MMG LIMITED
五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(STOCK CODE: 1208)

ANNOUNCEMENT ON INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board of directors (the Board) of MMG Limited (the Company or MMG) is pleased to announce the consolidated results of the Company and its subsidiaries (the Group) for the six months ended 30 June 2013.

The Company's unaudited consolidated results are annexed to this announcement.

MMG RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

- Metal prices continued to retreat on the back of weak and volatile commodity markets. Revenue was impacted by lower copper and zinc prices which were on average 7% and 2% lower respectively compared with the first half 2012.
- Total copper sales were higher in the first half 2013 due to the inclusion and ramp-up to nameplate capacity on an annualised basis of Kinsevere, efficiency improvements at Sepon and the recently commissioned copper oxide open pit at Golden Grove; however, zinc sales were lower due to declining zinc grades at Century. Gold sales were 47% lower than the first half 2012 due to lower production at Sepon.
- Additional mining activity and corresponding mill throughput and production volumes resulted in higher total operating expenses in the first half 2013. MMG mined 41% more ore, compared to a 15% increase in operating expenses.
- MMG continues to pursue permanent operating cost reductions in a weak commodity price environment.
- Timing of shipments and the drawdown of inventories impacted operating expenses and revenue resulting in EBITDA of US$302.2 million, a 25% decrease compared with the first half 2012.
- Total profit was US$35.9 million, a 75% decrease compared with the first half 2012.
- Gearing ratio of 0.51 indicates MMG is well positioned to fund its existing commitments and future growth strategy.
- Dugald River project financing was completed with the Company entering into a facility agreement of up to US$1.0 billion to finance the development and construction of the project. A review of the planned mining method, optimum production volumes and associated above ground processing facilities is underway.
- MMG remains confident in its strategy to benefit from economic growth resulting from the industrialisation and modernisation of developing economies, particularly in Asia.
- MMG has not declared a dividend for the period, however the Board remains committed to creating long-term shareholder value and will continue to evaluate future uses of surplus cash, including the payment of dividends to shareholders.

SIX MONTHS ENDED 30 JUNE	2013 US$ MILLION	2012 US$ MILLION	CHANGE %
Revenue	1,177.6	1,218.7	(3)
EBITDA	302.2	403.7	(25)
EBIT	93.0	259.1	(64)
Profit	35.9	144.5	(75)
Net cash generated from operating activities	201.3	258.5	(22)
Diluted earnings per share	US 0.47 cents	US 2.47 cents	(81)
EBITDA margin	26%	33%	

MARKET OUTLOOK

Commodity markets remained volatile in the first half 2013 due to continuing concerns over global economic growth and long-term sustainable demand for commodities. Markets were influenced by sentiment arising from concerns over the impact and timing of US economic stimulus withdrawal and expectations of slower growth in China. While London Metal Exchange (LME) copper, zinc and gold prices were on average, 7%, 2% and 8% lower in the first half 2013 compared with 2012, LME prices of both commodities were significantly lower than their averages at the end of June 2013.

Copper prices declined in the first half 2013 with minimal price reaction to unexpected supply disruptions at major mines in Indonesia and North America. The drawdown of copper cathode stocks on the Shanghai Exchange and Chinese bonded warehouses reflected firm domestic demand. Chinese demand for copper concentrates was also firm this year, with imports for the first six months increasing 32% compared with the previous year.

Long-term copper demand growth will be driven by the continuing industrialisation of China and other developing economies. Demand for end use products, such as electrical goods with copper wiring, building construction requiring copper wiring and the manufacturing of motor vehicles, is expected to support copper demand growth in the long term.

China's zinc concentrate imports this year have been slightly higher than 2012 and spot market treatment charges remain well below 2013 contract levels. Zinc has shown more price resilience than other metals over the long term, with some market analysts expecting a deficit this year following the closure of major mines in the first half 2013. The long-term outlook for zinc will be dependent on the structural challenge of resource depletion and new mine supply meeting the needs of consumption growth.

Outside of China, there is a thin project development pipeline of quality projects, reflecting decades of underinvestment in greenfield exploration and a general escalation in capital costs across the industry. To better understand the potential impact of Chinese domestic production on the global supply-demand fundamentals, MMG, together with China Minmetals Non-ferrous Metals Company Limited (CMN), is undertaking a comprehensive analysis of zinc mine supply in China covering the cost structure, resource quality and growth aspirations of the new domestic producers.

Demand for zinc will be driven by its end use as a cost-effective anti-corrosive coating, improving the longevity of steel. Technological innovations are enabling further studies of new zinc applications including use in fertilisers, construction materials, zinc oxides and other automobile uses.

MMG has a strong leadership team, a growing portfolio of base metals assets and a solid long-term outlook on market fundamentals. MMG remains confident in sustainable levels of economic growth, driven by the industrialisation and modernisation of developing economies, particularly in Asia.

GROWTH STRATEGY

MMG's mission is to maximise shareholder returns by discovering, acquiring, developing and sustainably operating resources projects around the world.

Our growth strategy is focused on:

- Identifying opportunities to extract potential from our existing assets.
- Pursuing organic growth opportunities through our projects and exploration pipelines.
- Pursuing external growth such as targeting value-focused acquisitions.

MMG will continue to build solid business foundations enabling 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 recognised amongst the world's top mid-tier base metals mining companies.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

For the purpose of the management discussion and analysis, the Group's results for the six months ended 30 June 2013 are compared with results for the six months ended 30 June 2012.

SIX MONTHS ENDED 30 JUNE	2013 US$ MILLION	2012 US$ MILLION	CHANGE %
Revenue	**1,177.6**	**1,218.7**	**(3)**
Operating expenses	(801.6)	(696.5)	(15)
Administrative expenses	(36.5)	(61.3)	40
Exploration expenses	(33.3)	(43.6)	24
Other income and expenses	(4.0)	(13.6)	71
EBITDA	**302.2**	**403.7**	**(25)**
Depreciation and amortisation	(209.2)	(144.6)	(45)
EBIT	**93.0**	**259.1**	**(64)**
Net finance costs	(36.9)	(39.7)	7
Profit before income tax	**56.1**	**219.4**	**(74)**
Income tax expense	(20.2)	(74.9)	73
Profit	**35.9**	**144.5**	**(75)**

The Group's management determined the operating 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 mining operations comprise Sepon, Kinsevere, Century, Rosebery and Golden Grove.

	REVENUE			EBITDA		
SIX MONTHS ENDED 30 JUNE	2013 US$ MILLION	2012 US$ MILLION	CHANGE %	2013 US$ MILLION	2012 US$ MILLION	CHANGE %
Sepon	378.4	429.9	(12)	211.6	264.7	(20)
Kinsevere (i)	216.8	96.6	124	92.8	44.9	107
Century	367.1	377.0	(3)	52.4	104.4	(50)
Rosebery	106.2	150.0	(29)	29.2	58.1	(50)
Golden Grove	109.1	165.2	(34)	1.5	38.9	(96)
Other	-	-	-	(85.3)	(107.3)	21
Total	**1,177.6**	**1,218.7**	**(3)**	**302.2**	**403.7**	**(25)**

(i) MMG acquired Kinsevere following the acquisition of Anvil Mining Limited in February 2012.

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$1,177.6 million for the six months ended 30 June 2013, US$41.1 million (3%) lower than the six months ended 30 June 2012.

Kinsevere was consolidated from 17 February 2012 and contributed an additional US$120.2 million in the first half 2013.

Despite an increase in total copper sales, lower average realised prices and lower zinc and gold sales contributed to the decrease in revenue when compared with the first half 2012.

Lower zinc sales at a lower average realised price resulted in a decrease in revenue of US$67.1 million when compared with the first half 2012 (excluding the impact of treatment and refining charges).

Higher copper sales at a lower average realised price resulted in an increase in revenue of US$125.2 million when compared with the first half 2012 (excluding the impact of treatment and refining charges).

Lower gold sales at a lower average realised price resulted in a decrease in revenue of US$82.6 million when compared with the first half 2012.

Price
Lower average LME base metals prices in 2013 compared with 2012 had an unfavourable impact on revenue.

AVERAGE LME CASH PRICE	FIRST HALF 2013	FIRST HALF 2012	CHANGE %
Copper (US$/tonne)	7,540	8,097	(7)
Zinc (US$/tonne)	1,937	1,978	(2)
Lead (US$/tonne)	2,177	2,035	7
Gold (US$/ounce)	1,524	1,651	(8)
Silver (US$/ounce)	26.63	31.06	(14)

Sales volumes
A strong and consistent performance at Sepon and ramp-up of Kinsevere resulted in a 33% increase in copper sales equivalent to US$120.2 million in revenue, in the first half 2013 compared with the first half 2012.

Following the completion of the acquisition of Anvil Mining Limited (Anvil) in February 2012 and subsequent ramp-up to nameplate capacity, copper cathode produced at Kinsevere increased sales volumes by 17,436 tonnes. Efficiency improvements increased production at Sepon leading to an additional 3,291 tonnes of copper cathode sold in the first half 2013.

