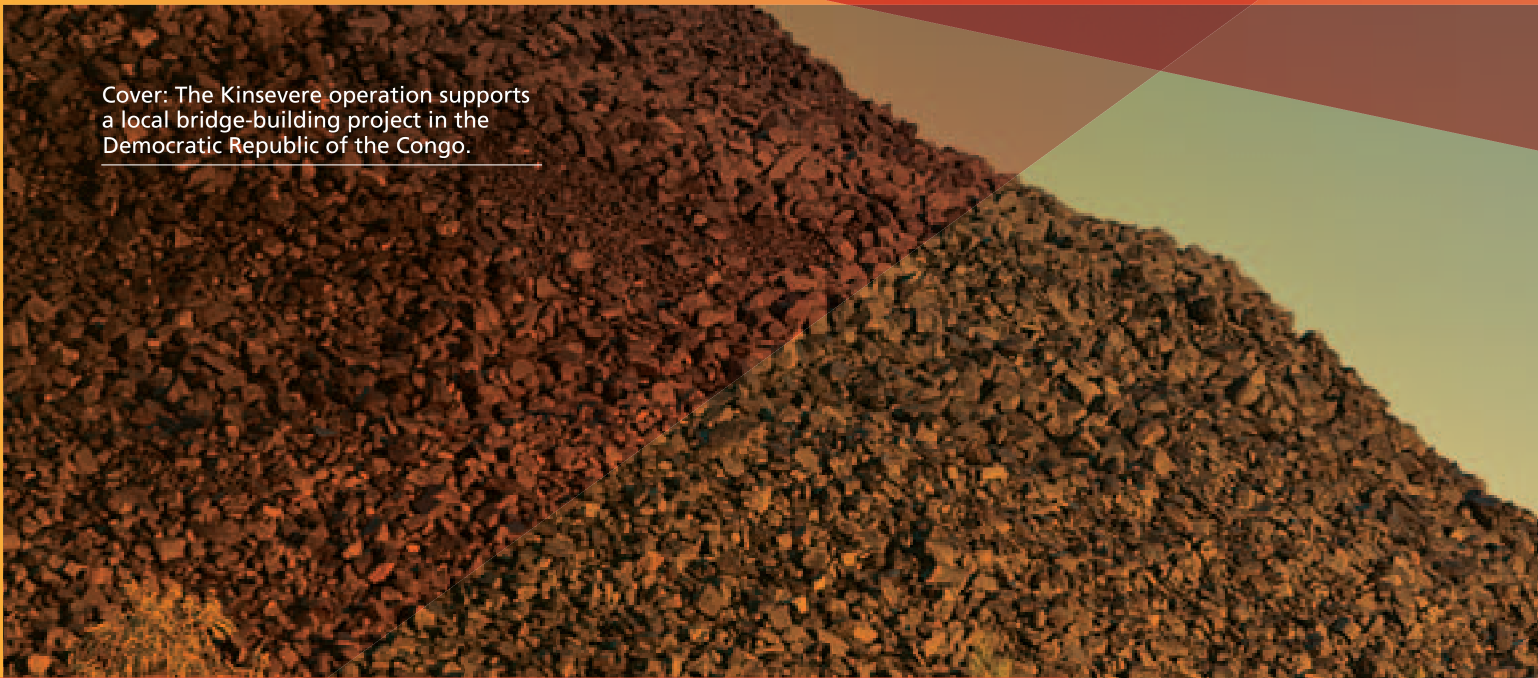
INTERIM REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2013

MMG

WE MINE FOR PROGRESS



Cover: The Kinsevere operation supports a local bridge-building project in the Democratic Republic of the Congo.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
WANG Lixin
(Non-executive Director)

Executive Directors
Andrew MICHELMORE
(Chief Executive Officer)
David LAMONT
(Chief Financial Officer)
XU Jiqing
(Executive General Manager – Strategic Planning)

Non-executive Directors
JIAO Jian
GAO Xiaoyu

Independent Non-executive Directors
Peter CASSIDY
Anthony LARKIN
LEUNG Cheuk Yan

AUDIT COMMITTEE

Chairman
Anthony LARKIN

Members
GAO Xiaoyu
Peter CASSIDY
LEUNG Cheuk Yan

REMUNERATION AND NOMINATION COMMITTEE

Chairman
Peter CASSIDY

Members
WANG Lixin
JIAO Jian
Anthony LARKIN
LEUNG Cheuk Yan

SAFETY, HEALTH, ENVIRONMENT AND COMMUNITY COMMITTEE

Chairman
Peter CASSIDY

Members
Andrew MICHELMORE
GAO Xiaoyu

DISCLOSURE COMMITTEE

Members
Andrew MICHELMORE
David LAMONT
XU Jiqing
Troy HEY
Sally COX
Nick MYERS
LEUNG Suet Kam, Lucia

GENERAL COUNSEL

Nick MYERS

COMPANY SECRETARY

LEUNG Suet Kam, Lucia

LEGAL ADVISOR

Deacons, Hong Kong

Linklaters, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

SHARE REGISTRAR

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

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited

Bank of China Limited

Bank of America Merrill Lynch Limited

China Development Bank Corporation

Industrial and Commercial Bank of China Limited

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SHARE LISTING

The Stock Exchange of Hong Kong Limited

Stock Code: 1208

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

CONTENTS

Open-pit operations at the Century zinc mine in Australia.

COMPANY OVERVIEW

MMG Limited (the Company or MMG) is a global resources company which explores, develops and mines base metal deposits around the world. It is headquartered in Melbourne, Australia and listed on The Stock Exchange of Hong Kong Limited (Stock Exchange) under Stock Code: 1208.

At MMG, we mine for progress – progress for our people, our investors, our host governments and our diverse communities.

The Company benefits from an experienced international management team and the support of its majority Shareholder, China Minmetals Corporation (CMC).

MMG owns and operates the Lane Xang Minerals Limited (LXML) Sepon mine in Laos, the Kinsevere mine in the Democratic Republic of the Congo (DRC) and the Century, Golden Grove and Rosebery mines in Australia.

MMG's development projects include Dugald River, a high-grade zinc-lead-silver deposit in north-west Queensland, Australia, and the Izok Corridor base metals project in Nunavut, north-west Canada.

MMG also has significant exploration projects and partnerships in Australia, Africa and the Americas.

The Company is one of the world's largest producers of zinc and also produces significant amounts of copper, lead, gold and silver.

MMG is committed to achieving long-term sustainable growth and shareholder value. It aligns itself with international best practice in sustainability and, as an International Council on Mining and Metals (ICMM) member, benchmarks its performance against the sustainability criteria of the ICMM's Sustainable Development Framework.

MMG is also a member of the Minerals Council of Australia, the Mining Association of Canada, the Chamber of Mines of the DRC and other regional industry organisations.

TIMELINE

JULY 1988

Minmetals Resources is incorporated in Hong Kong. Its focus is commodities trading and fabrication.

DECEMBER 1994

Minmetals Resources is listed on the Stock Exchange under Stock Code: 1208.

JUNE 2009

Minerals and Metals Group is formed.

