EARNING THE RIGHT TO GROW

WE MINE FOR PROGRESS

ANNUAL REPORT 2013

OUR BELIEF

We believe it's for humanity's progress that we mine: courageously exploring, discovering and developing the Earth's opportunities into better lives for communities.

Cover: MMG Kinsevere invests in education, infrastructure and support programs in the local area, including the subsidy of student midday meals at the Kinsevere village school.

EARNING THE RIGHT TO GROW

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

In our industry, progress also means working within the challenges of the commodities cycle, sharemarket volatility and rising costs.

While these factors are external to our control, we have the ability to manage our safety, volume and costs.

We seek to work safely, efficiently and achieve the lowest cost of production per tonne.

Our production and cost performance demonstrates our ability to extract maximum value from our assets, achieving production records across sites while realising improvements in safety performance.

Our strong operational capability provides us with the right foundation on which to grow our business. In doing so we seek to create enduring outcomes for our shareholders and our communities.

It's how we have earned the right to grow.

Drilling at Dugald River, Australia

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
WANG Lixin (Non-executive Director)

Executive Directors
Andrew MICHELMORE (CEO)
David LAMONT (CFO)
XU Jiqing (EGM – 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

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C100709

DISCLOSURE COMMITTEE

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

GENERAL COUNSEL

Nick MYERS

COMPANY SECRETARY

LEUNG Suet Kam, Lucia

LEGAL ADVISER

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

China Development Bank Corporation

Bank of China Limited

Industrial and Commercial Bank of China Limited

Bank of America NA

INVESTOR ENQUIRIES

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MEDIA ENQUIRIES

Kathleen KAWECKI
Senior Group Communications Advisor
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REGISTERED OFFICE

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Hong Kong

CORPORATE OFFICES AND PRINCIPAL PLACE OF BUSINESS

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Hong Kong
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Fax: +61 3 9288 0800
Email: info@mmg.com

WEBSITE

www.mmg.com

SHARE LISTING

The Stock Exchange of Hong Kong Limited

Stock Code: 1208

Additional Shareholder Information

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

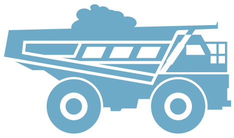
CONTENTS

2013 HIGHLIGHTS

FINANCIAL AND OPERATIONAL HIGHLIGHTS

REVENUE OF
US$2,469.8 MILLION
decreased 1% compared to 2012 with average copper and zinc prices 8% and 2% lower respectively compared to 2012.

TOTAL PROFIT
US$122.5 MILLION



a 48% decrease compared to 2012.

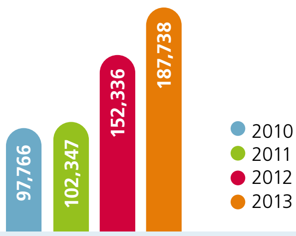
26%

Total copper sales volumes were 26% higher in 2013 with annual production records achieved at both Kinsevere and Sepon. Both sites exceeded nameplate capacity in 2013 highlighting MMG's operational strength.

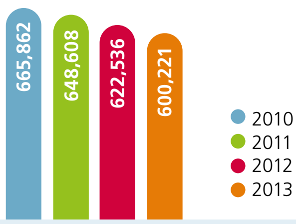
9%

Zinc sales volumes were 9% lower for the year due to declining grades at Century, however strong production results were reported at all sites.

TOTAL COPPER PRODUCTION: (TONNES)



TOTAL ZINC PRODUCTION: (TONNES)



Despite higher volumes, total operating expenses were flat compared to 2012, demonstrating MMG's sharp focus on extracting value.

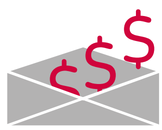
The current trial stoping program at Dugald River will provide practical mining experience, enabling optimisation of the underground mine design and definition of future development plan.

EBITDA WAS
US$750.9 MILLION
2% higher than 2012.

Commodity markets continue to improve with supporting economic data showing improved outlook for developed economies, adding confidence to long-term commodity market growth projections.

GEARING RATIO OF 0.45 POSITIONS MMG TO FUND ITS EXISTING COMMITMENTS AND FUTURE GROWTH STRATEGY.

The MMG board recommended a dividend of
1.0 US CENT PER SHARE



SUSTAINABILITY

EXPANSION OF INVESTMENTS IN TRAINING AND COMMUNITY DEVELOPMENT AND CELEBRATION OF A DECADE OF CONTRIBUTION BY SEPON TO LAOS.

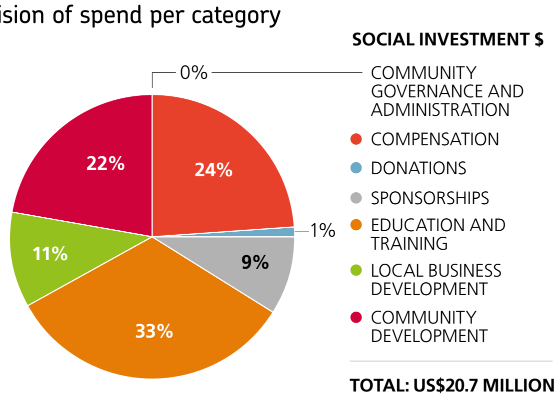
HEALTH AND SAFETY

A 20% REDUCTION IN THE TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR) FROM 3.0 TO 2.4

A 30% REDUCTION IN THE TOTAL LOST-TIME INJURY FREQUENCY RATE (LTIFR) FROM 0.7 TO 0.5

COMMUNITY

2013 total community investment division of spend per category



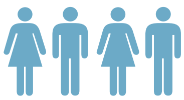
ENVIRONMENT

Over 17 energy efficiency opportunity projects implemented, realising cost, process, energy use and emissions improvements.

PEOPLE

Total employees and contractors worldwide:

8,951



LOCAL WORKFORCE

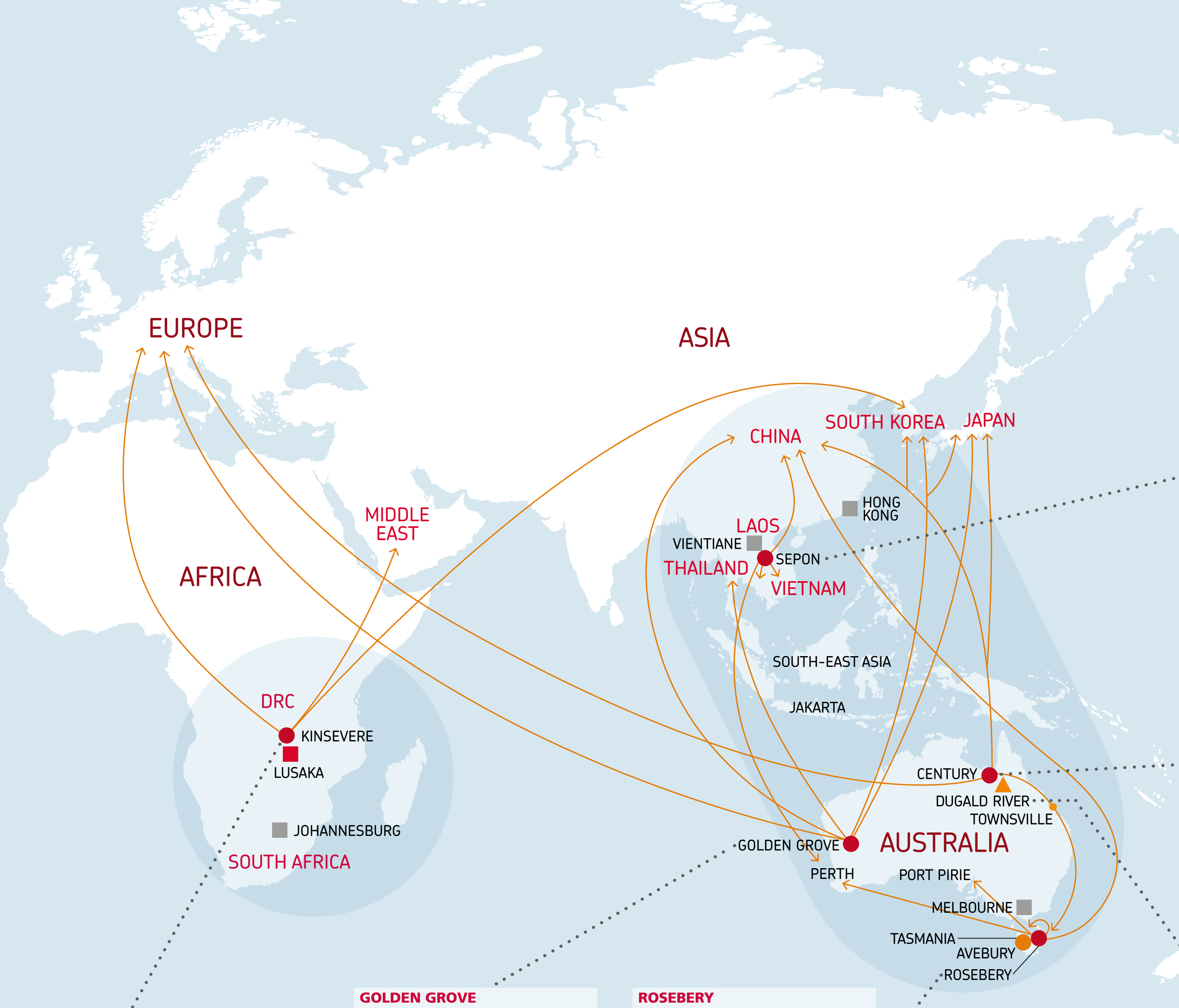
95% AT SEPON

98% AT KINSEVERE

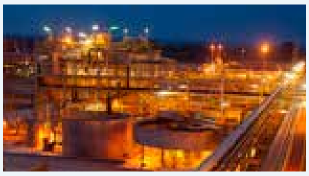
17% INDIGENOUS AUSTRALIANS AT CENTURY

APPROXIMATELY US$20.7 MILLION INVESTED IN HOST COMMUNITIES IN A RANGE OF TARGETED SOCIAL PROGRAMS.

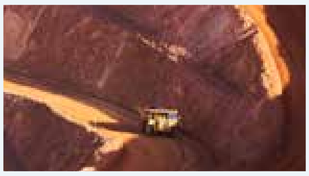
MAP OF OPERATIONS



KINSEVERE	
2013 PRODUCTION	
Copper cathode (t)	62,076
REVENUE	US$455.3M
EBIT	US$71.9M



GOLDEN GROVE	
2013 PRODUCTION	
Copper in copper concentrate (t)	33,780
Zinc in zinc concentrate (t)	23,619
Lead in lead concentrate (HPM)(t)	2,382
REVENUE	US$294.0M
EBIT	US$10.2M



ROSEBERY	
2013 PRODUCTION	
Copper in copper concentrate (t)	1,852
Zinc in zinc concentrate (t)	88,369
Lead in lead concentrate (HPM)(t)	24,865
REVENUE	US$253.3M
EBIT	US$58.4M

IZOK CORRIDOR

LOCATION

Nunavut, Canada

TARGET METALS

Zinc, copper, lead, silver

SEPON

2013 PRODUCTION

Copper cathode (t)	90,030
Gold (oz)	36,075
REVENUE	US$746.2M
EBIT	US$318.7M

CENTURY

2013 PRODUCTION

Zinc in zinc concentrate (t)	488,233
Lead in lead concentrate (t)	54,163
REVENUE	US$721.0M
EBIT	US$3.8M

DUGALD RIVER

LOCATION

Queensland, Australia

TARGET METALS

Zinc, lead, silver

COMPANY OVERVIEW

At MMG, we mine for progress – proud of mining and the wealth it generates. Formed in 2009, MMG employs approximately 9,000 people and has operations across three continents.

MMG's vision is to build the next generation's leading global diversified minerals and metals company, creating and sharing the benefits with its employees, host communities and shareholders. MMG is committed to being among the world's most highly-valued companies delivering superior long-term returns.

The Company strives for progress every day: through the development of its people, the support of family, land and community, and the economic and lifestyle benefits created by the metals it mines.

MMG cultivates a spirit of adventure: courageously exploring, discovering and developing the Earth's opportunities into better lives for the world's communities.

In collaboration with China Minmetals Corporation (CMC) – MMG takes a long-term view.

HISTORY

Minerals and Metals Group was formed in June 2009.

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

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

TIMELINE

JULY 1988

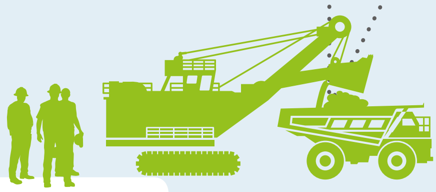
MMG incorporated in Hong Kong with focus on commodities, trading and fabrication.

DECEMBER 1994

MMG listed on the Stock Exchange under Stock Code: 1208.

JUNE 2009

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



DECEMBER 2010

MMG acquired Minerals and Metals Group.

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

MMG owns and operates the Century, Golden Grove and Rosebery mines in Australia; the Kinsevere mine in the Democratic Republic of the Congo (DRC); and together with the Government of Laos, owns and operates the LXML Sepon mine.

At Dugald River in Queensland, Australia, MMG is developing a high-grade zinc-lead-silver deposit and has significant exploration, prospects and partnerships in Australia, Africa and the Americas.

CORPORATE STRUCTURE

MMG shares are publicly listed on the Stock Exchange of Hong Kong Limited (Stock Exchange) (HKEx 1208). Its major shareholder is China Minmetals Non-ferrous Metals Company Limited (CMN) (a subsidiary of CMC), which indirectly owned approximately 73.69% of shares as at 31 December 2013. The remaining shares are held by public shareholders including global resources and investment funds.

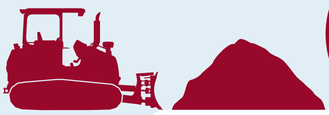
APRIL 2011

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

STOCK CODE: 1208

SEPTEMBER 2011

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



FEBRUARY 2012

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

SEPTEMBER 2012

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

MMG WE MINE FOR PROGRESS

DECEMBER 2013

MMG ceased gold operations at its Sepon mine in Laos.

BOARD

Chairman
Mr WANG Lixin

Executive Director
Mr Andrew MICHELMORE

Executive Director
Mr David LAMONT

Executive Director
Mr XU Jiqing

Non-executive Director
Mr JIAO Jian

Non-executive Director
Mr GAO Xiaoyu

Independent Non-executive Director
Dr Peter CASSIDY

Independent Non-executive Director
Mr Anthony LARKIN

Independent Non-executive Director
Mr LEUNG Cheuk Yan

For directors' biographies please refer to pages 69 to 73 »

EXECUTIVE COMMITTEE

Mr Andrew MICHELMORE
Chief Executive Officer

Mr XU Jiqing
Executive General Manager – Strategic Planning

» Strategic Planning

Mr David LAMONT
Chief Financial Officer

» Finance
» Legal
» Marketing and sales
» Risk management
» Supply chain

Mr Marcelo BASTOS
Chief Operating Officer

» Operations
» Operational excellence
» Technical services

Mr Michael NOSSAL
Executive General Manager – Business Development

» Business development
» Project delivery
» Mergers and acquisitions

Mr Steve RYAN
Executive General Manager – Exploration

» Exploration
» Project generation
» Geoscience
» Resources and Reserves

Mr Tim SCULLY
Executive General Manager – Business Support

» Human resources
» Safety, health, environment and community
» Information technology
» Shared business services

Mr Troy HEY
Executive General Manager – Stakeholder Relations

» Stakeholder relations
» Investor relations
» Communications
» International development
» Sustainability communications

For Executive Committee members' biographies please refer to pages 69 to 73 »

STRATEGIC DRIVER: GROWTH

We generate value through growth.
We have a relentless drive for performance and a hunger for growth.

STRATEGY

MMG combines an experienced, international management team with the support, insight and access to capital of major shareholder, China Minmetals Corporation. Underpinned by international governance standards, adherence to the ICMM Sustainable Development Principles and a listing on the Hong Kong Stock Exchange (Stock Code: 1208), the Company's strategy is to grow base metal production to meet demand from emerging markets.

OUR VISION

To build the next generation's leading global diversified minerals and metals company.

OUR MISSION

To maximise our returns by discovering, acquiring, developing and sustainably operating resources projects around the world.

OUR OBJECTIVE

To be recognised as one of the top mid-tier mining companies.

MMG's economic, environmental and social outcomes are delivered via four strategic pillars that guide our business strategy:

Growth
We pursue value-adding growth opportunities

Transformation
We deliver strong performance characterised by efficiency and simplicity

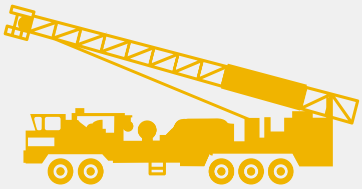
People
We are diverse, capable and motivated

Reputation
We prosper through our unique brand and partnerships

STRATEGIC DRIVER: TRANSFORMATION

We generate value through transformation. We are efficient, focusing on simple structures and processes.

VALUES



Our values guide our behaviour and shape our culture. Our values are supported by a Code of Conduct that sets out how we behave legally, ethically and with integrity.

Safety
We believe that no task is so important that it cannot be done safely – we always stop and think.

Integrity
We honour our commitments and always behave in line with our values.

Action
We always act in a way that contributes to the success of our business.

Results
We deliver on our objectives through planning and innovation.

STRATEGIC DRIVER: PEOPLE

We generate value through people.
We are diverse, capable and motivated.

CHAIRMAN'S REVIEW

Dear Shareholder,

It is with pleasure that MMG reports another year of positive business performance. A core focus of our growth strategy is identifying opportunities to extract value from our current assets and all our sites delivered on this objective. The second half of 2013 was particularly strong, resulting in annual production records achieved at our Sepon, Rosebery and Kinsevere operations.

Lower average London Metal Exchange (LME) base metals prices in 2013 compared with 2012, however, had an unfavourable impact on total revenues. Despite an increase in total copper sales, lower zinc and gold sales volumes and price impacts contributed to a 1% annual decrease in total revenue to US$2,469.8 million.

All MMG sites reported excellent cost performance, though operating expenses were US$6.6 million higher than 2012. Primarily due to our strong production performance, one of the main factors relating to our cost performance was the use of diesel and high-cost grid-sourced power at Kinsevere. Cost increases attributable to energy at Kinsevere contributed to a US$44.8 million increase in costs for the year. Following the consolidation of Anvil Mining, Kinsevere operated for its first full 12 months under MMG ownership and delivered production above its designed nameplate capacity.

Annual production records at Sepon, Rosebery and Kinsevere were offset by the lower commodity prices. However, the Group delivered US$750.9 million in EBITDA (earnings before interest, taxes, depreciation and amortisation) and profit of US$122.5 million. Net operating cash flows decreased by 1% to US$554.5 million.

Given the performance in 2013 and consideration of alternative uses of capital, we recommended a dividend of 1.0 US cent per share.

Safety remains our first value at MMG and we continue to embed this in our employment standards and day-to-day actions. It is therefore with great sadness that we extend our condolences to the family and friends of Mr Daola Phoumixay, who lost his life while working for us during the year. The focus on safety saw the TRIFR reduce from 3.0 in 2012 to 2.4 in 2013, but there is further work to do to eliminate significant high potential incidents from our workplaces. In linking safety performance directly to the salaries of management and executive team members, the Executive Committee recognises the important role of leadership in the Company's safety performance.

Pursuing organic growth opportunities through our projects and exploration pipelines is a key strategic element and, in 2013, MMG invested a total of US$71.9 million in new discovery, mine districts and project generation programs in Australia, the Americas and Africa. In addition to our active mergers and acquisition program, our commitment to exploration and development remains strong as we continue to invest for future growth. The relationship with our major shareholder, China Minmetals, is of great importance to our business strategy and to our people. We value the shared vision and strategic approach, working to strengthen our technical and business cooperation and leverage the opportunities offered by our relationship with our majority shareholder.

The MMG operating model, renewed in 2013, is founded on simplicity and scalability, where only those areas of the organisation that need to grow do so, without duplicating business functions unnecessarily. We understand the advantage of remaining nimble as we grow and also recognise that now is the time to build the foundations for our long-term future. Our operational sites continue to embrace the centralised operating model including the provision of business improvement and operational excellence expertise from Group functions. Our integrated Business Management (iBM) transformation program represents a great example of planning now to enable future growth. Business teams are currently implementing systems and processes that can be ramped-up or scaled down as required.

The name and brand of MMG are gathering momentum and I am very pleased with what I see in our people, our reputation and our culture. Led by a high-quality management team, delivering consistently outstanding operating results, the Company is in good hands, with a clear strategy for growth in the future. Despite flat commodity prices and a volatile economy, MMG continues to perform well and show robust results in production and cost management, balanced with engaged employees and strong community relationships in the regions where we operate.

Our growth strategy remains unchanged and we continue to seek value-accretive opportunities, pursuing external growth such as targeting value-focused acquisitions. This approach serves our mission to maximise shareholder returns by discovering, acquiring, developing and sustainably operating resources projects around the world.

We remain dedicated to implementing a long-term sustainable business model and I would like to extend my thanks to my fellow Board members for their continued commitment to the sustainability and success of MMG. I would also like to take this opportunity to formally thank our shareholders for their ongoing support. On behalf of the Company, we look forward to bringing to fruition our shared vision of building the next generation's leading global diversified minerals and metals company.

Wang Lixin
Chairman

STRATEGIC DRIVER: REPUTATION

We generate value through reputation.
We leverage our unique brand and partnerships.

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholder,

As the global economy continued its pattern of volatility and a downward pressure on commodity prices, the operational focus for MMG during 2013 was extracting maximum value from our operating assets. In our achievement of annual production records, the Company is earning a reputation as a solid performer characterised by strong partnerships and a long-term growth strategy.

We are exceedingly proud of our committed and capable people across our global sites. The tragic death of Daola Phoumixay at the Sepon operation in Laos is a sad reminder of the critical importance of our commitment to safety. Our deepest sympathy goes to Daola's family, relatives, friends and colleagues. The safety of our people remains the first core value at MMG and no fatality is acceptable for our business.

The people of MMG consistently strive to realise the vision of a 'zero harm and fatality free' workplace and during the year we improved our TRIFR from 3.0 to 2.4. The lost-time injury rate reduced from 0.7 to 0.5, a significant reduction from the previous year.

In terms of production, despite a relatively slow start to the year the Company delivered outstanding production results in the third and fourth quarters. The resulting annual production figures were complemented by strong cost performance across all sites, testament to the depth, diversity and experience of our operational teams. The weakening of the Australian dollar in the latter part of 2013 resulted in a reduction in operating expenses of US$58.3 million given that a large component of our costs are in the AUD currency.

The particularly strong and consistent performance at Sepon and Kinsevere during the year contributed to 23% higher total copper production compared to 2012. Both of these operations achieved annual production records and exceeded nameplate capacity.

Following the completion of the acquisition of Anvil in February 2012 and subsequent ramp-up to nameplate capacity, Kinsevere contributed an additional 26,376 tonnes (74%) of copper cathode sales in 2013 compared to 2012 sales. The solid result from Kinsevere in its first full year under MMG management can be attributed to sustainable throughput, improved efficiencies and a stable electricity supply enabled by the use of diesel generators.

At Sepon, a combination of high levels of equipment availability and improvements in efficiency led to record production achieved by the team. The new high of 90,030 tonnes of copper cathode is an increase of 4% on 2012.

In what was a difficult decision, MMG announced in November 2013 that gold production at Sepon would cease due to depleting Ore Reserves and lower margins. The gold plant was placed on care and maintenance in December 2013.

The transition of Sepon to an owner-operator mine has seen great improvements in productivity. All mining activity is now undertaken by MMG employees enabling the Company to focus on safety, volume and costs. Lao employees are continuing to assume senior leadership roles as a result of dedicated skills development. Sepon is the largest taxpayer in the country and reached a milestone of over US$1 billion in payments to the Lao Government in June 2013.

We are committed to growing our operations as development partners in the local communities and active contributors to progress and improved living standards. This year our Sepon mine celebrated the tenth anniversary of production and the twentieth anniversary of its concession agreement. The team is extremely proud of its ongoing contribution to economic development and poverty alleviation, particularly in the communities close to the mine.

In 2013, MMG's total zinc production of 600,221 tonnes was above annual guidance, following a continued focus on efficiency and simplicity across our zinc operations. Rosebery was a standout, achieving record zinc production and a 26% increase compared to 2012. Like Sepon, Rosebery is another of our operations that is embedded both physically and economically in the community. It achieved enviable performance in 2013 with reducing costs and improving margins. The results were largely due to consistent throughput and the benefits of optionality created from multiple ore sources.

Zinc sales for MMG were 9% lower for the year due to reducing grades at Century, marginally offset by increased sales volumes at Rosebery. The mine plan at Golden Grove favoured copper production in 2013 resulting in lower zinc concentrate production and sales. Zinc sales contributed 30% of total Group revenue in 2013.

In December 2013, it was announced that according to the current mine plan for Century, the last production from the open pit is expected to occur in mid-2015. Therefore, a key focus for the operation is planning, community consultation and progressive rehabilitation in preparation for closure.

Lead sales for 2013 increased by 59% compared to the previous year, due to Century reclaiming from storage dams. Combined with increased lead mined grades at Century of 1.0% to 1.4% this resulted in a 128% increase in annual lead sales volumes compared to 2012.

The year saw continued activity towards identifying additional Mineral Resources in the Izok Corridor in Nunavut, Canada. This development project incorporates an active stakeholder engagement program and MMG conducted local community presentations and hosted tours for government representatives during 2013. Work continues on value engineering work and processing exploration results to advance project assessment.

In June 2013, MMG completed financing arrangements with the Bank of China Limited (BOC) and China Development Bank Corporation (CBD) in relation to the Dugald River development project. The Board also approved expenditure of A$57 million for a trial stoping program. This will provide practical mining experience, enabling optimisation of the underground mine design.

Our exploration program also continued in the DRC, where MMG divested the Mutoshi copper/cobalt project and, subject to completion of certain conditions, will acquire the exploration and mining rights over eight tenements adjacent to the Kinsevere operation. By adding near-mine exploration in this highly prospective region, we are supporting our strategy to leverage additional value and extend the life of our operations.

Total expenditure on mine district exploration decreased in 2013, with the Company focusing instead on sustaining and expanding current Ore Reserves. Particular attention was paid to expanding the mine life of our existing assets, Sepon and Kinsevere.

MMG employed a total of 4,897 full-time equivalent employees across our operations in 2013, with the majority of employees based in Australia, Laos and the DRC. Employee benefits include market-competitive fixed remuneration, performance-related incentives, a limited share option scheme and a range of targeted training and development programs. The culture at our Company is positive, dynamic and founded on our four Company values, underpinned by principles of trust and transparency.

The commitment to our employees extends naturally into the local communities in which we operate as MMG recognises not only our corporate social responsibilities but also the importance of developing and deploying local knowledge and skills.

At the executive level, I am delighted to welcome to the leadership team Xu Jiqing, Executive General Manager – Strategic Planning and Troy Hey, Executive General Manager – Stakeholder Relations. Both are highly qualified executives with exemplary track records of achievement. The diversity and capability across our workforce are reflected in the quality of our senior executives and I thank my colleagues for their ongoing support and unwavering motivation to be the best.

On behalf of the MMG management team, I would like to express thanks and gratitude to all our employees for their contribution to another year of evolution and growth. We remain committed to our goal of being a next-generation international miner, recognised for consistent value creation.

I also extend my sincere thanks to our shareholders and our local communities for their continued support and loyalty. It is with confidence that I look to our future and the continued drive to meet our objectives.

Andrew Michelmore
Chief Executive Officer

MARKET OUTLOOK

With the exception of lead, commodity prices were lower in 2013 compared to 2012.

Global copper mine production increased by 5.5% in 2013 to a total of 17.7 million tonnes, a significant increase compared to the average annual growth in copper mine production of 1.8% between 2005 and 2012. Historically, supply has been impacted by disruptions in production due to events such as slow ramp-up of projects, industrial action, weather and technical challenges. However mine supply growth is now accelerating with numerous expansions and greenfield projects underway.

The global demand for copper is dominated by China with the power sector accounting for more than 40% of Chinese copper demand. Increased spending in 2013 helped tighten the Chinese market for most of the year. Investment in the power sector is set to increase in 2014, further sustaining elevated levels of copper demand. Global copper consumption growth is expected to increase as the economic recovery gathers pace among developed countries, dampening the reliance on growth in China to drive medium-term demand.

Demand for zinc will be driven by its end use as a cost-effective anti-corrosive coating, improving the longevity of steel. Continued growth in the construction, transportation and infrastructure sectors, especially in the developing economies, will correlate to solid demand for zinc in the medium-to long-term. Supply is expected to tighten in the future with the market forecast to reach a supply deficit, given planned mine closures and a lack of major new development projects.

Chinese-refined zinc production contracted for the first time in 2012 since 1983, following a sustained period of poor profitability that forced smelters to cut output. As a consequence, in 2013 the refined market recorded its first deficit in four years. The long-term outlook for zinc will be determined by the ability of miners to offset the impact of scheduled mine closures and growing demand.

MMG remains confident in sustainable levels of economic growth, driven by the industrialisation and modernisation of developing economies, particularly in Asia.

SEPON

OVERVIEW

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

COPPER

The Sepon copper operation commenced production in 2005. Sepon produces 99.99% copper cathode using a whole-of-ore leach, solvent extraction and electro-winning (SX-EW) process. Sepon's copper cathode is registered as Copper – Grade A quality by the London Metal Exchange (LME). Hence, Sepon copper is eligible for delivery to LME-approved warehouses.

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

In early 2011, the copper expansion project increased annual nameplate production capacity from 65,000 tonnes to 80,000 tonnes of copper cathode. Since 2012, Sepon has consistently exceeded designed nameplate capacity due to improvements in efficiencies and productivity. Sepon achieved an annual production record of 90,030 tonnes of copper cathode in 2013, clearly exceeding original design nameplate capacity.

GOLD

Sepon has produced gold doré since December 2002 using a conventional carbon-in-leach process. The gold-processing facility capacity was expanded in 2005 to 2.5 million tonnes of ore per annum. Gold produced was transported by air freight for refining in Australia. The gold bullion from the refinery was then sold at the spot gold price.

In December 2013 the gold operations were ceased due to low gold prices and the low grade of ores available for processing.

2013 REVIEW

YEAR ENDED 31 DECEMBER	2013	2012	CHANGE %
PRODUCTION			
Ore mined (tonnes)	3,589,858	3,778,465	(5)
Ore milled (tonnes)	4,141,945	4,270,548	(3)
Copper cathode (tonnes)	90,030	86,295	4
Gold (ounces)	36,075	70,275	(49)
Silver (ounces)	81,899	35,703	129
PAYABLE METAL IN PRODUCT SOLD			
Copper (tonnes)	92,687	85,150	9
Gold (ounces)	38,843	71,701	(46)
Silver (ounces)	83,663	37,279	124

YEAR ENDED 31 DECEMBER	2013 US$ MILLION	2012 US$ MILLION (RESTATED)	CHANGE %
Revenue	**746.2**	**806.2**	**(7)**
Operating expenses			
Production expenses			
Mining	(38.9)	(48.6)	20
Processing	(112.3)	(103.5)	(8)
Other	(111.7)	(114.5)	2
Total production expenses	**(262.9)**	**(266.6)**	**1**
Freight (transportation)	(8.7)	(9.0)	3
Royalties	(33.1)	(35.9)	8
Other[1]	(30.9)	(2.4)	(1,173)
Total operating expenses	**(335.6)**	**(313.9)**	**(7)**
EBITDA[2]	**396.5**	**491.4**	**(19)**
Depreciation, amortisation and impairment expenses	(77.8)	(80.5)	3
EBIT	**318.7**	**410.9**	**(22)**
EBITDA margin	**53%**	**61%**	

1. Other operating expenses include changes in inventories, corporate recharges and other costs of operations.
2. EBITDA includes revenue, operating expenses and other income and expense items.

Sepon achieved outstanding annual copper production results with 90,030 tonnes of copper cathode produced in 2013. Improvements in efficiencies, productivity and the high level of equipment availability were critical to optimising the capability of the copper mining operation.

Despite a 9% increase in copper sales, revenue decreased by US$60.0 million (7%) compared to 2012 as increased copper sales were offset by a lower average realised copper price. Gold revenue, which represented 7% of total revenue in 2013, was impacted by lower sales volumes at a lower average realised price.

Total production expenses decreased by US$3.7 million (1%) in 2013 despite the one-off costs associated with the cessation of gold. The transition of Sepon to an owner-operator mine contributed to a reduction in contractor costs (primarily related to mining costs) of US$15.1 million compared to 2012. All mining activity is now undertaken by MMG employees enabling the Company to focus on safety, volume and costs.

MMG announced in November 2013 that it would cease gold production at Sepon in December due to depleting ore reserves and lower margins. The decision to place the gold plant on care and maintenance and the corresponding restructure have resulted in a one-off unfavourable impact to EBIT of US$21.6 million, including the recognition of US$11.3 million of impairment expense.

Depreciation and amortisation (excluding impairment) reduced by US$14.0 million (17%) due to lower mining and milling volumes and lower amortisation of deferred waste balances related to gold production.

OPERATIONAL REVIEW

KINSEVERE

OVERVIEW

Kinsevere is an open-pit copper mine located in the Katanga Province of the DRC. MMG acquired Kinsevere following the acquisition of Anvil in February 2012.

COPPER

Kinsevere is a world-class mine using simple low-cost mining methods to extract a resource of very high quality. The copper cathode produced is sold under a life-of-mine sales agreement.

Production at Kinsevere commenced in 2007 using a heavy media separation (HMS) plant. The HMS plant was placed on care and maintenance in 2011 following construction of an SX-EW plant. This plant was originally designed to produce 60,000 tonnes of copper per annum.

In 2012 MMG installed a series of diesel generators to provide a stable back-up power source due to unreliable power supply from the electricity grid. Kinsevere power requirements continue to be sourced from both the electricity grid and diesel generators.

2013 REVIEW

YEAR ENDED 31 DECEMBER	2013	2012	CHANGE %
PRODUCTION			
Ore mined (tonnes)	2,592,960	797,164	225
Ore milled (tonnes)	1,588,563	923,849	72
Copper cathode (tonnes)	62,076	36,048	72
PAYABLE METAL IN PRODUCT SOLD			
Copper (tonnes)	62,074	35,698	74

YEAR ENDED 31 DECEMBER	2013 US$ MILLION	2012 US$ MILLION (RESTATED)	CHANGE %
Revenue	**455.3**	**279.9**	**63**
Operating expenses			
Production expenses			
Mining	(19.4)	(18.3)	(6)
Processing	(41.2)	(32.5)	(27)
Other	(132.6)	(83.1)	(60)
Total production expenses	**(193.2)**	**(133.9)**	**(44)**
Freight (transportation)	(37.2)	(6.8)	(447)
Royalties	(19.0)	(12.0)	(58)
Other[1]	(7.9)	3.5	N/A
Total operating expenses	**(257.3)**	**(149.2)**	**(72)**
EBITDA[2]	**198.0**	**131.1**	**51**
Depreciation, amortisation and impairment expenses	(126.1)	(70.7)	(78)
EBIT	**71.9**	**60.4**	**19**
EBITDA margin	**43%**	**47%**	

1. Other operating expenses include changes in inventories, corporate recharges and other costs of operations.
2. EBITDA includes revenue, operating expenses and other income and expense items.

In its first full year under MMG ownership, Kinsevere achieved an annual production record of 62,076 tonnes of copper cathode, exceeding nameplate capacity of 60,000 tonnes. This was due to sustainable levels of high throughput, improved efficiencies and a stable electricity supply enabled by the use of diesel generators.

Revenue increased by US$175.4 million (63%) compared to 2012 reflecting a 74% increase in copper sales, albeit at a lower average realised price. Comparative figures in 2012 are consolidated from 17 February 2012 following the acquisition of Anvil in February 2012.

Kinsevere mined 225% more ore compared to 2012, however mining costs were well controlled and only increased by US$1.1 million (6%). Ore processed also increased significantly by 72% with a corresponding 27% increase in processing costs. Total production expenses increased by US$59.3 million (44%) compared to 2012, reflecting the full year production of Kinsevere and higher energy costs.

The use of diesel and high-cost grid-sourced power resulted in a US$44.8 million increase in energy costs compared to 2012 (energy costs are reported as part of other production expenses). Kinsevere power requirements continue to be sourced via the electricity grid and from diesel generators. In 2013 approximately 57% of power requirements were met from electricity sourced via diesel generation.

