US$ million	2013 US$ million
Revenue	4	**2,479.8**	**2,469.8**
Other income	5	16.8	0.6
Expenses (excluding depreciation, amortisation and impairment expenses)	6	(1,715.8)	(1,719.5)
Earnings before interest, income tax, depreciation, amortisation and impairment expenses – EBITDA		**780.8**	**750.9**
Depreciation, amortisation and impairment expenses	6	(537.1)	(472.6)
Earnings before interest and income tax – EBIT		**243.7**	**278.3**
Finance income	7	3.3	2.8
Finance costs	7	(82.7)	(80.0)
Profit before income tax		**164.3**	**201.1**
Income tax expense	8	(65.1)	(78.6)
Profit for the year		**99.2**	**122.5**
Profit for the year attributable to:			
Equity holders of the Company		103.8	103.3
Non-controlling interests		(4.6)	19.2
		99.2	**122.5**
Earnings per share for profit attributable to the equity holders of the Company			
Basic earnings per share	10(a)	US 1.96 cents	US 1.95 cents
Diluted earnings per share	10(b)	US 1.96 cents	US 1.95 cents
Dividends	11	52.9	–

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		YEAR ENDED 31 DECEMBER	
	Note	2014 US$ million	2013 US$ million
Profit for the year		**99.2**	**122.5**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets	23	26.1	(18.0)
Items reclassified to profit or loss			
Gain on disposal of available-for-sale financial assets	23	(10.9)	–
Other comprehensive income for the year, net of tax		**15.2**	**(18.0)**
Total comprehensive income for the year		**114.4**	**104.5**
Total comprehensive income attributable to:			
Equity holders of the Company		119.0	85.3
Non-controlling interests		(4.6)	19.2
		114.4	**104.5**

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

CONSOLIDATED BALANCE SHEET

	Note	AS AT 31 DECEMBER 2014 US$ million	2013 US$ million
ASSETS			
Non-current assets			
Property, plant and equipment	13(a)	11,100.8	3,323.1
Intangible assets	14	839.0	284.0
Inventories	17	47.8	53.9
Deferred income tax assets	18	173.6	136.5
Other receivables	19	107.1	40.6
Other financial assets	20	12.3	11.8
		12,280.6	**3,849.9**
Current assets			
Inventories	17	285.1	298.0
Trade and other receivables	19	513.3	263.3
Loan to a related party	30(d)	80.0	–
Current income tax assets		28.6	–
Other financial assets	20	26.8	110.5
Cash and cash equivalents	21	251.2	137.4
		1,185.0	809.2
Asset of disposal group classified as held for sale	29	24.4	24.4
		1,209.4	**833.6**
Total assets		**13,490.0**	**4,683.5**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	2,358.9	33.9
Reserves and retained profits	23(a)	(672.6)	1,586.2
		1,686.3	1,620.1
Non-controlling interests	16	1,288.3	196.7
Total equity		**2,974.6**	**1,816.8**

	Note	AS AT 31 DECEMBER 2014 US$ million	2013 US$ million
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	18	769.9	239.3
Borrowings	24	8,092.2	1,270.6
Provisions	25	784.2	636.0
Other payables	26	64.9	–
		9,711.2	2,145.9
Current liabilities			
Trade and other payables	26	508.5	235.6
Current income tax liabilities		71.9	76.6
Borrowings	24	116.7	350.8
Provisions	25	102.6	51.9
		799.7	714.9
Liabilities of disposal group classified as held for sale	29	4.5	5.9
		804.2	720.8
Total liabilities		10,515.4	2,866.7
Total equity and liabilities		13,490.0	4,683.5
Net current assets		405.2	112.8
Total assets less current liabilities		12,685.8	3,962.7

Andrew Michelmore
CEO and Executive Director

David Lamont
CFO and Executive Director

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

COMPANY BALANCE SHEET

		AS AT 31 DECEMBER	
	Note	2014 US$ million	2013 US$ million
ASSETS			
Non-current assets			
Property, plant and equipment	13(b)	0.7	1.1
Interests in subsidiaries	15	3,632.3	2,792.1
		3,633.0	**2,793.2**
Current assets			
Other receivables		0.2	0.2
Amounts due from subsidiaries	15	–	1.8
Loans to subsidiaries	15	–	832.1
Cash and cash equivalents	21	0.3	0.7
		0.5	**834.8**
Total assets		**3,633.5**	**3,628.0**
EQUITY			
Capital and reserves			
Share capital	22	2,358.9	33.9
Reserves and retained profits	23(b)	209.5	2,582.6
Total equity		**2,568.4**	**2,616.5**
LIABILITIES			
Non-current liabilities			
Loans from subsidiaries	15	941.7	406.4
		941.7	**406.4**
Current liabilities			
Other payables		–	2.8
Amounts due to a related company	30(d)	–	75.0
Amounts due to subsidiaries	15	123.4	173.4
Loans from subsidiaries	15	–	353.9
		123.4	**605.1**
Total liabilities		**1,065.1**	**1,011.5**
Total equity and liabilities		**3,633.5**	**3,628.0**
Net current (liabilities)/assets		**(122.9)**	**229.7**
Total assets less current liabilities		**3,510.1**	**3,022.9**

Andrew Michelmore
CEO and Executive Director

David Lamont
CFO and Executive Director

The accompanying notes are an integral part of this financial statement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$ million	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
	Share Capital	Total Other Reserves (Note 23)	Retained Profits	Non-Controlling Interests (Note 16)	TOTAL
At 1 January 2014	**33.9**	**376.8**	**1,209.4**	**196.7**	**1,816.8**
Profit for the year	–	–	103.8	(4.6)	**99.2**
Other comprehensive income	–	15.2	–	–	**15.2**
Total comprehensive income for the year	**–**	**15.2**	**103.8**	**(4.6)**	**114.4**
Employee share options	–	0.1	–	–	**0.1**
Non-controlling interest arising on business combination (Note 28)	–	–	–	1,106.2	**1,106.2**
Dividends paid by the Company (Note 11)	–	–	(52.9)	–	**(52.9)**
Dividends paid to non-controlling interests	–	–	–	(10.0)	**(10.0)**
Transition to no-par value regime on 3 March 2014 (Note 22)	2,325.0	(2,325.0)	–	–	**–**
Total transactions with owners	**2,325.0**	**(2,324.9)**	**(52.9)**	**1,096.2**	**1,043.4**
At 31 December 2014	**2,358.9**	**(1,932.9)**	**1,260.3**	**1,288.3**	**2,974.6**

US$ million	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
	Share Capital	Total Other Reserves (Note 23)	Retained Profits	Non-Controlling Interests (Note 16)	Total
At 1 January 2013	**33.9**	**392.8**	**1,106.1**	**55.5**	**1,588.3**
Profit for the year	–	–	103.3	19.2	**122.5**
Other comprehensive income	–	(18.0)	–	–	**(18.0)**
Total comprehensive income for the year	**–**	**(18.0)**	**103.3**	**19.2**	**104.5**
Employee share options	–	2.0	–	–	**2.0**
Dividends paid to non-controlling interests	–	–	–	(20.0)	**(20.0)**
Total transactions with owners	**–**	**2.0**	**–**	**(20.0)**	**(18.0)**
Issuance of convertible redeemable preference shares	–	–	–	142.0	**142.0**
At 31 December 2013	**33.9**	**376.8**	**1,209.4**	**196.7**	**1,816.8**

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

CONSOLIDATED CASH FLOW STATEMENT

	Note	YEAR ENDED 31 DECEMBER 2014 US$ million	2013 US$ million
Cash flows from operating activities			
Receipts from customers		2,578.4	2,523.5
Payments to suppliers		(1,744.8)	(1,786.2)
Payments for exploration expenditure		(73.0)	(71.9)
Income tax paid		(93.9)	(110.9)
Net cash generated from operating activities	27(a)	**666.7**	**554.5**
Cash flows from investing activities			
Purchase of property, plant and equipment	27(b)	(1,037.9)	(558.2)
Purchase of intangible assets		(48.0)	(58.1)
Purchase of financial assets		(1.0)	(45.7)
Acquisition of subsidiaries, net of cash acquired	28	(2,950.1)	–
Proceeds from disposal of property, plant and equipment		–	0.3
Proceeds from disposal of financial assets		101.2	–
Proceeds from disposal of subsidiaries		3.0	–
Proceeds from disposal of investment properties		–	1.1
Net cash used in investing activities		**(3,932.8)**	**(660.6)**
Cash flows from financing activities			
Proceeds from borrowings		5,358.0	250.0
Repayments of borrowings		(519.5)	(222.0)
Repayments of loans to former parent of acquired subsidiaries	28	(4,018.1)	–
Proceeds from issuance of convertible redeemable preference shares		–	338.0
Proceeds from repayments of loan to a related party		–	100.0
Loan to a related party	30	(80.0)	–
Proceeds from related party borrowings	30	1,843.8	–
Repayments of related party borrowings	30	(75.0)	(225.0)
Capital contribution from non-controlling interests upon acquisition of subsidiaries	28	1,106.2	–
Dividends paid to non-controlling interests	16	(10.0)	(20.0)
Dividends paid to the owners of the Company	11	(52.9)	–
Repayments of finance lease liabilities		(0.6)	(1.5)
Interest and financing costs paid		(174.1)	(78.4)
Interest received		2.1	5.9
Net cash generated from financing activities		**3,379.9**	**147.0**
Net increase in cash and cash equivalents		113.8	40.9
Cash and cash equivalents at 1 January		137.4	95.7
Exchange gains on cash and cash equivalents		–	0.8
Cash and cash equivalents at 31 December	21	**251.2**	**137.4**

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

1. GENERAL INFORMATION

MMG Limited (the Company) is a limited liability company and was incorporated in Hong Kong on 29 July 1988. The address of its registered office is Units 8501–8503, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company is an investment holding company and is listed on the main board of The Stock Exchange of Hong Kong Limited. The principal activities of the Company and its subsidiaries (the Group) are the exploration for mineralisation, development of mining projects and the mining, processing and production of copper, zinc, lead, gold and silver.

The consolidated financial statements for the year ended 31 December 2014 are presented in United States dollars (US$) unless otherwise stated and were approved for issue by the Board of Directors (the Board) on 10 March 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRS – a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKAS) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), 'Accounts and Audit' as set out in Sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

(a) New standards, amendments and interpretations to existing standards effective in 2014 but not relevant or significant to the Group

HKAS 32 (Amendment)	Presentation – Offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets
HKAS 39 (Amendment)	Novation of derivatives and continuation of hedge accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment entities
HK(IFRIC) – Int 21	Levies

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted.

The Group has not early adopted the following new standards and amendments to standards that have been issued but are not effective for 2014. The Group is in the process of assessing their impact on the Group's results and financial position.

HKAS 19 (Amendment)	Defined benefit plans: employee contribution[(i)]
HKFRS (Amendment)	Annual improvements to HKFRS 2010–2012 cycle[(i)]
HKFRS (Amendment)	Annual improvements to HKFRS 2011–2013 cycle[(i)]
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation[(ii)]
HKFRS 11 (Amendment)	Accounting for acquisition of interests in joint operation[(ii)]
HKFRS 14	Regulatory deferral accounts[(ii)]
HKFRS 15	Revenue from contracts with customers[(iii)]
HKFRS 9	Financial instruments[(iv)]

Effective for the Group for the annual period beginning:

(i) 1 January 2015

(ii) 1 January 2016

(iii) 1 January 2017

(iv) 1 January 2018

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 'Accounts and Audit' of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with Section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2.2 CONSOLIDATION

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

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

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

Any contingent purchase consideration payable by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

(b) Merger accounting for common control combination

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the perspective of the controlling party. No amount is recognised in respect of goodwill or excess of the interest of the acquirer in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquirer over cost at the time of the common control combination, to the extent of the continuation of the interest of the controlling party.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date unless they first came under common control at a later date.

Transaction costs, including professional fees, registration fees, costs of furnishing information to Shareholders, costs or losses incurred in combining operations of the previously separate businesses, incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognised as expenses in the year in which they are incurred.

(c) Subsidiaries

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

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Transactions with non-controlling interests

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

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

(e) Separate financial statements

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

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 SEGMENT REPORTING

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

2.4 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or reporting date where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement, with the exception of foreign exchange gains and losses on foreign currency provisions for mine rehabilitation, restoration and dismantling, which are capitalised in property, plant and equipment for operating sites.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale financial assets reserve in equity.

(c) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at the dates of the transactions, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint arrangement that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 PROPERTY, PLANT AND EQUIPMENT

Cost

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of property, plant and equipment includes the estimated cost of mine rehabilitation, restoration and dismantling.

Depreciation and amortisation

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

- Freehold land – Not depreciated;
- Buildings – Reducing balance 2.5%;
- Plant and machinery (mining and processing) – Unit of production (tonnes mined and milled);
- Plant and machinery (other) – Reducing balance 3–5 years;
- Mine, property and development assets – Unit of production (tonnes mined);
- Exploration and evaluation assets – Not depreciated; and
- Construction in progress – Not depreciated.

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

The unit of production method is applied based on assessments of proven and probable Ore Reserves and a portion of Mineral Resources available to be mined or processed by the current production equipment to the extent that such resources are considered to be economically recoverable. Resources and Reserves estimates are revised annually. The depreciation and amortisation expense calculation reflects the estimates in place at the balance sheet date, prospectively.

(a) Exploration and evaluation expenditure

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

Exploration and evaluation costs that are incurred before the Group has obtained the legal right to explore an area, or are incurred up to and including the pre-feasibility phase, are recognised in the income statement.

Exploration and evaluation costs are capitalised as exploration and evaluation assets on an area-of-interest basis:

- Once an area has been deemed technically feasible and commercially viable, and the feasibility phase has been approved; or
- The expenditure relates to an area of interest acquired as part of an asset acquisition or business combination and the exploration and evaluation asset was measured at fair value on acquisition.

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

Exploration and evaluation assets are carried forward if the rights to the area of interest are current and the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by the sale of the asset.

The assets are monitored for indications of impairment and an assessment is performed where a potential indicator of impairment exists. For the purposes of the impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. Refer to Note 2.7 for further details.

(b) Development expenditure

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

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

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

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

(c) Overburden and waste removal

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

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

(d) Other expenditure

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

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

(e) Disposal of property, plant and equipment

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and the carrying amount of the asset is recognised in the income statement within other income.

2.6 INTANGIBLE ASSETS

Goodwill

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

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

Software development

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

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

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

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

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

2.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

2.8 ASSETS HELD FOR SALE

Assets (or disposal groups) are classified as assets (and liabilities) held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs to sell.

2.9 FINANCIAL ASSETS

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period, in which case they are classified as non-current assets.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Recognition and measurements

Regular purchases and sales of financial assets are recognised on the trade-date being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the consolidated income statement within expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the right of the Group to receive payment is established.

Changes in the fair value of available-for-sale assets are recognised in other comprehensive income. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as gains and losses from investment securities. Dividend income from available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the right of the Group to receive payment is established.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparties.

Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.10 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

Certain derivatives instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments are recognised immediately in the consolidated income statement within expenses.

2.11 FINANCIAL GUARANTEE CONTRACT

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

2.12 INVENTORIES

Inventories comprise raw materials, stores and consumables, work in progress and finished goods. Inventories are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and less applicable variable selling expenses.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs include the costs of direct materials, overburden removal, mining, processing, labour, related transportation costs to the point of sale, an appropriate proportion of related production overheads, mine rehabilitation costs incurred in the extraction process and other fixed and variable costs directly related to mining activities. They exclude borrowings costs.

2.13 TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), trade and other receivables are classified as current assets. If not, they are presented as non-current assets.

2.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.15 FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Equity instruments (including ordinary shares and PSCS) are any contract that does not meet the definition of financial liability and evidences a residual interest in the assets of the Group after deducting all of its liabilities. Subsequent to initial recognition, the equity instrument is not remeasured.

2.16 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.17 COMPOUND FINANCIAL INSTRUMENTS

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 MINE REHABILITATION, RESTORATION AND DISMANTLING OBLIGATIONS

Provisions are made for the estimated cost of rehabilitation, restoration and dismantling relating to areas disturbed during the mine's operations up to the reporting date but not yet rehabilitated. Provision has been made in full for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of recontouring, top soiling and revegetation to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Uncertainty exists as to the amount of rehabilitation obligations that will be incurred due to the impact of changes in environmental legislation, and many other factors, including future developments, changes in technology, price increases and changes in interest rates. The amount of the provision relating to mine rehabilitation, restoration and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time.

