WE MINE FOR PROGRESS
MMG

INTERIM REPORT 2020

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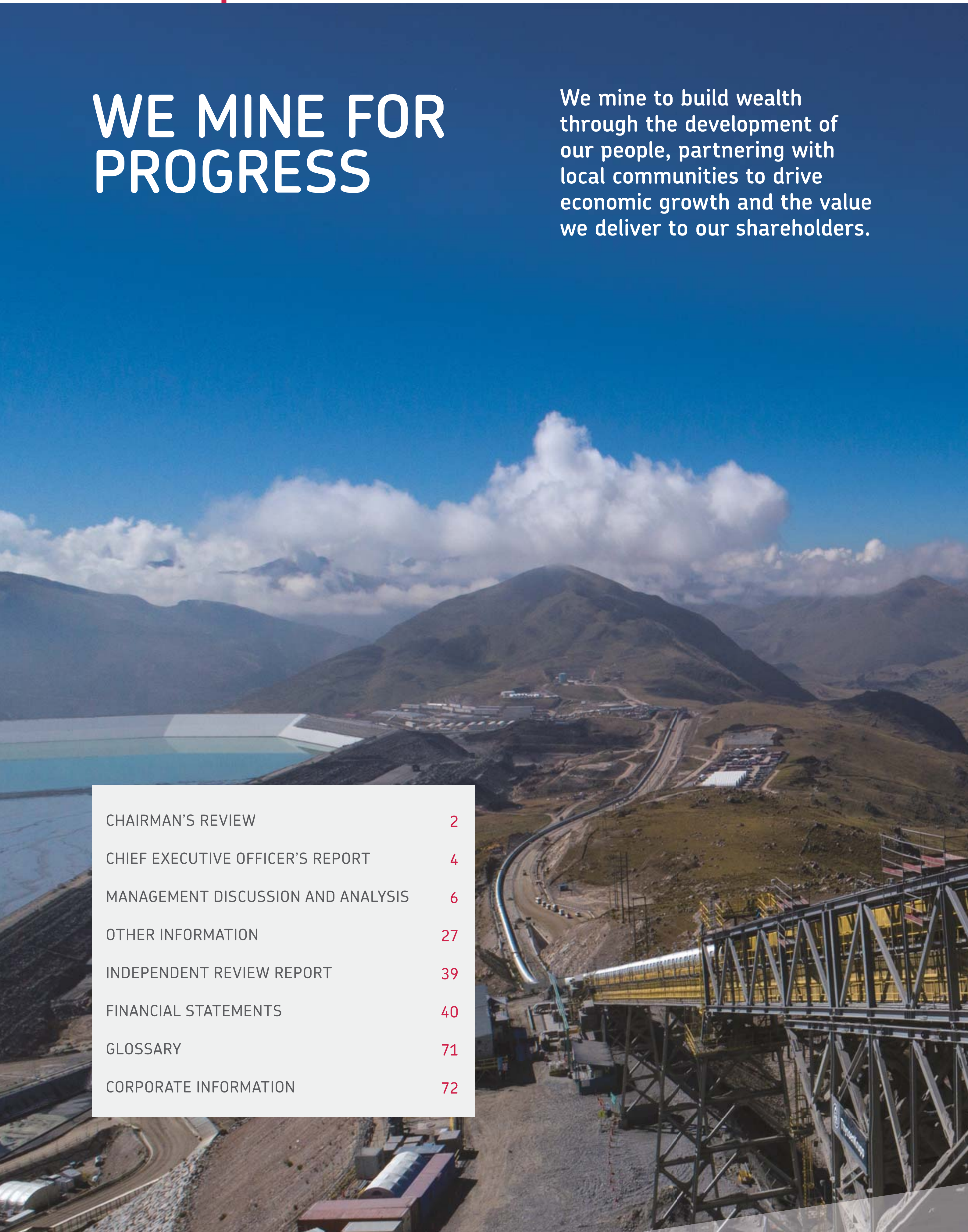

WE MINE FOR PROGRESS

We mine to build wealth through the development of our people, partnering with local communities to drive economic growth and the value we deliver to our shareholders.

We work in complex jurisdictions and across numerous cultures and communities, who have vastly differing experiences with resource development.

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

CHAIRMAN'S REVIEW

Dear Shareholders,

I would like to thank you for your long-term support of MMG. On behalf of the MMG Board, I am pleased to present the Company's 2020 interim results.

In the first half of 2020, the spread of the COVID-19 pandemic across the world has greatly impacted the global economy. Some regions have fallen into recession, and the price of metals and minerals has fluctuated and fallen, affecting the Company's business performance to some extent. Faced with the challenges of a complex external environment, MMG has taken various active measures to strengthen pandemic prevention and control and to manage its operations during this time. In the first half of the year, the total production of copper was 168,938 tonnes and the total production of zinc was 113,071 tonnes, and we achieved an EBITDA of US$383.6 million during the reporting period.

The Company continues to adhere to the core value of "safety first", and gives top priority to the safety and health of employees. In response to the COVID-19 outbreak, we actively implemented contingency plans and formulated strict pandemic prevention procedures in accordance with the requirements of the local governments in our operating regions. We conduct comprehensive medical pre-screening of personnel arriving at site in addition to multiple re-examinations during and before shifts. We implemented social distancing and have strengthened hygiene practices and prevention and control measures. To date, there have not been any confirmed cases of COVID-19 in the mines operated by MMG.

In the future, we will continue to focus our efforts on the prevention and control of the pandemic and on maintaining safe production. We will make every effort to protect the health and safety of our employees.

Across our operations we have taken active and effective measures to ensure continuous production during the pandemic. However, the national emergency that began in Peru in March has seen a shortage of employees at the Las Bambas mine resulting in a 29% year-on-year decrease in copper output. On the other hand, optimisation of mining operations at the Kinsevere mine has resulted in a 26% increase in the output of copper cathode; the Dugald River mine has increased its mining volume and recovery rate, and its zinc output has increased by 6% compared to the same period in 2019; the zinc output of the Rosebery mine has decreased by 14% year-on-year due to a decline in ore grades and restricted mining areas.

Throughout the year we have continued to promote internal reforms and have implemented specific programs focused on reducing costs, conserving cash, increasing labour productivity, reducing the size of the Head Office, and giving mines more resources and responsibilities. We are increasing our presence in China to further strengthen our relationships with major stakeholders, and to seek collaborative opportunities, and we have continuously improved the international management model that we have built over the past decade. While developing the business, we are focused on organic growth and on making full use of the resources at hand. We are committed to building a corporate

culture and philosophy that continuously pursues excellence and value, and creates mutual trust and win-win relationships with communities and stakeholders, and we continue to improve the Company's social and environmental performance.

China Minmetals Corporation Limited (CMC), the Company's major shareholder, continues to provide strong and enduring support. CMC is China's largest metal and minerals group with mining as its core business. CMC is the most international and has the strongest technological research and development capabilities in China with extensive influence around the world. In the first half of this year, under the adverse conditions of the pandemic and with a downturn in the industry, CMC produced operating indicators in line with progress and expectations, and the operating income increased by 10% year-on-year against the trend. As the flagship platform for CMC to develop its metal and mineral resources business, MMG will continue to receive strong support from its major shareholder, continue to develop its high quality assets and improve its competitiveness.

Looking ahead to the second half of the year, we believe that the current difficult situation is temporary. As the largest consumer of metal and mineral products, China is gradually showing signs of economic recovery as the pandemic is brought under control. The long-term positive trend remains unchanged which is a key reason for the recent improvement in metal prices. Although the aftermath of the pandemic is still unfolding, resulting in major uncertainties in the market in the short term, we are confident of overcoming the adverse impacts of the pandemic. We intend to keep up with the pace of economic development in China and the world and seize opportunities for the rebound in the metal and mining industry, as we continue our efforts to prevent and control the pandemic and ensure safe, healthy and productive operations. We will work with shareholders, employees, partners and other stakeholders, to create a better future together.

I would like to thank all shareholders, communities and business partners for their long-term support and my sincere thank you to all employees for their hard work.

GUO Wenqing
CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders,

The first half of 2020 has been presented with significant challenges as we have worked tirelessly to manage the impact of the COVID-19 pandemic on our business. While global uncertainty has resulted in weaker commodity prices, our first priority was maintaining safe operations at each of our sites, and ensuring the health and safety of our people, communities and contractors. I am pleased to report that we have been able to sustain continuous production at each site.

SAFETY

At MMG, our guiding value is safety. During the first six months of 2020 we recorded a Company-wide TRIF of 1.82, which represents an increase of 4% on the 2019 half year result. We remain steadfast in our commitment to eliminating injuries from our workplaces, recognising that every injury has the potential to cause long term effects on those injured, as well as their families. Across the entire business we have placed significant effort and focus on safe task management to ensure that all tasks are properly planned, risks are identified, controls are implemented and that our people have the required training and skills to complete tasks safely. Essential to this is ensuring that our leaders continue to engage teams through measures such as regular safety conversations, pre-start meetings, training and shared learnings.

As the COVID-19 pandemic continued to spread across the globe in the first half of this year, each of our operating regions faced challenges, with the greatest impacts experienced at our sites in Peru and the Democratic Republic of Congo. We have worked tirelessly to follow local government directions and to prevent the spread of the virus at our sites. We have implemented a broad range of measures to keep our people and communities safe, including enhanced hygiene measures, social distancing, administration of multiple tests for arriving to site, isolation protocols and community support. Additionally, we have worked with families of our people to share safety and prevention measures. I am proud that, to date, we have not recorded any COVID-19 cases at any of our operations, and we are doing everything possible to ensure that we keep it that way.

OUR PERFORMANCE

In the first half of 2020, MMG's operations produced 168,938 tonnes of copper and 113,071 tonnes of zinc.

While it is pleasing that we were able to sustain production at all operations despite the challenges presented by COVID-19, copper production at Las Bambas was impacted by limited workforce availability, community-related disruptions in January and February and conveyor belt repairs in early 2020. Las Bambas produced 131,698 tonnes of copper in concentrate in the first half. The operation's revenue of US$751.2 million was 17% lower than during the same period in 2019. This was primarily driven by lower commodity prices and lower sales volumes.

At Kinsevere, copper cathode production was 26% higher than the corresponding period in 2019, at 36,505 tonnes. This result is attributable to the higher mill throughout and higher ore feed grades due to the transition of mining back to the Central pit. Revenue also increased by 12% to US$198.5 million due to higher production and sales volumes.

Dugald River produced 79,177 tonnes of zinc during the first half. However, revenue reduced by 26% to US$120.9 million, largely due to the impact of lower metal prices.

Production of all metals at Rosebery was impacted by lower mill throughput and lower feed grades as mining activity continued to advance at deeper levels. Zinc production at Rosebery was 33,894 tonnes, while revenue decreased by 16% to US$119.4 million primarily driven by lower commodity prices and sales volumes.

The Company has maintained its focus on cost and operational efficiency throughout 2020. This has resulted in improved C1 unit cost performance across all sites during the first half of the year, other than at Las Bambas due to the impact of COVID-19 on production volumes.

In the first half, MMG delivered an EBITDA of US$383.6 million which represents a 41% reduction on the corresponding period in 2019. This result primarily reflects the impact of COVID-19, specifically lower commodity prices and sales volumes. The Company's net debt also increased by US$69.6 million due to the impacts of COVID-19 on operating cash flow.

Due to ongoing uncertainty related to the impacts of COVID-19 in Peru, we have withdrawn guidance for Las Bambas at this time. Guidance for the production of copper cathode at Kinsevere remains unchanged at 68,000 to 75,000 tonnes and zinc production at Dugald River and Rosebery is expected to be between 225,000 and 245,000 tonnes.

OUR FOCUS

While managing the impacts of COVID-19 has been our focus for the first half, the management team has also placed significant attention and effort on our longer-term strategy and the transformation of our business. We have implemented cost saving and cash preservation initiatives and have worked to improve the productivity at each of our operations. These initiatives are part of our commitment to building a culture of excellence and an unwavering commitment to achieve the maximum value from our assets.

As we look to the rest of the year, we will undoubtedly continue to contend with market volatility and uncertainty due to the global pandemic. However, I am encouraged by some of the positive signs in the recovery of consumption and investment, particularly in China. Global economic recovery and stimulus measures, as well as supply side constraints in copper production, will likely continue to support commodity prices in the near term.

Consistent with our value of Safety First, our first priority remains the safety, health and wellbeing of our people and we will continue to leave no stone unturned in protecting our people from the impact of COVID-19. Across all sites we have developed a range of strategies to maintain production activities or to deliver an efficient ramp up to normal activity levels. I am confident in the strength and resilience of our team and the support of our major shareholder – this dedication and support will ensure that we can emerge as a strong organisation from this global crisis.

Finally, on behalf of the MMG management team, I thank our shareholders, communities, contractors and all of our people for their support.

Geoffrey (Xiaoyu) GAO
CHIEF EXECUTIVE OFFICER

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

For the purpose of the management discussion and analysis, the Group's results for the six months ended 30 June 2020 are compared with results for the six months ended 30 June 2019.

SIX MONTHS ENDED 30 JUNE	2020 US$ MILLION	2019 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**1,191.4**	**1,387.4**	**(14%)**
Operating expenses	(778.0)	(726.7)	(7%)
Exploration expenses	(8.1)	(13.4)	40%
Administration expenses	(13.6)	(11.5)	(18%)
Other (expenses)/income, net	(8.1)	10.9	(174%)
EBITDA	**383.6**	**646.7**	**(41%)**
Depreciation and amortisation expenses	(406.9)	(451.3)	10%
EBIT	**(23.3)**	**195.4**	**(112%)**
Net finance costs	(220.4)	(266.4)	17%
Loss before income tax	**(243.7)**	**(71.0)**	**(243%)**
Income tax credit/(expense)	61.0	(2.0)	3,150%
Loss after income tax for the period	**(182.7)**	**(73.0)**	**(150%)**
Attributable to:			
Equity holders of the Company	(158.0)	(81.0)	(95%)
Non-controlling interests	(24.7)	8.0	(409%)
	(182.7)	**(73.0)**	**(150%)**

(LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

MMG's loss of US$182.7 million for the six months ended 30 June 2020 includes losses attributable to equity holders of US$158.0 million and losses attributable to non-controlling interests of US$24.7 million. This compares to a loss attributable to equity holders of US$81.0 million and profit attributable to non-controlling interests of US$8.0 million for the six months ended 30 June 2019. Amounts attributable to non-controlling interests relate to the 37.5% interest in Las Bambas not owned by the Company.

The following table provides a reconciliation of reported profit after tax attributable to equity holders.

SIX MONTHS ENDED 30 JUNE	2020 US$ MILLION	2019 US$ MILLION	CHANGE % FAV/(UNFAV)
Profit after tax – Las Bambas 62.5% interest	(41.2)	13.3	(410%)
Profit after tax – Other operations	(50.9)	(22.1)	(130%)
Exploration expenses	(8.1)	(13.4)	40%
Administration expenses	(13.6)	(11.5)	(18%)
Net finance costs (excluding Las Bambas)	(50.5)	(53.7)	6%
Other	6.3	6.4	(2%)
Loss for the period attributable to equity holders	**(158.0)**	**(81.0)**	**(95%)**

OVERVIEW OF OPERATING RESULTS

The Group's operations comprise Las Bambas, Kinsevere, Dugald River and Rosebery. Exploration, corporate activities and other subsidiaries are classified as 'Other'.

	REVENUE			EBITDA		
SIX MONTHS ENDED 30 JUNE	2020 US$ MILLION	2019 US$ MILLION	CHANGE % FAV/(UNFAV)	2020 US$ MILLION	2019 US$ MILLION	CHANGE % FAV/(UNFAV)
Las Bambas	751.2	902.2	(17%)	333.2	541.0	(38%)
Kinsevere	198.5	176.6	12%	13.4	8.6	56%
Dugald River	120.9	163.8	(26%)	9.1	52.5	(83%)
Rosebery	119.4	142.8	(16%)	48.5	64.1	(24%)
Other	1.4	2.0	(30%)	(20.6)	(19.5)	(6%)
Total	**1,191.4**	**1,387.4**	**(14%)**	**383.6**	**646.7**	**(41%)**

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

Revenue decreased by US$196.0 million (14%) to US$1,191.4 million compared to the first half of 2019, mainly due to lower realised commodity prices (US$230.6 million) partly offset by higher sales volumes (US$34.6 million).

Unfavourable commodity price variances of US$230.6 million were driven by lower realised prices for copper (US$150.2 million), zinc (US$101.4 million), lead (US$6.9 million) and molybdenum (US$3.6 million). This was partly offset by higher prices for gold (US$23.8 million) and silver (US$7.7 million).

Higher sales volumes resulted from higher sales of copper cathode at Kinsevere (US$47.8 million), due to higher production. Higher production and drawdown of existing stockpiles at Dugald River also resulted in higher zinc, lead and by-product sales revenue (US$34.9 million).

This was partly offset by the impact of lower payable metal content for Las Bambas sales (US$45.4 million). Rosebery sales volumes were also lower (US$2.7 million), largely due to lower mill throughput and zinc feed grades.

With respect to Las Bambas, the combined impact of community blockades in the first quarter of 2020 and the suspension of trucking over March and April due to the COVID-19 pandemic, had a marginal impact on Las Bambas sales compared to the prior year comparative period, which was also impacted by community blockades.

REVENUE BY COMMODITY

SIX MONTHS ENDED 30 JUNE	2020 US$ MILLION	2019 US$ MILLION	CHANGE % FAV/(UNFAV)
Copper	851.9	985.6	(14%)
Zinc	139.7	223.0	(37%)
Lead	31.3	35.5	(12%)
Gold	98.8	67.9	46%
Silver	65.3	54.3	20%
Molybdenum	4.4	21.1	(79%)
Total	**1,191.4**	**1,387.4**	**(14%)**

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

PRICE

London Metal Exchange (LME) base metals prices were lower in the six months ended 30 June 2020 compared to the prior corresponding period for all metals, other than gold and silver.