Depreciation, amortisation and impairment expenses increased US$55.4 million (78%) corresponding to the increase in mining and processing volumes.

OPERATIONAL REVIEW

CENTURY

OVERVIEW

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

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

The zinc and lead concentrates from Century are sold to smelters in Europe, Australia and Asia. In 2013 the mine produced 488,233 tonnes of zinc in zinc concentrate and achieved annual and quarterly records in lead concentrate production and sales, with 54,163 tonnes of lead in lead concentrate produced.

Century began operations in 1999 and the last production from the open pit is now expected to occur in mid-2015.

A key focus for the operation is planning, community consultation and progressive rehabilitation in preparation for closure, with approximately A$5 million spent in 2013 as part of the closure process.

2013 REVIEW

YEAR ENDED 31 DECEMBER	2013	2012	CHANGE %
PRODUCTION			
Ore mined (tonnes)	6,947,259	5,204,013	33
Ore milled (tonnes)	7,096,282	5,413,520	31
Zinc in zinc concentrate (tonnes)	488,233	514,707	(5)
Lead in lead concentrate (tonnes)	54,163	21,390	153
PAYABLE METAL IN PRODUCT SOLD			
Zinc (tonnes)	402,421	443,562	(9)
Lead (tonnes)	49,751	21,850	128
Silver (ounces)	1,144,351	48,392	2,265

YEAR ENDED 31 DECEMBER	2013 US$ MILLION	2012 US$ MILLION (RESTATED)	CHANGE %
Revenue	**721.0**	**752.9**	**(4)**
Operating expenses			
Production expenses			
Mining	(112.2)	(128.9)	13
Processing	(259.5)	(249.9)	(4)
Other	(74.0)	(84.0)	12
Total production expenses	**(445.7)**	**(462.8)**	**4**
Freight (transportation)	(46.2)	(48.4)	5
Royalties	(23.2)	(20.5)	(13)
Other[1]	(36.7)	(35.4)	(4)
Total operating expenses	**(551.8)**	**(567.1)**	**3**
EBITDA[2]	**176.5**	**192.6**	**(8)**
Depreciation, amortisation and impairment expenses	(172.7)	(120.7)	(43)
EBIT	**3.8**	**71.9**	**(95)**
EBITDA margin	**24%**	**26%**	

1. Other operating expenses include changes in inventories, corporate recharges and other costs of operations.
2. EBITDA includes revenue, operating expenses and other income and expense items.

Century continues to demonstrate strong operating performance, achieving annual records in mining and processing in 2013. This was a direct result of asset utilisation and productivity improvement programs that commenced in 2012, aimed at maximising throughput, maintaining production volumes and reducing mining and processing input costs.

As mining progresses through the final stages of the open-pit mine, the average zinc grade of ore mined decreased from 11.9% in 2012 to 8.9% in 2013. Ore mined and milled was 33% and 31% higher respectively, substantially offsetting the lower grade, resulting in only a 5% decrease in total zinc production.

An increase in lead concentrate production of 153% was the result of reclaiming from storage dams. This in combination with increased lead mined grades of 1.0% to 1.4% resulted in a 128% increase in annual lead sales volumes compared to the previous year.

On a zinc equivalent basis, Century produced and sold more product in 2013 than in 2012.

Revenue decreased by US$31.9 million (4%) due to lower zinc sales volumes at a lower average realised price, partially offset by the increase in lead sales at a higher average realised price.

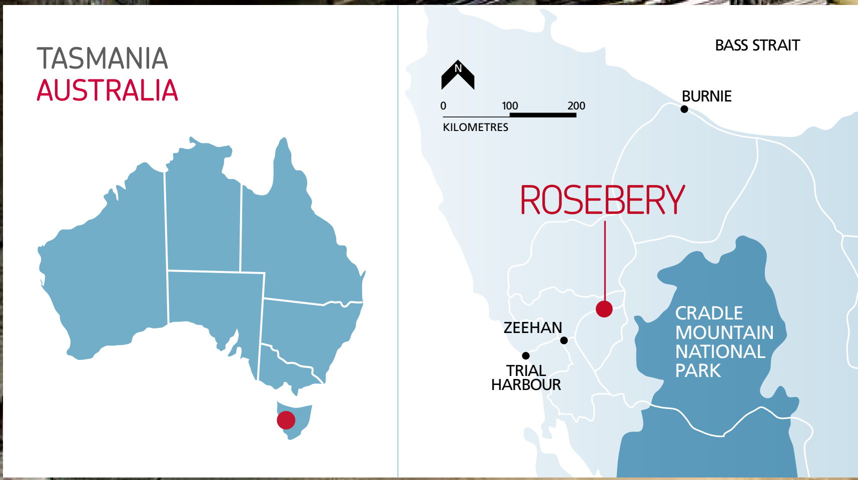
Production expenses decreased by US$17.1 million (4%) compared to 2012 despite the increase in mining and milling volumes. This decrease was the result of the successful execution of cost saving initiatives, as well as improved reliability and availability of both mobile and fixed plant equipment.

Century also processed 95,000 tonnes of Dugald River ore to produce 6,050 tonnes of zinc concentrate in 2013. The US$11.0 million cost associated with transporting and processing Dugald River ore into saleable concentrate is included in Century's processing cost.

Depreciation, amortisation and impairment expenses increased by US$52.0 million due to the record mining and milling activity and increased amortisation of deferred waste balances following the completion of Stage 9. The mining of Stage 9 commenced in 2010, however more than half of the ore was extracted in the first half of 2013.

OPERATIONAL REVIEW

ROSEBERY



OVERVIEW

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

The mine produces zinc, lead and copper concentrate and gold doré using mechanised underground mining methods and crushing, grinding and flotation processes. The polymetallic nature of the ore body presents a cost advantage through the sale of by-products.

Rosebery concentrates are transported by rail to the Port of Burnie where they are shipped in bulk carriers to smelters in Hobart and Port Pirie. Gold doré bars are sold to a refinery in Australia where they are refined into gold bullion.

2013 REVIEW

YEAR ENDED 31 DECEMBER	2013	2012	CHANGE %
PRODUCTION			
Ore mined (tonnes)	893,181	856,957	4
Ore milled (tonnes)	897,277	812,595	10
Copper in copper concentrate (tonnes)	1,852	1,587	17
Zinc in zinc concentrate (tonnes)	88,369	70,410	26
Lead in lead concentrate (tonnes)	24,865	20,146	23
Gold (ounces)	6,058	8,695	(30)
Silver (ounces)	3,623	5,152	(30)
PAYABLE METAL IN PRODUCT SOLD			
Copper (tonnes)	1,576	2,129	(26)
Zinc (tonnes)	75,611	62,283	21
Lead (tonnes)	23,786	22,282	7
Gold (ounces)	29,161	31,136	(6)
Silver (ounces)	2,392,054	2,356,691	2

YEAR ENDED 31 DECEMBER	2013 US$ MILLION	2012 US$ MILLION (RESTATED)	CHANGE %
Revenue	**253.3**	**267.5**	**(5)**
Operating expenses			
Production expenses			
Mining	(93.8)	(92.6)	(1)
Processing	(31.6)	(32.1)	2
Other	(18.9)	(25.3)	25
Total production expenses	**(144.3)**	**(150.0)**	**4**
Freight (transportation)	(8.7)	(7.1)	(23)
Royalties	(11.2)	(9.3)	(20)
Other[1]	(9.2)	(16.4)	44
Total operating expenses	**(173.4)**	**(182.8)**	**5**
EBITDA[2]	**84.3**	**85.7**	**(2)**
Depreciation, amortisation and impairment expenses	(25.9)	(26.5)	2
EBIT	**58.4**	**59.2**	**(1)**
EBITDA margin	**33%**	**32%**	

1. Other operating expenses include changes in inventories, corporate recharges and other costs of operations.
2. EBITDA includes revenue, operating expenses and other income and expense items.

Rosebery reported a robust result in 2013, achieving annual production records, reducing costs and improving margins. Rosebery produced 88,369 tonnes of zinc in zinc concentrate in 2013, a 26% increase compared to 2012. This was achieved through consistent throughput and the benefits of optionality created from multiple ore sources.

Mining and milling volumes were 4% and 10% higher respectively than the previous year and the average grade of ore milled increased from 9.7% in 2012 to 11.1% in 2013.

Revenue decreased US$14.2 million (5%) compared to 2012. Higher zinc, lead and silver sales were offset by reduced copper and gold sales combined with lower average realised prices for all commodities with the exception of lead. The sale of zinc contributed 44% of Rosebery revenue in 2013.

Solid operational and financial discipline contributed to the year's positive results, with production expenses decreasing by US$5.6 million (4%) compared to 2012. The review of underground operations in 2012 led to a reduction in work performed by contractors at Rosebery, reducing costs by US$13.5 million in 2013. Mining costs relating to the use of consumables were US$7.2 million higher than 2012 due to improvements in ground support following the seismic event in 2012.

GOLDEN GROVE

OVERVIEW

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

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

The ore is processed using a crushing, grinding and flotation process. The concentrate is transported by truck to the Port of Geraldton, before being exported to smelters in Asia and Europe.

Additional exploration of nearby tenements during 2013 was aimed at improving the long-term profitability and sustainability of Golden Grove.

MMG will continue to source ore from the open pit and via underground mining.

2013 REVIEW

YEAR ENDED 31 DECEMBER	2013	2012	CHANGE %
PRODUCTION			
Ore mined (tonnes)	2,443,716	1,703,886	43
Ore milled (tonnes)	1,766,157	1,668,080	6
Copper in copper concentrate (tonnes)	33,780	28,406	19
Zinc in zinc concentrate (tonnes)	23,619	37,419	(37)
Lead in lead concentrate (HPM, tonnes)	2,382	5,344	(55)
PAYABLE METAL IN PRODUCT SOLD			
Copper (tonnes)	31,112	25,873	20
Zinc (tonnes)	15,307	37,575	(59)
Lead (tonnes)	4,148	4,705	(12)
Gold (ounces)	21,992	20,377	8
Silver (ounces)	1,093,199	1,190,267	(8)

YEAR ENDED 31 DECEMBER	2013 US$ MILLION	2012 US$ MILLION (RESTATED)	CHANGE %
Revenue	**294.0**	**392.9**	**(25)**
Operating expenses			
Production expenses			
Mining	(105.7)	(149.4)	29
Processing	(56.5)	(69.7)	19
Other	(61.0)	(47.8)	(28)
Total production expenses	**(223.2)**	**(266.9)**	**16**
Freight (transportation)	(9.9)	(10.3)	5
Royalties	(12.3)	(16.8)	27
Other[1]	19.5	(30.3)	N/A
Total operating expenses	**(225.9)**	**(324.3)**	**30**
EBITDA[2]	**73.0**	**67.9**	**8**
Depreciation, amortisation and impairment expenses	(62.8)	(32.1)	(96)
EBIT	**10.2**	**35.8**	**(72)**
EBITDA margin	**25%**	**17%**	

1. Other operating expenses include changes in inventories, corporate recharges and other costs of operations.
2. EBITDA includes revenue, operating expenses and other income and expense items.

Golden Grove continued to focus on copper in 2013 with ore sourced from both the copper oxide open pit and from lower grade underground mining. Total copper production increased by 19% and zinc production decreased by 37% compared to 2012.

Total revenue decreased by US$98.9 million (25%) compared to 2012 despite a 20% increase in copper sales. Lower zinc, lead and silver sales volumes and lower average realised prices more than offset the higher copper sales volumes. The sale of copper contributed to 72% of Golden Grove revenue in 2013.

Golden Grove continues to focus on strategic cost reductions and optimising mine plan design to sustain long-term profitability. This focus was demonstrated through the US$43.7 million (16%) reduction in production expenses in 2013. Mining costs were US$43.7 million lower than 2012 despite a 43% increase in the quantity of ore mined due to lower costs of open-pit mining compared to underground. In addition, cost savings in excess of US$20.0 million were realised following the strategic review of Golden Grove in 2012. The strategic review resulted in cost savings in relation to employee benefits, contractor costs and general administration costs.

Depreciation, amortisation and impairment expenses were US$30.7 million (96%) higher than in 2012 mainly due to higher volumes of ore mined and ore milled and the commissioning of the copper oxide open pit in 2012.

DEVELOPMENT PROJECTS

DUGALD RIVER

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

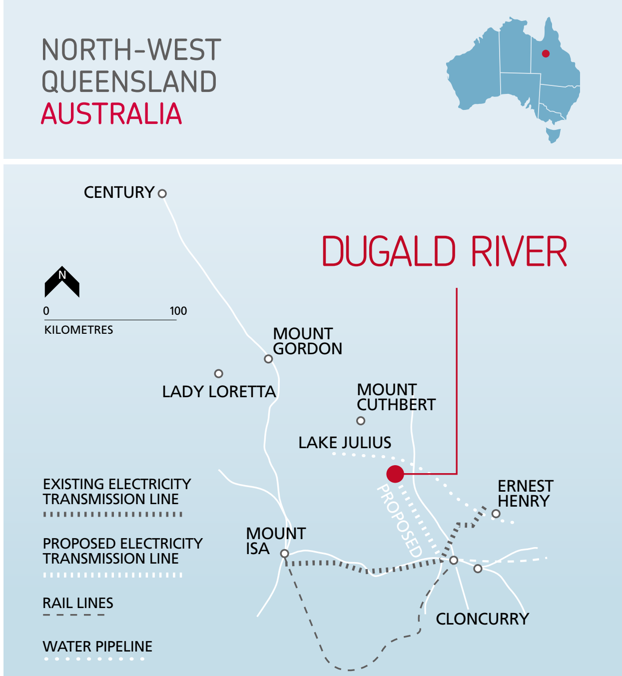
The deposit is being developed as an underground mine accessed by two declines (north and south). The underground mine development continued to advance ahead of schedule, with the two exploration declines in excess of 12,900 metres at the end of December 2013. All-weather access to the Dugald River site is in place, with construction village access and main access road infrastructure works substantially complete.

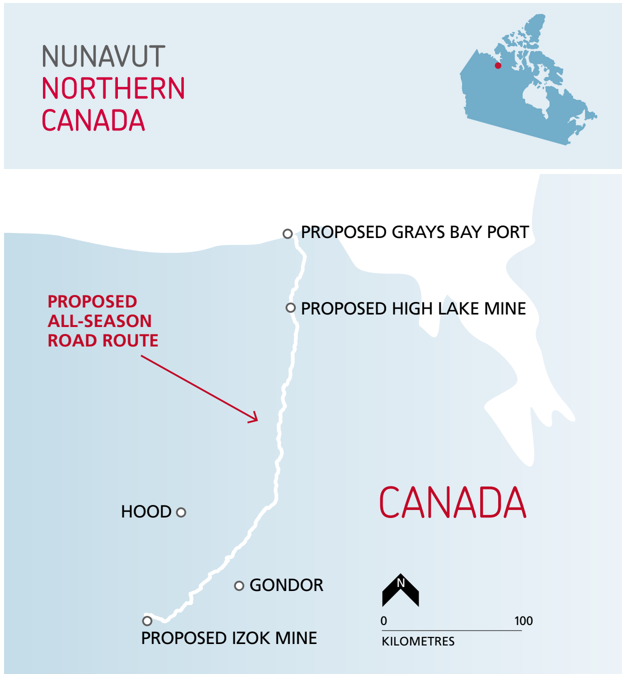
In 2013, MMG completed financing arrangements with BOC and CDB in relation to the project. During the year, MMG undertook additional geotechnical and geological test work to better understand the Dugald River ore body. The findings of this work prompted a review of the planned mining method, optimum production volumes and surface infrastructure requirements.

The Board approved an additional A$57 million for a trial stoping program during 2014. The program will provide practical mining experience, enabling optimisation of the underground mine design. A change in project parameters arising from the 2014 work program could impact the future direction of the project.

A five-day metallurgical test of 95,000 tonnes of Dugald River ore on the Century processing circuit was conducted in early October 2013. The campaign produced 6,050 tonnes of zinc in concentrate, containing an average of 50.8% zinc, 1.6% lead and 1.6% manganese. Processing Dugald River ore using existing infrastructure at Century remains a future option for the project.

MMG will not achieve the previously announced schedule of first concentrate shipment in late 2015. The trial stoping program will provide greater certainty on the future direction of the project including project schedule, mining and processing methods, and capital and operating costs.





IZOK CORRIDOR

The Izok Corridor project includes the Izok and High Lake deposits located in the Slave Geological Province in Nunavut, northern Canada. Izok is a large deposit with a Mineral Resource of 15 million tonnes at 13% zinc and 2.3% copper. The High Lake deposit, located north of Izok, has a Mineral Resource of 14 million tonnes at 3.8% zinc and 2.5% copper. MMG also holds other base metal deposits in the region and exploration tenements totalling 5,000 square kilometres.

During 2013, the evaluations of the Izok and High Lake base metal deposits continued. The geological resource models for Izok and High Lake were updated and metallurgical testing was completed during the first half of 2013. A number of value engineering opportunities were identified during the year, including the bulk modularisation of process plant and infrastructure. These evaluations are indicating potential capital savings compared with previous scenarios.

Along with engineering effort, the exploration program will continue to focus on identifying additional mineral resources in the Izok Corridor. New mineral resource targets have been identified along the project development corridor with an exploration program planned for 2014.

Total capital expenditure for the Izok Corridor project in 2013 totalled US$16.7 million, taking the capital expenditure to date on the Izok Corridor project to US$53.3 million.

EXPLORATION

OVERVIEW

While total exploration expenditure showed a slight decrease from 2012, exploration maintained momentum under the three-tiered strategy of mine district exploration, new discovery programs and project generation, focusing on copper, zinc and nickel.

In general, 2013 saw a shift of focus from mine district exploration centred on MMG's operating assets with increasing exploration maturity, to new discovery exploration targeting transformational discovery. With an increased project turnover rate through effective exploration, project generation is responsible for a high-quality project portfolio with high growth exposure.

Total exploration expenditure in 2013 was US$71.9 million, including US$35.2 million on mine district exploration, US$32.5 million on new discovery programs and US$4.2 million on project generation and support.

During 2013, mine district exploration conducted active programs at Sepon, Golden Grove, Rosebery and Kinsevere. Exploration also took place at a number of new discovery projects worldwide, including six projects in Australia, six in the Americas and four in the Southern Africa region. Exploration drilling totalled 132,490 metres, including 90,881 metres for mine district exploration and 41,609 metres for new discovery programs.

PROJECT	DRILL TYPE	METERAGE (METRES)	NUMBER OF HOLES	AVERAGE LENGTH (METRES)
Sepon	RC/Diamond	43,484	343	127
Golden Grove	Diamond	35,264	51	691
Rosebery	Diamond	7,064	13	543
Kinsevere (includes Kinsevere Rad50)	RC/Diamond	5,069	36	141
Kidman (Cu, NSW)	Diamond	150	1	150
Curnamona (Cu, SA)	Aircore/Diamond	14,071	122	115
Kitehawk (Cu, WA)	Aircore	8,258	103	80
Huckitta (Ni, NT)	RC	1,511	14	108
Victoria River (Zn, NT)	Diamond	1,006	2	503
Matchbox (Zn, NT)	Diamond	696	2	348
Nikolai (Ni, Alaska)	Diamond	1,188	6	198
Seri (Cu, Mexico)	Diamond	4,153	23	181
Norcan (Cu, Mexico)	Diamond	1,448	9	161
Copiapo Basin (Cu, Chile)	RC	4,227	19	222
Nachingwea (Ni, Tanzania)	Diamond	4,901	13	377
Total		**132,490**	**757**	

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

MINE DISTRICT EXPLORATION

SEPON

Oxide gold exploration was conducted at a number of prospects but tapered off in the second half of the year due to closure of the gold plant. A major review was undertaken of the excellent Non-Nakachan primary gold results, which will be followed up by a new 2014 drilling program. Primary gold drilling achieved success at a number of other localities at Discovery West (26m at 5.5g/t Au from 441m), Discovery Main (11m at 8g/t Au from 196m and 9m at 7g/t Au from 198m) and Phavat Main (12m at 11g/t Au from 258m).

GOLDEN GROVE

Exploration drilling in the southern leases area was completed by the middle of the year when a similar geophysical 'Platform Program' commenced in the northern leases area. Although highly encouraging, new massive sulphide zinc and copper intercepts at Grassi, Bassendean and Felix in the southern leases area cannot justify the development of an exploration decline.

ROSEBERY

After the completion of drilling at Lake Rosebery and White Spur, and underground drilling into the Marionoak domain, exploration drilling was suspended at Rosebery during the middle of the year. The focus of exploration then shifted to regional structural interpretation and mineralisation and alteration studies.

KINSEVERE

A seven-hole diamond drilling program was completed at Kinsevere Hill in the mining lease without intersecting significant mineralisation. MMG continues to increase its tenement holdings within a 50 kilometre radius of the Kinsevere mine. Reverse circulation drillings (and limited diamond) were carried out at Mukinga and Mukinga North projects, targeting oxide copper mineralisation. MMG also completed a regional airborne geophysical survey over the Kinsevere tenements area.

NEW DISCOVERY PROGRAMS

AUSTRALIA

Diamond and reverse circulation drillings were carried out at six projects. The Curnamona copper project in South Australia was a highlight, with a 105-hole aircore program followed by a 17-hole diamond program that defined encouraging mineralisation. This will be followed up by further drilling in 2014.

THE AMERICAS

Ground geophysics, field reconnaissance and an airborne electromagnetics survey (GeoTEM) were completed at the Izok Corridor zinc copper project in Nunavut, Canada. Scout diamond drillings were completed at a number of projects including six holes at the Nikolai nickel project in Alaska, 23 and nine holes at Seri and Norcan copper projects in Mexico, and 10 reverse circulation holes at the Copiapo Basin project in Chile.

SOUTHERN AFRICA

Highlights of exploration included a scout drilling program at the Kingouala and Reneville base metals projects in the DRC; mapping, soil geochemical sampling and airborne geophysics at several joint venture and 100% MMG-owned tenements targeting for copper in Zambia; and the commencement of exploration at the Nachingwea nickel project in Tanzania.

PROJECT GENERATION

Combined project generation activities by commodity teams and regions focused on Southern Africa, Australia and the Americas. Project generation is also leading the charge in developing an exploration portfolio with more advanced projects. Significant new projects developed during 2013 include the Mutoshi swap tenements near Kinsevere in the DRC and the advanced Nachingwea nickel project in Tanzania.

RESOURCES AND RESERVES

DISCUSSION ON MINERAL RESOURCES AND ORE RESERVES

MMG's Statement of Mineral Resources and Ore Reserves as at 30 June 2013 has been prepared in accordance with the guidelines in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (2012 JORC Code).

Mineral Resources can be defined as the concentration of material of economic interest in or on the Earth's crust, whereas Ore Reserves are the parts of a Mineral Resource that can at present be economically mined.

The contained metal in the MMG Mineral Resources as at 30 June 2013 is estimated at 15 million tonnes of zinc, 3.9 million tonnes of copper, 2.4 million tonnes of lead, 280 million ounces of silver, 5.5 million ounces of gold and 0.3 million tonnes of nickel. Mineral Resources are inclusive of Mineral Resources used to estimate Ore Reserves.

The contained metal in the MMG Ore Reserves as at 30 June 2013 is estimated at 5.3 million tonnes of zinc, 1.5 million tonnes of copper, 0.9 million tonnes of lead, 78 million ounces of silver and 0.5 million ounces of gold. The total Ore Reserves estimate for June 2013 represents a net increase, prior to mineral processing depletion, in contained metal of copper (6%) and gold (14%) and a net decrease in contained metal of zinc (-20%), lead (-22%) and silver (-16%) compared with the June 2012 estimate. Adjustments to Ore Reserves are mostly due to updated estimation processes, increases in cut-off grade, removal of identified uneconomic material and increases in dilution due to geotechnical issues.

Reductions in both Mineral Resources and Ore Reserves in excess of mineral processing depletion have largely come from increased governance in the Mineral Resources and Ore Reserves estimation process.

Note: Numbers in brackets within this report do not imply negative values. Numbers may differ from the tables due to rounding.

MINERAL RESOURCES DISCUSSION

The MMG Mineral Resources estimate for 2013 represents an overall reduction for all metals, except nickel, compared to the 2012 estimate. Mineral Resources have been reported using long-term prices and assumptions, with cut-off grades or cut-off values generally applied at no less than 70% of the grades or values used in determination of the Ore Reserves.

Sepon Mineral Resources decreased mostly due to mining depletion, increasing cut-off grade and the introduction of reporting Mineral Resources within pit shells in order to align with the JORC (2012) requirements for reasonable prospects for eventual economic extraction. Copper Mineral Resources were reported within US$2.80/lb Cu pit shells and gold Mineral Resources were reported within US$1,600/oz Au pit shells.

Century Mineral Resources reduced due to milling depletion, which was partially offset by additions arising from adjustments in the estimation process. Silver King, a small lead deposit previously reported, has been removed from the Century area Mineral Resources as it was not compliant with JORC (2012) reporting requirements. Kinsevere Oxide Copper Mineral Resources have decreased due to milling depletion and increasing the cut-off grade in response to higher operating costs. However, Kinsevere Primary Copper Mineral Resource has increased following the estimation update of sulphide mineralisation. Golden Grove Mineral Resources have reduced primarily as a result of increasing the cut-off grade and to a lesser degree as a result of milling depletion. Rosebery Mineral Resources have decreased due to the removal of X-lens and part of W-lens Inferred Mineral Resources as these areas were considered too sparsely drilled for inclusion as Mineral Resources. Milling depletion also reduced the Rosebery Mineral Resources in 2013.

Dugald River Zinc Mineral Resources have increased as a result of updated mineral deposit interpretation and modelling supported by definition drilling and underground geological mapping. High Lake and Izok Lake Mineral Resources have both been re-estimated with updated geological interpretations. High Lake Mineral Resource has decreased due to re-modelling and increased cut-off grade. Izok Lake has not significantly changed. The Avebury Mineral Resource remains unchanged from 2012.

TOTAL CONTAINED METAL IN MMG MINERAL RESOURCES*

	Zinc (Mt)	Copper (Mt)	Lead (Mt)	Silver (Moz)	Gold (Moz)	Nickel (Mt)
Sepon	–	1.1	–	12	3.0	–
Century	1.8	–	0.3	22	–	–
Kinsevere	–	1.3		–	–	–
Golden Grove	1.0	0.7	0.1	34	0.7	–
Rosebery	2.1	0.1	0.7	75	1.1	–
Dugald River	7.6	0.1	1.1	64	–	–
Avebury	–	–	–	–	–	0.3
High Lake	0.5	0.3	0.1	37	0.6	–
Izok Lake	1.9	0.3	0.2	34	0.1	–
Total Contained Metal	**15**	**3.9**	**2.4**	**280**	**5.5**	**0.3**

* Details of Mineral Resources are tabulated and documented in the MMG Resources and Reserves Statement as at 30 June 2013.
Figures are rounded according to The JORC Code 2012 Edition guidelines and may show apparent addition errors.
Contained metal does not imply recoverable metal.

ABSOLUTE CHANGE IN TOTAL CONTAINED METAL IN MINERAL RESOURCES*

	Zinc (Mt)	Copper (Mt)	Lead (Mt)	Silver (Moz)	Gold (Moz)	Nickel (Mt)
Sepon	–	-0.3	–	-8.8	-1.3	–
Century	-0.8	–	-0.3	-13.8	–	–
Kinsevere	–	-0.1	–	–	–	–
Golden Grove	0.0	-0.2	0.0	-0.9	-0.1	–
Rosebery	-0.3	0.0	-0.2	-21.0	-0.2	–
Dugald River	1.0	0.0	0.2	2.0	–	–
Avebury	–	–	–	–	–	0.0
High Lake	0.0	0.0	0.0	-1.2	0.1	–
Izok Lake	0.0	0.0	0.0	0.9	0.1	–
Total Contained Metal	**-0.1**	**-0.6**	**-0.3**	**-42.8**	**-1.5**	**0.0**

* Totals may differ due to rounding.

MINERAL RESOURCES

MINERAL RESOURCE	2013						2012					
	Tonnes (Mt)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)	Gold (g/t)	Tonnes (Mt)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)	Gold (g/t)
SEPON												
Supergene Copper[A]												
Measured	12	–	2.3	–	–	–	13	–	2.9	–	–	–
Indicated	19	–	2.6	–	–	–	23	–	2.4	–	–	–
Inferred	11	–	1.5	–	–	–	18	–	1.4	–	–	–
Total	**42**	**–**	**2.2**	**–**	**–**	**–**	**53**	**–**	**2.2**	**–**	**–**	**–**
Primary Copper[A]												
Measured	–	–	–	–	–	–	1.7	–	1.6	–	7	0.2
Indicated	3.1	–	1.2	–	8	0.2	1.0	–	1.5	–	7	0.2
Inferred	11	–	0.8	–	5	0.3	21.4	–	0.7	–	5	0.2
Total	**14**	**–**	**0.9**	**–**	**6**	**0.2**	**24.1**	**–**	**0.8**	**–**	**5**	**0.2**
Oxide Gold[B]												
Measured	2.0	–	–	–	6	2.2	3.6	–	–	–	8	1.7
Indicated	4.5	–	–	–	7	1.4	10	–	–	–	6	1.0
Inferred	2.4	–	–	–	4	1.2	4.9	–	–	–	4	0.9
Total	**8.9**	**–**	**–**	**–**	**6**	**1.5**	**18.5**	**–**	**–**	**–**	**6**	**1.1**
Partial Oxide Gold[B]												
Measured	1.1	–	–	–	12	3.1	2.7	–	–	–	13	2.7
Indicated	2.3	–	–	–	8	2.0	3.9	–	–	–	9	1.4
Inferred	1.8	–	–	–	5	1.4	1.9	–	–	–	5	1.0
Total	**5.2**	**–**	**–**	**–**	**8**	**2.0**	**8.5**	**–**	**–**	**–**	**9**	**1.8**
Primary Gold[C]												
Measured	–	–	–	–	–	–	2.2	–	–	–	10	3.2
Indicated	14	–	–	–	10	3.0	26.5	–	–	–	10	2.7
Inferred	8.7	–	–	–	7	2.7	9.1	–	–	–	7	1.9
Total	**23**	**–**	**–**	**–**	**9**	**2.9**	**37.8**	**–**	**–**	**–**	**9**	**2.5**
CENTURY												
Century[D]												
Measured	0.1	8.4	–	1.3	27	–	15	11.6	–	1.8	43	–
Indicated	17	10.0	–	1.5	37	–	6	11.6	–	1.7	33	–
Inferred	–	–	–	–	–	–	–	–	–	–	–	–
Total	**17**	**10.0**	**–**	**1.5**	**37**	**–**	**21**	**11.6**	**–**	**1.8**	**40**	**–**
Century East Block[E]												
Measured	–	–	–	–	–	–	–	–	–	–	–	–
Indicated	0.5	12.4	–	1.0	49	–	0.2	12.8	–	1.1	49	–
Inferred	–	–	–	–	–	–	0.2	12.7	–	1.1	55	–
Total	**0.5**	**12.4**	**–**	**1.0**	**49**	**–**	**0.4**	**12.8**	**–**	**1.1**	**52**	**–**
GOLDEN GROVE												
Primary Copper[F]												
Measured	5.9	0.4	2.8	0.0	17	0.5	10.7	0.6	2.6	0.1	19	0.5
Indicated	3.2	1.6	2.7	0.2	29	1.4	4.3	0.6	2.4	0.1	17	0.4
Inferred	9.8	0.3	3.1	0.0	24	0.3	12.0	0.5	2.7	0.0	21	0.5
Total	**19**	**0.6**	**2.9**	**0.1**	**23**	**0.5**	**27.0**	**0.6**	**2.6**	**0.0**	**19**	**0.5**

MINERAL RESOURCE	2013						2012					
	Tonnes (Mt)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)	Gold (g/t)	Tonnes (Mt)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)	Gold (g/t)
Oxide Copper[G]												
Measured	0.8	–	2.4	–	–	–	–	–	–	–	–	–
Indicated	1.8	–	2.3	–	–	–	4.8	–	2.0	–	–	–
Inferred	–	–	–	–	–	–	–	–	–	–	–	–
Total	**2.6**	**–**	**2.3**	**–**	**–**	**–**	**4.8**	**–**	**2.0**	**–**	**–**	**–**
Zinc[H]												
Measured	1.0	13	0.4	1.2	83	1.2	2.2	13.4	0.3	1.2	94	1.1
Indicated	1.4	14	0.3	1.6	120	2.0	0.9	10.4	0.5	1.1	94	1.5
Inferred	4.8	12	0.4	0.7	50	0.6	4.4	11.6	0.6	0.6	43	0.9
Total	**7.2**	**13**	**0.4**	**0.9**	**68**	**1.0**	**7.5**	**12.0**	**0.5**	**0.8**	**64**	**1.0**
Oxide Gold[I]												
Measured	–	–	–	–	–	–	–	–	–	–	–	–
Indicated	0.8	–	–	–	120	2.9	0.7	–	–	–	113	3.2
Inferred	0.4	–	–	–	73	1.8	0.3	–	–	–	52	2.2
Total	**1.1**	**–**	**–**	**–**	**105**	**2.6**	**1.0**	**–**	**–**	**–**	**94**	**2.9**
ROSEBERY												
Rosebery[J]												
Measured	8.1	13	0.4	3.9	120	1.6	8.8	11.9	0.5	3.5	123	1.7
Indicated	4.9	10	0.3	3.4	130	1.4	5.9	10.6	0.4	3.6	123	1.7
Inferred	5.3	10	0.6	3.2	110	2.1	8.7	7.8	0.3	3.3	121	1.4
Total	**18**	**11**	**0.4**	**3.6**	**120**	**1.7**	**23.3**	**10.1**	**0.4**	**3.5**	**122**	**1.6**
South Hercules[K]												
Measured	0.7	3.7	0.1	2.0	160	2.9	0.7	3.6	0.1	1.9	155	2.8
Indicated	0.1	2.5	0.1	1.2	160	2.9	0.1	2.4	0.1	1.1	162	2.7
Inferred	–	–	–	–	–	–	–	–	–	–	–	–
Total	**0.8**	**3.6**	**0.1**	**1.9**	**160**	**2.9**	**0.9**	**3.4**	**0.1**	**1.8**	**156**	**2.7**
DUGALD RIVER												
Zinc[L]												
Measured	3.0	14	–	1.9	61	–	20.6	13.1	–	1.9	56	–
Indicated	31	12	–	1.9	46	–	23.0	12.6	–	2.0	28	–
Inferred	29	12	–	1.7	13	–	9.4	10.7	–	1.4	14	–
Total	**63**	**12**	**–**	**1.8**	**31**	**–**	**53.0**	**12.5**	**–**	**1.9**	**36**	**–**
Copper[M]												
Measured	–	–	–	–	–	–	–	–	–	–	–	–
Indicated	–	–	–	–	–	–	–	–	–	–	–	–
Inferred	4.4	–	1.8	–	–	0.2	4.4	–	1.8	–	–	0.2
Total	**4.4**	**–**	**1.8**	**–**	**–**	**0.2**	**4.4**	**–**	**1.8**	**–**	**–**	**0.2**

NOTES: **A –** Reported within strategic pit shells using long term price assumptions. **B –** Reported within strategic pit shells using long term price assumptions. Cut-off grade increased from 0.5g/t Au to 0.6g/t Au due to increasing costs. **C –** Reporting within Sepon Primary Gold (US$1,600/oz Au) pit shells. **D –** Mining depletion of 6.1Mt partly offset by the updated Mineral Resource estimate. Silver King Mineral Resource estimate has been removed as it was not compliant with JORC (2012) reporting requirements. **E –** No significant change. **F –** Increased cut-off grade to A$95 NSR (previously A$70NSR), and milling depletion of 1.2Mt. **G –** Increased cut-off grade to 0.7% Cu, in line with grade control practice. **H –** Milling of 0.2Mt and cut-off increased to A$95 NSR. **I –** Total remodelling of Mineral Resource. **J –** X-lens (2.6Mt) and part of W-lens (1.3Mt) sparsely drilled hence removed from Inferred Mineral Resource. Milling depletion (0.5Mt). Net Smelter Return (NSR) corrections and changes also reduced Mineral Resources. **K –** Minor change due to rounding method. **L –** Drilling and mapping increased thickness and tonnes. Reclassification of Mineral Resources considering variation in thickness and grade. **M –** No change.