The provision is recognised as a liability, separated into current (estimated costs arising within 12 months) and non-current components, based on the expected timing of these cash flows. A corresponding asset is included in mine property and development assets, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity. The capitalised cost of this asset is recognised in property, plant and equipment and is amortised over the life of the mine.

At each reporting date, the rehabilitation liability is remeasured in line with changes in discount rates, and timing or amounts of the costs to be incurred. Rehabilitation, restoration and dismantling provisions are adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgements and estimates involved. Changes in the liability relating to mine rehabilitation, restoration and dismantling obligations are added to or deducted from the related asset (where it is probable that future economic benefits will flow to the entity), other than the unwinding of the discount, which is recognised as a finance cost in the income statement. Changes to capitalised cost result in an adjustment to future depreciation charges.

The provisions referred to above do not include any amounts related to remediation costs associated with unforeseen circumstances.

2.19 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

A provision is recognised for the amount expected to be paid under short-term or long-term bonus entitlements if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the Director or employee and the obligation can be estimated reliably.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence of one or more future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

2.20 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability and the consideration paid, including any non-cash assets, is recognised in the consolidated income statement as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.21 CURRENT AND DEFERRED INCOME TAX

The tax expense recognised for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the places where the Company's subsidiaries, joint arrangements and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint arrangements and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax consolidation – Australia

The Australian subsidiaries of the Company are an income tax consolidated group and are taxed as a single entity. MMG Australia Limited is the head company of the Australian tax consolidated group.

The subsidiaries in the Australian tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone tax payer in its own right. In addition to its own current and deferred tax amounts, the head entity recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the other entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements between entities within the tax consolidated group entities are utilised as amounts receivable from or payable to other entities within the tax consolidated group.

2.22 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.23 EMPLOYEE BENEFITS

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they are accrued by employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations – defined contribution plans

Arrangements for staff retirement benefits are made in accordance with local regulations and customs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

(c) Long-term employee benefits

Long service leave is a period of paid leave granted to an employee in recognition of a long period of service to an employer. The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(d) Share-based compensation

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability and remaining employees of the entity over a specified period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

2.24 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence of an arrangement exists, usually in the form of an executed sales agreement, indicating there has been a transfer of the significant risks and rewards to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. This is generally when title passes, which for the majority of commodity sales is the bill of lading date when the commodity is delivered for shipment. For non-commodity sales, it is usually the date when a Group entity has delivered products to the customer, the customer has accepted the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the products.

Revenue on provisionally priced sales is recognised at the estimated fair value of the total consideration received or receivable. Contract terms for the Group's concentrate sales allow for a price adjustment based on a final assay of the goods determined after discharge. Recognition of the sales revenue for these products is based on the most recently determined estimate of product assays with a subsequent adjustment made to revenue upon final determination.

The terms of sales contracts with third parties contain provisional pricing arrangements whereby the selling price for contained metal is based on prevailing spot prices during a specified future date range after shipment to the customer (quotational period). Adjustment to the sales price occurs based on movements in quoted market prices up to the completion of the quotational period. The period between provisional invoicing and quotational period completion is typically between 30 and 120 days.

The fair value of the final sales price adjustment is re-estimated continually and changes in fair value are recognised as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

Revenue is reported net of discounts and pricing adjustments. Royalties paid and payable are separately reported as expenses.

(b) Servicing income

Revenue from sales of services is recognised when the related services are rendered.

(c) Interest income

Interest income is recognised on a time-proportion basis, using the effective interest method.

(d) Rental income

Operating lease rental income is recognised on a straight-line basis over the lease periods.

2.25 LEASES

Leases of property, plant and equipment where the Group has substantially assumed all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included as interest-bearing liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land and land use rights, are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.26 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's Shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders or the Board, as appropriate.

2.27 COMPARATIVES

Where applicable, comparatives have been adjusted to measure or present them on the same basis as current period figures.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Mine rehabilitation, restoration and dismantling obligations

Provision is made for the anticipated costs of future restoration, rehabilitation and dismantling of mining areas from which natural resources have been extracted in accordance with the accounting policy in Note 2.18. These provisions include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues. These future cost estimates are discounted to their present value. The calculation of these provision estimates requires assumptions such as the application of environmental legislation, the scope and timing of planned activities, available technologies, engineering cost estimates and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine rehabilitation, restoration and dismantling provisions. For non-operating sites, changes to estimated costs are recognised immediately in the income statement.

(b) Mineral Resources and Ore Reserves estimates

The estimated quantities of economically recoverable Mineral Resources and Ore Reserves are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported Reserves and Resources estimates can impact the carrying value of property, plant and equipment, provisions for mine rehabilitation, restoration and dismantling obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the income statement. The changes are effective from the month following Board approval of the revised Reserves and Resources estimates.

(c) Income taxes

The Group is subject to taxes in a number of jurisdictions. Significant judgement is required in determining the tax position and the estimates and assumptions in relation to the provision for taxes and the recovery of tax assets, having regard to the nature and timing of their origination and compliance with the relevant tax legislation. There are some tax matters for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax balances in the accounting period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

(d) Recoverability of non-financial assets

The recoverable amount of each cash-generating unit is determined as the higher of the asset's fair value less costs to sell and its value in use in accordance with the accounting policy in Note 2.7. These calculations require the use of estimates and assumptions including discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

The Group's assessment of the recoverability of the US$543.0 million carrying value of the Dugald River project as at 31 December 2014 is subject to estimation uncertainty. The recoverable amount of the Dugald River project has been assessed on a fair value less costs to sell approach and based on the estimated fair value of the asset in a third party market transaction. Future costs related to the project will be capitalised only to the extent they are capital in nature and assessed as economically recoverable.

(e) Functional currency

An entity's functional currency is the currency of the primary economic environment in which the entity operates in accordance with the accounting policy in Note 2.4. Determination of an entity's functional currency requires management judgement when considering a number of factors including the currency that mainly influences sales prices, costs of production, and competitive forces and regulations that impact sales prices. In addition, consideration must be given to the currency in which financing and operating activities are undertaken. Applying the principles described above, management has come to the conclusion that the functional currency of the majority of subsidiaries within the Group is US dollars based on the following factors:

- Sales are predominantly denominated in US dollars;
- A significant portion of costs are denominated in US dollars;
- A significant portion of debt and finance costs are denominated in US dollars; and
- Senior management and Board reporting is conducted in US dollars.

(f) Determination of control of subsidiaries

The Group exercises judgement to determine when MMG has control of subsidiaries in accordance with the accounting policy outlined in Note 2.2(c). This control assessment considers whether the Group has the power to direct the relevant activities that significantly affect the returns of subsidiaries.

As outlined in Note 16, the Group has assessed the investment holding company of the Las Bambas Project, MMG SAM, to be a subsidiary of the Group. The Group holds a 62.5% equity interest in the Las Bambas Joint Venture Company and controls the simple majority of votes cast on the board of directors. Under the terms of the Shareholders' Agreement, decisions on certain matters require prior approval of the Las Bambas Joint Venture Company board by such number of the Directors that together hold more than 85% of the total voting entitlements of all directors entitled to vote. The Group has judged that the clauses related to these matters convey in principle protective rights to other investors and not substantive rights. This judgement will be reassessed by the Group on an ongoing basis. Different conclusions around these judgements may materially impact how Las Bambas balance sheet items, comprehensive income items and cash flows are presented in the consolidated financial statements, whether amounts are presented under the full consolidation method or presented in line with the equity accounting method.

4. SEGMENT INFORMATION

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about operations of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segment and assess its performance.

The chief operating decision-maker has been identified as the Company's Executive Committee, which consists of all Executive Directors of the Company, Chief Operating Officer, Executive General Manager – Business Development, Executive General Manager – Business Support and Executive General Manager – Stakeholder Relations. They review the Group's internal reporting of these operations in order to assess performance and allocate resources.

The Group's reportable segments are as follows:

Sepon	Sepon is an open-pit copper mining operation located in southern Laos.
Kinsevere	Kinsevere is an open-pit copper mining operation located in the Katanga Province of the DRC.
Century	Century is an open-pit zinc mining operation located in north-west Queensland.
Rosebery	Rosebery is an underground polymetallic base metal mining operation located on Tasmania's west coast.
Golden Grove	Golden Grove is an underground and open-pit base and precious metals mining operation located in Western Australia's mid-west.
Las Bambas	The Las Bambas Project is a large, scalable, long-life development project with prospective exploration options. It is located in Cotabambas, Apurimac region of Peru. The project is at an advanced stage of construction.
Other	Includes exploration and development projects and other corporate entities that are not disclosed as separate segments. All other segments are immaterial by location.

A segment result represents the EBIT by each segment. This is the measure reported to the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance. Other information provided, except as disclosed in the following paragraph, to the chief operating decision-maker is measured in a manner consistent with that in the financial statements.

Segment assets exclude current income tax assets and deferred income tax assets. Segment liabilities exclude current income tax liabilities, deferred income tax liabilities and net inter-segment loans. The excluded assets and liabilities are presented as part of the reconciliation to total balance sheet assets or liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The segment revenue and results for the years ended 31 December 2014 and 2013 are as follows:

	FOR THE YEAR ENDED 31 DECEMBER 2014							
US$ million	Sepon	Kinsevere	Century	Rosebery	Golden Grove	Las Bambas	Other unallocated items/ eliminations	Group
External revenue	532.7	465.7	845.1	247.5	226.9	–	–	2,317.9
Revenue from related parties	87.5	–	8.2	–	66.2	–	–	161.9
Revenue	**620.2**	**465.7**	**853.3**	**247.5**	**293.1**	**–**	**–**	**2,479.8**
EBITDA	**366.5**	**189.3**	**323.5**	**85.2**	**29.0**	**(42.3)**	**(170.4)**	**780.8**
Depreciation, amortisation and impairment expenses	(98.9)	(140.3)	(191.3)	(46.5)	(44.2)	–	(15.9)	(537.1)
EBIT	**267.6**	**49.0**	**132.2**	**38.7**	**(15.2)**	**(42.3)**	**(186.3)**	**243.7**
Finance income								3.3
Finance costs								(82.7)
Income tax expense								(65.1)
Profit for the year								**99.2**
Profit attributable to equity holders of the Company								103.8
Profit attributable to non-controlling interests								(4.6)
								99.2
Other segment information:								
Additions to non-current assets	117.7	72.8	171.6	98.9	58.7	897.4	55.9	1,473.0

	AS AT 31 DECEMBER 2014							
US$ million	Sepon	Kinsevere	Century	Rosebery	Golden Grove	Las Bambas	Other unallocated items/ eliminations	Group
Segment assets	796.8	1,575.4	388.2	426.6	335.3	8,827.4	938.1[1]	13,287.8
Deferred income tax assets								173.6
Current income tax assets								28.6
								13,490.0
Segment liabilities	214.4	160.6	428.5	121.1	73.7	5,429.9	3,245.4[2]	9,673.6
Deferred income tax liabilities								769.9
Current income tax liabilities								71.9
								10,515.4

1. Included in segment assets of US$938.1 million for the Other segment are property, plant and equipment of US$626.7 million for Dugald River and other financial assets of US$30.6 million (Note 31.3). These items do not fall into any of the six reportable segments.
2. Included in segment liabilities of US$3,245.4 million for the Other segment are borrowings of US$3,086.0 million, which are managed at Group level, and do not fall into any of the six reportable segments.

	FOR THE YEAR ENDED 31 DECEMBER 2013						
US$ million	Sepon	Kinsevere	Century	Rosebery	Golden Grove	Other unallocated items/eliminations	Group
External revenue	680.2	455.3	702.7	244.2	255.2	–	2,337.6
Revenue from related parties	66.0	–	18.3	9.1	38.8	–	132.2
Revenue	**746.2**	**455.3**	**721.0**	**253.3**	**294.0**	–	**2,469.8**
EBITDA	**396.5**	**198.0**	**176.5**	**84.3**	**73.0**	**(177.4)**	**750.9**
Depreciation, amortisation and impairment expenses	(77.8)	(126.1)	(172.7)	(25.9)	(62.8)	(7.3)	(472.6)
EBIT	**318.7**	**71.9**	**3.8**	**58.4**	**10.2**	**(184.7)**	**278.3**
Finance income							2.8
Finance costs							(80.0)
Income tax expense							(78.6)
Profit for the year							**122.5**
Profit attributable to equity holders of the Company							103.3
Profit attributable to non-controlling interests							19.2
							122.5
Other segment information:							
Asset impairment	11.3	–	–	–	–	–	11.3
Additions to non-current assets	86.0	102.4	58.7	40.1	40.5	330.5	658.2

	AS AT 31 DECEMBER 2013						
US$ million	Sepon	Kinsevere	Century	Rosebery	Golden Grove	Other unallocated items/eliminations	Group
Segment assets	758.5	1,610.7	432.5	372.7	373.6	999.0[1]	4,547.0
Deferred income tax assets							136.5
							4,683.5
Segment liabilities	218.9	165.7	296.6	103.5	76.3	1,689.8[2]	2,550.8
Deferred income tax liabilities							239.3
Current income tax liabilities							76.6
							2,866.7

1. Included in segment assets of US$999.0 million for the Other segment are property, plant and equipment of US$531.7 million for Dugald River and other financial assets of US$114.8 million (Note 31.3). These items do not fall into any of six reportable segments.
2. Included in segment liabilities of US$1,689.8 million for the Other segment are borrowings of US$1,620.8 million (Note 24), which are managed at Group level, and do not fall into any of the six reportable segments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OTHER INCOME

	2014 US$ million	2013 US$ million
Gain on disposal of available-for-sale financial assets	10.7	–
Gain on disposal of investment properties	–	0.3
Loss on disposal of property, plant and equipment	(0.9)	(0.6)
Other income	7.0	0.9
Total other income	**16.8**	**0.6**

6. EXPENSES

Profit before income tax includes the following specific expenses:

	2014 US$ million	2013 US$ million
Changes in inventories of finished goods and work in progress	(42.5)	(31.0)
(Write-down)/reversal of write-down of inventories to net realisable value	(5.7)	25.6
Employee benefit expenses[1]	(327.1)	(357.4)
Contracting and consulting expenses	(235.6)	(257.0)
Energy costs	(214.4)	(240.4)
Stores and consumables costs	(358.6)	(367.6)
Depreciation, amortisation and impairment expenses[2]	(521.2)	(465.3)
Operating lease rental[3]	(17.3)	(22.5)
Other production expenses	(14.8)	(23.8)
Cost of goods sold	**(1,737.2)**	**(1,739.4)**
Other operating expenses	(61.4)	(60.4)
Royalty expenses	(98.5)	(98.8)
Selling expenses	(115.4)	(110.7)
Operating expenses including depreciation, amortisation and impairment	**(2,012.5)**	**(2,009.3)**
Exploration expenses[1]	(73.0)	(71.9)
Administrative expenses[1]	(111.5)	(78.9)
Business acquisition expenses	(16.3)	(5.2)
Auditor's remuneration	(1.9)	(1.8)
Exchange gains – net	1.4	12.6
Loss on financial assets at fair value through profit or loss	(10.9)	(6.6)
Other expenses[1]	(28.2)	(31.0)
Total expenses	**(2,252.9)**	**(2,192.1)**

1. In aggregate US$119.5 million (2013: US$90.9 million) employee benefits expense by nature is included in the administrative expenses, exploration expenses and other expenses categories. Total employee benefits expenses are US$446.6 million (2013: US$448.3 million) (Note 12).
2. In aggregate US$15.9 million (2013: net income of US$7.3 million) depreciation, amortisation and impairment expenses are included in other expenses category. Total depreciation, amortisation and impairment expenses are US$537.1 million (2013: US$472.6 million).
3. In aggregate, an additional US$10.3 million (2013: US$9.4 million) operating lease rentals are included in administrative expenses, exploration expenses and other expenses categories. Total operating lease rentals are US$27.6 million (2013: US$31.9 million).