Minerals and Metals Group is formed following CMC's acquisition of the majority of OZ Minerals Limited's assets through CMC's subsidiary CMN. This includes the Century, Golden Grove, Rosebery and Sepon mines; the Dugald River and Izok Corridor development projects; and a range of exploration tenements. Minerals and Metals Group is 100% owned by CMN.

HISTORY

Minerals and Metals Group was formed in June 2009 following the purchase of the majority of assets of OZ Minerals Limited by CMC through its subsidiary China Minmetals Non-ferrous Metals Company Limited (CMN).

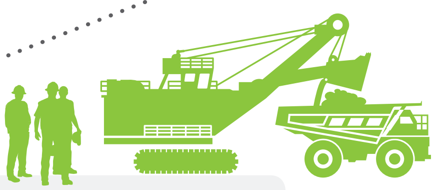
In December 2010, Minerals and Metals Group was acquired by Minmetals Resources Limited (Minmetals Resources) a subsidiary of CMC and listed on the Stock Exchange (Stock Code: 1208).

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

CORPORATE STRUCTURE

MMG's major Shareholder is CMN (a subsidiary of CMC), which indirectly owned approximately 74% of shares as at 30 June 2013 with the remaining 26% of shares held by public shareholders including global resources and investment funds.

DECEMBER 2010



Minmetals Resources acquires Minerals and Metals Group.

APRIL 2011

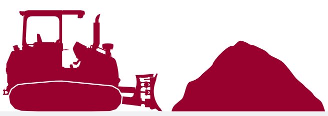
STOCK CODE: 1208

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

SEPTEMBER 2011

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

FEBRUARY 2012



Minmetals Resources acquires Anvil Mining Limited (Anvil), which includes the Kinsevere mine and Mutoshi development project in the DRC.

SEPTEMBER 2012

WE MINE FOR PROGRESS

Minmetals Resources changes its registered English company name to MMG Limited.

Underground operations at the Golden Grove base metals mine in Australia.

HIGHLIGHTS

- 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%	

Copper cathode production at the Sepon operation in Laos.

Wang Lixin
Chairman

CHAIRMAN'S REVIEW

We believe that Shareholders are set to benefit from MMG's strong leadership, growing portfolio of base metals assets and a solid, long-term outlook on market fundamentals.

Dear Shareholder

I am pleased to report that MMG delivered a profit in the first half 2013, despite a challenging environment of weaker commodity prices.

Total revenue for the first half 2013 was US$1,177.6 million, a 3% decrease from the first half 2012. Despite an increase in total copper sales, lower average realised prices and lower zinc and gold sales volumes contributed to the decrease in revenue when compared with the first half 2012.

Operating expenses were 15% higher than the first half 2012 largely due to the inclusion of Kinsevere following the acquisition of Anvil in February 2012, changes to inventories relating to drawdown of stockpiles and timing of shipments. Production-related costs were well managed and MMG has undertaken several initiatives to permanently reduce costs given our commitment to Shareholders to deliver long-term sustainable returns. Examples of initiatives resulting in benefits in the first half 2013 include the transition of Sepon to an owner-operator mine (US$6.3 million reduction in contractor costs) and reduced employee costs at Golden Grove following the restructure in 2012 (US$7.5 million reduction in employee costs and US$3.8 million saving in consumable products).

The Group generated US$302.2 million in earnings before interest, taxes, depreciation and amortisation (EBITDA), and a profit of US$35.9 million in the first half 2013.

MMG reported a positive net cash flow of US$173.9 million for the first half 2013, which reflected increased investments to support the long-term growth strategy of the Company. The Company's gearing ratio, that is, net debt divided by net debt plus total equity, was 0.51.

MMG is focused on creating long-term sustainable value to Shareholders during all stages of the commodity cycle. We recognise the need to apply additional rigour during this challenging climate and will continue our prudent approach in managing our safety, volume and costs.

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.

Our vision is to build the next generation's leading global diversified minerals and metals company. We are creating a nimble, efficient and scalable business and investing in foundational programs to realise productivity gains and allow us to extract greater value from our assets. These include only performing necessary activities on site; consolidating other services into support hubs; continually improving our operations, service and support; and clarifying structures, roles and responsibilities. We will continue to develop MMG into an adaptable, efficient and focused business.

Our focus on operational efficiency is continuing to deliver returns with productivity improvements at Sepon resulting in year-to-date records in both copper production and sales for the first half 2013. Equally, Rosebery achieved year-to-date records in mining and milling in the first half 2013.

On 26 March 2013 Shareholders approved a new share option scheme aimed at aligning the interests of senior managers and executives with those of our Shareholders. The granting of options to senior management replaces the current cash-settled long-term incentive plan and remains subject to specific performance requirements.

During the first half 2013 MMG's ultimate controlling Shareholder, CMC, via its subsidiaries, acquired additional shares in MMG through on-market acquisitions, increasing its indirect holding in MMG from approximately 71.72% to 73.69%.

We believe that continuing industrialisation in China and other developing economies will drive long-term copper demand growth. The long-term outlook for zinc will be dependent on the challenge of resource depletion and new mine supply meeting the needs of consumption growth. MMG, together with CMC, is undertaking a comprehensive analysis of zinc supply in China to better understand the growth, cost structure and quality of domestic supply and further enrich MMG's knowledge of zinc market fundamentals.

We believe that Shareholders are set to benefit from MMG's strong leadership, 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.

I would like to thank my fellow Board members for their continued effort and our Shareholders and host communities for their ongoing support.

王立新

Wang Lixin Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Andrew Michelmore
Chief Executive Officer

Gulf Communities Agreement (GCA) signatory Shirley Chong and administration trainee Kathleen Beasley. The Century operation is a signatory to the GCA, an agreement between the mine, four Native Title groups of Waanyi, Mingginda, Gkuthaarn and Kukatj, and the Queensland Government. The GCA specifies particular benefits and obligations on each party, which exist throughout the life of mining project.

Dear Shareholder

The first half 2013 saw the international minerals and metals sector experience increased volatility in both commodity and share prices due to continuing concerns over global economic growth and long-term sustainable demand for commodities. While London Metal Exchange (LME) copper and zinc prices were, on average, 7% and 2% 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.

Our total recordable injury frequency rate (TRIFR) for the first half was 2.7 per million hours worked compared with 3.0 at the end of 2012. Our lost time injury frequency rate (LTIFR) was 0.7, consistent with the rate at the end of 2012.

Although we made improvements to safety performance during the first half, these cannot make up for the loss of one of our employees. It is with great sadness that I advise of a fatality at our Sepon mine. On 27 June, 29-year-old employee Mr Daola Phoumixay was fatally injured by a falling tree while conducting vegetation clearance work at Sepon. An independent investigation has been conducted, and initial findings confirm that Daola and his team applied all the necessary precautions. Yet despite these precautions, this tragic incident occurred and our Sepon operation is reviewing its processes to ensure this type of incident does not recur. We are all greatly saddened by the loss of a valued employee and I offer my sincere condolences to Daola's family, friends and colleagues.