AVERAGE LME CASH PRICE SIX MONTHS ENDED 30 JUNE	2020	2019	CHANGE % FAV/(UNFAV)
Copper (US$/tonne)	5,490	6,167	(11%)
Zinc (US$/tonne)	2,044	2,734	(25%)
Lead (US$/tonne)	1,759	1,961	(10%)
Gold (US$/ounce)	1,647	1,307	26%
Silver (US$/ounce)	16.63	15.23	9%
Molybdenum (US$/tonne)	19,886	26,430	(25%)

SALES VOLUMES

PAYABLE METAL IN PRODUCT SOLD SIX MONTHS ENDED 30 JUNE	2020	2019	CHANGE % FAV/(UNFAV)
Copper (tonnes)	172,041	169,744	1%
Zinc (tonnes)	105,434	97,583	8%
Lead (tonnes)	20,893	19,537	7%
Gold (ounces)	57,181	51,983	10%
Silver (ounces)	3,943,411	3,715,231	6%
Molybdenum (tonnes)	345	901	(62%)

PAYABLE METAL IN PRODUCT SOLD SIX MONTHS ENDED 30 JUNE 2020	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES	MOLYB-DENUM TONNES
Las Bambas	134,635	-	-	39,597	1,876,506	345
Kinsevere	36,551	-	-	-	-	-
Dugald River	-	72,917	10,969	-	715,484	-
Rosebery	855	32,516	9,924	17,584	1,351,421	-
Total	**172,041**	**105,433**	**20,893**	**57,181**	**3,943,411**	**345**

PAYABLE METAL IN PRODUCT SOLD SIX MONTHS ENDED 30 JUNE 2019	COPPER TONNES	ZINC TONNES	LEAD TONNES	GOLD OUNCES	SILVER OUNCES	MOLYB-DENUM TONNES
Las Bambas	140,264	-	-	37,711	2,052,664	901
Kinsevere	28,764	-	-	-	-	-
Dugald River	-	61,310	8,226	-	505,675	-
Rosebery	716	36,273	11,311	14,272	1,156,892	-
Total	**169,744**	**97,583**	**19,537**	**51,983**	**3,715,231**	**901**

Operating expenses include expenses of operating sites, excluding depreciation and amortisation. Site expenses include mining and processing expenses, changes in inventories, royalty expenses, selling expenses and other operating expenses.

Total operating expenses increased by US$51.3 million (7%) in the first half of 2020, driven by a net unfavourable inventory movement of US$195.2 million. This was primarily attributable to Las Bambas, with an excess of sales over production resulting in a net drawdown of copper concentrate stocks at site which had built up in 2019. The impact of the stock movement was partly offset by lower production costs across all sites (US$140.3 million). Further detail is set out below in the mine analysis section.

Exploration expenses decreased by US$5.3 million (40%) to US$8.1 million in the first half of 2020, with expenditure focused on targets in and around existing operations.

Administrative expenses increased by US$2.1 million (18%) in the six months ended 30 June 2020 driven by redundancy and other expenses associated with transformation and restructuring initiatives (US$8.1 million). This was offset by lower people costs, consultant spend and travel expenses as a result of headcount reductions and cash preservation initiatives (US$6.0 million).

Other income/(expenses) had a US$8.1 million unfavourable impact on EBIT in the first half of 2020. This compares to a favourable impact of US$10.9 million in the prior corresponding period, which was primarily attributable to foreign exchange gains. The US$8.0 million unfavourable impact in the current period was largely attributable to foreign exchange losses (US$9.7 million), partly offset by insurance proceeds received (US$2.7 million).

Depreciation and amortisation expenses decreased by US$44.4 million (10%) to US$406.9 million in the first half of 2020. The decrease was primarily attributable to lower mining and milling volumes at Las Bambas (US$28.3 million). Depreciation expenses were also lower at Rosebery (US$9.9 million) and Dugald River (US$2.5 million).

Net finance costs decreased by US$46.0 million (17%) to US$220.4 million compared to the first half of 2019. The decrease was mainly due to lower London Inter-Bank Offered Rate (LIBOR) applicable to floating rate debt compared with the first half of 2019 (US$26.4 million), together with the impact of lower debt balances (US$17.7 million).

Income tax credit of US$61.0 million, represents a US$63.0 million movement from the US$2.0 million income tax expense in the prior year comparative period. This reflects the higher pre-tax loss generated during the six months to 30 June 2020. The effective tax rate for the period to 30 June 2020 was 25.0%, with a prima facie income tax rate from operations of 32.0% partly offset by the impacts of non-creditable withholding tax and non-deductible items.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

MINES ANALYSIS

LAS BAMBAS

SIX MONTHS ENDED 30 JUNE	2020	2019	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	20,335,240	27,286,512	(25%)
Ore milled (tonnes)	19,714,337	24,814,293	(21%)
Waste movement (tonnes)	66,499,689	54,076,201	23%
Copper in copper concentrate (tonnes)	131,698	185,825	(29%)
Payable metal in product sold			
Copper (tonnes)	134,635	140,264	(4%)
Gold (ounces)	39,597	37,711	5%
Silver (ounces)	1,876,506	2,052,664	(9%)
Molybdenum (tonnes)	345	901	(62%)

SIX MONTHS ENDED 30 JUNE	2020 US$ MILLION	2019 US$ MILLION	CHANGE% FAV/(UNFAV)
Revenue	**751.2**	**902.2**	**(17%)**
Operating expenses			
Production expenses			
Mining	(105.9)	(196.6)	46%
Processing	(103.1)	(118.5)	13%
Other	(143.5)	(152.8)	6%
Total production expenses	**(352.5)**	**(467.9)**	**25%**
Freight (transportation)	(30.2)	(24.1)	(25%)
Royalties	(23.8)	(26.4)	10%
Other[i]	(6.2)	149.5	(104%)
Total operating expenses	**(412.7)**	**(368.9)**	**(12%)**
Other (expenses)/income	(5.3)	7.7	(169%)
EBITDA	**333.2**	**541.0**	**(38%)**
Depreciation and amortisation expenses	(293.7)	(322.0)	9%
EBIT	**39.5**	**219.0**	**(82%)**
EBITDA margin	**44%**	**60%**	**(26%)**

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

Revenue of US$751.2 million was 17% below the first half of 2019, due to lower realised commodity prices (US$105.7 million) and lower copper (US$32.3 million) and molybdenum (US$13.0 million) sales volumes.

Copper concentrate volumes sold in the first half of 2020 (396,407 tonnes) were higher than the prior year comparative period (383,036 tonnes), however metal volumes did decline. Community blockades in the first quarter of 2020 and the temporary suspension of trucking in the second half of March to late April due to the impacts of the COVID-19 pandemic also impacted sales, however on a comparative basis this impact was similar to the impact of the community blockades that occurred in the first of 2019. Despite logistics challenges faced over the first half of 2020, the balance of copper in concentrate held at site has reduced from approximately 50,000 tonnes at 31 December 2019, to 38,000 tonnes as at 30 June 2020. At current rates, it is anticipated that drawdown of this stock will extend into 2021. Lower molybdenum sales volumes were largely a result of plant de-bottlenecking works which completed in June 2020.

Lower mining costs largely reflect a change in the application of the deferred stripping accounting policy for better alignment between the cost of waste removal activity and timing of the economic benefit of this activity. This change, which has no cash impact, was first adopted in the second half of 2019 and resulted in capitalisation of approximately US$83.0 million of mining costs over the first half of 2020, that would have otherwise been expensed. Of this, US$50.1 million represented additional mining costs due to increased waste material movement compared to the prior year comparative period. The remaining US$32.9 million represents amounts that would have been capitalised in the first half of 2019, had the change in accounting policy been adopted at that time.

Further production cost savings of US$32.5 million reflect the rescheduling of maintenance costs (US$26.7 million) through business improvement initiatives and operational disruptions, together with lower mining and milling volumes compared to the first half of 2019, largely due to the impacts of the COVID-19 pandemic.

Total operating expenses were unfavourable by US$43.8 million (12%). This was largely due to a net drawdown of finished goods that had built up in 2019 (US$165.2 million), together with increased transportation costs due to higher concentrate volumes being sold. This offset the favourable US$115.4 million impact of lower production costs.

C1 costs for the first half of 2020 were US$1.15/lb compared to US$1.12/lb in the first half of 2019. The higher C1 is due to lower copper production volumes, partly offset by lower production expenses and higher by-product credits.

On 13 April 2020, the Company withdrew its 2020 guidance for Las Bambas, in response to the inherent uncertainty associated with the impacts of the COVID-19 pandemic. Despite the challenges presented by this event, Las Bambas has continued to operate continuously, albeit with limited workforce availability which has impacted activity levels at site and compliance with the original mine plan for much of the first half of the year. This, together with community related disruptions during January and February, as well as the need for repairs to the overland ore conveyor, have impacted the steady supply of ore to the mill.

The situation regarding COVID-19 remains highly uncertain, and the Company continues to work on a range of mine planning scenarios to effectively manage the current situation and ensure an efficient ramp-up towards normal activity levels, as workforce availability improves during the second half. Once greater operational certainty has been restored, updated production and other Las Bambas related guidance will be provided. This will include an update on the medium-term production outlook, including impacts to the development timeline for the Chalcobamba pit, with 2020 still targeted for permitting.

KINSEVERE

SIX MONTHS ENDED 30 JUNE	2020	2019	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	1,008,322	1,145,610	(12%)
Ore milled (tonnes)	1,193,960	1,099,421	9%
Waste movement (tonnes)	5,835,523	7,803,373	(25%)
Copper cathode (tonnes)	36,505	29,002	26%
Payable metal in product sold			
Copper (tonnes)	35,910	28,764	25%

SIX MONTHS ENDED 30 JUNE	2020 US$ MILLION	2019 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**198.5**	**176.6**	**12%**
Operating expenses			
Production expenses			
Mining	(37.7)	(38.3)	2%
Processing	(41.2)	(55.8)	26%
Other	(53.2)	(42.4)	(25%)
Total production expenses	**(132.1)**	**(136.5)**	**3%**
Freight (transportation)	(17.3)	(13.3)	(30%)
Royalties	(11.6)	(9.5)	(22%)
Other[i]	(20.5)	(8.1)	(153%)
Total operating expenses	**(181.5)**	**(167.4)**	**(8%)**
Other expenses	(3.6)	(0.6)	(500%)
EBITDA	**13.4**	**8.6**	**56%**
Depreciation and amortisation expenses	(59.0)	(59.6)	1%
EBIT	**(45.6)**	**(51.0)**	**11%**
EBITDA margin	**7%**	**5%**	**39%**

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

Kinsevere revenue increased 12% to US$198.5 million compared to the first half of 2019, due to higher production and sales volumes (US$47.8 million), partly offset by lower realised copper prices (US$25.9 million).

Copper cathode production of 36,505 tonnes was 26% higher compared to the prior corresponding period. This reflected higher mill throughput, due to sustained plant stability, and a 14.5% increase in ore feed grade (3.25%, compared to 2.83% in the first half of 2019), with the majority of mined ore coming from the main Central pit, after mining at the Mashi pit ceased in mid-2019.

Ore mined was 12% below the first half of 2019, due to an extended wet season affecting production in the first three months of the year, and a temporary suspension of mining as a result of the COVID-19 lockdown. This did not impact on processing levels, with ore processed increasing by 9.0%, as mill feed was supplemented by the reclamation of long-term stockpiles and third-party ore.

Total production expenses decreased by US$4.4 million (3.0%) compared to the first half of 2019. Ore processing costs decreased by US$14.6 million (26%) mainly due to better ore quality, with lower gangue acid consuming ore and reduced silica in ore feed from external parties resulting in lower consumption of reagents. Despite reduced mining and waste movement volumes, mining costs remained relatively consistent with prior year comparative period. This resulted from a decision to cease capitalisation of mining costs at Kinsevere from 2020 onwards, with US$12.1 million having been capitalised in the first half of 2019. This decision was taken due to the limited remaining oxide life at the mine.

Overall lower production costs were offset by higher other production expenses (US$10.8 million) as a result of expenses incurred to mitigate the risk of COVID-19 at site, increased obsolete stock write-downs and higher customs duty expenses.

Increased freight and royalties compared to the first half of 2019, reflect higher sales volumes. Other operating expenses increased by US$12.4 million, mainly due to unfavourable inventory movements as a result of higher reclamation from ore stockpiles.

C1 costs for the first half of 2020 were US$1.86/lb, compared to US$2.49/lb in the first half of 2019. The lower C1 is due to increased production, together with lower cash production expenses.

Noting the ongoing uncertainty associated with COVID-19, the Company, at this stage, maintains its existing 2020 guidance for Kinsevere, with copper cathode production expected to be between 68,000–75,000 tonnes and C1 costs within the range of US$1.80–US$1.95/lb.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

DUGALD RIVER

SIX MONTHS ENDED 30 JUNE	2020	2019	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	945,735	846,264	12%
Ore milled (tonnes)	947,634	886,128	7%
Zinc in zinc concentrate (tonnes)	79,177	74,515	6%
Lead in lead concentrate (tonnes)	9,846	10,639	(7%)
Payable metal in product sold			
Zinc (tonnes)	72,917	61,310	19%
Lead (tonnes)	10,969	8,226	33%
Silver (ounces)	715,484	505,675	41%

SIX MONTHS ENDED 30 JUNE	2020 US$ MILLION	2019 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**120.9**	**163.8**	**(26%)**
Operating expenses			
Production expenses			
Mining	(35.1)	(32.8)	(7%)
Processing	(25.6)	(33.7)	24%
Other	(26.6)	(32.7)	19%
Total production expenses	**(87.3)**	**(99.2)**	**12%**
Freight (transportation)	(6.3)	(6.7)	6%
Royalties	(5.0)	(7.1)	30%
Other(i)	(11.8)	1.7	(794%)
Total operating expenses	**(110.4)**	**(111.3)**	**1%**
Other expenses	(1.4)	–	(100%)
EBITDA	**9.1**	**52.5**	**(83%)**
Depreciation and amortisation expenses	(29.0)	(31.5)	8%
EBIT	**(19.9)**	**21.0**	**(195%)**
EBITDA margin	**8%**	**32%**	**26%**

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

Revenue decreased by US$42.9 million (26%) to US$120.9 million, primarily due to lower metal prices ($77.8 million), offset by higher sales volumes across all commodities (US$34.9 million). Higher sales volumes in the first half of 2020 were driven by higher zinc production, as well as a draw-down of existing stockpiles, with 2019 production and sales volumes having also been adversely impacted by significant flooding events.

Despite higher mining and milling volumes, total production expenses were US$11.9 million lower compared to the first half of 2019. Lower processing costs (US$8.1 million), largely resulted from gas and electricity credits received, with reduced energy expenditure. Other production expenses were lower in the first half of 2020 (US$6.1 million), with the comparative period including additional transportation costs incurred as a result of flooding events in February 2019. Other expenses were higher by US$13.5 million, attributable to inventory movements due to higher sales volumes.

Dugald River's zinc C1 costs were US$0.76/lb in the first half of 2020 compared to US$0.81/lb in the first half of 2019, with lower production expenses and higher volumes being the main drivers of this improved result, partly offset by the impact of overall higher zinc treatment charges on a comparative basis, which impacted by approximately US$0.08/lb.

Noting the ongoing uncertainty associated with COVID-19, the Company, at this stage, maintains its existing 2020 guidance for Dugald River, with production of between 170,000 and 180,000 tonnes of zinc in zinc concentrate and C1 costs of US$0.70–US$0.75/lb.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

ROSEBERY

SIX MONTHS ENDED 30 JUNE	2020	2019	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	458,901	498,541	(8%)
Ore milled (tonnes)	472,647	511,115	(8%)
Copper in copper concentrate (tonnes)	736	700	5%
Zinc in zinc concentrate (tonnes)	33,894	39,565	(14%)
Lead in lead concentrate (tonnes)	10,787	12,096	(11%)
Gold (ounces)	4,583	5,480	(16%)
Silver (ounces)	2,421	3,138	(23%)
Payable metal in product sold			
Copper (tonnes)	855	716	19%
Zinc (tonnes)	32,516	36,273	(10%)
Lead (tonnes)	9,924	11,311	(12%)
Gold (ounces)	17,584	14,272	23%
Silver (ounces)	1,351,421	1,156,892	17%

SIX MONTHS ENDED 30 JUNE	2020 US$ MILLION	2019 US$ MILLION	CHANGE % FAV/(UNFAV)
Revenue	**119.4**	**142.8**	**(16%)**
Operating expenses			
Production expenses			
Mining	(30.6)	(35.9)	15%
Processing	(13.6)	(16.2)	16%
Other	(10.6)	(11.3)	6%
Total production expenses	**(54.8)**	**(63.4)**	**14%**
Freight (transportation)	(3.3)	(3.6)	8%
Royalties	(5.8)	(6.7)	13%
Other[i]	(6.4)	(5.0)	(28%)
Total operating expenses	**(70.3)**	**(78.7)**	**11%**
Other expenses	(0.6)	-	(100%)
EBITDA	**48.5**	**64.1**	**(24%)**
Depreciation and amortisation expenses	(23.6)	(33.5)	30%
EBIT	**24.9**	**30.6**	**(19%)**
EBITDA margin	**41%**	**45%**	**(16%)**

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

Rosebery produced lower volumes across all metals during the first half of 2020, mainly driven by lower mill throughput and lower feed grades, as mining activity moves deeper.

Revenue decreased by US$23.4 million (16%) to US$119.4 million due to lower commodity prices (US$2.7 million) and lower sales volumes (US$20.7 million). Negative price and volume variances were primarily attributable to zinc and lead, with impacts partly offset by higher by-product revenue with higher prices and sales volumes for both gold and silver during the first half of 2020.

Total production expenses decreased by US$8.6 million (13%) compared to the first half of 2019. Lower mining costs (US$5.3 million) were attributable to delays associated with seismic events in late 2019. Lower processing costs (US$2.6 million) reflect lower mill throughput as a result of lower availability of surface ore stocks.

Rosebery's zinc C1 costs were US$0.10/lb in the first half of 2020 compared to US$0.30/lb in the first half of 2019, reflecting higher precious metal by-product credits and lower production expenses.

Noting the ongoing uncertainty associated with COVID-19, the Company, at this stage, maintains its existing 2020 guidance for Rosebery, with production of between 55,000 and 65,000 tonnes of zinc in zinc concentrate and C1 costs of US$0.20–US$0.30/lb.

CASH FLOW ANALYSIS

NET CASH FLOW

SIX MONTHS ENDED 30 JUNE	2020 US$ MILLION	2019 US$ MILLION
Net operating cash inflows	366.6	290.0
Net investing cash outflows	(255.3)	(148.5)
Net financing cash outflows	(257.9)	(501.4)
Net cash outflows	**(146.6)**	**(359.9)**

Net operating cash inflows increased by US$76.6 million (26%) to US$366.6 million. The impact of lower EBITDA (US$263.1 million), which was largely attributable to lower commodity prices, was offset by favourable working capital movements (US$127.1 million) and lower tax payments of $193.1 million. Net tax refunds of US$39.7 million in the first half of 2020 compared favourably to net tax payments of US$153.8 million in the prior year comparative period. This was in large part due to a change in Peruvian legislation that alters the timing for payment of withholding tax obligations.

Net investing cash outflows increased by US$106.8 million (72%) to US$255.3 million. This was mainly due increased capital spend at Las Bambas, including additional deferred mining costs of US$86.8 million in the first half of 2020, compared to US$3.9 million in the prior year comparative period.

Net financing cash outflows decreased by US$243.5 million (49%) in the first half of 2020. Included for the period were net repayments of borrowings of US$76.9 million (2019: US$261.0 million), together with payment of interest and financing costs of US$153.7 million (2019: US$197.5 million). Lower net repayments over the six-months to 30 June 2020 were due to net drawdowns on working capital facilities (US$130.0 million) and proceeds received in relation to equipment financing arrangements for new mine fleet at Las Bambas (US$63.9 million), offset by a step-up in scheduled amortisation for Dugald River debt (US$9.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

FINANCIAL RESOURCES AND LIQUIDITY

	30 JUNE 2020 US$ MILLION	31 DECEMBER 2019 US$ MILLION	CHANGE US$ MILLION
Total assets	12,257.6	12,665.1	(407.5)
Total liabilities	(9,766.7)	(9,987.2)	220.5
Total equity	**2,490.9**	**2,677.9**	**(187.0)**

Total equity decreased by US$187.0 million to US$2,490.9 million as at 30 June 2020, mainly due to the loss for the period of US$182.7 million.