MINERAL RESOURCE	2013						2012					
	Tonnes (Mt)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)	Gold (g/t)	Tonnes (Mt)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)	Gold (g/t)
HIGH LAKE[N]												
Measured	–	–	–	–	–	–	–	–	–	–	–	–
Indicated	7.9	3.5	3.0	0.3	83	1.3	17.2	3.4	2.3	0.3	70	1.0
Inferred	6.0	4.3	1.8	0.4	84	1.3	–	–	–	–	–	–
Total	**14**	**3.8**	**2.5**	**0.4**	**84**	**1.3**	**17.2**	**3.4**	**2.3**	**0.3**	**70**	**1.0**
IZOK LAKE[O]												
Measured	–	–	–	–	–	–	–	–	–	–	–	–
Indicated	13	13	2.4	1.4	73	0.18	14.4	12.9	2.5	1.3	71	–
Inferred	1.2	11	1.5	1.3	73	0.21	0.4	6.4	3.8	0.3	54	–
Total	**15**	**13**	**2.3**	**1.4**	**73**	**0.18**	**14.8**	**12.8**	**2.5**	**1.3**	**71**	**–**

MINERAL RESOURCE	2013			2012		
	Tonnes (Mt)	Copper (%TCu*)	Copper (%ASCu*)	Tonnes (Mt)	Copper (%TCu*)	Copper (%ASCu*)
KINSEVERE						
Oxide Copper[P]						
Measured	12	4.0	3.2	15.7	3.9	3.1
Indicated	16	2.8	2.4	14.5	2.8	2.3
Inferred	0.8	2.5	2.0	1.1	2.1	1.8
Total	**29**	**3.3**	**2.7**	**31.4**	**3.3**	**2.7**
Primary Copper[Q]						
Measured	1.5	2.7	1.0	1.6	2.6	0.9
Indicated	10	2.8	0.6	10.4	2.8	0.7
Inferred	11	2.1	0.3	8.9	2.4	0.6
Total	**23**	**2.5**	**0.5**	**20.8**	**2.6**	**0.7**

MINERAL RESOURCE	2013		2012	
	Tonnes (Mt)	Nickel (%)	Tonnes (Mt)	Nickel (%)
AVEBURY[R]				
Measured	3.8	1.1	3.8	1.1
Indicated	4.9	0.9	4.9	0.9
Inferred	21	0.8	20.7	0.8
Total	**29**	**0.9**	**29.3**	**0.9**

NOTES: N – Mineral Resource model update. Reported above a 3% Cu equivalent cut-off based on recent study work. **O –** Mineral Resource model update. **P –** Milling depletion of 1.2Mt, increasing cut-off grade to 0.75% ASCu due to increasing operating costs. **Q –** Mineral Resource modelling update. **R –** No change.

* TCu stands for Total Copper, ASCu stands for Acid Soluble Copper.

ORE RESERVES DISCUSSION

Ore Reserves tonnage reconciliation between 2012 and 2013 indicates an overall ore tonnage reduction of 38.8 million tonnes (Mt), with mineral processing depletion accounting for 14.3Mt. The remaining reductions, totalling 24.5Mt, were due to decreases at all sites resulting from both increased costs and increased understanding of negative issues directly resulting from increased governance in the Ore Reserves estimation process.

Sepon gold Ore Reserves tonnage decreased due to mill depletion and cessation of allowing higher grade tonnage sources to cross-subsidise loss-making tonnage sources. Sepon copper Ore Reserves decreased only by the mill depletion amount, with increases in tonnage from new sources negated by decreases due to cut-off grade increases.

Century Ore Reserves tonnage decreased more than mill depletion due to significant amounts of June 2012 Ore Reserves transpiring to be sub-marginal material when mined.

Kinsevere Ore Reserves tonnage decreased more than mill depletion due to increasing cost-related cut-off grade increases (primarily due to power costs) and Mineral Resource model changes.

Golden Grove zinc Ore Reserves tonnage increased more than mill depletion due to Mineral Resource model upgrading of Inferred Mineral Resources to Indicated or Measured Mineral Resources and mine planning work allowing conversion to Ore Reserves. Golden Grove underground copper Ore Reserves decreased by the mill depletion, offset only slightly by a minor amount of Inferred Mineral Resources upgraded and able to be converted to Ore Reserves. The Golden Grove open-pit copper Ore Reserves decreased by greater than mill depletion despite a positive reconciliation in the pit, due to cut-off grade increases associated with reduced recovery, increased milling costs and reduced revenues associated with chlorine-in-concentrate penalties.

Rosebery Ore Reserves tonnage decreased by more than mill depletion due to Mineral Resource model changes, removal of previously incorrectly included Inferred Mineral Resources (in stopes with mixed Indicated and Inferred Mineral Resources) and cut-off grade changes.

The Dugald River Ore Reserves have been revised down further due to an increased understanding of orebody complexities and hanging-wall geotechnical weakness. This has resulted in a set of significantly revised dilution and stope stability parameters that in turn result in increased mining costs. Significant detailed geotechnical investigations have been undertaken over the last 12 months to support the new stability calculations. A mining methods review has been undertaken examining a number of potential new mining scenarios based on this new geotechnical understanding. However, only one of those options was subject to design and scheduling in sufficient detail by 30 June 2013 to be considered suitable to support the declaration of Ore Reserves. Economic modelling of this one option shows positive annual operating costs, however it also shows that full capital recovery is only possible on an undiscounted cash flow basis. Significant project work including underground development and trial stoping is ongoing and planned for Dugald River in 2014.

Changes in the contained metal in the Ore Reserves are shown in absolute terms for all operations and in total within the following tables.

TOTAL CONTAINED METAL IN ORE RESERVES*

	Zinc (Mt)	Copper (Mt)	Lead (Mt)	Silver (Moz)	Gold (Moz)
Sepon	–	0.5	–	0.1	0.03
Century	1.4	–	0.2	16	–
Kinsevere	–	0.8	–	–	–
Golden Grove	0.2	0.2	0.03	7.8	0.2
Rosebery	0.6	0.02	0.2	22	0.3
Dugald River	3.1	–	0.5	32	–
Total Contained Metal	**5.3**	**1.5**	**0.9**	**78**	**0.5**

* Details of Ore Reserves are tabulated and documented in the MMG Resources and Reserves Statement as at 30 June 2013.
Figures are rounded according to The JORC Code 2012 Edition guidelines and may show apparent addition errors.
Contained metal does not imply recoverable metal.

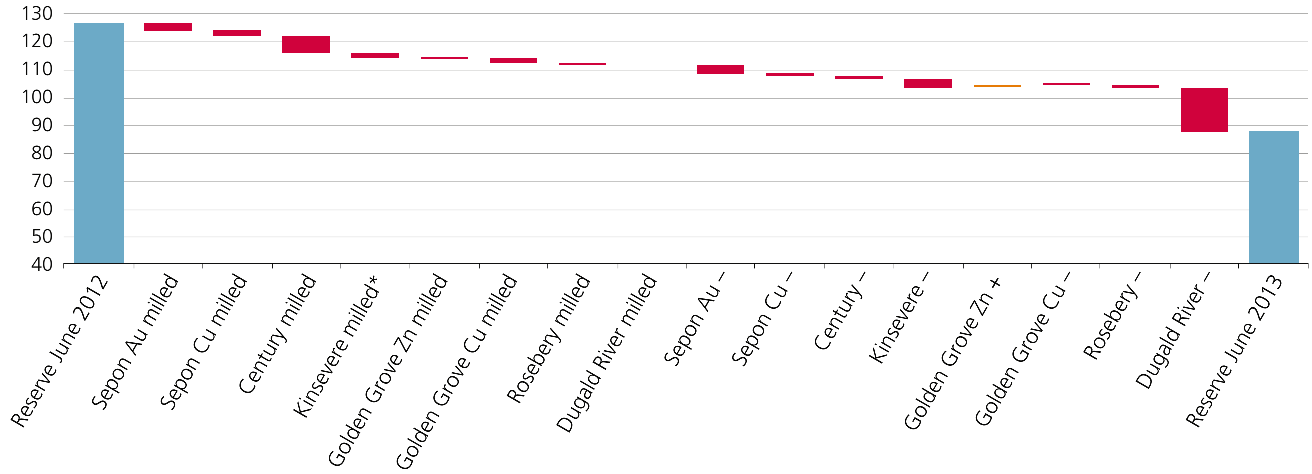
ABSOLUTE CHANGE IN TOTAL CONTAINED METAL IN ORE RESERVES*

	Zinc (Mt)	Copper (Mt)	Lead (Mt)	Silver (Moz)	Gold (Moz)
Sepon	–	-0.1	–	-1.1	-0.1
Century	-0.8	–	-0.1	-8.0	–
Kinsevere	–	0.0	–	–	–
Golden Grove	0.1	0.0	0.0	4.1	0.1
Rosebery	-0.1	0.0	0.0	-3.9	-0.1
Dugald River	-1.6	–	-0.2	-19.5	–
Total Contained Metal	**-2.3**	**-0.1**	**-0.4**	**-28.4**	**-0.1**

* Totals may differ due to rounding.

TONNAGE RECONCILIATION

Ore Reserve Mt



* Kinsevere Ore Reserves figure has been adjusted for milling depletion from 1 January, 2012.

ORE RESERVES

ORE RESERVES	2013						2012					
	Tonnes (Mt)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)	Gold (g/t)	Tonnes (Mt)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)	Gold (g/t)
SEPON												
Gold[A]												
Proved	0.1	–	–	–	8.2	2.4	0.4	–	–	–	–	1.1
Probable	0.5	–	–	–	3.9	1.7	5.9	–	–	–	6.0	0.7
Total	**0.6**	–	–	–	**4.5**	**1.8**	**6.3**	–	–	–	**6.0**	**0.8**
Copper[B]												
Proved	5.4	–	2.6	–	–	–	8.9	–	3.8	–	–	–
Probable	8.6	–	4.8	–	–	–	7.8	–	3.9	–	–	–
Total	**14**	–	**3.9**	–	–	–	**16.8**	–	**3.9**	–	–	–
CENTURY[C]												
Proved	0.1	8.4	–	1.1	27	–	15.5	10	–	1.5	38	–
Probable	14	9.8	–	1.5	36	–	5.7	10.6	–	1.4	29	–
Total	**14**	**9.8**	–	**1.5**	**36**	–	**21.2**	**10.2**	–	**1.5**	**35**	–

ORE RESERVES	2013						2012					
	Tonnes (Mt)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)	Gold (g/t)	Tonnes (Mt)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)	Gold (g/t)
GOLDEN GROVE												
Primary Zinc[D]												
Proved	0.6	10.5	0.6	1.2	90	1.4	0.4	9.4	0.3	1.2	60	1.1
Probable	1.0	10.8	0.7	1.4	110	2.2	0.2	8.2	0.3	1.0	75	1.2
Total	**1.6**	**10.7**	**0.7**	**1.3**	**100**	**1.9**	**0.6**	**9.1**	**0.3**	**1.1**	**64**	**1.1**
Primary Copper[E]												
Proved	3.4	0.4	2.4	–	14	0.5	4.0	0.3	2.5	–	14	0.5
Probable	1.2	2.0	2.6	0.2	28	1.8	1.7	0.2	2.3	–	12	0.3
Total	**4.6**	**0.8**	**2.4**	**0.1**	**18**	**0.8**	**5.7**	**0.3**	**2.4**	**–**	**13**	**0.4**
Primary Op[F]												
Proved	0.8	–	2.4	–	–	–	–	–	–	–	–	–
Probable	1.6	–	2.7	–	–	–	3.0	–	2.4	–	–	–
Total	**2.4**	**–**	**2.6**	**–**	**–**	**–**	**3.0**	**–**	**2.4**	**–**	**–**	**–**
Rosebery[G]												
Proved	2.8	11.8	0.3	3.5	110	1.5	3.8	9.8	0.3	2.9	101	1.4
Probable	2.9	8.9	0.3	3.4	130	1.5	3.9	8.0	0.3	2.9	108	1.3
Total	**5.7**	**10.3**	**0.3**	**3.5**	**120**	**1.5**	**7.7**	**8.9**	**0.3**	**2.9**	**104**	**1.3**
DUGALD RIVER[H]												
Proved	–	–	–	–	–	–	–	–	–	–	–	–
Probable	24	12.5	–	2.0	41	–	39.6	11.9	–	1.9	41	–
Total	**24**	**12.5**	**–**	**2.0**	**41**	**–**	**39.6**	**11.9**	**–**	**1.9**	**41**	**–**
KINSEVERE[I]												
Proved	10	–	4.8	–	–	–	14.1	–	4.0	–	–	–
Probable	11	–	2.8	–	–	–	11.7	–	3.0	–	–	–
Total	**21**	**–**	**3.8**	**–**	**–**	**–**	**25.8**	**–**	**3.5**	**–**	**–**	**–**

NOTES: A – Mining Depletion: -1.9 Mt (0.7 Mt outside of Ore Reserves material processed), Pit design changes: -0.7 Mt, Removal of all ore sources that cannot generate a profit (stopping all cross-subsidisation of loss making ounces): -2.5 Mt. **B –** Mining Depletion: -2.8 Mt (0.9 Mt loss of Ore Reserves not processed), Removal of uneconomic high acid consumption material: -0.2 Mt, New cut-off grade (costs/revenues/recoveries): -0.4 Mt, New pits: +0.6 Mt. **C –** Mining Depletion: -5.8 Mt, Ore Reserves Mined as sub-marginal: -1.2 Mt, Modelled fault loss: -0.7 Mt, COG change: -0.1 Mt, Other (footwall location changes, Mineral Resource model, Stage 8 pit wall redesign): +0.6 Mt. **D –** Mining Depletion: -0.2 Mt, New Resource Model, upgrading of Inferred Mineral Resources and mine planning work conversion to Ore Reserves: +1.2 Mt. **E –** Mining Depletion: -1.2 Mt, New Resource Model, upgrading of Inferred Mineral Resources and mine planning work conversion to Ore Reserves: +0.1Mt. **F –** Mining Depletion: -0.3 Mt, COG change resulting from changes in recovery and costs: -0.3 Mt. **G –** Mining Depletion: -0.8Mt, Removal of previously "upgraded" Inferred: -0.7 Mt, Mineral Resource changes, COG change: Updated costs and prices, and correction to NSRAR script with respect to a double counting of silver revenue in copper concentrate. **H –** Geotechnical related changes to mine design and dilution/loss parameters. Increased mining costs associated with smaller stopes (no changes due to Mineral Resource model as 2012 model used in work). **I –** Mining Depletion: -1.8 Mt, COG change (increased costs): -2.1 Mt, Resource Model changes: -0.7 Mt, Other; including high gangue acid material removal: -0.2 Mt.

MINERAL RESOURCES AND ORE RESERVES STATEMENT

MINERAL RESOURCES STATEMENT AS AT 30 JUNE 2013

Sepon Mineral Resources

Copper 0.5% Cu cut-off grade	Tonnes (Mt)	Copper (% Cu)	Gold (g/t Au)	Silver (g/t Ag)	CONTAINED METAL Copper ('000 t)	Gold (Moz)	Silver (Moz)
Supergene Copper							
Measured	12	2.3	–	–	280	–	–
Indicated	19	2.6	–	–	490	–	–
Inferred	11	1.5	–	–	170	–	–
Total	**42**	**2.2**	**–**	**–**	**940**	**–**	**–**
Primary Copper							
Measured	–	–	–	–	–	–	–
Indicated	3.1	1.2	0.2	8	40	0.02	0.7
Inferred	11	0.8	0.3	5	90	0.1	1.9
Total	**14**	**0.9**	**0.2**	**6**	**130**	**0.1**	**2.6**
Oxide Gold[A]							
Measured	2.0	–	2.2	6	–	0.1	0.4
Indicated	4.5	–	1.4	7	–	0.2	1.0
Inferred	2.4	–	1.2	4	–	0.1	0.3
Total	**8.9**	**–**	**1.5**	**6**	**–**	**0.4**	**1.7**
Partial Oxide Gold[B]							
Measured	1.1	–	3.1	12	–	0.1	0.4
Indicated	2.3	–	2.0	8	–	0.1	0.6
Inferred	1.8	–	1.4	5	–	0.1	0.3
Total	**5.2**	**–**	**2.0**	**8**	**–**	**0.3**	**1.3**
Primary Gold[C]							
Measured	–	–	–	–	–	–	–
Indicated	14	–	3.0	10	–	1.4	4.5
Inferred	8.7	–	2.7	7	–	0.8	2.0
Total	**23**	**–**	**2.9**	**9**	**–**	**2.2**	**6.5**
Total Contained Metal					**1,070**	**3.0**	**12**

Figures are rounded according to JORC Code guidelines and may show apparent addition errors.
Details of relevant inputs for estimating Mineral Resources are given in the Technical Appendix published on the MMG website.
A. Cut-off: 3.8Mt reported above 0.5g/t Au, 4.7Mt reported above 0.6g/t Au
B. Cut-off: 2.6Mt reported above 0.5g/t Au, 2.6Mt reported above 0.6g/t Au
C. Cut-off: 19Mt reported above 1g/t Au, 3.2Mt reported above 3g/t Au
Competent Person: **1 –** Reginald Boryor (Member of AIPG, employee of MMG)

Century Mineral Resources

Century and East Block 3.5% Zn cut-off grade	Tonnes (Mt)	Zinc (% Zn)	Lead (% Pb)	Silver (g/t Ag)	CONTAINED METAL Zinc ('000 t)	Lead ('000 t)	Silver (Moz)
CENTURY							
Measured	0.1	8.4	1.3	27	10	2	0.1
Indicated	17	10.0	1.5	37	1,700	255	21
Inferred	–	–	–	–	–	–	–
Total	**17**	**10.0**	**1.5**	**37**	**1,710**	**257**	**21**
CENTURY EAST BLOCK							
Measured	–	–	–	–	–	–	–
Indicated	0.5	12.4	1.0	49	59	5	0.8
Inferred	–	–	–	–	–	–	–
Total	**0.5**	**12.4**	**1.0**	**49**	**59**	**5**	**0.8**
Total Contained Metal					1,770	260	22

Figures are rounded according to JORC Code guidelines and may show apparent addition errors.
Details of relevant inputs for estimating Mineral Resources are given in the Technical Appendix published on the MMG website.
Competent Person: Michael Smith (Member of AusIMM(CP), employee of MMG)

Kinsevere Mineral Resources

0.75% Acid soluble Cu cut-off grade (oxide) 0.75% Total Cu cut-off grade (primary)	Tonnes (Mt)	Copper (% TCu*)	Copper (% ASCu*)	CONTAINED METAL Copper TCu* ('000 t)	Copper ASCu* ('000 t)
Oxide Copper					
Measured	12	4.0	3.2	–	380
Indicated	16	2.8	2.4	–	380
Inferred	0.8	2.5	2.0	–	20
Total	**29**	**3.3**	**2.7**	**–**	**780**
Primary Copper					
Measured	1.5	2.7	1.0	41	–
Indicated	10	2.8	0.6	280	–
Inferred	11	2.1	0.3	230	–
Total	**23**	**2.5**	**0.5**	**550**	**–**
Total Contained Metal				550	780

* TCu stands for Total Copper, ASCu stands for Acid Soluble Copper.
Figures are rounded according to JORC Code guidelines and may show apparent addition errors.
Details of relevant inputs for estimating Mineral Resources are given in the Technical Appendix published on the MMG website.
Competent Person: Mauro Bassotti (Member of AusIMM(CP), employee of MMG)

Golden Grove Mineral Resources

Cut-off grade for the primary zinc and copper is based on the Net Smelter Return value of A$95 per tonne. 0.4Mt primary zinc is based on the Net Smelter Return value of A$52 per tonne, and only includes material within the 2012 Au Oxide Pit Shell Design.

							CONTAINED METAL				
	Tonnes (Mt)	Zinc (% Zn)	Copper (% Cu)	Lead (% Pb)	Silver (g/t Ag)	Gold (g/t Au)	Zinc ('000 t)	Copper ('000 t)	Lead ('000 t)	Silver (Moz)	Gold (Moz)
Primary Copper[1,2]											
Measured	5.9	0.4	2.8	0.04	17	0.5	23	170	2.4	3.2	0.09
Indicated	3.2	1.6	2.7	0.2	29	1.4	52	87	6.1	3.0	0.14
Inferred	9.8	0.3	3.1	0.03	24	0.3	30	300	3.3	7.6	0.09
Total	**19**	**0.6**	**2.9**	**0.1**	**23**	**0.5**	**110**	**560**	**12**	**14**	**0.32**
Oxide Copper[2] 0.7% Cu cut-off grade											
Measured	0.8	–	2.4	–	–	–	–	19	–	–	–
Indicated	1.8	–	2.3	–	–	–	–	41	–	–	–
Inferred	–	–	–	–	–	–	–	–	–	–	–
Total	**2.6**	**–**	**2.3**	**–**	**–**	**–**	**–**	**60**	**–**	**–**	**–**
Zinc[1,2]											
Measured	1.0	13	0.4	1.2	83	1.2	130	4	12	2.7	0.04
Indicated	1.4	14	0.3	1.6	120	2.0	190	5	22	5.3	0.09
Inferred	4.8	12	0.4	0.7	50	0.6	580	22	32	7.8	0.10
Total	**7.2**	**13**	**0.4**	**0.9**	**68**	**1.0**	**900**	**31**	**66**	**16**	**0.23**
Oxide Gold[2] 1.5g/t Au eq cut-off grade											
Measured	–	–	–	–	–	–	–	–	–	–	–
Indicated	0.8	–	–	–	120	2.9	–	–	–	3.0	0.07
Inferred	0.4	–	–	–	73	1.8	–	–	–	0.8	0.02
Total	**1.1**	**–**	**–**	**–**	**105**	**2.6**	**–**	**–**	**–**	**3.8**	**0.09**
Total Contained Metal							**1,010**	**650**	**78**	**33**	**0.64**

Figures are rounded according to JORC Code guidelines and may show apparent addition errors.
As Golden Grove is a polymetallic mine, NSR is used as a cut-off to capture the correct value of the contained metal.
Details of relevant inputs for estimating Mineral Resources are given in the Technical Appendix published on the MMG website.
Competent Persons: **1 –** Tim Goodale (Member of AIG, employee of MMG) and Lauren Stienstra (Member of AusIMM, employee of MMG)
2 – Rob Oakley (Member of AusIMM, employee of MMG)

Rosebery Mineral Resources

Cut-off grade is based on the Net Smelter Return value of A$122.5 per tonne.

	Tonnes (Mt)	Zinc (% Zn)	Copper (% Cu)	Lead (% Pb)	Silver (g/t Ag)	Gold (g/t Au)	CONTAINED METAL Zinc ('000 t)	Copper ('000 t)	Lead ('000 t)	Silver (Moz)	Gold (Moz)
ROSEBERY											
Measured	8.1	13	0.4	3.9	120	1.6	1,100	30	316	32	0.42
Indicated	4.9	10	0.3	3.4	130	1.4	500	15	167	20	0.22
Inferred	5.3	10	0.6	3.2	110	2.1	530	31	170	19	0.36
Total	**18**	**11**	**0.4**	**3.6**	**120**	**1.7**	**2,100**	**76**	**650**	**71**	**1.0**
South Hercules Net Smelter Return cut-off of A$105 per tonne											
Measured	0.7	3.7	0.1	2	160	2.9	26	0.81	14	3.7	0.07
Indicated	0.1	2.5	0.1	1.2	160	2.9	3	0.13	1.2	0.5	0.01
Inferred	–	–	–	–	–	–	–	–	–	–	–
Total	**0.8**	**3.6**	**0.1**	**1.9**	**160**	**2.9**	**29**	**0.94**	**15**	**4.2**	**0.08**
Total Contained Metal							**2,100**	**77**	**670**	**75**	**1.1**

Figures are rounded according to JORC Code guidelines and may show apparent addition errors.
As Rosebery is a polymetallic mine, NSR is used as a cut-off to capture the correct value of the contained metal.
Details of relevant inputs for estimating Mineral Resources are given in the Technical Appendix published on the MMG website.
Competent Person: Mark Aheimer (Member of AusIMM, employee of MMG)

Dugald River Mineral Resources

	Tonnes (Mt)	Zinc (% Zn)	Copper (% Cu)	Lead (% Pb)	Silver (g/t Ag)	Gold (g/t Au)	CONTAINED METAL Zinc ('000 t)	Copper ('000 t)	Lead ('000 t)	Silver (Moz)	Gold (Moz)
Zinc 6% Zn cut-off grade											
Measured	3.0	14	–	1.9	61	–	420	–	57	5.9	–
Indicated	31	12	–	1.9	46	–	3,700	–	590	46	–
Inferred	29	12	–	1.7	13	–	3,500	–	490	12	–
Total	**63**	**12**	**–**	**1.8**	**31**	**–**	**7,620**	**–**	**1,140**	**64**	**–**
Copper 1% Cu cut-off grade											
Measured	–	–	–	–	–	–	–	–	–	–	–
Indicated	–	–	–	–	–	–	–	–	–	–	–
Inferred	4.4	–	1.8	–	–	0.2	–	79	–	–	0.03
Total	**4.4**	**–**	**1.8**	**–**	**–**	**0.2**	**–**	**79**	**–**	**–**	**0.03**
Total Contained Metal							**7,620**	**79**	**1,140**	**64**	**0.03**

Figures are rounded according to JORC Code guidelines and may show apparent addition errors.
Details of relevant inputs for estimating Mineral Resources are given in the Technical Appendix published on the MMG website.
Competent Person: Mauro Bassotti (Member of AusIMM (CP), employee of MMG)

Avebury Mineral Resources

0.4% Ni cut-off grade	Tonnes (Mt)	Nickel (% Ni)	CONTAINED METAL Nickel ('000 t)
Measured	3.8	1.1	42
Indicated	4.9	0.9	46
Inferred	21	0.8	171
Total Mineral Resources	29	0.9	259

Figures are rounded according to JORC Code guidelines and may show apparent addition errors.
Mineral Resource stated as total Ni, which includes sulphide and silicate phases.
Details of relevant inputs for estimating Mineral Resources are given in the Technical Appendix published on the MMG website.
Competent Person: Peter Carolan (Member of AusIMM, former employee of MMG)

High Lake Mineral Resources

							CONTAINED METAL				
3% Cu equivalent cut-off grade	Tonnes (Mt)	Zinc (% Zn)	Copper (% Cu)	Lead (% Pb)	Silver (g/t Ag)	Gold (g/t Au)	Zinc ('000 t)	Copper ('000 t)	Lead ('000 t)	Silver (Moz)	Gold (Moz)
Measured	–	–	–	–	–	–	–	–	–	–	–
Indicated	7.9	3.5	3.0	0.3	83	1.3	279	239	25	21	0.3
Inferred	6.0	4.3	1.8	0.4	84	1.3	256	108	25	16	0.3
Total Mineral Resources	14	3.8	2.5	0.4	84	1.3	536	347	50	37	0.6

Figures are rounded according to JORC Code guidelines and may show apparent addition errors.
Details of relevant inputs for estimating Mineral Resources are given in the Technical Appendix published on the MMG website.
Competent Person: Allan Armitage (Member Association of Professional Geoscientists of Alberta, employee of MMG)

Izok Lake Mineral Resources

							CONTAINED METAL				
4% Zn equivalent cut-off grade	Tonnes (Mt)	Zinc (% Zn)	Copper (% Cu)	Lead (% Pb)	Silver (g/t Ag)	Gold (g/t Au)	Zinc ('000 t)	Copper ('000 t)	Lead ('000 t)	Silver (Moz)	Gold (Moz)
Measured	–	–	–	–	–	–	–	–	–	–	–
Indicated	13	13	2.4	1.4	73	0.18	1,790	324	194	32	0.1
Inferred	1.2	11	1.5	1.3	73	0.21	120	18	16	2.8	0.01
Total Mineral Resources	15	13	2.3	1.4	73	0.18	1,910	342	209	34	0.1

Figures are rounded according to JORC Code guidelines and may show apparent addition errors.
Details of relevant inputs for estimating Mineral Resources are given in the Technical Appendix published on the MMG website.
Competent Person: Allan Armitage (Member Association of Professional Geoscientists of Alberta, employee of MMG)

ORE RESERVES STATEMENT AS AT 30 JUNE 2013

Sepon Ore Reserves

	Tonnes (Mt)	Copper (% Cu)	Gold (g/t Au)	Silver (g/t Ag)	CONTAINED METAL Copper ('000 t)	Gold (Moz)	Silver (Moz)
Sepon Gold							
Proved	0.1	–	2.4	8.2	–	0.01	0.02
Probable	0.5	–	1.7	3.9	–	0.03	0.06
Total	**0.6**	**–**	**1.8**	**4.5**	**–**	**0.03**	**0.08**
Sepon Copper							
Proved	5.4	2.6	–	–	138	–	–
Probable	8.6	4.8	–	–	408	–	–
Total	**14**	**3.9**	**–**	**–**	**546**	**–**	**–**
Total Contained Metal					**546**	**0.03**	**0.08**

Ore Reserves are generally rounded and reported to two significant figures to reflect confidence in estimates. Totals may differ due to rounding. Contained metal does not imply recoverable metal.

Details of relevant modifying factors used in estimating Ore Reserves are given in the Technical Appendix published on the MMG website.

Competent Person: Julian Poniewierski (Member of AusIMM(CP), employee of MMG)

Century Ore Reserves

	Tonnes (Mt)	Zinc (% Zn)	Lead (% Pb)	Silver (g/t Ag)	CONTAINED METAL Zinc ('000 t)	Lead ('000 t)	Silver (Moz)
Proved	0.1	8.4	1.1	27	10	1	0.1
Probable	14	9.8	1.5	36	1,380	200	16
Total Ore Reserves	**14**	**9.8**	**1.5**	**36**	**1,390**	**200**	**16**

Ore Reserves are generally rounded and reported to two significant figures to reflect confidence in estimates. Totals may differ due to rounding. Contained metal does not imply recoverable metal.

Details of relevant modifying factors used in estimating Ore Reserves are given in the Technical Appendix published on the MMG website.

Competent Person: Moses Bosompem (Member of AusIMM, employee of MMG)

Kinsevere Ore Reserves

	Tonnes (Mt)	Copper (%TCu)*	Copper (%ASCu)*	CONTAINED METAL Copper ('000 t)	Copper ASCu* ('000 t)
Proved	10	4.8	3.9	470	380
Probable	11	2.8	2.2	310	240
Total Ore Reserves	**21**	**3.8**	**3.0**	**790**	**620**

Ore Reserves are generally rounded and reported to two significant figures to reflect confidence in estimates. Totals may differ due to rounding. Contained metal does not imply recoverable metal.

*TCu stands for Total Copper, ASCu stands for Acid Soluble Copper.

Details of relevant modifying factors used in estimating Ore Reserves are given in the Technical Appendix published on the MMG website

Competent Person: Julian Poniewierski (Member of AusIMM (CP), employee of MMG)

Golden Grove Ore Reserves

							CONTAINED METAL				
	Tonnes (Mt)	Zinc (% Zn)	Copper (% Cu)	Lead (% Pb)	Silver (g/t Ag)	Gold (g/t Au)	Zinc ('000 t)	Copper ('000 t)	Lead ('000 t)	Silver (Moz)	Gold (Moz)
Primary Zinc[1]											
Proved	0.6	10.5	0.6	1.2	90	1.4	65	3	7	1.7	0.03
Probable	1.0	10.8	0.7	1.4	110	2.2	109	7	14	3.5	0.1
Total	**1.6**	**10.7**	**0.7**	**1.3**	**99**	**1.9**	**174**	**11**	**21**	**5.1**	**0.1**
Primary Copper[1]											
Proved	3.4	0.4	2.4	–	14	0.5	12	82	1	1.5	0.1
Probable	1.2	2.0	2.3	0.2	28	1.8	24	30	3	1.1	0.1
Total	**4.6**	**0.8**	**2.4**	**0.1**	**18**	**0.8**	**36**	**113**	**4**	**2.7**	**0.1**
Oxide Copper Open Pit[2]											
Proved	0.8	–	2.4	–	–	–	–	19	–	–	–
Probable	1.6	–	2.7	–	–	–	–	41	–	–	–
Total	**2.4**	**–**	**2.6**	**–**	**–**	**–**	**–**	**60**	**–**	**–**	**–**
Total Contained Metal							**210**	**184**	**25**	**7.8**	**0.2**

Ore Reserves are generally rounded and reported to two significant figures to reflect confidence in estimates. Totals may differ due to rounding. Contained metal does not imply recoverable metal.

Details of relevant modifying factors used in estimating Ore Reserves are given in the Technical Appendix published on the MMG website.

Competent Persons: 1. Wayne Ghavalas (Member of AusIMM, employee of MMG) 2. Chris Lee (Member of AusIMM, employee of MMG)

Rosebery Ore Reserves

							CONTAINED METAL				
	Tonnes (Mt)	Zinc (% Zn)	Copper (% Cu)	Lead (% Pb)	Silver (g/t Ag)	Gold (g/t Au)	Zinc ('000 t)	Copper ('000 t)	Lead ('000 t)	Silver (Moz)	Gold (Moz)
Proved	2.8	11.8	0.3	3.5	110	1.5	330	9	99	9.9	0.1
Probable	2.9	8.9	0.3	3.4	130	1.5	260	7	98	12	0.1
Total Ore Reserves	**5.7**	**10.3**	**0.3**	**3.5**	**120**	**1.5**	**590**	**17**	**197**	**22**	**0.3**

Ore Reserves are generally rounded and reported to two significant figures to reflect confidence in estimates. Totals may differ due to rounding. Contained metal does not imply recoverable metal.

Details of relevant modifying factors used in estimating Ore Reserves are given in the Technical Appendix published on the MMG website.

Competent Person: Julian Poniewierski (Member of AusIMM (CP), employee of MMG)

Dugald River Ore Reserves

					CONTAINED METAL		
	Tonnes (Mt)	Zinc (% Zn)	Lead (% Pb)	Silver (g/t Ag)	Zinc ('000 t)	Lead ('000 t)	Silver (Moz)
Proved	–	–	–	–	–	–	–
Probable	24	12.5	2.0	41	3,100	500	32
Total Ore Reserves	**24**	**12.5**	**2.0**	**41**	**3,100**	**500**	**32**

Ore Reserves are generally rounded and reported to two significant figures to reflect confidence in estimates. Totals may differ due to rounding. Contained metal does not imply recoverable metal.

Details of relevant modifying factors used in estimating Ore Reserves are given in the Technical Appendix published on the MMG website.

Competent Person: Julian Poniewierski (Member of AusIMM (CP), employee of MMG)

RELEVANT ASSUMPTIONS SUMMARY

PRICES AND EXCHANGE RATES

Table 1: Price (real) and foreign exchange assumptions

	CY14	CY15	CY16	Long Term
Zn US$/lb	0.89	0.97	1.08	1.18
Cu US$/lb	3.50	3.16	3.05	2.80
Pb US$/lb	1.06	1.06	1.09	1.12
Au US$/oz	1,525	1,318	1,258	1,200
Ag US$/oz	27.34	23.79	18.79	20.94
A$:US$	0.99	0.95	0.92	0.84
CAD:US$	0.98	0.95	0.93	0.90
US$:LAK	8,000	8,000	8,000	8,000

Mineral Resource work used long-term pricing only, with cut-off grades or cut-off values generally applied at no less than 70% of the grades or values used in determination of the Ore Reserves.

For the Ore Reserves work, prices and exchange rates were used as follows:

For long-term (life-of-asset) Ore Reserves planning (>3 years), the "long-term" price and exchange rate values were used.

For medium-term (<3 years), for the commodities for which the price forecast is declining (Cu/Au/Ag), the price and exchange rate used is the average of the price and exchange rate combination of the CY14-CY16 three years. For the commodities for which the price forecast is increasing (Zn/Pb), the price and the exchange rate used is the first year (CY14) price and exchange rate.

For ultra-short-term planning, where it is definitely known that the Ore Reserves will be mined out and completed in CY14, the sites used CY14 price/exchange assumptions.

CUT-OFF GRADES

Mineral Resource cut-off grades/values were as shown in Table 2 and Table 3.

PROCESSING RECOVERIES

Processing recoveries were as shown in Table 4.