We achieved good operational performance in the first half, with almost 8 million tonnes of ore mined across all MMG sites, a 41% increase compared with 2012. Total copper production increased 33% compared with 2012 due to productivity improvements at Sepon, the ramp-up of Kinsevere and the commissioning of our copper oxide open pit at Golden Grove. The first half 2013 saw Kinsevere achieve its first full six months of copper cathode production at nameplate capacity on an annualised basis.

We produced a total of 280,968 tonnes of zinc in zinc concentrate in the first half, a 16% decrease compared with the same period in 2012. A strong performance at Rosebery was more than offset by lower production at Century, where lower ore grade impacted production.

On 27 June 2013 we announced that MMG had entered into a facility agreement for up to US$1.0 billion with China Development Bank Corporation (CDB) and Bank of China Limited, Sydney Branch (BOC Sydney) to finance the development and construction of the Dugald River project. During the first half 2013 work continued on the underground mine development of Dugald River with total development in excess of 8,000 metres as at 30 June 2013.

The underground development, underground drilling and geotechnical work completed identified complexities in the ore body, which have prompted us to review 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 before the Board makes a final investment decision regarding the development.

MMG also continued its feasibility study of the Izok Corridor project focusing on alternative engineering opportunities to more efficiently develop the Izok and High Lake deposits. This included maximising the modularisation of the process plant and infrastructure to reduce capital costs and modifying the mine plan to optimise cash flow and minimise costs. We continue to engage with regulators, government agencies and community stakeholders throughout this process.

In the first half 2013 the Group spent US$33.3 million on exploration, a 24% decrease from the first half 2012 mainly due to reduced spending on mine district exploration. Mine district exploration focused on building the resource base at Sepon, Golden Grove and Rosebery, while new discovery exploration included five projects in Australia, six projects in the Americas and four projects in the Southern Africa region. Project generation activities continued in established regions with the general commodity downturn presenting opportunities to expand the exploration portfolio with quality projects on reasonable terms.

In May 2013 the Executive Committee welcomed its newest member Mr Xu Jiqing as the Executive General Manager – Strategic Planning. Mr Xu served as a Non-executive Director of MMG from May 2009 until his re-designation as an Executive Director of MMG effective 20 May 2013. Mr Xu brings extensive experience in accounting and financial corporate management, a unique insight into China and sharp focus on the long-term strategy of our business.

I believe our Company is well positioned for success with strong foundational programs being implemented, a focus on extracting greater return from our assets and a disciplined approach to growth.

I would like to extend my gratitude to our workforce and management teams. I look forward to building on our achievements throughout the remainder of 2013.

Andrew Michelmore Chief Executive Officer

OPERATIONAL REVIEW

SEPON

OVERVIEW

Sepon is an open-pit copper and gold mining operation in southern Laos.

LXML is the registered name of the company, which owns and operates Sepon. MMG owns 90% of LXML, and the Lao Government owns 10%.

COPPER

The Sepon copper operation commenced production in 2005.

Sepon produces copper cathode using a whole-of-ore leach, solvent extraction and electrowinning (SX-EW) process.

In early 2011 the copper expansion project increased annual nameplate production capacity from 65,000 tonnes to 80,000 tonnes of copper cathode.

Copper cathodes are transported via road and sea to manufacturers of cable, wire and tube in south-east Asia.

Sepon's copper cathode is classified as Copper – Grade A brand by the LME, eligible for delivery to LME-approved warehouses.

SAVANNAKHET PROVINCE
LAOS

GOLD

Sepon produces gold doré using a conventional carbon-in-leach process. Sepon first produced gold in December 2002. The gold processing facility was expanded in 2005 doubling capacity to 2.5 million tonnes of ore per annum.

Gold doré bars are transported by air freight to a refinery in Australia where they are refined into gold bullion and sold at the spot gold price.

Sepon is currently undertaking a pre-feasibility study to evaluate options for processing its primary gold resources.

FIRST HALF 2013 REVIEW

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.

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.

KINSEVERE

OVERVIEW

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

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

Kinsevere uses simple low-cost mining methods to extract a resource of very high quality.

Production at Kinsevere commenced using a heavy media separation (HMS) plant in 2007. The Kinsevere stage two project included construction of an SX-EW plant. This plant was originally designed to produce 60,000 tonnes of copper cathode per annum. The HMS plant was placed onto care and maintenance in 2011, upon completion of stage two of the project.

Kinsevere produces copper cathode, which is sold under a life-of-mine sales agreement.

KATANGA PROVINCE
DEMOCRATIC REPUBLIC OF THE CONGO

FIRST HALF 2013 REVIEW

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 of 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.

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.

OPERATIONAL REVIEW

CENTURY

OVERVIEW

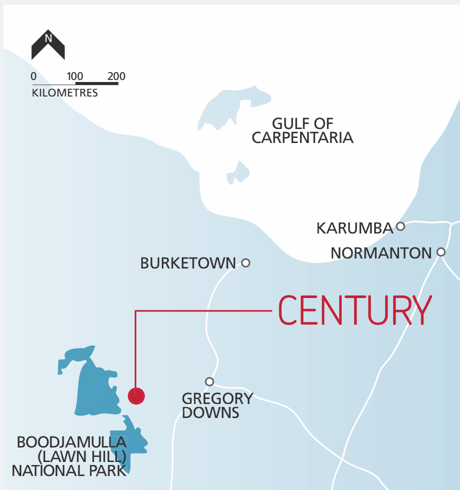
Century is Australia's largest open-pit zinc mine, located in north-west Queensland.

Century comprises two sites – the mine and processing operation at Lawn Hill, and associated concentrate dewatering and ship-loading facilities at the Karumba Port, on the Gulf of Carpentaria.

Century produces zinc and lead concentrate using conventional open-pit mining, grinding and flotation methods. Concentrates are sold to smelters in Europe, Australia and Asia. Century zinc concentrate is highly valued by zinc smelters because of its low iron content, enabling smelters to produce minimal amounts of iron-containing by-products that can pose retreatment and disposal problems.

Century began operations in 1999. MMG is continuing to examine options to utilise MMG's extensive infrastructure post-2016. These include studies to further investigate the potential for a phosphate business, tailings retreatment and small mines operation.

QUEENSLAND
AUSTRALIA



FIRST HALF 2013 REVIEW

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.

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 (i)	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.

ROSEBERY

OVERVIEW

Rosebery is an underground polymetallic base metal mine located in the township of Rosebery, on the west coast of Tasmania, Australia.

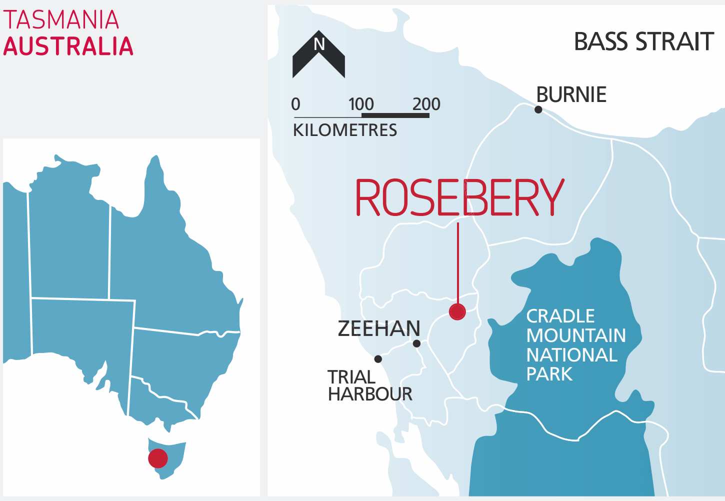
It has operated continuously since 1936 and produces zinc, lead and copper concentrate and gold doré using mechanised underground mining methods and crushing, grinding and flotation processing methods.