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

The gearing ratio for the Group is defined as net debt (total borrowings excluding finance charge prepayments, less cash and cash equivalents) divided by the aggregate of net debt and total equity as set out in the following table:

MMG GROUP	30 JUNE 2020 US$ MILLION	31 DECEMBER 2019 US$ MILLION
Total borrowings (excluding prepaid finance charges)[i]	7,614.9	7,691.9
Less: cash and cash equivalents	(70.9)	(217.5)
Net debt	**7,544.0**	**7,474.4**
Total equity	2,490.9	2,677.9
Net debt +Total equity	**10,034.9**	**10,152.3**
Gearing ratio	**0.75**	**0.74**

(i) Borrowings at an MMG Group level reflect 100% of the borrowings of the Las Bambas Joint Venture Group. Las Bambas Joint Venture Group borrowings at 30 June 2020 were US$4,783.2 million (31 December 2019: US$4,852.1 million) and Las Bambas Joint Venture Group cash and cash equivalents at 30 June 2020 were US$48.1 million (31 December 2019: US$90.9 million). For the purpose of calculating the gearing ratio, Las Bambas Joint Venture Group's borrowings have not been reduced to reflect the MMG Group's 62.5% equity interest. This is consistent with the basis of preparation of MMG's financial statements.

Under the terms of relevant debt facilities held by the Group, the gearing ratio for covenant compliance purposes is calculated exclusive of US$2,261.3 million (31 December 2019: US$2,261.3 million) of Shareholder debt that was used to fund the MMG Group's equity contribution to the Las Bambas Joint Venture Group. For the purpose of the above, it has, however, been included as borrowings.

AVAILABLE DEBT FACILITIES

At 30 June 2020, the Group (excluding the Las Bambas Joint Venture Group) had available to it undrawn debt facilities of US$300.0 million (31 December 2019: US$220.0 million). This was represented by:

1. US$100.0 million (2019: nil) that was undrawn and available under a US$300.0 million revolving credit facility provided by Top Create Resources Limited, for general corporate purposes. This facility, which matures in December 2020, was established in June 2020, to replace a US$300.0 million revolving credit facility provided by the Industrial and Commercial Bank of China Limited (ICBC), Melbourne Branch that was also due to mature in December of 2020; and

2. US$200.0 million (2019: 100.0 million) that was undrawn and available under a US$200.0 million revolving credit facility provided by Top Create Resources Limited, for general corporate purposes. In May of 2020, the limit of this facility was increased from US$100.0 million to US$200.0 million and the maturity date extended from April to October 2021.

At 30 June 2020, the Las Bambas Joint Venture Group had available to it undrawn debt facilities of US$210.0 million (31 December 2019: US$350.0 million). This was represented by:

1. US$105.0 million (2019: US$175.0 million) that was undrawn and available under a US$175.0 million revolving credit facility provided by Bank of China Limited (BOC), Sydney Branch, for general corporate purposes; and
2. US$105.0 million (2019: US$175.0 million) that was undrawn and available under a US$175.0 million revolving credit facility provided by ICBC, Luxembourg Branch, for general corporate purposes.

In addition, as at 30 June 2020, the Las Bambas Joint Venture Group had an agreement with CMC and CITIC, each as direct or indirect off-takers of Las Bambas production, for early payment on cargoes already shipped and invoiced as well as pre-payments for inventory held at both port and site. Early payment and pre-payments are permitted up to an aggregate amount of US$200.0 million, allocated to each party in their respective off-take proportions.

The Group's available external debt facilities are subject to covenant compliance requirements. The Group was not in breach of covenant requirements in respect of the Group's borrowings at 30 June 2020. Certain financial covenants are measured with reference to the financial performance of the Group or its subsidiaries, and may be influenced by future operational performance and community related disruptions.

DEVELOPMENT PROJECTS

Drilling, permitting and engineering works continue at the Las Bambas Chalcobamba project, however were delayed as a result of the COVID-19 pandemic. Alongside revised guidance for Las Bambas more generally, an updated development timeline for the Chalcobamba pit will be provided when there is greater clarity around the ongoing extent of COVID-19 impacts and curtailment of the virus. In the interim, permitting for Chalcobamba by the end of 2020 is still being targeted.

There were no other major development projects noted during the six months ended 30 June 2020.

CONTRACTS AND COMMITMENTS

During the six months ended 30 June 2020, 225 contracts were reviewed either through market engagements or in-contract renegotiations. The approximate annual operational or capital values addressed by these activities comes to US$748.0 million.

LAS BAMBAS

New and revised agreements were finalised for requirements in support of optimising production and expansion options for Las Bambas including; contracts for the supply of blasting service and explosives, additional mobile equipment, components (and associated maintenance services), spares, and contracts for engineering, civil and earthmoving services for projects. Multiple IT contracts, site services contracts, contracts covering Tailings Storage Facility and other site infrastructure capital works, multiple contracts covering operations, studies and exploration drilling services, and multiple goods and services contracts were also finalised in support of the operations. Agreements also include engagements with various local communities. A major activity in the six-month period was to review all contracts, with renegotiations conducted to ensure a sustainable cost base for the business. In addition, significant activity was undertaken to ensure surety of supply for critical commodities during COVID-19 pandemic to support continued operations.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

KINSEVERE

New and revised agreements were finalised with regards to various goods and services focussed on supporting production levels while improving operational cost performance. These included; revision of mining and civil services contracts as per mining strategy, operations and exploration services contracts, multiple contracts covering material and service requirements for site infrastructure projects, and multiple contracts for the supply of reagents and commodities. In addition to operations-oriented agreements, multiple engineering services and consultancy agreements were finalised in support of Kinsevere expansion and development studies. Significant activity was undertaken to ensure surety of supply during the COVID-19 pandemic to support continued operations.

DUGALD RIVER

New and revised agreements were finalised with regards to operations including; revised concentrate logistics and drilling services, multiple contracts for the supply of reagents and grinding media, multiple contracts covering goods and service requirements for site infrastructure projects, and other site support services. Multiple agreements were also prioritised as a result of the COVID-19 pandemic, such as arrangements for additional fly in fly out and bus services, and critical hygiene and safety products to support continued operations.

ROSEBERY

New and revised agreements were finalised with regard to various goods and services with a focus on supporting mine development activities and maintaining production performance. These included; drilling services and site support services, multiple contracts for the supply of reagents and grinding media and multiple engineering services and consultancy agreements. Multiple agreements were also prioritised as a result of the COVID-19 pandemic, such as arrangements for critical hygiene and safety products to support continued operations.

GROUP (INCLUDING GLOBAL GEOSCIENCE AND DISCOVERY REQUIREMENTS)

New and revised agreements were finalised with regards to various goods and services including; group-wide travel management services contracts, IT related services and licence agreements, and a number of professional services consultancy agreements.

PEOPLE

As at 30 June 2020, the Group employed a total of 3,238 full-time equivalent employees (2019: 3,659) in its operations (excluding contractors and casual employees) with the majority of employees based in Australia, Peru, the Democratic Republic of Congo (DRC) and Laos.

Total employee benefits expenses for the Group's operations for the six months ended 30 June 2020, including Directors' emoluments, totalled US$122.5 million (2019: US$156.0 million).

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

EXPLORATION ACTIVITIES

Positive results continue at Las Bambas from on-going hydrogeological, geotechnical and sterilisation drilling completed during the first half of 2020.

Drilling continued at the near-surface, skarn and porphyry copper mineralisation at the Chalcobamba Southwest Zone, which is located immediately to the southwest of the current Chalcobamba pit. Coherent, higher-grade copper skarn (>1% Cu) is located beneath a shallow, unmineralised diorite intrusion that strikes east-west and dips gently to the south. Significant drill intercepts in this area continue to demonstrate that the Chalcobamba Southwest Zone is likely continuous with the main Chalcobamba mineralisation and is expected to drive an expansion of the Chalcobamba pit design.

In the DRC, exploration activities continued to focus primarily on the development of satellite copper oxide deposits within a roughly 50km radius of the Kinsevere mine. This activity continues to confirm and define several compelling copper-cobalt targets at the Nambulwa, Mewpu and Sokorshe II projects.

Full drilling and exploration results, as well as the full Table 1 JORC 2012 Code disclosure, can be found in full in the First Quarter Production Report that was lodged with the Hong Kong Stock Exchange on 23 April 2020. It can also be downloaded from www.mmg.com.

PROJECT	HOLE TYPE	METERAGE (METRES)	NUMBER OF HOLES	AVERAGE LENGTH (METRES)
Africa, Australia				
Kinsevere RAD50	Diamond	1,675	22	76
	Reverse Circulation	643	6	107
Kinsevere (Near Mine)	Diamond	1,942	5	388
Americas				
Las Bambas	Diamond	12,101	35	346
	Reverse Circulation	300	1	300
Total		**16,661**	**69**	**241**

MATERIAL ACQUISITIONS AND DISPOSALS

The Group made no material acquisition or disposal in the six months ended 30 June 2020.

EVENTS AFTER THE REPORTING DATE

Minera Las Bambas S.A. is in the final stage of finalising a US$800.0 million credit facility with China Development Bank (CDB), ICBC Macau, BOC Sydney, and The Export-Import Bank of China Limited. The facility will be available to be drawn over its three-year tenor, with repaid sums available for redraw. The facility has been fully credit approved by lenders and loan documentation has been agreed. It is expected that execution of the facility will take place prior to the end of August 2020, once lenders have completed internal formalities related to the signing process. The facility will be unsecured.

The Company is also in the final stage of finalising a US$85.0 million credit facility with CDB. This three-year facility will be available for drawing over the first two years of its term, with funds repayable at the election of the borrower. Repaid funds are not able to be redrawn. The facility has been fully credit approved by CDB and loan documentation has been agreed. It is expected that execution of the facility will take place prior to the end of August 2020, once lenders have completed internal formalities related to the signing process. The facility will be unsecured.

During July and August 2020, MMG Management Pty Ltd and MMG Dugald River Pty Ltd, wholly owned, indirect subsidiaries of MMG Limited, entered into commodity price swaps as follows:

1. approximately 110,000 dry metric tonnes of copper with respect to sales contracts for Kinsevere copper cathode and the Company's equity share of sales contracts for Las Bambas copper concentrate, at a net price of approximately US$2.91/lb. These volumes relate to sales with quotational period nominations between August 2020 and January 2021.
2. approximately 54,000 dry metric tonnes of zinc with respect to sales contracts for Dugald River zinc concentrate, at a net price of approximately US$1.08/lb. These volumes relate to sales with quotational period nominations between September 2020 and March 2021.

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

FINANCIAL AND OTHER RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks including commodity price risk, interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group can use derivative financial instruments, such as foreign exchange contracts and commodity swaps, to manage certain exposures. The Group does not and is prohibited from entering into derivative contracts for speculative purposes.

Financial risk management is carried out by the Group Treasury function under proposals 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 below.

(a) Commodity price risk

The prices of copper, zinc, lead, gold and silver are affected by numerous factors and events that are beyond the control of the Group. These metal prices change on a daily basis and can vary significantly up and down over time. The factors impacting metal prices include both broader macro-economic developments and micro-economic considerations relating more specifically to the particular metal concerned.

The following table details the sensitivity of the Group's financial assets balance to movements in commodity prices. Financial assets 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 post-tax loss would have changed as set out below:

	30 JUNE 2020			31 DECEMBER 2019		
COMMODITY	COMMODITY PRICE MOVEMENT	DECREASE LOSS US$ MILLION	INCREASE LOSS US$ MILLION	COMMODITY PRICE MOVEMENT	DECREASE LOSS US$ MILLION	INCREASE LOSS US$ MILLION
Copper	10%	16.0	(16.0)	10%	44.0	(44.0)
Zinc	10%	3.5	(3.5)	10%	4.0	(4.0)
Total		**19.5**	**(19.5)**		**48.0**	**(48.0)**

(b) Interest rate risk

The Group is exposed to interest rate risk primarily through interest bearing borrowings and investment of surplus cash holdings. 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 periodically in light of the Group's overall exposure, the prevailing interest rate market and any funding counterparty requirements. Regular reporting that summarises the Group's debt and interest rates is provided to the Executive Committee.

During the period ended 30 June 2020, Minera Las Bambas S.A. entered into a notional US$2,100.0 million, 5-year amortising interest rate swap with respect to the floating 6-month LIBOR base rate applicable under its existing project facility, converting the floating rate to a fixed base rate of 0.43%, excluding credit margins.

At 30 June 2020 and 31 December 2019, if the interest rate had increased/(decreased) by 100 basis points, taking into account the interest rate swap, with all other variables held constant, post-tax loss and other comprehensive income (OCI) would have changed as follows:

	30 JUNE 2020				31 DECEMBER 2019			
	+100 BASIS POINTS		-100 BASIS POINTS		+100 BASIS POINTS		-100 BASIS POINTS	
US$ MILLION	DECREASE/ (INCREASE) IN LOSS AFTER TAX	INCREASE/ (DECREASE) IN OCI	DECREASE/ (INCREASE) IN LOSS AFTER TAX	INCREASE/ (DECREASE) IN OCI	DECREASE/ (INCREASE) IN LOSS AFTER TAX	INCREASE/ (DECREASE) IN OCI	DECREASE/ (INCREASE) IN LOSS AFTER TAX	INCREASE/ (DECREASE) IN OCI
Financial assets								
Cash and cash equivalents	0.5	-	(0.5)	-	1.5	-	(1.5)	-
Financial liabilities								
Borrowings (taking into account the impact of the interest rate swap)	(21.7)	55.2	9.3	(46.5)	(36.9)	-	36.9	-
Total	**(21.2)**	**55.2**	**8.8**	**(46.5)**	**(35.4)**	**-**	**35.4**	**-**

(c) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency exchange risk. The Group's reporting currency and functional currency of the majority of subsidiaries within the Group is US dollars. The majority of revenue received by the Group is in US dollars. The Group's foreign currency exchange risk arises predominantly from the currency of the countries in which the Group's operations are located. Any decision to hedge foreign currency risk is assessed periodically in light of the Group's exposure, the prevailing foreign currency market and any funding counterparty requirements.

(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. While the most significant exposure to credit risk is through sales of metal products on normal terms of trade, the majority of sales for mining operations were made under contractual arrangements; whereby provisional payment is received promptly after delivery and the balance within 30 to 120 days from delivery. All of the Group's trade receivables at 30 June 2020 are aged within six months of the invoice date.

Investments in cash, short-term deposits and similar assets are with approved counterparty banks and the intermediate holding company of the Company. Counterparties are assessed prior to, during and after the conclusion of transactions to ensure exposure to credit risk is limited to acceptable levels. The limits are set to minimise the concentration of risks and, therefore, mitigate the potential for financial loss through counterparty failure.

(e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

Management utilises short- and long-term cash flow forecasts and other consolidated information to ensure that appropriate liquidity buffers are maintained to support the Group's activities.

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

(f) Sovereign risk

The Group conducts all of its operations outside of Hong Kong and, as such, it is exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country. Material risks include, but are not limited to, regime or policy change, fluctuation in currency exchange rates, changes to licensing regimes and amendments to concessions, licences, permits and contracts, and changing political conditions and governmental regulations. Changes in any mining or investment policies or shifts in political attitudes in the jurisdictions in which the Group operates may adversely affect the Group's operations and profitability. The decline in growth and macroeconomic activity in many developing nations has resulted in governments seeking alternative means of increasing their income, including increases to corporate tax, value added tax (VAT) and royalty rates, coupled with increased audit and compliance activity. The DRC Government, during 2018, made changes to the 2002 Mining Code and Mining Regulations. These changes were enacted (2018 Mining Code) and will result in an increased tax burden on mining companies.

Some of the countries in which the Group operates carry higher levels of sovereign risk. Political and administrative changes and reforms in law, regulations or taxation may impact sovereign risk. Political and administrative systems can be slow or uncertain and may result in risks to the Group, including the ability to obtain tax refunds in a timely manner. The Group has processes in place to monitor any impact on the Group and implement responses to such changes.

CONTINGENT LIABILITIES

BANK GUARANTEES

Certain bank guarantees have been provided in connection with the operations of certain subsidiaries of the Company primarily associated with the terms of mining leases, mining concessions, exploration licences or key contracting arrangements. At the end of the year, no material claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending on the requirements of the relevant regulatory authorities.

These guarantees amount to US$348.2 million as at 30 June 2020 (31 December 2019: US$373.4 million). The Group has an Australian dollar 200.0 million (approximately US$137.3 million), revolving bank guarantee facility with Bank of China Limited, Sydney ("BG Facility"), which is guaranteed by CMN. MMG has entered into a counter-indemnity agreement in favour of CMN capped at 27.39% of the maximum principal amount outstanding under the BG Facility.

Following the sale of Century mine in 2017, the Group has procured certain bank guarantees amounting to US$133.2 million (31 December 2019: US$135.7 million) for the benefit of New Century Resources Limited ("New Century") until 31 December 2026. New Century is legally required to punctually meet all obligations and must use best endeavours to ensure that no demand is made under the bank guarantees. New Century must ensure that, within 90 days of the end of each financial year, the bank guarantee is reduced by not less than 40% of New Century's EBITDA in respect of a financial year. At 30 June 2020, the Group has recognised financial liabilities of US$133.2 million (31 December 2019: US$135.7 million) in relation to the New Century bank guarantees, which are included in other financial liabilities in the condensed consolidated interim financial statements.

CONTINGENT LIABILITIES – TAX-RELATED CONTINGENCIES

The Group has operations in multiple countries, each with its own taxation regime. The nature of the Group's activities triggers various taxation obligations including corporation tax, royalties, withholding taxes, transfer pricing arrangements with related parties, resource and production-based taxes, and employment-related taxes. Application of tax laws and interpretation of tax laws may require judgement to assess risk and estimate outcomes, particularly in relation to the application of income taxes and withholding tax to the Group' cross-border operations and transactions. The evaluation of tax risks considers both assessments received and potential sources of challenge from tax authorities. Additionally, the Group is currently subject to a range of audits and reviews by taxation authorities in Australia, Peru, Laos and the DRC. For some of the tax matters under audit in Peru, if unfavourable assessment resolutions were ultimately issued, MLB intends to appeal and not pay any assessed amount. No disclosure of an estimate of financial effect of the subject matter has been made in the interim financial statements as in the opinion of management, such disclosure may seriously prejudice the position of the Group in dealing with these matters.