Zinc sales were 7% lower in the first half 2013 due to lower planned production from both Century and Golden Grove, and lower sales volumes from Rosebery. Concentrate sales from Century were impacted by delays to the shipment schedule due to a rudder replacement on the *MV Wunma*, MMG's custom-built vessel, which transfers concentrates from the Century Karumba Port Facility to export ships anchored in the Gulf of Carpentaria. The mine plan at Golden Grove favoured copper production in 2013 resulting in lower zinc concentrate production and sales.

Gold sales decreased 47% mainly due to ore availability and grade at Sepon.

Lead sales increased by 28% compared with the first half 2012 following higher production in accordance with mine plans at Century.

PAYABLE METAL IN PRODUCT SOLD SIX MONTHS ENDED 30 JUNE	2013	2012	CHANGE %
Copper (tonnes)	86,668	65,040	33
Zinc (tonnes)	252,520	270,352	(7)
Lead (tonnes)	34,690	27,075	28
Gold (ounces)	39,055	74,333	(47)
Silver (ounces)	1,996,750	2,190,883	(9)

PAYABLE METAL IN PRODUCT SOLD SIX MONTHS ENDED 30 JUNE 2013	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES
Sepon	45,025	-	-	21,097	23,828
Kinsevere	29,763	-	-	-	-
Century	-	214,792	22,102	-	603,344
Rosebery	553	31,102	11,284	11,829	1,000,104
Golden Grove	11,327	6,626	1,304	6,129	369,474
Total	**86,668**	**252,520**	**34,690**	**39,055**	**1,996,750**

PAYABLE METAL IN PRODUCT SOLD SIX MONTHS ENDED 30 JUNE 2012	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES
Sepon	41,734	-	-	51,559	30,293
Kinsevere (i)	12,327	-	-	-	-
Century	-	219,460	10,046	-	15,669
Rosebery	929	35,484	13,886	8,451	1,330,737
Golden Grove	10,050	15,408	3,143	14,323	814,184
Total	**65,040**	**270,352**	**27,075**	**74,333**	**2,190,883**

(i) MMG acquired Kinsevere following the acquisition of Anvil in February 2012.

Operating expenses increased by US$105.1 million (15%) in the first half 2013 to US$801.6 million. Kinsevere contributed US$75.8 million of this increase and was consolidated from 17 February 2012 following the acquisition of Anvil in February 2012. The remaining US$29.3 million was attributable to other sites.

Changes in inventories relating to the drawdown of stockpiles and timing of shipments increased operating expenses by US$36.7 million in the first half 2013. Production-related expenses were well managed across the Group with other increases to operating expenses relating to higher energy costs at Kinsevere (US$23.1 million) and consumable products following increased mining activity (US$18.3 million).

The weaker Australian dollar resulted in a positive impact to operating expenses of US$9.1 million compared with the first half 2012.

Operating expenses represent the expenses of operating assets, excluding depreciation and amortisation and other income and expense items. Operating expenses include mining and processing costs, royalties, selling expenses (including transportation) and other costs incurred by operations.

Administrative expenses of US$36.5 million in the first half 2013 decreased by US$24.8 million (40%) compared with the first half 2012.

The Group continued to invest in growth activities expected to deliver future value to the Company and focused on implementing a long-term sustainable business model. Approximately 20% of administrative expenses related to growth activities in 2013.

A further 20% of expenditure targeted operational efficiency in the first half 2013 including initiatives in business improvement, procurement and asset utilisation.

Other administrative expenditure related to the provision of business support services and the delivery of corporate activities.

Incentive costs, both short-term and long-term, decreased compared with the first half 2012 due to lower performance versus targets set. In addition, benefits from the Company's operating model are being realised through an increase in activities being conducted off-site and the leveraging of centralised services.

Exploration expenses decreased by US$10.3 million (24%) to US$33.3 million in the first half 2013 due mainly to reduced spending on mine district exploration.

The Group invested US$20.3 million in mine district exploration a decrease of US$12.5 million compared with the first half 2012. Exploration in 2013 focused on sustaining and expanding current Ore Reserves and increasing the mine life of existing assets with particular focus at Sepon and Golden Grove.

MMG invested US$11.0 million in new discovery and project generation programs in Australia, the Americas and Africa.

Other income and expenses had an aggregate unfavourable US$4.0 million and US$13.6 million impact on EBIT in the first half 2013 and 2012 respectively. Foreign exchange gains of US$11.2 million in the first half 2013 were offset by losses on financial assets recognised at fair value through profit or loss and other corporate and sundry expense items totalling US$15.2 million.

Depreciation and amortisation expenses increased by US$64.6 million to US$209.2 million in the first half 2013. Kinsevere contributed US$31.4 million of the increase. The remaining increase was driven primarily by higher mining activity and deferred waste amortisation at Century (US$39.7 million).

Net finance costs decreased by US$2.8 million to US$36.9 million in the first half 2013. The decrease is attributable to a decrease of US$6.0 million in interest unwind due to the application of a lower discount rate partially offset by an increase of US$2.6 million in interest expense and finance charges due to higher levels of external borrowings.

Income tax expenses decreased by US$54.7 million to US$20.2 million in the first half 2013 reflecting the decrease in profit before income tax for the Group. The effective tax rate of 36.0% (2012: 34.1%) is largely reflective of the Lao tax rate taking into account the accounting standard requirements in relation to recognising deferred tax assets.

SEGMENT ANALYSIS

Sepon

SIX MONTHS ENDED 30 JUNE	2013	2012	CHANGE %
Production			
Ore mined (tonnes)	2,477,506	1,942,689	28
Ore milled (tonnes)	2,187,467	2,132,820	3
Copper cathode (tonnes)	43,331	41,409	5
Gold (ounces)	20,369	48,570	(58)
Silver (ounces)	33,647	27,960	20
Payable metal in product sold			
Copper (tonnes)	45,025	41,734	8
Gold (ounces)	21,097	*51,559*	(59)
Silver (ounces)	23,828	30,293	(21)

SIX MONTHS ENDED 30 JUNE	2013 US$ MILLION	2012 US$ MILLION	CHANGE %
Revenue	378.4	429.9	(12)
Operating expenses			
Mining	(20.3)	(27.0)	25
Processing	(56.8)	(49.7)	(14)
Freight (transportation)	(4.6)	(4.2)	(10)
Royalties	(16.8)	(19.2)	13
Other	(69.0)	(56.1)	(23)
Total operating expenses	(167.5)	(156.2)	(7)
EBITDA (i)	211.6	264.7	(20)
Depreciation and amortisation	(31.0)	(43.5)	29
EBIT	180.6	221.2	(18)
EBITDA margin	56	62	

(i) EBITDA includes revenue, operating expenses and other income and expense items.

Sepon demonstrated a solid operating performance and good management of production-related costs in the first half 2013. Total revenue was 12% lower than the first half 2012 due to lower gold sales and average realised prices, partially offset by higher copper sales.

Efficiency improvements resulted in Sepon achieving year-to-date records in both copper production and sales in the first half 2013. Sepon continues to operate above original designed nameplate capacity of 80,000 tonnes on an annualised basis. Total copper ore mined was 44% higher than the comparable period in 2012; however, ore processed was 1% lower. Improved plant utilisation and efficiency resulted in a 5% increase in copper production and a subsequent 8% increase in copper sales.

Gold production and sales were 58% and 59% lower respectively due to lower ore and grades.

Operating expenses increased by US$11.3 million (7%) when compared with the first half 2012. This was mainly due to higher mining volumes and the drawdown of copper inventories in the first half 2013. Higher stores and consumables used to achieve higher mining volumes increased operating expenses by US$5.3 million compared with the first half 2012. The increase was offset by savings relating to the transition of Sepon to an owner-operator mine. This transition reduced contractor costs by US$6.3 million compared with the first half 2012. All mining activity is now undertaken by MMG employees, enabling the Company to focus on safety, volume and costs. Employee-related expenses increased by US$0.1 million.

Depreciation and amortisation decreased by US$12.5 million (29%) due to lower amortisation of deferred waste relating to gold production in the first half 2013 compared with the first half 2012.

Kinsevere

SIX MONTHS ENDED 30 JUNE (i)	2013	2012	CHANGE %
Production			
Ore mined (tonnes)	1,093,771	259,600	321
Ore milled (tonnes)	750,945	340,763	120
Copper cathode (tonnes)	29,768	12,680	135
Payable metal in product sold			
Copper (tonnes)	29,763	12,327	141

SIX MONTHS ENDED 30 JUNE (i)	2013 US$ MILLION	2012 US$ MILLION	CHANGE %
Revenue	216.8	96.6	124
Operating expenses			
Mining	(8.7)	(4.7)	(85)
Processing	(19.4)	(11.8)	(64)
Freight (transportation)	(7.2)	(2.2)	(227)
Royalties	(8.8)	(4.3)	(105)
Other	(79.4)	(24.7)	(221)
Total operating expenses	(123.5)	(47.7)	(159)
EBITDA (ii)	92.8	44.9	107
Depreciation and amortisation	(57.9)	(26.5)	(118)
EBIT	34.9	18.4	90
EBITDA margin	43	46	

(i) MMG acquired Kinsevere following the acquisition of Anvil in February 2012.

(ii) EBITDA includes revenue, operating expenses and other income and expense items.