Table 2: Mineral Resources cut-off grades

SITE	Mineralisation	Cut-Off Grade/Value	Comments
Sepon	Gold – Oxide Surface (pit dependent) Gold – Primary Sulphide Surface Gold – Primary Sulphide Underground Copper – Oxide and Sulphide Surface	0.5 to 0.6 g/t Au 1 g/t Au 3 g/t Au 0.5% Cu	Surface Mineral Resources constrained to within a US$1600/oz price pit shell
Century	Zinc – Surface	3.5% Zn	–
Kinsevere	Copper – Oxide Surface Copper – Sulphide Surface	0.75% ASCu† 0.75% TCu‡	Not constrained to a pit shell
Golden Grove	Polymetallic – Underground (Zn, Cu, Pb, Au, Ag) Copper – Open Cut Gold – Open Cut	A$95/t 0.7% Cu 1.5 g/t AuEq	NSRAR[1], using Ore Reserves recoveries AuEq = (Au + Ag*1.5/80)
Rosebery	Rosebery Polymetallic – Underground (Zn, Cu, Pb, Au, Ag) South Hercules Polymetallic – Underground (Zn, Cu, Pb, Au, Ag)	A$122.5/t A$105/t	NSRAR, using Ore Reserves recoveries NSRAR, using Ore Reserves recoveries
Dugald River	Zinc – (Polymetallic) Underground	6% Zn	–
Izok Lake	Zinc – (Polymetallic) Surface	4.0% ZnEq	ZnEq% = Zn + (Cu×3.31) + (Pb×1.09) + (Au×1.87) + (Ag×0.033); Long-term prices and Metal Recoveries at Au:75%, Ag:83%, Cu:89%, Pb:81% and Zn:93%.
High Lake	Copper – Polymetallic Surface and Underground	2.0% to 4.0% CuEq	CuEq% = Cu + (Zn×0.30) + (Pb×0.33) + (Au×0.56) + (Ag×0.01): Prices and recoveries as per Izok Lake
Avebury	Nickel – Sulphide Underground	0.4% Ni	–

†ASCu = Acid Soluble Copper; ‡TCu = Total Copper

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

Table 3 : Ore Reserves cut-off grades

SITE	Mineralisation	Cut-Off Grade/Value	Comments
Sepon	Gold – Oxide Surface Copper – Sulphide Surface Copper – LAC[a] Carbonate Surface Copper – HAC[b] Carbonate Surface	0.6 g/t Au 1.2 to 1.4% Cu 1.3 to 1.5% Cu 2.0 to 2.7% Cu	Additional requirement of minimum 1.2 g/t Au head grade Dependent on pit haul distance to crusher. Dependent on pit haul distance to crusher. Dependent on pit haul distance to crusher.
Century	Zinc – Surface	5.3% ZnEq	ZnEq = Zn + (1.03*Pb).
Kinsevere	Copper – Oxide Surface	0.85% ASCu†	–
Golden Grove	Polymetallic – Underground (Zn, Cu, Pb, Au, Ag) Copper – Oxide Open Cut Copper – Sulphide Open Cut	A$120/t 1.1% Cu 1.3% Cu	NSRAR
Rosebery	Polymetallic – Underground (Zn, Cu, Pb, Au, Ag)	A$170/t	NSRAR
Dugald River	Zinc – (Polymetallic) Underground	A$215/t	Cut-off value for stope production. For associated development a A$85/t cut-off value is used.

a LAC = Low Acid Consuming; b HAC = High Acid Consuming †ASCu = Acid Soluble Copper; ‡TCu = Total Copper

Table 4: Processing Recoveries

SITE	Product	Recovery to Concentrate					Concentrate Moisture Assumptions
		Copper	Zinc	Lead	Silver	Gold	
Century	Zinc Concentrate	–	75.7%	–	57.2%	–	11.0%
	Lead Concentrate	–	–	54.2%	8.5%	–	10.0%
Golden Grove – Underground	Zinc Concentrate	–	88.9%	–	–	–	8.9%
	Lead Concentrate	–	–	68.7%	64.0%	68.4%	9.0%
	Copper Concentrate	88.6%	–	–	–	–	9.2%
Golden Grove – Open Cut	Copper Oxide Concentrate	65%	–	–	–	–	16%
	Copper Sulphides Concentrate	79%	–	–	–	–	14%
Rosebery	Zinc Concentrate	–	min(96, 0.24×Zn+ 87.6)/100%	–	NB: (2)	NB: (2)	8%
	Lead Concentrate	–	3.7%	min(92, 0.95×Pb+ 76.8)/100%	42.1%	17.5%	8%
	Copper Concentrate	min(91, 20.9×Cu +54.3)/100%	–	–	33%	33%	8%
	Gold Doré	–	–	–	NB: (1)	21%	–
Dugald River	Zinc Concentrate	–	87.8%	–	–	–	8.9%
	Lead Concentrate	–	1.0%	75.0%	35%	–	–
Sepon	Copper Cathode	Cu recovery (%) = {Cu Feed Grade – Tails Grade (0.38%)} / Cu Feed Grade – Soluble Loss (2.6%)					
	Gold Doré	Au recovery (%) = {Au Feed Grade – Tails Grade (0.26g/t)} / Au Feed Grade					
Kinsevere	Copper Cathode	TCu/ASCu ≥ 1.04, Recovery=98%; TCu/ASCu ≤ 1.00, Recovery=94%; pro-rata'd between 94% and 98% for 1.00≥TCu/ASCu ≥ 1.04					

NOTES: Silver is calculated as a constituent ratio to gold in the Doré. Silver is set to 0.35 against gold being 0.60.
There is currently no relationship for gold and silver reporting to Zinc concentrate.

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

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

MMG funded the second year of a three-year US$1.4 million child nutrition program in the Savannakhet, Saravane and Attapeu provinces around MMG's Sepon operation in Laos.

SUSTAINABILITY

We are committed to growing our operations sustainably as development partners in local communities and active contributors to progress and improved living standards.

This year MMG will publish its fourth annual Sustainability Report according to the ICMM's independent assurance procedure and Global Reporting Initiative (GRI) indicators.

MMG's material sustainability issues are identified and reported using a robust governance process and are broadly grouped into the following five areas:

SUSTAINING THE COMPANY'S ECONOMIC PERFORMANCE

Building a business that is economically sustainable will ensure that the Company can share the benefits from operations with its stakeholders, now and into the future. Operations that run more efficiently provide a direct environmental and social dividend.

The Company achieved outstanding production performance in 2013 and advanced our asset utilisation and energy efficiency programs. The Kinsevere mine operation was fully integrated, and MMG again made significant and diverse investments in community development and support around our operations. This included a cultural centre in the Vilabouly District near the Sepon mine, and expansion of Kinsevere's farmer support and village water supply programs.

MMG funded the second year of a three-year US$1.4 million child nutrition program in the Savannakhet, Saravane and Attapeu provinces around our Sepon operation. This '1,000 Day' project in Laos is a unique partnership between MMG, UNICEF and the Lao Ministry of Health, which aims to help prevent malnutrition. In Australia, partnerships between MMG and local schools include the program at Normanton State School, which provided books to all students of the school to encourage reading at home.

These investments in local social development contribute to the long-term economic success of our communities and our operations.

PEOPLE

People are critical to MMG's success. At the end of 2013, the Company workforce, including contractors, was approximately 8,951 people. Approximately 58% of our workforce (excluding contractors) was directly employed. Indigenous Australian employees constituted 2.4% of the workforce, with 17% of Century employees being Indigenous. Significantly, 95% of Sepon and 98% of Kinsevere employees were from local communities. Women comprised approximately 12% of the total workforce.

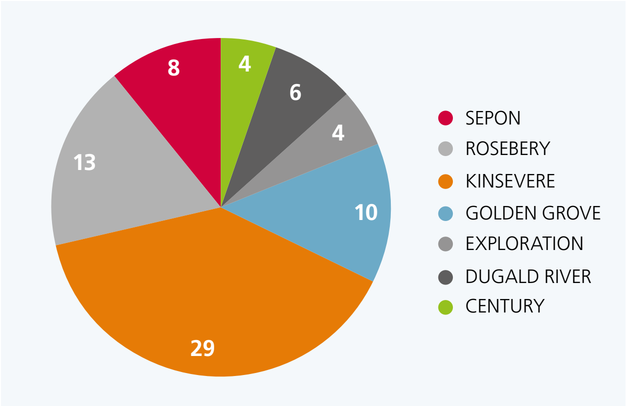
In 2013, MMG completed the rollout of our Code of Conduct to all employees and contractors at all sites. We also extended the depth and success of our pre-employment, training and development programs at all sites. Highlights were the higher number of Lao employees coached in, or promoted to, line management under Sepon's workforce localisation program. This was complemented by the ongoing implementation of employee training matrices at sites and the introduction of an online tool to support our annual performance processes.

HEALTH AND SAFETY

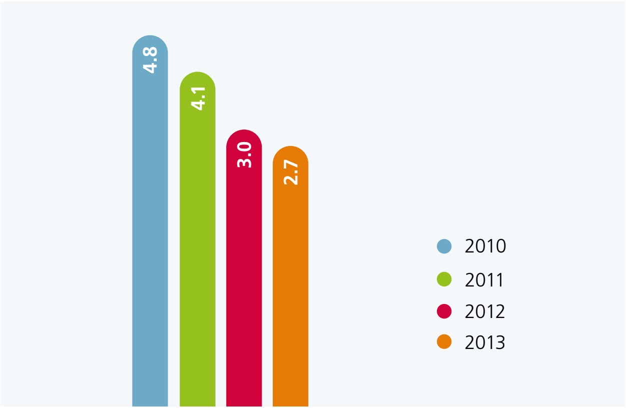
With Safety being our first value, MMG strives for a 'zero harm and fatality free' workplace. In 2013 we simplified our safety and health standards reinforcing line management accountabilities to create and maintain a safe workplace.

The TRIFR in 2013 improved to 2.4 (compared with 3.0 for 2012). This result reflects our efforts in engaging our workforce in work practices and behaviours. It also reflects line management commitment to improving safety. MMG remains fully committed to improving safety performance across our operations.

2013 Significant / High Potential Fatality Incidents by Site:



Total recordable injury frequency rates:



NOTE: Frequency rates: number of injuries or illnesses for the required indicator x 1,000,000/total exposure hours. This figure includes employees and contractors.

WORKING WITH STAKEHOLDERS

MMG's social licence to operate is dependent on building and maintaining active and constructive relationships with the wide range of internal and external stakeholders – people and organisations – for which its operations have relevance.

We updated our Community Standard in 2013 and continued to align our sites with it. An independent 15-year review of the Gulf Communities Agreement (GCA) was concluded at Century. This will assist in preparation of the final Closure Plan. At Kinsevere, an independent human rights assessment was conducted to support MMG's alignment with the United Nations Guiding Principles on Human Rights.

RESPECTING THE ENVIRONMENT

We actively focus on minimising the Company's footprint by integrating environmental management requirements into our site life-of-asset plans.

Total energy consumption in 2013 was 8,822,881 gigajoules (7,267,617 gigajoules in 2012), while total greenhouse gas emissions was 1,011,367 tonnes of carbon dioxide-equivalent (955,891 tonnes in 2012). Energy use increases are attributable to increased production activities. Total water input for 2013 was 57.5 gigalitres (44 in 2012). The increase in water input supports expanded operations.

MMG strengthened its Company-wide mine closure process in 2013, with continued focus on progressing Century's closure plan in line with stakeholder expectations. The Company also informed stakeholders of postponements to the Izok Corridor and Dugald River projects in order to refine project economics.

NOTE: At the time of announcement and publication, the figures represented in the Sustainability section were still in the process of being independently assured for MMG's 2013 Sustainability Report.

MANAGEMENT DISCUSSION AND ANALYSIS


Rehabilitation activities at Century mine.

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

For the purpose of the management discussion and analysis, the Group's results for the 12 months ended 31 December 2013 are compared with results for the 12 months ended 31 December 2012.

YEAR ENDED 31 DECEMBER	2013 US$ MILLION	2012 US$ MILLION (RESTATED)	CHANGE %
Revenue	**2,469.8**	**2,499.4**	**(1)**
Operating expenses	(1,544.0)	(1,537.4)	(0)
Administration expenses	(84.1)	(125.3)	33
Exploration expenses	(71.9)	(77.3)	7
Other income and expenses	(18.9)	(21.5)	12
EBITDA	**750.9**	**737.9**	**2**
Depreciation, amortisation and impairment expenses	(472.6)	(308.7)	(53)
EBIT	**278.3**	**429.2**	**(35)**
Net finance costs	(77.2)	(87.7)	12
Profit before income tax	**201.1**	**341.5**	**(41)**
Income tax expense	(78.6)	(107.4)	27
Profit for the year	**122.5**	**234.1**	**(48)**

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.

YEAR ENDED 31 DECEMBER	REVENUE 2013 US$ MILLION	REVENUE 2012 US$ MILLION	CHANGE %	EBITDA 2013 US$ MILLION	EBITDA 2012 US$ MILLION (RESTATED)	CHANGE %
Sepon	746.2	806.2	(7)	396.5	491.4	(19)
Kinsevere[1]	455.3	279.9	63	198.0	131.1	51
Century	721.0	752.9	(4)	176.5	192.6	(8)
Rosebery	253.3	267.5	(5)	84.3	85.7	(2)
Golden Grove	294.0	392.9	(25)	73.0	67.9	8
Other	–	–	N/A	(177.4)	(230.8)	(23)
Total	**2,469.8**	**2,499.4**	**(1)**	**750.9**	**737.9**	**2**

1. MMG acquired Kinsevere as part of the acquisition of Anvil in February 2012. The financial results of Kinsevere have been consolidated from 17 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$2,469.8 million for the year ended 31 December 2013, US$29.6 million (1%) lower than the year ended 31 December 2012.

Kinsevere operated for a full 12 months under MMG ownership in 2013 following the acquisition of Anvil in February 2012 and contributed an additional US$175.4 million in the full year 2013 when compared with the full year 2012.

REVENUE BY COMMODITY	2013	2012	CHANGE %
Copper (US$million)	1,364.9	1,179.8	16
Zinc (US$million)	739.1	873.8	(15)
Lead (US$million)	136.9	89.0	54
Gold US$million)	122.0	225.9	(46)
Silver (US$million)	106.9	130.9	(18)
Total	**2,469.8**	**2,499.4**	**(1)**

PRICE

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

AVERAGE LME CASH PRICE	2013	2012	CHANGE %
Copper (US$/tonne)	7,322	7,950	(8)
Zinc (US$/tonne)	1,909	1,946	(2)
Lead (US$/tonne)	2,141	2,061	4
Gold US$/ounce)	1,410	1,668	(16)
Silver (US$/ounce)	23.79	31.15	(24)

SALES VOLUMES

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER	2013	2012	CHANGE %
Copper (tonnes)	187,449	148,850	26
Zinc (tonnes)	493,339	543,420	(9)
Lead (tonnes)	77,685	48,837	59
Gold (ounces)	89,996	123,214	(27)
Silver (ounces)	4,713,267	3,632,629	30

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER 2013	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES
Sepon	92,687	–	–	38,843	83,663
Kinsevere[1]	62,074	–	–	–	–
Century	–	402,421	49,751	–	1,144,351
Rosebery	1,576	75,611	23,786	29,161	2,392,054
Golden Grove	31,112	15,307	4,148	21,992	1,093,199
Total	**187,449**	**493,339**	**77,685**	**89,996**	**4,713,267**

PAYABLE METAL IN PRODUCT SOLD YEAR ENDED 31 DECEMBER 2012	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES
Sepon	85,150	–	–	71,701	37,279
Kinsevere[1]	35,698	–	–	–	–
Century	–	443,562	21,850	–	48,392
Rosebery	2,129	62,283	22,282	31,136	2,356,691
Golden Grove	25,873	37,575	4,705	20,377	1,190,267
Total	**148,850**	**543,420**	**48,837**	**123,214**	**3,632,629**

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

A strong and consistent performance at Sepon and ramp-up of Kinsevere resulted in a 26% increase in copper sales volumes, compared with the year ended 31 December 2012.

Following the completion of the acquisition of Anvil in February 2012 and subsequent ramp-up to nameplate capacity, Kinsevere contributed an additional 26,376 tonnes of copper cathode sales. Higher levels of equipment availability and improvements in efficiency at Sepon led to an additional 7,537 tonnes of copper cathode sold in the full year 2013.

Zinc sales volumes were 9% lower for the year due to reducing grades at Century, marginally offset by increased sales volumes at Rosebery. The mine plan at Golden Grove favoured copper production in 2013 resulting in lower zinc concentrate production and sales.

Gold sales volumes decreased 27% primarily due to lower gold production at Sepon.

Lead sales volumes increased by 59% compared with the year ended 2012 due to Century reclaiming additional lead from storage dams and trucking to the Karumba Port.

Operating expenses include operating site expenses excluding depreciation and amortisation. Site expenses include mining and processing expenses, changes in inventories, royalty expenses, selling expenses, corporate recharge expenses and other operating expenses. Operating expenses have increased by US$6.6 million compared to 2012.

Kinsevere incurred an additional US$108.1 million of operating expenses in 2013 reflecting the inclusion of 12 months of expenses in 2013 (2012: 10 months). The use of diesel and high-cost grid-sourced power adversely impacted Kinsevere production expenses by US$44.8 million, however it contributed to an additional 26,376 tonnes of copper and $175.4 million of revenue in 2013.

Excluding Kinsevere, operating expenses decreased by US$101.5 million compared to 2012.

Golden Grove operating expenses decreased by US$98.4 million compared with the comparative period, influenced by lower production and sales volumes as well as favourable unit cost performance following the strategic review and operational restructure in 2012.

Higher operating expenses as a result of higher sales volumes at Rosebery, Century and Sepon were mitigated by favourable unit cost performance driven by a focus on asset utilisation and business improvement initiatives. In addition to normal operating activities, Sepon operating expenses were also impacted by US$10.3 million one-off expenses related to the suspension of Gold operations.

The weaker Australian dollar is estimated to have resulted in a favourable US$58.3 million impact on operating expenses.

Administrative expenses of US$84.1 million for the full year 2013 decreased by US$41.2 million (33%) compared with 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.

Administrative expenses decreased compared to 2012 mainly due to a US$19.0 million decrease in incentive costs and a US$19.3 million increase in expenses recharged direct to operating sites. Long-term incentives (LTI) reduced compared with 2012 due to the reversal of provisions held in relation to prior years. Administrative expense recharges to sites increased as sites continue to embrace the centralised operating model including the provision of business improvement and operational excellence expertise from Group office.

Exploration expenses decreased by US$5.4 million (7%) to US$71.9 million in 2013 due mainly to reduced spending on mine district exploration.

The Group invested US$35.2 million in mine district exploration, a decrease of US$18.3 million compared with 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$36.7 million in new discovery and project generation programs in Australia, the Americas and Africa.

Other income and expenses had an aggregate unfavourable US$18.9 million and US$21.5 million impact on EBIT in 2013 and 2012 respectively.

Items in 2013 included foreign exchange gains on translation of monetary items of US$12.6 million (2012: US$3.3 million), offset by US$6.6 million losses on financial assets recognised at fair value through profit or loss (2012: US$14.1 million), and other sundry income and expense items.

Depreciation, amortisation and impairment expenses increased by US$163.9 million to US$472.6 million in 2013.

The increase primarily related to the Kinsevere (US$55.4 million), Century (US$52.0 million) and Golden Grove (US$30.7 million) operations.

The variance was driven by higher ore mined and ore milled volumes, the inclusion of an additional two months of expense for Kinsevere in 2013, the commencement of the Golden Grove open pit in 2012 and higher amortisation of deferred waste balances at Century related to Stage 9 mining.

The variance was also impacted by the recognition of a US$11.3 million impairment expense related to Sepon gold assets in 2013 and the 2012 US$24.3 million reversal of impairment of Avebury fixed assets previously recognised in 2011.

Net finance costs decreased by US$10.5 million to US$77.2 million in 2013. The decrease was driven by a US$13.2 million reduction in the interest unwind of long-term provisions and the capitalisation of US$13.9 million interest expense related to the funding of the Dugald River project. This was partially offset by higher interest expense due to an increase in the effective interest rate on borrowings to 3.1% (2012: 2.6%).

The reduction in the interest unwind of long-term provisions followed the alignment of discount rates to the currency and expected maturity profile of obligations.

Income tax expenses decreased by US$28.8 million to US$78.6 million in 2013 reflecting the decrease in profit before income tax for the Group. The effective tax rate for the year ending 31 December 2013 was 39.1%. This is higher than the statutory tax rates applicable in MMG's operating jurisdictions (Laos 33.3%, Australia 30.0% and DRC 30.0%) due to the impact of tax credits not recognised for the purposes of HKFRS 12 Income Taxes relating to exploration and corporate costs, and adjustments relating to prior years for the DRC including expiry of carry forward tax losses (5 year time limit in DRC) and non-deductible charges.

SEGMENT ANALYSIS

Refer to the Operational Review on pages 22–31.

CASH FLOW ANALYSIS

NET CASH FLOW

Net cash flow reflects stable operating cash flows and reduced investments in 2013 following the acquisition of Anvil in 2012.

AS AT 31 DECEMBER	2013	2012 (RESTATED)
Operating cash flows	554.5	557.9
Investing cash flows	(660.6)	(2,067.1)
Financing cash flows	147.0	434.5
Net cash flow – increase/(decrease)	**40.9**	**(1,074.7)**

Net operating cash flows decreased by 1% to US$554.5 million in 2013 due to unfavourable working capital movements, partially offset by higher EBITDA and lower tax paid.

Net investing cash outflows were US$660.6 million in 2013 compared to US$2,067.1 million in 2012.

During 2013, the Group invested US$616.3 million in the purchase of property, plant and equipment and the development of software compared to US$661.4 million in 2012. This included US$257.0 million expenditure on major development projects (2012: US$260.2 million) and US$129.6 million (2012: US$171.2 million) investment in mine property and development.

Investment cash flows in 2012 also included US$1,360.5 million to acquire Anvil and US$28.5 million consideration received from the disposal of the trading, fabrication and other operations.

CAPITAL EXPENDITURE ON MAJOR PROJECTS

AS AT 31 DECEMBER	2013 US$ MILLION	2012 US$ MILLION	TOTAL TO DATE US$ MILLION
Dugald River	240.3	223.6	528.7
Izok Corridor	16.7	36.6	53.3
Total	**257.0**	**260.2**	**582.0**

Net financing cash flows were an inflow of US$147.0 million in 2013 compared to an inflow of US$434.5 million in 2012.

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

Financing cash inflows in 2012 included the successful refinancing of US$751.0 million borrowings for a term of five years and the drawdown of a further US$300.0 million pursuant to two 12-month working capital facilities (US$150.0 million each) agreed with each of Industrial and Commercial Bank of China Limited, Sydney Branch (ICBC), and Australia and New Zealand Banking Group Limited (ANZ).

FINANCIAL RESOURCES AND LIQUIDITY

AS AT 31 DECEMBER	2013 US$ MILLION	2012 US$ MILLION (RESTATED)	CHANGE US$ MILLION
Total assets	4,683.5	4,561.7	121.8
Total liabilities	2,866.7	2,973.4	(106.7)
Total equity	**1,816.8**	**1,588.3**	**228.5**

Total equity increased by US$228.5 million (post restatement) to US$1,816.8 million as at 31 December 2013 mainly reflecting the issuance of the Convertible Redeemable Preference Shares during 2013 and recognised profits for the year.

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 0.45 as at 31 December 2013.

AS AT 31 DECEMBER	31 DECEMBER 2013 US$ MILLION	31 DECEMBER 2012 US$ MILLION (RESTATED)
Total borrowings (excluding prepayments)	1,644.2	1,645.5
Less: cash and cash equivalents	137.4	95.7
Net debt	**1,506.8**	**1,549.8**
Total equity	1,816.8	1,588.3
	3,323.6	3,138.1
Gearing ratio	**0.45**	**0.49**

The Group's cash and cash equivalents at 31 December 2013 of US$137.4 million (2012: US$95.7 million) were mainly denominated in US$.

As at 31 December 2013, the Group's borrowings (excluding finance charge prepayments) were as follows:

» 83.4% were bank borrowings, 4.6% were loans from related parties and 12.0% related to balances associated with Convertible redeemable preference shares.
» 100% were denominated in US$.
» 88% were priced based on floating interest rates and 12% based on fixed interest rates.
» 21.4% were repayable within one year, 7.7% were repayable between one and two years, 50.8% were repayable between two and five years and 20.1% were repayable over five years.

The Group's capital commitments for purchases of property, plant and equipment and intangible assets as at 31 December 2013 were US$37.3 million (2012 US$69.3 million) as discussed further in Note 15.

2013 DIVIDEND

Given the Company performance in 2013 and in consideration of alternative uses of capital, the Board of MMG has declared a dividend of 1.0 US cent per share for the year ended 31 December 2013. The record date for determining entitlement for the dividend is 29 May 2014. The dividend will be paid to shareholders on 6 June 2014.

2013 ANNUAL RESULTS AND DIVIDEND	
Full Year Results Announcement 11 March 2014 and Dividend Declared	11 March 2014
Last day to trade cum dividend on HKSE and currency conversion into Hong Kong Dollar	22 May 2014
Ex-Dividend Date (the stock exchange of Hong Kong)	23 May 2014
Record Date (including currency conversion and currency election dates)	29 May 2014
Payment Date	6 June 2014

DEVELOPMENT PROJECTS

Refer to Development Projects on pages 32–33.

CONTRACTS AND COMMITMENTS

SEPON

As part of its transition to an owner-miner operation, agreements were entered into for the supply of equipment, including tyres, lighting towers and drill rigs, some of which were purchased under the Global Sourcing program.

An agreement was entered into for the upgrade of the current Sepon Airstrip which is a key milestone in the progression of Sepon's broader aviation strategy aimed at reducing cost, reducing flight times and minimising Sepon's aviation risk. The project was completed in the fourth quarter of 2013 and is now undergoing certification from the Lao Department of Civil Aviation

KINSEVERE

An agreement was entered into for the provision of temporary power generation services to ensure security of power supply due to significant issues with availability and reliability of grid power supply in the DRC.

CENTURY

MMG Century Limited (MMG Century) entered into agreements for the supply of key commodities, sodium isopropyl xanthate and copper sulphate to the Century, Rosebery and Golden Grove mine sites. An agreement was also entered into for the provision of inbound logistics services for both Dugald River and Century to enhance synergies.

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. The provision of drilling services was transitioned to a new supplier, who was also awarded drilling services at Golden Grove, under a competitive tender in 2013.

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. The agreement for fly-in fly-out services to the Golden Grove mine site was also extended following a competitive process.

DUGALD RIVER

Contracts were awarded for the design and construction of the construction camp, permanent village accommodation as well as the 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.

OTHER

A Group-wide agreement was entered into for the provision of laboratory testing services for all MMG's exploration, projects and operational sites to provide a consistency of testing services to determine the grade of drilled and mined material in support of current and future mine definition and progress

PEOPLE

As at 31 December 2013, the Group employed a total of 4,897 full-time equivalent employees (2012: 4,979) in its operations (excluding contractors, casual employees, apprentices and trainees) with the majority of employees based in Australia, Laos and the DRC.

Total employee benefits expenses for the Group's operations for the 12 months ended 31 December 2013, including directors' emoluments, totalled US$430.8 million, an increase of 3% (2012: US$418.8 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 Group. Employee benefits include market-competitive fixed remuneration, performance-related incentives, a limited share option scheme and, in specific cases, insurance and medical coverage. A range of targeted training and development programs are provided to employees across the Group that are designed to improve individual capability, and enhance employee and Group performance.

MATERIAL ACQUISITIONS AND DISPOSALS

ACQUISITION OF 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$1,360.5 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 13.

The Group did not make any material acquisitions or disposals in the year ended 31 December 2013.

EVENTS AFTER THE REPORTING DATE

Other than the matters outlined elsewhere in this Report, there have been no matters that have occured subsequent to the reporting date which have significantly affected, or may significantly affect the Group's operations, results or state of affairs in future years.

FINANCIAL AND CAPITAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks, including commodity price risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk, equities price risk and sovereign risk. The Group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not and is prohibited to enter into derivative contracts for speculative purposes.

Financial risk management (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 31 December 2013.

b) Interest rate risk

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

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

c) Foreign exchange risk

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

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

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

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

d) Credit risk

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

The credit risk on investments in cash, short-term deposits and similar assets is 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 did not have significant equity securities exposed to price risk as at 31 December 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 the balance sheet date, either individually or in aggregate, is likely to have a material effect on its financial position.

Additionally, certain bank guarantees have been provided in connection with the operations of certain of the subsidiaries of the Company. These are primarily associated with the terms of mining leases or exploration licences. As at 31 December 2013 no claims had been made under these guarantees.

Further details are included at Note 16.

CHARGES ON ASSETS

As at 31 December 2013 the following banking facilities granted to the Group required certain assets to be charged:

- the US$751.0 million facility granted by CDB and Bank of China, Sydney Branch (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$713.4 million;
- the US$200.0 million facility granted by CDB to Album Resources dated 12 June 2009 (US$200.0 million Facility), with respect to a borrowing of US$150.0 million;
- the A$350.0 million bank guarantee facility between MMG Management and BOC Sydney (A$350.0 million Facility); 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 Facility and US$200.0 million Facility 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

MMG expects to produce 173,000 – 186,000 tonnes of copper and 600,000 – 625,000 tonnes of zinc in 2014.

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

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS' BIOGRAPHIES

CHAIRMAN

MR WANG LIXIN

Mr Wang, aged 46, was appointed the Chairman of the Company on 1 April 2011. He is a member of the Company's Remuneration and Nomination Committee.

Prior to his appointment as the Chairman, Mr Wang served as an Executive Director and the Vice President of the Company from October 2005 until December 2007; a Non-executive Director from January 2008 until June 2009; the Vice Chairman and a Non-executive Director from July 2009 until December 2009; and a Non-executive Director from December 2009 until his appointment as the Chairman in April 2011. Mr Wang has also served as a Director of a number of subsidiaries of the Company.

Mr Wang has also been an Independent Director of Maike Metals International Limited since January 2013.

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

Mr Wang joined the Ministry of Foreign Trade and Economic Cooperation in 1990 and CMC and its subsidiaries (CMC Group) in 1995. From 2007 to 2009, he was the President of CMN and a Director of China Minmetals Rare Earth Co., Ltd. (CMRE) (formerly known as Shanxi Guanlv Co. Ltd), a company listed on the Shenzhen Stock Exchange, from April 2009 to December 2009.

EXECUTIVE DIRECTORS

MR ANDREW GORDON MICHELMORE

Mr Michelmore, aged 61, was appointed as an Executive Director and the Chief Executive Officer (CEO) of the Company in December 2010. He is a member of the Company's Safety, Health, Environment and Community (SHEC) Committee.

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

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

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

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

MR DAVID MARK LAMONT

Mr Lamont, aged 48, was appointed an Executive Director and the Chief Financial Officer (CFO) of the Company in December 2010.

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

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

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

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

MR XU JIQING

Mr Xu, aged 46, was appointed as an Executive Director and Executive General Manager – Strategic Planning of the Company in May 2013. Prior to that, Mr Xu served as a Non-executive Director of the Company from May 2009 until May 2013 and a member of the Company's Audit Committee from July 2009 until May 2013.

Mr Xu is a Director of a number of subsidiaries of the Company. He has also been a Director of China Minmetals Non-ferrous Metals Holding Company Limited (CMNH) since December 2009. Mr Xu has been a Director of Jiangxi Tungsten Industry Group Co., Ltd. (Jiangxi Tungsten) since April 2010.

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

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

NON-EXECUTIVE DIRECTORS

MR JIAO JIAN

Mr Jiao, aged 45, was appointed as a Non-executive Director of the Company in December 2010. He is a member of the Company's Remuneration and Nomination Committee.

Mr Jiao is a Director of certain subsidiaries of the Company. He has been a Director and the President of CMN since December 2009 and May 2010 respectively, and a Director and the President of CMNH since December 2009 and January 2011 respectively. Mr Jiao has been the Chairman of Album Enterprises since November 2011 and a Director of Top Create since February 2012. He has been a Director of Jiangxi Tungsten, HNG and China Minmetals Rare Earth Group Co., Ltd. since November 2009, July 2010 and December 2011 respectively. Mr Jiao has also been the Chairman of CMRE since April 2010 and the Chairman of China Tungsten and Hightech Materials Co., Ltd., a company listed on the Shenzhen Stock Exchange, since April 2013. He is a Director of Copper Partners Investment.

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

Mr Jiao joined the CMC Group in 1992. He was the Vice President of CMN from 2007 to May 2010.

MR GAO XIAOYU

Mr Gao, aged 44, was appointed as a Non-executive Director of the Company in April 2011. He is a member of the Company's Audit Committee and a member of the Company's SHEC Committee.

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

DR PETER WILLIAM CASSIDY

Dr Cassidy, aged 68, was appointed as an Independent Non-executive Director of the Company in December 2010. He is the Chairman of the Company's Remuneration and Nomination Committee and the SHEC Committee. Dr Cassidy is also a member of the Company's Audit Committee.

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

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

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

MR ANTHONY CHARLES LARKIN

Mr Larkin, aged 71, was appointed as an Independent Non-executive Director of the Company in November 2011. He is the Chairman of the Company's Audit Committee and a member of the Company's Remuneration and Nomination Committee.

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

Mr Larkin has been a Non-executive Director of Incitec Pivot Limited (a company listed on the Australian Stock Exchange) since 2003. He is Chair of the Audit and Risk Committee and a member of the Nominations Committee of Incitec Pivot Limited. Mr Larkin has also been a Director of Oakton Limited (a company listed on the Australian Stock Exchange) since 2009. He chairs the Audit and Risk Committee and is a member of the Remuneration and Appointments Committee of Oakton Limited.

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

MR LEUNG CHEUK YAN

Mr Leung, aged 62, was appointed as an Independent Non-executive Director of the Company in July 2012. He is a member of the Company's Audit Committee and a member of the Company's Remuneration and Nomination Committee.

Mr Leung has also been an Independent Non-executive Director of BOC since September 2013.

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

BIOGRAPHIES OF SENIOR MANAGEMENT

MR MARCELO BASTOS, CHIEF OPERATING OFFICER

Mr Bastos, aged 51, has served on the Executive Committee of the Company since June 2011 in his capacity as the Chief Operating Officer with responsibility for all mining operations. He is also a Director of a number of subsidiaries of the Company.

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

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

Mr Bastos has 28 years' international mining experience in the iron ore, gold, copper, nickel and coal sectors. He is a qualified mechanical engineer graduating from Universidade Federal de Minas Gerais, and also holds a Master of Business Administration in Management from Fundação Dom Cabral, both in Brazil.

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

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

MR MICHAEL NOSSAL, EXECUTIVE GENERAL MANAGER – BUSINESS DEVELOPMENT

Mr Nossal, aged 55, has served on the Executive Committee of the Company since January 2011 in his capacity as the Executive General Manager – Business Development, a role he previously held at Minerals and Metals Group from January 2010 until its acquisition by the Company in December 2010. He is also a Director of a number of subsidiaries of the Company.

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

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

Mr Nossal holds a Bachelor's degree in Science from Monash University in Melbourne and a Master of Business Administration from the Wharton School of the University of Pennsylvania. He is also a Non-executive Director of Nord Gold NV.

MR STEVE RYAN, EXECUTIVE GENERAL MANAGER – EXPLORATION

Mr Ryan, aged 50, has served on the Executive Committee of the Company since January 2011 in his capacity as the Executive General Manager – Exploration, a role he previously held at Minerals and Metals Group from June 2009 until its acquisition by the Company in December 2010. He is also a Director of a number of subsidiaries of the Company.

Mr Ryan has 25 years' international experience in the mineral exploration industry. He worked for the CRA/Rio Tinto Group in various positions including: Country Exploration Manager positions in India, Papua New Guinea and Fiji; and geologist positions in Russia, Australia and other countries. Mr Ryan has held positions with Oxiana Limited as China Country Exploration Manager and OZ Minerals Limited as Asia Exploration General Manager. He has also had three years' experience in the venture capital industry as an Investment and Business Development Manager for an international venture capital group.

Mr Ryan has a Bachelor degree in Geology and a Master of Business Administration in International Business. He is also a Director of Sama Resources Inc., a company listed on the Toronto Stock Exchange.