Tax matters with uncertain outcomes arise in the normal course of business and occur due to changes in tax law, changes in interpretation of tax law, periodic challenges and disagreements with tax authorities, and legal proceedings. The status of proceedings for such uncertain tax matters will impact the ability to determine the potential exposure and, in some cases, it may not be possible to determine a range of possible outcomes or a reliable estimate of the potential exposure.

Included within such uncertain tax matters is an audit of the 2014 tax year for MLB in relation to withholding taxes on fees paid under certain loans, which were provided to MLB pursuant to facility agreements entered into among MLB and a consortium of Chinese banks in connection with the acquisition of the Las Bambas mine in 2014. MLB received an assessment notice ("Assessment") in July 2020 from the Peruvian tax authority (National Superintendence of Tax Administration of Peru or "SUNAT"), which advised that, in its opinion, MLB and the Chinese banks are related parties and thus a 30% withholding tax rate ought to be imposed rather than the 4.99% applied. The Assessment of omitted tax is PEN 60,687,851 (approximately US$17.3 million). The total Assessment of omitted tax plus penalties and interest imposed by SUNAT is PEN 154,193,808 (approximately US$44.0 million).

Having received external legal and tax advice, the Group has formed the view that the company and its controlled entities are not related parties to Chinese banks under Peruvian tax law. MLB notes that the Peruvian tax law was amended to apply from October 2017 onwards to provide expressly that parties are not related by being under state ownership for the purposes of withholding taxes. MLB intends to appeal the Assessment and not to pay the assessed amount to SUNAT pending resolution of the appeal. SUNAT could potentially bring a similar challenge regarding the rate of withholding tax applied by MLB in the 2015 and 2016 tax years and the part of the 2017 tax year before the amendment to the Peruvian tax law. Where MLB is not successful in rebutting or appealing such challenge(s), this could result in significant additional tax liabilities.

The Group continues to proactively cooperate with the relevant taxation authorities and to actively manage these audits and reviews. Where appropriate, the Group has filed appeals with either the relevant tax authority or the tax court. For all such open tax matters the Group presently has, any ultimate obligation would depend on future resolution of the matter and currently, a payment is either not probably or cannot be measured reliably. As such, no provision has been reflected in the condensed consolidated interim financial statements for such tax matters.

CONTINGENT LIABILITIES – OTHER CONTINGENCIES

Mining Company Katanga SARL ("MCK") filed a claim against MMG Kinsevere SARL ("MMG Kinsevere"), a subsidiary of the Group, to compensate MCK for losses suffered as a result of Kinsevere's decision to not renew or extend the mining services contract with its associate entity MCK Trucks (then known as NB Mining SA) in 2018 on the basis that MCK was entitled to a "life of mine" agreement with Kinsevere.

MCK is seeking an award of losses suffered and punitive damages. MMG Kinsevere and the Company regard the claim as unfounded and opportunistic, and the amount claimed as completely disproportionate to the losses that could reasonably have been suffered. The Group is vigorously contesting the claim. Court proceedings between MMG Kinsevere and MCK in the DRC have not progressed due to court closures in the DRC as a result of the COVID-19 outbreak. MCK obtained freezing orders in February 2020 over certain assets of Kinsevere, which have been partly enforced over US$15.0 million cash held in bank accounts in the DRC.

Considering the uncertainty around this matter and the fact that there is no present obligation for Kinsevere to make any payments, nor such payment being reliably estimated at this time, no provision has been recognised for this matter.

CHARGES ON ASSETS

As at 30 June 2020, the borrowings of the Group were secured as follows:

(a) Approximately US$4,579.8 million (31 December 2019: US$4,852.1 million) from China Development Bank, Industrial and Commercial Bank of China Limited, BOC Sydney and The Export-Import Bank of China was secured by share security over the entire share capital of MMG South America Management Co Ltd and each of its subsidiaries including MLB, a debenture over the assets of MMG South America Management Co Ltd, an assets pledge agreement and production unit mortgage in respect of all of the assets of MLB, assignments of shareholder loans between MMG South America Management Co Ltd and its subsidiaries and security agreements over bank accounts of MLB. Approximately US$354.0

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

million (31 December 2019: US$469.0 million) of these borrowings are guaranteed on a several basis by China Minmetals Non-ferrous Metals Holding Company Limited and China Minmetals Corporation Limited, Guoxin International Investment Corporation Limited and CITIC Corporation Limited in proportion to the respective shareholdings of MMG SA, Elion Holdings Corporation Limited and Citic Metal Peru Investment Limited in the Company.

(b) Approximately US$370.4 million (31 December 2019: US$398.6 million) from China Development Bank and BOC Sydney was substantively secured by the shares and assets of MMG Dugald River Pty Ltd (MMG Dugald River). This consists of a charge over 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.

(c) Approximately US$63.4 million (31 December 2019: nil) from ICBC Peru Bank, Banco de Crédito del Peru and Scotiabank Peru was secured by mine fleet equipment procured under asset finance arrangements.

FUTURE PROSPECTS

MMG continues to pro-actively respond to the COVID-19 pandemic, working closely with national authorities to protect the health and safety of its employees, host communities and other stakeholders.

Despite the challenges presented by the pandemic and noting ongoing uncertainty, MMG continues to expect to produce between 68,000 and 75,000 tonnes of copper cathode at Kinsevere, and between 225,000 and 245,000 tonnes of zinc at its Dugald River and Rosebery operations in 2020.

All guidance for Las Bambas has been withdrawn due to uncertainty regarding the impacts of the COVID-19 pandemic in Peru. The Company will provide updated production and cost guidance for Las Bambas once there is greater operational certainty. In the interim, the Company continues to effectively work within constraints presented by the pandemic, maximising efficiency at site and working to achieve an efficient ramp-up and resumption of normal operations, as circumstances allow.

Total capital expenditure of between US$650.0 million and US$700.0 million was forecast for 2020, of which approximately US$600.0 million was attributable to Las Bambas, inclusive of approximately US$230.0 million of capitalised mining. As noted above, the Company has withdrawn guidance as it relates to Las Bambas, however anticipates that full year 2020 capital expenditure for that site will be approximately US$100.0 million below levels originally expected. Given the non-discretionary nature of the majority of Las Bambas' capital expenditure, it is likely that any savings will be temporary. The Company maintains its capital expenditure forecast for other sites.

MMG continues to maintain a favourable outlook for the DRC and continues to progress a feasibility study for the addition of a sulphide ore and cobalt processing circuit. A decision on this project is expected in the second half of 2020. Should it proceed, it will add significant life and value to MMG's operations in the DRC. It will also provide an entry for the Company into the cobalt market and enhance optionality for future potential investments in country. Consistent with this, MMG also continues its exploration activity in the DRC, particularly on tenements held inside a 50-kilometre radius of the Kinsevere mine.

In relation to is Australian operations, the Company continues to focus on de-bottlenecking and optimisation works at Dugald River, which are anticipated to increase mine capacity from 1.75 million to over 2 million tonnes per annum by 2022. This will pave the way for targeted zinc equivalent production of at least 200,000 tonnes annually from 2022. At Rosebery, resource extension drilling has provided encouraging early results. MMG remains committed to extending the operating life of this important asset.

MMG currently has no future plans for material investments or capital assets sanctioned by the Board, other than those detailed in this report or announced to the market.

OTHER INFORMATION

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

As at 30 June 2020, 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 Hong Kong 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (Model Code) were as follows:

LONG POSITION IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AS AT 30 JUNE 2020

		NUMBER OF UNDERLYING SHARES HELD			
NAME OF DIRECTOR	NATURE OF INTEREST	NUMBER OF SHARES HELD	OPTIONS(i)	PERFORMANCE AWARDS(ii)	APPROXIMATE PERCENTAGE OF TOTAL NUMBER OF ISSUED SHARES (%)(iii)
GAO Xiaoyu	Personal	-	-	17,734,796	0.22
XU Jiqing	Personal	-	1,164,420	-	0.01

Notes:

(i) The Directors' interests in the underlying shares of the Company are through options granted by the Company, details of which are set out under the section headed 'Share Option Scheme' on pages 30 to 32 of this Interim Report.

(ii) The Directors' interests in the underlying shares of the Company are through performance awards granted by the Company, details of which are set out under the section headed 'Performance Awards' on pages 33 to 36 of this Interim Report.

(iii) 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 (that is, 8,063,643,463 shares) as at 30 June 2020.

Save as disclosed above, as at 30 June 2020, 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 Hong Kong 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 Hong Kong 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 six months ended 30 June 2020.

OTHER INFORMATION
CONTINUED

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

So far as is known to the Directors and CEO of the Company, as at 30 June 2020, the following persons had interests or short positions in the shares or underlying shares of the Company that were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or that were recorded in the register required to be kept by the Company under Section 336 of the SFO:

LONG POSITION IN THE SHARES OF THE COMPANY AS AT 30 JUNE 2020

NAME OF SUBSTANTIAL SHAREHOLDER	CAPACITY	NUMBER OF SHARES HELD(i)	APPROXIMATE PERCENTAGE OF TOTAL NUMBER OF ISSUED SHARES (%)(ii)
China Minmetals Corporation (CMC)	Interest of controlled corporations	5,847,166,374	72.51
China Minmetals Corporation Limited (CMCL)	Interest of controlled corporations	5,847,166,374	72.51
China Minmetals Non-ferrous Metals Holding Company Limited (CMNH)	Interest of controlled corporations	5,847,166,374	72.51
China Minmetals Non-ferrous Metals Company Limited (CMN)	Interest of controlled corporations	5,847,166,374	72.51
Album Enterprises Limited (Album Enterprises)	Interest of controlled corporations	5,847,166,374	72.51
China Minmetals H.K. (Holdings) Limited (Minmetals HK)	Beneficial owner	5,847,166,374	72.51

Notes:

(i) Minmetals HK is owned as to approximately 39.04%, 38.95% and 22.01% by CMCL, Album Enterprises and Top Create Resources Limited respectively. Album Enterprises and Top Create Resources Limited are wholly owned by CMN that, in turn, is owned as to approximately 99.999% and 0.001% by CMNH and CMCL respectively. 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. that, in turn, is a wholly owned subsidiary of CMC. Accordingly, each of CMC, CMCL, CMNH, CMN and Album Enterprises was deemed as interested in the 5,847,166,374 shares of the Company held by Minmetals HK.

(ii) 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 (that is, 8,063,643,463 shares) of the Company as at 30 June 2020.

Save as disclosed above, as at 30 June 2020, there was no other person who was recorded in the register of the Company, as having an interest or short positions in the shares or underlying shares of the Company who was required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was recorded in the register required to be kept by the Company under Section 336 of the SFO.

BORROWINGS

Particulars of borrowings of the Group, as at 30 June 2020, are set out in Note 14 to the Consolidated Financial Statements.

During 2020, the Company and its subsidiaries continued to maintain loan agreements that included conditions imposing specific performance obligations on a 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, the details of which are set out below.

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

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

1. **Facilities granted by China Development Bank and Bank of China Limited, Sydney Branch to MMG Dugald River**

   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$1.0 billion (Dugald River Facility). On 27 June 2016, the parties to the Dugald River Facility entered into an amendment agreement pursuant to which the Dugald River Facility was reduced to US$550.0 million. On 9 January 2018, the Dugald River Facility was further amended to, among other things, reduce the security arrangements and relax covenant compliance requirements. The Dugald River Facility was available for drawdown until 27 June 2018, and is to be repaid by 28 June 2026. As at 30 June 2020, the amount of US$314.0 million was outstanding under the Dugald River Facility.

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

   - CMCL ceases to legally and beneficially own, directly or indirectly, at least 51% of the total number of issued shares of the Company; or
   - CMCL ceases to have the power to:

     (a) cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of the Company; or

     (b) appoint or remove all, or the majority, of the Directors or other equivalent officers of the Company; or

     (c) give directions with respect to the Company's operating and financial policies with which the Directors or other equivalent officers of the Company are obliged to comply.

2. **Facility granted by Industrial and Commercial Bank of China Limited to MMG Finance Limited**

   On 20 May 2014, ICBC and MMG Finance Limited entered into a US$300.0 million three-year loan facility that consisted of a US$200.0 million term facility, along with a US$100.0 million revolving facility for discretionary working capital (2014 ICBC Facility). On 30 December 2016, MMG Finance Limited prepaid all amounts then outstanding under the 2014 ICBC Facility, at which point the US$200.0 million term tranche was cancelled. On 22 May 2017, the remaining US$100.0 million revolving tranche of the facility expired. At that time, no amounts were outstanding.

   On 22 December 2017, MMG Finance Limited entered into a restatement and amendment agreement of the 2014 ICBC Facility for the purpose of establishing a new facility (2017 ICBC Facility) pursuant to which ICBC agreed to provide MMG Finance Limited with a US$300.0 million revolving credit facility for a term of three years for general corporate purposes. The 2017 ICBC Facility was repaid in full, and was terminated, on 23 June 2020, at which time the amount of US$200.0 million was outstanding.

   Under the 2017 ICBC Facility, an event of default would occur in the event that the Company ceases to be a subsidiary of CMN, or MMG Finance Limited ceased to be a wholly owned subsidiary of the Company, and the lender was entitled to declare all outstanding loans under the facilities immediately due and payable.

OTHER INFORMATION CONTINUED

3. Facilities granted by Bank of China Limited, Sydney Branch and Industrial and Commercial Bank of China Ltd., Luxembourg Branch to Minera Las Bambas S.A.

On 21 August 2019, Minera Las Bambas S.A. entered into a US$175.0 million three-year revolving loan facility for its operational funding requirements with each of BOC Sydney and ICBC Luxembourg (2019 Facilities). As at 30 June 2020, both of the 2019 Facilities were drawn to US$70.0 million, with US$105.0 million undrawn.

Under the 2019 Facilities, on the occurrence of the following events, BOC Sydney and/or ICBC Luxembourg may, by not less than 5 days' notice to Minera Las Bambas S.A., cancel commitments and declare all outstanding loans under their respective facility agreement immediately due and payable if:

- CMC ceases to beneficially hold more than 50% of the issued share capital of the Company; or
- CMC ceases to have the power, directly or indirectly, to:
  (a) cast, or control the casting of, more than 50% 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.

The same control requirements are imposed on the Company in relation to its interest in and control of Minera Las Bambas S.A. failing which BOC Sydney and/or ICBC Luxembourg may also cancel commitments and declare all outstanding loans under their respective facility agreement immediately due and payable.

SHARE OPTION SCHEME

2013 SHARE OPTION SCHEME

Pursuant to share option scheme adopted at the extraordinary general meeting of the Company held on 26 March 2013 (2013 Share Option Scheme), options were granted to eligible participants under 2013 Options and 2016 Options. As at 30 June 2020, there were a total of 24,110,867 options outstanding granted under 2016 Options, which represented approximately 0.30% of the total number of issued shares of the Company as at that date.

1. 2013 Options

On 9 April 2013, 13 December 2016 and 15 December 2016, the Company granted options to the eligible participants pursuant to the 2013 Share Option Scheme (2013 Options). There were no options outstanding as at 30 June 2020.

During the six months ended 30 June 2020, the movements of the 2013 Options were as follows:

				NUMBER OF OPTIONS				
CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT(i),(ii),(iii)	EXERCISE PRICE PER SHARE (HK$)(ii),(iv)	EXERCISE PERIOD(ii),(v)	BALANCE AS AT 1 JANUARY 2020	GRANTED DURING THE PERIOD	EXERCISED DURING THE PERIOD	LAPSED DURING THE PERIOD(vi)	BALANCE AS AT 30 JUNE 2020
Director								
XU Jiqing	15 December 2016	2.51	End of vesting period to 8 April 2020	2,626,701	-	-	(2,626,701)	-
Employees of the Group	9 April 2013, 13 December 2016 and 15 December 2016	2.51	End of vesting period to 8 April 2020	20,966,637	-	-	(20,966,637)	-
TOTAL				**23,593,338**	**-**	**-**	**(23,593,338)**	**-**

Notes:

(i) The closing price of the shares of the Company immediately before the date on which the options were granted on 9 April 2013 was HK$2.45 per share.

(ii) Pursuant to the terms of the long term incentive equity plan of the Company (Long Term Incentive Equity Plan), which governs (among others) the share option scheme, the exercise price and the number of shares issuable upon exercise of the 2013 Options were adjusted as a result of the Rights Issue with effect from 13 December 2016. As a result, adjustment of options took place on 13 December 2016, and conversation from cash-based entitlements to equity-based entitlements took place on 15 December 2016.

(iii) As originally contemplated in the 2013 Long Term Incentive Cash Plan, 5,923,307 options were also granted to certain employees of the Company and its subsidiaries, as a result of the conversion of their entitlements under the 2013 Long Term Incentive Cash Plan pursuant to the 2013 Share Option Scheme, to the equity equivalent of the entitlements they would have received historically under the 2013 Share Option Scheme, had they received such equity-based entitlements, rather than cash-based entitlements at that time. The options are fully vested upon grant. The closing price of the shares of the Company immediately before the date on which the options were granted on 15 December 2016 was HK$2.25 per share.

(iv) As a result of the Rights Issue, the exercise price per share was adjusted from HK$2.62 to HK$2.51.

(v) 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, resources growth and market-related performance targets during the vesting period. Achievement of the Company and individual performance conditions has resulted in 66.67% of the 2013 Options granted to participants vesting on 9 April 2016.

(vi) Options lapsed due to the expiry of the exercise period.

(vii) No options were cancelled during the period.

The estimated fair value of the options granted on 9 April 2013 was approximately US$0.1356 each, estimated as at the date of grant by using the Black-Scholes option-pricing model.

The value of the share options was subject to a number of assumptions and limitations of the option-pricing model, 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 the options was 46% and the expected dividend was assumed to be nil.

The validity period of the options was seven years from the date of grant to 8 April 2020. The vesting and performance period of the options was three years from the date of grant. The 2013 Options vested with an overall outcome of 66.67% of the target values on 9 April 2016. In accordance with the terms and conditions of the 2013 Options, if a participant ceased employment before the expiry of the vesting period, the option would lapse unless the participant departed due to certain specific reasons, including retirement with the agreement of the employer, redundancy or any other reason, subject to approval by the Board. In addition, if a participant ceased employment after the expiry of the vesting period, the option would lapse six months after the date the participant ceased to be an employee. Any 2013 Options that remained unexercised as at 8 April 2020 were lapsed in accordance with the terms of 2013 Share Option Scheme and the rules of the Long Term Incentive Equity Plan.

2. 2016 Options

On 15 December 2016, the Company granted options to the eligible participants pursuant to the 2013 Share Option Scheme (2016 Options). There were 24,110,867 options outstanding as at 30 June 2020, which represented approximately 0.30% of the total number of issued shares of the Company as at that date.