The financial performance of Kinsevere reflects the first full six months production at nameplate capacity on an annualised basis. Comparative figures in the first half 2012 are consolidated from 17 February 2012 following the acquisition of Anvil in February 2012. Revenue increased by US$120.2 million (124%) reflecting higher copper sales albeit at lower average realised prices.

Production and sales were positively impacted by higher throughput and a stable electricity supply enabled by the use of on-site diesel generators. Kinsevere power requirements continue to be sourced via the electricity grid; however, additional power continues to be generated from diesel as required. In the first half 2013, approximately 54% of power requirements were met from diesel generation, with the balance sourced from the local electricity grid.

Total operating expenses increased by US$75.8 million (159%) reflecting the full six-month period and higher production. Of this increase, US$23.1 million related to higher energy costs including the use diesel generators and higher costs of grid-sourced power. Additional contractors and consumable products required to support higher mining activity increased operating expenses by a total of US$27.2 million compared with the first half 2012.

Century

SIX MONTHS ENDED 30 JUNE	2013	2012	CHANGE %
Production			
Ore mined (tonnes)	2,733,562	2,150,634	27
Ore milled (tonnes)	3,514,233	2,856,386	23
Zinc in zinc concentrate (tonnes)	233,258	275,015	(15)
Lead in lead concentrate (tonnes)	19,241	11,588	66
Payable metal in product sold			
Zinc (tonnes)	214,792	219,460	(2)
Lead (tonnes)	22,102	10,046	120
Silver (ounces)	603,344	15,669	3,751

SIX MONTHS ENDED 30 JUNE	2013 US$ MILLION	2012 US$ MILLION	CHANGE %
Revenue	367.1	377.0	(3)
Operating expenses			
Mining	(59.8)	(58.6)	(2)
Processing	(129.1)	(123.9)	(4)
Freight (transportation)	(24.8)	(23.9)	(4)
Royalties	(10.4)	(10.5)	1
Other	(95.2)	(55.1)	(73)
Total operating expenses	(319.3)	(272.0)	(17)
EBITDA (i)	52.4	104.4	(50)
Depreciation and amortisation	(85.8)	(46.1)	(86)
EBIT	(33.4)	58.3	N/A
EBITDA margin	14	28	

(i) EBITDA includes revenue, operating expenses and other income and expense items.

Century's performance in the first half 2013 was impacted by the mining of lower grade zinc ore and higher throughput. Revenue decreased by US$9.9 million (3%) due to lower zinc sales at a lower average realised price, partially offset by the increase in lead sales at a higher average realised price.

As mining activity progresses through the final stages of the open-pit mine, the average zinc grade of ore mined decreased from 11.9% in the first half 2012 to 8.2% in the first half 2013. Substantial increases in mining volumes and throughput did not offset the lower grade, resulting in decreases of zinc production and sales of 15% and 2% respectively. Higher lead grade and recoveries resulted in higher lead production and sales volumes.

The mining of Stage 8 was impacted by ore accessibility and unfavourable mining conditions. This limits the quantity and quality of ore mined from Stage 8, which is of higher grade than the ore sourced from Stage 10 of the open-pit mine. MMG continues to closely monitor the progressive movements along faults and structures in the open-pit wall above Stage 8. It is likely that the upcoming wet season will further compromise wall stability and impact mining relating to Stage 8 of Century.

Operating expenses increased by US$47.3 million (17%) compared with the first half 2012. Of this increase, US$39.0 million related to the drawdown of concentrate stockpiles in the first half 2013. Production-related expenses were well controlled relative to the increase in mining volumes and throughput. Costs directly related to additional mining and processing activity including consumables, employees and contractors increased operating expenses by a total of US$7.5 million compared with the first half 2012.

Depreciation and amortisation increased by US$39.7 million compared with the first half 2012. The increase was due to increased mining and processing activity and increased amortisation of deferred waste balances following the completion of mining of Stage 9.

Rosebery

SIX MONTHS ENDED 30 JUNE	2013	2012	CHANGE %
Production			
Ore mined (tonnes)	419,088	394,967	6
Ore milled (tonnes)	417,443	383,872	9
Copper in copper concentrate (tonnes)	653	874	(25)
Zinc in zinc concentrate (tonnes)	39,852	36,139	10
Lead in lead concentrate (tonnes)	11,191	10,183	10
Gold (ounces)	2,330	5,127	(55)
Silver (ounces)	1,450	3,081	(53)
Payable metal in product sold			
Copper (tonnes)	553	929	(40)
Zinc (tonnes)	31,102	35,484	(12)
Lead (tonnes)	11,284	13,886	(19)
Gold (ounces)	11,829	16,901	(30)
Silver (ounces)	1,000,104	1,330,737	(25)

SIX MONTHS ENDED 30 JUNE	2013 US$ MILLION	2012 US$ MILLION	CHANGE %
Revenue	106.2	150.0	(29)
Operating expenses			
Mining	(48.1)	(38.6)	(25)
Processing	(16.3)	(15.6)	(4)
Freight (transportation)	(3.5)	(4.1)	15
Royalties	(3.0)	(7.8)	62
Other	(9.2)	(28.2)	67
Total operating expenses	(80.1)	(94.3)	15
EBITDA [(i)]	29.2	58.1	(50)
Depreciation and amortisation	(12.1)	(11.3)	(7)
EBIT	17.1	46.8	(64)
EBITDA margin	27	39	

(i) EBITDA includes revenue, operating expenses and other income and expense items.

Rosebery reported a solid operating performance in the first half 2013 with increases in zinc and lead production when compared with 2012. Despite strong production, revenue decreased by US$43.8 million (29%) due to a lower average realised zinc price and the timing of shipments.

Rosebery achieved year-to-date records in mining and milling in the first half 2013. Production of zinc and lead concentrate also increased due to higher volumes, partially offset by lower grade and recovery. Despite higher production, timing of shipments resulted in lower sales volumes in all products when compared with the first half 2012.

Operating expenses were US$14.2 million (15%) lower than the first half 2012 mainly due to unsold concentrate at the end of June 2013 and increased costs associated with higher mining activity. Costs relating to employees, contractors and energy increased operating expenses by a total of US$1.9 million compared with the first half 2012. Following the seismic event at Rosebery in 2012 consumable costs increased by US$5.9 million due to risk-mitigating actions including improvements to ground support.

Depreciation and amortisation was US$0.8 million (7%) higher than the first half 2012 due to increased mining activity.

Golden Grove

SIX MONTHS ENDED 30 JUNE	2013	2012	CHANGE %
Production			
Ore mined (tonnes)	1,082,979	808,156	34
Ore milled (tonnes)	833,776	810,361	3
Copper in copper concentrate (tonnes)	15,483	12,048	29
Zinc in zinc concentrate (tonnes)	7,858	24,095	(67)
Lead in lead concentrate (HPM, tonnes)	1,046	3,497	(70)
Payable metal in product sold			
Copper (tonnes)	11,327	10,050	13
Zinc (tonnes)	6,626	15,408	(57)
Lead (tonnes)	1,304	3,143	(59)
Gold (ounces)	6,129	14,323	(57)
Silver (ounces)	369,474	814,184	(55)

SIX MONTHS ENDED 30 JUNE	2013 US$ MILLION	2012 US$ MILLION	CHANGE %
Revenue	109.1	165.2	(34)
Operating expenses			
Mining	(57.0)	(75.9)	25
Processing	(29.4)	(34.3)	14
Freight (transportation)	(3.6)	(4.5)	20
Royalties	(10.4)	(10.5)	1
Other	(10.8)	(1.1)	(882)
Total operating expenses	(111.2)	(126.3)	12
EBITDA [(i)]	1.5	38.9	(96)
Depreciation and amortisation	(20.7)	(14.3)	(45)
EBIT	(19.2)	24.6	N/A
EBITDA margin	1	24	

(i) EBITDA includes revenue, operating expenses and other income and expense items.

Golden Grove continued to focus on copper in the first half 2013 with ore sourced from both the copper oxide open pit and from lower grade underground mining. Total revenue decreased by US$56.1 million (34%) due to lower zinc and high precious metals (HPM) concentrate sales and lower average realised commodity prices (with the exception of lead) partially offset by increased copper in concentrate sales.

Total ore mined and milled increased by 34% and 3% in the first half 2013 compared with the first half 2012 mainly due to increased production from the copper oxide open pit in December 2012. Total copper in copper concentrate increased by 29% compared with the first half 2012, however total copper sales increased by 13% over the comparable period in 2012. Zinc production and sales were lower compared with 2012 as mining activity focused on copper-rich areas of the Golden Grove mine.

Operating expenses were US$15.1 million (12%) lower in the first half 2013 mainly due to steps taken following the strategic review in 2012, which included employee-related cost savings of US$7.5 million. Costs relating to the use of consumables decreased by US$3.8 million despite increased mining activity with a higher proportion occurring from the open pit.

Depreciation and amortisation was US$6.4 million (45%) higher than the first half 2012 due to increased mining activity and the inclusion of the copper oxide open pit.

Additional exploration of nearby tenements targeted towards higher grade copper and zinc ore deposits was aimed at improving the long-term profitability and sustainability of Golden Grove.