The polymetallic nature of the ore body enables a significant relative cost advantage as sale of by-products reduces overall costs.

Rosebery concentrates are transported to the Port of Burnie by rail where they are shipped in bulk carriers to smelters in Hobart and Port Pirie.

Gold doré bars are sold to a refinery in Australia where they are refined into gold bullion.

TASMANIA
AUSTRALIA



FIRST HALF 2013 REVIEW

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.

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.

OPERATIONAL REVIEW

GOLDEN GROVE

OVERVIEW

Golden Grove is a base and precious metals mine located in Western Australia's mid-west, approximately 450 kilometres north-east of Perth and 280 kilometres east of Geraldton.

The site commenced operations in 1990. It comprises the Scuddles and Gossan Hill underground mines and the copper oxide open pit above Gossan Hill, which delivered its first ore in the third quarter 2012.

Golden Grove produces zinc concentrate, copper concentrate and high precious metals (HPM) concentrate using sub-level open stoping and open-pit mining methods. The ore is processed using a crushing, grinding and flotation process and the concentrate is then transported via truck to the Port of Geraldton.

Golden Grove concentrates are exported to smelters in China, Korea, Japan, India and Thailand. Golden Grove zinc and copper concentrates are recognised in the marketplace as having reasonably low impurities and being relatively easy to process.

Golden Grove HPM concentrate contains valuable levels of gold, silver, lead and copper.

WESTERN AUSTRALIA
AUSTRALIA

FIRST HALF 2013 REVIEW

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 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 occuring 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.

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.

DEVELOPMENT PROJECTS

MMG employees and the Kalkadoon people recognise traditional ownership at the Dugald River project in Australia.

DUGALD RIVER

OVERVIEW

The Dugald River project is a long-life, world-class ore body with unique geological characteristics. It is one of the world's largest and highest-grade known undeveloped zinc-lead-silver deposits with a Mineral Resource of 53 million tonnes at 12.5% zinc, 1.9% lead and 36g/t silver. It is located in north-west Queensland, approximately 65 kilometres north-west of Cloncurry.

FIRST HALF 2013 REVIEW

During the first half 2013 work continued on underground mine development with total development in excess of 8,000 metres as at 30 June 2013.

Surface work progressed including bulk earthworks and the construction of stockpile pads. Contracts were also awarded for the first tranche of accommodation and permanent water supply pipeline. Precommitment activities continued in the first half 2013 including engineering design and tendering of infrastructure-related contracts.

On 27 June 2013 MMG entered into a facility agreement with CDB and BOC Sydney for an amount up to US$1.0 billion for a term of 13 years to finance the development and construction of the Dugald River project.

The underground development, underground drilling and geotechnical work completed identified complexities in the ore body 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.

MMG will also conduct a production scale test of Dugald River ore by transporting and processing approximately 100,000 tonnes at MMG's Century operation in the fourth quarter 2013. The test will enable MMG to optimise the mine plan and construction design of the Dugald River 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

OVERVIEW

The Izok Corridor project includes the Izok and High Lake deposits located in the Slave Geological Province in Nunavut, northern Canada. Izok Lake is a large deposit with a Mineral Resource of 14.8 million tonnes at 12.8% zinc and 2.5% copper. The High Lake deposit, located north of Izok, has a Mineral Resource of 17.2 million tonnes at 3.4% zinc and 2.3% copper. MMG also holds other base metal deposits in the region and exploration tenements totalling 5,000 square kilometres.

FIRST HALF 2013 REVIEW

During the first half 2013 work continued on evaluating the feasibility and alternative engineering opportunities to develop the Izok and High Lake base metal deposits.

The geological resource models for Izok and High Lake were updated during the first half 2013 and the metallurgical test work program was also completed. Engineering, execution planning and cost estimations of the Izok concentrator processing facility and associated infrastructure to feasibility study level were also completed. The evaluations of alternative engineering opportunities aimed at improving the project economics were initiated. These include maximising the modularisation of the process plant and infrastructure to reduce capital costs, and modifying the mine schedule and production plan to optimise cash flow, operating expenses and shipping costs.

On 16 April 2013 the Canadian Minister of Aboriginal Affairs and Northern Development approved the Izok Corridor project to proceed to the next stage of the environmental assessment and regulatory review process following MMG's submission of the project proposal in August 2012.

MMG subsequently requested that the Nunavut Impact Review Board (NIRB) not proceed with the public scoping process and development of draft Environmental Impact Assessment (EIS) guidelines until MMG submits an updated project description. The purpose of this request is to ensure that sufficient detail regarding proposed project activities, components and development schedules reflecting the outcomes of the feasibility and the alternative engineering opportunities is included in the project description. The NIRB agreed to MMG's request.

MMG intends to advise the NIRB of a proposed submission date by the end of 2013.

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.

Near-mine exploration at the Rosebery operation in Australia.

EXPLORATION

OVERVIEW

Exploration continued under its three-tiered strategy of mine district exploration, new discovery programs and project generation, focusing on the commodities of copper, zinc and nickel. Mine district exploration during the first half 2013 focused mainly on Sepon, Golden Grove and Rosebery. Exploration took place on a number of projects worldwide within MMG's new discovery project portfolio including five projects in Australia, six projects in the Americas and four projects in the Southern Africa region.

Exploration expenditure for the first half 2013 was US$33.3 million, 24% lower than the first half 2012. This was mainly due to reduced spending on mine district exploration. Exploration drilling totalled 65,623 metres, including 52,933 metres diamond and reverse circulation (RC) drilling for mine district exploration and 12,690 metres diamond and aircore drilling for new discovery programs.

PROJECT	DRILL TYPE	METERAGE (METRES)	NUMBER OF HOLES	AVERAGE LENGTH (METRES)
Sepon	RC/ Diamond	27,714	261	106
Golden Grove	Diamond	20,271	31	654
Rosebery	Diamond	4,948	11	450
Curnamona	Aircore	6,515	105	62
Nikolai	Diamond	574	4	144
Seri	Diamond	4,153	20	208
Norcan	Diamond	1,448	9	161

The average size (diameter) of diamond drill holes was 96mm, aircore holes was 101mm and RC holes was 114mm.

DRILLING RESULTS EXPLAINED

Drilling results are expressed in terms of the length of the drill sample and the percentage/quantity of metal per tonne.

Example

3m @ 26.5 g/t gold

= 3 metres at 26.5 grams per tonne gold

The above refers to a 3 metre-long drill sample containing 26.5 grams of gold for every tonne of material.