MR TIM SCULLY, EXECUTIVE GENERAL MANAGER – BUSINESS SUPPORT[1]

Mr Scully, aged 66, has served on the Executive Committee of the Company since January 2011 in his capacity as the Executive General Manager – Business Support, a role he previously held at Minerals and Metals Group from June 2009 until its acquisition by the Company in December 2010. He is a Director of a number of subsidiaries of the Company.

Prior to joining Minerals and Metals Group, Mr Scully was the Executive General Manager – Human Resources of OZ Minerals Limited from November 2008 until June 2009. He has experience in shared services, leadership development, talent management and succession planning and human resource systems and processes.

Prior to joining OZ Minerals Limited, Mr Scully was General Manager Organisation Development at Intrepid Mines. He was responsible for the development and rollout of the human resources merger implementation plan through the merger of Emperor and Intrepid Mines in 2008.

Mr Scully has also worked as General Manager Organisation Development and Human Resources at Atlas Group Holdings from 2005 until 2007 and before that, as General Manager – Human Resources at WMC Resources Limited from 1989 to 2005.

Mr Scully holds a Bachelor of Arts (Honours) degree majoring in Economics from the University of Melbourne.

1. Mr Scully has indicated his intention to retire following a handover to his replacement. Mr Greg Travers has been appointed the new Executive General Manager – Business Support and a member of the Executive Committee of the Company and is expected to join MMG in May 2014.

MR TROY HEY, EXECUTIVE GENERAL MANAGER – STAKEHOLDER RELATIONS

Mr Hey, aged 43, has served on the Executive Committee of the Company since August 2013 in his capacity as the Executive General Manager – Stakeholder Relations.

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

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

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

DIRECTORS' REPORT

The board of directors of the Company (Board) is pleased to present the Annual Report together with the audited Financial Statements of the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were:

(a) mining, processing and production of zinc, copper, lead, gold and silver; and

(b) exploration for mineralisation and development of mining projects.

The full details of the principal activities of the Company's subsidiaries are set out in Note 17 to the Financial Statements.

An analysis of the Group's revenue for the year ended 31 December 2013 by reportable segments, together with their respective contributions to profit from operations (EBIT), is set out in Note 5 to the Financial Statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the largest customer and the five largest customers in aggregate accounted for 30.4% and 67.6% of the total sales of the Group respectively. Purchases from the five largest suppliers to the Group in aggregate accounted for 15.5% of the total purchases of the Group during the year.

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 are set out in the Consolidated Income Statement in the Financial Statements on page 102.

The Board has recommended the payment of a final dividend of 1.0 US cents per share (2012: Nil) payable in cash for the year ended 31 December 2013. Subject to the approval of Shareholders at the forthcoming annual general meeting (AGM) to be held on Wednesday 21 May 2014, the recommended final dividend will be paid on Friday 6 June 2014 to the Shareholders whose names appear on the register of members of the Company on Thursday 29 May 2014. The register of members of the Company will be closed from Tuesday 27 May 2014 to Thursday 29 May 2014, inclusive.

RESERVES

Movements in reserves of the Group during the year are set out in Note 25 to the Financial Statements.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company as at 31 December 2013 are set out in Note 25 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in Note 15 to the Financial Statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2013 are set out in Note 28 to the Financial Statements.

Other than as disclosed in the Company's announcements on the Stock Exchange on 27 June 2013 and 20 August 2013, the Company and its subsidiaries have not entered into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholder. A breach of such an obligation would cause a default in respect of loans that are significant to the operations of the issuer.

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

In accordance with the continuing disclosure requirements under Rule 13.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Listing Rules), below are the details of the Group's facility agreements which contain covenants requiring specific performance obligations of the controlling shareholders of the Company.

Facilities granted by China Development Bank Corporation (CDB Facilities) and Bank of China Limited (BOC Facilities)

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

» CDB agreed to provide Album Resources with a US$366.0 million cash facility (Tranche A Facility). Such loan is to be repaid by instalment on the specified dates set out in the facility agreement, the last date of such repayment being 10 June 2017. Such facility has been fully drawn down and applied towards the refinancing of the US$366.0 million facility granted by CDB to Album Resources in 2009; and

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

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

» CMN ceases to legally and beneficially own at least 51% of the issued share capital of the Company; or

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

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

Pursuant to the terms of the Dugald River Facility, on the occurrence of the following events (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.

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

Pursuant to the CDB 7-year Facility, CMN undertook, amongst others, that prior to repayment under the facility, CMN would remain a controlling shareholder of the Company 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 ANZ and 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. On 20 August 2013, ICBC agreed to extend its facility for a further term of one year. The facility with ANZ was repaid in full at the maturity date.

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 lender may declare all outstanding loans under the facilities immediately due and payable.

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on pages 163 to 164.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in Note 24 to the Financial Statements.

DONATIONS

Donations made by the Group during the year for charitable and community purposes amounted to approximately US$19.6 million.

DIRECTORS

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

CHAIRMAN

Mr Wang Lixin (Non-executive Director)

EXECUTIVE DIRECTORS

Mr Andrew Michelmore (CEO)
Mr David Lamont (CFO)
Mr Xu Jiqing (Executive General Manager – Strategic Planning)
(Redesignated from a Non-executive Director on 20 May 2013)

NON-EXECUTIVE DIRECTORS

Mr Jiao Jian
Mr Gao Xiaoyu

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr Peter Cassidy
Mr Anthony Larkin
Mr Leung Cheuk Yan

Mr Xu Jiqing was redesignated from a Non-executive Director to an Executive Director and Executive General Manager – Strategic Planning of the Company on 20 May 2013.

In accordance with article 101 of the articles of association of the Company, Mr Wang Lixin, Mr Xu Jiqing and Mr Anthony Larkin will retire by rotation at the forthcoming AGM of the Company and, being eligible, offer themselves for re-election.

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

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

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

As at 31 December 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 (%)[1]
Andrew MICHELMORE	Personal	527,000	28,150,200[2]	0.54
David LAMONT	Personal	450,000	6,240,582[2]	0.13
XU Jiqing	Personal	–	1,000,000[3]	0.02
JIAO Jian	Personal	–	1,200,000[3]	0.02

NOTES:

1. 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 31 December 2013.
2. The directors' interests in the underlying ordinary shares of the Company are through share options granted by the Company pursuant to the 2013 Share Option Scheme, details of which are set out under the section headed '2013 Share Option Scheme'.
3. The directors' interests in the underlying ordinary shares of the Company are through share options granted by the Company pursuant to the 2004 Share Option Scheme, details of which are set out under the section headed '2004 Share Option Scheme'.

Save as disclosed above, as at 31 December 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 are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code. In addition, none of the directors or the CEO of the Company or any of their associates had been granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) during the year ended 31 December 2013.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 December 2013, the interests of directors of the Company in a business which competes or is likely to compete with the businesses of the Group, as defined in the Listing Rules, are as follows:

1. Mr Xu Jiqing, an Executive Director of the Company, is:

» a Director of CMNH;
» a Director of HNG (resigned in September 2013);
» the Vice President and CFO of CMN (resigned in May 2013);
» a Director of Copper Partners Investment (resigned in December 2013);
» a Director of Album Enterprises (resigned in October 2013); and
» a Director of Top Create (resigned in October 2013).

2. Mr Wang Lixin, a Non-executive Director and Chairman of the Company, is:

» an Independent Director of Maike Metals International Limited.

3. Mr Jiao Jian, a Non-executive Director of the Company, is:

» the President and Director of CMN;
» the President and Director of CMNH;
» the Chairman of Album Enterprises;
» a Director of Top Create;
» a Director of HNG; and
» a Director of Copper Partners Investment.

4. Mr Gao Xiaoyu, a Non-executive Director of the Company, is:

» the Vice President of CMNH;
» the Vice President of CMN; and
» a Director of Top Create.

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

SHARE OPTION SCHEME

2004 SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 28 May 2004 (2004 Share Option Scheme), there were 3,600,000 options outstanding as at 31 December 2013, which represented approximately 0.07% of the total number of issued shares of the Company as at that date.

The following is a summary of the principal terms of the 2004 Share Option Scheme:

1. Purpose

To recognise and acknowledge the contributions that the eligible persons had made or may make to the Group.

2. Participants

Any directors or any employees of any company of the Group and any advisors of, consultants of, contractors to any company of the Group or any person who has any relationship (whether business or otherwise) with any company of the Group or any person whom the Board considers, in its sole discretion, appropriate.

3. Total number of shares available for issue under the 2004 Share Option Scheme

There are no shares available for issue under the 2004 Share Option Scheme.

4. Maximum entitlement of each participant

No option may be granted to any eligible person which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted and to be granted to such eligible person under the 2004 Share Option Scheme (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of such new grant. Any grant of further options above this limit shall be subject to the requirements under the Listing Rules.

5. Period within which the shares must be taken up under an option

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

6. Minimum period for which an option must be held before it can be exercised

There is no general requirement of a minimum period for which an option must be held under the terms of the 2004 Share Option Scheme. However, the Board may in its absolute discretion set a minimum period.

7. Time of acceptance and the amount payable on acceptance of the option

An offer of an option may be accepted within 28 business days (or such shorter period as the Board shall determine) from the date of such offer and the amount payable on acceptance of such offer is HK$10.00.

8. Basis of determining the exercise price

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

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

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

(iii) the nominal value of a share of the Company.

9. The remaining life of the 2004 Share Option Scheme

The 2004 Share Option Scheme will remain in force until 27 May 2014.

During the year ended 31 December 2013, the movements of the options which have been granted under the 2004 Share Option Scheme were as follows:

CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT[1]	EXERCISE PRICE PER SHARE HK$	EXERCISE PERIOD[2]	NUMBER OF OPTIONS: BALANCE AS AT 1 JANUARY 2013	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CANCELLED DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AS AT 31 DECEMBER 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:

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

2013 SHARE OPTION SCHEME

In 2012 the Board adopted a new long-term incentive plan (save for the share option scheme component, which was subject to approval by the Shareholders under the requirements of Chapter 17 of the Listing Rules) to enable the Company to grant awards to selected employees of the Group as incentives or rewards for their contribution or potential contribution to the development and growth of the Group. On 26 March 2013, at an extraordinary general meeting (EGM), the Shareholders voted to approve the share option scheme under the long-term incentive plan (2013 Share Option Scheme).

The 2013 Share Option Scheme will terminate on 26 March 2023 unless terminated earlier by the Board.

The total number of shares available for issue under the 2013 Share Option Scheme is 364,324,066 ordinary shares, representing approximately 6.89% of the issued share capital of the Company as at the date of this Annual Report.

Under the 2013 Share Option Scheme, the maximum entitlement of each participant, the period during which the securities must be taken up and the basis of determining the exercise price, are consistent with the position under the 2004 Share Option Scheme as described above. No amount is payable upon the grant of an option under the 2013 Share Option Scheme and the minimum period for which such option must be held before it can be exercised is 12 months from the date of grant, subject to the Board having the right to determine a longer minimum period at the time of granting the option.

As at 31 December 2013, there were 159,128,722 options outstanding which represented approximately 3.01% of the total number of issued shares of the Company as at that date.

During the year ended 31 December 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[1]	EXERCISE PRICE PER SHARE HK$	EXERCISE PERIOD[2]	BALANCE AS AT 1 JANUARY 2013	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CANCELLED DURING THE YEAR[3]	LAPSED DURING THE YEAR[4]	BALANCE AS AT 31 DECEMBER 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)	(6,442,000)	124,737,940
				–	**167,478,722**	**–**	**(1,908,000)**	**(6,442,000)**	**159,128,722**

NOTES:

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

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

So far as is known to the directors and CEO of the Company, as at 31 December 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 (%)[1]
China Minmetals Corporation (CMC)	Interest of controlled corporations[2,3]	3,898,110,916	73.69
China Minmetals Corporation Limited (CMCL)	Interest of controlled corporations[2,3]	3,898,110,916	73.69
China Minmetals Non-ferrous Metals Holding Company Limited (CMNH)	Interest of controlled corporations[2,3]	3,898,110,916	73.69
China Minmetals Non-ferrous Metals Company Limited (CMN)	Interest of controlled corporations[2,3]	3,898,110,916	73.69
Album Enterprises Limited (Album Enterprises)	Beneficial owner[3]	2,276,800,860	43.04
Top Create Resources Limited (Top Create)	Beneficial owner[2]	1,621,310,056	30.65

NOTES:

1. 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 (i.e. 5,289,607,889 shares) of the Company as at 31 December 2013.
2. Top Create is a wholly owned subsidiary of CMN, which in turn is owned as to approximately 99.999% by CMNH and approximately 0.001% by CMCL. CMNH is a wholly owned subsidiary of CMCL. CMCL is owned as to approximately 87.5% by CMC and approximately 0.8% by China National Metal Products Co. Ltd., which in turn is a wholly owned subsidiary of CMC. Accordingly, CMN, CMNH, CMCL and CMC were by virtue of the SFO deemed to be interested in the 1,621,310,056 shares of the Company held by Top Create as at 31 December 2013.
3. Album Enterprises is a wholly owned subsidiary of CMN. Accordingly, CMN, CMNH, CMCL and CMC were by virtue of the SFO deemed to be interested in the 2,276,800,860 shares of the Company held by Album Enterprises as at 31 December 2013.

Save as disclosed above, as at 31 December 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.

CONNECTED TRANSACTIONS

During the year ended 31 December 2013, the Group had the following material connected transactions, details of which are set out below:

1. On 30 September 2011, the Company entered into an unsecured acquisition finance facility agreement with Album Enterprises pursuant to which Album Enterprises agreed to make available to the Company up to US$1,000 million for the purpose of acquiring all of the issued shares of Anvil (Anvil Loan Facility). During the year ended 31 December 2011, no amounts were advanced or outstanding under the Anvil Loan Facility. On 16 February 2012, a loan in the amount of US$300 million was advanced to the Company under the Anvil Loan Facility. This loan had a term of 12 months from the date the advance was made. On 17 December 2012 the parties agreed to extend the term of the Anvil Loan Facility, and consequently the term of the loan advanced under the Anvil Loan Facility, for a period of 12 months, to 14 February 2014.

   In 2013, prepayments of the Anvil Loan Facility in the amount of US$225.0 million were made, leaving an outstanding balance of US$75.0 million as at 31 December 2013. On 14 February 2014, the Anvil Loan Facility was further extended by agreement of the parties for a period of six months.

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

2. On 7 June 2012, MMG Dugald River, a wholly owned subsidiary of the Company, entered into an agreement for the supply of goods and services with Minmetals Australia Pty Ltd (Minmetals Australia) pursuant to which Minmetals Australia agreed to supply accommodation modules and ancillary buildings and provide ancillary services to MMG Dugald River for the permanent village at the Dugald River project (Dugald River Agreement). For the year ended 31 December 2013, there were deliveries under the Dugald River Agreement to the value of approximately US$12.1 million. The total cost of the Dugald River Agreement as at 31 December 2013 was US$17.4 million. The total estimated value of the Dugald River Agreement at the time of its execution was approximately US$17.0 million.

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

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2013, the Group had the following material continuing connected transactions, details of which are set out below:

1. On 23 December 2011, MMG Finance Limited, a wholly owned subsidiary of the Company entered into a loan facility agreement with Album Enterprises (MMG Loan Facility) pursuant to which MMG Finance Limited agreed to make loan facilities available to Album Enterprises on an uncommitted basis for a term of one year commencing on 23 December 2011. The proposed annual cap for the transactions for the year ended 31 December 2011 was US$100 million. During the year ended 31 December 2011, the amount of US$95 million was advanced to Album Enterprises under the MMG Loan Facility. This loan was repaid by Album Enterprises on 15 February 2012. On 17 December 2012 the parties agreed to extend the term of the MMG Loan Facility for a period of one year. On the same date, a loan in the amount of US$100 million was advanced to Album Enterprises under the MMG Loan Facility. This loan was repaid by Album Enterprises on 11 January 2013 and the facility has now matured.

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

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

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

The total value of products sales by the Company to CMN during the year ended 31 December 2013 are shown below:

	US$ MILLION	
PRODUCT	CAP	SALES
Copper Cathode	108.0	66.0
Copper Concentrate	40.0	36.7
Zinc Concentrate	60.0	18.4
Lead Concentrate	50.0	9.8
Total	**258.0**	**130.9**

On 19 March 2014, the Company announced that it is seeking approval from Independent Shareholders to revise the annual cap on the sale of copper concentrate to CMN for the year ending 31 December 2014 from US$40.0 million to US$125.0 million. The maximum aggregate value of products sales by the Company to CMN during the year ending 31 December 2014 will accordingly be increased from US$258.0 million to US$343.0 million. This revision will be considered by the Independent Shareholders at the AGM and further information will be included in a circular to be despatched with a notice to convene the AGM. As at the date of this Report, the annual cap for copper concentrate sales under the Product Sales Framework Agreement for the year ending 31 December 2014 has not been exceeded.

3. On 2 April 2013, LXML and Minmetals Australia entered into an agreement for the purchase by LXML of off the road tyres from Minmetals Australia (Tyre Supply Agreement) for a period of one year effective from 1 January 2013. The maximum aggregate amount to be paid under the Tyre Supply Agreement in 2013 was US$0.4 million. For the year ended 31 December 2013, there were transactions under the Tyre Supply Agreement to the value of approximately US$0.1 million.

   On 30 December 2013, MMG Management agreed to renew the Tyre Supply Agreement for a further year effective from 1 January 2014. The maximum aggregate amount to be paid under the Tyre Supply Agreement in 2014 is US$0.4 million.

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

Upon the completion of the acquisition of Minerals and Metals Group on 31 December 2010 (Completion Date), the following material continuing transactions became continuing connected transactions with effect from the Completion Date (Grandfathered Continuing Connected Transactions) and details of these transactions for the year ended 31 December 2013 are set out below:

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

   On 2 April 2013, MMG Management agreed to renew the Minmetals Supply Agreement on the same terms for a further year effective from 1 January 2013. The maximum aggregate amount to be paid under the Minmetals Supply Agreement in 2013 was US$9.0 million. For the year ended 31 December 2013, there were transactions under the Minmetals Supply Agreement to the value of approximately US$2.9 million.

   On 30 December 2013, MMG Management agreed to further renew the Minmetals Supply Agreement for a further year effective from 1 January 2014. The maximum aggregate amount to be paid under the Minmetals Supply Agreement in 2014 is US$9.0 million.

   Minmetals Australia is a subsidiary of CMC and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. Accordingly, the Minmetals Supply Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. The renewal of the Minmetals Supply Agreement on 2 April 2013 means that this agreement no longer has grandfathering status and is therefore no longer a Grandfathered Continuing Connected Transaction.

5. On 10 June 2010, MMG Management, a wholly owned subsidiary of the Company, entered into a loan facility agreement with Album Enterprises (Grandfathered MMG Loan Facility) pursuant to which MMG Management agreed to make loan facilities available to Album Enterprises on an uncommitted basis. During the year ended 31 December 2013, no amounts were advanced or outstanding under the Grandfathered MMG Loan Facility.

   Album Enterprises is a substantial shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Grandfathered MMG Loan Facility constitutes a Grandfathered Continuing Connected Transaction for the Company under Chapter 14A of the Listing Rules, and the Company will comply with Listing Rule 14A.41 in respect of this transaction.

6. MMG Laos Holdings is a party to a Mineral Exploration and Production Agreement (MEPA) with the Government of Laos dated 15 June 1993 (as amended). The MEPA, among other things, grants a licence to operate the project contemplated by the MEPA, being the Sepon project in Laos, which licence terms are in addition to rights granted by relevant Lao law in respect of mining operations. In accordance with the terms of the MEPA, LXML was established and incorporated in Laos to conduct the activities contemplated under the MEPA. Under the MEPA, LXML is appointed the sole contractor for the Government of Laos with respect to the area on which the Sepon project is located. The MEPA sets out the terms and conditions for LXML's mining and processing operations, and exploration activity, with respect to gold and copper in Laos, and confirms the taxes payable by LXML and concessions granted by the Government of Laos to LXML in respect of such taxes. For the year ended 31 December 2013, the actual amount payable under the MEPA was approximately US$134.1 million, being an aggregated amount of all taxes and royalties payable to the Government of Laos pursuant to the MEPA.

   The Lao Government holds a 10% equity interest in LXML, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the MEPA constitute Grandfathered Continuing Connected Transactions for the Company under Chapter 14A of the Listing Rules. The transactions between LXML and the Government of Laos became connected transactions for the Company on 31 December 2010 following the acquisition of Minerals and Metals Group by the Company, and the Company will comply with Listing Rule 14A.41 in respect of these transactions subject to the terms of the waiver of the Listing Rules discussed below.

7. On 26 February 2004, LXML, a 90% owned subsidiary of the Company, entered into a Power Purchase Agreement with Electricite Du Laos (EDL), pursuant to which LXML agreed to purchase energy from EDL for the purposes of operating the Sepon mine in Laos (Power Purchase Agreement). The total consideration payable under the Power Purchase Agreement is subject to levels of energy consumption which vary from year to year. The Power Purchase Agreement was amended by agreement of the parties in July 2012 to include the provision by EDL of operations and maintenance services to LXML, including maintenance of transmission lines and power substation. For the year ended 31 December 2013, the actual amount payable under the Power Purchase Agreement was approximately US$33.1 million.

   EDL is a state-owned corporation operated by the Ministry for Energy and Mines, which is a department of the Government of Laos. The Government of Laos is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Power Purchase Agreement constitute Grandfathered Continuing Connected Transactions for the Company under Chapter 14A of the Listing Rules, and the Company will comply with Listing Rule 14A.41 in respect of these transactions subject to the terms of the waiver of the Listing Rules discussed below.

WAIVER OF LISTING RULES

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

The Laos Waiver is subject to certain conditions, including that the Company is required to disclose details of connected transactions and continuing connected transactions with the Government of Laos and its associates in the Company's annual reports under Rules 14A.45 and Rule 14A.46 of the Listing Rules. The continuing connected transactions described above at paragraphs 6 and 7 have been reported in accordance with these requirements.

REVIEW OF CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions described above for the year ended 31 December 2013 have been reviewed by the Independent Non-executive Directors of the Company. As noted above, the Independent Non-executive Directors of the Company were not required to review continuing connected transactions which were subject to the Laos Waiver.

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

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

(b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000: 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The auditor was not required to review continuing connected transactions which were subject to the Laos Waiver. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions for the year ended 31 December 2013 disclosed above in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

In addition, the auditor of the Company has confirmed to the Board that the above continuing connected transactions for the year ended 31 December 2013:

(a) have been approved by the Board;

(b) have been entered into in accordance with the terms of the relevant agreements governing the transactions;

(c) are in accordance with the pricing policies of the Group where the transactions involved provision of goods by the Group; and

(d) the MMG Loan Facility, the Products Sale Framework Agreement, the Tyre Supply Agreement, the Minmetals Supply Agreement and the Grandfathered MMG Loan Facility have not exceeded the respective annual caps as disclosed in the announcements of the Company dated 23 December 2011, 5 April 2012, 2 April 2013 and 30 December 2013, respectively.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

On 29 April 2013, Album Enterprises, a subsidiary of CMN, a controlling shareholder of the Company, extended a loan facility in the principal sum of US$75.0 million to MMG Finance Limited for a term of six months. MMG Finance Limited drew US$35.0 million on 30 May 2013 and US$40.0 million on 17 June 2013. This loan was repaid in full on 7 August 2013. Such loan facility was exempt from the announcement and reporting requirements of the Listing Rules with respect to connected transactions on the basis that it was unsecured and on normal commercial terms.

Particulars of other contracts of significance that exist between the Company (or one of its subsidiary companies) and a controlling Shareholder (or any of its subsidiaries) are set out under Connected Transactions on pages 81 to 83 of this Annual Report.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business are set out in Note 35 to the Financial Statements.

Related party transactions set out in Note 35(a) and 35(d) also constitute connected transactions and continuing connected transactions of the Company under the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules except for those transactions that are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

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

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

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMOLUMENT POLICY

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

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

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

RETIREMENT SCHEMES

Details of the Group's retirement schemes are set out in Note 30 to the Financial Statements.

DIRECTORS AND SENIOR MANAGEMENT

Particulars of the directors and senior management of the Company are set out on pages 68 to 73 of this Annual Report.

AUDITOR

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

CORPORATE GOVERNANCE REPORT

Details of the Corporate Governance Report are set out on pages 86 to 94 of this Annual Report.

SUFFICIENCY OF PUBLIC FLOAT

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

EVENT AFTER THE BALANCE SHEET DATE

Other than the matters outlined elsewhere in this Report, there have been no matters that have occurred subsequent to the reporting date which have significantly affected, or may significantly affect the Group's operations, results or state of affairs in future years.

CORPORATE STRATEGY

In 2013 the Company maintained its focus on extracting value from its core mining assets, progressing its projects portfolio and delivering on the potential of its growth strategy.

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

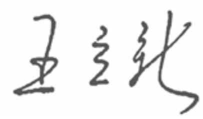
Our growth strategy is focused on:

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

MMG will continue to build solid business foundations enabling it to grow without adding complexity. This includes implementing a scalable and systematic operating model and management system, common across all operations.

It is our objective to be recognised among the world's top mid-tier base metals mining companies.

The Company remains confident of sustainable levels of economic growth, driven by the industrialisation and modernisation of developing economies, particularly in Asia. The directors believe that the Shareholders will benefit from the Company's strength in leadership and growing portfolio of base metals assets, both strategically positioned to generate and preserve shareholder value from solid long-term market fundamentals.



By order of the Board
Wang Lixin Chairman
11 March 2014

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report (CG Code) contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2013, except for the deviation from code provision A.4.1 as explained under the section headed 'Re-election of Directors'.

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a model code for securities trading by directors of the Company (Securities Trading 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 year ended 31 December 2013.

BOARD

COMPOSITION

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

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

Executive Directors

Mr Andrew MICHELMORE (CEO)
Mr David LAMONT (CFO)
Mr XU Jiqing (Executive General Manager – Strategic Planning) (Redesignated from a Non-executive Director on 20 May 2013)

Non-executive Directors

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

Independent Non-executive Directors

Dr Peter CASSIDY
Mr Anthony LARKIN
Mr LEUNG Cheuk Yan

The current Board possesses an appropriate balance of skills, experience and diversity of perspectives relevant to the management of the Company's business. The Directors' biographical information is set out on pages 69 to 71 under the section headed 'Directors and Senior Management' of this Annual Report.

ROLE AND FUNCTION

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

All directors are required to comply with Rule 3.08(d) of the Listing Rules to avoid actual and potential conflicts of interest and duty at all times. Directors are required to declare their interest in the matters to be considered at each Board meeting and Board committee meeting. If a director or any of his associates has material interest in the matter to be considered, the director will not be counted in the quorum and also not be allowed to vote at the meeting. He may also be required to withdraw from the meeting during discussion of the matter.

Board meetings are held regularly, approximately six times a year, and are also held on an ad hoc basis as required by business needs. Regular Board meetings and ad hoc Board meetings are attended by a majority of the directors in person or through other electronic means of communication. In addition, special Board meetings are convened from time to time for the Board to discuss issues that require the Board's timely attention.

Since the special Board meetings are concerned with the day-to-day management of the Company, which often requires prompt decisions, usually only the Executive Directors and senior management attend the meetings.

During the year ended 31 December 2013, other than resolutions passed in writing by all the directors, the Company held six regular Board meetings and five special Board meetings. The Company also held one AGM on 22 May 2013 and one EGM on 26 March 2013 to approve the adoption of the share option scheme under the new long-term incentive plan of the Company.

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

	NUMBER OF MEETINGS ATTENDED			
DIRECTORS	BOARD MEETINGS	SPECIAL BOARD MEETINGS	AGM	EGM
EXECUTIVE DIRECTORS				
Andrew MICHELMORE[1]	6/(6)	4/(5)	1/(1)	0/(1)
David LAMONT	6/(6)	5/(5)	0/(1)	1/(1)
XU Jiqing[2]	6/(6)	0/(0)	0/(1)	0/(1)
NON-EXECUTIVE DIRECTORS				
WANG Lixin (Chairman)	6/(6)	0/(0)	1/(1)	1/(1)
JIAO Jian	6/(6)	0/(0)	0/(1)	0/(1)
GAO Xiaoyu	6/(6)	0/(0)	0/(1)	0/(1)
INDEPENDENT NON-EXECUTIVE DIRECTORS				
Peter CASSIDY	6/(6)	0/(0)	1/(1)	1/(1)
Anthony LARKIN[1]	6/(6)	1/(1)	1/(1)	0/(1)
LEUNG Cheuk Yan	6/(6)	0/(0)	1/(1)	1/(1)

NOTES:

1. Due to other business commitments, Mr Andrew Michelmore was unable to attend one special Board meeting (which are usually attended by the Executive Directors) held during the year. Mr Anthony Larkin, an Independent Non-executive Director of the Company, attended the aforesaid meeting instead.
2. Redesignated as an Executive Director and Executive General Manager – Strategic Planning on 20 May 2013.

BOARD DIVERSITY

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 Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

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

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

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

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

CHAIRMAN OF THE BOARD AND CEO

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

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

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

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

EXECUTIVE DIRECTORS AND EXECUTIVE COMMITTEE

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

The members of the Executive Committee are:

- Andrew MICHELMORE (CEO and Executive Director);
- David LAMONT (CFO and Executive Director);
- XU Jiqing (Executive General Manager – Strategic Planning and Executive Director);
- Marcelo BASTOS (Chief Operating Officer);
- Michael NOSSAL (Executive General Manager – Business Development);
- Steve RYAN (Executive General Manager – Exploration);
- Tim SCULLY (Executive General Manager – Business Support); and
- Troy HEY (Executive General Manager – Stakeholder Relations).

Mr Tim Scully has indicated his intention to retire following a handover to his replacement. Mr Greg Travers has been appointed the new Executive General Manager – Business Support and a member of the Executive Committee of the Company and is expected to join MMG in May 2014.

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Their participation provides adequate checks and balances to safeguard the interests of Shareholders. The Board has three Independent Non-executive Directors and one of them has appropriate professional qualifications or accounting or related financial management expertise. The Board confirms that the Company has received from each of the Independent Non-executive Directors a confirmation of independence for the year ended 31 December 2013 pursuant to Rule 3.13 of the Listing Rules and considers such directors to be independent.

RE-ELECTION OF DIRECTORS

Each of the Non-executive Directors has 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 continues until either the Company or he terminates such agreement by serving on the other not less than one month's prior written 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 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.

DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

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

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

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

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

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

THE BOARD COMMITTEES

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

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

AUDIT COMMITTEE

As at 31 December 2013, the Audit Committee comprised 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 Audit Committee is accountable to the Board. Its principal duties include the review and supervision of the financial reporting process and internal control system of the Group. The terms of reference of the Audit Committee, incorporating all the duties set out in code provision C.3.3 of the CG Code, are available on the Company's website.

During the year ended 31 December 2013, the Audit Committee held four meetings. The Audit Committee reviewed with the senior management and auditor of the Company the accounting policies and practices adopted by the Group and discussed auditing, the internal control system and financial reporting matters. It also reviewed the Financial Statements of the Company and the Company's annual and interim reports, the management letter from the auditor of the Company, the connected transactions and the continuing connected transactions entered into by the Group and the audit scope and fees for the year ended 31 December 2013.

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

MEMBERS	NUMBER OF MEETINGS ATTENDED
NON-EXECUTIVE DIRECTOR	
XU Jiqing[1]	2/(2)
GAO Xiaoyu[2]	2/(2)
INDEPENDENT NON-EXECUTIVE DIRECTORS	
Peter CASSIDY	4/(4)
Anthony LARKIN (Chairman)	4/(4)
LEUNG Cheuk Yan	4/(4)

NOTES:
1. Redesignated as an Executive Director and ceased as a member of the Audit Committee on 20 May 2013.
2. Appointed as a member of the Audit Committee on 21 May 2013.

MINERAL RESOURCES AND ORE RESERVES COMMITTEE

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

The Committee comprises at least one Executive Committee member and two qualified staff:

- Executive Committee member (Chairman);
- General Manager Technical Services and Mining Engineering; and
- Principal Resource Geologist.

REMUNERATION AND NOMINATION COMMITTEE

As at 31 December 2013, the Remuneration and Nomination Committee comprised three Independent Non-executive Directors, namely Dr Peter Cassidy, Mr Anthony Larkin and Mr Leung Cheuk Yan, and two Non-executive Directors, Mr Wang Lixin and Mr Jiao Jian. Dr Peter Cassidy is the Chairman of the Remuneration and Nomination Committee.

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

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

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

Remuneration

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

During the year ended 31 December 2013, other than resolutions passed in writing by all the Committee members, the Remuneration and Nomination Committee held six meetings. The Committee reviewed the Remuneration Policy of the Company and the remuneration of directors and senior management and made recommendations to the Board.

The attendance of each member at the Remuneration and Nomination Committee meetings during the year ended 31 December 2013 is set out below. Figures in brackets indicate the maximum number of meetings held in the period in which the individual was a member of the Remuneration and Nomination Committee.

MEMBERS	NUMBER OF MEETINGS ATTENDED
NON-EXECUTIVE DIRECTORS	
WANG Lixin	4/(6)
JIAO Jian	3/(6)
INDEPENDENT NON-EXECUTIVE DIRECTORS	
Peter CASSIDY (Chairman)	6/(6)
Anthony LARKIN	5/(6)
LEUNG Cheuk Yan	6/(6)

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

Nomination

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

SHEC COMMITTEE

As at 31 December 2013, the SHEC Committee comprised three directors, namely Dr Peter Cassidy, Mr Andrew Michelmore and Mr Gao Xiaoyu. Dr Peter Cassidy is the Chairman of the SHEC Committee.

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

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

DISCLOSURE COMMITTEE

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

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The directors acknowledge their responsibility for preparing all information and representations contained in the Financial Statements for the year ended 31 December 2013 as disclosed in this Annual Report. The directors consider that the Financial Statements have been prepared in conformity with HKFRS issued by the Hong Kong Institute of Certified Public Accountants and Chapter 622 of the Laws of Hong Kong (Companies Ordinance), and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgement of the Board and management with an appropriate consideration to materiality. As at 31 December 2013, the directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern.

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

The statement of the auditor of the Company regarding its responsibilities for the Financial Statements is set out in the Independent Auditor's Report on page 95 of this Annual Report.

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

INTERNAL CONTROLS

The Board is entrusted with overall responsibility for establishing and maintaining the Group's internal control system and reviewing its effectiveness to safeguard the Group's assets and to protect Shareholders' interests. The management throughout the Group maintains and monitors the internal control system on an ongoing basis. During the year, the Group engaged an international independent external professional consultant to perform the internal control reviews over the Group's operations. The reviews were based on the internal control framework recommended by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), a globally recognised framework. The internal control reviews covered certain key operational and financial processes of the selected entities of the Group and a follow-up review of the action plans to address the findings from last year's review. The consultant reported its findings and recommendations directly to the Audit Committee. The Audit Committee reported the findings to the Board.

AUDITOR'S REMUNERATION

An analysis of the remuneration of the external auditor, PricewaterhouseCoopers (which for these purposes includes any entity under common control, ownership or management with the external auditors or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally), for the year ended 31 December 2013 is set out as follows:

SERVICES RENDERED	FEE PAID/PAYABLE 2013 US$'000
Statutory audit services	1,799.4
Other audit services	59.6
NON-AUDIT SERVICES	
Tax services in connection with the major transactions during the year	57.2
Other tax services	283.2
Other services	588.9
	2,788.3

COMPANY SECRETARY

Ms Leung Suet Kam, Lucia was appointed as Company Secretary of the Company in June 2001. She is a fellow of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms Leung assists the Board by ensuring good information flow within the Board and that the Board policy and procedures including those on governance matters are followed. All the directors are entitled to access to the advice and services of the Company Secretary. She reports to the Chairman of the Board and also the CEO. Ms Leung has attended various professional trainings during the year ended 31 December 2013 which exceed the requirements of the Listing Rules.