During the six months ended 30 June 2020, the movements of the 2016 Options were as follows:

				NUMBER OF OPTIONS				
CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT(i)	EXERCISE PRICE PER SHARE (HK$)	EXERCISE PERIOD(ii)	BALANCE AS AT 1 JANUARY 2020	GRANTED DURING THE PERIOD	EXERCISED DURING THE PERIOD(iii)	LAPSED DURING THE PERIOD(iv)	BALANCE AS AT 30 JUNE 2020
Director								
XU Jiqing	15 December 2016	2.29	4 years after the date of vesting	1,164,420	-	-	-	1,164,420
Employees of the Group	15 December 2016	2.29	4 years after the date of vesting	24,628,806	-	(163,959)	(1,518,400)	22,946,447
TOTAL				**25,793,226**	**-**	**(163,959)**	**(1,518,400)**	**24,110,867**

Notes:

(i) The closing price of the shares of the Company immediately before the date on which the options were granted on 15 December 2016 was HK$2.25 per share.

(ii) The vesting and performance period of the options is three years from 1 January 2016 to 31 December 2018, with 60% of vested options exercisable from 1 January 2019 and 40% of the vested options subject to a 12-month exercise deferral period, such options being exercisable after 1 January 2020. 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 resources growth and market-related performance targets during the vesting period. Options vest on a percentage basis based on the target performance level achieved. Achievement of the Company and individual performance conditions have resulted in 33.33% of the 2016 Options granted to participants vesting on 22 May 2019.

(iii) The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK$2.38.

(iv) Options lapsed due to cessation of employment.

(v) No options were cancelled during the period.

The estimated fair value of the options granted on 15 December 2016 was approximately US$0.1371 each, estimated as at the date of grant by using the Black-Scholes option-pricing model.

The value of the share options was subject to a number of assumptions and limitations of the option-pricing model, 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 1.89%, the expected volatility used in calculating the value of options was 40% and the expected dividend was assumed to be nil.

The validity period of the options is from the date of grant until seven years from 1 January 2016 to 31 December 2022. The vesting and performance period of the options was three years from 1 January 2016 to 31 December 2018. The 2016 Options vested with an overall outcome of 33.33% of the target values on 22 May 2019. In accordance with the terms and conditions of the 2016 Options, if a participant ceased employment before the expiry of the vesting period, the option would lapse unless the participant departed 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, subject to approval by the Board. In addition, if a participant ceased employment after expiry of the vesting period, the option would lapse six months after the date the participant ceased to be an employee.

PERFORMANCE AWARDS

Pursuant to the performance awards granted under the Long Term Incentive Equity Plan, performance awards were granted to eligible participants under the 2017 Performance Awards, 2018 Performance Awards, 2019 Performance Awards and 2020 Performance Awards. As at 30 June 2020, there were a total of 97,578,725 performance awards outstanding granted under the 2018 Performance Awards, 2019 Performance Awards and 2020 Performance Awards, which represented approximately 1.22% of the total number of issued shares of the Company as at that date.

2017 PERFORMANCE AWARDS

On 31 August 2017, the Company granted performance awards to the eligible participants pursuant to the Long Term Incentive Equity Plan (2017 Performance Awards). There were no performance awards outstanding as at 30 June 2020.

During the six months ended 30 June 2020, the movements of the 2017 Performance Awards were as follows:

		NUMBER OF PERFORMANCE AWARDS					
CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT[(i)]	BALANCE AS AT 1 JANUARY 2020	GRANTED DURING THE PERIOD	VESTED DURING THE PERIOD	CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD	BALANCE AS AT 30 JUNE 2020
Director							
XU Jiqing	31 August 2017	1,476,000	-	-	-	(1,476,000)[(ii)]	-
Employees of the Group	31 August 2017	37,872,866	-	(8,692,897)	-	(29,179,969)[(iii)]	-
TOTAL		**39,348,866**	**-**	**(8,692,897)**	**-**	**(30,655,969)**	**-**

Notes:

(i) The vesting and performance period of the performance awards is three years from 1 January 2017 to 31 December 2019. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to three years after vesting. The performance awards are granted for nil cash consideration. Achievement of the Company and individual performance conditions have resulted in 27% of the 2017 Performance Awards granted to participants vesting on 22 May 2020.

(ii) On 1 January 2020, Mr Xu Jiqing resigned as the Executive General Manager - Commercial and was redesignated from an Executive Director to a Non-executive Director of the Company. His interests in the 1,476,000 performance awards lapsed on the same day.

(iii) Performance awards lapsed due to non-achievement of performance conditions during the vesting period.

OTHER INFORMATION CONTINUED

2018 PERFORMANCE AWARDS

On 29 June 2018, the Company granted performance awards to the eligible participants pursuant to the Long Term Incentive Equity Plan (2018 Performance Awards). There were 7,002,799 performance awards outstanding as at 30 June 2020, representing approximately 0.09% of the total number of issued shares of the Company as at that date.

During the six month ended 30 June 2020, the movements of the 2018 Performance Awards were as follows:

		NUMBER OF PERFORMANCE AWARDS					
CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT[i]	BALANCE AS AT 1 JANUARY 2020	GRANTED DURING THE PERIOD	VESTED DURING THE PERIOD	CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD	BALANCE AS AT 30 JUNE 2020
Director							
XU Jiqing	29 June 2018	705,833	-	-	-	(705,833)[ii]	-
Employees of the Group	29 June 2018	7,618,284	-	-	-	(615,485)[iii]	7,002,799
TOTAL		**8,324,117**	**-**	**-**	**-**	**(1,321,318)**	**7,002,799**

Notes:

(i) The vesting and performance period of the performance awards is three years from 1 January 2018 to 31 December 2020. The time of vesting will be on or around June 2021. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration.

(ii) On 1 January 2020, Mr Xu Jiqing resigned as the Executive General Manager - Commercial and was redesignated from an Executive Director to a Non-executive Director of the Company. His interests in the 705,833 performance awards lapsed on the same day.

(iii) Performance awards lapsed due to cessation of employment.

2019 PERFORMANCE AWARDS

On 3 May 2019, the Company granted performance awards to the eligible participants pursuant to the Long Term Incentive Equity Plan (2019 Performance Awards). There were 18,956,879 performance awards outstanding as at 30 June 2020, representing approximately 0.24% of the total number of issued shares of the Company as at that date.

During the six months ended 30 June 2020, the movements of the 2019 Performance Awards were as follows:

		NUMBER OF PERFORMANCE AWARDS					
CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT[(i)]	BALANCE AS AT 1 JANUARY 2020	GRANTED DURING THE PERIOD	VESTED DURING THE PERIOD	CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD	BALANCE AS AT 30 JUNE 2020
Directors							
GAO Xiaoyu	3 May 2019	5,604,754	-	-	-	-	5,604,754
XU Jiqing	3 May 2019	1,145,229	-	-	-	(1,145,229)[(ii)]	-
Employees of the Group	3 May 2019	14,449,696	-	-	-	(1,097,571)[(iii)]	13,352,125
TOTAL		**21,199,679**	**-**	**-**	**-**	**(2,242,800)**	**18,956,879**

Notes:

(i) The vesting and performance period of the performance awards is three years from 1 January 2019 to 31 December 2021. The time of vesting will be on or around June 2022. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration.

(ii) On 1 January 2020, Mr Xu Jiqing resigned as the Executive General Manager - Commercial and was redesignated from an Executive Director to a Non-executive Director of the Company. His interests in the 1,145,229 performance awards lapsed on the same day.

(iii) Performance awards lapsed due to cessation of employment.

OTHER INFORMATION
CONTINUED

2020 PERFORMANCE AWARDS

On 29 April 2020, the Company granted performance awards to the eligible participants pursuant to the Long Term Incentive Equity Plan (2020 Performance Awards). There were 71,619,047 performance awards outstanding as at 30 June 2020, representing approximately 0.89% of the total number of issued shares of the Company as at that date.

During the six months ended 30 June 2020, the movements of the 2020 Performance Awards were as follows:

		NUMBER OF PERFORMANCE AWARDS					
CATEGORY AND NAME OF PARTICIPANT	DATE OF GRANT[(i)]	BALANCE AS AT 1 JANUARY 2020	GRANTED DURING THE PERIOD	VESTED DURING THE PERIOD	CANCELLED DURING THE PERIOD	LAPSED DURING THE PERIOD[(ii)]	BALANCE AS AT 30 JUNE 2020
Director							
GAO Xiaoyu	29 April 2020	-	12,130,042	-	-	-	12,130,042
Employees of the Group	29 April 2020	-	60,609,855	-	-	(1,120,850)	59,489,005
TOTAL		**-**	**72,739,897**	**-**	**-**	**(1,120,850)**	**71,619,047**

Notes:

(i) The vesting and performance period of the performance awards is three years from 1 January 2020 to 31 December 2022. The time of vesting will be on or around June 2023. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration.

(ii) Performance awards lapsed due to cessation of employment.

CORPORATE GOVERNANCE

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.

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2020, except for the following deviations:

1. Code provision A.4.1 requires that Non-executive Directors should be appointed for a specific term and subject to re-election. Each of the Non-executive Directors entered into an appointment agreement with the Company for a specific term of three years, except for 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 Company's articles of association, each Director appointed by the Board shall be subject to re-election by Shareholders at the next general meeting (in the case of filling a casual vacancy) or at the next annual general meeting (AGM) (in the case of an addition to the Board), and thereafter be subject to retirement by rotation at least once every three years at the AGM. Dr Cassidy, who was appointed by the Board on 31 December 2010 to fill a casual vacancy, is also subject to retirement from the Board by rotation at least once every three years at the AGM. Since Dr Cassidy has been appointed, he has been re-elected by the Shareholders at the AGMs held in 2011, 2013, 2016 and 2019.

2. Code provision E.1.2 requires the Chairman of the Board to attend and answer questions at the AGM. Mr Guo Wenqing, the Chairman of the Board, was not available for the Company's AGM held on 21 May 2020 due to unplanned business commitment. Accordingly, Mr Leung Cheuk Yan, an Independent Non-executive Director, a member of the Audit and Risk Management Committee and the Governance, Remuneration and Nomination Committee of the Company, was nominated by the Board to take the chair of the said meeting.

The Company adopted a Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised, delegated and 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.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprised five members including three Independent Non-executive Directors, namely Mr Chan Ka Keung, Peter as Chair, Dr Peter Cassidy, Mr Leung Cheuk Yan, and two Non-executive Directors, namely Mr Zhang Shuqiang and Mr Xu Jiqing.

The Audit and Risk Management Committee is accountable to the Board. It focuses primarily on financial reporting related matters, such as reviewing financial information and overseeing financial reporting related systems and controls. The Committee also advises the Board on high-level risk related matters, risk management and internal control, including advising on risk assessment and oversight of the internal audit function.

The Audit and Risk Management Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2020, which have also been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a model code for securities trading by Directors (Securities Trading Model Code) on terms no less exacting than the required standard of the Model Code.

Specific enquiry was made with all the Directors and all confirmed that they have complied with the requirements set out in the Model Code and the Securities Trading Model Code during the six months ended 30 June 2020.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, the information on Directors provided in the 2019 Annual Report of the Company is updated as follows:

CHANGES IN DIRECTORSHIPS

NAME OF DIRECTOR	DETAILS OF CHANGES
GAO Xiaoyu	1. Resigned as the Chairman of Album Enterprises Limited on 13 April 2020. 2. Resigned as the Chairman of Copper Partners Investment Co., Ltd. on 15 May 2020.
XU Jiqing	1. Resigned as director of All Glorious Limited and MMG South America Company Limited on 1 January 2020.
CHAN Ka Keung, Peter	1. Resigned as independent non-executive director of Metallurgical Corporation of China Ltd. (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange) on 30 April 2020.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

INDEPENDENT REVIEW REPORT

Deloitte. 德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF MMG LIMITED

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements of MMG Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as set out on pages 40 to 70, which comprise the condensed consolidated interim statement of financial position as of 30 June 2020 and the related condensed consolidated interim statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

19 August 2020

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

	NOTES	SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED) US$ MILLION	2019 (UNAUDITED) US$ MILLION
Revenue	3	1,191.4	1,387.4
Other income		3.3	2.3
Expenses (excluding depreciation and amortisation)	4	(811.1)	(743.0)
Earnings before interest, income tax, depreciation and amortisation expenses – EBITDA		**383.6**	**646.7**
Depreciation and amortisation expenses	4	(406.9)	(451.3)
(Loss)/profit before interest and income tax – EBIT		**(23.3)**	**195.4**
Finance income	5	1.2	7.7
Finance costs	5	(221.6)	(274.1)
Loss before income tax		**(243.7)**	**(71.0)**
Income tax credit/(expense)	6	61.0	(2.0)
Loss for the period		**(182.7)**	**(73.0)**
(Loss)/profit for the period attributable to:			
Equity holders of the Company		(158.0)	(81.0)
Non-controlling interests		(24.7)	8.0
		(182.7)	**(73.0)**
Loss per share attributable to the equity holders of the Company			
Basic loss per share	7	US (1.96) cents	US (1.01) cents
Diluted loss per share	7	US (1.96) cents	US (1.01) cents

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	SIX MONTHS ENDED 30 JUNE	
	2020 (UNAUDITED) US$ MILLION	2019 (UNAUDITED) US$ MILLION
Loss for the period	**(182.7)**	**(73.0)**
Other comprehensive loss		
Item that may be reclassified to profit or loss		
Fair value loss on hedging instruments designated as cash flow hedges	(2.6)	-
Other comprehensive loss for the period, net of income tax	**(2.6)**	**-**
Total comprehensive loss for the period	**(185.3)**	**(73.0)**
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(159.6)	(81.0)
Non-controlling interests	(25.7)	8.0
	(185.3)	**(73.0)**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	NOTES	AS AT 30 JUNE 2020 (UNAUDITED) US$ MILLION	AS AT 31 DECEMBER 2019 (AUDITED) US$ MILLION
ASSETS			
Non-current assets			
Property, plant and equipment	9	10,260.1	10,394.2
Right-of-use assets	10	132.0	140.6
Intangible assets		556.3	567.5
Inventories		85.2	106.4
Deferred income tax assets		191.1	180.4
Other receivables	11	148.6	210.3
Other financial assets		1.8	3.1
Total non-current assets		**11,375.1**	**11,602.5**
Current assets			
Inventories		379.1	382.2
Trade and other receivables	11	372.5	361.6
Current income tax assets		60.0	101.3
Cash and cash equivalents		70.9	217.5
Total current assets		**882.5**	**1,062.6**
Total assets		**12,257.6**	**12,665.1**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	2,916.4	2,912.2
Reserves and accumulated losses	13	(2,065.5)	(1,900.0)
		850.9	**1,012.2**
Non-controlling interests		1,640.0	1,665.7
Total equity		**2,490.9**	**2,677.9**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

		AS AT	
	NOTES	30 JUNE 2020 (UNAUDITED) US$ MILLION	31 DECEMBER 2019 (AUDITED) US$ MILLION
LIABILITIES			
Non-current liabilities			
Borrowings	14	6,595.1	6,853.7
Lease liabilities	15	132.4	138.3
Provisions		489.7	471.3
Derivative financial liabilities		3.8	-
Other financial liabilities		133.2	135.7
Deferred income tax liabilities		792.0	880.0
Total non-current liabilities		**8,146.2**	**8,479.0**
Current liabilities			
Borrowings	14	960.3	774.6
Lease liabilities	15	20.0	22.5
Provisions		102.8	117.4
Trade and other payables	16	521.8	591.3
Current income tax liabilities		15.6	2.4
Total current liabilities		**1,620.5**	**1,508.2**
Total liabilities		**9,766.7**	**9,987.2**
Net current liabilities		**(738.0)**	**(445.6)**
Total equity and liabilities		**12,257.6**	**12,665.1**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	FOR SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)					
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
US$ MILLION	SHARE CAPITAL (NOTE 12)	TOTAL RESERVES (NOTE 13)	(ACCUMULATED LOSSES)/ RETAINED PROFITS (NOTE 13)	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At 1 January 2020	**2,912.2**	**(1,899.1)**	**(0.9)**	**1,012.2**	**1,665.7**	**2,677.9**
Loss for the period	-	-	(158.0)	**(158.0)**	(24.7)	**(182.7)**
Other comprehensive loss for the period	-	(1.6)	-	**(1.6)**	(1.0)	**(2.6)**
Total comprehensive loss for the period	**-**	**(1.6)**	**(158.0)**	**(159.6)**	**(25.7)**	**(185.3)**
Transactions with owners						
Employee share options exercised and performance awards vested	4.2	(4.1)	-	**0.1**	-	**0.1**
Employee share options lapsed	-	(2.1)	2.1	**-**	-	**-**
Employee long-term incentives	-	(1.8)	-	**(1.8)**	-	**(1.8)**
Total transactions with owners	**4.2**	**(8.0)**	**2.1**	**(1.7)**	**-**	**(1.7)**
At 30 June 2020	**2,916.4**	**(1,908.7)**	**(156.8)**	**850.9**	**1,640.0**	**2,490.9**
At 1 January 2019	**2,910.8**	**(1,898.0)**	**228.6**	**1,241.4**	**1,630.6**	**2,872.0**
(Loss)/profit for the period	-	-	(81.0)	**(81.0)**	8.0	**(73.0)**
Total comprehensive loss for the period	**-**	**-**	**(81.0)**	**(81.0)**	**8.0**	**(73.0)**
Transactions with owners						
Employee share options exercised	1.2	(0.3)	-	**0.9**	-	**0.9**
Total transactions with owners	**1.2**	**(0.3)**	**-**	**0.9**	**-**	**0.9**
At 30 June 2019	**2,912.0**	**(1,898.3)**	**147.6**	**1,161.3**	**1,638.6**	**2,799.9**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	SIX MONTHS ENDED 30 JUNE	
	2020 (UNAUDITED) US$ MILLION	2019 (UNAUDITED) US$ MILLION
Cash flows from operating activities		
Receipts from customers	1,377.6	1,558.6
Payments to suppliers and employees	(1,042.6)	(1,101.4)
Payments for exploration expenditure	(8.1)	(13.4)
Income tax refunded/(paid)	39.7	(153.8)
Net cash generated from operating activities	**366.6**	**290.0**
Cash flows from investing activities		
Purchase of property, plant and equipment	(254.5)	(147.5)
Purchase of intangible assets	(0.8)	(0.1)
Payments of support package associated with disposal of Century mine	-	(4.1)
Proceeds from disposal of property, plant and equipment	-	3.2
Net cash used in investing activities	**(255.3)**	**(148.5)**
Cash flows from financing activities		
Proceeds from external borrowings	354.1	130.0
Repayments of external borrowings	(631.0)	(291.0)
Proceeds from related party borrowings	200.0	-
Repayments of related party borrowings	-	(100.0)
Proceeds from shares issued upon exercise of employee share options	0.1	0.9
Repayment of lease liabilities	(20.3)	(20.5)
Interest and financing costs paid on external borrowings	(153.5)	(194.3)
Interest and financing costs paid on related party borrowings	(0.2)	(3.2)
Withholding taxes paid in respect of financing arrangements	(8.5)	(31.4)
Interest received	1.4	8.1
Net cash used in financing activities	**(257.9)**	**(501.4)**
Net decrease in cash and cash equivalents	**(146.6)**	**(359.9)**
Cash and cash equivalents at 1 January	217.5	601.9
Cash and cash equivalents at 30 June	**70.9**	**242.0**

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND INDEPENDENT REVIEW

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 Unit 8506A, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The principal place of business of the Company is disclosed in the Corporate Information section to the Group's 2020 Interim Report.