CASH FLOW ANALYSIS

Net cash flow
Net cash flow for the first half 2013 reflected increased investments to support the long-term growth strategy of the Company.

SIX MONTHS ENDED 30 JUNE	2013 US$ MILLION	2012 US$ MILLION
Operating cash flows	201.3	258.5
Investing cash flows	(361.0)	(1,566.6)
Financing cash flows	333.6	293.1
Net cash flow – increase/(decrease)	**173.9**	**(1,015.0)**

Net operating cash flows decreased by 22% to US$201.3 million in the first half 2013 consistent with lower EBITDA offset by lower tax paid and favourable working capital movements.

Net investing cash outflows were US$361.0 million in the first half 2013. Investment cash flows in the first half 2012 included US$1,310.5 million to acquire Anvil and US$28.5 million consideration from the disposal of the trading, fabrication and other operations.

During the first half 2013, the Group invested US$316.3 million in the purchase of property, plant and equipment and the development of software. This included US$127.5 million expenditure on major development and capital projects. Investment in mine development was US$69.8 million in 2013 compared with US$121.3 million in the first half 2012.

The Group expects to invest a total of US$700.0–US$800.0 million in property plant and equipment (capital expenditure) in 2013.

CAPITAL EXPENDITURE ON MAJOR PROJECTS SIX MONTHS ENDED 30 JUNE	2013 US$ MILLION	2012 US$ MILLION	TOTAL TO DATE US$ MILLION
Dugald River	116.6	92.1	405.4
Izok Corridor	10.1	13.9	46.7
Copper oxide open pit – Golden Grove	0.8	15.5	25.8
Total	**127.5**	**121.5**	**477.9**

Net financing cash flows were US$333.6 million in the first half 2013. On 27 June 2013, MMG announced it had entered into a facility agreement for an amount of up to US$1.0 billion to finance the development and construction of the Dugald River project. The establishment of this facility included an upfront cost of approximately 1.3% of the total loan amount that was paid in June 2013. A total of US$250.0 million was drawn down using this facility in the first half 2013.

In the first half 2012, the acquisition of Anvil was financed through cash reserves of US$1,010.5 million and a loan from Shareholder, Album Enterprises Limited (Album Enterprises), for US$300.0 million. In June 2012, the Group successfully refinanced borrowings of US$751.0 million for a term of five years.

FINANCIAL RESOURCES AND LIQUIDITY

SIX MONTHS ENDED 30 JUNE	2013 US$ MILLION	2012 US$ MILLION	CHANGE US$ MILLION
Total assets	4,634.4	4,561.7	72.7
Total liabilities	3,052.8	2,973.4	79.4
Total equity	**1,581.6**	**1,588.3**	**(6.7)**

Total equity decreased by US$6.7 million to US$1,581.6 million as at 30 June 2013, mainly reflecting changes in fair value of available-for-sale financial assets, partially offset by profit for the period net of dividends paid to non-controlling interests.

The increase in Group assets and liabilities in the first half 2013 was due to the US$250.0 million drawdown in June 2013 to fund the Dugald River project.

The Group monitors capital using a gearing ratio 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. The Group's gearing ratio was 0.51 as at 30 June 2013.

	30 JUNE 2013 US$ MILLION	31 DECEMBER 2012 US$ MILLION
Total borrowings	1,933.7	1,645.5
Less: cash and cash equivalents	278.3	102.1
Net debt	**1,655.4**	**1,543.4**
Total equity	1,581.6	1,588.3
	3,237.0	**3,131.7**
Gearing ratio	**0.51**	**0.49**

The Group's cash and cash equivalents amounting to US$278.3 million (31 December 2012: US$102.1 million) were mainly denominated in US$.

As at 30 June 2013, the Group's borrowings (excluding finance charge prepayments) were as follows:

- 80.5% were bank borrowings, 19.4% were loans from related parties and 0.1% finance lease liabilities.
- 99.9% were denominated in US$ and 0.1% in A$.
- 99.9% were at floating rates and 0.1% at fixed rates.
- 39.6% were repayable within one year, 5.7% were repayable between one and two years, 43.1% were repayable between two and five years and 11.6% were repayable over five years.

The Group's capital commitments as at 30 June 2013 amounted to US$511.5 million (31 December 2012: US$69.4 million) and included commitments relating to the Dugald River project as discussed further in Note 16.

DEVELOPMENT PROJECTS

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

Dugald River, Australia

Dugald River is a long-life, world-class ore body with unique geological characteristics. With total underground development in excess of 8,000 metres as at 30 June 2013, and underground drilling and geotechnical work well underway, complexities in the ore body have been identified prompting a review of the planned mining method, optimum production volumes and associated above-ground processing facilities. This review is expected to be completed by the end of 2013. In July 2013 MMG deferred all tendering activity and the award of new construction contracts.

Pre-approval project activity continued in the first half 2013 with development of the underground declines progressing ahead of schedule. MMG will trial ore processing by transporting Dugald River ore to MMG's Century's operation and will process approximately 100,000 tonnes of Dugald River ore in the fourth quarter 2013. Through a production-scale processing test, MMG will optimise the mine plan and construction design of the Dugald River project.

Dugald River project financing was completed in June with the Company entering into a facility agreement of up to US$1.0 billion to finance the development and construction of the project.

The Board will consider the review and results from trial ore processing in making a final investment decision regarding the development of the Dugald River project.

It is now unlikely that the previously announced schedule of a first concentrate shipment in late 2015 will be achieved. As part of the review of the planned mining method, a revised project plan will be developed and MMG will provide additional information upon completion.

Expenditure incurred in the first half 2013 totalled US$116.6 million, taking the expenditure to date on the Dugald River project to US$405.4 million.

Izok Corridor, Canada

The Company continued to progress a feasibility study for the integrated development of the Izok and High Lake copper-zinc deposits.

During the first half 2013 the feasibility study continued with value engineering opportunities to more effectively develop the Izok and High Lake deposits. This included maximising the modularisation of process plant and infrastructure to reduce capital costs and modifying the mine plan to optimise cash flow, and minimise costs.

Total expenditure for the Izok Corridor project in the first half 2013 totalled US$10.1 million taking the expenditure to date on the Izok Corridor project to US$46.7 million.

CONTRACTS AND COMMITMENTS

Sepon

As part of its transition to an owner-operator mine, LXML entered into an agreement for the supply of off-the-road tyres for heavy mobile equipment.

LXML also entered into an agreement for the purchase of drill rigs, spare parts and technical support.

Rosebery

MMG Australia Limited, a subsidiary of the Company, entered into agreements in relation to underground mine development services, rising mains and levels rehabilitation works at the Rosebery mine site. MMG Australia Limited also entered into an agreement for the provision of road haulage services to the Rosebery mine site.

Golden Grove

MMG Golden Grove Pty Ltd, a subsidiary of the Company, entered into an agreement for the transport of concentrate from the Golden Grove mine site to the Port of Geraldton, the management of the port warehouse and ship loading services.

Century

The gas supply agreement for the Century mine site was finalised in the first half 2013.

MMG Century Limited also entered into agreements for the supply of key commodities, sodium isopropyl xanthate and copper sulphate to the Century, Rosebery and Golden Grove mine sites.

Dugald River

Contracts were awarded for the engineering, procurement and construction of the process plant and associated plant facilities to treat run of mine ore from the Dugald River mine, design and construction of the construction camp and permanent village accommodation, construction of the main site access road and permanent water supply pipeline. Gas and electricity supply agreements were also finalised. Precommitment activities continued including engineering design and the tendering of infrastructure-related contracts.

PEOPLE

As at 30 June 2013, the Group employed a total of 4,996 full-time equivalent employees (31 December 2012: 4,979) in its operations (excluding contractors and casual employees) with the majority of employees based in Australia, Laos and the Democratic Republic of the Congo (DRC).

Total staff costs for the Group's operations for the six months ended 30 June 2013, including directors' emoluments, totalled US$194.3 million (2012: US$183.8 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 Company. 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 Company that are designed to improve individual capability, and enhance employee and Group performance.

MATERIAL ACQUISITIONS AND DISPOSALS

Acquisition of Anvil

The Group acquired Anvil in February 2012, a company incorporated in Canada with its common shares listed on the Toronto Stock Exchange, for aggregate consideration of US$1,310.5 million. The key asset of Anvil was the Kinsevere mine, an open-pit copper mine located in the Katanga Province of the DRC. Further details of the acquisition are disclosed in Note 8.

The Group did not make any material acquisitions or disposals in the relevant period.

EVENTS AFTER THE REPORTING DATE

Issue of Convertible Redeemable Preference Shares by Topstart Limited

On 30 July 2013, the Company, Topstart Limited (Topstart) and Alber Holdings Company Limited (Alber Holdings) entered into an investment agreement, pursuant to which Topstart conditionally agreed to issue, and Alber Holdings conditionally agreed to subscribe for 338 million convertible redeemable preference shares in the capital of Topstart at a price of US$1.00 per convertible redeemable preference share. The convertible redeemable preference shares were issued on 5 August 2013 following the completion of certain conditions precedent and represented 19.60% of the equity share capital of Topstart. The total consideration paid for the convertible redeemable preference shares was US$338.0 million.