7. FINANCE COSTS – NET

	2014 US$ million	2013 US$ million
Finance costs		
Interest expense on bank borrowings	(30.6)	(34.8)
Interest expense on convertible redeemable preference shares	(19.6)	(8.0)
Interest expense on related party borrowings (Note 30(a))	(0.5)	(7.5)
Unwind of provisions discount (Note 25 (a))	(25.1)	(25.8)
Other finance cost on external borrowings	(4.3)	(3.9)
Other finance cost on related party borrowings (Note 30(a))	(2.6)	–
	(82.7)	**(80.0)**
Finance income		
Interest income on cash and cash equivalents	3.3	2.8
	3.3	**2.8**
Finance costs – net	**(79.4)**	**(77.2)**
Borrowing costs capitalised		
Borrowing costs capitalised on qualifying assets[1]	**135.8**	**13.9**

1. Borrowing costs capitalised include finance costs on borrowings held to specifically fund the assets, net of interest income earned on the temporary investment of those funds, and finance costs on general borrowings capitalised at the rate of 3.0% (2013: 3.1%) per annum representing the average interest rate on relevant general borrowings.

8. INCOME TAX EXPENSE

Hong Kong profits tax is provided at a rate of 16.5% where there are net assessable profits derived for the year. The Group has tax losses available to offset any assessable profit generated in Hong Kong for the year. Taxation on profits arising from other jurisdictions has been calculated on the estimated assessable profits for the year at the rates prevailing in the relevant jurisdictions.

	2014 US$ million	2013 US$ million
Current income tax		
– Hong Kong income tax	–	–
– Overseas income tax	(101.0)	(96.6)
	(101.0)	**(96.6)**
Deferred income tax expense		
– Hong Kong income tax	–	–
– Overseas income tax	35.9	18.0
	35.9	**18.0**
Income tax expense	**(65.1)**	**(78.6)**

There is no deferred tax impact relating to items of other comprehensive income (2013: US$nil).

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the applicable tax rate to profits of the consolidated companies as follows:

	2014 US$ million	2013 US$ million
Profit before income tax	164.3	201.1
Calculated at domestic tax rates applicable to profits in the respective countries[1]	(65.4)	(66.9)
Net non-taxable/(non-deductible) amounts	1.6	(6.3)
Net recognised/(unrecognised) deferred tax assets	13.0	(10.0)
Overprovision in prior years	7.8	4.6
Non-creditable withholding tax[2]	(22.1)	–
Income tax expense	**(65.1)**	**(78.6)**

1. The income tax rates applicable for the main jurisdictions in which the Group operates are: Australia (30.0%), Laos (33.3%), Peru (32.0%) and the DRC (30.0%). Tax rates for some jurisdictions are covered by historical legal agreements with governments.
2. Non-recoverable withholding tax paid under Peruvian tax law.

9. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of US$4.7 million (2013: US$18.1 million).

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year.

	2014 US$ million	2013 US$ million
Profit attributable to equity holders of the Company	103.8	103.3

	NUMBER OF SHARES	
	2014 '000	2013 '000
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	5,289,608	5,289,608

Basic earnings per share	US 1.96 cents	US 1.95 cents

(b) Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For Company's share options in issue, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2014 US$ million	2013 US$ million
Profit attributable to equity holders of the Company	103.8	103.3

	NUMBER OF SHARES	
	2014 '000	2013 '000
Weighted average number of ordinary shares used in the calculation of the diluted earnings per share[1]	5,289,608	5,289,608
Diluted earnings per share	US 1.96 cents	US 1.95 cents

1. Diluted earnings per share is the same as basic earnings per share for the years ended 31 December 2014 and 31 December 2013. The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options since these are in an out-of-the-money position as at 31 December 2014. The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options since their exercise would result in an anti-dilutive effect on the basic earnings per share for the years ended 31 December 2014 and 31 December 2013.

11. DIVIDENDS

At a Board meeting on 10 March 2015, the Directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: US$52.9 million).

At a Board meeting on 11 March 2014, the Directors of the Company recommended the payment of a final dividend of US1.0 cent per ordinary share (US$52.9 million) for the year ended 31 December 2013. The recommended dividend was approved on 21 May 2014 and was paid on 6 June 2014. This is reflected as an appropriation of retained earnings during the year ended 31 December 2014.

	2014 US$ million	2013 US$ million
Dividends paid/payable during the year		
MMG Limited 2013 final dividend	52.9	–
	52.9	–

12. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

(a) Total employee benefit expenses

	2014 US$ million	2013 US$ million
Salaries and other benefits	424.0	429.1
Retirement scheme contributions (Note b)	22.6	19.2
Total employee benefit expenses (Note 6)	446.6	448.3

(b) Retirement schemes

The Group provides retirement benefits to all Hong Kong eligible employees under the Mandatory Provident Fund (MPF Scheme). Under the MPF Scheme, the Group and its employees make monthly contributions to the MPF Scheme at 5% of the employees' salaries as defined under the MPF Scheme legislation. Contributions of both the Hong Kong subsidiaries and their employees are subject to a maximum of HK$1,500 per month and thereafter contributions are voluntary and are not subject to any limitation. The MPF Scheme is administered by an independent trustee and its assets are held separately from those of the Group. The Group provides a superannuation contribution for all Australian-based employees to their nominated superannuation fund. This contribution is to provide benefits for employees and their dependants in retirement, and for relevant employees, disabilities or death. In accordance with the applicable regulation in Australia, the Group is required to contribute at a minimum rate of 9.5% of ordinary time earnings (OTE) of the Australian-based employee.

Total contributions made for the year ended 31 December 2014 amounted to approximately US$22.6 million (2013: US$19.2 million).

13. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

US$ million	Land and buildings[2]	Plant and machinery	Mine property and development	Evaluation	Construction in progress	Total property, plant and equipment
As at 1 January 2014						
Cost	259.9	1,789.1	1,926.3	55.6	689.6	4,720.5
Accumulated depreciation and amortisation	(104.8)	(742.0)	(549.8)	(0.8)	–	(1,397.4)
Net book amount at 1 January 2014	**155.1**	**1,047.1**	**1,376.5**	**54.8**	**689.6**	**3,323.1**
Year ended 31 December 2014						
At the beginning of the year	155.1	1,047.1	1,376.5	54.8	689.6	3,323.1
Acquisition of subsidiaries (Note 28)	3.4	1.4	1,682.2	–	5,181.1	6,868.1
Additions[1]	2.9	69.5	281.8	53.7	1,017.1	1,425.0
Depreciation and amortisation	(29.4)	(236.1)	(249.0)	–	–	(514.5)
Disposals (net)	–	(0.9)	–	–	–	(0.9)
Transfers (net)	(60.6)	28.6	62.0	(0.6)	(29.4)	–
At the end of the year	**71.4**	**909.6**	**3,153.5**	**107.9**	**6,858.4**	**11,100.8**
As at 31 December 2014						
Cost	162.9	1,875.3	3,997.1	107.9	6,858.4	13,001.6
Accumulated depreciation and amortisation	(91.5)	(965.7)	(843.6)	–	–	(1,900.8)
Net book amount at 31 December 2014	**71.4**	**909.6**	**3,153.5**	**107.9**	**6,858.4**	**11,100.8**

US$ million	Land and buildings[2]	Plant and machinery	Mine property and development	Evaluation	Construction in progress	Total property, plant and equipment
As at 1 January 2013						
Cost	226.9	1,621.3	1,721.4	38.1	557.4	4,165.1
Accumulated depreciation and amortisation	(84.0)	(576.5)	(299.0)	(0.8)	–	(960.3)
Net book amount at 1 January 2013	**142.9**	**1,044.8**	**1,422.4**	**37.3**	**557.4**	**3,204.8**
Year ended 31 December 2013						
At the beginning of the year	142.9	1,044.8	1,422.4	37.3	557.4	3,204.8
Additions[1]	2.0	38.1	153.7	16.7	389.6	600.1
Depreciation and amortisation	(22.5)	(190.7)	(243.0)	–	–	(456.2)
Disposals (net)	(0.3)	(0.1)	(2.6)	–	(11.3)	(14.3)
Impairment (net)	–	–	(8.1)	–	(3.2)	(11.3)
Transfers (net)	33.0	155.0	54.1	0.8	(242.9)	–
At the end of the year	**155.1**	**1,047.1**	**1,376.5**	**54.8**	**689.6**	**3,323.1**
As at 31 December 2013						
Cost	259.9	1,789.1	1,926.3	55.6	689.6	4,720.5
Accumulated depreciation and amortisation	(104.8)	(742.0)	(549.8)	(0.8)	–	(1,397.4)
Net book amount at 31 December 2013	**155.1**	**1,047.1**	**1,376.5**	**54.8**	**689.6**	**3,323.1**

1. During the year, the Group capitalised borrowing costs of US$135.8 million (2013: US$13.9 million) on qualifying assets, which forms part of the additions to the cost of property, plant and equipment. The cash payment of interest capitalised is included within 'Interest and financing costs paid' in the cash flow statement.
2. All land and buildings are outside Hong Kong.

(b) The Company

US$ million	Plant and machinery	Total property, plant and equipment
As at 1 January 2014		
Cost	1.7	1.7
Accumulated depreciation	(0.6)	(0.6)
Net book amount at 1 January 2014	**1.1**	**1.1**
Year ended 31 December 2014		
At the beginning of the year	1.1	1.1
Depreciation	(0.4)	(0.4)
At the end of the year	**0.7**	**0.7**
As at 31 December 2014		
Cost	1.7	1.7
Accumulated depreciation	(1.0)	(1.0)
Net book amount at 31 December 2014	**0.7**	**0.7**

US$ million	Plant and machinery	Total property, plant and equipment
As at 1 January 2013		
Cost	1.7	1.7
Accumulated depreciation	(0.3)	(0.3)
Net book amount at 1 January 2013	**1.4**	**1.4**
Year ended 31 December 2013		
At the beginning of the year	1.4	1.4
Depreciation	(0.3)	(0.3)
At the end of the year	**1.1**	**1.1**
As at 31 December 2013		
Cost	1.7	1.7
Accumulated depreciation	(0.6)	(0.6)
Net book amount at 31 December 2013	**1.1**	**1.1**

14. INTANGIBLE ASSETS

US$ million	Goodwill (a)	Software development	Total
As at 1 January 2014			
Cost	211.4	77.6	289.0
Accumulated amortisation	–	(5.0)	(5.0)
Net book amount at 1 January 2014	**211.4**	**72.6**	**284.0**
Year ended 31 December 2014			
At the beginning of the year	211.4	72.6	284.0
Acquisition of subsidiaries (Note 28)	528.5	1.4	529.9
Additions	–	48.0	48.0
Amortisation	–	(22.9)	(22.9)
At the end of the year	**739.9**	**99.1**	**839.0**
As at 31 December 2014			
Cost	739.9	127.0	866.9
Accumulated amortisation	–	(27.9)	(27.9)
Net book amount at 31 December 2014	**739.9**	**99.1**	**839.0**
As at 1 January 2013			
Cost	211.4	19.5	230.9
Accumulated amortisation	–	–	–
Net book amount at 1 January 2013	**211.4**	**19.5**	**230.9**
Year ended 31 December 2013			
At the beginning of the year	211.4	19.5	230.9
Additions	–	58.1	58.1
Amortisation	–	(5.0)	(5.0)
At the end of the year	**211.4**	**72.6**	**284.0**
As at 31 December 2013			
Cost	211.4	77.6	289.0
Accumulated amortisation	–	(5.0)	(5.0)
Net book amount at 31 December 2013	**211.4**	**72.6**	**284.0**

(a) Impairment test for goodwill

The carrying value of goodwill is allocated to cash-generating units (CGUs) in line with the Group accounting policy outlined in Note 2.7 as follows:

US$ million	2014	2013
As at 31 December		
Kinsevere	211.4	211.4
Las Bambas	528.5	–
Total	**739.9**	**211.4**

The Kinsevere goodwill and Las Bambas goodwill relate to the HKFRS requirement to recognise a deferred tax liability for the difference between the fair value of newly consolidated assets and liabilities and their tax bases.

Approach

The recoverable amount of the Kinsevere and Las Bambas operations has been determined based on fair value less costs to sell (FVLCTS):

(a) considering recent market transactions that would constitute level 2 fair value inputs under HKFRS 13; and/or

(b) based on a discounted cash flow approach that would fall within level 3 of the fair value hierarchy under HKFRS 13.

On a discounted cash flow basis, FVLCTS has been determined by forecasting real post-tax cash flows for each individual year through to the end of the life of each operation based on latest LOM plans. The LOM plans incorporate the latest Mineral Resources and Ore Reserves, long-term commodity price, exchange rate assumptions and assessments of future operating performance and capital expenditure requirements. When LOM plans do not fully incorporate the existing Mineral Resource for the CGU and options exist to develop all or part of those resources, an estimate of the value attributable to such Mineral Resources and an estimate of additional value attributable to exploration potential are included in the estimate of fair value.

Commodity price and exchange rate assumptions are based on the latest internal forecasts benchmarked to analyst consensus forecasts. The real post-tax cash flow forecasts are discounted at the real post-tax discount rate of 8.0%. The discount rate is based on the weighted average cost of capital after consideration of specific risks.

Las Bambas

Goodwill of US$528.5 million was preliminarily determined as at 31 December 2014 as a result of the acquisition of Las Bambas on 31 July 2014 (refer to Note 28). The provisional impairment review of the Las Bambas CGU as at 31 December 2014 did not result in the recognition of a goodwill impairment charge in 2014. The acquisition cost continues to approximate fair value.

During the development phase of the project, the FVLCTS estimate is most sensitive to long-term copper price assumptions, the timing of project completion and the final cost of development.

Kinsevere

Goodwill of US$211.4 million was recognised as a result of the acquisition of Anvil on 17 February 2012.

The key assumptions for which FVLCTS is most sensitive include the long-term copper price, long-term operating cost assumptions and the post-tax discount rate. The long-term cost assumptions have been determined based on past experience.

The impairment review of the Kinsevere CGU at 31 December 2014 did not result in the recognition of a goodwill impairment charge in 2014. The carrying value continues to approximate fair value and therefore an adverse change to a key assumption will result in FVLCTS being less than the carrying amount.

It is estimated that adverse changes in the key assumptions or parameter would lead to the recognition of an impairment provision against the Kinsevere goodwill as follows:

	US$ million
5% decrease in long-term copper price	112.7
0.5% increase in post-tax discount rate	44.8
5% increase in long-term operating costs	58.2

Adverse changes in the existing Mineral Resource and/or estimates of additional value attributable to exploration potential may also lead to the recognition of an impairment provision against the Kinsevere goodwill.

The above impacts assume that the adverse change in each key assumption or parameter occurs in isolation of changes to other key assumptions or parameters and that no mitigating action is taken by Management.

15. INTERESTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES

	THE COMPANY	
	2014 US$ million	2013 US$ million
Investments in subsidiaries		
Unlisted shares/investments at cost	3,725.4	1,388.2
Less: Provision for impairment	(93.1)	(0.3)
	3,632.3	**1,387.9**
Amounts due from subsidiaries[1]	–	1,523.5
Less: Provision for impairment	–	(119.3)
	–	**1,404.2**
Interests in subsidiaries	**3,632.3**	**2,792.1**
Non-current assets		
Interests in subsidiaries	**3,632.3**	**2,792.1**
Current assets		
Amounts due from subsidiaries[2]	–	1.8
Loans to subsidiaries[3]	–	832.1
	–	**833.9**
Non-current liabilities		
Loans from subsidiaries[4]	(941.7)	(406.4)
	(941.7)	**(406.4)**
Current liabilities		
Amounts due to subsidiaries[5]	(123.4)	(173.4)
Loans from subsidiaries[6]	–	(353.9)
	(123.4)	**(527.3)**

1. The amounts due from subsidiaries were unsecured, interest-free and had no fixed repayment terms.
2. The amounts due from subsidiaries were unsecured, interest-free and repayable on demand.
3. As at 31 December 2014, loans to subsidiaries (current) were US$nil (2013: US$832.1 million).
4. Loans from subsidiaries (non-current) are unsecured and non-interest bearing, of which US$941.7 million is repayable on 31 December 2020 (2013: US$406.4 million).
5. The amounts due to subsidiaries of which US$123.4 million (2013: US$173.4 million) are unsecured, interest-free and repayable on demand.
6. As at 31 December 2014, loans from subsidiaries (current) were US$nil (2013: US$353.9 million).