MINE DISTRICT EXPLORATION

SEPON

At Sepon, exploration continued to build and extend oxide gold resources at a number of prospects. Primary gold drilling achieved some success with highlights being 26m @ 5.5g/t gold from 441m from Discovery West and 40.2m @ 4.6g/t gold from 17.5m from Non-Nakachan. New programs also commenced to assess the potential for primary copper and primary gold to contribute to the life of asset.

GOLDEN GROVE

Golden Grove exploration drilling on geophysical targets continued to define new massive sulphide zinc and copper intercepts at Grassi, Bassendean and Felix in the southern leases area.

ROSEBERY

While deep-surface drilling finished at Lake Rosebery north of the mine, the 2012 newly discovered 'footwall horizon' was drill tested from underground. Further afield from the Rosebery mine, exploration also drill tested targets at East Renison and White Spur.

NEW DISCOVERY PROGRAMS

AUSTRALIA

Exploration was conducted at the Curnamona copper project in South Australia, the Kitehawk copper project in Western Australia, and the Huckitta nickel project and Victoria River zinc project in the Northern Territory. At Curnamona, a 105-hole aircore drilling program defined significant areas of geochemical anomaly, which was followed by the commencement of a 9,000m diamond drilling program.

THE AMERICAS

At the Izok Corridor regional exploration program in Nunavut, Canada, ground geophysics and field reconnaissance was conducted on previously defined geochemical and geophysical targets. Drilling of electromagnetic targets and field reconnaissance commenced at the Nikolai nickel project in Alaska. Scout drilling was completed at the Norcan and Seri copper projects in Mexico. Exploration commenced at 100% MMG-owned tenements in Chile.

SOUTHERN AFRICA

Exploration was carried out at two joint venture tenements near MMG's Kinsevere operation in the DRC and two joint venture projects in Zambia. Termite sampling defined significant copper geochemical targets in the DRC that are scheduled for drill testing in the second half 2013.

PROJECT GENERATION

Project generation activities continued in established regions with the general downturn in the industry presenting new opportunities to build the exploration portfolio with quality projects on reasonable terms. New initiatives included the commencement of an opportunity review in South America and repositioning MMG's investment in exploration to maximise growth leverage.

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 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 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

Refer to the Operational Review on pages 10–19.

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

Refer to Development Projects on pages 20–21.

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 (MMG Century) 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. Pre-commitment 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 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 to the Condensed Consolidated Interim Financial Information.

The Group did not make any other 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 repayment 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.

Please also refer to Facilities Granted by Australia and New Zealand Banking Group Limited (ANZ) and the Industrial and Commercial Bank of China Limited (ICBC) on page 34.

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 and 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 17 to the Condensed Consolidated Interim Financial Information.

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 BOC Sydney to Album Resources Private Limited (Album Resources) and MMG Management Pty Ltd (MMG Management) dated 13 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.

OTHER INFORMATION

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

As at 30 June 2013 the interests and short positions of the directors and the CEO of the Company or any of their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (SFO)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (Model Code) as set out in Appendix 10 of the Listing Rules were as follows:

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

NAME OF DIRECTOR	NATURE OF INTEREST	NUMBER OF SHARES HELD	NUMBER OF UNDERLYING SHARES HELD	APPROXIMATE PERCENTAGE OF TOTAL NUMBER OF ISSUED SHARES (%)(i)
Andrew MICHELMORE	Personal	527,000	28,150,200(ii)	0.54
David LAMONT	Personal	450,000	6,240,582 (ii)	0.13
XU Jiqing	Personal	–	1,000,000 (iii)	0.02
JIAO Jian	Personal	–	1,200,000 (iii)	0.02

Notes:

(i) The calculation is based on the number of shares and/or underlying shares as a percentage of the total number of issued shares of the Company (i.e. 5,289,607,889 shares) as at 30 June 2013.

(ii) The directors' interests in the underlying ordinary shares of HK$0.05 each in the share capital of the Company are through share options granted by the Company pursuant to the 2013 Share Option Scheme, details of which are set out under the section headed '2013 Share Option Scheme'.

(iii) The directors' interests in the underlying ordinary shares of HK$0.05 each in the share capital of the Company are through share options granted by the Company pursuant to the 2004 Share Option Scheme, details of which are set out under the section headed '2004 Share Option Scheme'.

Save as disclosed above, as at 30 June 2013, none of the directors or the CEO of the Company or any of their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or were deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code. In addition, none of the directors or the CEO of the Company or any of their associates had been granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) during the first half 2013.

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

So far as is known to the directors and CEO of the Company, as at 30 June 2013, the following persons had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

LONG POSITION IN THE SHARES OF THE COMPANY

NAME	CAPACITY	NUMBER OF SHARES HELD	APPROXIMATE PERCENTAGE OF TOTAL NUMBER OF ISSUED SHARES (%)(i)
CMC	Interest of controlled corporations(ii), (iii)	3,898,110,916	73.69
China Minmetals Corporation Limited (CMCL)	Interest of controlled corporations(ii), (iii)	3,898,110,916	73.69
China Minmetals Non-ferrous Metals Holding Company Limited (CMNH)	Interest of controlled corporations(ii), (iii)	3,898,110,916	73.69
CMN	Interest of controlled corporations(ii), (iii)	3,898,110,916	73.69
Album Enterprises	Beneficial owner(iii)	2,613,643,090	49.41
Top Create Resources Limited (Top Create)	Beneficial owner(ii)	1,284,467,826	24.28

Notes:

(i) The calculation is based on the number of shares that each person is interested in (whether directly/indirectly interested or deemed to be interested) as a percentage of the total number of issued shares of HK$0.05 each (i.e. 5,289,607,889 shares) of the Company as at 30 June 2013.

(ii) Top Create is a wholly owned subsidiary of CMN, which in turn is owned as to approximately 99.999% by CMNH and approximately 0.001% by CMCL. CMNH is a wholly owned subsidiary of CMCL. CMCL is owned as to approximately 87.5% by CMC and approximately 0.8% by China National Metal Products Co. Ltd., which in turn is a wholly owned subsidiary of CMC. Accordingly, CMN, CMNH, CMCL and CMC were by virtue of the SFO deemed to be interested in the 1,284,467,826 shares of HK$0.05 each of the Company held by Top Create as at 30 June 2013.

(iii) Album Enterprises is a wholly owned subsidiary of CMN. Accordingly, CMN, CMNH, CMCL and CMC were by virtue of the SFO deemed to be interested in the 2,613,643,090 shares of HK$0.05 each of the Company held by Album Enterprises as at 30 June 2013.

Save as disclosed above, as at 30 June 2013, there was no other person who was recorded in the register of the Company, as having an interest or short positions in the shares or underlying shares of the Company which was required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which was recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

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

FACILITIES GRANTED BY CDB (CDB FACILITIES) AND BOC SYDNEY (BOC FACILITIES)

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

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

Pursuant to the terms of the 2012 US$751.0 million Facility, on the occurrence of the following events (among others), CDB and/or BOC Sydney may declare all outstanding loans under the Tranche A Facility and/or the Tranche B Facility immediately due and payable:

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

FACILITIES GRANTED BY CDB

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

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

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

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

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

FACILITIES GRANTED BY AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED (ANZ) AND THE INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED (ICBC)

On 22 August 2012 MMG Finance Limited was granted by each of ANZ and 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.