The Company is an investment holding company and is listed on the main board of The Stock Exchange of Hong Kong Limited ("HKEx"). The Company and its subsidiaries (the "Group") are engaged in the exploration, development and mining of copper, zinc, gold, silver and lead deposits around the world.

The condensed consolidated interim financial statements for the six months ended 30 June 2020 are presented in United States Dollars ("US$" or "USD") unless otherwise stated and have been approved for issue by the Board of Directors of the Company (the "Board") on 19 August 2020.

The financial information relating to the year ended 31 December 2019 that is included in these condensed consolidated interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.
- The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The condensed consolidated interim financial statements for the six months ended 30 June 2020 are unaudited and have been reviewed by the audit committee and the external auditor of the Company.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the HKEx and Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

The condensed consolidated interim financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. Management continues to closely monitor the liquidity position of the Group, which includes the sensitised analysis of forecast cash balances for key financial risks (including commodity and foreign exchange risks) over the short and medium term to ensure adequate liquidity is maintained.

For the six-month period ended 30 June 2020, the Group generated a net loss of US$182.7 million (2019: US$73.0 million), primarily due to the outbreak of COVID-19 which has adversely impacted production at Las Bambas and led to lower copper and zinc prices.

At 30 June 2020, the Group had net current liabilities of US$738.0 million (31 December 2019: US$445.6 million) and generated operating cash inflows of US$366.6 million (2019: US$290.0 million) and total net cash outflows of US$146.6 million (2019: US$359.9 million), after investing and financing cash flows. Cash flow forecasts, which assume the continuity of normal business activity, indicate that the Group will only have sufficient liquidity to meet its operational, existing contractual debt service and capital expenditure requirements for the 12 month period from the approval of the condensed consolidated interim financial statements if it is able to defer a US$700.0 million loan repayment that falls due in July 2021. This amount falls due under a US$2,262.3 million loan that was established in 2014 between Top Create Resources Limited ("Top Create"), a subsidiary of China Minmetals Corporation ("CMC"), and MMG South America Company Limited. Consistent with past practice when amounts under this loan have fallen due, Top Create has indicated a willingness to further defer the US$700.0 million 2021 repayment, before it falls due.

In addition, the Directors of the Company (the "Directors") note the following considerations, relevant to the Group's ability to continue as a going concern:

- At 30 June 2020, total cash and cash equivalents of US$70.9 million (31 December 2019: US$217.5 million) were held by the Group;
- The ongoing trading support of the China Minmetals Non-ferrous Metals Co., Ltd ("CMN") and joint venture partner CITIC Metal Peru Investment Limited ("CITIC") each as direct or indirect off-takers of Las Bambas production. This has been demonstrated by an agreement entered into with each party for early payment on cargos already shipped and invoiced as well as prepayments for inventory held at both port and site. Early payment and prepayments are permitted up to an aggregate amount of US$200.0 million until 31 December 2020, allocated to each party in their respective off-take proportions;
- At 30 June 2020, MMG South America Management Company Limited and its subsidiaries ("Las Bambas Joint Venture Group") had available undrawn debt facilities of US$210.0 million (31 December 2019: US$350.0 million) under a US$175.0 million revolving credit facility provided by Bank of China, Sydney Branch ("BOC Sydney") and a US$175.0 million revolving credit facility provided by ICBC, Luxembourg Branch ("ICBC Luxembourg"), both of which mature in August 2022;
- The Group has positive relationships with its external financiers, who continue to provide strong support. This has been recently demonstrated by their willingness to advance additional lines of credit to the Group. The Group is also in discussions with its lenders to refinance debt facilities that will be maturing in the second half of 2020. These facilities will be in addition to those executed in August 2020;
- The strong ongoing support of the Group's major shareholder, CMC. This has been demonstrated by an agreement entered into in May 2020 with Top Create, whereby an existing US$100.0 million working capital facility was increased to US$200.0 million, and the maturity date extended from April 2021 to October 2021. At 30 June 2020 this facility was undrawn (31 December 2019: nil drawn). In addition, in June 2020 Top Create provided a new US$300.0 million revolving credit facility, which will mature in December 2020. At 30 June 2020 this facility was drawn to US$200.0 million. Drawings under this facility were used to repay amounts outstanding under a US$300 million revolving credit facility provided by Industrial and Commercial Bank of China Ltd ("ICBC"), Melbourne Branch. The ICBC facility, which was scheduled to mature in December 2020, was subsequently cancelled by MMG; and
- In the event forecast cash flow is not achieved or that existing or new debt facilities are insufficient or not obtained within time, the Group has the support of its major shareholder, CMC. In this circumstance, support to the Group may be in the form of providing additional debt facilities, deferral of debt service and repayment obligations in relation to existing shareholder loans from CMC, or through further equity contributions.

As a result, the Directors are of the view that the Group will be able to meet its debts as and when they fall due and accordingly the Directors have prepared the condensed consolidated interim financial statements on a going concern basis.

2.1 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 December 2019, except for the adoption of new amendments to the existing standards as set out below. The Group has executed a debt-related cash flow hedge arrangement during the period ended 30 June 2020, refer to Note 2.2 for the relevant accounting policies.

(a) Amendments to existing standards effective and adopted in 2020 but not relevant or significant to the Group

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 16	COVID-19 Related Rent Concessions[(a)]
Amendments to HKFRS 3	Definition of a Business

(a) The Group has early adopted these amendments, which have been issued and are effective for the Group for annual period beginning on 1 January 2020.

(b) New standards and amendments to standards that have been issued but not yet effective or early adopted by the Group

The Group has not early adopted the following new standards and amendments to standards that have been issued but are not effective for financial year 2020.

HKFRS 17	Insurance Contracts[a]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[b]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[b]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[b]
Amendments to HKFRS 3	Reference to the Conceptual Framework[b]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[c]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[d]

Effective for the Group for annual period beginning on:

(a) 1 January 2021

(b) 1 January 2022

(c) 1 January 2023

(d) Effective date to be determined

2.2 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

As of the reporting date, the Group has designated a derivative instrument (being an interest rate swap and floor) as a hedging instrument for cash flow hedge purposes.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

For the purpose of determining whether a forecast transaction (or a component thereof) in a cash flow hedge is highly probable, the Group assumes that interest rate benchmark on which the hedged cash flows are based is not altered as a result of interest rate benchmark reform.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

In assessing the economic relationship between the hedged item and the hedging instrument the Group assumes that the interest rate benchmark on which the hedged cash flows and/or hedged risk are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

The effective portion of changes in the fair value of the hedging instrument designated as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'finance income' or 'finance costs' line item.

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For the purpose of reclassifying the amount of accumulated in the cash flow hedge reserve in order to determine whether the hedged future cash flows are expected to occur, the Group assumes the interest rate benchmark on which the hedged cash flows are based is not altered as a result of interest rate benchmark reform.

2.3 CRITICAL ESTIMATES AND JUDGEMENTS

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

Significant judgement and estimates applied by management in assessing recoverability of non-financial assets have been disclosed in Note 9.

Other than the above, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, namely mine rehabilitation, restoration and dismantling obligations, mineral resources and ore reserves estimates, deferral of waste removal costs and taxes, were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

3. SEGMENT INFORMATION

HKFRS 8 "*Operating Segments*" requires operating segments to be identified on the basis of internal reports about operations of the Group that are regularly reviewed by the chief operating decision-maker ("CODM") in order to allocate resources to the segment and assess its performance.

The Company's Executive Committee has been identified as the CODM. The Executive Committee reviews the Group's internal reporting of these operations in order to assess performance and allocate resources.

The Group's reportable segments are as follows:

Las Bambas	The Las Bambas mine is a large open-pit, scalable, long-life copper and moly mining operation with prospective exploration options. It is located in the Cotabambas, Apurimac region of Peru.
Kinsevere	Kinsevere is an open-pit copper mining operation located in the Haut-Katanga Province of the Democratic Republic of the Congo ("DRC").
Dugald River	The Dugald River mine is an underground zinc mining operation located near Cloncurry in North West Queensland.
Rosebery	Rosebery is an underground polymetallic base metal mining operation located on Tasmania's west coast.
Other	Includes exploration projects, mine sites under care and maintenance and corporate entities in the Group.

A segment result represents the EBIT by each segment. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance. Other information provided, except as disclosed in the following paragraph, to the CODM is measured in a manner consistent with that in these condensed consolidated interim financial statements.

Segment assets exclude current income tax assets, deferred income tax assets and net inter-segment receivables. Segment liabilities exclude current income tax liabilities, deferred income tax liabilities and net inter-segment loans. The excluded assets and liabilities are presented as part of the reconciliation to total consolidated assets or liabilities.

The segment revenue and result for the six months ended 30 June 2020 are as follows:

US$ MILLION	LAS BAMBAS	KINSEVERE	DUGALD RIVER	ROSEBERY	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
Revenue by metals						
– *Copper*	648.0	198.5	-	4.0	1.4	**851.9**
– *Zinc*	-	-	93.1	46.6	-	**139.7**
– *Lead*	-	-	15.7	15.6	-	**31.3**
– *Gold*	68.1	-	-	30.7	-	**98.8**
– *Silver*	30.7	-	12.1	22.5	-	**65.3**
– *Molybdenum*	4.4	-	-	-	-	**4.4**
Revenue from contracts with customers	**751.2**	**198.5**	**120.9**	**119.4**	**1.4**	**1,191.4**
EBITDA	**333.2**	**13.4**	**9.1**	**48.5**	**(20.6)**	**383.6**
Depreciation and amortisation expenses	(293.7)	(59.0)	(29.0)	(23.6)	(1.6)	**(406.9)**
EBIT	**39.5**	**(45.6)**	**(19.9)**	**24.9**	**(22.2)**	**(23.3)**
Finance income						**1.2**
Finance costs						**(221.6)**
Income tax credit						**61.0**
Loss for the period						**(182.7)**

The segment assets and liabilities as at 30 June 2020 are as follows:

US$ MILLION	LAS BAMBAS	KINSEVERE	DUGALD RIVER	ROSEBERY	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
Segment assets	10,198.4	570.9	640.7	300.1	296.4[1]	**12,006.5**
Current/deferred income tax assets						251.1
Consolidated assets						**12,257.6**
Segment liabilities	5,380.7	247.0	438.2	163.7	2,729.5[2]	**8,959.1**
Current/deferred income tax liabilities						807.6
Consolidated liabilities						**9,766.7**
Segment non-current assets	9,804.6	500.5	585.1	295.3	189.6	**11,375.1**

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The segment revenue and result for the six months ended 30 June 2019 were as follows:

US$ MILLION	LAS BAMBAS	KINSEVERE	DUGALD RIVER	ROSEBERY	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
Revenue by metals						
– Copper	803.4	176.6	-	3.6	2.0	**985.6**
– Zinc	-	-	141.2	81.8	-	**223.0**
– Lead	-	-	15.5	20.0	-	**35.5**
– Gold	48.0	-	-	19.9	-	**67.9**
– Silver	29.7	-	7.1	17.5	-	**54.3**
– Molybdenum	21.1	-	-	-	-	**21.1**
Revenue from contracts with customers	**902.2**	**176.6**	**163.8**	**142.8**	**2.0**	**1,387.4**
EBITDA	**541.0**	**8.6**	**52.5**	**64.1**	**(19.5)**	**646.7**
Depreciation and amortisation expenses	(322.0)	(59.6)	(31.5)	(33.5)	(4.7)	**(451.3)**
EBIT	**219.0**	**(51.0)**	**21.0**	**30.6**	**(24.2)**	**195.4**
Finance income						**7.7**
Finance costs						**(274.1)**
Income tax expense						**(2.0)**
Loss for the period						**(73.0)**

The segment assets and liabilities as at 31 December 2019 are as follows:

US$ MILLION	LAS BAMBAS	KINSEVERE	DUGALD RIVER	ROSEBERY	OTHER UNALLOCATED ITEMS/ ELIMINATIONS	GROUP
Segment assets	10,412.7	644.1	671.7	307.1	347.8[1]	12,383.4
Current/deferred income tax assets						281.7
Consolidated assets						**12,665.1**
Segment liabilities	5,566.9	238.3	463.6	165.8	2,670.2[2]	9,104.8
Current/deferred income tax liabilities						882.4
Consolidated liabilities						**9,987.2**
Segment non-current assets	9,963.9	554.5	612.5	308.6	163.0	**11,602.5**

1. Included in segment assets of US$296.4 million (31 December 2019: US$347.8 million) for the other segment is cash of US$8.5 million (31 December 2019: US$98.6 million) mainly held at Group's treasury entities and trade receivables of US$157.8 million (31 December 2019: US$114.7 million) for MMG South America Company Limited ("MMG SA") in relation to copper concentrate sales.
2. Included in segment liabilities of US$2,729.5 million (31 December 2019: US$2,670.2 million) for the other segment are borrowings of US$2,461.2 million (31 December 2019: US$2,261.3 million) and bank guarantee financial liabilities of US$133.2 million (31 December 2019: US$135.7 million), which are managed at Group level.

4. EXPENSES

Loss before income tax includes the following specific expenses:

	SIX MONTHS ENDED 30 JUNE	
	2020 (UNAUDITED) US$ MILLION	2019 (UNAUDITED) US$ MILLION
Changes in inventories of finished goods and work in progress	6.9	(194.2)
Write down of inventories to net realisable value	20.9	17.7
Employee benefit expenses[1]	98.6	120.1
Contracting and consulting expenses[3]	210.9	250.2
Energy costs	97.6	127.1
Stores and consumables costs	171.4	203.7
Depreciation and amortisation expenses[2]	391.4	432.8
Other production expenses[3]	48.2	75.2
Cost of goods sold	**1,045.9**	**1,032.6**
Other operating expenses[1]	17.1	29.6
Royalty expenses	46.1	49.7
Selling expenses[3]	56.7	47.6
Operating expenses including depreciation and amortisation[4]	**1,165.8**	**1,159.5**
Exploration expenses[1,2,3]	8.1	13.4
Administrative expenses[1,3]	13.6	11.5
Foreign exchange loss /(gain) – net	9.7	(9.1)
Loss on financial assets at fair value through profit or loss	1.3	-
Other expenses[1,2,3]	19.5	19.0
Total expenses	**1,218.0**	**1,194.3**

1. In aggregate, US$23.9 million (2019: US$35.9 million) of employee benefit expenses were included in administrative expenses, exploration expenses, other operating expenses and other expenses categories. Total employee benefit expenses were US$122.5 million (2019: US$156.0 million).
2. In aggregate, US$15.5 million (2019: US$18.5 million) of depreciation and amortisation expenses were included in exploration expenses and other expenses categories. Total depreciation and amortisation expenses were US$406.9 million (2019: US$451.3 million).
3. The expense under these categories include expenditure in respect of contracts assessed as leases but which did not qualify for recognition as right of use assets included US$17.8 million (2019: US$8.5 million) in respect of variable lease payments, US$0.8 million (2019: US$2.7 million) for short-term leases and US$0.6 million (2019: US$1.3 million) for low-value leases.
4. Operating expenses include mining and processing costs, royalties, selling expenses (including transportation) and other costs incurred by operations.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. FINANCE INCOME AND FINANCE COSTS

	SIX MONTHS ENDED 30 JUNE	
	2020 (UNAUDITED) US$ MILLION	2019 (UNAUDITED) US$ MILLION
Finance income		
Interest income on cash and cash equivalents	1.2	7.7
Finance costs		
Interest expense on bank borrowings	(152.9)	(194.0)
Interest expense on related party borrowings (Note 17(a))	(47.2)	(47.0)
Withholding taxes in respect of financing arrangements	(7.4)	(5.5)
Unwinding of discount on provisions	(5.2)	(8.7)
Unwinding of discount on lease liabilities	(7.2)	(7.7)
Other related party finance costs (Note 17(a))	(0.3)	(3.8)
Other external finance costs	(1.4)	(7.4)
Finance costs – total	**(221.6)**	**(274.1)**

6. INCOME TAX EXPENSE

Hong Kong profits tax is provided at a rate of 16.5% where there are net assessable profits derived for the period. The income tax rates applicable for the main jurisdictions in which the Group operates are: Australia (30.0%), Peru (32.0%) and DRC (30.0%). Tax rates for some jurisdictions are covered by historical legal agreements with governments. Taxation on profits arising from other jurisdictions has been calculated on the estimated assessable profits for the period at the rates prevailing in the relevant jurisdictions.

The Group recognises deferred income tax assets if it is probable that future taxable amounts will be available to utilise the deductible temporary differences and unused tax losses in the foreseeable future. Management will continue to assess the recognition of deferred income tax assets in future reporting periods.

	SIX MONTHS ENDED 30 JUNE	
	2020 (UNAUDITED) US$ MILLION	2019 (UNAUDITED) US$ MILLION
Current income tax expense – Overseas income tax	(36.7)	(39.4)
Deferred income tax credit – Overseas income tax	97.7	37.4
Income tax credit/(expense)	**61.0**	**(2.0)**

Deferred income tax credit of US$1.2 million relating to items of other comprehensive loss was recognised during the period ended 30 June 2020 (2019: nil).

7. LOSS PER SHARE

Basic loss per share are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the reporting period.

The calculation of diluted loss per share for the six months ended 30 June 2020 and 30 June 2019 does not assume conversion of all dilutive potential ordinary shares because it will otherwise result in a decrease in loss per share.

	SIX MONTHS ENDED 30 JUNE	
	2020 (UNAUDITED) US$ MILLION	2019 (UNAUDITED) US$ MILLION
Loss attributable to equity holders of the Company in the calculation of basic and diluted loss per share	(158.0)	(81.0)

	NUMBER OF SHARES '000	
	2020	2019
Weighted average number of ordinary shares used in the calculation of the basic loss per share	8,054,940	8,052,361
Weighted average number of ordinary shares used in the calculation of the diluted loss per share	8,054,940	8,052,361
Basic loss per share	US (1.96) cents	US (1.01) cents
Diluted loss per share	US (1.96) cents	US (1.01) cents

8. DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: nil).

9. PROPERTY, PLANT AND EQUIPMENT

SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)	US$ MILLION
Net book amount at 1 January 2020	10,394.2
Additions	250.4
Depreciation and amortisation expenses	(381.2)
Disposals	(3.3)
Net book amount at 30 June 2020	**10,260.1**

IMPAIRMENT REVIEW OF NON-CURRENT ASSETS AND GOODWILL

In accordance with the Group's accounting policies and processes, the Group performs its impairment testing annually at 31 December. Cash Generating Units ("CGUs") are reviewed at each reporting period to determine whether there is an indication of impairment or impairment reversal. Where an indicator of impairment or impairment reversal exists, a formal estimate of the recoverable amount is made at the reporting period.

Indicators of impairment were noted for Las Bambas due to below plan performance impacted by a number of factors including lower production due to COVID-19 pandemic related restrictions and lower copper prices.