The following is a list of the principal subsidiaries of the Group as at 31 December 2014:

Name of company	Place of incorporation/ operation	Principal activities	Particulars of issued or paid-up capital	Proportion of issued capital held by the Company	
				Directly	Indirectly
MMG Century Limited	Australia	Mineral exploration and production	30 Ordinary Shares at A$1 a share	–	100%
MMG Golden Grove Pty Ltd	Australia	Mineral exploration and production	1 Ordinary Share at A$1 a share	–	100%
MMG Australia Limited	Australia	Mineral exploration and production, management and employment services	490,000,000 Ordinary Shares at A$1 a share	–	100%
MMG Kinsevere SARL	DRC	Mineral exploration and production	10,000 Ordinary Shares At CDF10,000 a share	–	100%
Lane Xang Minerals Limited	Laos	Mineral exploration and production	381,088 Ordinary Shares at US$1 a share	–	90%
MMG Dugald River Pty Ltd	Australia	Holds Dugald River Assets	301,902,934 Ordinary Shares at A$1 a share	–	100%
MMG Exploration Pty Ltd	Australia	Investment holding	1 Ordinary Share at A$1 a share	–	100%
MMG Resources Inc.	Canada	Mineral exploration	90,750,378 Common Shares at C$3.81 a share	–	100%
MMG Management Pty Ltd	Australia	Treasury and management services	1 Ordinary Share at A$1 a share	–	100%
MMG South America Company Limited	Hong Kong	Holding company	1,880,000 Ordinary Shares providing a share capital of HK$1,880,000	100%	–
MMG South America Management Company Limited	Hong Kong	Investment holding	1,000 Ordinary Shares providing a share capital of HK$22,863,237,501	–	62.5%
MMG Netherlands B.V.	Netherlands	Investment holding	5,000 Ordinary Shares at EUR1 a share	–	62.5%
MMG Swiss Finance AG	Switzerland	Investment holding and financial services	100,000 Ordinary Shares at CHF1 a share	–	62.5%
Minera Las Bambas S.A.[1] (formerly Las Bambas Mining Company S.A.)	Peru	Holds Las Bambas Assets	2,890,004,037 Common Shares at PEN 1 a share	–	62.5%
MMG Finance Limited	Hong Kong	Administration and treasury services	1 Ordinary Share providing a share capital of HK$1	100%	–
MMG Exploration Holdings Limited	Hong Kong	Mineral exploration	1 Ordinary Share providing a share capital of HK$1	100%	–
Album Investment Pte Ltd	Singapore	Investment holding	488,211,901 Ordinary Shares at S$1 a share	–	100%

Name of company	Place of incorporation/ operation	Principal activities	Particulars of issued or paid-up capital	Proportion of issued capital held by the Company	
				Directly	Indirectly
Album Resources Pte Ltd	Singapore	Investment holding	488,211,901 Ordinary Shares at S$1 a share	–	100%
Topstart Limited	BVI	Investment holding	1,386,611,594 Ordinary Shares at US$1 a share	100%	–
Anvil Mining Limited	BVI	Investment holding	100 Class A Common Shares at US$1	–	100%
Allegiance Mining Pty Ltd	Australia	Holds non-current assets held for sale	782,455,310 Ordinary Shares at A$1 a share	–	100%

1. As at 31 December 2014, Minera Las Bambas S.A. is the result of a merger by absorption of the below entities.
   (a) Las Bambas Mining Company S.A. (absorbing company)
   (b) Las Bambas Holdings S.A. (absorbed company)
   (c) Minera Las Bambas S.A.C. (absorbed company)

   The merger was undertaken under the rules established by number 2 of Article 344° of the General Companies Law of Peru. Following the merger between the entities, Las Bambas Mining Company S.A. will be renamed 'Minera Las Bambas S.A.'.

   On the merger´s effective date: (i) Las Bambas Mining Company S.A. as the absorbing company acquired, in block and universally, all of the assets and liabilities of Las Bambas Holdings S.A. and Minera Las Bambas S.A.C. as absorbed companies; and (ii) Las Bambas Holdings S.A. and Minera Las Bambas S.A.C. as absorbed companies, transferred, universally and as a whole, all of its rights and obligations and their entire assets and liabilities in favour of Las Bambas Mining Company S.A., as absorbing company, and were extinguished without liquidation.

   Therefore, Las Bambas Mining Company S.A. has become the title-holder of all of the moveable and immovable assets, rights, obligations and legal relationships that Las Bambas Holdings S.A. and Minera Las Bambas S.A.C. held on the merger´s effective date.

   As at 31 December 2014, final registration of the changes arising from the fusion in the Companies Registry of the Public Registry of Lima, Peru, was not yet complete.

16. PRINCIPAL SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The Group had total non-controlling interests of US$1,288.3 million as at 31 December 2014 (2013: US$196.7 million).

Non-controlling interests comprise the following:

	2014 US$ million	2013 US$ million
Lane Xang Minerals Limited	60.4	54.7
MMG South America Management Company Limited and its subsidiaries (MMG South America Management Group)	1,085.9	–
Topstart Limited	142.0	142.0
Total	**1,288.3**	**196.7**

(a) Summary financial information for subsidiaries that have non-controlling interests that are material to the Group

This summarised financial information is shown on a 100% basis. It represents the amounts shown in the subsidiaries' financial statements prepared in accordance with HKFRS under Group accounting policies, excluding fair value adjustments, and before inter-company eliminations.

	LANE XANG MINERALS LIMITED		MMG SOUTH AMERICA MANAGEMENT GROUP	
	AS AT 31 DECEMBER			
US$ million	2014	2013	2014	2013[2]
Summarised Balance Sheet				
Assets[1]	993.8	995.3	8,868.4	–
Liabilities	(310.5)	(368.6)	(5,972.5)	–
Net assets	**683.3**	**626.7**	**2,895.9**	**–**
	YEAR ENDED 31 DECEMBER			
	2014	2013	2014	2013[2]
Summarised Income Statement				
Revenue	620.2	746.2	–	–
Profit/(loss) for the year	156.6	192.7	(54.1)	–
Total comprehensive income	**156.6**	**192.7**	**(54.1)**	**–**
Total comprehensive income/(loss) attributable to non-controlling interests	15.7	19.2	(20.3)	–
Dividends paid to non-controlling interests	**(10.0)**	**(20.0)**	**–**	**–**
	YEAR ENDED 31 DECEMBER			
	2014	2013	2014	2013[2]
Summarised Cash Flows				
Net (decrease)/increase in cash and cash equivalents	(1.9)	(13.8)	159.3	–
Cash and cash equivalents at 1 January	12.1	25.9	–	–
Cash and cash equivalents at 31 December	**10.2**	**12.1**	**159.3**	**–**
Capital contribution from non-controlling interests (Note 28)	**–**	**–**	**1,106.2**	**–**

1. Lane Xang Minerals Limited has cash deposits of US$8.5 million (2013: US$7.5 million) (Note 20) that are held for the sole purpose of mine rehabilitation and cannot be used for any other purpose than mine rehabilitation funds within non-current assets.
2. There is no comparative information for MMG South America Management Company Limited and its subsidiaries (MMG SAM), as MMG SAM was incorporated on 11 February 2014 for the purpose of the Las Bambas acquisition (refer to Note 28).

(b) Topstart Limited (Topstart)

The non-controlling interests attributable to Topstart represent the equity component of the convertible redeemable preference shares (CRPS) issued by Topstart during the year ended 31 December 2013. The equity component was recognised at the time of issuance as the difference between the fair value of the CRPS as a whole and the fair value of the liability component. Following initial recognition, the equity component is not subsequently remeasured except on conversion or expiry.

As at 31 December 2014 and 2013, the holders of the CRPS do not hold or control any direct ownership interest or voting rights in Topstart. No profit or loss or other comprehensive income of Topstart for the years ended 31 December 2014 and 2013 is attributable to, or allocated to the holders of the CRPS.

17. INVENTORIES

	2014 US$ million	2013 US$ million
Non-current		
Work in progress	47.8	53.9
Current		
Stores and consumables	153.1	127.0
Work in progress	90.4	91.3
Finished goods	41.6	79.7
	285.1	298.0
Total	332.9	351.9

18. DEFERRED INCOME TAX

Deferred tax assets or liabilities represent the tax effect of unused tax losses and temporary differences which can arise when items of income or expense are included in the financial statements in different periods to those in which they are assessable or deductible for tax purposes.

The movement in deferred income tax assets/(liabilities) during the years is as follows:

US$ million	Property, plant and equipment	Provisions	Tax losses	Others	Total
At 1 January 2013	(384.6)	140.3	130.8	(7.3)	(120.8)
(Charged)/credited to the income statement (Note 8)	(4.7)	14.6	7.6	0.5	18.0
At 31 December 2013	(389.3)	154.9	138.4	(6.8)	(102.8)
Acquisition of subsidiaries (Note 28)	(531.7)	–	0.1	–	(531.6)
(Charged)/credited to the income statement (Note 8)	27.3	8.7	(6.2)	6.1	35.9
Reclassification to current tax balance	(0.7)	–	2.9	–	2.2
At 31 December 2014	(894.4)	163.6	135.2	(0.7)	(596.3)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to income tax levied by the same taxation authority on either the taxation entity or different taxation entities, and there is an intention to settle the balances on a net basis. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	2014 US$ million	2013 US$ million
Deferred income tax assets	173.6	136.5
Deferred income tax liabilities	(769.9)	(239.3)
	(596.3)	(102.8)

The Group only recognises deferred tax assets for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses in the foreseeable future. Management will continue to assess the recognition of deferred tax assets in future reporting periods. As at 31 December 2014 and 2013, the Group had unrecognised deferred tax assets in respect of the following items:

	2014 US$ million	2013 US$ million
Tax losses	63.6	22.8
Deductible temporary differences	82.8	107.4
At 31 December	**146.4**	**130.2**

19. TRADE AND OTHER RECEIVABLES

	2014 US$ million	2013 US$ million
Non-current other receivables		
Prepayments	25.2	27.0
Other receivables – government taxes	69.0	–
Sundry receivables	12.9	13.6
	107.1	**40.6**
Current trade and other receivables		
Trade receivables	153.5	141.1
Prepayments	41.8	21.9
Other receivables – government taxes[1]	296.7	26.8
Sundry receivables	21.3	73.5
	513.3	**263.3**

1. Current other receivables – government taxes

	2014 US$ million	2013 US$ million
Peru	255.6	–
DRC	35.2	20.2
Other	5.9	6.6
	296.7	**26.8**

As at 31 December 2014 and 2013, trade and other receivables of the Group mainly related to the mining operations and development projects. The majority of sales for mining operations were made under contractual arrangements whereby provisional payment is received after delivery and the balance within 30 to 120 days from delivery. The ageing analysis of the trade receivables is as follows:

	2014		2013	
	US$ million	%	US$ million	%
Current trade receivables				
Less than 6 months	153.5	100.0	141.1	100.0
Current trade receivables	**153.5**	**100.0**	**141.1**	**100.0**

As at 31 December 2014, no trade receivables were past due but not impaired (2013: US$nil).

As at 31 December 2014, the Group's trade receivables included an amount of US$6.5 million (2013: US$0.4 million) (Note 30(d)), which was due from a related company of the Group. The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2014 US$ million	2013 US$ million
US dollars	153.5	141.1

20. OTHER FINANCIAL ASSETS

	2014 US$ million	2013 US$ million
Non-current financial assets		
Financial assets at fair value through profit or loss – listed[1]	3.8	4.3
Mine rehabilitation funds (Note 16)	8.5	7.5
	12.3	11.8
Current financial assets		
Available-for-sale financial assets – listed[1]	25.9	99.2
Financial assets at fair value through profit or loss – listed[1]	0.9	11.3
	26.8	110.5

1. Other financial assets are listed investments outside Hong Kong and their carrying values are equal to their market values.

21. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2014 US$ million	2013 US$ million	2014 US$ million	2013 US$ million
Cash at bank and in hand	200.9	87.0	0.3	0.7
Short-term bank deposits[1]	50.3	50.4	–	–
Total[2]	251.2	137.4	0.3	0.7

1. The weighted average effective interest rate on short-term bank deposits as at 31 December 2014 was 0.62% (2013: 0.91%). These deposits have an average maturity of 7 days (2013: 66 days).
2. Out of the total cash and cash equivalents, US$159.8 million (2013: US$93.3 million) of cash held is limited to use on specific projects.

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2014 US$ million	2013 US$ million	2014 US$ million	2013 US$ million
US dollars	216.6	131.5	–	0.3
Peruvian Nuevo Sol	27.2	–	–	–
Australian dollars	6.1	4.2	–	–
Hong Kong dollars	0.1	0.5	0.3	0.4
Other	1.2	1.2	–	–
	251.2	137.4	0.3	0.7

22. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES		NOMINAL VALUE	
The Group and The Company	2014 '000	2013 '000	2014 HK$ million	2013 HK$ million
Authorised:				
Ordinary shares of HK$0.05 each	–	18,000,000	–	900.0

An entirely new Companies Ordinance (Cap.622) (new CO) came into effect on 3 March 2014. The authorised share capital of the Company as at 31 December 2013 was HK$900,000,000, representing 18,000,000,000 Ordinary Shares.

The new CO abolishes the authorised share capital, par value, share premium, and share redemption reserve, in respect of the share capital of Hong Kong companies. The abolition of par value has no impact on the classes of shares that a company has in issue or the class rights attached to those shares.

As a result, all share premium and capital redemption reserves that existed at the start date of the new CO become a part of the Company's share capital. The increase of US$2,325.0 million in monetary amount of the share capital is due to the following transfers on 3 March 2014:

- Share premium of US$2,318.6 million was transferred to share capital;
- Capital redemption reserve of US$0.2 million was transferred to share capital; and
- Capital reserve of US$6.2 million was transferred to share capital.

	NUMBER OF ORDINARY SHARES		SHARE CAPITAL	
	2014 '000	2013 '000	2014 US$ million	2013 US$ million
Issued and fully paid:				
At 1 January	5,289,608	5,289,608	33.9	33.9
Transfers from share premium, capital redemption reserve and capital reserve	–	–	2,325.0	–
At 31 December	5,289,608	5,289,608	2,358.9	33.9

23. RESERVES AND RETAINED PROFITS

(a) The Group

US$ million	Share premium (i)	Capital reserve (ii)	Special capital reserve (iii)	Exchange translation reserve (iv)	Available-for-sale financial assets reserve (v)	Merger reserve (vi)	Other reserves	Total other reserves	Retained profits	Total
At 1 January 2014	2,318.6	6.2	9.4	2.7	(15.6)	(1,946.9)	2.4	**376.8**	1,209.4	**1,586.2**
Profit for the year	–	–	–	–	–	–	–	–	103.8	**103.8**
Other comprehensive income										
Change in fair value of available-for-sale financial assets	–	–	–	–	26.1	–	–	**26.1**	–	**26.1**
Gain on disposal of available-for-sale financial assets	–	–	–	–	(10.9)	–	–	**(10.9)**	–	**(10.9)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**15.2**	**–**	**–**	**15.2**	**103.8**	**119.0**
Transactions with owners										
Dividends paid by the Company	–	–	–	–	–	–	–	–	(52.9)	**(52.9)**
Transition to no-par value regime on 3 March 2014 (Note 22)	(2,318.6)	(6.2)	–	–	–	–	(0.2)	**(2,325.0)**	–	**(2,325.0)**
Employee share options	–	–	–	–	–	–	0.1	**0.1**	–	**0.1**
Total transactions with owners	**(2,318.6)**	**(6.2)**	**–**	**–**	**–**	**–**	**(0.1)**	**(2,324.9)**	**(52.9)**	**(2,377.8)**
At 31 December 2014	**–**	**–**	**9.4**	**2.7**	**(0.4)**	**(1,946.9)**	**2.3**	**(1,932.9)**	**1,260.3**	**(672.6)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

US$ million	Share premium (i)	Capital reserve (ii)	Special capital reserve (iii)	Exchange translation reserve (iv)	Available-for-sale financial assets reserve (v)	Merger reserve (vi)	Other reserves	Total other reserves	Retained profits	Total
At 1 January 2013	2,318.6	6.2	9.4	2.7	2.4	(1,946.9)	0.4	**392.8**	1,106.1	**1,498.9**
Profit for the year	–	–	–	–	–	–	–	–	103.3	**103.3**
Other comprehensive income										
Change in fair value of available-for-sale financial assets	–	–	–	–	(18.0)	–	–	**(18.0)**	–	**(18.0)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(18.0)**	**–**	**–**	**(18.0)**	103.3	**85.3**
Transactions with owners										
Employee share options	–	–	–	–	–	–	2.0	**2.0**	–	**2.0**
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**2.0**	**2.0**	**–**	**2.0**
At 31 December 2013	**2,318.6**	**6.2**	**9.4**	**2.7**	**(15.6)**	**(1,946.9)**	**2.4**	**376.8**	**1,209.4**	**1,586.2**

(b) The Company

US$ million	Share premium (i)	Capital reserve (ii)	Special capital reserve (iii)	Capital redemption reserve (i)	Share option reserve	Retained profits	Total
At 1 January 2013	2,318.6	6.2	9.4	0.2	0.1	228.0	**2,562.5**
Profit for the year	–	–	–	–	–	18.1	**18.1**
Employee share options	–	–	–	–	2.0	–	**2.0**
At 31 December 2013	**2,318.6**	**6.2**	**9.4**	**0.2**	**2.1**	**246.1**	**2,582.6**
Profit for the year	–	–	–	–	–	4.7	**4.7**
Dividends paid	–	–	–	–	–	(52.9)	**(52.9)**
Transition to no-par value regime on 3 March 2014 (Note 22)	(2,318.6)	(6.2)	–	(0.2)	–	–	**(2,325.0)**
Employee share options	–	–	–	–	0.1	–	**0.1**
At 31 December 2014	**–**	**–**	**9.4**	**–**	**2.2**	**197.9**	**209.5**

NATURE AND PURPOSE OF RESERVES

(i) Share premium and capital redemption reserve

Prior to 3 March 2014, the application of the share premium account and the capital redemption reserve was governed by Sections 48B and 49H respectively of the Hong Kong Companies Ordinance. On 3 March 2014, the share premium account and capital redemption reserve became part of share capital as a result of the new CO (refer to Note 22 for more details).