Under these facilities, an event of default will occur in the event the Company ceases to be a subsidiary of CMN or MMG Finance Limited ceases to be a wholly owned subsidiary of the Company, and the banks may declare all outstanding loans under the facilities immediately due and payable.

On 20 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.

FACILITY GRANTED BY CDB AND BOC SYDNEY IN RELATION TO THE DUGALD RIVER PROJECT

On 27 June 2013 MMG Dugald River was granted by CDB and BOC Sydney a facility for an amount of up to US$1.0 billion to finance the development and construction of the Dugald River project for a term of 13 years from the date of the facility. The facility will be available for drawdown until 27 June 2016 and is to be repaid by 26 June 2026. Repayment of the facility will commence three years after the drawdown date with interest only payable until this time. MMG Dugald River has drawn US$250.0 million under the facility.

Under this facility, on the occurrence of the following events (amongst others), CDB and/or BOC Sydney may declare all outstanding loans under the facility immediately due and payable:

› CMN ceases to legally and beneficially own, directly or indirectly, at least 51% of the issued share capital of the Company; or

› CMN ceases to have the power to (a) cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of the Company; or (b) appoint or remove all, or the majority, of the directors or other equivalent officers of the Company; or (c) give directions with respect to the operating and financial policies of the Company with which the directors or other equivalent officers of the Company are obliged to comply.

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

SHARE OPTION SCHEME

2004 SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 28 May 2004 (2004 Share Option Scheme), there were 3,600,000 options outstanding as at 30 June 2013, which represented approximately 0.07% of the total number of issued shares of the Company as at that date.

During the first half 2013, the movements of the options which have been granted under the 2004 Share Option Scheme were as follows:

				NUMBER OF OPTIONS					
CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT[(i)]	EXERCISE PRICE PER SHARE HK$	EXERCISE PERIOD[(ii)]	BALANCE AS AT 1 JANUARY 2013	GRANTED DURING THE PERIOD	EXERCISED DURING THE PERIOD	CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD	BALANCE AS AT 30 JUNE 2013
DIRECTORS									
XU Jiqing	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,000,000	–	–	–	–	1,000,000
JIAO Jian	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,200,000	–	–	–	–	1,200,000
EMPLOYEES OF THE GROUP									
	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,400,000	–	–	–	–	1,400,000
				3,600,000	–	–	–	–	3,600,000

Notes:

(i) The closing price of the shares of the Company immediately before the date on which the options were granted was HK$2.69 per share.

(ii) The options granted may be exercised according to the following three tranches, which are subject to certain terms and conditions including, among others, the achievement of certain performance targets by the Group and the grantee:

(a) up to 33% of the options granted to each grantee shall be exercisable at any time after the expiration of 24 months from the date of grant of options;

(b) up to 67% of the options granted to each grantee shall be exercisable at any time after the expiration of 36 months from the date of grant of options; and

(c) up to 100% of the options granted to each grantee shall be exercisable at any time after the expiration of 48 months from the date of grant of options, and in each case, not later than 2 June 2015.

The estimated fair value of the options granted on 3 June 2010 was approximately US$0.1183 each, estimated as at the date of grant by using the binomial option-pricing model and taking into account the terms and conditions (except vesting conditions other than market conditions) upon which the options were granted.

2013 SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 26 March 2013 (2013 Share Option Scheme), there were 163,750,722 options outstanding as at 30 June 2013, which represented approximately 3.10% of the total number of issued shares of the Company as at that date.

During the first half 2013, the movements of the options which have been granted under the 2013 Share Option Scheme were as follows:

				NUMBER OF OPTIONS					
CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT(i)	EXERCISE PRICE PER SHARE HK$	EXERCISE PERIOD(ii)	BALANCE AS AT 1 JANUARY 2013	GRANTED DURING THE PERIOD	EXERCISED DURING THE PERIOD	CANCELLED DURING THE PERIOD(iii)	LAPSED DURING THE PERIOD(iv)	BALANCE AS AT 30 JUNE 2013
DIRECTORS									
Andrew MICHELMORE	9 April 2013	2.62	9 April 2016 to 8 April 2020	–	28,150,200	–	–	–	28,150,200
David LAMONT	9 April 2013	2.62	9 April 2016 to 8 April 2020	–	6,240,582	–	–	–	6,240,582
EMPLOYEES OF THE GROUP									
	9 April 2013	2.62	9 April 2016 to 8 April 2020	–	133,087,940	–	(1,908,000)	(1,820,000)	129,359,940
				–	167,478,722	–	(1,908,000)	(1,820,000)	163,750,722

Notes:

(i) The closing price of the shares of the Company immediately before the date on which the options were granted was HK$2.45 per share.

(ii) The vesting period of the options is three years from the date of grant. The vesting of options is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant, including among others, achievement of financial, reserves and market-related performance targets during the vesting period.

(iii) This refers to options cancelled due to the relinquishment of options by the relevant grantees.

(iv) This refers to options lapsed due to cessation of employment.

The estimated fair value of the options granted on 9 April 2013 was approximately US$0.13 each estimated as at the date of grant by using the Black-Scholes option-pricing model. The value of the options is subject to a number of assumptions and limitations of the pricing model.

The value of the share options was based on assumptions including risk-free interest rate, volatility, expected life of the option, market price of the Company's shares and expected dividend. The risk-free interest rate was 0.68%; the expected volatility used in calculating the value of options was 46% based on weekly closing prices of the Company's securities on the Stock Exchange between 1 April 2011 and 5 April 2013 and the expected dividend was assumed to be nil.

The validity period of the options is seven years from the date of grant to 8 April 2020. The vesting period of the options is three years from the date of grant. The options expire if not exercised before the end of the exercise period on 8 April 2020. If a participant leaves employment before the expiry of the vesting period, the option will lapse unless the participant leaves due to certain specific reasons including ill-health, injury or disability, retirement with the agreement of the employer, redundancy, death, the participating employing company ceasing to be part of the Group and any other reason, if the Board so decides.

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 the 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 sees 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 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.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, the information of directors of the Company provided in the 2012 Annual Report of the Company is updated as follows:

CHANGE IN DIRECTORSHIPS

NAME OF DIRECTOR	DETAILS OF CHANGES
Andrew MICHELMORE	(i) Appointment as Deputy Chairman of the ICMM on 15 May 2013.
	(ii) Appointment as Chairman of the Minerals Council of Australia on 27 June 2013.
David LAMONT	(i) Appointment as a Director of the following subsidiaries of the Company on 15 March 2013: (a) MMG Services Holdings Number 1 Limited (b) MMG Services Holdings Number 2 Limited
XU Jiqing	(i) Re-designation as an Executive Director and appointment as the Executive General Manager – Strategic Planning of the Company effective 20 May 2013.
JIAO Jian	(i) Appointment as Chairman of China Tungsten and Hightech Materials Co., Ltd, a company listed on the Shenzhen Stock Exchange, on 11 April 2013.
LEUNG Cheuk Yan	(i) Appointment as an Independent Non-executive Director of BOC on 29 May 2013. Such appointment will commence from the date of approval of Mr Leung's qualifications by the China Banking Regulatory Commission.