SHAREHOLDERS' RIGHTS

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EGM

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

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

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

Pursuant to the articles of association of the Company and the new Companies Ordinance (Chapter 622 of the laws of Hong Kong) which became effective on 3 March 2014, the notice period to be given to all the registered shareholders for consideration of the proposal raised by the shareholders concerned at an EGM varies according to the nature of the proposal:

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

The procedures for shareholders to convene an EGM are available on the Company's website.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT AGM

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

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

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

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

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

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

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

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

The written notice must:

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

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

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

The procedures for shareholders to propose a person for election as a director at an AGM/EGM are available on the Company's website.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

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

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

CORPORATE COMMUNICATIONS

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

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

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

INVESTOR RELATIONS

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

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

CORPORATE WEBSITE

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

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

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

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

SHAREHOLDER MEETINGS

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

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

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

ENVIRONMENT, SOCIAL AND GOVERNANCE RESPONSIBILITY

The Company is committed to the long-term sustainability of its businesses and the communities in which it operates. It has adopted a proactive approach to environment, social and governance responsibility, guided by its Sustainability Policy and strategic alignment to the ICMM's sustainability framework. The care for people, environment and stakeholders is of the utmost importance and is integrated in the management of the Company. The Company's Sustainability Policy and principles are supported by its core values of safety, integrity, action and results which underpin the behaviour of all employees and contractors.

The SHEC Committee assists the Board in the effective discharge of its responsibilities in relation to safety, health, environment and community matters. Further details of the SHEC Committee are set out on page 91 under the heading SHEC Committee.

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

CONSTITUTIONAL DOCUMENTS

There were no significant changes to the Company's memorandum and articles of association during the year.

羅兵咸永道

Independent Auditor's Report
To the shareholders of MMG Limited

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of MMG Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 102 to 162, which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 11 March 2014

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F:+852 2810 9888, www.pwchk.com/

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 Hong Kong Stock Exchange and the Shanghai Stock Exchange
BOC Singapore	Bank of China Limited, Singapore Branch
BOC Sydney	Bank of China Limited, Sydney Branch
C$	Canadian dollar, the lawful currency of Canada
CDB	China Development Bank Corporation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
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
CMC Group	CMC and its subsidiaries
CMCL	China Minmetals Corporation Limited, a joint stock limited company incorporated on 16 December 2010 under the laws of the PRC
CMN	China Minmetals Non-ferrous Metals Company Limited, a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC
CMNH	China Minmetals Non-ferrous Metals Holding Company Limited, a joint stock limited company incorporated on 22 December 2009 under the laws of the PRC

Companies Ordinance	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Copper Partners Investment	Copper Partners Investment Co., Ltd
Discontinued operations or disposal group	the trading, fabrication and other operations that were effectively disposed in December 2011. The trading, fabrication and other assets include the Company's entire 100% equity interest in Minmetals Aluminium, Riseup Dragon Limited's entire 72.80% equity interest in North China Aluminium, Orienmet Industry Company Limited's entire 51% equity interest in Yingkou Orienmet and Lontic (H.K.) Limited's entire 36.2913% equity interest in Changzhou Jinyuan, Orienmet Industry Company Limited, Riseup Dragon Limited and Lontic (H.K.) Limited are wholly owned subsidiaries of the Company
DRC	Democratic Republic of the Congo
EBIT	earnings before interest (net finance costs) and income tax
EBITDA	earnings before interest (net finance costs), income tax, depreciation, amortisation and impairment expenses
EBITDA margin	EBITDA divided by revenue
EGM	extraordinary general meeting
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, Executive General Manager – Business Support and Executive General Manager – Stakeholder Relations
Gearing ratio	net debt (total borrowings excluding finance charge prepayments, less cash and bank deposits) divided by the aggregate of net debt plus total equity
GRI	Global Reporting Initiative
Group	the Company and its subsidiaries
HK$	Hong Kong dollar, the lawful currency of Hong Kong
HKAS	Hong Kong Accounting Standards, See HKFRS
HKFRS	Hong Kong Financial Reporting Standards, which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKAS) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA)
HNG	Hunan Nonferrous Metals Holding Group Co., Ltd
HMS	heavy media separation
HPM	high precious metals
Hong Kong	the Hong Kong Special Administrative Region of the PRC
ICBC	Industrial and Commercial Bank of China Limited, Sydney Branch
ICMM	International Council on Mining and Metals
Independent Shareholders	shareholders who do not have any material interest in the Products Sale Framework Agreement other than by virtue of their respective shareholdings in the Company

Indicated Mineral Resource	the part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve
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)
LOM	Life Of Mine
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
LME	London Metal Exchange
LTI	long-term incentive
LTIE	long-term incentive equity
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)
Measured Mineral Resource	the part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. Depending upon the confidence in the modifying factors such as metallurgical recovery, the Measured Mineral Resource may be converted to either a Proved Ore Reserve or a Probable Ore Reserve
Mineral Resource	as defined under the JORC Code, a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction
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	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
North China Aluminium	North China Aluminium Company Limited
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$8.00 per share on a fully-diluted basis
Ore Reserve	as defined under the JORC Code, the economically mineable part of a Measured and/or Indicated Mineral Resource
PRC	the People's Republic of China excluding, for the purpose of this document only, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan, unless the context requires otherwise
Products Sale Framework Agreement	the agreement dated 5 April 2012 between the Company and CMN in relation to the sale of copper cathode, copper concentrate, zinc concentrate and lead concentrate produced, processed, manufactured, traded or distributed by any member of the Group to the CMN Group
Production data	the production data included in this report is the metal contained in concentrate, cathode or doré for the key products the Company produces
PSCS	perpetual subordinated convertible securities
ROM	run-of-mine
Securities Trading Code	a model code adopted by the Company for securities trading by directors of the Company on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 of the Listing Rules
SFO	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Shareholder(s)	the shareholder(s) of the Company
SHEC	Safety, Health, Environment and Community
Stock Exchange	The Stock Exchange of Hong Kong Limited
SX-EW	solvent extraction and electro-winning
Topstart	Topstart Limited, a company incorporated in the British Virgin Islands with limited liability and currently a wholly owned subsidiary of the Company
Top Create	Top Create Resources Limited, a company incorporated on 22 January 2004 in the British Virgin Islands with limited liability
Trading, fabrication and other operations	has the same meaning as disposal group
TRIFR	total recordable injury frequency rate
US$	United States dollar, the lawful currency of the United States of America
US$751.0 million Facility	the US$751.0 million facility granted by CDB and BOC Sydney to Album Resources and MMG Management on 13 June 2012
Yingkou Orienmet	Yingkou Orienmet Plica Tube Company Limited

FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

	Note	YEAR ENDED 31 DECEMBER 2013 US$ million	2012 US$ million (restated)
Revenue	5	2,469.8	2,499.4
Other income	6	0.6	8.1
Expenses (excluding depreciation, amortisation and impairment expenses)	2.1, 7	(1,719.5)	(1,769.6)
Earnings before interest, income tax, depreciation, amortisation and impairment expenses – EBITDA		**750.9**	**737.9**
Depreciation, amortisation and impairment expenses	2.1, 7	(472.6)	(308.7)
Earnings before interest and income tax – EBIT		**278.3**	**429.2**
Finance income	8	2.8	4.5
Finance costs	8	(80.0)	(92.2)
Profit before income tax		**201.1**	**341.5**
Income tax expense	2.1, 9	(78.6)	(107.4)
Profit for the year		**122.5**	**234.1**
Profit for the year attributable to:			
Equity holders of the Company		103.3	209.1
Non-controlling interests		19.2	25.0
		122.5	**234.1**
Earnings per share for profit attributable to the equity holders of the Company			
Basic earnings per share	2.1, 11	US 1.95 cents	US 3.95 cents
Diluted earnings per share	2.1, 11	US 1.95 cents	US 3.95 cents

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

Dividends	12	52.9	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

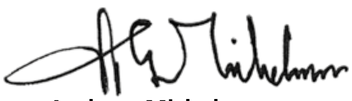
	Note	YEAR ENDED 31 DECEMBER 2013 US$ million	2012 US$ million (restated)
Profit for the year	2.1	122.5	234.1
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets	25	(18.0)	2.4
Other comprehensive income for the year, net of tax		(18.0)	2.4
Total comprehensive income for the year		104.5	236.5
Total comprehensive income attributable to:			
Equity holders of the Company		85.3	211.5
Non-controlling interests		19.2	25.0
		104.5	236.5

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

CONSOLIDATED BALANCE SHEET

	Note	AS AT 31 DECEMBER 2013 US$ million	AS AT 31 DECEMBER 2012 US$ million (restated)	AS AT 1 JANUARY 2012 US$ million (restated)
Assets				
Non-current assets				
Property, plant and equipment	2.1, 15(a)	3,323.1	3,204.8	1,591.9
Intangible assets	16	284.0	230.9	–
Inventories	18	53.9	54.4	33.1
Deferred income tax assets	2.1, 19	136.5	114.2	112.5
Other receivables	20	40.6	42.2	–
Other financial assets	21	4.3	4.8	2.7
Other assets	22	7.5	7.3	1.9
		3,849.9	**3,658.6**	**1,742.1**
Current assets				
Inventories	18	298.0	300.0	278.4
Trade and other receivables	20	263.3	211.9	118.3
Loan to a related party	35(d)	–	100.0	95.0
Current income tax assets		–	29.0	7.4
Other financial assets	21	110.5	141.3	1.7
Cash and cash equivalents	23	137.4	95.7	1,096.5
		809.2	877.9	1,597.3
Assets of disposal group classified as held for sale	36	24.4	25.2	–
		833.6	**903.1**	**1,597.3**
Total assets		**4,683.5**	**4,561.7**	**3,339.4**
Equity				
Capital and reserves attributable to equity holders of the Company				
Share capital	24	33.9	33.9	33.9
Reserves and retained profits	2.1, 25(a)	1,586.2	1,498.9	1,287.4
		1,620.1	1,532.8	1,321.3
Non-controlling interests		196.7	55.5	59.0
Total equity		**1,816.8**	**1,588.3**	**1,380.3**

	Note	AS AT 31 DECEMBER 2013 US$ million	AS AT 31 DECEMBER 2012 US$ million (restated)	AS AT 1 JANUARY 2012 US$ million (restated)
Liabilities				
Non-current liabilities				
Deferred income tax liabilities	19	239.3	235.0	5.5
Borrowings	28	1,270.6	1,265.3	294.5
Provisions	31	636.0	619.0	491.1
		2,145.9	**2,119.3**	**791.1**
Current liabilities				
Trade and other payables	29	235.6	299.4	205.7
Current income tax liabilities		76.6	120.8	117.9
Borrowings	28	350.8	370.6	786.6
Provisions	31	51.9	56.7	56.5
		714.9	847.5	1,166.7
Liabilities of disposal group classified as held for sale	36	5.9	6.6	1.3
		720.8	**854.1**	**1,168.0**
Total liabilities		**2,866.7**	**2,973.4**	**1,959.1**
Total equity and liabilities		**4,683.5**	**4,561.7**	**3,339.4**
Net current assets		**112.8**	**49.0**	**429.3**
Total assets less current liabilities		**3,962.7**	**3,707.6**	**2,171.4**



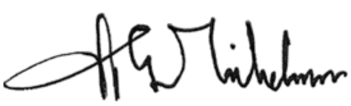
Andrew Michelmore
CEO and Executive Director

David Lamont
CFO and Executive Director

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

COMPANY BALANCE SHEET

	Note	AS AT 31 DECEMBER 2013 US$ million	 2012 US$ million
Assets			
Non-current assets			
Property, plant and equipment	15(b)	1.1	1.4
Investment properties		–	0.8
Interests in subsidiaries	17	2,792.1	1,459.8
Loans to subsidiaries	17	–	2,149.8
		2,793.2	**3,611.8**
Current assets			
Other receivables		0.2	1.5
Amounts due from subsidiaries	17	1.8	–
Loans to subsidiaries	17	832.1	–
Cash and cash equivalents	23	0.7	0.7
		834.8	**2.2**
Total assets		**3,628.0**	**3,614.0**
Equity			
Capital and reserves			
Share capital	24	33.9	33.9
Reserves and retained profits	25(b)	2,582.6	2,562.5
Total equity		**2,616.5**	**2,596.4**
Liabilities			
Non-current liabilities			
Provisions	31(c)	–	3.2
Amount due to a related company	35(d)	–	300.0
Amounts due to subsidiaries	17	–	12.2
Loans from subsidiaries	17	406.4	676.1
		406.4	**991.5**
Current liabilities			
Other payables		2.8	3.5
Provisions	31(c)	–	0.9
Amount due to a related company	35(d)	75.0	–
Amounts due to subsidiaries	17	173.4	21.7
Loan from subsidiaries	17	353.9	–
		605.1	**26.1**
Total liabilities		**1,011.5**	**1,017.6**
Total equity and liabilities		**3,628.0**	**3,614.0**
Net current assets/(liabilities)		**229.7**	**(23.9)**
Total assets less current liabilities		**3,022.9**	**3,587.9**



Andrew Michelmore
CEO and Executive Director

David Lamont
CFO and Executive Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
US$ million	Share capital	Total other reserves (Note 25)	Retained profits	Non-controlling interests	Total
At 1 January 2013 as previously reported	33.9	392.8	1,203.6	55.5	**1,685.8**
Adjustment on change in accounting policy (net of tax) (Note 2.1)	–	–	(97.5)	–	**(97.5)**
At 1 January 2013 as restated	**33.9**	**392.8**	**1,106.1**	**55.5**	**1,588.3**
Profit for the year	–	–	103.3	19.2	**122.5**
Other comprehensive income	–	(18.0)	–	–	**(18.0)**
Total comprehensive income for the year	**–**	**(18.0)**	**103.3**	**19.2**	**104.5**
Employee share options	–	2.0	–	–	**2.0**
Dividends paid to non-controlling interests	–	–	–	(20.0)	**(20.0)**
Total transactions with owners	**–**	**2.0**	**–**	**(20.0)**	**(18.0)**
Issuance of convertable redeemable preference shares (Note 28)	–	–	–	142.0	142.0
At 31 December 2013	**33.9**	**376.8**	**1,209.4**	**196.7**	**1,816.8**
At 1 January 2012 as previously reported	33.9	390.4	1,011.1	59.0	**1,494.4**
Adjustment on change in accounting policy (net of tax) (Note 2.1)	–	–	(114.1)	–	**(114.1)**
At 1 January 2012 as restated	**33.9**	**390.4**	**897.0**	**59.0**	**1,380.3**
Profit for the year as previously reported	–	–	192.5	25.0	**217.5**
Adjustment on change in accounting policy (net of tax) (Note 2.1)	–	–	16.6	–	**16.6**
Profit for the year as restated	–	–	209.1	25.0	**234.1**
Other comprehensive income	–	2.4	–	–	**2.4**
Total comprehensive income for the year as restated	**–**	**2.4**	**209.1**	**25.0**	**236.5**
Non-controlling interest acquired	–	–	–	50.0	**50.0**
Purchase of non-controlling interest	–	–	–	(50.0)	**(50.0)**
Dividends paid to non-controlling interests	–	–	–	(28.5)	**(28.5)**
Total transactions with owners	**–**	**–**	**–**	**(28.5)**	**(28.5)**
At 31 December 2012 as restated	**33.9**	**392.8**	**1,106.1**	**55.5**	**1,588.3**

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

CONSOLIDATED CASH FLOW STATEMENT

	Note	YEAR ENDED 31 DECEMBER 2013 US$ million	2012 US$ million (restated)
Cash flows from operating activities			
Receipts from customers		2,523.5	2,463.1
Payments to suppliers	2.1	(1,786.2)	(1,703.9)
Payments for exploration expenditure		(71.9)	(77.3)
Income tax paid		(110.9)	(124.0)
Net cash generated from operating activities	32	**554.5**	**557.9**
Cash flows from investing activities			
Purchase of property, plant and equipment	2.1, 32	(558.2)	(641.9)
Purchase of intangible assets		(58.1)	(19.5)
Purchase of financial assets		(45.7)	(74.3)
Acquisition of subsidiaries and non-controlling interests		–	(1,360.5)
Proceeds from disposal of property, plant and equipment		0.3	0.6
Proceeds from disposal of investment properties		1.1	–
Proceeds from disposal of subsidiaries		–	28.5
Net cash used in investing activities		**(660.6)**	**(2,067.1)**
Cash flows from financing activities			
Proceeds from borrowings		250.0	1,051.0
Repayments of borrowings		(222.0)	(827.6)
Proceeds from issuance of convertible redeemable preference shares		338.0	–
Proceeds from repayments of loan to a related party	35	100.0	95.0
Loan to a related party	35	–	(100.0)
Proceeds from related party borrowings	35	–	300.0
Repayments of related party borrowings	35	(225.0)	–
Dividends paid to non-controlling interests		(20.0)	(28.5)
Repayments of finance lease liabilities		(1.5)	(1.2)
Interest and financing costs paid		(78.4)	(57.2)
Interest received		5.9	3.0
Net cash generated from financing activities		**147.0**	**434.5**
Net increase/(decrease) in cash and cash equivalents		40.9	(1,074.7)
Cash and cash equivalents at 1 January		95.7	1,096.5
Cash and cash equivalents – acquisition of subsidiaries		–	73.3
Exchange gains on cash and cash equivalents		0.8	0.6
Cash and cash equivalents at 31 December	23	**137.4**	**95.7**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The consolidated financial statements for the year ended 31 December 2013 are presented in United States dollars (US$) unless otherwise stated and have been approved for issue by the Board of Directors (the Board) on 11 March 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(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 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[1]
HKAS 36 (Amendment)	Impairment of Assets on Recoverable Amount Disclosures[1]
HK(IFRIC) – Int 21	Levies[1]
HKAS 39 (Amendment)	Novation of Derivatives[1]
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date and Translation Disclosures[2]
HKFRS 9	Financial Instruments[2]

Effective for the Group for annual period beginning:

1. 1 January 2014
2. 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 consolidated financial statements can be summarised as follows:

	YEAR ENDED 31 DECEMBER		
Consolidated Income Statement (extract)	2012 (previously reported) US$ million	Profit increase/ (decrease) US$ million	2012 (restated) US$ million
Expenses (excluding depreciation, amortisation and impairment expenses)	(1,678.6)	(91.0)	(1,769.6)
Earnings before interest, income tax, depreciation, amortisation and impairment expenses – EBITDA	**828.9**	**(91.0)**	**737.9**
Depreciation, amortisation and impairment expenses	(423.3)	114.6	(308.7)
Earnings before interest and income tax – EBIT	**405.6**	**23.6**	**429.2**
Profit before income tax	**317.9**	**23.6**	**341.5**
Income tax expense	(100.4)	(7.0)	(107.4)
Profit for the year	**217.5**	**16.6**	**234.1**
Profit for the year attributable to:			
Equity holders of the Company	192.5	16.6	209.1

	YEAR ENDED 31 DECEMBER		
	2012 (previously reported)	Increase/ (decrease)	2012 (restated)
Earnings per share for profit attributable to the equity holders of the Company			
Basic earnings per share	US 3.64 cents	US 0.31 cents	US 3.95 cents
Diluted earnings per share	US 3.64 cents	US 0.31 cents	US 3.95 cents

	YEAR ENDED 31 DECEMBER		
Consolidated Cash Flow Statement (extract)	2012 (previously reported) US$ million	Increase/ (decrease) US$ million	2012 (restated) US$ million
Cash flows from operating activities			
Payments to suppliers	(1,612.9)	(91.0)	(1,703.9)
Net cash generated from operating activities	**648.9**	**(91.0)**	**557.9**
Cash flows from investing activities			
Purchase of property, plant and equipment	(732.9)	91.0	(641.9)
Net cash used in investing activities	**(2,158.1)**	**91.0**	**(2,067.1)**

Consolidated Balance Sheet (extract)	31 December 2012 (Previously reported) US$ million	Increase/ (decrease) US$ million	31 December 2012 (restated) US$ million	1 January 2012 (Previously reported) 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	**3,756.1**	**(97.5)**	**3,658.6**	**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**

2.2 CONSOLIDATION

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

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

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

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

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

(b) Merger accounting for common control combination

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

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

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

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

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

(c) Subsidiaries

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

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

(d) Transactions with non-controlling interests

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

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

(e) Separate financial statements

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

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

2.3 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The Group applies the equity method of accounting to account for its investments in joint arrangements and associates.

(a) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as joint arrangements. The Group's interests in joint arrangements are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in joint arrangements includes goodwill identified on acquisition, net of any accumulated impairment loss.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate or joint arrangement is reduced but significant influence/joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

EQUITY ACCOUNTING METHOD

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate/joint arrangement equals or exceeds its interest in the associate/joint arrangement, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate/joint arrangement.

The Group determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate/joint arrangement and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate/joint arrangement' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate/joint arrangement are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates/joint arrangements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates/joint arrangements have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates/joint arrangements are recognised in the income statement.

2.4 SEGMENT REPORTING

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

2.5 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

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

(c) Group companies

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

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

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

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

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

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

2.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Major spare parts and stand-by equipment are carried as property, plant and equipment when an entity expects to use them during more than one period or when they can be used only in connection with an item of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate. Only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the consolidated income statement during the accounting period in which they are incurred.

Mine property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable, and also include subsequent costs to develop the mine to the production phase.

(a) Overburden and waste removal

Overburden and other waste removal costs incurred in the development of a mine before production commences are capitalised as part of the construction of the mine as mine property and development assets. These costs include direct costs and an allocation of relevant overhead expenditure. These costs are subsequently amortised over the life of mine on a units of production basis upon commencement of commercial production.

Overburden and other waste costs incurred once an operation commences production activity (production stripping costs) are capitalised as mine property and development assets. A proportion of the costs is charged to the income statement as an operating cost on the basis of the quantity of ore mined or the quantity of the minerals contained in the ore, as a proportion of the known Ore Reserves of the operation.

Changes in the technical and/or other economic parameters that impact on reserves will also have an impact on the depreciation and amortisation of capitalised mine property and development assets. These changes are accounted for prospectively from the date of change.

(b) Depreciation and amortisation

Amortisation of mine property and development assets and depreciation of assets within the mining and processing streams of property, plant and equipment are calculated on the basis of units of production unless their useful life is less than that of the mine. Amortisation of mine, property and development assets is based on assessments of developed proven and probable Ore Reserves and a proportion of Mineral Resources available to be mined by the current production equipment to the extent that such Resources are considered to be economically recoverable. Resource and Reserves estimates are revised annually. The depreciation expense calculation reflects the Board approved estimates in place at the balance sheet date, prospectively. The amortisation of mine, property and development assets commences when the mine starts commercial production. Depreciation of all other items of property, plant and equipment commences when an asset is available for use. All other non-operating items of property, plant and equipment are depreciated over an asset's useful life on a reducing-balance basis, as follows:

- Freehold land – Not depreciated;
- Buildings – lower of life of mine or 2.5%; and
- Plant and equipment – lower of life of mine or 3–5 years.

(c) Disposal of property, plant and equipment

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

(d) Exploration and evaluation expenditure

Exploration and evaluation costs are capitalised on an area-of-interest basis once the area has been deemed technically feasible and commercially viable and a feasibility study has been approved. Exploration and evaluation costs that are incurred before the Group has obtained the legal right to explore an area, or are incurred up to and including the pre-feasibility study, are recognised in the income statement.

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

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- activities in the area of interest have not at the reporting date, reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable Reserves and active and significant operations in, or in relation to the area of interest, are continuing.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount (Note 2.9).

For the purposes of the impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. Refer to Note 2.9 for further details.

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

Acquired mineral rights comprise identifiable exploration and evaluation assets including Mineral Resources and Ore Reserves, which are acquired as part of a business combination and are recognised at fair value at the date of acquisition. The acquired mineral rights are reclassified as mine property and development from commencement of development and amortised when commercial production commences on a units of production basis over the estimated economic Reserve of the mine.

2.7 INVESTMENT PROPERTIES

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by any Group company, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, alternative valuation methods such as recent prices on less active markets or discounted cash flow projections are used. Changes in fair values are recognised in the consolidated income statement.

2.8 INTANGIBLE ASSETS

Goodwill

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

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated, represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 ASSETS HELD FOR SALE

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

2.11 FINANCIAL ASSETS

Classification

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

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

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

Recognition and measurements

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

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the consolidated income statement within other gains/(losses) in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement when the Group's right to receive payments is established.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

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

(a) Assets carried at amortised cost

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

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

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

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the separate consolidated income statement. Impairment losses recognised in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the separate consolidated income statement.

2.12 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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

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

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

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

2.13 FINANCIAL GUARANTEE CONTRACT

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

2.14 INVENTORIES

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

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

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

2.15 TRADE AND OTHER RECEIVABLES

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

2.16 CASH AND CASH EQUIVALENTS

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

2.17 FINANCIAL LIABILITIES AND EQUITY

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

2.18 SHARE CAPITAL

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

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

2.19 COMPOUND FINANCIAL INSTRUMENTS

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

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

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

2.20 MINE REHABILITATION, RESTORATION AND DISMANTLING OBLIGATIONS

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

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

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

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

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

2.21 PROVISIONS AND CONTINGENT LIABILITIES

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

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

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

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

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

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

Workers' compensation

Provision is made for outstanding claims, including any incurred but not reported claims, where any subsidiary self-insures for risks associated with workers' compensation. Outstanding claims are recognised when an incident occurs that may give rise to a claim and are measured at the cost that the entity expects to incur in settling the claims, discounted using a rate that reflects current market assessments of the time value of money and risks specific to the liability. An independent actuary provides the calculation of the value of outstanding claims. Each period the impact of the unwind of discounting is recognised in the income statement as a financing cost.

2.22 BORROWINGS

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability and the consideration paid, including any non-cash assets, is recognised in the consolidated income statement as finance costs.

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

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.23 CURRENT AND DEFERRED INCOME TAX

The tax expense recognised for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the places where the Company's subsidiaries, joint arrangements and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint arrangements and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax consolidation – Australia

The Australian subsidiaries of the Company are an income tax consolidation group and are taxed as a single entity. MMG Australia Limited is the head company of the Australian tax consolidated group.

The subsidiaries in the Australian tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone tax payer in its own right. In addition to its own current and deferred tax amounts, the head entity recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the other entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements between entities within the tax consolidated group entities are utilised as amounts receivable from or payable to other entities within the tax consolidated group.

2.24 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables are classified as current liabilities if payment is due with one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.25 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence of an arrangement exists, usually in the form of an executed sales agreement, indicating there has been a transfer of the significant risks and rewards to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. This is generally when title passes, which for the majority of commodity sales is the bill of lading date when the commodity is delivered for shipment. For non-commodity sales, it is usually the date when a Group entity has delivered products to the customer, the customer has accepted the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the products.

Revenue on provisionally priced sales is recognised at the estimated fair value of the total consideration received or receivable. Contract terms for the Group's concentrate sales allow for a price adjustment based on a final assay of the goods determined after discharge. Recognition of the sales revenue for these products is based on the most recently determined estimate of product assays with a subsequent adjustment made to revenue upon final determination.

The terms of sales contracts with third parties contain provisional pricing arrangements whereby the selling price for contained metal is based on prevailing spot prices during a specified future date range after shipment to the customer (quotational period). Adjustment to the sales price occurs based on movements in quoted market prices up to the completion of the quotational period. The period between provisional invoicing and quotational period completion is typically between 30 and 120 days.

The fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

Revenue is reported net of discounts and pricing adjustments. Royalties paid and payable are separately reported as expenses.

(b) Servicing income

Revenue from sales of services is recognised when the related services are rendered.

(c) Interest income

Interest income is recognised on a time-proportion basis, using the effective interest method.

(d) Rental income

Operating lease rental income is recognised on a straight-line basis over the lease periods.

2.26 EMPLOYEE BENEFITS

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they are accrued by employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations – defined contribution plans

Arrangements for staff retirement benefits are made in accordance with local regulations and customs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

(c) Long-term employee benefits

Long service leave is a period of paid leave granted to an employee in recognition of a long period of service to an employer. The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(d) Share-based compensation

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability and sales growth targets and remaining employees of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.27 LEASES

Leases of property, plant and equipment where the Group has substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included as interest-bearing liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land and land use rights, are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.28 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's Shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders or the Board, as appropriate.

2.29 COMPARATIVES

Certain comparative figures have also been reclassified to conform to the current year presentation.

3. FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks, including commodity price risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk and equities price risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not and is prohibited to enter into derivative contracts for speculative purposes.

Financial risk management is carried out by the Group Treasury function under policies approved by the Board. Group Treasury identifies, evaluates and manages financial risks in close cooperation with the Group's operating units. The Board approves written principles for overall risk management, as well as policies covering specific areas, such as those identified above.

(a) Commodity price risk

The Group is exposed to commodity price volatility on commodity sales made by its operations. This arises from the sale of metal and metal in concentrate products such as zinc, copper, lead, gold and silver, which are priced on, or benchmarked to, open market exchanges. 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 31 December 2013 and 2012.

The following table details the sensitivity of the Group's trade receivables balance to movements in commodity prices. Trade receivables arising from revenue on provisionally priced sales are recognised at the estimated fair value of the total consideration of the receivable and subsequently remeasured at each reporting date. At the reporting date, if the commodity prices increased/(decreased) by 10% and all other variables were held constant, the Group's after tax profit would have increased/(decreased) as set out below.

	2013			2012		
Commodity	Commodity price movement	Increased profit US$ million	Decreased profit US$ million	Commodity price movement	Increased profit US$ million	Decreased profit US$ million
Zinc	10%	3.2	(3.2)	10%	3.9	(3.9)
Copper	10%	6.4	(6.4)	10%	4.2	(4.2)
Lead	10%	0.7	(0.7)	10%	1.0	(1.0)
Total		**10.3**	**(10.3)**		**9.1**	**(9.1)**

(b) Interest rate risk

The Group is exposed to interest rate volatility on deposits and borrowings. Deposits and borrowings at variable rates expose the Group to cash flow interest rate risk. Deposits and borrowings at fixed rates expose the Group to fair value interest rate risk. Details of the Group's cash and cash equivalents have been disclosed in Note 23 while the details of the Group's borrowings are set out in Note 28.

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. Regular reporting is provided to the Executive Committee, which summarises the Group's debt and interest rates. As at 31 December 2013 and 2012, if the interest rate had increased/(decreased) by 100 basis points with all other variables held constant, post-tax profit for the year would have increased/(decreased) as follows:

	2013				2012			
	+100 basis points		-100 basis points		+100 basis points		-100 basis points	
US$ million	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial assets								
Cash and cash equivalents	1.0	–	(1.0)	–	0.7	–	(0.7)	–
Financial liabilities								
Borrowings	(10.1)	–	10.1	–	(11.5)	–	11.5	–
Total	**(9.1)**	**–**	**9.1**	**–**	**(10.8)**	**–**	**10.8**	**–**

(c) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency exchange risk. The Group's reporting currency and functional currency of the majority of subsidiaries within the Group is US$. The majority of revenue received by the Group is in US$. 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 the Canadian dollar (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 following table shows the foreign currency risk arising from the financial assets and liabilities, which are shown by currency of denomination.

US$ million	Note	US$	A$	HK$	Others	Total
As at 31 December 2013						
Financial assets						
Cash and cash equivalents	23	131.5	4.2	0.5	1.2	**137.4**
Trade receivables	20	119.4	20.3	–	1.4	**141.1**
Sundry receivables	20	87.1	–	–	–	**87.1**
Financial liabilities						
Trade and other payables	29	(86.4)	(139.6)	–	(9.6)	**(235.6)**
Borrowings (excluding prepayments)	28	(1,644.2)	–	–	–	**(1,644.2)**
		(1,392.6)	**(115.1)**	**0.5**	**(7.0)**	**(1,514.2)**
As at 31 December 2012						
Financial assets						
Cash and cash equivalents	23	83.8	7.3	0.7	3.9	**95.7**
Trade receivables	20	125.5	9.1	–	–	**134.6**
Sundry receivables	20	–	40.2	–	–	**40.2**
Loan to a related party	35(d)	100.0	–	–	–	**100.0**
Financial liabilities						
Trade and other payables	29	(132.9)	(165.3)	–	(1.2)	**(299.4)**
Borrowings (excluding prepayments)	28	(1,645.5)	–	–	–	**(1,645.5)**
		(1,469.1)	**(108.7)**	**0.7**	**2.7**	**(1,574.4)**

Based on the Group's net financial assets and liabilities as at 31 December 2013 and 2012, a movement of the US dollar against the principal non-functional currencies as illustrated in the table below, with all other variables held constant, would (decrease)/increase profit after taxation and equity as follows:

	2013				2012			
	Strengthening of US dollar		Weakening of US dollar		Strengthening of US dollar		Weakening of US dollar	
US$ million	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
10% movement in A$ (2012: 10%)	8.1	–	(8.1)	–	8.2	–	(8.2)	–
Total	**8.1**	–	**(8.1)**	–	**8.2**	–	**(8.2)**	–

(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.

The Group's most significant customer is Nyrstar Sales and Marketing AG. The revenue earned from Nyrstar Sales and Marketing AG is approximately 30.4% (2012: Nyrstar Hobart with 14.6%) of revenue for the year. The largest debtor at 31 December 2013 was Trafigura Beheer B.V. with a balance of US$44.5 million (2012: Nyrstar Budel BV with US$41.7 million) and the five largest debtors accounted for 86.2% (2012: 49.6%) of the Group's trade and other receivables. Credit risk arising from sales to large concentrate customers is managed by contracts that stipulate a provisional payment of at least 90% of the estimated value of each sale. This is payable either promptly after vessel loading or upon vessel arriving at the discharge port. Title to the concentrate does not pass to the buyer until this provisional payment is made. For most sales a second provisional payment is received within 60 days of the vessel arriving at the port of discharge. Final payment is recorded after completion of the quotation period and assaying. The credit risk by geographic region was:

	AS AT 31 DECEMBER	
US$ million	2013	2012
Australia	1.2	34.2
Europe	85.8	26.9
Asia	54.1	73.5
	141.1	**134.6**

The current sundry receivables of US$73.5 million (Note 20) includes US$52.5 million, representing a consideration which relates to the sale of a project acquired as part of the business acquisition in 2012 (Note 26). This consideration may be settled either by the transfer of exploration and mining rights over tenements to the Group or by cash, subject to certain conditions.

(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.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

US$ million	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2013					
Financial liabilities					
Trade and other payables	235.6	–	–	–	235.6
Borrowings (including interest)	398.9	164.9	883.3	849.7	2,296.8
	634.5	**164.9**	**883.3**	**849.7**	**2,532.4**
At 31 December 2012					
Financial liabilities					
Trade and other payables	299.4	–	–	–	299.4
Borrowings (including interest)	410.0	445.5	927.5	–	1,783.0
	709.4	**445.5**	**927.5**	**–**	**2,082.4**

(f) Equities price risk

Equity securities price risk arising from investments held by the Group are classified in the balance sheet as available-for-sale and other financial assets. The majority of the Group's equity investments are publicly traded. The price risk of the Group's equity securities was not significant as at 31 December 2013 and 2012.

(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.

3.2 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents and short-term monetary financial assets and financial liabilities approximate their carrying values. The fair values of other monetary financial assets and liabilities are either based upon market prices, where a market exists, or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles.

The fair value of listed equity investments have been valued by reference to market prices prevailing at reporting date.

The carrying value of trade and other receivables less impairment provisions and trade payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

The carrying amounts and fair values of financial assets and liabilities by category and class at 31 December 2013 and 2012 are:

US$ million	Note	Loans and receivables	Available -for-sale	Designated at fair value through profit and loss	Other liabilities at amortised cost	Total carrying value	Total fair value
As at 31 December 2013							
Financial assets							
Cash and cash equivalents	23	137.4	–	–	–	**137.4**	**137.4**
Trade receivables	20	141.1	–	–	–	**141.1**	**141.1**
Sundry receivables	20	87.1	–	–	–	**87.1**	**87.1**
Other financial assets	21	–	99.2	15.6	–	**114.8**	**114.8**
		365.6	**99.2**	**15.6**	**–**	**480.4**	**480.4**
Financial liabilities							
Trade and other payables	29	–	–	–	235.6	**235.6**	**235.6**
Borrowings (excluding prepayments)	28	–	–	–	1,644.2	**1,644.2**	**1,644.2**
		–	**–**	**–**	**1,879.8**	**1,879.8**	**1,879.8**
As at 31 December 2012							
Financial assets							
Cash and cash equivalents	23	95.7	–	–	–	**95.7**	**95.7**
Trade receivables	20	134.6	–	–	–	**134.6**	**134.6**
Sundry receivables	20	40.2	–	–	–	**40.2**	**40.2**
Other financial assets	21	–	124.6	21.5	–	**146.1**	**146.1**
Loan to a related party	35(d)	100.0	–	–	–	**100.0**	**100.0**
		370.5	**124.6**	**21.5**	**–**	**516.6**	**516.6**
Financial liabilities							
Trade and other payables	29	–	–	–	299.4	**299.4**	**299.4**
Borrowings (excluding prepayments)	28	–	–	–	1,645.5	**1,645.5**	**1,645.5**
		–	**–**	**–**	**1,944.9**	**1,944.9**	**1,944.9**

3.3 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2013 and 2012.

