

# ANNUAL GENERAL MEETING - CHIEF EXECUTIVE OFFICER SPEECH

## **Chief Executive Officer: Mr Andrew Michelmore**

In 2014, MMG achieved another strong performance. As always, we think safety first and I am pleased to report a continued reduction in injuries to our employees. Our Total Recordable Injury Frequency reduced from 2.4 in 2013 to 2.3 in 2014.

To adjust for the large temporary employment numbers at Las Bambas, we have excluded statistics for the project. However, we are never complacent nor do we accept injuries as part of our operations.

Our approach is one of relentless improvement. Creating and supporting programs that focus on performance improvement and culture change.

Our industry is one directly exposed to international commodity, currency and input costs. While we monitor and respond where possible – we focus on what we can control, safety, volume and cost.

In 2014, we produced a record total of 191,307 tonnes of copper – 2% higher than in 2013. This result was driven by a strong fourth quarter at Sepon and a second consecutive annual production record at Kinsevere.

Kinsevere, which MMG acquired in 2012, delivered almost 70 thousand tonnes of copper cathode during 2014 – well above nameplate capacity of 60 thousand tonnes in just its second full year of MMG ownership.

MMG produced a total of 587 thousand tonnes of zinc during 2014. Century performed well, producing just under 466 thousand tonnes of zinc in its last full year of production. While production was strong, we also maintained strict cost control reducing operating expenses by three percent, and delivering on our external production and cost targets for all sites.

In regards to zinc, we are currently considering a revised development path for Dugald River following the completion of the trial stoping program, value engineering and associated project studies. A decision is expected during the third quarter 2015.

Century will complete open pit mining within the next two months and processing of stockpiled ore in the third quarter this year. We are currently transporting a stockpile of 450,000 tonnes of Dugald River ore to Century for processing following the completion of Century processing.

While not a long-term option, this provides a further opportunity to understand how Dugald River ore performs under large-scale processing.

Undoubtedly, the most significant event over the last 12 months, has been the acquisition of the world's most outstanding copper project – Las Bambas.

Las Bambas is an excellent asset in its own right, and it will transform MMG into one of the world's largest copper producers.

As Mr Jiao noted, construction of the Las Bambas copper project was 90% complete at the end of March and is progressing to plan. Our current priorities are the connection of main power transmission lines, completion of the overland conveyor, primary crusher commissioning and general site works.

We also commenced pre-stripping in the Ferrobamba pit in the first quarter – enabling us to begin mining and stockpiling ore later in the year in preparation for ramp-up and first production.

The relocation of the Feurabamba community is also progressing well. As at the end of March, 95% of families had moved to the new community. We do not expect the relocation of remaining families to impact the production schedule.

We look forward to providing further updates as we progress through these activities. Most importantly, we remain on schedule and are confident of first concentrate production during the first quarter 2016.

Capital expenditure to complete the project continues to expectation.

In 2014 we delivered a total shareholder return of over 48%. We have experienced continued share price support as the market continues to value the long-term transformational impact of Las Bambas.

Through access to competitive capital and strategic insights into Chinese demand, our major shareholder CMN continues to strongly support our long-term strategy.

With this support we had the ability to acquire a tier one asset – instrumental to realising our objective to become one of the top mid-tier miners.

The successful completion and first production of Las Bambas, with continued optimisation of our other assets, will be an opportunity to increase our liquidity, reduce our debt and position us for the next step in our growth journey.

At MMG, we 'mine for progress'.

In 2014, our community contribution, safety, health and environmental performance again demonstrated our positive contribution to our people and the communities in which they live and work.

Sustainable development is a continuous improvement journey for us. Our membership and commitment to the sustainable principles of the International Council of Mines and Metals underpins our approach. We work in partnership with our communities, employees and broader stakeholders to continue this positive contribution.

This is nowhere more critical than the communities surrounding our Las Bambas project.

I would like to take this opportunity to thank our shareholders for their ongoing loyalty, and to those who have joined us today.

Thank you for your support.