The funds received from Alber Holdings were partly used towards the repayment in full of the loan from Album Enterprises to the Company in the amount of US$75.0 million, and a part prepayment of the loan of US$300.0 million from Album Enterprises to MMG Finance Limited in the amount of US$50.0 million on 7 August 2013.

On 22 August 2012, MMG Finance Limited was granted by each of Australia and New Zealand Banking Corporation (ANZ) and Industrial and Commercial Bank of China Limited, Sydney Branch (ICBC) a US$150.0 million loan facility, totalling US$300.0 million in aggregate, for a term of one year from the date of the facilities. On 22 August 2013, ICBC renewed the US$150.0 million facility for a further term of one year from the date of the expiry of the facility agreement. On 22 August 2013, MMG Finance Limited repaid the loan owing to ANZ in full and the facility agreement was not renewed by the parties.

There have been no further matters that have occurred subsequent to the reporting date affecting the company and its subsidiaries for the current financial year.

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 approach focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The use of financial derivative instruments should strictly follow the yearly plans approved by the Board. The Group does not and is prohibited to enter into derivative contracts for speculative purposes.

Financial risk management (including the use of financial instruments for hedging purposes) 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.

The Group currently holds no hedging instruments.

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. The Group generally believes commodity price hedging would not provide long-term benefit to its Shareholders. There are no commodity hedges in place as at 30 June 2013.

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 there are no undue exposures to significant interest rate movements. Any decision to hedge interest rate risk is assessed at the inception of each floating rate debt facility in light of the overall Group's exposure, the prevailing interest rate market and any funding counterparty requirements. Monthly 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 in United States dollars (US$). The majority of revenue received by the Group is in US$. The Group's foreign currency exchange risk arises predominantly from the currency in which the Group's operations are located.

The Group is exposed to foreign exchange risk primarily with respect to Australian dollars (A$), Hong Kong dollars (HK$) and Canadian dollars (C$). Given the exchange rate peg between HK$ 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$. However, exchange rate fluctuations of C$ or A$ against US$ could affect the Group's performance and asset value. The A$ is the most important currency influencing costs.

Under normal market conditions, the Group does not believe that active currency hedging of transactions would provide long-term benefit to Shareholders. The Group tries to minimise these exposures through natural hedges wherever possible. For instance, the majority of external debt and surplus cash is denominated in US$. A portion of cash may be held in A$ to meet operating costs.

The long-term relationship between commodity prices and the currencies of the countries where the Group operates provides a degree of natural protection. The Group may however choose to hedge large foreign currency exposures such as capital expenditure, dividends or tax payments.

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 intermediate holding 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.

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 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 other financial assets. The majority of the Group's equity investments are publicly traded. The Group does not have significant equity securities exposed to price risk as at 30 June 2013.

g) Sovereign risk

The Group has operations in developing countries that may carry higher levels of sovereign risk. In general, however, mining companies are increasingly willing to develop or acquire projects in locations that would traditionally have been viewed as having higher sovereign risk.

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 balance 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 30 June 2013 no claims had been made under these guarantees.

Further details are provided in Note 15.

CHARGES ON ASSETS

As at 30 June 2013, the following banking facilities granted to the Group required certain assets to be charged:

- the US$751.0 million facility granted by China Development Bank Corporation (CDB) and Bank of China Sydney Branch (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$751.0 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$170.0 million;
- the A$350.0 million bank guarantee facility between MMG Management and BOC Sydney (A$350.0 million Facility); and
- 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.

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; and
- a share charge over 70% of the shares in certain other subsidiaries of Album Investment including MMG Laos Holdings Limited.

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.

FUTURE PROSPECTS

Given the Company's performance in the first six months of 2013, MMG is on track to deliver annual guidance of 170,000–185,000 tonnes of copper and 572,000–590,000 tonnes of zinc in 2013.

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.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	NOTE	SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED) US$ MILLION	2012 (UNAUDITED AND RESTATED) US$ MILLION
Revenue	3	1,177.6	1,218.7
Other income	4	0.5	1.9
Expenses (excluding depreciation and amortisation)	2, 5	(875.9)	(816.9)
Earnings before interest, income tax, depreciation and amortisation expense - EBITDA		**302.2**	**403.7**
Depreciation and amortisation expense	2, 5	(209.2)	(144.6)
Earnings before interest and income tax - EBIT		**93.0**	**259.1**
Finance income	6	1.9	2.5
Finance costs	6	(38.8)	(42.2)
Profit before income tax		**56.1**	**219.4**
Income tax expense	7	(20.2)	(74.9)
Profit for the period		**35.9**	**144.5**
Profit for the period attributable to:			
Equity holders of the Company	2	24.9	130.6
Non-controlling interests		11.0	13.9
		35.9	**144.5**
Earnings per share for profit attributable to the equity holders of the Company			
Basic earnings per share	2, 9	**US 0.47 cents**	**US 2.47 cents**
Diluted earnings per share	2, 9	**US 0.47 cents**	**US 2.47 cents**

The accompanying notes are an integral part of the condensed consolidated financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	NOTE	30 JUNE 2013 (UNAUDITED) US$ MILLION	31 DECEMBER 2012 (AUDITED AND RESTATED) US$ MILLION
ASSETS			
Non-current assets			
Property, plant and equipment	2	3,237.3	3,204.8
Intangible assets		259.6	230.9
Inventories		52.9	54.4
Deferred income tax assets	2	144.5	114.2
Other receivables		39.5	42.2
Other financial assets		4.0	4.8
Other assets		-	0.9
		3,737.8	**3,652.2**
Current assets			
Inventories		272.4	300.0
Trade and other receivables	11	174.0	211.9
Loan to a related party		-	100.0
Current income tax assets		-	29.0
Other financial assets		147.5	141.3
Cash and cash equivalents		278.3	102.1
		872.2	884.3
Asset of disposal group classified as held for sale		24.4	25.2
		896.6	**909.5**
Total assets		**4,634.4**	**4,561.7**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		33.9	33.9
Reserves and retained profits	2	1,496.2	1,498.9
		1,530.1	1,532.8
Non-controlling interests		51.5	55.5
Total equity		**1,581.6**	**1,588.3**

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET CONTINUED

	NOTE	30 JUNE 2013 (UNAUDITED) US$ MILLION	31 DECEMBER 2012 (AUDITED AND RESTATED) US$ MILLION
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		231.9	235.0
Borrowings	14	1,146.8	1,265.3
Provisions		561.4	619.0
		1,940.1	**2,119.3**
Current liabilities			
Trade and other payables	13	229.0	299.4
Current income tax liabilities		51.2	120.8
Borrowings	14	765.1	370.6
Provisions		61.6	56.7
		1,106.9	847.5
Liabilities of disposal group classified as held for sale		5.8	6.6
		1,112.7	**854.1**
Total liabilities		**3,052.8**	**2,973.4**
Total equity and liabilities		**4,634.4**	**4,561.7**
Net current (liabilities) / assets		**(216.1)**	**55.4**
Total assets less current liabilities		**3,521.7**	**3,707.6**

The accompanying notes are an integral part of the condensed consolidated financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	NOTE	SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED) US$ MILLION	2012 (UNAUDITED AND RESTATED) US$ MILLION
Cash flows from operating activities			
Receipts from customers		1,228.3	1,209.0
Payments to suppliers	2	(900.0)	(793.2)
Payments for exploration expenditure		(33.3)	(43.6)
Income tax paid		(93.7)	(113.7)
Net cash generated from operating activities		**201.3**	**258.5**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(286.8)	(280.4)
Purchase of intangible assets		(29.5)	-
Purchase of financial assets		(45.9)	(4.5)
Acquisition of subsidiaries		-	(1,310.5)
Proceeds from disposal of property, plant and equipment		0.3	0.3
Proceeds from disposal of subsidiaries		-	28.5
Proceeds from disposal of other investments		0.9	-
Net cash used in investing activities		**(361.0)**	**(1,566.6)**

The accompanying notes are an integral part of the condensed consolidated financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT CONTINUED

	NOTE	SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED) US$ MILLION	2012 (UNAUDITED AND RESTATED) US$ MILLION
Cash flows from financing activities			
Repayments of borrowings		(36.0)	(810.4)
Dividends paid to non-controlling interests		(15.0)	(15.0)
Repayments of finance lease liabilities		(0.8)	(0.5)
Interest and financing costs paid		(41.1)	(29.0)
Proceeds from borrowings		250.0	751.0
Proceeds from related party borrowings		75.0	300.0
Proceeds from repayments of loan to related parties		100.0	95.0
Interest received		1.5	2.0
Net cash generated from financing activities		**333.6**	**293.1**
Net increase / (decrease) in cash and cash equivalents		**173.9**	**(1,015.0)**
Cash and cash equivalents at 1 January		102.1	1,096.5
Cash and cash equivalents – acquisition of subsidiaries		-	73.3
Exchange gains on cash and bank balances		2.3	0.5
Cash and cash equivalents at 30 June		**278.3**	**155.3**

The accompanying notes are an integral part of the condensed consolidated financial information.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION AND INDEPENDENT REVIEW

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 Stock Exchange. The principal activities of the Group are the mining, processing and production of zinc, copper, lead, gold and silver; exploration for mineralisation and development of mining projects.