(ii) Capital reserve

Prior to 3 March 2014, the application of the capital reserve was governed by Sections 48B and 49H of the Hong Kong Companies Ordinance. On 3 March 2014, the capital reserve became part of share capital as a result of the new CO (refer to Note 22 for more details).

(iii) Special capital reserve

In relation to the capital reorganisation as confirmed by the High Court of the Hong Kong Special Administrative Region on 13 February 2007, the Company has provided an undertaking (Undertaking) for its petition to the court that as long as any debt or liability of claim against the Company as at the effective date of this capital reorganisation remains outstanding, the Company should credit the following amounts to a special reserve (Special Reserve):

- all retained profits, if any, accruing to the Company between 1 November 2006 and 13 February 2007 (the effective date of the capital reorganisation);
- any recovery in excess of the written-down value of or the reversal of impairment loss in respect of certain investments in subsidiaries, listed securities, properties and loans or receivables of the Company as at 31 October 2006; and
- an amount equal to the change in fair value in respect of certain share options not yet vested as at 31 October 2006.

The standing to the credit of the Special Reserve shall not be treated as realised profit. It shall be treated as an undistributable reserve of the Company for the purposes of Section 79C of the Hong Kong Companies Ordinance. As at 31 December 2014, the standing to the credit of the Company's special capital reserve, which had been made in accordance with the Undertaking, amounted to US$9.4 million (2013: US$9.4 million).

(iv) Exchange translation reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2.4(c).

(v) Available-for-sale financial assets reserve

The available-for-sale financial assets reserve represents the change in fair value of the available-for-sale financial assets.

(vi) Merger reserve

Merger reserve represents the excess of investment cost in entities that have been accounted for under merger accounting for common control combinations in accordance with AG5 against their share capital.

DISTRIBUTABLE RESERVES

At 31 December 2014, the Company had US$197.9 million reserves available for distribution to Shareholders (2013: US$252.3 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. BORROWINGS

	2014 US$ million	2013 US$ million
Non-current		
Loan from a related party (Note 30(d))	1,843.8	–
Bank borrowings	6,163.3	1,112.0
Convertible redeemable preference shares	182.9	180.3
	8,190.0	1,292.3
Prepayments – finance charges	(97.8)	(21.7)
	8,092.2	**1,270.6**
Current		
Loan from a related party (Note 30(d))	–	75.0
Bank borrowings	109.5	259.5
Convertible redeemable preference shares	16.9	16.8
Finance lease liabilities	–	0.6
	126.4	351.9
Prepayments – finance charges	(9.7)	(1.1)
	116.7	**350.8**
Analysed as:		
– Secured	6,169.2	1,113.5
– Unsecured	2,147.2	530.7
	8,316.4	1,644.2
Prepayments – finance charges	(107.5)	(22.8)
	8,208.9	**1,621.4**
Borrowings (excluding: prepayments) are repayable as follows:		
– Within one year	126.4	351.9
– Between one and two years	281.2	126.3
– Between two and five years	1,831.4	835.4
– Within five years	2,239.0	1,313.6
– Over five years	6,077.4	330.6
	8,316.4	1,644.2
Prepayments – finance charges	(107.5)	(22.8)
	8,208.9	**1,621.4**
Borrowings (excluding: prepayments) are:		
– Wholly repayable within five years	2,239.0	1,313.6
– Not wholly repayable within five years	6,077.4	330.6
	8,316.4	**1,644.2**

An analysis of the carrying amounts of the total borrowings (excluding finance leases and prepayments) by type and currency is as follows:

	2014 US$ million	2013 US$ million
US dollars		
– At floating rates	8,116.6	1,446.5
– At fixed rates	199.8	197.7
	8,316.4	**1,644.2**

The effective interest rates at the balance sheet date were as follows:

	2014	2013
Borrowings	3.9%	3.1%

Certain entities of the Group are subject to certain loan covenants. For both 2014 and 2013, there was no material non-compliance with those loan covenants.

On 30 July 2013, the Company, Topstart and Alber Holdings Limited (Alber) entered into an Investment Agreement, pursuant to which Topstart conditionally agreed to issue, and the investor conditionally agreed to subscribe for, 338,000,000 convertible redeemable preference shares at a price of US$1.00 per convertible redeemable preference share (CRPS). The CRPS were issued on 5 August 2013 (Issue Date) following the completion of certain conditions precedent and represented 19.60% of the equity share capital of Topstart. The total consideration paid for the CRPS was US$338,000,000.

The values of the liability component and the equity conversion component were determined at issuance of the CRPS.

The interest on the CRPS is calculated at the effective interest rate of 10% approximating the market rate of interest for a similar debt instrument with the same currency and maturity (2013: 10%).

As at 31 December 2014, the borrowings of the Group were secured as follows:

(a) Approximately US$638.4 million (2013: US$714.4 million) from CDB and BOC Sydney was secured by a first-ranking equitable mortgage over each of the entire share capital of Album Investment, a wholly owned subsidiary of the Company, and 100% of the share capital of certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings, and a share charge over 70% of the share capital of certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings;

(b) Approximately US$130.0 million (2013: US$150.0 million) from China Development Bank Corporation was also secured by a first-ranking equitable mortgage over each of the entire share capital of Album Investment and 100% of the share capital of certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings and a share charge over 70% of the issued shares in certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings;

(c) Approximately US$250.0 million (2013: US$250.0 million) from CDB and BOC Sydney was secured by a first-ranking equitable mortgage over each of the entire share capital of Album Investment; 100% of the share capital of certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings; a share charge over 70% of the share capital of certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings; a share charge over all of the shares in MMG Dugald River; a real property mortgage over all of the interests in land of MMG Dugald River; a general security agreement in respect of all of the assets of MMG Dugald River; and specific security over certain assets owned by MMG Australia Limited relating to the Dugald River project and a featherweight charge over all of MMG Australia Limited's other assets (which security will be released once MMG Australia Limited has completed the transfer of the Dugald River project assets to MMG Dugald River); and

(d) Approximately US$5,150.8 million (2013: Nil) from CDB, ICBC, BOC Sydney and The Export-Import Bank of China was secured by share security over the entire share capital of MMG SAM and each of its subsidiaries including Minera Las Bambas S.A., 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 Minera Las Bambas S.A., assignments of shareholder loans between MMG South America Management Co Ltd and its subsidiaries and security agreements over bank accounts of Minera Las Bambas S.A. These borrowings are also guaranteed on a several basis by CMNH and CMCL, Guoxin International Investment Corporation Limited and CITIC Limited in proportion to the respective shareholdings of MMG SA, Elion Holdings Corporation Limited and Citic Metal Peru Investment Limited in MMG SAM.

25. PROVISIONS

	2014 US$ million	2013 US$ million
Non-current		
Employee benefits	3.0	3.5
Workers' compensation	1.2	2.4
Mine rehabilitation, restoration and dismantling[(a)]	780.0	622.3
Other provisions[(b)]	–	7.8
Total non-current provisions	**784.2**	**636.0**
Current		
Employee benefits	53.8	49.2
Workers' compensation	1.2	0.9
Mine rehabilitation, restoration and dismantling[(a)]	39.8	–
Other provisions[(b)]	7.8	1.8
Total current provisions	**102.6**	**51.9**
Aggregate		
Employee benefits	56.8	52.7
Workers' compensation	2.4	3.3
Mine rehabilitation, restoration and dismantling[(a)]	819.8	622.3
Other provisions[(b)]	7.8	9.6
Total provisions	**886.8**	**687.9**

(a) Mine rehabilitation, restoration and dismantling

	2014 US$ million	2013 US$ million
Opening carrying amount	622.3	577.4
Additional provisions recognised[1]	208.1	80.7
Acquisition of subsidiaries (Note 28)	30.7	–
Payments made	(15.9)	(5.0)
Unwind of discount (Note 7)	25.1	25.8
Exchange rate differences	(50.5)	(56.6)
Closing carrying amount	**819.8**	**622.3**

1. The additional provisions recognised in 2014 relate primarily to Century.

(b) Other provisions

	2014 US$ million	2013 US$ million
Opening carrying amount	9.6	14.1
Net movement in provisions	(1.8)	(4.5)
Closing carrying amount	**7.8**	**9.6**

26. TRADE AND OTHER PAYABLES

The ageing analysis of the trade payables is as follows:

	2014		2013	
	US$ million	%	US$ million	%
Non-current other payables				
Related party interest payable (Note 30(d))	27.9		–	
Other payables and accruals	37.0		–	
	64.9		–	
Current trade and other payables				
Trade payables[1]				
Less than 6 months	245.2	100.0%	106.6	100.0%
	245.2	100.0%	106.6	100.0%
Other payables and accruals	263.3		129.0	
	508.5		**235.6**	

1. As at 31 December 2014, the Group's trade payables included an amount of US$1.1 million (2013: US$0.5 million) (Note 30(d)), which was due to a related company of the Group.

27. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit for the year to net cash generated from operations is as follows:

	2014 US$ million	2013 US$ million
Profit for the year	99.2	122.5
Adjustments for:		
Finance income	(3.3)	(2.8)
Finance costs	82.7	80.0
Depreciation, amortisation and impairment expenses	537.1	472.6
Loss on disposal of property, plant and equipment and investment properties	0.9	0.3
Loss on financial assets	0.2	6.5
Write-down of/(Reversal of write-down) inventories to net realisable value	5.7	(25.6)
Exchange gains – net	(1.4)	(12.6)
Changes in working capital (excluding the effect of exchange differences on consolidation and business combination accounting):		
Inventories	16.2	2.5
Trade and other receivables	(91.6)	5.2
Trade payables and accruals, provisions and other payables	73.2	(60.9)
Tax assets and tax liabilities	(52.2)	(33.2)
Net cash generated from operations	**666.7**	**554.5**

(b) In the consolidated cash flow statement, purchase of property, plant and equipment comprises:

	2014 US$ million	2013 US$ million
Total additions (Note 13(a))	1,425.0	600.1
Less non-cash additions		
Transfer from provision for mine rehabilitation, restoration and dismantling (Note 25(a))	(157.6)	(24.1)
Capitalised interest (Note 7)	(135.8)	(13.9)
Exploration assets received upon settlement of sundry receivable	(52.5)	–
Other	(41.2)	(3.9)
Purchase of property, plant and equipment	**1,037.9**	**558.2**

28. BUSINESS COMBINATION

Summary of acquisition

On 14 April 2014, the Group announced it had entered into a conditional agreement to acquire the Las Bambas Project as part of a joint venture with two other parties. Details of the proposed acquisition were set out in a circular to Shareholders dated 30 June 2014 convening an EGM for the purpose of the Shareholders approving the acquisition. The acquisition was approved by Shareholders on 21 July 2014, and was completed on 31 July 2014.

The Las Bambas Project is a large, scalable, long-life development project with prospective exploration options. Located in Cotabambas, Apurimac Region of Peru, the project is at an advanced stage of construction. The estimated mine life is in excess of 20 years. The Group expects first production of concentrate in the first quarter of 2016, with post-acquisition capital expenditure required to complete the Las Bambas Project to be in the range of US$1.9–US$2.4 billion from 1 January 2015. As at 31 December 2014, the overall project was 80% complete.

The acquisition is structured via an investment holding company established for the purpose of the acquisition, MMG South America Management Co Ltd (Las Bambas Joint Venture Company). Pursuant to the Shareholders' Agreement each participant subscribed for new shares in the Las Bambas Joint Venture Company such that the Las Bambas Joint Venture Company is owned as to 62.5% by the Group and as to 37.5% by other shareholders.

The JV Company, via two wholly owned subsidiaries (the Purchasers), acquired the entire issued share capital of Las Bambas Holdings S.A. (the Target Company), a wholly owned subsidiary of the Sellers and indirect owner of the Las Bambas Project, for a consideration of US$2,968.1 million. Additionally, immediately prior to completion, the Purchasers advanced funds to the Project Company, a subsidiary of the Target Company, to enable the repayment of US$4,018.1 million loan balances owed by the Project Company to Glencore subsidiaries (intra-group loans). As at 31 December 2014, US$12.2 million of the purchase consideration remained payable. There is no contingent consideration associated with the acquisition.

As at the date of acquisition, the consideration and the repayment of intra-group loans were funded in combination with additional capital expenditure requirements relating to the period following acquisition. The amounts were funded as follows:

(i) Equity contributions of US$1,843.8 million made to the Las Bambas Joint Venture Company by the Group in proportion to its respective shareholding. The pro-rata share of equity contribution by the Group has been financed by a loan from Top Create, a Shareholder of the Company; this amount is presented in the Group balance sheet as part of borrowings (loan from a related party);

(ii) Equity contributions of US$1,106.2 million made to the Las Bambas Joint Venture Company by other parties in proportion to their respective shareholdings and measured at fair value commensurate with the purchase price paid as a percentage of net assets acquired; these amounts are presented in the Group balance sheet as non-controlling interests (refer to Note 16); and

(iii) External bank financing of US$4,988.0 million, presented in the Group balance sheet as part of borrowings (bank borrowings).

In accordance with the terms of the Shareholders' Agreement, the Company is of the opinion that it has the ability to govern the financial and operating policies of the Las Bambas Joint Venture Company and the Las Bambas Joint Venture Company is a subsidiary of the Company. Therefore, the Group has consolidated the Las Bambas Joint Venture Company (and JV Group) in its consolidated financial statements for the year ended 31 December 2014.

The Group has performed a provisional assessment of the estimated fair value of the net identifiable assets and liabilities as at 31 July 2014. The following table summarises the consideration paid, and the amounts of the assets acquired and liabilities assumed that were recognised at the acquisition date as per the provisional assessment.