US$ million	Note	Level 1	Level 2	Level 3	Total
Assets					
As at 31 December 2013					
Financial assets at fair value through profit and loss – listed[1]	21	15.6	–	–	15.6
Available-for-sale financial assets – listed[1]	21	99.2	–	–	99.2
		114.8	–	–	114.8
As at 31 December 2012					
Financial assets at fair value through profit and loss – listed[1]	21	21.5	–	–	21.5
Available-for-sale financial assets – listed[1]	21	72.1	–	–	72.1
Available-for-sale financial assets – unlisted[2]	21	–	–	52.5	52.5
		93.6	–	52.5	146.1

There were no transfers between levels 1, 2 and 3 during the year.

1. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Instruments included in Level 1 comprise investments in listed stock exchanges.
2. The following table presents the changes in Level 3 instruments for the year ended 31 December 2013 and 2012.

US$ million	Available-for-sale financial assets – unlisted	Total
For the year ended 31 December 2013		
Opening balance	52.5	52.5
Exercise of option	(52.5)	(52.5)
Closing balance	–	–
Total gains or losses for the year included in income statement	–	–
Change in unrealised gains or losses for the period included in income statement	–	–
For the year ended 31 December 2012		
Opening balance	–	–
Acquisition of Anvil Group	52.5	52.5
Closing balance	52.5	52.5
Total gains or losses for the year included in income statement	–	–
Change in unrealised gains or losses for the period included in income statement	–	–

3.4 CAPITAL RISK MANAGEMENT

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

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

The Group monitors capital by 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.

	2013 US$ million	2012 US$ million (restated)
Total borrowings (excluding prepayments)	1,644.2	1,645.5
Less: cash and cash equivalents	137.4	95.7
Net debt	**1,506.8**	**1,549.8**
Total equity	1,816.8	1,588.3
	3,323.6	**3,138.1**
Gearing ratio	**0.45**	**0.49**

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Mine rehabilitation, restoration and dismantling obligations

Provision is made for the anticipated costs of future restoration, rehabilitation and dismantling of mining areas from which natural resources have been extracted in accordance with the accounting policy in Note 2.20. These provisions include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues. These future cost estimates are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies, engineering cost estimates and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine rehabilitation, restoration and dismantling provisions.

(b) Mineral Resources and Ore Reserves estimates

The estimated quantities of economically recoverable Mineral Resources and Ore Reserves are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported Reserves and Resources estimates can impact the carrying value of property, plant and equipment, provisions for mine rehabilitation, restoration and dismantling obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the income statement. The changes are effective from the month following Board approval of the revised Reserves and Resources estimates.

(c) Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the accounting period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

(d) Recoverability of non-financial assets

The recoverable amount of each cash-generating unit is determined as the higher of the asset's fair value less costs to sell and its value in use in accordance with the accounting policy in Note 2.9. These calculations require the use of estimates and assumptions including discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

The Group's assessment of the recoverability of the carrying value of the Dugald River Project was subject to estimation uncertainty and based upon a Queensland operations scenario, thereby using existing infrastructure at Century. Project activities to date have identified complexities in the ore body prompting a review of the planned mining method, optimum mine production volumes and ore processing facilities. The identified complexities introduce uncertainty as to the development cost of the project and the future operating cost structure including mining, processing and other operating expenses.

The carrying value of net assets related to the Dugald River Project were US$443.0 million as at 31 December 2013. During 2014 the Group will progress trialling of mine development methods that will provide practical mining experience enabling optimisation of the underground mine design.

A change in estimates arising from the 2014 work program could have a material impact on the carrying value of the Dugald River Project.

(e) Functional currency

An entity's functional currency is the currency of the primary economic environment in which the entity operates in accordance with accounting policy in Note 2.5. Determination of an entity's functional currency requires management judgement when considering a number of factors including the currency that mainly influences sales prices, costs of production, and competitive forces and regulations that impact sales prices. In addition, consideration must be given to the currency in which financing and operating activities are undertaken. Applying the principles described above, management has come to the conclusion that the functional currency of the majority of subsidiaries within the Group is US$ based on the following factors:

- Sales are predominantly denominated in US$;
- A significant portion of costs are denominated in US$;
- A significant portion of debt and finance costs are denominated in US$; and
- Senior management and Board reporting is conducted in US$.

5. 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, Executive General Manager – Business Support, and Executive General Manager – Stakeholder Relations. They review the Group's internal reporting of these operations in order to assess performance and allocate resources.

The Group's reportable segments are as follows:

Sepon	Sepon is an open-pit copper and gold mining operation located in southern Laos. Gold production at the Sepon mine was ceased in December 2013 due to depleting ore reserves and lower margins.
Kinsevere	Kinsevere is an open-pit copper mining operation located in the Katanga Province of the DRC.
Century	Century is an open-pit zinc mining operation located in north-west Queensland.
Rosebery	Rosebery is an underground polymetallic base metal mining operation located on Tasmania's west coast.
Golden Grove	Golden Grove is an underground and open-pit base and precious metals mining operation located in Western Australia's mid-west.
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 results for the year ended 31 December 2013 and 2012 are as follows:

	FOR THE YEAR ENDED 31 DECEMBER 2013						
US$ million	Sepon	Kinsevere	Century	Rosebery	Golden Grove	Other	Group
External revenue	680.2	455.3	702.7	244.2	255.2	–	2,337.6
Revenue from related parties	66.0	–	18.3	9.1	38.8	–	132.2
Revenue	**746.2**	**455.3**	**721.0**	**253.3**	**294.0**	**–**	**2,469.8**
EBITDA	**396.5**	**198.0**	**176.5**	**84.3**	**73.0**	**(177.4)**	**750.9**
Depreciation, amortisation and impairment expenses	(77.8)	(126.1)	(172.7)	(25.9)	(62.8)	(7.3)	(472.6)
EBIT	**318.7**	**71.9**	**3.8**	**58.4**	**10.2**	**(184.7)**	**278.3**
Finance income							2.8
Finance costs							(80.0)
Income tax expense							(78.6)
Profit for the year							**122.5**
Profit attributable to non-controlling interests							103.3
Profit attributable to equity holders of the Company							19.2
							122.5
Other segment information:							
Asset impairment	11.3	–	–	–	–	–	11.3
Additions to non-current assets	86.0	102.4	58.7	40.1	40.5	330.5	658.2

	AS AT 31 DECEMBER 2013						
US$ million	Sepon	Kinsevere	Century	Rosebery	Golden Grove	Other	Group
Segment assets	758.5	1,610.7	432.5	372.7	373.6	999.0[1]	4,547.0
Deferred income tax assets							136.5
							4,683.5
Segment liabilities	218.9	165.7	296.6	103.5	76.3	1,689.8[2]	2,550.8
Deferred income tax liabilities							239.3
Current income tax liabilities							76.6
							2,866.7

1. Included in segment assets of US$999.0 million for the Other segment is property, plant and equipment of US$528.1 million for Dugald River and other financial assets of US$114.8 million (Note 21). All of these items do not fall into any of the five main operating segments.
2. Included in segment liabilities of US$1,689.8 million for the Other segment are borrowings excluding finance lease liabilities of US$1,620.8 million (Note 28), which are managed at Group level, and do not fall into any of the five main operating segments.

	FOR THE YEAR ENDED 31 DECEMBER 2012 (RESTATED)						
US$ million	Sepon	Kinsevere	Century	Rosebery	Golden Grove	Other	Group
External revenue	741.8	279.9	739.5	267.5	354.2	–	2,382.9
Revenue from related parties	64.4	–	13.4	–	38.7	–	116.5
Revenue	**806.2**	**279.9**	**752.9**	**267.5**	**392.9**	**–**	**2,499.4**
EBITDA	**491.4**	**131.1**	**192.6**	**85.7**	**67.9**	**(230.8)**	**737.9**
Depreciation, amortisation and impairment expenses	(80.5)	(70.7)	(120.7)	(26.5)	(32.1)	21.8	(308.7)
EBIT	**410.9**	**60.4**	**71.9**	**59.2**	**35.8**	**(209.0)**	**429.2**
Finance income							4.5
Finance costs							(92.2)
Income tax expense							(107.4)
Profit for the year							**234.1**
Profit attributable to non-controlling interests							25.0
Profit attributable to equity holders of the Company							209.1
							234.1
Other segment information:							
Reversal of asset impairment	–	–	–	–	–	(24.3)	(24.3)
Additions to non-current assets	36.3	32.4	213.1	88.1	76.6	348.5	795.0

	AS AT 31 DECEMBER 2012 (RESTATED)						
US$ million	Sepon	Kinsevere	Century	Rosebery	Golden Grove	Other	Group
Segment assets	750.6	1,590.7	603.5	361.6	367.1	745.0[1]	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]	2,617.6
Deferred income tax liabilities							235.0
Current income tax liabilities							120.8
							2,973.4

1. Included in segment assets of US$745.0 million for the Other segment is property, plant and equipment of US$292.0 million for Dugald River, other financial assets of US$146.1 million (Note 21) and loan to a related party of US$100.0m (Note 35(d)). All of these items do not fall into any of the five main operating segments.
2. Included in segment liabilities of US$1,723.9 million for the Other segment are borrowings excluding finance lease liabilities of US$1,633.9 million (Note 28), which are managed at Group level, and do not fall into any of the five main operating segments.

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. All other segments are immaterial by location.

6. OTHER INCOME

	2013 US$ million	2012 US$ million
Gain on disposal of investment properties	0.3	–
Loss on disposal of property, plant and equipment	(0.6)	(1.5)
Other income	0.9	9.6
Total other income	**0.6**	**8.1**

7. EXPENSES

Profit before income tax includes the following specific expenses:

	2013 US$ million	2012 US$ million (restated)
Changes in inventories of finished goods and work in progress	(31.0)	(19.8)
Reversal of write-down/(write-down) of inventory to net realisable value	25.6	(21.9)
Employee benefit expenses[1]	(339.9)	(318.3)
Contracting and consulting expenses	(257.0)	(314.3)
Energy costs	(240.4)	(195.5)
Stores and consumables costs	(367.6)	(362.0)
Depreciation, amortisation and impairment expenses[2]	(465.3)	(330.5)
Operating lease rental[3]	(22.5)	(24.4)
Other operating expenses	(101.7)	(105.1)
Cost of goods sold	**(1,799.8)**	**(1,691.8)**
Royalties expenses	(98.8)	(94.5)
Selling expenses	(110.7)	(81.6)
Operating expenses including depreciation, amortisation and impairment	**(2,009.3)**	**(1,867.9)**
Administrative expenses	(84.1)	(125.3)
Exploration expenses	(71.9)	(77.3)
Auditor's remuneration	(1.8)	(1.8)
Reversal of impairment of property, plant and equipment[2]	–	24.3
Exchange gains – net	12.6	3.3
Loss on financial assets at fair value through profit or loss	(6.6)	(14.1)
Other expenses	(31.0)	(19.5)
Total expenses	**(2,192.1)**	**(2,078.3)**

1. In aggregate US$90.9 million (2012: US$100.5 million) employee benefits expense by nature is included in the administrative expenses, exploration expenses and other expenses categories. Total employee benefits expenses are US$430.8 million (2012 restated: US$418.8 million) (Note 13).
2. In aggregate US$7.3 million (2012: net income of US$21.8 million) depreciation, amortisation and impairment expenses are included in other expenses category. Total depreciation, amortisation and impairment expenses are US$472.6 million (2012 restated: US$308.7 million).
3. In aggregate, an additional US$9.4 million (2012: US$7.7 million) operating lease rentals are included in administrative expenses, exploration expenses and other expenses categories. Total operating lease rentals are US$31.9 million (2012: US$32.1 million).

8. FINANCE COSTS – NET

	2013 US$ million	2012 US$ million
Finance costs		
Interest expense on bank borrowings	(34.8)	(38.0)
Interest expense on convertible redeemable preference shares (Note 28)	(8.0)	–
Interest expense on related party borrowings (Note 35(a))	(7.5)	(7.9)
Unwind of provisions discount	(25.8)	(39.0)
Other finance cost	(3.9)	(7.3)
	(80.0)	**(92.2)**
Finance income		
Interest income on cash and cash equivalents	2.8	4.4
Interest income on related party borrowings (Note 35(a))	–	0.1
	2.8	**4.5**
Finance costs – net	**(77.2)**	**(87.7)**
Borrowing costs capitalised		
Borrowing costs capitalised on qualifying assets[1]	**13.9**	–

1. Borrowing costs capitalised include finance costs on borrowings held to specifically fund the assets, net of interest income earned on the temporary investment of those funds, and finance costs on generic borrowings capitalised at the rate of 3.1% (2012: 0%) representing the average interest rate on general borrowings.

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year (2012: US$ Nil). The Group has tax losses brought forward available to offset assessable profit generated in Hong Kong. Taxation on profits has been calculated on the estimated assessable profits for the year at the rates prevailing in the relevant jurisdictions.

	2013 US$ million	2012 US$ million (restated)
Current income tax	(96.6)	(107.2)
Deferred income tax (Note 19)	18.0	6.8
Adjustment on change in accounting policy (Note 2.1 and 19)	–	(7.0)
Income tax expense	**(78.6)**	**(107.4)**

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the applicable tax rate to profits of the consolidated companies as follows:

	2013 US$ million	2012 US$ million (restated)
Profit before income tax	201.1	341.5
Calculated at domestic tax rates applicable to profits in the respective countries[1]	(66.9)	(113.8)
Net (non-deductible)/non-taxable amounts	(6.3)	3.7
Net unrecognised deferred tax assets	(10.0)	(6.9)
Over provision in prior years	4.6	9.6
Income tax expense	**(78.6)**	**(107.4)**

1. The taxation rates applicable for the main jurisdictions in which the Group operates are: Australia (30.0%), Laos (33.3%) and the DRC (30.0%).

There is no deferred tax impact relating to other items of other comprehensive income (2012: US$Nil).

10. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of US$18.1 million (2012: US$31.4 million).

11. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2013 US$ million	2012 US$ million (restated)
Profit attributable to equity holders of the Company	103.3	209.1

	NUMBER OF SHARES	
	2013 '000	2012 '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 as restated (Note 2.1)	US 1.95 cents	US 3.95 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.

	2013 US$ million	2012 US$ million (restated)
Profit attributable to equity holders of the Company	103.3	209.1

	NUMBER OF SHARES	
	2013 '000	2012 '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[1]	–	1,157
Weighted average number of ordinary shares used in the calculation of the diluted earnings per share	5,289,608	5,290,765
Diluted earnings per share as restated (Note 2.1)	US 1.95 cents	US 3.95 cents

1. Diluted earnings per share is same as basic earnings per share for the year ended 31 December 2013. The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options since their exercise would result in an anti-dilutive effect on the basic earnings per share for the year ended 31 December 2013.

12. DIVIDENDS

	2013 US$ million	2012 US$ million
Recommended final dividend of 1.0 US cent per ordinary share	52.9	–

At a meeting on 11 March 2014, the directors of the Company recommended the payment of a final dividend of 1.0 US cent per ordinary share (US$52.9 million) for the year ended 31 December 2013. This recommended dividend is not reflected as dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2014.

13. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2013 US$ million	2012 US$ million (restated)
Salaries and other benefits	411.6	397.0
Retirement scheme contributions (Note 30)	19.2	21.8
Total employee benefit expenses (Note 7)	**430.8**	**418.8**

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of every director for the year ended 31 December 2013 is set out below:

	FOR THE YEAR ENDED 31 DECEMBER 2013				
Name of director	Fees US$'000	Salaries US$'000	Other benefits[1] US$'000	Incentive plans[2] US$'000	Total US$'000
Mr Wang Lixin	435	–	1	–	436
Mr Andrew Gordon Michelmore[3]	–	2,306	18	(1,002)	1,322
Mr David Mark Lamont[3]	–	1,096	18	(12)	1,102
Mr Xu Jiqing[3]	49	459	106	238	852
Mr Jiao Jian	129	–	–	–	129
Mr Gao Xiaoyu	129	–	–	–	129
Mr Leung Cheuk Yan	182	–	–	–	182
Dr Peter William Cassidy	206	–	1	–	207
Mr Anthony Charles Larkin	206	–	1	–	207
	1,336	**3,861**	**145**	**(776)**	**4,566**

1. Other benefits include statutory superannuation and pension contributions, non-monetary benefits and housing allowance. Not all benefits apply to each executive; benefits are applied variably based on contractual and statutory obligations.
2. Incentive plans include at-risk performance-linked remuneration of both short and long-term incentives and discretionary bonuses.

   The Short Term Incentive (STI) Plan is an annual cash reward determined by performance against Group financial and safety targets and individual performance. For operational roles, additional components include performance targets related to production rates, unit costs, and operational safety.

   The Long Term Incentive (LTI) Plans are cash settled rewards at the conclusion of three performance years. The Long Term Incentive Equity (LTIE) Plan is a performance share option grant at the conclusion of three performance years. Performance measures for the current LTI and LTIE plans are differentiated from the STI plan and include three equally weighted metrics of:

   » Earnings Per Share (diluted) Growth (EPS)
   » Resources Growth
   » Relative performance to Total Shareholder Return (TSR) HSBC Global Mining Index (Base Metals Index)

Participation in the at risk incentive plans is offered to participants as a percentage of their fixed remuneration according to seniority and their ability to influence the performance of the Group. All employees on long term employment contracts are eligible to participate in the STI Plan or bonus plan whilst the LTI and LTIE Plan is limited to senior managers.

The incentive plans provision was reassessed at the balance sheet date which resulted in the reversal of prior year accruals.

3. The above table sets out the Directors remuneration for the year ended 31 December 2013. The accounting values of the Executive Directors remuneration are reported in accordance with the Accounting Standards and may not always reflect what the Executive Directors have actually received, particularly due to the valuation of LTI and LTIE. The actual remuneration paid to the Executive Directors for the financial year ended 31 December 2013 was in US$'000:

	2013 US$'000	2012 US$'000
Mr Andrew Gordon Michelmore	4,189	5,280
Mr David Mark Lamont	1,559	1,988
Mr Xu Jiqing[1]	565	Nil[1]

1. Mr Xu became an Executive Director on 20 May 2013.

The remuneration of every director for the year ended 31 December 2012 is set out below:

	FOR THE YEAR ENDED 31 DECEMBER 2012				
Name of Director	Fees US$'000	Salaries US$'000	Other benefits[5] US$'000	Incentive plans[6] US$'000	Total US$'000
Mr Wang Lixin	465	–	1	–	466
Mr Hao Chuanfu[1]	–	62	12	–	74
Mr Andrew Gordon Michelmore	–	2,465	29	3,748	6,242
Mr David Mark Lamont	–	1,173	25	778	1,976
Mr Li Liangang[2]	4	–	–	–	4
Mr Jiao Jian	141	–	–	–	141
Mr Xu Jiqing	141	–	–	–	141
Mr Gao Xiaoyu	141	–	–	–	141
Mr Loong Ping Kwan[3]	16	–	–	–	16
Mr Leung Cheuk Yan[4]	93	–	–	–	93
Dr Peter William Cassidy	220	–	–	–	220
Mr Anthony Charles Larkin	209	–	–	–	209
	1,430	3,700	67	4,526	9,723

1. Resigned as the Vice Chairman and Executive Director on 29 March 2012.
2. Resigned as an Executive Director on 29 March 2012.
3. Resigned as an Independent Non-executive Director on 30 May 2012.
4. Appointed as an Independent Non-executive Director on 9 July 2012.
5. Other benefits include statutory superannuation and pension contributions, non-monetary benefits and housing allowance. Not all benefits apply to each executive; benefits are applied variably based on contractual and statutory obligations.
6. Incentive plans include at-risk performance-linked remuneration of both short and long-term incentives and discretionary bonuses.

All employees on long-term employment contracts are eligible to participate in the STI plan while the LTI plan is limited to senior managers.

(b) Five highest-paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three directors (2012: 2) whose emoluments are reflected in the analysis presented above. Details of the emoluments payable to all five individuals during the year are as follows:

	2013 US$ '000	2012 US$ '000
Salaries and other short-term employee benefits	5,868	6,250
Long-term incentives scheme	(4,315)	2,815
Discretionary bonuses	3,472	3,427
	5,025	12,492

The emoluments fell within the following bands:

	NUMBER OF INDIVIDUALS	
	2013	2012
HK$5,500,001-HK$6,000,000 (US$708,950-US$773,400)	1	–
HK$6,500,001-HK$7,000,000 (US$837,850-US$902,300)	1	–
HK$7,500,001-HK$8,000,000 (US$966,750-US$1,031,200)	1	–
HK$8,500,001-HK$9,000,000 (US$1,095,650-US$1,160,100)	–	1
HK$10,000,001-HK$10,500,000 (US$1,289,000-US$1,353,450)	1	–
HK$12,000,001-HK$12,500,000 (US$1,546,800-US$1,611,250)	1	2
HK$15,000,001-HK$15,500,000 (US$1,933,500-US$1,997,950)	–	1
HK$48,000,001-HK$48,500,000 (US$6,187,200-US$6,251,650)	–	1
	5	5

During the year, no director waived any emoluments and no emoluments were paid or payable by the Group to the directors or any of the five highest-paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) Senior management remuneration by band

The emoluments fell within the following bands:

	NUMBER OF INDIVIDUALS	
	2013	2012
HK$3,000,001-HK$3,500,000 (US$386,700-US$451,150)	2	–
HK$4,500,001-HK$5,000,000 (US$580,050-US$644,500)	1	–
HK$5,500,001-HK$6,000,000 (US$708,950-US$773,400)	1	–
HK$6,500,001-HK$7,000,000 (US$837,850-US$902,300)	1	1
HK$7,500,001-HK$8,000,000 (US$966,750-US$1,031,200)	1	–
HK$8,500,001-HK$9,000,000 (US$1,095,650-US$1,160,100)	1	1
HK$10,000,001-HK$10,500,000 (US$1,289,000-US$1,353,450)	1	–
HK$12,000,001-HK$12,500,000 (US$1,546,800-US$1,611,250)	–	2
HK$15,000,001-HK$15,500,000 (US$1,933,500-US$1,997,950)	–	1
HK$48,000,001-HK$48,500,000 (US$6,187,200-US$6,251,650)	–	1
	8	6

15. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

US$ million	Land and buildings	Plant and machinery	Mine property and development	Evaluation	Construction in progress	Total property, plant and equipment
As at 1 January 2013						
Cost	226.9	1,621.3	2,363.8	38.1	558.0	4,808.1
Accumulated depreciation and amortisation	(84.0)	(576.5)	(802.0)	(0.8)	(0.6)	(1,463.9)
Net book amount at 1 January 2013 as previously reported	**142.9**	**1,044.8**	**1,561.8**	**37.3**	**557.4**	**3,344.2**
Adjustment on change in accounting policy (Note 2.1)	–	–	(139.4)	–	–	(139.4)
Net book amount at 1 January 2013 as restated	**142.9**	**1,044.8**	**1,422.4**	**37.3**	**557.4**	**3,204.8**
Year ended 31 December 2013						
At the beginning of the year as restated	142.9	1,044.8	1,422.4	37.3	557.4	3,204.8
Additions[1]	2.0	38.1	153.7	16.7	389.6	600.1
Depreciation and amortisation	(22.5)	(190.7)	(243.0)	–	–	(456.2)
Disposals	(0.3)	(0.1)	(2.6)	–	(11.3)	(14.3)
Impairment	–	–	(8.1)	–	(3.2)	(11.3)
Transfers	33.0	155.0	54.1	0.8	(242.9)	–
At the end of the year	**155.1**	**1,047.1**	**1,376.5**	**54.8**	**689.6**	**3,323.1**
As at 31 December 2013						
Cost	259.9	1,789.1	1,926.3	55.6	690.2	4,721.1
Accumulated depreciation and amortisation	(104.8)	(742.0)	(549.8)	(0.8)	(0.6)	(1,398.0)
Net book amount at 31 December 2013	**155.1**	**1,047.1**	**1,376.5**	**54.8**	**689.6**	**3,323.1**

US$ million	Land and buildings	Plant and machinery	Mine property and development	Evaluation	Construction in progress	Total property, plant and equipment
As at 1 January 2012						
Cost	184.4	1,144.1	1,230.9	1.5	192.3	2,753.2
Accumulated depreciation and amortisation	(66.2)	(429.8)	(501.0)	(0.7)	(0.6)	(998.3)
Net book amount at 1 January 2012 as previously reported	**118.2**	**714.3**	**729.9**	**0.8**	**191.7**	**1,754.9**
Adjustment on change in accounting policy (Note 2.1)	–	–	(163.0)	–	–	(163.0)
Net book amount at 1 January 2012 as restated	**118.2**	**714.3**	**566.9**	**0.8**	**191.7**	**1,591.9**
Year ended 31 December 2012						
At the beginning of the year as restated	118.2	714.3	566.9	0.8	191.7	1,591.9
Acquisition of subsidiaries	15.0	423.9	801.9	–	24.2	1,265.0
Additions[1]	1.8	7.0	304.3	36.6	443.6	793.3
Depreciation and amortisation	(17.8)	(146.9)	(300.9)	(0.1)	–	(465.7)
Adjustment on change in accounting policy (Note 2.1)	–	–	23.6	–	–	23.6
Disposals	(0.1)	(3.2)	–	–	–	(3.3)
Reversal of asset impairment	0.5	19.2	4.0	–	0.6	24.3
Transfers	25.8	49.7	26.6	–	(102.1)	–
Transferred to disposal group classified as held for sale (Note 36)	(0.5)	(19.2)	(4.0)	–	(0.6)	(24.3)
At the end of the year as restated	**142.9**	**1,044.8**	**1,422.4**	**37.3**	**557.4**	**3,204.8**
As at 31 December 2012						
Cost	226.9	1,621.3	2,363.8	38.1	558.0	4,808.1
Accumulated depreciation and amortisation	(84.0)	(576.5)	(802.0)	(0.8)	(0.6)	(1,463.9)
Net book amount at 31 December 2012 as previously reported	**142.9**	**1,044.8**	**1,561.8**	**37.3**	**557.4**	**3,344.2**
Adjustment on change in accounting policy (Note 2.1)	–	–	(139.4)	–	–	(139.4)
Net book amount at 31 December 2012 as restated	**142.9**	**1,044.8**	**1,422.4**	**37.3**	**557.4**	**3,204.8**

1. During the year, the Group has capitalised borrowing costs of US$13.9 million (2012: US$Nil) on qualifying assets, which forms part of the additions to the cost of property, plant and equipment. The cash payment of interest capitalised is included within 'Interest and financing costs paid' in the cash flow statement.

(b) The Company

US$ million	Plant and machinery	Total property, plant and equipment
As at 1 January 2013		
Cost	1.7	1.7
Accumulated depreciation	(0.3)	(0.3)
Net book amount at 1 January 2013	**1.4**	**1.4**
Year ended 31 December 2013		
At the beginning of the year	1.4	1.4
Depreciation	(0.3)	(0.3)
At the end of the year	**1.1**	**1.1**
As at 31 December 2013		
Cost	1.7	1.7
Accumulated depreciation	(0.6)	(0.6)
Net book amount at 31 December 2013	**1.1**	**1.1**

US$ million	Plant and machinery	Total property, plant and equipment
As at 1 January 2012		
Cost	–	–
Accumulated depreciation	–	–
Net book amount at 1 January 2012	**–**	**–**
Year ended 31 December 2012		
At the beginning of the year	–	–
Additions	1.7	1.7
Depreciation	(0.3)	(0.3)
At the end of the year	**1.4**	**1.4**
As at 31 December 2012		
Cost	1.7	1.7
Accumulated depreciation	(0.3)	(0.3)
Net book amount at 31 December 2012	**1.4**	**1.4**

16. INTANGIBLE ASSETS

US$ Million	Goodwill	Software development	Total
As at 1 January 2013			
Cost	211.4	19.5	230.9
Accumulated amortisation	–	–	–
Net book amount at 1 January 2013	**211.4**	**19.5**	**230.9**
Year ended 31 December 2013			
At the beginning of the year	211.4	19.5	230.9
Additions	–	58.1	58.1
Amortisation	–	(5.0)	(5.0)
At the end of the year	**211.4**	**72.6**	**284.0**
As at 31 December 2013			
Cost	211.4	77.6	289.0
Accumulated amortisation	–	(5.0)	(5.0)
Net book amount at 31 December 2013	**211.4**	**72.6**	**284.0**
As at 1 January 2012			
Cost	–	–	–
Accumulated amortisation	–	–	–
Net book amount at 1 January 2012	**–**	**–**	**–**
Year ended 31 December 2012			
At the beginning of the year	–	–	–
Acquisition	211.4	–	211.4
Additions	–	19.5	19.5
At the end of the year	**211.4**	**19.5**	**230.9**
As at 31 December 2012			
Cost	211.4	19.5	230.9
Accumulated amortisation	–	–	–
Net book amount at 31 December 2012	**211.4**	**19.5**	**230.9**

(a) Impairment test for goodwill

The Group acquired control of Anvil on 17 February 2012. The acquisition gave rise to goodwill of US$211.4 million as a result of the HKFRS requirement to recognise a deferred tax liability for the difference between the fair value of newly consolidated assets and liabilities and their tax bases. The acquired goodwill is allocated to the Kinsevere cash-generating unit for the purposes of impairment testing, in line with the Group accounting policy outlined in Note 2.8.

The recoverable amount of the Kinsevere operation has been determined based on fair value less costs to sell (FVLCTS):

(a) Considering recent market transactions that would constitute level 2 fair value inputs under HKFRS 13, and/or

(b) Otherwise based on a discounted cash flow approach that would fall within level 3 of the fair value hierarchy

On a discounted cash flow basis, FVLCTS has been determined by forecasting real post-tax cash flows for each individual year through to the end of the life of each operation based on latest life of mine (LOM) plans. Cash flow forecasts mirrored the expected mine production during the LOM. The real post-tax cash flow forecasts are discounted at the real post-tax discount rate of 8.0 per cent.

The LOM plans incorporate latest Reserves and Resources from approved Mineral Resources and Ore Reserves statements, long-term commodity price and exchange rate assumptions and assessments of future operating performance and capital expenditure requirements.

The key assumptions for which fair value less costs to sell are most sensitive include long-term copper price, long-term operating cost assumptions and the post-tax discount rate. Commodity price assumptions are based on latest internal forecasts benchmarked to analyst consensus forecasts. The long-term cost assumptions have been determined based on past experience. The discount rate is based on the weighted average cost of capital after consideration of specific risks.

The impairment review of the Kinsevere cash-generating unit at 31 December 2013 has not resulted in the recognition of a goodwill impairment charge in 2013. The carrying value continues to approximate fair value and therefore an adverse change to a key assumption will result in fair value less cost to sell being less than the carrying amount.

It is estimated that adverse changes in the key assumptions would lead to the recognition of an impairment provision against the Kinsevere goodwill as follows:

	US$ Million
5% decrease in long-term copper price	102.0
0.5% increase in post-tax discount rate	42.0
5% increase in long-term operating costs	72.0

This assumes that the adverse change in the key assumption occurs in isolation of changes to other key assumptions and that no mitigating action is taken by management.

17. INTERESTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES

	THE COMPANY	
	2013 US$ million	2012 US$ million
Investments in subsidiaries		
Unlisted shares/investments at cost	1,388.2	6.2
Less: Provision for impairment	(0.3)	(0.4)
	1,387.9	**5.8**
Amounts due from subsidiaries[1]	1,523.5	1,603.9
Less: Provision for impairment	(119.3)	(149.9)
	1,404.2	**1,454.0**
Interests in subsidiaries	**2,792.1**	**1,459.8**
Non-current assets		
Interests in subsidiaries	2,792.1	1,459.8
Loans to subsidiaries[4]	–	2,149.8
Current assets		
Amounts due from subsidiaries[2]	1.8	–
Loans to subsidiaries[5]	832.1	–
Non-current liabilities		
Amounts due to subsidiaries[3]	–	(12.2)
Loans from subsidiaries[6]	(406.4)	(676.1)
Current liabilities		
Amounts due to subsidiaries[3]	(173.4)	(21.7)
Loans from subsidiaries[7]	(353.9)	–

1. The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms.
2. The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.
3. The amounts due to subsidiaries of which US$179.4 million (2012: US$21.7 million) are unsecured, interest-free and repayable on demand. The remaining US$Nil (2012: US$12.2 million) are unsecured, interest-bearing loans repayable twelve months from the end of the reporting period.
4. As at 31 December 2012, loans to subsidiaries (non-current) are unsecured and interest bearing at Libor+3%, of which US$741.8 million is repayable on 2 May 2014, US$56.3 million is repayable on 15 September 2014, US$1,308.2 million is repayable on 17 February 2015 and US$43.5 million is repayable on 28 March 2015.
5. As at 31 December 2013, loans to subsidiaries (current) are unsecured and interest bearing at Libor+3%, of which US$773.5 million is repayable on 2 May 2014 and US$58.6million is repayable on 15 September 2014.
6. Loans from subsidiaries (non-current) are unsecured and interest bearing at Libor+3%, of which US$Nil (2012: US$341.1 million) is repayable on 10 November 2014 and US$406.4 million (2012: US$335.0 million) is repayable on 10 February 2015.
7. Loans from subsidiaries (current) are unsecured and interest bearing at Libor+3%, of which US$353.9 million (2012: US$Nil) is repayable on 10 November 2014.

The following is a list of the principal subsidiaries of the Group as at 31 December 2013:

Name of company	Place of incorporation/ operation	Principal activities	Particulars of issued or paid-up capital	Proportion of issued capital held by the Company	
				Directly	Indirectly
MMG Century Limited	Australia	Mineral exploration and production	30 Ordinary Shares at A$1 a share	–	100%
MMG Golden Grove Pty Ltd	Australia	Mineral exploration and production	1 Ordinary Share at A$1 a share	–	100%
MMG Australia Limited	Australia	Mineral exploration and production, management and employment services	490,000,000 Ordinary Shares at A$1 a share	–	100%
MMG Kinsevere SPRL	DRC	Mineral exploration and production	10,000 Ordinary Shares At CDF10,000 a share	–	100%
Lane Xang Minerals Limited	Laos	Mineral exploration and production	342,979 Ordinary Shares at US$1 a share	–	90%
MMG Dugald River Pty Ltd	Australia	Holds Dugald River Assets	301,902,934 Ordinary Shares at A$1 a share	–	100%
MMG Exploration Pty Ltd	Australia	Investment holding	1 Ordinary Share at A$1 a share	–	100%
MMG Resources Inc.	Canada	Mineral exploration	90,750,378 Common Shares at C$3.81 a share	–	100%
MMG Management Pty Ltd	Australia	Treasury and management services	1 Ordinary Share at A$1 a share	–	100%
MMG Finance Limited	Hong Kong	Treasury and management services	1 Ordinary Share at HK$1 a share	100%	–
MMG Exploration Holdings Limited	Hong Kong	Mineral exploration	1 Ordinary Share at HK$1 a Share	100%	–
Album Investment Pte Ltd	Singapore	Investment holding	488,211,900 Ordinary Shares at S$1 a share	–	100%
Album Resources Pte Ltd	Singapore	Investment holding	488,211,901 Ordinary Shares at S$1 a share	–	100%
Anvil Mining Limited	British Virgin Islands	Investment holding	100 Class A Common Shares at US$1	–	100%
Allegiance Mining Pty Ltd	Australia	Holds non-current assets held for sale	782,455,310 Ordinary Shares at A$1 a share	–	100%
Topstart Limited	British Virgin Islands	Investment holding	1,386,611,594 Ordinary Shares at US$1 a share	100%	–

The Group has total non-controlling interests of US$196.7 million as at 31 December 2013 (2012: US$55.5 million). Non-controlling interests of US$54.7 million are attributable to LXML (2012: US$55.5 million) and US$142.0 million is attributable to Topstart Limited (Topstart) (2012: Nil).

LXML

Set out below are the summarised financial information for LXML.