Indicators of impairment were noted for Kinsevere due to the political and legislative environment in the DRC and the decline in copper price during the period. An impairment write-down of US$105.0 million (post-tax basis) was recognised in relation to the Kinsevere CGU at 31 December 2019.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In respect of Dugald River, an impairment loss was recognised in 2015. Management has reviewed the operational performance and considered the operation's sensitivity to a range of factors including zinc price, AU$ to US$ exchange rate, throughput, grade, recovery and operational and capital expenditure and concluded that there is currently no reliable indicator that the impairment could be reversed.

No impairment indicators were noted in respect of Rosebery.

(i) Approach to recognition of an impairment loss

An impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of each CGU has been estimated using its fair value less costs of disposal ("Fair Value"), which is consistent with the approach from the prior year.

(ii) Key assumptions

The key assumptions impacting the discounted cash flow models used to determine the Fair Value include:

- Commodity prices;
- Operating costs;
- Capital requirements;
- Real post-tax discount rates;
- Foreign exchange rates;
- Reserves and Resources and exploration targets;
- Optimisation of operational activity and productivity; and
- Rehabilitation timing.

In determining some of the key assumptions, management considered external sources of information where appropriate.

Commodity price and exchange rate assumptions are based on the latest internal forecasts benchmarked to analyst consensus forecasts. The long-term cost assumptions are based on actual costs adjusted for planned operational changes and input cost assumptions over the life of mine.

Commodity price estimates included in the three-year budget cash flows used the latest forecast metal prices. The long-term price assumed for copper is US$3.21 per pound, unchanged from 2019.

The real post-tax discount rates used in the Fair Value estimates for the Las Bambas and Kinsevere CGU's are unchanged from 2019; that is, 7% and 10% respectively.

Management considers the estimates applied in this impairment assessment are reasonable. However, such estimates are subject to significant uncertainties and judgements. Refer to (iv) below for sensitivity analysis.

(iii) Valuation methodology

Las Bambas

The Las Bambas Fair Value is determined through the 2019 Life of Asset ("LoA") discounted cash flows that was updated for known changes and also supported by comparable transaction multiples. The valuation contains the current operation and further regional exploration targets included in the initial valuation to acquire the mine in 2014. The cash flows assume additional capital investment in the processing plant as well as expected cost reductions from operational improvement programs underway. Future cash flow forecasts include estimates for the cost of obtaining access to land where the rights do not currently exist.

In response to the COVID-19 pandemic, the Peruvian government implemented a State of Emergency from 15 March 2020 to 30 June 2020. Although mining and processing operations have continued during this period, the level of activity and compliance to original mine plans has been impacted. Production guidance for 2020 was withdrawn on 13 April 2020. Management is working on a range of scenarios for recovery in order to plan a return to normal operations. Limitations imposed by the COVID-19 related State of Emergency may impact the timing of environmental and drilling permits.

The impairment assessment of the Las Bambas' CGU at 30 June 2020 did not result in the recognition of impairment. The 2020 LoA is being completed in the second half of the year during the mine planning process and will be used to test impairment at 31 December 2020.

Kinsevere

An impairment write-down of US$150.0 million pre-tax (US$105.0 million on a post-tax basis) was recognised in relation to the Kinsevere CGU at 31 December 2019. The impairment was recognised as a result of operational challenges and management's best estimate of risks associated with political and legislative matters. The impairment resulted in a reduction to the carrying value of the oxide related assets to more accurately reflect the remaining life of the current oxide operation.

As disclosed in the consolidated financial statements for the year ended 31 December 2019, the DRC

Government passed significant changes to the DRC 2002 Mining Code (2018 Mining Code) in March 2018. In light of the adverse impact the 2018 Mining Code represents to Kinsevere mine, the Group along with other industry participants has continued to engage in discussion with the DRC Government seeking to negate or reduce negative financial outcomes.

Whilst there has been some progress including agreement with the DRC Government on a substantial amount of historical value added tax ("VAT") receivable in 2019, uncertainties continue to exist in relation to the recovery of historic and future VAT balances.

The Kinsevere Fair Value at 30 June 2020 is based upon the Kinsevere Development Project Feasibility Study, which includes the current oxide operations and options to extend the life of Kinsevere, including the addition of a sulphide ore and cobalt processing circuit alongside the existing oxide circuit. The Company expects to reach a final investment decision on this project during the second half of 2020.

The impairment assessment of the Kinsevere CGU at 30 June 2020 did not result in the recognition of any further impairment or reversal of impairment. In the event that the Kinsevere Development Project does not progress to execution, there would likely be a further impairment to the carrying value of Kinsevere.

(iv) Sensitivity analysis

Commodity prices, the level of production activity as well as the success of converting Reserves and Resources and increasing the resource estimates over the lives of mines are key assumptions in the determination of Fair Value. Due to the number of factors that could impact production activity, such as processing throughput, changing ore grade and/or metallurgy and revisions to mine plans in response to physical or economic conditions, no quantified sensitivity has been determined. Changes to these assumptions may however result in an impact on the Fair Value and result in impairment in future.

A sensitivity analysis is presented below for both Las Bambas and Kinsevere. The sensitivities assume that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact. Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

Las Bambas

The key assumptions to which the calculation of recoverable amount for Las Bambas is most sensitive are copper price, operating costs, land access (including permitting delays and the amount and timing of exploration potential to be realised) and discount rate. An adverse change of 5% in copper price over the remaining mine life would decrease the recoverable amount by approximately US$1,000 million. An increase of 1% to the discount rate would decrease recoverable amount by approximately US$800 million. An adverse change of 5% in operating costs would decrease the recoverable amount by approximately US$400 million. The impact of delays in land access or the amount or timing of exploration potential realised would result in a revision to the mine plan in response to these conditions. The occurrence of one or more of the above assumptions in isolation, without a change in other assumptions which may have an offsetting impact, would result in the carrying value of Las Bambas exceeding the recoverable value.

Kinsevere

The key assumptions to which the calculation of Fair Value for Kinsevere is most sensitive are copper price, the successful expansion of the processing plant to process sulphide ore and cobalt, the application of the 2018 Mining Code as outlined above and cobalt pricing. An adverse change of 5% in copper price over the remaining mine life would further decrease the recoverable amount by approximately US$100 million. An adverse change of 5% in cobalt price over the remaining mine life would further decrease the recoverable amount by approximately US$25 million. In the event that the next phase of the development of Kinsevere does not progress to execution, there is likely to be a further impairment to the assets of Kinsevere.

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10. RIGHT-OF-USE ASSETS

SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)	US$ MILLION
Net book amount at 1 January 2020	140.6
Additions	5.7
Depreciation expense	(13.5)
Disposals	(0.8)
Net book amount at 30 June 2020	**132.0**

11. TRADE AND OTHER RECEIVABLES

	30 JUNE 2020 (UNAUDITED) US$ MILLION	31 DECEMBER 2019 (AUDITED) US$ MILLION
Non-current other receivables		
Prepayments	1.3	1.9
Other receivables – government taxes (net of provisions)[1]	24.0	57.3
Sundry receivables[2]	123.3	151.1
	148.6	**210.3**
Current trade and other receivables		
Trade receivables[3] (Note 20(e) and (f))	266.9	240.6
Prepayments	21.8	37.4
Other receivables – government taxes (net of provisions)[1]	44.1	50.9
Sundry receivables[4]	39.7	32.7
	372.5	**361.6**

1. The government taxes amount mainly consists of VAT receivables associated with the Group's operators in Peru and the DRC.
2. Non-current sundry receivables include amounts relating to tax matters of Minera Las Bambas S.A. ("MLB") during Glencore's period of ownership.
3. At 30 June 2020 and 31 December 2019, trade 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 promptly after delivery and the balance within 20 to 120 days from delivery. All the trade receivables at 30 June 2020 and 31 December 2019 were within six months from the due date of invoice. At 30 June 2020, the Group's trade receivable included an amount of US$113.3 million (31 December 2019: US$103.5 million) (Note 17(c)), which was due from a related company of the Group. The carrying amounts of the Group's trade receivables are all denominated in US$.
4. Current sundry receivables include cash held in bank accounts in the DRC, which is restricted for use (Note 19(c)).

12. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES '000	SHARE CAPITAL US$ MILLION
Issued and fully paid:		
At 1 January 2019	8,051,998	2,910.8
Employee share options exercised	2,789	1.4
At 31 December 2019 (audited)	**8,054,787**	**2,912.2**
Employee share options exercised[1]	163	-
Employee performance awards vested	8,693	4.2
At 30 June 2020 (unaudited)	**8,063,643**	**2,916.4**

1. During the first half of 2020, a total of 163,959 new shares were issued as a result of employee share options exercised at a weighted average exercise price of HK$2.29 per share under the Company's 2016 Share Option Scheme. The weighted average share price during the period is HK$1.57 per share.

13. RESERVES AND ACCUMULATED LOSSES

US$ MILLION	SPECIAL CAPITAL RESERVE	EXCHANGE TRANSLATION RESERVE	MERGER RESERVE[1]	CASH FLOW HEDGE RESERVE[2]	SURPLUS RESERVE	SHARE-BASED PAYMENT RESERVE	TOTAL RESERVES	ACCUM-ULATED LOSSES	TOTAL
At 1 January 2020 (audited)	**9.4**	**2.7**	**(1,946.9)**	**-**	**19.3**	**16.4**	**(1,899.1)**	**(0.9)**	**(1,900.0)**
Loss for the period	-	-	-	-	-	-	**-**	(158.0)	**(158.0)**
Other comprehensive loss for the period	-	-	-	(1.6)	-	-	**(1.6)**	-	**(1.6)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(1.6)**	**-**	**-**	**(1.6)**	**(158.0)**	**(159.6)**
Employee share options exercised and performance awards vested	-	-	-	-	-	(4.1)	**(4.1)**	-	**(4.1)**
Employee share options lapsed	-	-	-	-	-	(2.1)	**(2.1)**	2.1	**-**
Employee long-term incentives	-	-	-	-	-	(1.8)	**(1.8)**	-	**(1.8)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(8.0)**	**(8.0)**	**2.1**	**(5.9)**
At 30 June 2020 (unaudited)	**9.4**	**2.7**	**(1,946.9)**	**(1.6)**	**19.3**	**8.4**	**(1,908.7)**	**(156.8)**	**(2,065.5)**

1. 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 (Accounting Guideline 5 issued by the HKICPA) against their share capital.
2. The cashflow hedge reserve records the portion of the gain or loss on a hedging instrument and the related transaction in a cash flow hedge that are determined to be effective.

14. BORROWINGS

	30 JUNE 2020 (UNAUDITED) US$ MILLION	31 DECEMBER 2019 (AUDITED) US$ MILLION
Non-current		
Loan from a related party (Note 17(c))	2,261.3	2,261.3
Bank borrowings, net	4,333.8	4,592.4
	6,595.1	**6,853.7**
Current		
Loan from a related party (Note 17(c))	200.0	-
Bank borrowings, net	760.3	774.6
	960.3	**774.6**
Total	**7,555.4**	**7,628.3**
Analysed as:		
– Secured	5,013.6	5,250.6
– Unsecured	2,601.3	2,441.3
	7,614.9	**7,691.9**
Prepayments – finance charges	(59.5)	(63.6)
	7,555.4	**7,628.3**
Borrowings (excluding prepayments) are repayable as follows:		
– Within one year	966.3	780.8
– More than one year but not exceeding two years	1,367.2	1,309.8
– More than two years but not exceeding five years	2,531.2	2,685.9
– More than five years	2,750.2	2,915.4
	7,614.9	**7,691.9**
Prepayments – finance charges	(59.5)	(63.6)
Total (Note 20(e))	**7,555.4**	**7,628.3**

The effective interest rate at 30 June 2020 was 3.9% (31 December 2019: 5.0%).

15. LEASE LIABILITIES

	30 JUNE 2020 (UNAUDITED) US$ MILLION	31 DECEMBER 2019 (AUDITED) US$ MILLION
Non-current		
Lease liabilities	132.4	138.3
Current		
Lease liabilities	20.0	22.5
Total	**152.4**	**160.8**
Lease liabilities are repayable as follows:		
– Within one year	20.0	22.5
– More than one year but not exceeding two years	15.9	16.0
– More than two years but not exceeding five years	31.8	33.8
– More than five years	84.7	88.5
Total (Note 20(e))	**152.4**	**160.8**

16. TRADE AND OTHER PAYABLES

At 30 June 2020, the balance of the trade payables was US$209.2 million (31 December 2019: US$310.0 million), of which an amount of US$201.7 million (31 December 2019: US$306.9 million) was aged less than six months; and an amount of US$7.5 million (31 December 2019: US$3.1 million) was aged over six months.

17. SIGNIFICANT RELATED PARTY TRANSACTIONS

At 30 June 2020, 72.5% of the Company's shares were held by China Minmetals Non-ferrous Metals Co.,Ltd ("CMN") through its subsidiary, China Minmetals H.K. (Holdings) Limited ("Minmetals HK"). The remainder 27.5% of the Company's shares were widely held by the public. The Directors consider the ultimate holding company is CMC, a stated-owned company incorporated in the PRC, of which CMN is a subsidiary.

For the purposes of the related party transaction disclosures, the Directors 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 condensed consolidated interim 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 period.

(a) Transactions with CMC and its group companies (other than those within the Group)

	SIX MONTHS ENDED 30 JUNE	
	2020 (UNAUDITED) US$ MILLION	2019 (UNAUDITED) US$ MILLION
Revenue		
Sales of non-ferrous metals	480.7	657.6
Purchases		
Purchases of consumables and services	(2.6)	(5.7)
Finance costs		
Finance costs (Note 5)	(47.5)	(50.8)

(b) Transactions and balances with other state-owned enterprises

During the period ended 30 June 2020, the Group's significant 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. These transactions were based on terms as set out in the underlying agreements, on statutory rates, market prices, actual cost incurred, or as mutually agreed.

(c) Significant related party balances

	30 JUNE 2020 (UNAUDITED) US$ MILLION	31 DECEMBER 2019 (AUDITED) US$ MILLION
Amounts payable to related parties		
Loan from Top Create[1] (Note 14)	2,261.3	2,261.3
Loan from Top Create – working capital facility[2] (Note 14)	200.0	-
Interest payable to Top Create[1]	88.7	41.5
Trade payables to CMN	0.6	1.3
	2,550.6	**2,304.1**
Amounts receivable from related parties		
Trade receivables from CMN (Note 11)	**113.3**	**103.5**

1. The loan amount from Top Create represents the amounts drawn by the Company on 22 July 2014 (US$1,843.8 million) and 16 February 2015 (US$417.5 million) pursuant to a facility agreement dated 22 July 2014 between MMG SA and Top Create. In accordance with that agreement, a loan facility of up to US$2,262.0 million was made available to MMG SA, for a period of four years commencing on the date of the first drawdown of the loan. The loan is repayable at the end of the eleven year term, with loan repayments falling due in three separate tranches in July 2021 (US$700.0 million), July 2023 (US$700.0 million), and July 2025 (US$862.0 million). The facility incurs interest at a separate all-in fixed rate for each of the repayment tranches of between 3.70% and 4.50% per annum, which is payable annually.
2. The loan amount from Top Create represents amounts drawn from a new US$300.0 million revolving credit facility in June 2020 with a maturity date in December 2020. The facility incurs interest at London Interbank Offered Rate ("LIBOR") plus 1.0% per annum.

18. CAPITAL COMMITMENTS

Commitments for capital expenditure contracted at the reporting date but not recognised as a liability, are set out in the table below:

	30 JUNE 2020 (UNAUDITED) US$ MILLION	31 DECEMBER 2019 (AUDITED) US$ MILLION
Property, plant and equipment		
Within one year	104.0	168.5
Over one year but not more than five years	44.8	48.8
	148.8	**217.3**

19. CONTINGENCIES

(a) Bank guarantees

Certain bank guarantees have been provided in connection with the operations of certain subsidiaries of the Company primarily associated with the terms of mining leases, mining concessions, exploration licences or key contracting arrangements. At the end of the reporting period, no material 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 authorities.

At 30 June 2020, these guarantees amounted to US$348.2 million (31 December 2019: US$373.4 million). The Group has an Australian dollar 200.0 million (approximately US$137.3 million), revolving bank guarantee facility with Bank of China Limited, Sydney ("BG Facility"), which is guaranteed by CMN. MMG has entered into a counter-indemnity agreement in favour of CMN capped at 27.39% of the maximum principal amount outstanding under the BG Facility.

Following the sale of Century mine in 2017, the Group has procured certain bank guarantees amounting to US$133.2 million (31 December 2019: US$135.7 million) for the benefit of New Century Resources Limited ("New Century") until 31 December 2026. New Century is legally required to punctually meet all obligations and must use best endeavours to ensure that no demand is made under the bank guarantees. New Century must ensure that, within 90 days of the end of each financial year, the bank guarantee is reduced by not less than 40% of New Century's EBITDA in respect of a financial year. At 30 June 2020, the Group has recognised financial liabilities of US$133.2 million (31 December 2019: US$135.7 million) in relation to the New Century bank guarantees, which are included in other financial liabilities in the condensed consolidated interim financial statements.

(b) Contingent liabilities – tax related contingencies

The Group has operations in multiple countries, each with its own taxation regime. The nature of the Group's activities requires it to comply with various taxation obligations including corporation tax, royalties, withholding taxes, transfer pricing arrangements with related parties, resource and production-based taxes and employment related taxes. Application of tax laws and interpretation of tax laws may require judgement to assess risk and estimate outcomes, particularly in relation to the application of income taxes and withholding tax to the Group's cross-border operations and transactions. The evaluation of tax risks considers both assessments received and potential sources of challenge from tax authorities. Additionally, the Group is currently subject to a range of audits and reviews by taxation authorities in Australia, Peru and the DRC. For some of the tax matters under audit in Peru, if unfavourable assessment resolutions were ultimately issued, MLB intends to appeal and not to pay any assessed amount. No disclosure of an estimate of financial effect of the subject matter has been made in the financial statements as in the opinion of the management, such disclosure may seriously prejudice the position of the Group in dealing with these matters.

Tax matters with uncertain outcomes arise in the normal course of business and occur due to changes in tax law, changes in interpretation of tax law, periodic challenges and disagreements with tax authorities, and legal proceedings. The status of proceedings for such uncertain tax matters will impact the ability to determine the potential exposure, and in some cases, it may not be possible to determine a range of possible outcomes, including timing of resolution or determining a reliable estimate of the potential exposure.

Included within such uncertain tax matters is an audit of the 2014 tax year for MLB in relation to withholding taxes on fees paid under certain loans, which were provided to MLB pursuant to facility agreements entered into among MLB and a consortium of Chinese banks in connection with the acquisition of the Las Bambas mine in 2014. MLB received an assessment notice ("Assessment") in July 2020 from the Peruvian tax authority (National Superintendence of Tax Administration of Peru or "SUNAT"), which advised that, in its opinion, MLB and the Chinese banks are related parties and thus a 30% withholding tax rate ought to be imposed rather than the 4.99% applied. The Assessment of omitted tax is PEN 60,687,851 (approximately US$17.3 million). The total Assessment of omitted tax plus penalties and interest imposed by SUNAT is PEN 154,193,808 (approximately US$44.0 million).