The condensed consolidated financial information for the six months ended 30 June 2013 is presented in US$ unless otherwise stated and has been approved for issue by the Board on 28 August 2013.

This interim financial information for the six months ended 30 June 2013 has not been audited.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules) and Hong Kong Accounting Standard (HKAS) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). The Interim Financial Statements have been prepared on the basis that the Group is able to continue as a going concern and will therefore be able to realise its assets and discharge its liabilities in the normal course of business. At the balance sheet date the Group had a net current liabilities position of US$216.1 million. This included a related party loan of US$375.0 million from Album Enterprises, ANZ loan facility of US$150.0 million and ICBC loan facility of US$150.0 million due to expire within one year. On 22 August 2013 ICBC renewed the US$150.0 million Facility for a further term of one year from the date of the amended facility agreement. On 30 July 2013 the Company, Topstart (a wholly owned subsidiary of the Company) and Alber Holdings entered into an investment agreement, pursuant to which Topstart agreed to issue, and Alber Holdings agreed to subscribe for, 338,000,000 convertible redeemable preference shares in the capital of Topstart at a price of US$1.00 per convertible redeemable preference share, which was completed on 5 August 2013. In addition to the above financing activities, the Group forecasts to continue to generate positive cash flow from its operations. The Board is therefore confident in the Group's ability to meet its obligations as they become due.

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

The presentation of the condensed consolidated interim income statement and related notes to the financial information has been amended to primarily present expenses by nature. This aligns with the Group's internal reporting of operations. Where relevant, comparative information has been restated accordingly. The condensed consolidated interim financial information should be read in conjunction with the annual Financial Statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS).

Except as described below, the accounting policies applied are consistent with those of the annual Financial Statements for the year ended 31 December 2012, as described in those annual Financial Statements.

(a) New Standards, amendments and interpretations to existing standards effective in 2013 but not relevant or significant to the Group.

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 12 (Amendment)	Deferred Tax – Recovery of Underlying Assets
HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Financial Instruments – Disclosures: Offsetting Financial Assets and Financial Liabilities
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2013 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 2013. The Group is in the process of assessing their impact on the Group's results and financial position.

HKAS 32 (Amendment)	Presentation – Offsetting Financial Assets and Financial Liabilities[(i)]
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date and Translation Disclosures[(ii)]
HKFRS 9	Financial Instruments[(ii)]

Effective for the Group for annual period beginning:

(i) 1 January 2014

(ii) 1 January 2015

Change in accounting policy

The following Interpretation became effective for annual periods beginning on or after 1 January 2013:

HK (IFRIC) – Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine (the 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). The Group has made the change in accounting policy in accordance with the following specific transitional provisions of the Interpretation:

- An entity shall apply the Interpretation to production stripping costs incurred on or after the beginning of the earliest period presented.
- As at the beginning of the earliest period presented, any previously recognised asset balance that resulted from stripping activity undertaken during the production phase (predecessor stripping asset) shall be reclassified as part of an existing asset to which the stripping activity related, to the extent that there remains an identifiable component of the ore body with which the predecessor stripping asset can be associated. Such balances shall be depreciated or amortised over the remaining expected useful life of the identified component of the ore body to which each predecessor stripping asset balance relates.
- If there is no identifiable component of the ore body to which that predecessor stripping asset relates, it shall be recognised in opening retained earnings at the beginning of the earliest period presented.

The Company made an opening balance sheet adjustment as at 1 January 2012 and applied the Interpretation to production stripping costs incurred on or after 1 January 2012, requiring a restatement of the previously reported 2012 Income Statement, Balance Sheet and Cash Flow Statement.

Requirements of the Interpretation have a material impact on the Century operation, with no material impact on the other MMG operation sites at the transition date.

The adjustments made to individual line items in the condensed consolidated financial information can be summarised as follows:

	SIX MONTHS ENDED 30 JUNE		
INCOME STATEMENT (EXTRACT)	**2012 (PREVIOUSLY STATED) US$ MILLION**	**PROFIT INCREASE/ (DECREASE) US$ MILLION**	**2012 (RESTATED) US$ MILLION**
Expense (excluding depreciation and amortisation)	(776.1)	(40.8)	(816.9)
Earnings before interest, income tax, depreciation and amortisation expense - EBITDA	**444.5**	**(40.8)**	**403.7**
Depreciation and amortisation expense	(197.1)	52.5	(144.6)
Earnings before interest and income tax - EBIT	**247.4**	**11.7**	**259.1**
Profit before income tax	**207.7**	**11.7**	**219.4**
Income tax expense	(71.4)	(3.5)	(74.9)
Profit for the period	**136.3**	**8.2**	**144.5**
Profit for the period attributable to			
Equity holders of the Company	122.4	8.2	130.6

	SIX MONTHS ENDED 30 JUNE		
	2012 (PREVIOUSLY STATED)	**INCREASE/ (DECREASE)**	**2012 (RESTATED)**
Earnings per share for profit attributable to the equity holders of the Company			
Basic earnings per share	US 2.31 cents	US 0.16 cents	US 2.47 cents
Diluted earnings per share	US 2.31 cents	US 0.16 cents	US 2.47 cents

	SIX MONTHS ENDED 30 JUNE		
CASH FLOW STATEMENT (EXTRACT)	**2012 (PREVIOUSLY STATED) US$ MILLION**	**INCREASE/ (DECREASE) US$ MILLION**	**2012 (RESTATED) US$ MILLION**
Cash flows from operating activities			
Payments to suppliers	(752.4)	(40.8)	(793.2)
Cash flows from investing activities			
Purchase of property, plant and equipment	(321.2)	40.8	(280.4)

BALANCE SHEET (EXTRACT)	31 DECEMBER 2012 (PREVIOUSLY STATED) US$ MILLION	INCREASE/ (DECREASE) US$ MILLION	31 DECEMBER 2012 (RESTATED) US$ MILLION	1 JANUARY 2012 (PREVIOUSLY STATED) US$ MILLION	INCREASE/ (DECREASE) US$ MILLION	1 JANUARY 2012 (RESTATED) US$ MILLION
Non-current assets						
Property, plant and equipment	3,344.2	(139.4)	3,204.8	1,754.9	(163.0)	1,591.9
Deferred income tax assets	72.3	41.9	114.2	63.6	48.9	112.5
Total non-current assets	**3,749.7**	**(97.5)**	**3,652.2**	**1,856.2**	**(114.1)**	**1,742.1**
Total assets	**4,659.2**	**(97.5)**	**4,561.7**	**3,453.5**	**(114.1)**	**3,339.4**
Reserves and retained profits	1,596.4	(97.5)	1,498.9	1,401.5	(114.1)	1,287.4
Total equity	**1,685.8**	**(97.5)**	**1,588.3**	**1,494.4**	**(114.1)**	**1,380.3**

3. 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 – Exploration and Executive General Manager – Business Support. 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 and gold mining operation located in southern Laos.
Kinsevere	Kinsevere is an open-pit copper mining operation located in the Katanga Province of the DRC, Africa.
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.
Other	Includes exploration and development projects and other corporate entities that are not disclosed as separate segments.

A segment result represents the profit earned 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, deferred income tax assets and inter-segment loans. Segment liabilities exclude current income tax liabilities and deferred income tax liabilities. The excluded assets and liabilities are presented as part of the reconciliation to total balance sheet assets or liabilities.

The segment revenue and result for the six months ended 30 June 2013 are as follows:

	FOR THE PERIOD ENDED 30 JUNE 2013						
US$ MILLION	**SEPON**	**KINSEVERE**	**CENTURY**	**ROSEBERY**	**GOLDEN GROVE**	**OTHER**	**GROUP**
External revenue[ii]	344.8	216.8	350.7	106.2	86.5	-	1,105.0
Revenue from related parties	33.6	-	16.4	-	22.6	-	72.6
Revenue	**378.4**	**216.8**	**367.1**	**106.2**	**109.1**	**-**	**1,177.6**
EBITDA	**211.6**	**92.8**	**52.4**	**29.2**	**1.5**	**(85.3)**	**302.2**
Depreciation and amortisation	(31.0)	(57.9)	(85.8)	(12.1)	(20.7)	(1.7)	(209.2)
EBIT	**180.6**	**34.9**	**(33.4)**	**17.1**	**(19.2)**	**(87.0)**	**93.0**
Finance income							1.9
Finance costs							(38.8)
Income tax expense							(20.2)
Profit for the period							**35.9**
Profit attributable to non-controlling interests							11.0
Profit attributable to equity holders of the Company							24.9
							35.9
Other segment information:							
Additions to non-current assets	49.1	16.9	15.8	15.6	18.7	119.4	**235.5**

	AS AT 30 JUNE 2013						
US$ MILLION	**SEPON**	**KINSEVERE**	**CENTURY**	**ROSEBERY**	**GOLDEN GROVE**	**OTHER**	**GROUP**
Segment assets	753.0	1,567.6	474.8	369.3	357.4	967.8	4,489.9
Deferred income tax assets							144.5
							4,634.4
Segment liabilities	200.5	79.4	300.5	97.1	72.7	2,019.5	2,769.7
Deferred income tax liabilities							231.9
Current income tax liabilities							51.2
							3,052.8