	LANE XANG MINERALS LIMITED AS AT 31 DECEMBER	
Summarised Balance Sheet	2013 US$ million	2012 US$ million
Assets	995.3	1,008.1
Liabilities	(368.6)	(374.1)
Net assets	626.7	634.0

	YEAR ENDED 31 DECEMBER	
Summarised Income Statement	2013 US$ million	2012 US$ million
Revenue	746.2	806.2
Profit for the year	192.7	249.5
Total comprehensive income	192.7	249.5
Total comprehensive income attributable to non-controlling interests	19.2	25.0
Dividends paid to non-controlling interests	(20.0)	(28.5)

	YEAR ENDED 31 DECEMBER	
Summarised Cash Flows	2013 US$ million	2012 US$ million
Net decrease in cash and cash equivalents	(13.8)	(207.2)
Cash and cash equivalents at 1 January	25.9	233.1
Cash and cash equivalents at 31 December	12.1	25.9

The information above is the amount before inter-company eliminations.

LXML has cash deposits of US$7.5 million (2012: US$6.4 million) (Note 22) that are held for the sole purpose of mine rehabilitation and cannot be used for any other purpose as mine rehabilitation funds within non-current assets.

Topstart

The non-controlling interests attributable to Topstart represent the equity component of the convertible redeemable preference shares (CRPS) issued by Topstart during the year. The equity component was recognised at the time of issuance as the difference between the fair value of the CRPS as a whole and the fair value of the liability component. Following initial recognition, the equity component is not subsequently remeasured except on conversion or expiry.

As at 31 December 2013, the holders of the CRPS do not hold or control any direct ownership interest or voting rights in Topstart. No profit or loss or other comprehensive income of Topstart for the period to 31 December 2013 is attributable to, or allocated to the holders of the CRPS.

For more details regarding the arrangement, please refer to Note 28.

18. INVENTORIES

	2013 US$ million	2012 US$ million
Non-current		
Work in progress	**53.9**	**54.4**
Current		
Stores and consumables	127.0	127.3
Work in progress	91.3	101.5
Finished goods	79.7	71.2
	298.0	**300.0**
Total	**351.9**	**354.4**

19. DEFERRED INCOME TAX

The movement in deferred income tax assets/(liabilities) during the years is as follows:

US$ million	Property, plant and equipment	Provisions	Tax losses	Others	Total
At 1 January 2012	(51.2)	116.9	–	(7.6)	58.1
Adjustment on change in accounting policy (Note 2.1)	48.9	–	–	–	48.9
At 1 January 2012 as restated	(2.3)	116.9	–	(7.6)	107.0
(Charged)/credited to the income statement as previously reported (Note 9)	(58.5)	13.8	51.2	0.3	6.8
Adjustment on change in accounting policy (Note 2.1 and 9)	(7.0)	–	–	–	(7.0)
Acquisition of subsidiaries	(316.8)	9.6	79.6	–	(227.6)
At 31 December 2012 as restated	**(384.6)**	**140.3**	**130.8**	**(7.3)**	**(120.8)**
(Charged)/credited to the income statement (Note 9)	(4.7)	14.6	7.6	0.5	18.0
At 31 December 2013	**(389.3)**	**154.9**	**138.4**	**(6.8)**	**(102.8)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to income tax levied by the same taxation authority on either the taxation entity or different taxation entities, and there is an intention to settle the balances on a net basis. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	2013 US$ million	2012 US$ million (restated)
Deferred income tax assets	136.5	114.2
Deferred income tax liabilities	(239.3)	(235.0)
	(102.8)	**(120.8)**

The Group only recognises deferred tax assets for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses. Management will continue to assess the recognition of deferred tax assets in future reporting periods. As at 31 December 2013 and 2012, the Group had unrecognised deferred tax assets in respect of the following items:

	2013 US$ million	2012 US$ million
Tax losses	22.8	17.0
Deductible temporary differences	107.4	103.0
At 31 December	**130.2**	**120.0**

20. TRADE AND OTHER RECEIVABLES

	2013 US$ MILLION	2012 US$ MILLION
Non-current other receivables		
Prepayments	27.0	34.4
Sundry receivables	13.6	7.8
	40.6	**42.2**
Current trade and other receivables		
Current trade receivables	141.1	134.6
Current other receivables	122.2	77.3
	263.3	**211.9**

As at 31 December 2013 and 2012, trade and other receivables of the Group mainly related to the mining operations. The majority of sales for mining operations were made under contractual arrangements whereby provisional payment is received after delivery and the balance within 30 to 120 days from delivery. The ageing analysis of the trade receivables is as follows:

	2013		2012	
	US$ MILLION	%	US$ MILLION	%
Current trade receivables				
Less than 6 months	141.1	100.0	134.6	100.0
Current trade receivables	**141.1**	**100.0**	**134.6**	**100.0**

As at 31 December 2013, no trade receivables were past due but not impaired (2012: US$ Nil).

As at 31 December 2013, the Group's trade receivables included an amount of US$0.4 million (2012: US$19.2 million) (Note 35(d)), which was due from a related company of the Group. The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2013 US$ million	2012 US$ million
US dollars	141.1	134.6

	2013 US$ million	2012 US$ million
Current other receivables		
Prepayments	21.9	26.8
Other receivables – government taxes	26.8	18.1
Sundry receivables	73.5	32.4
	122.2	**77.3**

21. OTHER FINANCIAL ASSETS

	2013 US$ million	2012 US$ million
Non-current financial assets		
Financial assets at fair value through profit or loss – listed[1]	4.3	4.8
Current financial assets		
Available-for-sale financial assets – listed[1]	99.2	72.1
Financial assets at fair value through profit or loss – listed[1]	11.3	16.7
Available-for-sale financial assets – unlisted	–	52.5
	110.5	**141.3**

1. Other financial assets are listed investments outside Hong Kong and their carrying value is equal to their market value.

22. OTHER ASSETS

	2013 US$ million	2012 US$ million
Investments accounted for using the equity method	–	0.1
Investment property	–	0.8
Mine rehabilitation funds (Note 17)	7.5	6.4
	7.5	7.3

23. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2013 US$ million	2012 US$ million	2013 US$ million	2012 US$ million
Cash and cash equivalents				
Cash at bank and in hand	87.0	90.8	0.7	0.7
Short-term bank deposits[1]	50.4	4.9	–	–
Total[2]	**137.4**	**95.7**	**0.7**	**0.7**

1. The weighted average effective interest rate on short-term bank deposits as at 31 December 2013 was 0.91% (2012: 0.25%). These deposits have an average maturity of 66 days (2012: 12 days).
2. Out of the total cash and cash equivalents, US$93.3 million of cash held is limited to use on specific projects.

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2013 US$ million	2012 US$ million	2013 US$ million	2012 US$ million
US dollars	131.5	83.8	0.3	–
Australian dollars	4.2	7.3	–	–
Hong Kong dollars	0.5	0.7	0.4	0.7
Other	1.2	3.9	–	–
	137.4	95.7	0.7	0.7

24. SHARE CAPITAL

The Group and the Company	NUMBER OF ORDINARY SHARES		NOMINAL VALUE	
Authorised:	2013 '000	2012 '000	2013 HK$ million	2012 HK$ million
Ordinary shares of HK$0.05 each				
At 1 January and 31 December	18,000,000	18,000,000	900.0	900.0
Issued and fully paid:	2013 '000	2012 '000	2013 US$ million	2012 US$ million
At 1 January and 31 December	5,289,608	5,289,608	33.9	33.9

25. RESERVES AND RETAINED PROFITS

(a) The Group

US$ million	Share premium (i)	Capital reserve (ii)	Special capital reserve (iii)	Exchange translation reserve (iv)	Available-for-sale financial assets reserve (v)	Merger reserve (vi)	Other reserves	Total other reserves	Retained profits	Total
At 1 January 2013	2,318.6	6.2	9.4	2.7	2.4	(1,946.9)	0.4	**392.8**	1,203.6	**1,596.4**
Adjustment on change in accounting policy (net of tax) (Note 2.1)	–	–	–	–	–	–	–	–	(97.5)	**(97.5)**
At 1 January 2013 as restated	2,318.6	6.2	9.4	2.7	2.4	(1,946.9)	0.4	**392.8**	1,106.1	**1,498.9**
Profit for the year	–	–	–	–	–	–	–	–	103.3	**103.3**
Other comprehensive income										
Change in fair value of available-for-sale financial assets	–	–	–	–	(18.0)	–	–	**(18.0)**	–	**(18.0)**
Total comprehensive income for the year	–	–	–	–	**(18.0)**	–	–	**(18.0)**	103.3	**85.3**
Transactions with owners										
Employee share options	–	–	–	–	–	–	2.0	**2.0**	–	**2.0**
Total transactions with owners	–	–	–	–	–	–	2.0	**2.0**	–	**2.0**
At 31 December 2013	**2,318.6**	**6.2**	**9.4**	**2.7**	**(15.6)**	**(1,946.9)**	**2.4**	**376.8**	**1,209.4**	**1586.2**

US$ million	Share premium (i)	Capital reserve (ii)	Special capital reserve (iii)	Exchange translation reserve (iv)	Available-for-sale financial assets reserve (v)	Merger reserve (vi)	Other reserves	Total other reserves	Retained profits	Total
At 1 January 2012	2,318.6	6.2	9.4	2.7	–	(1,946.9)	0.4	**390.4**	1,011.1	**1,401.5**
Adjustment on change in accounting policy (net of tax) (Note 2.1)	–	–	–	–	–	–	–	–	(114.1)	**(114.1)**
At 1 January 2012 as restated	2,318.6	6.2	9.4	2.7	–	(1,946.9)	0.4	**390.4**	897.0	**1,287.4**
Profit for the year	–	–	–	–	–	–	–	–	192.5	**192.5**
Adjustment on change in accounting policy (net of tax) (Note 2.1)	–	–	–	–	–	–	–	–	16.6	**16.6**
Profit for the year as restated	–	–	–	–	–	–	–	–	209.1	**209.1**
Other comprehensive income										
Change in fair value of available-for-sale financial assets	–	–	–	–	2.4	–	–	**2.4**	–	**2.4**
Total comprehensive income for the year as restated	–	–	–	–	2.4	–	–	**2.4**	209.1	**211.5**
At 31 December 2012 as restated	**2,318.6**	**6.2**	**9.4**	**2.7**	**2.4**	**(1,946.9)**	**0.4**	**392.8**	**1,106.1**	**1,498.9**

(b) The Company

US$ million	Share premium (i)	Capital reserve (ii)	Special capital reserve (iii)	Capital redemption reserve (i)	Share option reserve	Retained profits	Total
At 1 January 2012	2,318.6	6.2	9.4	0.2	0.1	196.6	**2,531.1**
Profit for the year	–	–	–	–	–	31.4	**31.4**
At 31 December 2012	2,318.6	6.2	9.4	0.2	0.1	228.0	**2,562.5**
Profit for the year	–	–	–	–	–	18.1	**18.1**
Employee share options	–	–	–	–	2.0	–	**2.0**
At 31 December 2013	2,318.6	6.2	9.4	0.2	2.1	**246.1**	**2,582.6**

NATURE AND PURPOSE OF RESERVES

(i) Share premium and capital redemption reserve

The application of the share premium account and the capital redemption reserve is governed by Sections 48B and 49H respectively of the Hong Kong Companies Ordinance.

(ii) Capital reserve

The capital reserve comprises the excess of consideration of US$6.2 million paid by Coppermine Resources Limited, the previous immediate holding company of the Company, over the nominal value of 475,376,917 shares of the Company issued on 12 January 2004.

(iii) Special capital reserve

In relation to the capital reorganisation as confirmed by the High Court of the Hong Kong Special Administrative Region on 13 February 2007, the Company has provided an undertaking (Undertaking) for its petition to the court that as long as any debt or liability of claim against the Company as at the effective date of this capital reorganisation remains outstanding, the Company should credit the following amounts to a special reserve (Special Reserve):

» all retained profits, if any, accruing to the Company between 1 November 2006 and 13 February 2007 (the effective date of the capital reorganisation);

» any recovery in excess of the written-down value of or the reversal of impairment loss in respect of certain investments in subsidiaries, listed securities, properties and loans or receivables of the Company as at 31 October 2006; and

» an amount equal to the change in fair value in respect of certain share options not yet vested as at 31 October 2006.

The standing to the credit of the Special Reserve shall not be treated as realised profit. It shall be treated as an undistributable reserve of the Company for the purposes of Section 79C of the Hong Kong Companies Ordinance. As at 31 December 2013, the standing to the credit of the Company's special capital reserve, which had been made in accordance with the Undertaking, amounted to approximately US$9.4 million (2012: US$9.4 million).

(iv) Exchange translation reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2.5(c).

(v) Available-for-sale financial assets reserve

The available-for-sale financial assets reserve represents the change in fair value of the available-for-sale financial assets.

(vi) Merger reserve

Merger reserve represents the excess of investment cost in entities that have been accounted for under merger accounting for common control combinations in accordance with AG5 against their share capital.

DISTRIBUTABLE RESERVES

At 31 December 2013, the Company had US$252.3 million reserves available for distribution to Shareholders (2012: US$234.2 million).

26. BUSINESS COMBINATION

SUMMARY OF ACQUISITION

On 19 October 2011 MMG Malachite Limited (MMG Malachite), 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 was 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 35). The term of the loan was extended on 17 December 2012 for a period of one year from 14 February 2013 to 14 February 2014. The term of the loan was extended on 14 February 2014 for a period of six months from 14 February 2014 to 14 August 2014. Interest 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. During the year ended 31 December 2013, the loan of US$300.0 million was partially repaid (Note 35(d)).

The following table summarises the consideration paid for Anvil, and the amounts of the assets acquired and liabilities assumed which were recognised at the acquisition date:

	AS AT 17 FEBRUARY 2012 US$ million
Purchase Consideration	
Cash paid	1,310.5
Total purchase consideration	**1,310.5**

Recognised amounts of identifiable Assets Acquired and Liabilities Assumed	Fair Value US$ million
ASSETS	
Non-current assets	
Property, plant and equipment	1,265.0
Inventories	11.4
Other receivables	43.9
Other financial assets	27.1
	1,347.4
Current assets	
Inventories	42.3
Trade and other receivables	28.9
Other financial assets	52.5
Cash and cash equivalents	73.3
	197.0
Total assets	**1,544.4**

Recognised amounts of identifiable Assets Acquired and Liabilities Assumed (continued)	Fair Value US$ million
LIABILITIES	
Non-current liabilities	
Deferred income tax liabilities	227.6
Provisions	31.4
	259.0
Current liabilities	
Trade and other payables	92.4
Borrowings	42.2
Provisions	1.7
	136.3
Total liabilities	**395.3**
Net identifiable assets acquired	1,149.1
Add: Non-controlling interest	(50.0)
Add: Goodwill	211.4
Total	**1,310.5**

Acquisition-related costs of US$4.8 million have been charged to finance costs for the year ended 31 December 2012.

The non-controlling interest was valued at fair value and measured commensurate with the purchase price paid for Kinsevere as part of the Anvil acquisition.

Goodwill arising on the acquisition of US$211.4 million comprises the amount calculated to recognise a deferred tax liability on the difference between the provisional fair value of newly consolidated assets and liabilities and their tax base.

The acquired business contributed revenue of US$279.9 million and profit of US$28.2 million to the Group for the period from 17 February 2012 to 31 December 2012. If the acquisition had occurred at the start of the year ended 31 December 2012, the contributed revenue would have been US$317.7 million with no significant change in net profit.

27. SHARE OPTION SCHEME

2004 SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 28 May 2004 (2004 Share Option Scheme), there were 3,600,000 options outstanding as at 31 December 2013 (2012: 3,600,000), which represented approximately 0.07% (2012: 0.07%) of the total number of issued shares of the Company as at that date.

During the year ended 31 December 2013, the movements of the options, which have been granted under the 2004 Share Option Scheme, are as follows:

				NUMBER OF OPTIONS					
Category and name of participant	Date of grant[1]	Exercise price per share (HK$)	Exercise period[2]	Balance as at 1 January 2013	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31 December 2013
Directors									
Jiao Jian	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,200,000	–	–	–	–	1,200,000
Xu Jiqing	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,000,000	–	–	–	–	1,000,000
Employees of the Group	3 June 2010	2.75	3 June 2012 to 2 June 2015	1,400,000	–	–	–	–	1,400,000
				3,600,000	–	–	–	–	3,600,000

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

The estimated fair value of the options granted on 3 June 2010 was approximately US$0.1183 each, estimated as at the date of grant by using the binomial option-pricing model and taking into account the terms and conditions (except vesting conditions other than market conditions) upon which the options were granted, of which the Group recognised a reversal of share option expense of approximately US$70,000 because the Group revised its estimates of the number of options that are expected to vest for the year ended 31 December 2013 (2012: reversal of share option expense: US$45,000).

2013 SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 26 March 2013 (2013 Share Option Scheme), there were 159,128,722 options outstanding as at 31 December 2013, which represented approximately 3.01% of the total number of issued shares of the Company as at that date.

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

				NUMBER OF OPTIONS					
Category and name of participant	Date of grant[1]	Exercise price per share (HK$)	Exercise period[2]	Balance as at 1 January 2013	Granted during the year	Exercised during the year	Cancelled during the year[3]	Lapse during the year[4]	Balance as at 31 December 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)	(6,442,000)	124,737,940
				–	**167,478,722**	–	**(1,908,000)**	**(6,442,000)**	**159,128,722**

1. The closing price of the shares of the Company immediately before the date on which the options were granted was HK$2.45 per share.
2. The vesting period of the options is three years from the date of grant. The vesting of options is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant, including among others, achievement of financial, reserves and market-related performance targets during the vesting period.
3. This refers to options cancelled due to the relinquishment of options by the relevant grantees.
4. 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 a risk-free interest rate, option price volatility, expected life of the option, market price of the Company's shares and expected dividend. The risk-free interest rate was 0.68%; the expected volatility used in calculating the value of options was 46% based on weekly closing prices of the Company's securities on the Stock Exchange between 1 April 2011 and 5 April 2013 and the expected dividend was assumed to be nil.

The Group recognised a share option expense on the 2013 Share Option Scheme of approximately US$2.0 million.

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

28. BORROWINGS

	2013 US$ Million	2012 US$ Million
Non-current		
Loan from a related party (Note 35(d))	–	300.0
Bank borrowings	1,112.0	971.5
Convertible redeemable preference shares	180.3	–
Finance lease liabilities	–	0.7
	1,292.3	1,272.2
Prepayments – finance charges	(21.7)	(6.9)
	1,270.6	**1,265.3**
Current		
Loan from a related party (Note 35(d))	75.0	–
Bank borrowings	259.5	372.0
Convertible redeemable preference shares	16.8	–
Finance lease liabilities	0.6	1.3
	351.9	373.3
Prepayments – finance charges	(1.1)	(2.7)
	350.8	**370.6**
Analysed as:		
– Secured	1,113.5	923.1
– Unsecured	530.7	722.4
	1,644.2	1,645.5
Prepayments – finance charges	(22.8)	(9.6)
	1,621.4	**1,635.9**
Borrowings (excluding: prepayments) are repayable as follows:		
– Within one year	351.9	373.3
– Between one and two years	126.3	410.2
– Between two and five years	835.4	862.0
– Repayable within five years	1,313.6	1,645.5
– Over five years	330.6	–
	1,644.2	1,645.5
Prepayments – finance charges	(22.8)	(9.6)
	1,621.4	**1,635.9**
Borrowings (excluding: prepayments) are:		
– Wholly repayable within five years	1,313.6	1,645.5
– Not wholly repayable within five years	330.6	–
	1,644.2	**1,645.5**

An analysis of the carrying amounts of the total borrowings (excluding finance leases and prepayments) by type and currency is as follows:

	2013 US$ million	2012 US$ million
US dollars		
– At floating rates	1,446.5	1,643.5
– At fixed rates	197.7	2.0
	1,644.2	**1,645.5**

The effective interest rates at the balance sheet date were as follows:

	2013	2012
Borrowings	3.1%	2.6%

Certain entities of the Group are subject to certain loan covenants. For both 2013 and 2012, there is no material noncompliance with those loan covenants.

On 30 July 2013, the Company, Topstart and Alber Holdings Limited (Alber Holdings) entered into an Investment Agreement, pursuant to which Topstart conditionally agreed to issue, and the investor conditionally agreed to subscribe for, 338,000,000 convertible redeemable preference shares at a price of US$1.00 per convertible redeemable preference share ("CRPS"). The CRPS were issued on 5 August 2013 ("Issue Date") following the completion of certain conditions precedent and represented 19.60% of the equity share capital of Topstart. The total consideration paid for the CRPS was US$338,000,000.

The values of the liability component and the equity conversion component were determined at issuance of the CRPS. The CRPS recognised in the balance sheet is calculated as follows:

	2013 US$ million	2012 US$ million
Face value of CRPS issued on 5 August 2013	338.0	–
Equity component (Note 17)	(142.0)	–
Liability component on initial recognition at 5 August 2013	196.0	–
Interest expense (Note 8)	8.0	–
Interest paid	(6.9)	–
Liability component at 31 December 2013	**197.1**	–

The interest on the CRPS is calculated at the effective interest rate of 10% approximating the market rate of interest for a similar debt instrument with the same currency and maturity (2012: Not applicable).

As at 31 December 2013, the borrowings of the Group were secured as follows:

(a) Approximately US$714.4 million (2012: US$751.0 million) from CDB and BOC Sydney was secured by a first-ranking equitable mortgage over each of the entire share capital of Album Investment, a wholly owned subsidiary of the Company, and 100% of the share capital of certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings Limited, and a share charge over 70% of the share capital of certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings Limited; and

(b) Approximately US$150.0 million (2012: US$170.0 million) from CDB was also secured by a first-ranking equitable mortgage over each of the entire share capital of Album Investment and 100% of the share capital of certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings Limited and a share charge over 70% of the issued shares in certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings Limited.

(c) Approximately US$250.0 million (2012: Nil) from CDB and BOC Sydney was secured by a first-ranking equitable mortgage over each of the entire share capital of Album Investment; 100% of the share capital of certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings Limited; a share charge over 70% of the share capital of certain wholly owned subsidiaries of Album Investment including MMG Laos Holdings Limited; a share charge over all of the shares in MMG Dugald River; a real property mortgage over all of the interests in land of MMG Dugald River; a general security agreement in respect of all of the assets of MMG Dugald River; and specific security over certain assets owned by MMG Australia Limited relating to the Dugald River project and a featherweight charge over all of MMG Australia Limited's other assets (which security will be released once MMG Australia Limited has completed the transfer of the Dugald River project assets to MMG Dugald River).

29. TRADE AND OTHER PAYABLES

The ageing analysis of the trade payables is as follows:

	2013		2012	
	US$ MILLION	%	US$ MILLION	%
Trade payables				
Less than 6 months	106.6	100.0%	138.5	100.0%
	106.6	100.0%	138.5	100.0%
Other payables and accruals	129.0		160.9	
	235.6		**299.4**	

As at 31 December 2013, the Group's trade payables included an amount of US$0.5 million (2012: US$Nil) (Note 35(d)), which was due to a related company of the Group.

30. RETIREMENT SCHEMES

The Group provides retirement benefits to all Hong Kong eligible employees under the Mandatory Provident Fund (MPF Scheme). Under the MPF Scheme, the Group and its employees make monthly contributions to the MPF Scheme at 5% of the employees' salaries as defined under the Mandatory Provident Fund legislation. Contributions of both the Hong Kong subsidiaries and their employees are subject to a maximum of HK$1,250 per month and thereafter contributions are voluntary and are not subject to any limitation. The MPF Scheme is administered by an independent trustee and its assets are held separately from those of the Group. The Group provides a superannuation contribution for all Australian-based employees to their nominated superannuation fund. This contribution is to provide benefits for employees and their dependants in retirement, and for relevant employees, disabilities or death. In accordance with the applicable regulation in Australia, the Group is required to contribute at a minimum rate of 9.25% of ordinary time earnings (OTE) of the Australian-based employee.

Total contributions made for the year ended 31 December 2013 amounted to approximately US$19.2 million (2012: US$21.8 million) (Note 13).

31. PROVISIONS

	2013 US$ million	2012 US$ million
Non-current		
Employee benefits	3.5	22.1
Workers' compensation	2.4	5.7
Mine rehabilitation, restoration and dismantling[a]	622.3	577.4
Other provisions[b]	7.8	13.8
Total non-current provisions	**636.0**	**619.0**
Current		
Employee benefits	49.2	56.2
Workers' compensation	0.9	0.2
Other provisions[b]	1.8	0.3
Total current provisions	**51.9**	**56.7**
Aggregate		
Employee benefits	52.7	78.3
Workers' compensation	3.3	5.9
Mine rehabilitation, restoration and dismantling[a]	622.3	577.4
Other provisions[b]	9.6	14.1
Total provisions	**687.9**	**675.7**

(a) Mine rehabilitation, restoration and dismantling

	2013 US$ million	2012 US$ million
Opening carrying amount	**577.4**	471.8
Additional provisions recognised	80.7	48.9
Acquisition of subsidiaries	–	32.1
Transfer to liability held for sales	–	(5.3)
Reversal of provisions	–	(5.8)
Payments made	(5.0)	(2.3)
Unwind of discount	25.8	39.0
Exchange rate differences	(56.6)	(1.0)
Closing carrying amount	**622.3**	**577.4**

(b) Other provisions

	2013 US$ million	2012 US$ million
Opening carrying amount	14.1	8.4
Net movement in provisions	(4.5)	5.7
Closing carrying amount	**9.6**	**14.1**

(c) Provisions – The Company

	2013 US$ million	2012 US$ million
Non-current		
Employee benefits	–	3.2
Total non-current provisions	**–**	**3.2**
Current		
Employee benefits	–	0.9
Total current provisions	**–**	**0.9**
Aggregate		
Employee benefits	–	4.1
Total provisions	**–**	**4.1**

32. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit for the year to net cash generated from operations is as follows:

	2013 US$ million	2012 US$ million (restated)
Profit for the year	122.5	234.1
Adjustments for:		
Finance income	(2.8)	(4.5)
Finance costs	80.0	92.2
Depreciation, amortisation and impairment expenses	472.6	308.7
Loss on disposal of property, plant and equipment and investment properties	0.3	1.5
Loss on financial assets at fair value through profit or loss	6.5	14.1
(Reversal of write-down)/write-down of inventory to net realisable value	(25.6)	21.9
Exchange gains – net	(12.6)	(3.3)
Changes in working capital (excluding the effect of exchange differences on consolidation):		
Inventories	2.5	10.8
Trade and other receivables	5.2	(98.1)
Trade payables and accruals, provisions and other payables	(60.9)	(1.0)
Tax assets and tax liabilities	(33.2)	(18.5)
Net cash generated from operations	**554.5**	**557.9**

(b) In the consolidated cash flow statement, purchase of property, plant and equipment comprise:

	2013 US$ million	2012 US$ million (restated)
Total additions (Note 15)	600.1	793.3
Less non-cash additions		
Transfer from provision for mine rehabilitation, restoration and dismantling (Note 31(a))	(24.1)	(42.1)
Capitalised interest (Note 8)	(13.9)	–
Adjustment on change in accounting policy (Note 2.1)	–	(91.0)
Other	(3.9)	(18.3)
Purchase of property, plant and equipment	**558.2**	**641.9**

33. COMMITMENTS

(a) Operating leases

The Group leases various warehouses, offices and factory premises under non-cancellable operating leases. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2013 US$ million	2012 US$ million
Not later than one year	17.2	10.5
Later than one year but not later than five years	32.2	33.4
Later than five years	1.6	9.0
	51.0	**52.9**

(b) Capital commitments

Commitments for capital expenditure contracted for at the reporting date but not recognised as liabilities, are set out in the table below:

	2013 US$ million	2012 US$ million
Property, plant and equipment		
Not later than one year	23.1	61.7
Later than one year but not later than five years	1.6	0.1
	24.7	**61.8**
Intangible assets		
Not later than one year	12.3	7.5
Later than one year but not later than five years	0.3	–
	12.6	**7.5**

The Group had the following capital commitments not provided for at the reporting date:

	2013 US$ million	2012 US$ million
Property, plant and equipment and intangible assets		
Contracted but not provided for	37.3	69.3
Authorised but not contracted for	102.4	71.0
	139.7	**140.3**

34. CONTINGENT LIABILITIES

LEGAL PROCEEDINGS

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

BANK GUARANTEES

Certain bank guarantees have been provided in connection with the operations of certain of the subsidiaries of the Company primarily associated with the terms of mining leases or exploration licences. At the end of the year, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the relevant regulatory authority. These guarantees amount to US$275.7 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 (Note 31).

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is controlled by CMN through Top Create, a company incorporated in the British Virgin Islands, which owns 30.65% of the Company's shares, and Album Enterprises, which owns 43.04% of the Company's shares, both of which are wholly owned subsidiaries of CMN. The remaining 26.31% of the Company's shares are widely held. The directors of the Company consider the ultimate holding Company is CMC, a company incorporated in the PRC.

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

For the purposes of the related party transaction disclosures, the directors of the Company believe that meaningful information in respect of related party transactions has been adequately disclosed. In addition to the related party information and transactions disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year.

(a) Transactions with CMC and its group companies (other than those within the Group)

	2013 US$ million	2012 US$ million
Revenue		
Sales of non-ferrous metals to related companies	132.2	116.5
Expenses		
Purchases from related companies	(15.9)	(6.8)
Finance costs – net		
Finance costs – net to related parties	(7.5)	(7.8)

(b) Transactions and balances with other state-owned enterprises

During the year ended 31 December 2013, the Group's transactions with other state-owned enterprises (excluding CMC and its subsidiaries) are sales of non-ferrous metals and purchases of consumables and the related receivables and payables balances. In addition, a portion of fixed deposits, cash and cash equivalents and borrowings as of 31 December 2013 and the relevant interest earned or paid during the year are transacted with banks and other financial institutions controlled by the PRC government including BOC, CDB 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.

(c) Key management compensation

Key management includes directors (executive and non-executive) and members of the Executive Committee. The key management personnel remuneration for the Group was as follows:

	2013 US$ million	2012 US$ million
Salaries and other short-term employee benefits	12.6	11.9
Other long-term benefits	(5.5)	3.0
Post-employment benefits	0.1	0.1
Share-based payments	0.6	–
	7.8	**15.0**

(d) Year-end balances

	2013 US$ million	2012 US$ million
Amount payable to a related parties		
Loan from Album Enterprises[1,2]	75.0	300.0
Trade payable to CMN (Note 29)	0.5	–
	75.5	**300.0**
Amount receivable from related parties		
Loan to Album Enterprises[3]	–	100.0
Trade receivables from CMN (Note 20)	0.4	19.2
	0.4	**119.2**

1. 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. The term of the loan was extended on 14 February 2014 for a period of six months from 14 February 2014 to 14 August 2014. Interest 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. A further part prepayment in the amount of US$150 million was made on 13 December 2013 and a $25 million repayment was made on 24 December 2013 (refer to Note 28).
2. An additional US$75.0 million loan amount was drawn from Album Enterprises 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.
3. The loan to Album Enterprises (US$100.0 million) represented 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.

36. NON-CURRENT ASSETS HELD FOR SALE

	2013 US$ million	2012 US$ million
Assets of disposal group classified as held for sale		
Property, plant and equipment	24.4	25.2
Total	**24.4**	**25.2**
Liabilities of disposal group classified as held for sale		
Trade and other payables	1.3	1.3
Mine rehabilitation, restoration and dismantling provisions	4.6	5.3
Total	**5.9**	**6.6**
Cumulative income or expenses recognised in income statement relating to disposal group classified as held for sale		
Reversal of impairment expense	–	24.3
Total	**–**	**24.3**

37. EVENTS AFTER BALANCE SHEET DATE

Other than the matters outlined elsewhere in these financial statements, there have been no matters that have occurred subsequent to the reporting date which have significantly affected, or may significantly affect the Group's operations, results or state of affairs in future years.

FIVE-YEAR FINANCIAL SUMMARY

US$ million	2013	2012[1]	2011	2010	2009
Results – the Group					
Continuing operations					
Revenue	2,469.8	2,499.4	2,228.3	1,919.9	1,649.7
EBITDA	**750.9**	**737.9**	**1,063.8**	**820.9**	**255.1**
EBIT	**278.3**	**429.2**	**755.3**	**521.3**	**246.6**
Finance income	2.8	4.5	2.4	4.3	4.2
Finance costs	(80.0)	(92.2)	(48.6)	(42.8)	(30.5)
Profit before income tax	201.1	341.5	709.1	482.8	220.3
Income tax (expense)/benefit	(78.6)	(107.4)	(225.5)	(126.6)	4.5
Profit for the year from continuing operations	**122.5**	**234.1**	**483.6**	**356.2**	**224.8**
Discontinued operations					
Profit for the year from discontinued operations	–	–	90.9	74.2	–
Profit for the year	122.5	234.1	574.5	430.4	224.8
Attributable to:					
Equity holders of the Company	103.3	209.1	540.9	409.4	215.8
Non-controlling interests	19.2	25.0	33.6	21.0	9.0
	122.5	234.1	574.5	430.4	224.8

The results of discontinued operations prior to 2010 have not been restated or reclassified.

A summary of the Group results that relate to current operations involving the exploration for, and development of mining projects, is presented below.

US$ million	2013	2012[1]	2011	2010	2009[2]
Results – current operations					
EBIT	278.3	429.2	755.3	521.3	191.9
Significant non-recurring items	–	–	(215.9)	86.4	–
Underlying EBIT[3]	**278.3**	**429.2**	**539.4**	**607.7**	**191.9**

1. The results for 2012 have been restated due to a change in accounting policy as disclosed in Note 2 to the consolidated financial statements.
2. The results of Album Resources are included from 8 April 2009 (date of incorporation) to 31 December 2009.
3. Underlying EBIT represents EBIT adjusted for significant non-recurring items (before tax).

FIVE-YEAR FINANCIAL SUMMARY (CONTINUED)

US$ million	2013	2012[1]	2011	2010	2009
Assets and liabilities – the Group					
Property, plant and equipment	3,323.1	3,204.8	1,754.9	1,673.5	1,602.5
Investments accounted for using the equity method	–	0.1	–	227.3	171.5
Intangible assets	284.0	230.9	–	132.0	140.0
Inventories	351.9	354.4	311.5	388.2	324.0
Trade and other receivables	303.9	254.1	118.3	360.4	283.7
Loan to related party	–	100.0	95.0	–	–
Cash and cash equivalents	137.4	95.7	1,096.5	398.2	471.1
Other financial assets	114.8	146.1	4.4	183.5	33.0
Other assets	7.5	7.3	1.9	1.5	0.9
Current income tax assets	–	29.0	7.4	3.5	0.9
Deferred income tax assets	136.5	114.2	63.6	98.8	70.6
Assets of disposal group classified as held for sale	24.4	25.2	–	–	–
Total assets	**4,683.5**	**4,561.7**	**3,453.5**	**3,466.9**	**3,098.2**
Capital and reserves attributable to equity holders of the Company	1620.1	1,532.8	1,435.4	477.0	1,144.4
Non-controlling interests	196.7	55.5	59.0	56.4	67.7
Total equity	**1,816.8**	**1,588.3**	**1,494.4**	**533.4**	**1,212.1**
Borrowings	1,621.4	1,635.9	1,081.1	1,227.5	1,231.4
Trade and other payables	235.6	299.4	205.7	368.5	223.2
Advances from banks for discounted bills	–	–	–	43.6	25.1
Receipts in advance	–	–	–	71.0	62.1
Loan from a related party	–	–	–	694.2	–
Other liabilities	–	–	–	8.8	15.9
Current income tax liabilities	76.6	120.8	117.9	129.1	60.7
Provisions	687.9	675.7	547.6	370.7	266.9
Deferred income tax liabilities	239.3	235.0	5.5	20.1	0.8
Liabilities of disposal group classified as held for sale	5.9	6.6	1.3	–	–
Total liabilities	**2,866.7**	**2,973.4**	**1,959.1**	**2,933.5**	**1,886.1**
Total equity and liabilities	**4,683.5**	**4,561.7**	**3,453.5**	**3,466.9**	**3,098.2**
Net current assets	**112.8**	**49.0**	**429.3**	**557.2**	**623.5**
Total assets less current liabilities	**3,962.7**	**3,707.6**	**2,285.5**	**2,714.7**	**2,632.5**

1. The results for 2012 have been restated due to a change in accounting policy as disclosed in Note 2 to the consolidated financial statements.

The results of discontinued operations prior to 2010 have not been restated or reclassified.

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