	AS AT 31 JULY 2014
	Fair Value
Purchase Consideration	US$ million
Cash paid	2,955.9
Other payables – as at 31 December 2014	12.2
	2,968.1
Identifiable Assets Recognised and Liabilities Assumed	
ASSETS	
Non-current assets	
Property, plant and equipment	6,868.1
Intangible assets	1.4
Other receivables[1]	75.6
	6,945.1
Current assets	
Inventories	2.8
Trade and other receivables[1]	209.2
Current income tax assets	19.2
Cash and cash equivalents	5.8
	237.0
Total assets	**7,182.1**
LIABILITIES	
Non-current liabilities	
Deferred income tax liabilities	531.6
Provisions	30.7
	562.3
Current liabilities	
Trade and other payables	159.2
Provisions	2.9
	162.1
Total liabilities	**724.4**
Net identifiable assets acquired	**6,457.7**
Less: Repayments of loans to former parent of acquired subsidiaries	(4,018.1)
	2,439.6
Add: Goodwill[2]	528.5
Net Assets	**2,968.1**

1. There is no material difference between the gross contractual amounts receivable and their fair value.
2. The goodwill arises from the HKFRS requirement to recognise a deferred tax liability for the difference between the fair value of newly consolidated assets and liabilities and their tax bases. In accordance with HKFRS, no deferred tax liability is recognised from initial recognition of goodwill.

The Las Bambas Project remained under construction as at 31 December 2014. The project has not impacted Group revenue or Group operating profit or loss since the acquisition date and there would have been no material impact had the acquisition date been the start of the annual reporting period. During the year ended 31 December 2014 the Group incurred US$16.3 million Las Bambas transaction expenses (2013: US$5.2 million) and US$11.4 million Las Bambas integration-related expenses (2013: nil). These expenses are presented as part of administrative expenses.

29. ASSETS AND LIABILITIES HELD FOR SALE

	2014 US$ million	2013 US$ million
Assets of disposal group classified as held for sale		
Property, plant and equipment	24.4	24.4
Total	**24.4**	**24.4**
Liabilities of disposal group classified as held for sale		
Trade and other payables	–	1.3
Mine rehabilitation, restoration and dismantling provisions	4.5	4.6
Total	**4.5**	**5.9**

On 15 April 2014, the Group entered into a sale agreement with QCG Resources Pty Ltd (QCG) for the sale of the Avebury nickel mine, currently on care and maintenance. Avebury has been classified as a disposal group held for sale in the consolidated balance sheet of the Group since the second half of 2012.

In accordance with the terms of the sale agreement the total consideration is A$40.0 million comprising A$35.0 million to be transferred at or prior to completion and A$5.0 million contingent consideration payable at a future date in the event that the Avebury mine obtains agreed production milestones.

The sale is subject to a number of conditions precedent, including QCG raising the funds required for its A$32.25 million closing payment. The Group received State-owned Assets Supervision and Administration Commission of the State Council approval on 4 July 2014. The parties expect the sale to complete prior to 30 June 2015.

As at 31 December 2014 the Group has received total A$2.75 million non-refundable deposits. These amounts have been recognised within other income in the consolidated income statement.

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is controlled by CMN through Top Create, a company incorporated in the British Virgin Islands, which owns 30.65% of the Company's shares, and Album Enterprises, which owns 43.04% of the Company's shares, both of which are wholly owned subsidiaries of CMN. The remaining 26.31% of the Company's shares are widely held. The Directors of the Company consider the ultimate holding Company is CMC, a company incorporated in the PRC.

CMC itself is a state-owned enterprise and is controlled by the PRC Government, which also owns a significant portion of productive assets in the PRC. In accordance with HKAS 24 Related Party Disclosures issued by the Hong Kong Institute of Certified Public Accountants, other state-owned enterprises and their subsidiaries (other than subsidiaries of CMC), directly or indirectly controlled by the PRC Government, are also defined as related parties of the Group. On that basis, related parties include CMC and its related companies, other state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC Government, the Company's joint arrangements and associates, and key management personnel of the Company and CMC as well as their close family members.

For the purposes of the related party transaction disclosures, the Directors of the Company believe that meaningful information in respect of related party transactions has been adequately disclosed. In addition to the related party information and transactions disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year.

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

	2014 US$ million	2013 US$ million
Revenue		
Sales of non-ferrous metals	161.9	132.2
Expenses		
Purchases of consumables	(3.3)	(15.9)
Finance costs – net		
Finance costs	(3.1)	(7.5)
Borrowing costs capitalised on qualifying assets	(27.9)	–

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

During the year ended 31 December 2014, the Group's transactions with other state-owned enterprises (excluding CMC and its subsidiaries) are sales of non-ferrous metals and purchases of consumables and the related receivables and payables balances. In addition, a portion of fixed deposits, cash and cash equivalents and borrowings as at 31 December 2014 and the relevant interest earned or paid during the year were transacted with banks and other financial institutions controlled by the PRC Government including BOC, CDB, ICBC and The Export-Import Bank of China.

The transactions of revenues and expenses in nature conducted with government-related entities were based on terms as set out in the underlying agreements, based on statutory rates or market prices or actual cost incurred, or as mutually agreed.

(c) Key management compensation

Key management includes Directors (executive and non-executive) and members of the Executive Committee. The key management personnel remuneration for the Group was as follows:

	2014 US$ million	2013 US$ million
Salaries and employee benefits	8.6	8.8
Short-term incentives and discretionary bonus	7.2	3.8
Long-term incentives	3.3	(5.5)
Post-employment benefits	0.1	0.1
Share-based payments	–	0.6
	19.2	**7.8**

(d) Year-end balances

	2014 US$ million	2013 US$ million
Amount payable to related parties		
Loan from Album Enterprises[1] (Note 24)	–	75.0
Loan from Top Create[2] (Note 24)	1,843.8	–
Trade payable to CMN (Note 26)	1.1	0.5
Interest payable to Top Create[2] (Note 26)	27.9	–
	1,872.8	**75.5**
Amount receivable from related parties		
Loan to Album Enterprises[3]	80.0	–
Trade receivables from CMN (Note 19)	6.5	0.4
	86.5	**0.4**

1. The loan amount from Album Enterprises represents the amount drawn by the Company on 15 February 2012 pursuant to a facility agreement dated 30 September 2011 between the Company and Album Enterprises. In accordance with the facility agreement, a loan facility of up to US$300.0 million was made available to the Company on an uncommitted basis, for a period of one year commencing on the date of the loan. The term of the loan was extended on 17 December 2012 for a period of one year from 14 February 2013 to 14 February 2014. The term of the loan was extended on 14 February 2014 for a period of six months from 14 February 2014 to 14 August 2014. Interest was accrued on the outstanding balance drawn under the facility agreement at Libor plus 2.2% per annum and was repayable at the end of the term, or on demand. Final payment of US$75.0 million was made on 20 June 2014 (refer to Note 24).
2. The loan amount from Top Create represents the amount drawn by the Company on 22 July 2014 pursuant to a facility agreement dated 22 July 2014 between MMG SA and Top Create. In accordance with the facility agreement, a loan facility of up to US$2,262.0 million was made available to MMG SA, for a period of four years commencing on the date of the loan. Interest is accrued on the outstanding balance drawn under the facility agreement at Libor plus 3.1% per annum and the loan is repayable at the end of the term.
3. The loan to Album Enterprises (US$80.0 million) represents the amount drawn by Album Enterprises on 19 December 2014. Monies have been advanced to Album Enterprises for up to 90 days at Libor plus 2.0% per annum. The loan to Album Enterprises described above was made pursuant to a facility agreement, dated 17 December 2014, between MMG Finance Limited (a subsidiary of the Group) and Album Enterprises. Under the facility agreement, a loan facility of US$80.0 million was made available to Album Enterprises, for a period of one year commencing on the date of the facility agreement.

31. FINANCIAL RISK MANAGEMENT

31.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks, including commodity price risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk, equities price risk and sovereign 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 does not enter and is prohibited from entering into derivative contracts for speculative purposes.

Financial risk management is carried out by the Group Treasury function under standards 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 above.

(a) Commodity price risk

The Group is exposed to commodity price volatility on commodity sales made by its operations. This arises from the sale of metal and metal in concentrate products such as zinc, copper, lead, gold and silver, which are priced on, or benchmarked to, open market exchanges. There are no commodity hedges in place as at 31 December 2014 and 2013.

The following table details the sensitivity of the Group's trade receivables balance to movements in commodity prices. Trade receivables 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 after tax profit would have increased/(decreased) as set out below.

	2014			2013		
Commodity	Commodity price movement	Increased profit US$ million	Decreased profit US$ million	Commodity price movement	Increased profit US$ million	Decreased profit US$ million
Zinc	10%	3.5	(3.5)	10%	3.2	(3.2)
Copper	10%	4.7	(4.7)	10%	6.4	(6.4)
Lead	10%	2.3	(2.3)	10%	0.7	(0.7)
Total		**10.5**	**(10.5)**		**10.3**	**(10.3)**

(b) Interest rate risk

The Group is exposed to interest rate volatility on deposits and borrowings. Deposits and borrowings at variable rates expose the Group to cash flow interest rate risk. Deposits and borrowings at fixed rates expose the Group to fair value interest rate risk. Details of the Group's cash and cash equivalents have been disclosed in Note 21 while the details of the Group's borrowings are set out in Note 24.

The Group regularly monitors its interest rate risk to ensure that 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 which summarises the Group's debt and interest rates is provided to the Executive Committee. As at 31 December 2014 and 2013, if the interest rate had increased/(decreased) by 100 basis points with all other variables held constant, post-tax profit and equity for the year would have increased/(decreased) as follows:

	2014				2013			
	+100 basis points		–100 basis points		+100 basis points		–100 basis points	
US$ million	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial assets								
Cash and cash equivalents	1.8	1.8	(1.8)	(1.8)	1.0	1.0	(1.0)	(1.0)
Financial liabilities								
Borrowings	(6.1)	(6.1)	6.1	6.1	(8.4)	(8.4)	8.4	8.4
Total	**(4.3)**	**(4.3)**	**4.3**	**4.3**	**(7.4)**	**(7.4)**	**7.4**	**7.4**

(c) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency exchange risk. The Group's reporting currency and functional currency of the majority of subsidiaries within the Group is US dollars. The majority of revenue received by the Group is in US dollars. The Group's foreign currency exchange risk arises predominantly from the currency of the countries in which the Group's operations are located.

The Group is exposed to foreign exchange risk primarily with respect to the Peruvian Nuevo Sol (PEN), Australian dollar (A$), and Hong Kong dollar (HK$). Given the exchange rate peg between HK dollars and US dollars, it is not foreseen that the Group will be exposed to significant exchange rate risk for the transactions conducted in HK dollars or US dollars. However, exchange rate fluctuations of Peruvian Nuevo Sols or Australian dollars against US dollars could affect the Group's performance and asset value. The Peruvian Nuevo Sol and Australian dollar are the most important currencies influencing costs.

The Group tries to minimise its foreign exchange risk exposures through natural hedges wherever possible. For instance, external debt and surplus cash are denominated in US dollars. A portion of cash may be held in Australian dollars to meet operating costs.

The following table shows the foreign currency risk arising from the financial assets and liabilities, which are shown by currency of denomination.

US$ million	Note	US$	PEN	A$	HK$	Others	Total
As at 31 December 2014							
Financial assets							
Cash and cash equivalents	21	216.6	27.2	6.1	0.1	1.2	**251.2**
Trade receivables	19	153.5	–	–	–	–	**153.5**
Sundry receivables	19	18.3	6.3	9.6	–	–	**34.2**
Financial liabilities							
Trade and other payables	26	(416.5)	(52.8)	(90.1)	–	(14.0)	**(573.4)**
Borrowings (excluding prepayments)	24	(8,316.4)	–	–	–	–	**(8,316.4)**
		(8,344.5)	**(19.3)**	**(74.4)**	**0.1**	**(12.8)**	**(8,450.9)**
As at 31 December 2013							
Financial assets							
Cash and cash equivalents	21	131.5	–	4.2	0.5	1.2	**137.4**
Trade receivables	19	119.4	–	20.3	–	1.4	**141.1**
Sundry receivables	19	87.1	–	–	–	–	**87.1**
Financial liabilities							
Trade and other payables	26	(86.4)	–	(139.6)	–	(9.6)	**(235.6)**
Borrowings (excluding prepayments)	24	(1,644.2)	–	–	–	–	**(1,644.2)**
		(1,392.6)	**–**	**(115.1)**	**0.5**	**(7.0)**	**(1,514.2)**

Based on the Group's net financial assets and liabilities as at 31 December 2014 and 2013, a movement of the US dollar against the principal non-functional currencies as illustrated in the table below, with all other variables held constant, would (decrease)/ increase profit after taxation and equity as follows:

	2014				2013			
	Strengthening of US dollar		Weakening of US dollar		Strengthening of US dollar		Weakening of US dollar	
US$ million	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
10% movement in A$ (2013: 10%)	5.2	5.2	(5.2)	(5.2)	8.1	8.1	(8.1)	(8.1)
10% movement in PEN (2013: N/A)	1.3	1.3	(1.3)	(1.3)	–	–	–	–
Total	**6.5**	**6.5**	**(6.5)**	**(6.5)**	**8.1**	**8.1**	**(8.1)**	**(8.1)**

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to counterparty credit risk through sales of metal products on normal terms of trade, through deposits of cash and settlement risk on foreign exchange transactions. At the reporting date, the carrying amount of the Group's financial assets, including cash and cash equivalents, trade and other receivables, loan to a related party and other bank deposits, represents the maximum credit exposure.

The credit risk on 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.

The Group's most significant customer is Nyrstar Sales and Marketing AG. The revenue earned from Nyrstar Sales and Marketing AG was approximately 33.4% (2013: Nyrstar Sales and Marketing AG with 30.4%) of revenue for the year. The largest debtor at 31 December 2014 was Nyrstar Sales and Marketing AB with a balance of US$74.9 million (2013: Trafigura Beheer B.V. with US$44.5 million) and the five largest debtors accounted for 88.2% (2013: 86.2%) of the Group's trade receivables. Credit risk arising from sales to large-concentrate customers is managed by contracts that stipulate a provisional payment of at least 90% of the estimated value of each sale. This is payable either promptly after vessel loading or upon vessel arriving at the discharge port. Title to the concentrate does not pass to the buyer until this provisional payment is made. For most sales a second provisional payment is received within 60 days of the vessel arriving at the port of discharge. Final payment is made after completion of the quotation period and assaying. The credit risk by geographic location of customer was:

	AS AT 31 DECEMBER	
US$ million	2014	2013
Australia	2.5	1.2
Europe	118.2	85.8
Asia	32.8	54.1
	153.5	**141.1**

(e) Liquidity risk

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

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

US$ million	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2014					
Financial liabilities					
Trade and other payables	508.5	37.0	27.9	–	573.4
Borrowings (including interest)	205.0	360.1	2,720.8	9,006.1	12,292.0
	713.5	**397.1**	**2,748.7**	**9,006.1**	**12,865.4**
At 31 December 2013					
Financial liabilities					
Trade and other payables	235.6	–	–	–	235.6
Borrowings (including interest)	398.9	164.9	883.3	849.7	2,296.8
	634.5	**164.9**	**883.3**	**849.7**	**2,532.4**

(f) Equities price risk

Equity securities price risk arising from investments held by the Group are classified in the balance sheet as available-for-sale and fair value through profit and loss financial assets. All the Group's equity investments are publicly traded. The price risk of the Group's equity securities was not significant as at 31 December 2014 and 2013.

(g) Sovereign risk

The Group has operations in countries that carry higher levels of sovereign risk. Political and administrative change and reforms in law, regulations or taxation may impact the Group's future performance.

31.2 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents and short-term monetary financial assets and financial liabilities approximate their carrying values. The fair values of other monetary financial assets and liabilities are either based upon market prices, where a market exists, or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles.

The fair value of listed equity investments have been valued by reference to market prices prevailing at the reporting date.