The segment revenue and result for the six months ended 30 June 2012 are as follows:

	FOR THE PERIOD ENDED 30 JUNE 2012 (RESTATED)						
US$ MILLION	**SEPON**	**KINSEVERE[(i)]**	**CENTURY**	**ROSEBERY**	**GOLDEN GROVE**	**OTHER**	**GROUP**
External revenue[(ii)]	399.5	96.6	377.0	150.0	163.4	-	1,186.5
Revenue from related parties	30.4	-	-	-	1.8	-	32.2
Revenue	**429.9**	**96.6**	**377.0**	**150.0**	**165.2**	**-**	**1,218.7**
EBITDA	**264.7**	**44.9**	**104.4**	**58.1**	**38.9**	**(107.3)**	**403.7**
Depreciation and amortisation	(43.5)	(26.5)	(46.1)	(11.3)	(14.3)	(2.9)	(144.6)
EBIT	**221.2**	**18.4**	**58.3**	**46.8**	**24.6**	**(110.2)**	**259.1**
Finance income							2.5
Finance costs							(42.2)
Income tax expense							(74.9)
Profit for the period							**144.5**
Profit attributable to non-controlling interests							13.9
Profit attributable to equity holders of the Company							130.6
							144.5
Other segment information:							
Additions to non-current assets	31.7	26.6	53.1	24.1	40.6	113.6	**289.7**

US$ MILLION	AS AT 31 DECEMBER 2012 (RESTATED)						
	SEPON	KINSEVERE	CENTURY	ROSEBERY	GOLDEN GROVE	OTHER	GROUP
Segment assets	750.6	1,590.7	603.6	361.6	367.1	744.9	4,418.5
Deferred income tax assets							114.2
Current income tax assets							29.0
							4,561.7
Segment liabilities	216.7	141.7	336.3	119.0	80.0	1,723.9	2,617.6
Deferred income tax liabilities							235.0
Current income tax liabilities							120.8
							2,973.4

Notes:

(i) The result of Kinsevere has been consolidated since 17 February 2012.

(ii) Revenue mainly represents the sale of zinc, copper, lead, gold, silver and other minerals into both metals and metals in concentrate. Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities, and it is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Century, Rosebery and Golden Grove operations are located in Australia. The Sepon operation is located in Laos, and the Kinsevere operation is located in the Katanga Province of the DRC, Africa. All other segments are immaterial by location.

4. OTHER INCOME

	SIX MONTHS ENDED 30 JUNE	
	2013 (UNAUDITED) US$ MILLION	2012 (UNAUDITED) US$ MILLION
Gain on disposal of investments	0.3	-
Gain on disposal of property, plant and equipment and investment properties	0.2	0.6
Other income	-	1.3
Total other income	**0.5**	**1.9**

5. EXPENSES

Profit before income tax includes the following specific expenses:

	SIX MONTHS ENDED 30 JUNE	
	2013 (UNAUDITED) US$ MILLION	2012 (UNAUDITED AND RESATED) US$ MILLION
Changes in inventories of finished goods and work in progress	(33.2)	3.5
Employee benefit expenses(i)	(153.9)	(153.8)
Contracting and consulting expenses	(144.3)	(140.3)
Energy costs	(113.5)	(89.9)
Stores and consumables costs	(190.6)	(172.2)
Depreciation and amortisation expense(ii)	(207.5)	(141.7)
Operating lease rental(iii)	(11.4)	(11.0)
Other operating expenses	(67.2)	(44.9)
Cost of goods sold	**(921.6)**	**(750.3)**
Royalties expenses	(43.8)	(49.0)
Selling expenses	(43.7)	(38.9)
Operating expenses(iv)	**(1,009.1)**	**(838.2)**
Exploration expenses	(33.3)	(43.6)
Administrative expenses	(36.5)	(61.3)
Exchange gains – net	11.2	4.4
Loss on financial assets at fair value through profit or loss	(10.6)	(15.2)
Other expenses	(6.8)	(7.6)
Total expenses	**(1,085.1)**	**(961.5)**

(i) In aggregate US$40.4 million (2012: US$30.0 million) of employee benefit expenses were included in administrative expenses, exploration expenses and other expenses categories. Total employee benefit expenses were US$194.3 million (2012: US$183.8 million).

(ii) In aggregate US$1.7 million (2012: US$2.9 million) of depreciation and amortisation expense was included in administrative expenses, exploration expenses and other expenses categories. Total depreciation and amortisation expense was US$209.2 million (2012: US$144.6 million).

(iii) In aggregate, an additional US$5.1 million (2012: US$4.0 million) of operating lease rentals were included in administrative expenses, exploration expenses and other expenses categories. Total operating lease rentals were US$16.5 million (2012: US$15.0 million).

(iv) Operating expenses include mining and processing costs, royalties, selling expenses (including transportation) and other costs incurred by operations.

6. FINANCE COSTS – NET

	SIX MONTHS ENDED 30 JUNE	
	2013 (UNAUDITED) US$ MILLION	2012 (UNAUDITED) US$ MILLION
Finance costs		
Interest on borrowings	(21.5)	(16.4)
Unwind of provisions discount	(13.4)	(19.4)
Other finance costs	(3.9)	(6.4)
	(38.8)	(42.2)
Finance income		
Interest income	1.9	2.5
Finance costs - net	**(36.9)**	**(39.7)**

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made, as the Group had tax losses brought forward to offset the assessable profit generated in Hong Kong for the period (2012: US$nil). Taxation on profits arising from other jurisdictions have been calculated on the estimated assessable profits for the period at the rates prevailing in the relevant jurisdictions.

	SIX MONTHS ENDED 30 JUNE	
	2013 (UNAUDITED) US$ MILLION	2012 (UNAUDITED AND RESTATED) US$ MILLION
Current income tax expense		
– Overseas income tax	(31.1)	(35.4)
Deferred income tax	10.9	(39.5)
Income tax expense	**(20.2)**	**(74.9)**

8. BUSINESS COMBINATION

Summary of acquisition

On 19 October 2011 MMG Malachite Limited, a wholly owned subsidiary of the Company, made an all-cash recommended takeover offer to acquire all of the Common Shares in Anvil, a company incorporated in Canada with its common shares listed on the Toronto Stock Exchange at a price of C$8.00 on a fully-diluted basis (the Offer). The Offer expired on 17 February 2012 and 98.07% of the shares in Anvil were acquired by the Company. The Group exercised its rights under the compulsory acquisition provision of the Business Corporations Act (Northwest Territories) to acquire all of the outstanding common shares, which completed in March 2012.

The total acquisition price was US$1,310.5 million and was financed through cash reserves of US$1,010.5 million and a loan from Album Enterprises of US$300.0 million which had an initial term of 12 months from 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. Interest is accrued on the outstanding balance drawn under the facility agreement at Libor plus 2.2% per annum and is repayable at the end of the term, or on demand. A part prepayment of the loan in the amount of US$50.0 million was made on 7 August 2013.

9. EARNINGS PER SHARE

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 period.

	SIX MONTHS ENDED 30 JUNE	
	2013 (UNAUDITED) US$ MILLION	2012 (UNAUDITED AND RESTATED) US$ MILLION
Profit attributable to equity holders of the Company	24.9	130.6

	NUMBER OF SHARES '000	NUMBER OF SHARES '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 0.47 cents	US 2.47 cents

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For Company share options on 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.

	SIX MONTHS ENDED 30 JUNE	
	2013 (UNAUDITED) US$ MILLION	2012 (UNAUDITED AND RESTATED) US$ MILLION
Profit attributable to equity holders of the Company	24.9	130.6

	NUMBER OF SHARES '000	NUMBER OF SHARES '000
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	5,289,608	5,289,608
Adjustments for:		
– Share options	5,053	1,750
Weighted average number of ordinary shares used in the calculation of the diluted earnings per share	5,294,661	5,291,358
Diluted earnings per share	US 0.47 cents	US 2.47 cents

10. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: US$nil).

11. TRADE AND OTHER RECEIVABLES

As at 30 June 2013 and 31 December 2012 trade and other receivables of the Group mainly related to the mining operations. The majority of sales are made under contractual arrangements whereby provisional payment is received promptly after delivery and the balance within 30 to 90 days from delivery. As at 30 June 2013, US$115.5 million (31 December 2012: US$134.6 million) trade receivables were aged less than six months; and no trade receivables (31 December 2012: US$nil) were aged over six months.

12. 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 provided an 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 capital 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 capital 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 30 June 2013, the standing to the credit of the Company's special capital reserve, which had been made in accordance with the abovementioned undertaking, amounted to approximately US$9.4 million (2012: US$9.4 million).

13. TRADE AND OTHER PAYABLES

As at 30 June 2013 US$219.4 million (31 December 2012: US$275.2 million) of trade payables were aged less than six months; and no trade payables (31 December 2012: US$ nil) were aged over six months.