CHANGE IN REMUNERATION

Pursuant to Rule 13.51B of the Listing Rules, the information of directors of the Company provided in the 2012 Annual Report of the Company is updated as follows:

NAME OF DIRECTOR	POSITION	DETAILS OF CHANGES
XU Jiqing	Non-executive Director	Total fixed remuneration (TFR) of A$133,000 per annum as a Non-executive Director of the Company until 19 May 2013. This update is due to the Company moving to simplify and consolidate the remuneration structure for Non-executive Directors.
	Executive Director and Executive General Manager – Strategic Planning	TFR of A$790,000 per annum and a short-term incentive payment of up to a maximum of 40% of TFR, and a long-term equity-based performance incentive of up to a maximum of 40% of TFR effective 20 May 2013. This update is due to Mr Xu Jiqing being re-designated as an Executive Director and appointed as the Executive General Manager – Strategic Planning of the Company effective 20 May 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.

By order of the Board

Andrew Michelmore
CEO and Executive Director
Hong Kong, 28 August 2013

INDEPENDENT REVIEW REPORT

pwc

羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF MMG LIMITED
(incorporated in Hong Kong with limited liability)

Introduction
We have reviewed the interim financial information set out on pages 40 to 62, which comprises the condensed consolidated balance sheet of MMG Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2013 and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review
We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 August 2013

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INTERIM FINANCIAL INFORMATION

An employee at the Kinsevere operation in the Democratic Republic of the Congo.

CONTENTS

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	NOTE	SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED) US$ MILLION	SIX MONTHS ENDED 30 JUNE 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 STATEMENT OF COMPREHENSIVE INCOME

	NOTE	SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED) US$ MILLION	2012 (UNAUDITED AND RESTATED) US$ MILLION
Profit for the period		**35.9**	**144.5**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets		(29.6)	–
Other comprehensive income for the period		**(29.6)**	**–**
Total comprehensive income for the period		**6.3**	**144.5**
Total comprehensive income attributable to:			
Equity holders of the Company	2	(4.7)	130.6
Non-controlling interests		11.0	13.9
		6.3	**144.5**

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	16	–	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	12	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	15	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 STATEMENT OF CHANGES IN EQUITY

		FOR SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)				
		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
US$ MILLION		SHARE CAPITAL	TOTAL OTHER RESERVES	RETAINED PROFITS	NON-CONTROLLING INTERESTS	TOTAL
At 1 January 2013		**33.9**	**392.8**	**1,203.6**	**55.5**	**1,685.8**
Adjustment on change in accounting policy (net of tax)		–	–	(97.5)	–	(97.5)
Total equity at 1 January 2013 as restated		**33.9**	**392.8**	**1,106.1**	**55.5**	**1,588.3**
Profit for the period		–	–	24.9	11.0	35.9
Other comprehensive loss		–	(29.6)	–	–	(29.6)
Total comprehensive (loss)/income for the period		**–**	**(29.6)**	**24.9**	**11.0**	**6.3**
Transactions with owners						
Dividends paid to non-controlling interests		–	–	–	(15.0)	(15.0)
Employee share options		–	2.0	–	–	2.0
Total transactions with owners		**–**	**2.0**	**–**	**(15.0)**	**(13.0)**
At 30 June 2013		**33.9**	**365.2**	**1,131.0**	**51.5**	**1,581.6**
At 1 January 2012		**33.9**	**390.4**	**1,011.1**	**59.0**	**1,494.4**
Adjustment on change in accounting policy (net of tax)		–	–	(114.1)	–	(114.1)
Total equity at 1 January 2012 as restated		**33.9**	**390.4**	**897.0**	**59.0**	**1,380.3**
Profit for the period as previously reported	2	–	–	122.4	13.9	136.3
Adjustment on change in accounting policy (net of tax)	2	–	–	8.2	–	8.2
Profit for the period as restated		**–**	**–**	**130.6**	**13.9**	**144.5**
Total comprehensive income for the period		**–**	**–**	**130.6**	**13.9**	**144.5**
Transactions with owners						
Non-controlling interests acquired		–	–	–	50.0	50.0
Purchase of non-controlling interests		–	–	–	(50.0)	(50.0)
Dividends paid to non-controlling interests		–	–	–	(15.0)	(15.0)
Total transactions with owners		**–**	**–**	**–**	**(15.0)**	**(15.0)**
At 30 June 2012		**33.9**	**390.4**	**1,027.6**	**57.9**	**1,509.8**

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

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

		SIX MONTHS ENDED 30 JUNE	
	NOTE	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)**
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	16	75.0	300.0
Proceeds from repayments of loan to related parties	16	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 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. As disclosed in Note 19 Events after balance sheet date, 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 the 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:

INCOME STATEMENT (EXTRACT)	SIX MONTHS ENDED 30 JUNE		
	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

CASH FLOW STATEMENT (EXTRACT)	SIX MONTHS ENDED 30 JUNE		
	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:

US$ MILLION	FOR THE PERIOD ENDED 30 JUNE 2012 (RESTATED) 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**

	AS AT 31 DECEMBER 2012 (RESTATED)						
US$ MILLION	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 (refer to Note 16). 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 (refer to Note 19).

9. EARNINGS PER SHARE

a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the 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

b) 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. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES		NOMINAL VALUE	
	2013 (UNAUDITED) '000	2012 (UNAUDITED) '000	2013 (UNAUDITED) HK$ MILLION	2012 (UNAUDITED) HK$ MILLION
Authorised:				
Ordinary shares of HK$0.05 each				
At 1 January	18,000,000	18,000,000	900.0	900.0
At 30 June	18,000,000	18,000,000	900.0	900.0

	NUMBER OF ORDINARY SHARES		NOMINAL VALUE	
	2013 (UNAUDITED) '000	2012 (UNAUDITED) '000	2013 (UNAUDITED) US$ MILLION	2012 (UNAUDITED) US$ MILLION
Issued and fully paid:				
At 1 January	5,289,608	5,289,608	33.9	33.9
At 30 June	5,289,608	5,289,608	33.9	33.9

13. 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).

14. BORROWINGS

	30 JUNE 2013 (UNAUDITED) US$ MILLION	31 DECEMBER 2012 (AUDITED) US$ MILLION
Non-current		
Loan from a related party (Note 16)	–	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 (Note 16)	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. 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.

16. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS

The Group is controlled by CMN through Top Create, a company incorporated in the British Virgin Islands, which owns 24.28% of the Company's shares, and Album Enterprises, which owns 49.41% of the Company's shares, both of which are wholly owned subsidiaries of CMN. The remaining 26.31% of the Company's shares are widely held. The directors of the Company consider that the ultimate holding Company is CMC, a company incorporated in the PRC.