The carrying value of trade and other receivables less impairment provisions and trade payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

The carrying amounts and fair values of financial assets and liabilities by category and class at 31 December 2014 and 2013 are:

US$ million	Note	Loans and receivables	Available-for-sale	Designated at fair value through profit and loss	Other liabilities at amortised cost	Total carrying value	Total Fair value
As at 31 December 2014							
Financial assets							
Cash and cash equivalents	21	251.2	–	–	–	**251.2**	**251.2**
Trade receivables	19	153.5	–	–	–	**153.5**	**153.5**
Sundry receivables	19	34.2	–	–	–	**34.2**	**34.2**
Other financial assets	20	8.5	25.9	4.7	–	**39.1**	**39.1**
		447.4	**25.9**	**4.7**	**–**	**478.0**	**478.0**
Financial liabilities							
Trade and other payables	26	–	–	–	573.4	**573.4**	**573.4**
Borrowings (excluding prepayments)	24	–	–	–	8,316.4	**8,316.4**	**8,321.3**
		–	**–**	**–**	**8,889.8**	**8,889.8**	**8,894.7**
As at 31 December 2013							
Financial assets							
Cash and cash equivalents	21	137.4	–	–	–	**137.4**	**137.4**
Trade receivables	19	141.1	–	–	–	**141.1**	**141.1**
Sundry receivables	19	87.1	–	–	–	**87.1**	**87.1**
Other financial assets	20	7.5	99.2	15.6	–	**122.3**	**122.3**
		373.1	**99.2**	**15.6**	**–**	**487.9**	**487.9**
Financial liabilities							
Trade and other payables	26	–	–	–	235.6	**235.6**	**235.6**
Borrowings (excluding prepayments)	24	–	–	–	1,644.2	**1,644.2**	**1,644.2**
		–	**–**	**–**	**1,879.8**	**1,879.8**	**1,879.8**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31.3 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by the valuation method. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014 and 2013.

US$ million	Note	Level 1	Level 2	Level 3	Total
Assets					
As at 31 December 2014					
Financial assets at fair value through profit and loss – listed[1]	20	4.7	–	–	**4.7**
Available-for-sale financial assets – listed[1]	20	25.9	–	–	**25.9**
		30.6	**–**	**–**	**30.6**
As at 31 December 2013					
Financial assets at fair value through profit and loss – listed[1]	20	15.6	–	–	**15.6**
Available-for-sale financial assets – listed[1]	20	99.2	–	–	**99.2**
		114.8	**–**	**–**	**114.8**

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

1. The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Instruments included in level 1 comprise investments in listed stock exchanges.

31.4 CAPITAL RISK MANAGEMENT

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

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and business strategies. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payments to Shareholders, issue new shares or raise/repay debts.

The Group monitors capital and manages its cash flow in accordance with financial covenants contained in group debt facilities. During the year, the Group raised US$5,150.8 million external bank borrowings and US$1,843.8 million Shareholder borrowings (Note 30 (d)) to fund the Las Bambas Project. Under MMG Group debt facility agreements, MMG South America Company Limited and its subsidiaries (MMG South America Group) related items are excluded from the MMG Group gearing ratio calculation. The gearing ratio is defined as net debt (total borrowings excluding finance charge prepayments, less cash and bank deposits) divided by the aggregate of net debt plus total equity. As a result the borrowings, cash and equity amounts in 2014 in the MMG Group gearing ratio calculation exclude those in the MMG South America Group, including US$1,843.8 million Shareholder borrowings by MMG SA to fund its equity contribution in the Las Bambas joint venture company MMG South America Management Company Limited.

MMG Group (excluding MMG South America Group)	2014 US$ million	2013 US$ million
Total borrowings (excluding prepayments)	1,321.8	1,644.2
Less: cash and cash equivalents	91.9	137.4
Net debt	**1,229.9**	**1,506.8**
Total equity	1,922.5	1,816.8
	3,152.4	**3,323.6**
Gearing ratio	**0.39**	**0.45**

The Group's objectives on managing the capital employed by MMG South America Management Group (the Las Bambas joint venture company and its subsidiaries) are to safeguard the MMG South America Management Group's ability to continue as a going concern, support the development of projects, enhance Shareholder value and provide capital for further investment.

The process used to manage and monitor the capital for the MMG South America Management Group is consistent with that applied for the MMG Group.

MMG South America Management Group	2014 US$ million
Total borrowings (excluding prepayments)	5,150.8
Less: cash and cash equivalents	159.3
Net debt	**4,991.5**
Total equity	2,895.9
	7,887.4
Gearing ratio	**0.63**

Available debt facilities

As at 31 December 2014, the MMG Group (excluding MMG South America Management Group) had available undrawn facilities of US$1,040.0 million (including US$750.0 million Dugald River facility which can only be used for the purpose of funding the project. In the event the project does not progress, the facilities will need to be repaid). The MMG South America Management Group had available undrawn facilities of US$1,806.2 million. Additionally, a further US$418.3 million undrawn facility was available with Top Create, a Shareholder of the Company, to fund MMG Group equity contributions to the MMG South America Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of every Director for the year ended 31 December 2014 is set out below:

	FOR THE YEAR ENDED 31 DECEMBER 2014					
Name of Director	Fees US$'000	Salaries US$'000	Other benefits[1] US$'000	Short-term incentive plans[2] US$'000	Long-term incentive plans[3] US$'000	Total US$'000
Mr Wang Lixin[4]	339	–	3	–	–	**342**
Mr Andrew Gordon Michelmore	–	2,146	22	2,686	1,514	**6,368**
Mr David Mark Lamont	–	1,020	20	853	439	**2,332**
Mr Xu Jiqing	–	695	67	533	259	**1,554**
Mr Jiao Jian[5]	225	–	–	–	–	**225**
Mr Gao Xiaoyu	120	–	–	–	–	**120**
Mr Leung Cheuk Yan	169	–	–	–	–	**169**
Dr Peter William Cassidy	192	–	3	–	–	**195**
Mr Anthony Charles Larkin	192	–	3	–	–	**195**
	1,237	**3,861**	**118**	**4,072**	**2,212**	**11,500**

1. Other benefits include statutory superannuation and pension contributions, non-monetary benefits and housing allowances. Not all benefits apply to each executive; benefits are applied variably based on contractual and statutory obligations.
2. Short-term incentive (STI) plans include at-risk, performance-linked remuneration of both the STI plan and discretionary bonuses paid in relation to the completion of Las Bambas.

   The STI plan is an annual cash award determined by performance against the Group's financial and safety targets and individual performance. For operational roles, additional components include performance targets related to production rates, unit costs, and operational safety.

   Participation in the at-risk incentive plans is offered to participants as a percentage of their fixed remuneration according to seniority and their ability to influence the performance of the Group. All employees on long-term employment contracts are eligible to participate in a STI plan. The incentive plans provision for STIs was reassessed at the balance sheet date.
3. Long-term incentive (LTI) plans include at-risk, performance-linked remuneration of both LTI plans and the Executive plan (EP).

   The 2012 and 2014 LTI plans are cash-settled awards vesting at the conclusion of three performance years. The 2013 Long Term Incentive Equity (LTIE) plan is a Share Option Scheme vesting at the conclusion of three performance years. The vesting of LTI plans is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant, including among others, achievement of financial, resources and market-related performance targets at the conclusion of the respective vesting period.

   The 2014 EP is a cash-settled award vesting at the conclusion of three years provided that the EP recipient remains in employment with the Group until the end of the period. Participation in the EP is at the Board's discretion and limited to senior executives.

   Participation in the at-risk incentive plans is offered to participants as a percentage of their fixed remuneration according to seniority and their ability to influence the performance of the Group. The LTI and LTIE plans are limited to senior managers invited to participate by the Board. The incentive plans provision for LTIs was reassessed at the balance sheet date. The values attributed to the LTI plans are estimated values based on an assessment of the likely outcomes for each LTI plan and may be adjusted based on the actual outcome. The current reassessment resulted in no additional value being attributed to the 2012 and 2013 LTI plans.
4. Resigned as the Chairman on 20 August 2014 but remains as a Non-executive Director of the Company.
5. Appointed as the Chairman of the Company on 20 August 2014.

The remuneration of every Director for the year ended 31 December 2013 is set out below:

	FOR THE YEAR ENDED 31 DECEMBER 2013					
Name of Director	Fees US$'000	Salaries US$'000	Other benefits[1] US$'000	Short-term incentive plans[2] US$'000	Long-term incentive plans[3] US$'000	Total US$'000
Mr Wang Lixin	435	–	1	–	–	436
Mr Andrew Gordon Michelmore	–	2,306	18	1,780	(2,782)	1,322
Mr David Mark Lamont	–	1,096	18	513	(525)	1,102
Mr Xu Jiqing	49	459	106	190	48	852
Mr Jiao Jian	129	–	–	–	–	129
Mr Gao Xiaoyu	129	–	–	–	–	129
Mr Leung Cheuk Yan	182	–	–	–	–	182
Dr Peter William Cassidy	206	–	1	–	–	207
Mr Anthony Charles Larkin	206	–	1	–	–	207
	1,336	**3,861**	**145**	**2,483**	**(3,259)**	**4,566**

1. Other benefits include statutory superannuation and pension contributions, non-monetary benefits and housing allowances. Not all benefits apply to each executive; benefits are applied variably based on contractual and statutory obligations.
2. STI plans include at-risk, performance-linked remuneration of STI plan.

   The STI plan is an annual cash award determined by performance against Group's financial and safety targets and individual performance. For operational roles, additional components include performance targets related to production rates, unit costs, and operational safety.

   Participation in the at-risk incentive plans is offered to participants as a percentage of their fixed remuneration according to seniority and their ability to influence the performance of the Group. All employees on long-term employment contracts are eligible to participate in a STI plan. The incentive plans provision was reassessed at the balance sheet date.
3. LTI plans include at-risk, performance-linked remuneration of LTI plans.

   The 2011 and 2012 LTI plans are cash-settled awards vesting at the conclusion of three performance years. The 2013 LTIE plan is Share Option Scheme vesting at the conclusion of three performance years. The vesting of LTI plans is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant, including among others, achievement of financial, resources and market-related performance targets at the conclusion of the respective vesting period.

   Participation in the at-risk incentive plans is offered to participants as a percentage of their fixed remuneration according to seniority and their ability to influence the performance of the Group. The LTI and LTIE plans are limited to senior managers invited to participate by the Board. The incentive plans provision for LTIs was reassessed at the balance sheet date. The values attributed to the LTI plans are estimated values based on an assessment of the likely outcomes for each LTI plan and may be adjusted based on the actual outcome. The current reassessment resulted in a reversal of the previously accrued values being attributed to the 2011 and 2012 LTI plans.

(b) Five highest-paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three Directors (2013: 3) whose emoluments are reflected in the analysis presented above and two senior executives whose remuneration by band are set out in the 'Senior management remuneration by band' section in this Note.

Details of the emoluments payable to all five individuals during the year are as follows:

	2014 US$'000	2013 US$'000
Salaries and other short-term employee benefits	5,696	5,791
Short-term incentives and discretionary bonus	5,731	3,472
Long-term incentives scheme	2,961	(4,824)
Post-employment benefits	82	77
Share-based payments	–	509
	14,470	**5,025**

During the year, no Director waived any emoluments and no emoluments were paid or payable by the Group to the Directors or any of the five highest-paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) Senior management remuneration by band

The emoluments fell within the following bands:

	NUMBER OF INDIVIDUALS	
	2014	2013
HK$3,000,001–HK$3,500,000 (US$386,700–US$451,150)	–	2
HK$4,500,001–HK$5,000,000 (US$580,050–US$644,500)	1	1
HK$5,500,001–HK$6,000,000 (US$708,950–US$773,400)	1	1
HK$6,500,001–HK$7,000,000 (US$837,850–US$902,300)	1	1
HK$7,500,001–HK$8,000,000 (US$966,750–US$1,031,200)	–	1
HK$8,500,001–HK$9,000,000 (US$1,095,650–US$1,160,100)	–	1
HK$9,500,001–HK$10,000,000 (US$1,224,550–US$1,289,000)	1	–
HK$10,000,001–HK$10,500,000 (US$1,289,000–US$1,353,450)	–	1
HK$12,000,001–HK$12,500,000 (US$1,546,800–US$1,611,250)	1	–
HK$16,000,001–HK$16,500,000 (US$2,062,400–US$2,126,850)	1	–
HK$16,500,001–HK$17,000,000 (US$2,126,851–US$2,191,300)	1	–
HK$18,000,001–HK$18,500,000 (US$2,320,200–US$2,384,650)	1	–
HK$49,000,001–HK$49,500,000 (US$6,316,100–US$6,380,550)	1	–
	9	8

As at 31 December 2014, the senior management comprised of seven individuals who are members of the Executive Committee of the Company. The emoluments disclosed by band in this section include two senior executives who were members of the Executive Committee during 2014 but have since departed from the Executive Committee.

33. SHARE OPTION SCHEME

2004 Share Option Scheme

Pursuant to the share option scheme adopted by the Company on 28 May 2004 (2004 Share Option Scheme), there were 3,600,000 options outstanding as at 31 December 2014 (2013: 3,600,000), which represented approximately 0.07% (2013: 0.07%) of the total number of issued shares of the Company as at that date.

During the year ended 31 December 2014, the movements of the options, which have been granted under the 2004 Share Option Scheme, were as follows:

Category and name of participant	Date of grant[1]	Exercise price per share (HK$)	Exercise period[2]	NUMBER OF OPTIONS					
				Balance as at 1 January 2014	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31 December 2014
Directors									
Jiao Jian	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,200,000	–	–	–	–	1,200,000
Xu Jiqing	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,000,000	–	–	–	–	1,000,000
Employees of the Group	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,400,000	–	–	–	–	1,400,000
				3,600,000	–	–	–	–	3,600,000

1. The closing price of the shares of the Company immediately before the date on which the options were granted was HK$2.69 per share.
2. The options granted may be exercised according to the following three tranches, which are subject to certain terms and conditions, including, among others, the achievement of certain performance targets by the Group and the grantee:
   (a) Up to 33% of the options granted to each grantee shall be exercisable at any time after the expiration of 24 months from the date of grant of options;
   (b) Up to 67% of the options granted to each grantee shall be exercisable at any time after the expiration of 36 months from the date of grant of options; and
   (c) Up to 100% of the options granted to each grantee shall be exercisable at any time after the expiration of 48 months from the date of grant of options, and in each case, not later than 2 June 2015.

The estimated fair value of the options granted on 3 June 2010 was approximately US$0.1183 each, estimated as at the date of grant by using the binomial option-pricing model and taking into account the terms and conditions (except vesting conditions other than market conditions) upon which the options were granted, of which the Group recognised the share option expense of approximately US$113,000 because the Group revised its estimates of the number of options that are expected to vest for the year ended 31 December 2014 (2013: reversal of share option expense: US$70,000).

2013 Share Option Scheme

Pursuant to the share option scheme adopted by the Company on 26 March 2013 (2013 Share Option Scheme), there were 153,842,722 options outstanding as at 31 December 2014, which represented approximately 2.91% of the total number of issued shares of the Company as at that date.

During the year ended 31 December 2014, the movements of the options which had been granted under the 2013 Share Option Scheme were as follows:

Category and name of participant	Date of grant[1]	Exercise price per share (HK$)	Exercise period[2]	NUMBER OF OPTIONS					
				Balance as at 1 January 2014	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year[3]	Balance as at 31 December 2014
Directors									
Andrew Michelmore	9 April 2013	2.62	9 April 2016 to 8 April 2020	28,150,200	–	–	–	–	28,150,200
David Lamont	9 April 2013	2.62	9 April 2016 to 8 April 2020	6,240,582	–	–	–	–	6,240,582
Employees of the Group	9 April 2013	2.62	9 April 2016 to 8 April 2020	124,737,940	–	–	–	(5,286,000)	119,451,940
				159,128,722	–	–	–	(5,286,000)	153,842,722

1. The closing price of the shares of the Company immediately before the date on which the options were granted was HK$2.45 per share.
2. The vesting period of the options is three years from the date of grant. The vesting of options is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant, including among others, achievement of financial, reserves and market-related performance targets during the vesting period.
3. Options lapsed due to cessation of employment.

The estimated fair value of the options granted on 9 April 2013 was approximately US$0.14 each estimated as at the date of grant by using the Black-Scholes option-pricing model. The value of the options is subject to a number of assumptions and limitations of the pricing model.

The value of the share options was based on assumptions including a risk-free interest rate, option price volatility, expected life of the option, market price of the Company's shares and expected dividend. The risk-free interest rate was 0.68%; the expected volatility used in calculating the value of options was 46% based on weekly closing prices of the Company's securities on the Stock Exchange between 1 April 2011 and 5 April 2013 and the expected dividend was assumed to be nil.

During the year, the Group did not recognise a share option expense on 2013 Share Option Scheme (2013: US$2.0 million).