14. BORROWINGS

	30 JUNE 2013 (UNAUDITED) US$ MILLION	31 DECEMBER 2012 (AUDITED) US$ MILLION
Non-current		
Loan from a related party	-	300.0
Bank borrowings	1,166.7	971.5
Finance lease liabilities	-	0.7
	1,166.7	1,272.2
Prepayments – finance charges	(19.9)	(6.9)
	1,146.8	**1,265.3**
Current		
Loan from a related party	375.0	-
Bank borrowings	390.7	372.0
Finance lease liabilities	1.3	1.3
	767.0	373.3
Prepayments – finance charges	(1.9)	(2.7)
	765.1	**370.6**
Analysed as:		
- Secured	1,143.5	923.1
- Unsecured	790.2	722.4
	1,933.7	1,645.5
Prepayments – finance charges	(21.8)	(9.6)
	1,911.9	**1,635.9**
Borrowings (excluding: prepayments) are repayable as follows:		
- Within 1 year	767.0	373.3
- Between 1 and 2 years	109.5	410.2
- Between 2 and 5 years	833.5	862.0
- Repayable within 5 years	1,710.0	1,645.5
- Over 5 years	223.7	-
	1,933.7	1,645.5
Prepayments – finance charges	(21.8)	(9.6)
	1,911.9	**1,635.9**
Borrowings (excluding: prepayments) are:		
- wholly repayable within 5 years	1,710.0	1,645.5
- not wholly repayable within 5 years	223.7	-
	1,933.7	**1,645.5**

15. 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 of the subsidiaries of the Company primarily associated with the terms of mining leases or exploration licences. At the end of the period, 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$268.1 million (2012: US$260.0 million). Provision is made in the Financial Statements for the anticipated costs of the mine rehabilitation obligations under the mining leases and exploration licences.

16. CAPITAL COMMITMENTS

Capital expenditure contracted for at the reporting date but not recognised as a liability, is set out in the table below.

	AS AT 30 JUNE 2013 US$ MILLION	AS AT 31 DECEMBER 2012 US$ MILLION
Not later than one year	345.7	69.3
Later than one year but not later than five years	165.8	0.1
	511.5	**69.4**

OTHER INFORMATION

CORPORATE GOVERNANCE

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

The Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules throughout the period of the first half 2013, except for the deviation from code provision A.4.1 as disclosed below.

Code provision A.4.1 stipulates that Non-executive Directors should be appointed for a specific term and subject to re-election. Each of the Non-executive Directors entered into a service agreement with the Company for a specific term of three years, except Dr Peter Cassidy. Dr Cassidy's appointment agreement commenced on 31 December 2010 and can be terminated by the Company with one month prior notice. In accordance with the articles of association of the Company, 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 Annual General Meeting (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, was re-elected by Shareholders at the AGM held on 16 May 2011. He is also subject to retirement by rotation at least once every three years at the AGM. Dr Cassidy was re-elected by Shareholders at the AGM held on 22 May 2013. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

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.

To comply with a new code provision on board diversity which will be effective from 1 September 2013, the Remuneration and Nomination Committee of the Company adopted a Board Diversity Standard on 31 July 2013 which was endorsed by the Board on 28 August 2013. The Company recognises and embraces the benefits of having a diverse MMG Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, MMG views increasing diversity at the MMG Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board Diversity Standard sets out, among others, the measurable objectives of Board diversity.

AUDIT COMMITTEE

The Company established an Audit Committee on 2 July 1999. It currently comprises three Independent Non-executive Directors, namely Mr Anthony Larkin, Dr Peter Cassidy and Mr Leung Cheuk Yan and one Non-executive Director, Mr Gao Xiaoyu. Mr Anthony Larkin is the Chairman of the Audit Committee.

The principal duties of the Audit Committee include the review and supervision of the financial reporting process and internal control system of the Group. The Audit Committee has reviewed the unaudited interim financial report of the Group for the first half 2013.

SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiry with all the directors of the Company, all of them confirmed that they have complied with the required standard set out in the Model Code and the Securities Trading Code during the first half 2013.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the first half 2013.

INDEPENDENT REVIEW

The interim financial information for the six months ended 30 June 2013 is unaudited and has been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. The auditor's unmodified review report will be included in the 2013 Interim Report. This interim financial information has also been reviewed by the Company's Audit Committee.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is also published on the website of the Company at www.mmg.com. The Company's 2013 Interim Report will be despatched to Shareholders and available on the websites of the Hong Kong Stock Exchanges and Clearing Limited at www.hkexnews.hk and the Company respectively in due course.

GLOSSARY

A$	Australian dollar, the lawful currency of Australia
AGM	Annual general meeting
Alber Holdings	Alber Holdings Company Limited, a company incorporated in the British Virgin Islands, a wholly owned subsidiary of GUOXIN International Investment Corporation Limited
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
ANZ	Australia and New Zealand Banking Group Limited
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 Sydney	Bank of China Limited, Sydney Branch
C$	Canadian dollar, the lawful currency of Canada
CDB	China Development Bank Corporation
Changzhou Jinyuan	Changzhou Jinyuan Copper Co., Ltd.
China	has the same meaning as PRC
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
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
Companies Ordinance	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
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 Plica Tube Company Limited and Lontic (H.K.) Limited's entire 36.2913% equity interest in Changzhou Jinyuan Copper Co., Ltd. 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 and amortisation expense
EBITDA margin	EBITDA divided by revenue
Executive Committee	the executive committee of the Group which consists of all Executive Directors of the Company, Chief Operating Officer, Executive General Manager – Business Development, Executive General Manager – Exploration and Executive General Manager – Business Support

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
Group	the Company and its subsidiaries
HK$	Hong Kong dollar, the lawful currency of Hong Kong
HKAS	Hong Kong Accounting Standards, See 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)
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
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 HK (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'
Laos	the Lao People's Democratic Republic (Lao PDR)
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
LME	London Metal Exchange
LXML	Lane Xang Minerals Limited, a company incorporated on 30 September 1993 in Laos as the holding company for the Sepon operation
M	million
Minmetals Aluminium	Minmetals Aluminium Company Limited
Minmetals Resources	Minmetals Resources Limited (see definition of the Company)
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 Limited or MMG	has the same meaning as the Company
MMG Malachite	MMG Malachite Limited, a wholly owned subsidiary of the Company that amalgamated with Anvil Mining Limited on 1 April 2012 and became known as Anvil Mining Limited. On and from 2 April 2012, Anvil Mining Limited continues as a body duly incorporated and organised and validly subsisting in accordance with the laws of the British Virgin Islands (see definition of Anvil)
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
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
North China Aluminium	North China Aluminium Company Limited

Offer	the all-cash recommended takeover offer made by MMG Malachite Limited on 19 October 2011 to acquire all of the Common Shares in Anvil Mining Limited, a company incorporated in Canada with its common shares listed on the Toronto Stock Exchange at a price of C$8.00 per share on a fully-diluted basis
Ore Reserve	as defined under the JORC Code, the economically mineable part of a Measured and/or Indicated Mineral Resource
PRC	the People's Republic of China excluding, for the purpose of this document only, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan, unless the context requires otherwise
Production data	the production data included in this report is the metal contained in concentrate, cathode or doré for the key products the Company produces
Securities Trading Code	a model code adopted by the Company for securities trading by directors of the Company on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 of the Listing Rules
Shareholder	a shareholder of the Company or any subsidiary of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
Topstart	Topstart Limited, a company incorporated in the British Virgin Islands with limited liability and currently a wholly owned subsidiary of the Company
Trading, fabrication and other operations	has the same meaning as disposal group
US$	United States dollar, the lawful currency of the United States of America
Yingkou Orienmet	Yingkou Orienmet Plica Tube Company Limited

By order of the Board
MMG Limited
Andrew Gordon Michelmore
CEO and Executive Director

Hong Kong, 28 August 2013

As at the date of this announcement, the board of directors of the Company comprises nine directors, of which three are executive directors, namely Mr. Andrew Gordon Michelmore, Mr. David Mark Lamont and Mr. Xu Jiqing; three are non-executive directors, namely Mr. Wang Lixin (Chairman), Mr. Jiao Jian and Mr. Gao Xiaoyu; and three are independent non-executive directors, namely Dr. Peter William Cassidy, Mr. Anthony Charles Larkin and Mr. Leung Cheuk Yan.

CORPORATE DETAILS

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SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

MMG LIMITED

EXECUTIVE COMMITTEE
Andrew MICHELMORE, Executive Director and Chief Executive Officer

David LAMONT, Executive Director and Chief Financial Officer

XU Jiqing, Executive Director and Executive General Manager Strategic Planning

Marcelo BASTOS, Chief Operating Officer

Michael NOSSAL, Executive General Manager Business Development

Steve RYAN, Executive General Manager Exploration

Tim SCULLY, Executive General Manager Business Support

IMPORTANT DATES
30 October 2013 – Third Quarter 2013 Production Report

29 January 2014 – Fourth Quarter 2013 Production Report

MMG will present its financial results to investors at 10.30am Hong Kong time at the Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong on Thursday 29 August 2013. This presentation will be available via webcast and teleconference for those Shareholders who are unable to attend. For details please contact Investor Relations.

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Throughout this report positive percentage movements imply a favourable variance; negative percentage movements imply an unfavourable variance.

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

Comparatives presented for 2012 have been restated as per the change in accounting policy detailed in Note 2.