CMC itself is a state-owned enterprise and is controlled by the PRC government, which also owns a significant portion of productive assets in the PRC. In accordance with HKAS 24 *Related Party Disclosures* issued by the Hong Kong Institute of Certified Public Accountants, other state-owned enterprises and their subsidiaries (other than subsidiaries of CMC), directly or indirectly controlled by the PRC government, are also defined as related parties of the Group. On that basis, related parties include CMC and its related companies, other state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government, the Company's jointly controlled entities and associates, and key management personnel of the Company and CMC as well as their close family members.

During the interim period ended 30 June 2013, the Group's transactions with other state-owned enterprises (excluding CMC and its subsidiaries) were sales of non-ferrous metals and purchases of consumables and the related receivables and payables balances. In addition, a portion of fixed deposits, cash and cash equivalents and borrowings as of 30 June 2013 and the relevant interest earned or paid during the period were transacted with banks and other financial institutions controlled by the PRC government including CDB, BOC and ICBC.

The transactions of revenues and expenses in nature conducted with government-related entities were based on terms as set out in the underlying agreements, based on statutory rates or market prices or actual cost incurred, or as mutually agreed.

SIGNIFICANT RELATED PARTY BALANCES

	30 JUNE 2013 (UNAUDITED) US$ MILLION	31 DECEMBER 2012 (AUDITED) US$ MILLION
Amount payable to related parties		
Loan from Album Enterprises (i) (ii)	375.0	300.0
	375.0	300.0
Amount receivable from related parties		
Loan to Album Enterprises (iii)	–	100.0
Trade receivables – receivables from CMN	14.0	19.2
	14.0	119.2

Notes:

(i) US$300.0 million of the total loan amount from Album Enterprises represents the amount drawn by the Company on 15 February 2012 pursuant to a facility agreement dated 30 September 2011 between the Company and Album Enterprises. In accordance with the facility agreement, a loan facility of up to US$300.0 million was made available to the Company on an uncommitted basis, for a period of one year commencing on the date of the loan. The term of the loan was extended on 17 December 2012 for a period of one year from 14 February 2013 to 14 February 2014. 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 (refer to Note 19).

(ii) The balance of US$75.0 million of the total loan amount from Album Enterprises represents the total amount drawn by the Company pursuant to a facility agreement dated 29 April 2013 between MMG Finance Limited, a wholly owned subsidiary of the Company, and Album Enterprises. In accordance with the facility agreement, a revolving loan facility of up to US$75.0 million was made available to the Company on an uncommitted basis, for a period of six months commencing on the date of the first loan, and therefore expiring on 30 November 2013. MMG Finance Limited drew US$35.0 million on 30 May 2013 and US$40.0 million on 17 June 2013. Interest is accrued on the outstanding balance drawn under the facility agreement at Libor plus 1.0% per annum and is repayable at the end of the term, or on demand. This loan was repaid in full on 7 August 2013.

(iii) The loan to Album Enterprises (US$100.0 million) represents the amount drawn by Album Enterprises on 17 December 2012. Interest accrued on the outstanding balance drawn under the facility agreement at Libor plus 1.5% per annum and was repaid on 11 January 2013. The loan to Album Enterprises described above was made pursuant to a facility agreement, dated 23 December 2011, between MMG Finance Limited and Album Enterprises. Under the facility agreement, a loan facility of US$100.0 million was made available to Album Enterprises on an uncommitted basis, for a period of one year commencing on the date of the facility agreement. The facility agreement was extended on 17 December 2012 for a period of one year.

17. CONTINGENT LIABILITIES

LEGAL PROCEEDINGS

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

BANK GUARANTEES

Certain bank guarantees have been provided in connection with the operations of certain subsidiaries of the Company primarily associated with the terms of mining leases 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.

18. 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**

19. EVENTS AFTER BALANCE SHEET DATE

On 30 July 2013, the Company, Topstart and Alber Holdings entered into an investment agreement, pursuant to which Topstart conditionally agreed to issue, and Alber Holdings conditionally 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. 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 338,000,000.

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 ANZ and 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 which have significantly affected, or may significantly affect the Group's operations, results or state of affairs in future years.

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	Bank of China Limited, a company listed on the Stock Exchange and the Shanghai Stock Exchange
BOC Singapore	BOC, Singapore Branch
BOC Sydney	BOC, 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
CMCL	China Minmetals Corporation Limited, a joint stock limited company incorporated on 16 December 2010 under the laws of the PRC
CMN	China Minmetals Non-ferrous Metals Company Limited, a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC
CMNH	China Minmetals Non-ferrous Metals Holding Company Limited, a joint stock limited company incorporated on 22 December 2009 under the laws of the PRC
Companies Ordinance	the Companies Ordinance (Chapter 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 and Lontic (H.K.) Limited's entire 36.2913% equity interest in Changzhou Jinyuan, Orienmet Industry Company Limited, Riseup Dragon Limited and Lontic (H.K.) Limited are wholly owned subsidiaries of the Company

DRC	Democratic Republic of the Congo
EBIT	earnings before interest (net finance costs) and income tax
EBITDA	earnings before interest (net finance costs), income tax, depreciation and amortisation
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
g/t	grams per tonne
HK$	Hong Kong dollar, the lawful currency of Hong Kong
HKAS	Hong Kong Accounting Standards (see definition of HKFRS)
HKFRS	Hong Kong Financial Reporting Standards, which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKAS) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA)
HPM	high precious metals
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
ICBC	Industrial and Commercial Bank of China Limited, Sydney Branch
ICMM	International Council on Mining and Metals
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
LTIFR	lost time injury frequency rate
LXML	Lane Xang Minerals Limited, a company incorporated on 30 September 1993 in Laos as the holding company for the Sepon operation
m	metre(s)
mm	millimetre(s)
Mineral Resource	as defined under the JORC Code, a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction
Minerals and Metals Group	the collective brand name of the portfolio of international mining assets held by Album Resources
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 Laos Holdings Limited	MMG Laos Holdings Limited, a company incorporated on 25 May 1993 in the Cayman Islands with limited liability and a wholly owned subsidiary of the Company
MMG Limited or MMG	has the same meaning as the Company
MMG 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
NIRB	Nunavut Impact Review Board
North China Aluminium	North China Aluminium Company Limited
The Offer	the all-cash recommended takeover offer made by MMG Malachite 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$8.00 per share on a fully-diluted basis
Ore Reserve	as defined under the JORC Code, the economically mineable part of a Measured and/or Indicated Mineral Resource
PRC	the People's Republic of China excluding, for the purpose of this document only, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan, unless the context requires otherwise
Production data	the production data included in this report is the metal contained in concentrate, cathode or doré for the key products the Company produces
Securities Trading Code	a model code adopted by the Company for securities trading by directors of the Company on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 of the Listing Rules
Shareholder	a shareholder of the Company or any subsidiary of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
Topstart	Topstart Limited, a company incorporated in the British Virgin Islands with limited liability and currently a wholly owned subsidiary of the Company
Trading, fabrication and other operations	has the same meaning as disposal group
TRIFR	total recordable injury frequency rate
US$	United States dollar, the lawful currency of the United States of America
Yingkou Orienmet	Yingkou Orienmet Plica Tube Company Limited

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