The validity period of the options is seven years from the date of grant to 8 April 2020. The vesting period of the options is three years from the date of grant. The options expire if not exercised before the end of the exercise period on 8 April 2020. If a participant leaves employment before the expiry of the vesting period, the option will lapse unless the participant leaves due to certain specific reasons including ill-health, injury or disability, retirement with the agreement of the employer, redundancy, death, the participating employing company ceasing to be part of the Group and any other reason, if the Board so decides.

34. COMMITMENTS

(a) Operating leases

The Group leases various warehouses, offices and factory premises under non-cancellable operating leases. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2014 US$ million	2013 US$ million
Not later than one year	10.6	17.2
Later than one year but not later than five years	22.2	32.2
Later than five years	–	1.6
	32.8	**51.0**

(b) Capital commitments

Commitments for capital expenditure contracted for at the reporting date but not recognised as liabilities, are set out in the table below:

	2014 US$ million	2013 US$ million
Property, plant and equipment		
Not later than one year	1,159.9	23.1
Later than one year but not later than five years	60.1	1.6
	1,220.0	**24.7**
Intangible assets		
Not later than one year	9.8	12.3
Later than one year but not later than five years	–	0.3
	9.8	**12.6**

The Group had the following capital commitments not provided for at the reporting date:

	2014 US$ million	2013 US$ million
Property, plant and equipment and intangible assets		
Contracted but not provided for	1,229.8	37.3
Authorised but not contracted for	682.8	102.4
	1,912.6	**139.7**

35. CONTINGENT LIABILITIES

Legal proceedings

The Company and its subsidiaries are defendants from time to time in legal proceedings arising from the conduct of their businesses. The Group does not consider that the outcome of any of these proceedings ongoing at balance date, either individually or in aggregate, is likely to have a material effect on its financial position. Where appropriate, provisions have been made.

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 year, no 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 authority. These guarantees amount to US$442.9 million (2013: US$275.7 million). Provision is made in the financial statements for the anticipated costs of the mine rehabilitation obligations under the mining leases and exploration licences (Note 25).

36. EVENTS AFTER BALANCE SHEET DATE

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

FIVE-YEAR FINANCIAL SUMMARY

US$ million	2014	2013	2012[1]	2011	2010
Results – the Group					
Continuing operations					
Revenue	2,479.8	2,469.8	2,499.4	2,228.3	1,919.9
EBITDA	**780.8**	**750.9**	**737.9**	**1,063.8**	**820.9**
EBIT	**243.7**	**278.3**	**429.2**	**755.3**	**521.3**
Finance income	3.3	2.8	4.5	2.4	4.3
Finance costs	(82.7)	(80.0)	(92.2)	(48.6)	(42.8)
Profit before income tax	164.3	201.1	341.5	709.1	482.8
Income tax expense	(65.1)	(78.6)	(107.4)	(225.5)	(126.6)
Profit for the year from continuing operations	**99.2**	**122.5**	**234.1**	**483.6**	**356.2**
Discontinued operations					
Profit for the year from discontinued operations	–	–	–	90.9	74.2
Profit for the year	99.2	122.5	234.1	574.5	430.4
Attributable to:					
Equity holders of the Company	103.8	103.3	209.1	540.9	409.4
Non-controlling interests	(4.6)	19.2	25.0	33.6	21.0
	99.2	122.5	234.1	574.5	430.4

A summary of the Group results that relate to current operations involving the exploration for, and development of mining projects, is presented below.

US$ million	2014	2013	2012[1]	2011	2010
Results – current operations					
EBIT	243.7	278.3	429.2	755.3	521.3
Significant non-recurring items	–	–	–	(215.9)	86.4
Underlying EBIT[2]	**243.7**	**278.3**	**429.2**	**539.4**	**607.7**

1. The results for 2012 have been restated due to a change in accounting policy as disclosed in Note 2 to the consolidated financial statements presented in the Company's 2013 Annual Report.
2. Underlying EBIT represents EBIT adjusted for significant non-recurring items (before tax).

US$ million	2014	2013	2012[1]	2011	2010
Assets and liabilities – the Group					
Property, plant and equipment	11,100.8	3,323.1	3,204.8	1,754.9	1,673.5
Investments accounted for using the equity method	–	–	0.1	–	227.3
Intangible assets	839.0	284.0	230.9	–	132.0
Inventories	332.9	351.9	354.4	311.5	388.2
Trade and other receivables	620.4	303.9	254.1	118.3	360.4
Loan to a related party	80.0	–	100.0	95.0	–
Cash and cash equivalents	251.2	137.4	95.7	1,096.5	398.2
Other financial assets	39.1	122.3	146.1	4.4	183.5
Other assets	–	–	7.3	1.9	1.5
Current income tax assets	28.6	–	29.0	7.4	3.5
Deferred income tax assets	173.6	136.5	114.2	63.6	98.8
Assets of disposal group classified as held for sale	24.4	24.4	25.2	–	–
Total assets	**13,490.0**	**4,683.5**	**4,561.7**	**3,453.5**	**3,466.9**
Capital and reserves attributable to equity holders of the Company	1,686.3	1,620.1	1,532.8	1,435.4	477.0
Non-controlling interests	1,288.3	196.7	55.5	59.0	56.4
Total equity	**2,974.6**	**1,816.8**	**1,588.3**	**1,494.4**	**533.4**
Borrowings	8,208.9	1,621.4	1,635.9	1,081.1	1,227.5
Trade and other payables	573.4	235.6	299.4	205.7	368.5
Advances from banks for discounted bills	–	–	–	–	43.6
Receipts in advance	–	–	–	–	71.0
Loan from a related party	–	–	–	–	694.2
Other liabilities	–	–	–	–	8.8
Current income tax liabilities	71.9	76.6	120.8	117.9	129.1
Provisions	886.8	687.9	675.7	547.6	370.7
Deferred income tax liabilities	769.9	239.3	235.0	5.5	20.1
Liabilities of disposal group classified as held for sale	4.5	5.9	6.6	1.3	–
Total liabilities	**10,515.4**	**2,866.7**	**2,973.4**	**1,959.1**	**2,933.5**
Total equity and liabilities	**13,490.0**	**4,683.5**	**4,561.7**	**3,453.5**	**3,466.9**
Net current assets	**405.2**	**112.8**	**49.0**	**429.3**	**557.2**
Total assets less current liabilities	**12,685.8**	**3,962.7**	**3,707.6**	**2,285.5**	**2,714.7**

1. The results for 2012 have been restated due to a change in accounting policy as disclosed in Note 2 to the consolidated financial statements presented in the Company's 2013 Annual Report.

GLOSSARY

A$	Australian dollar, the lawful currency of Australia
AGM	annual general meeting
Album Enterprises	Album Enterprises Limited, a company incorporated on 19 January 2005 in Hong Kong with limited liability, a wholly owned subsidiary of CMN
Album Investment	Album Investment Private Limited, a company incorporated on 8 April 2009 in Singapore with limited liability, a wholly owned subsidiary of the Company
Album Resources	Album Resources Private Limited, a company incorporated on 8 April 2009 in Singapore with limited liability, a wholly owned subsidiary of the Company
Anvil	Anvil Mining Limited, a company existing under the laws of the British Virgin Islands, a wholly owned subsidiary of the Company
Associate	has the meaning ascribed to it under the Listing Rules
Australia	the Commonwealth of Australia
Board	the Board of directors of the Company
Board Charter	the Board charter of the Company
BOC	Bank of China Limited, a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange
BOC Singapore	Bank of China Limited, Singapore Branch
BOC Sydney	Bank of China Limited, Sydney Branch
C$	Canadian dollar, the lawful currency of Canada
CDB	China Development Bank Corporation
CDF	Congolese Franc, the lawful currency of Democratic Republic of the Congo
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG Code	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules
CGU	cash-generating unit
Changzhou Jinyuan	Changzhou Jinyuan Copper Co. Ltd
CHF	Swiss Franc, the lawful currency of Switzerland
China	has the same meaning as PRC
CMC	China Minmetals Corporation, formerly known as China National Metals and Minerals Import and Export Corporation, a state-owned enterprise incorporated on 7 April 1950 under the laws of the PRC
CMC Group	CMC and its subsidiaries
CMCL	China Minmetals Corporation Limited, a joint stock limited company incorporated on 16 December 2010 under the laws of the PRC
CMN	China Minmetals Non-ferrous Metals Company Limited, a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC
CMNH	China Minmetals Non-ferrous Metals Holding Company Limited, a joint stock limited company incorporated on 22 December 2009 under the laws of the PRC
Companies Ordinance	the Companies Ordinance (Chapter 622 of the *Laws of Hong Kong*)
Company	MMG Limited (formerly known as Minmetals Resources Limited), a company incorporated on 29 July 1988 in Hong Kong with limited liability, the shares of which are listed and traded on the Stock Exchange
Copper Partners Investment	Copper Partners Investment Co., Ltd

CRPS	convertible redeemable preference shares
Director(s)	the director(s) of the Company
Discontinued operations or disposal group	the trading, fabrication and other operations that were effectively disposed in December 2011. The trading, fabrication and other assets include the Company's entire 100% equity interest in Minmetals Aluminium, Riseup Dragon Limited's entire 72.80% equity interest in North China Aluminium, Orienmet Industry Company Limited's entire 51% equity interest in Yingkou Orienmet and Lontic (H.K.) Limited's entire 36.2913% equity interest in Changzhou Jinyuan. Orienmet Industry Company Limited, Riseup Dragon Limited and Lontic (H.K.) Limited are wholly owned subsidiaries of the Company
DRC	Democratic Republic of the Congo
EBIT	earnings before interest (net finance costs) and income tax
EBITDA	earnings before interest (net finance costs), income tax, depreciation, amortisation and impairment expenses
EBITDA margin	EBITDA divided by revenue
EGM	extraordinary general meeting
EP	Executive Plan
EUR	Euro
Executive Committee	the executive committee of the Group, which consists of all Executive Directors of the Company, Chief Operating Officer, Executive General Manager – Stakeholder Relations, Executive General Manager – Business Development and Executive General Manager – Business Support
EXIM	The Export-Import Bank of China
FVLCTS	fair value less costs to sell
Gearing ratio	net debt (total borrowings excluding finance charge prepayments, less cash and bank deposits) divided by the aggregate of net debt plus total equity
GRI	Global Reporting Initiative
Group	the Company and its subsidiaries
HK$	Hong Kong dollar, the lawful currency of Hong Kong
HKAS	Hong Kong Accounting Standards (see definition of HKFRS)
HKFRS	Hong Kong Financial Reporting Standards, which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKAS) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA)
HNG	Hunan Nonferrous Metals Holding Group Co., Ltd
HPM	high precious metals
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
ICBC	Industrial and Commercial Bank of China Limited, Sydney Branch
ICMM	International Council on Mining and Metals
Independent Shareholders	Shareholders who do not have any material interest in the Products Sale Framework Agreement or the Las Bambas CMN Copper Sale Framework Agreement (as the case may be) other than by virtue of their respective shareholdings in the Company
Indicated Mineral Resource	the part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve
Inferred Mineral Resource	as defined under the JORC Code, that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence
Interpretation	the Interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of a mine (production stripping costs) effective 1 January 2013 in accordance with Hong Kong (IFRIC) – Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
JORC Code	Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'

ktpd	kilotons per day
Laos	the Lao People's Democratic Republic (Lao PDR)
Las Bambas CMN Copper Sale Framework Agreement	the agreement dated 27 June 2014 between MMG SA and CMN in relation to the sale of copper concentrate to be purchased by MMG SA from the Las Bambas Project
Las Bambas Joint Venture Company	MMG South America Management Company Limited (also referred to as MMG SAM)
Las Bambas Project	the development, construction and operation of the copper mines, processing facilities and associated infrastructure at the Las Bambas copper project located in the Apurimac region in Peru, together with all activities and infrastructure associated with the transportation and export of products from such mines
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
LME	London Metal Exchange
LOM	life-of-mine
LTI	long-term incentive
LTIE	long-term incentive equity
LTIF	lost time injury frequency per million hours worked
LXML	Lane Xang Minerals Limited, a company incorporated on 30 September 1993 in Laos as the holding company for the Sepon operation
Measured Mineral Resource	the part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. Depending upon the confidence in the modifying factors such as metallurgical recovery, the Measured Mineral Resource may be converted to either a Proved Ore Reserve or a Probable Ore Reserve
Mineral Resource	as defined under the JORC Code, a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction
Minmetals Aluminium	Minmetals Aluminium Company Limited
MMG Century	MMG Century Limited, a company incorporated on 25 November 1986 in Australia with limited liability and a wholly owned subsidiary of the Company
MMG Dugald River	MMG Dugald River Pty Ltd, a company incorporated on 15 July 1998 in Australia with limited liability and a wholly owned subsidiary of the Company
MMG Finance Limited	formerly known as MMG Limited, a company incorporated on 15 June 2011 in Hong Kong with limited liability and a wholly owned subsidiary of the Company
MMG Golden Grove	MMG Golden Grove Pty Ltd, a company incorporated on 21 June 2005 in Australia with limited liability and a wholly owned subsidiary of the Company
MMG Laos Holdings	MMG Laos Holdings Limited, a company incorporated on 25 May 1993 in the Cayman Islands with limited liability and a wholly owned subsidiary of the Company
MMG Limited or MMG	has the same meaning as the Company
MMG Management	MMG Management Pty Ltd, a company incorporated on 15 July 2005 in Australia with limited liability and a wholly owned subsidiary of the Company
MMG SA	MMG South America Company Limited, a company incorporated on 4 May 1990 in Hong Kong with limited liability and a wholly owned subsidiary of the Company
MMG SAM	MMG South America Management Company Limited (also referred to as Las Bambas Joint Venture Company), a company incorporated on 11 February 2014 in Hong Kong with limited liability and a subsidiary of the Company
MMG South America Group	MMG SA and its subsidiaries

MMG South America Management Group	MMG SAM and its subsidiaries
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
MPF Scheme	Mandatory Provident Fund
mtpa	metric tonnes per annum
North China Aluminium	North China Aluminium Company Limited
Ore Reserve	as defined under the JORC Code, the economically mineable part of a Measured and/or Indicated Mineral Resource
OTE	ordinary time earnings
PEN	Peruvian Nuevo Sol, the lawful currency of Peru
PRC	the People's Republic of China excluding, for the purpose of this document only, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan, unless the context requires otherwise
Products Sale Framework Agreement	the agreement dated 5 April 2012 between the Company and CMN in relation to the sale of copper cathode, copper concentrate, zinc concentrate and lead concentrate produced, processed, manufactured, traded or distributed by any member of the Group to the CMN Group
PSCS	perpetual subordinated convertible securities
Purchasers	Minera Las Bambas S.A.C., a company incorporated on or about 17 February 2014 in Lima, Peru, with limited liability and MMG Swiss Finance AG, a company incorporated on 20 February 2014 in Switzerland, each of which is a subsidiary of the Company
QCG	QCG Resources Pty Ltd
Securities Trading Model Code	a model code adopted by the Company for securities trading by Directors of the Company on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 of the Listing Rules
Sellers	XSAL and GQL
SFO	the Securities and Futures Ordinance (Chapter 571 of the *Laws of Hong Kong*)
Shareholder(s)	the shareholder(s) of the Company
Shareholders' Agreement	the subscription and shareholders' agreement dated 13 April 2014 between the Company, MMG SA, Elion Holdings Corporation Limited, GUOXIN International Investment Corporation Limited, CITIC Metal Co., Ltd and MMG SAM
SHEC	Safety, Health, Environment and Community
STI	short-term incentive
Stock Exchange	The Stock Exchange of Hong Kong Limited
SX-EW	solvent extraction and electro-winning
Target Company	Las Bambas Holdings S.A. (formerly known as Xstrata Peru S.A.), a company incorporated in Lima, Peru, and registered under registry file with registration number 11677748 of the registry of legal entities of Lima, Peru
Topstart	Topstart Limited, a company incorporated on 6 February 1991 in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
Top Create	Top Create Resources Limited, a company incorporated on 22 January 2004 in the British Virgin Islands with limited liability, a wholly owned subsidiary of CMN
TRIF	total recordable injury frequency per million hours worked
US$	United States dollar, the lawful currency of the United States of America
US$751.0 million Facility	the US$751.0 million facility granted by CDB and BOC Sydney to Album Resources and MMG Management on 13 June 2012

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