Having received external legal and tax advice, the Group has formed the view that the company and its controlled entities are not related parties to Chinese banks under Peruvian tax law. MLB notes that the Peruvian tax law was amended to apply from October 2017 onwards to provide expressly that parties are not related by being under state ownership for the purposes of withholding taxes. MLB intends to appeal the Assessment and not to pay the assessed amount to SUNAT pending resolution of the appeal. SUNAT could potentially bring a similar challenge regarding the rate of withholding tax applied by MLB in the 2015 and 2016 tax years and the part of the 2017 tax year before the amendment to the Peruvian tax law, interpret other provisions of the Peruvian tax law. Where MLB is not successful in rebutting or appealing such challenge(s), this could result in significant additional tax liabilities.

The Group continues to proactively cooperate with the relevant taxation authorities and to actively manage these audits and reviews. Where appropriate, the Group has filed appeals with either the relevant tax authority or the tax court. For all such open tax matters that the Group presently has, any ultimate obligation would depend on future resolution of the matters and currently, a payment is either not probable or cannot be measured reliably. As such, no provision has been reflected in the condensed consolidated interim financial statements for such tax matters.

(c) Contingent liabilities – other contingencies

Mining Company Katanga SARL ("MCK") filed a claim against MMG Kinsevere SARL ("MMG Kinsevere"), a subsidiary of the Group, to compensate MCK for losses suffered as a result of Kinsevere's decision to not renew or extend the mining services contract with its associate entity MCK Trucks (then known as NB Mining SA) in 2018 on the basis that MCK was entitled to a "life of mine" agreement with Kinsevere.

MCK is seeking an award of losses suffered and punitive damages. MMG Kinsevere and the Company regard the claim as unfounded and opportunistic, and the amount claimed as completely disproportionate to the losses that could reasonably have been suffered. The Group is vigorously contesting the claim. Court proceedings between MMG Kinsevere and MCK in the DRC have not progressed due to court closures in the DRC as a result of the COVID-19 outbreak. MCK obtained freezing orders in February 2020 over certain assets of Kinsevere, which have been partly enforced over US$15.0 million cash held in bank accounts in the DRC.

Considering the uncertainty around this matter and the fact that there is no present obligation for Kinsevere to make any payments, nor such payment being reliably estimated at this time, no provision has been recognised for this matter.

20. FINANCIAL AND OTHER RISK MANAGEMENT

(a) Financial risk factors

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019.

There have been no changes in the risk management department or in any risk management policies since 31 December 2019.

(b) Commodity price risk

The prices of copper, zinc, lead, gold, and silver are affected by numerous factors and events that are beyond the control of the Group. These metal prices change on a daily basis and can vary significantly up and down over time. The factors impacting metal prices include both broader macro-economic developments and micro-economic considerations relating more specifically to the particular metal concerned.

The following table details the sensitivity of the Group's financial assets balance to movements in commodity prices. Financial assets 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 post-tax loss would have changed as set out below:

	30 JUNE 2020			31 DECEMBER 2019		
COMMODITY	COMMODITY PRICE MOVEMENT	DECREASE LOSS US$ MILLION	INCREASE LOSS US$ MILLION	COMMODITY PRICE MOVEMENT	DECREASE LOSS US$ MILLION	INCREASE LOSS US$ MILLION
Copper	10%	16.0	(16.0)	10%	44.0	(44.0)
Zinc	10%	3.5	(3.5)	10%	4.0	(4.0)
Total		**19.5**	**(19.5)**		**48.0**	**(48.0)**

(c) Interest rate risk

The Group is exposed to interest rate risk primarily through interest bearing borrowings and investment of surplus cash holdings. Deposits and borrowings at variable rates expose the Group to cash flow interest rate risk. Details of the Group's borrowings are set out in Note 14.

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 periodically in light of the overall Group's exposure, the prevailing interest rate market and any funding counterparty requirements. Regular reporting of the Group's debt and interest rates is provided to the MMG Executive Committee.

During the period ended 30 June 2020, MLB entered into a notional US$2,100 million 5-year amortising interest rate swap with respect to the floating 6-month LIBOR base rate applicable under its existing project facility, converting the floating rate to a fixed base rate. The main sources of hedge ineffectiveness are considered to be the effects of counterparty credit risks on the hedging instrument, the possibility of LIBOR rates becoming negative and uncertainty associated with benchmark interest rate reform.

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At 30 June 2020 and 31 December 2019, if the interest rate had increased/(decreased) by 100 basis points, taking into account the interest rate swap, with all other variables held constant, post-tax loss and other comprehensive income (OCI) would have changed as follows:

	30 JUNE 2020				31 DECEMBER 2019			
	+100 BASIS POINTS		-100 BASIS POINTS		+100 BASIS POINTS		-100 BASIS POINTS	
US$ MILLION	DECREASE/ (INCREASE) IN LOSS AFTER TAX	INCREASE/ (DECREASE) IN OCI	DECREASE/ (INCREASE) IN LOSS AFTER TAX	INCREASE/ (DECREASE) IN OCI	DECREASE/ (INCREASE) IN LOSS AFTER TAX	INCREASE/ (DECREASE) IN OCI	DECREASE/ (INCREASE) IN LOSS AFTER TAX	INCREASE/ (DECREASE) IN OCI
Financial assets								
Cash and cash equivalents	0.5	-	(0.5)	-	1.5	-	(1.5)	-
Financial liabilities								
Borrowings (taking into account the impact of the interest rate swap)	(21.7)	55.2	9.3	(46.5)	(36.9)	-	36.9	-
Total	**(21.2)**	**55.2**	**8.8**	**(46.5)**	**(35.4)**	**-**	**35.4**	**-**

Effect of benchmark interest rates reform

Following the global financial crisis, the reform and replacement of benchmark interest rates such as USD LIBOR became a priority for global regulators. It is expected that LIBOR will no longer be published after December 2021. There is currently uncertainty around the timing and precise nature of these changes. The Group's risk exposure that is directly affected by the interest rate benchmark reform is its borrowings at variable rates. The Group has hedged US$2,100 million of these borrowings with an amortising interest rate swap, and it has designated the swap as a cash flow hedge of the variability in cash flows of the debt. If, and when, LIBOR is replaced as the underlying variable rate applicable to the Group's borrowings, with an alternate benchmark rate, this may potentially impact the future interest payable on the Group's borrowings.

MMG management has adopted *Amendments to HKFRS 9, HKAS 39 and HKFRS 7* Interest Rate Benchmark Reform. In respect of the interest rate swap entered into by the Group, the amendments provide temporary relief from applying specific hedge accounting requirements to the hedging relationships if it directly gets affected by benchmark interest rate reform. This will prevent hedge accounting from terminating but may result in hedge ineffectiveness. Any hedge ineffectiveness continues to be recorded in the condensed consolidated interim statement of comprehensive income.

The Group currently anticipates that the areas of greatest change will be amendments to the contractual terms of USD LIBOR-referenced floating-rate debt and swaps, and updating hedge designations.

(d) Liquidity risk

Compared to 31 December 2019, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

Available debt facilities

At 30 June 2020, the Group (excluding the Las Bambas Joint Venture Group) had available to it undrawn debt facilities of US$300.0 million (31 December 2019: US$220.0 million). This was represented by:

1. US$100.0 million (2019: nil) that was undrawn and available under a US$300.0 million revolving credit facility provided by Top Create Resources Limited, for general corporate purposes. This facility, which matures in December 2020, was established in June 2020, to replace a US$300.0 million revolving credit facility provided by ICBC, Melbourne Branch that was also due to mature in December of 2020; and
2. US$200.0 million (2019: US$100.0 million) that was undrawn and available under a US$200.0 million revolving credit facility provided by Top Create Resources Limited, for general corporate purposes. In May of 2020, the limit of this facility was increased from US$100.0 million to US$200.0 million and the maturity date extended from April to October 2021.

At 30 June 2020, the Las Bambas Joint Venture Group had available to it undrawn debt facilities of US$210.0 million (31 December 2019: US$350.0 million). This was represented by:

1. US$105.0 million (2019: US$175.0 million) that was undrawn and available under a US$175.0 million revolving credit facility provided by BOC Sydney, for general corporate purposes; and
2. US$105.0 million (2019: US$175.0 million) that was undrawn and available under a US$175.0 million revolving credit facility provided by ICBC Luxembourg, for general corporate purposes.

In addition, as at 30 June 2020, the Las Bambas Joint Venture Group had an agreement with CMC and CITIC, each as direct or indirect off-takers of Las Bambas production, for early payment on cargoes already shipped and invoiced as well as pre-payments for inventory held at both port and site. Early payment and pre-payments are permitted up to an aggregate amount of US$200.0 million, allocated to each party in their respective off-take proportions.

The Group's available external debt facilities are subject to covenant compliance requirements. The Group was not in breach of covenant requirements in respect of the Group's borrowings at 30 June 2020. Certain financial covenants are measured with reference to the financial performance of the Group or its subsidiaries, and may be influenced by future operational performance and community related disruptions.

(e) 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 values of listed equity investments have been valued by reference to market prices prevailing at the reporting date.

The carrying values of trade and other receivables less impairment provisions and trade payables are a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables. The fair values 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 as at 30 June 2020 and 31 December 2019 are:

US$ MILLION	AMORTISED COST (ASSETS)	FINANCIAL ASSETS/ LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	CASH FLOW HEDGE	AMORTISED COST (LIABILITIES)	TOTAL CARRYING VALUE	TOTAL FAIR VALUE
As at 30 June 2020						
Financial assets						
Cash and cash equivalents	70.9	-	-	-	**70.9**	**70.9**
Trade receivables (Note 11)	-	266.9	-	-	**266.9**	**266.9**
Other receivables	139.4	-	-	-	**139.4**	**139.4**
Other financial assets	-	1.8	-	-	**1.8**	**1.8**
Financial liabilities						
Trade and other payables	-	-	-	(521.8)	**(521.8)**	**(521.8)**
Derivative financial liabilities	-	-	(3.8)	-	**(3.8)**	**(3.8)**
Other financial liabilities	-	(133.2)	-	-	**(133.2)**	**(133.2)**
Borrowings (Note 14)	-	-	-	(7,555.4)	**(7,555.4)**	**(7,555.4)**
Lease liabilities (Note 15)	-	-	-	(152.4)	**(152.4)**	**(152.4)**
Total	**210.3**	**135.5**	**(3.8)**	**(8,229.6)**	**(7,887,6)**	**(7,887.6)**
As at 31 December 2019						
Financial assets						
Cash and cash equivalents	217.5	-	-	-	**217.5**	**217.5**
Trade receivables (Note 11)	-	240.6	-	-	**240.6**	**240.6**
Other receivables	176.5	-	-	-	**176.5**	**176.5**
Other financial assets	-	3.1	-	-	**3.1**	**3.1**
Financial liabilities						
Trade and other payables	-	-	-	(591.3)	**(591.3)**	**(591.3)**
Other financial liabilities	-	(135.7)	-	-	**(135.7)**	**(135.7)**
Borrowings (Note 14)	-	-	-	(7,628.3)	**(7,628.3)**	**(7,628.3)**
Lease liabilities (Note 15)	-	-	-	(160.8)	**(160.8)**	**(160.8)**
Total	**394.0**	**108.0**	**-**	**(8,380.4)**	**(7,878.4)**	**(7,878.4)**

(f) Fair value estimation

The table below analyses financial instruments carried at fair value, by the valuation method. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June 2020 and 31 December 2019.

US$ MILLION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
As at 30 June 2020				
Trade receivables (Note 11)	-	266.9	-	**266.9**
Financial assets at fair value through profit and loss – listed[1]	1.8	-	-	**1.8**
Derivative financial liabilities – interest rate swap[2]	-	(3.8)	-	**(3.8)**
Other financial liabilities[3]	-	-	(133.2)	**(133.2)**
	1.8	**263.1**	**(133.2)**	**131.7**
As at 31 December 2019				
Trade receivables (Note 11)	-	240.6	-	**240.6**
Financial assets at fair value through profit and loss – listed[1]	3.1	-	-	**3.1**
Other financial liabilities[3]	-	-	(135.7)	**(135.7)**
	3.1	**240.6**	**(135.7)**	**108.0**

There were no transfers between levels 1, 2 and 3 during the reporting period.

1. The fair values of financial instruments traded in active markets are based on quoted market prices at the reporting 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 fair value of the interest rate swap is determined based the discounted future cash flows. Future cash flows are estimated based on forward interest rates from observable yield curves at the end of the reporting period and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.
3. Reflecting the bank guarantees associated with the disposal of the Century mine in 2017. The amount of possible cash outflow is regularly assessed by the management and is the significant unobservable input to the fair value determination. The management considers the fair value is the maximum amount payable stipulated under the bank guarantee agreement at the reporting date.

(g) Sovereign risk

The Group conducts all of its operations outside of Hong Kong and, as such, it is exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country. Material risks include, but are not limited to, regime or policy change, fluctuation in currency exchange rates, changes to licensing regimes and amendments to concessions, licences, permits and contracts, and changing political conditions and governmental regulations. Changes in any mining or investment policies or shifts in political attitudes in the jurisdictions in which the Group operates may adversely affect the Group's operations and profitability. The decline in growth and macroeconomic activity in many developing nations has resulted in governments seeking alternative means of increasing their income, including increases to corporate tax, VAT and royalty rates, coupled with increased audit and compliance activity. The DRC Government during 2018 made changes to the 2002 Mining Code and Mining Regulations. These changes were enacted (2018 Mining Code), and continues to result in an increased tax burden on mining companies.

Some of the countries in which the Group operates carry higher levels of sovereign risk. Political and administrative changes and reforms in law, regulations or taxation may impact sovereign risk. Political and administrative systems can be slow or uncertain and may result in risks to the Group including the ability to obtain tax refunds in a timely manner. The Group has processes in place to monitor any impact on the Group and implement responses to such changes.

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21. EVENTS AFTER THE REPORTING DATE

Minera Las Bambas S.A. is in the final stage of finalising a US$800.0 million credit facility with China Development Bank (CDB), ICBC Macau, BOC Sydney, and The Export-Import Bank of China Limited. The facility will be available to be drawn over its three-year tenor, with repaid sums available for redraw. The facility has been fully credit approved by lenders and loan documentation has been agreed. It is expected that execution of the facility will take place prior to the end of August 2020, once lenders have completed internal formalities related to the signing process. The facility will be unsecured.

The Company is also in the final stage of finalising a US$85.0 million credit facility with CDB. This three-year facility will be available for drawing over the first two years of its term, with funds repayable at the election of the borrower. Repaid funds are not able to be redrawn. The facility has been fully credit approved by CDB and loan documentation has been agreed. It is expected that execution of the facility will take place prior to the end of August 2020, once lenders have completed internal formalities related to the signing process. The facility will be unsecured.

During July and August 2020, MMG Management Pty Ltd and MMG Dugald River Pty Ltd, wholly owned, indirect subsidiaries of MMG Limited, entered into commodity price swaps as follows:

1. approximately 110,000 dry metric tonnes of copper with respect to sales contracts for Kinsevere copper cathode and the Company's equity share of sales contracts for Las Bambas copper concentrate, at a net price of approximately US$2.91/lb. These volumes relate to sales with quotational period nominations between August 2020 and January 2021.

2. approximately 54,000 dry metric tonnes of zinc with respect to sales contracts for Dugald River zinc concentrate, at a net price of approximately US$1.08/lb. These volumes relate to sales with quotational period nominations between September 2020 and March 2021.

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

GLOSSARY

AGM	annual general meeting of the Company
Album Enterprises	Album Enterprises Limited, a wholly owned subsidiary of CMN
associate(s)	has the meaning ascribed to it under the Listing Rules
Australia	The Commonwealth of Australia
Board	the board of directors of the Company
BOC Sydney	Bank of China Limited, Sydney Branch
CDB	China Development Bank
CEO	Chief Executive Officer
CMC	China Minmetals Corporation, a state-owned enterprise incorporated under the laws of the PRC
CMCL	China Minmetals Corporation Limited, a subsidiary of CMC
CMN	China Minmetals Non-ferrous Metals Company Limited, a subsidiary of CMC
CMNH	China Minmetals Non-ferrous Metals Holding Company Limited, a subsidiary of CMC
Company	MMG Limited, a company incorporated in Hong Kong, the securities of which are listed and traded on the main board of the Hong Kong Stock Exchange
Director(s)	the director(s) 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
Group	the Company and its subsidiaries
HK$	Hong Kong dollar, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange	(please refer to the definition of "Stock Exchange")
ICBC	Industrial and Commercial Bank of China Limited
ICBC Luxembourg	Industrial and Commercial Bank of China Limited, Luxembourg Branch
Las Bambas Joint Venture Group	MMG South America Management Company Limited and its subsidiaries
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Minmetals HK	China Minmetals H.K. (Holdings) Limited, an indirectly owned subsidiary of CMC
MLB	Minera Las Bambas S.A., a non-wholly owned subsidiary of MMG and the owner of the Las Bambas mine
MMG Dugald River	MMG Dugald River Pty Ltd, a wholly owned subsidiary of the Company
MMG or MMG Limited	has the same meaning as the Company
MMG SA	MMG South America Company Limited, 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
Net debt	total borrowings excluding finance charge prepayments, less cash and cash equivalents
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shareholder(s)	the shareholder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
TRIF	total recordable injury frequency per million hours worked
US$	United States dollar, the lawful currency of the United States of America
VAT	value added tax

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
GUO Wenqing
(Non-executive Director)

Executive Director
GAO Xiaoyu
(Chief Executive Officer)

Non-executive Directors
JIAO Jian
ZHANG Shuqiang
XU Jiqing

Independent Non-executive Directors
Peter CASSIDY
LEUNG Cheuk Yan
CHAN Ka Keung, Peter

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
CHAN Ka Keung, Peter

Members
ZHANG Shuqiang
XU Jiqing
Peter CASSIDY
LEUNG Cheuk Yan

GOVERNANCE, REMUNERATION AND NOMINATION COMMITTEE

Chairman
Peter CASSIDY

Members
JIAO Jian
XU Jiqing
LEUNG Cheuk Yan
CHAN Ka Keung, Peter

DISCLOSURE COMMITTEE

Members
GAO Xiaoyu
Ross CARROLL
Troy HEY
Nick MYERS
LEUNG Suet Kam, Lucia

GENERAL COUNSEL

Nick MYERS

COMPANY SECRETARY

LEUNG Suet Kam, Lucia

LEGAL ADVISER

Linklaters, Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
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
Industrial and Commercial Bank of China Limited
Bank of China Limited
The Export-Import Bank of China
Bank of America Merrill Lynch Limited
Australia and New Zealand Banking Group Limited
Banco Bilbao Vizcaya Argentaria, S.A.

INVESTOR AND MEDIA ENQUIRIES

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SHARE LISTING

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Stock Code: 1208

ADDITIONAL SHAREHOLDER INFORMATION

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

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