

# MINERALS AND METALS GROUP

## 2009 FULL YEAR FINANCIAL RESULTS



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# HIGHLIGHTS

- > TRIFR decreased to 6.2
- > Record copper production – 38,077 tonnes of copper cathode and 18,299 tonnes of copper metal for the period
- > EBITDA US\$350.2 m
- > Major projects recommenced including Sepon copper expansion
- > Base metal commodity price outlook strong
- > MMG established as the international investment vehicle for China Minmetals

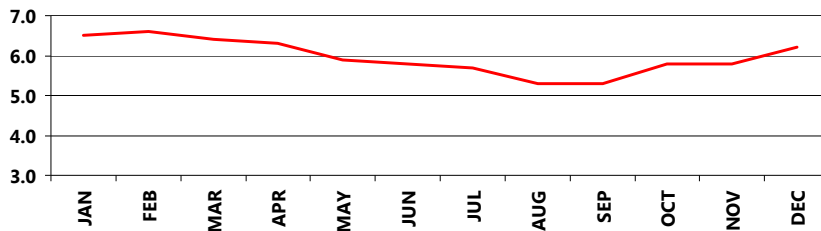
Note: All results are for June-December 2009, the period during which MMG owned and operated the assets.

# OPERATIONAL HIGHLIGHTS

- > TRIFR down 5% to 6.2
- > Record copper production:
  - Copper cathode increased at Sepon due to installation of second autoclave
  - Copper concentrate increased due to copper focused mine plan at Golden Grove and strong results at Rosebery
- > Zinc production impacted by Century pipeline failure
- > Major projects to drive organic growth recommenced at all sites

# SAFETY AND ENVIRONMENT

**2009 MMG Total Recordable Injury  
Frequency Rate  
12 Month Moving Average 2009  
(total recordable injuries per million  
man hours)**



- > TRIFR rate down 5% to 6.2
- > Safety leadership training underway
- > Reduction in vehicle incidents
- > Safety vision: Zero Harm and Fatality Free

## Environmental License Exceedences Addressed

- > All exceedences were reported to authorities and actions implemented
- > Engineering solution implemented to manage mine water discharge at Golden Grove
- > Century pipeline discharge clean up and remediation
- > Ongoing community program in place to monitor potential SO<sub>2</sub> emissions at Karumba

# CENTURY

- > Pipeline failure necessitated 11 week production shutdown
- > Normal production guidance resuming for 2010
- > Overburden cut-back continues until 2011
- > Current mine life to approximately 2015
- > US\$5.5 m 18-month exploration program commenced in November to identify new zinc deposits

## 2009\* Production (total contained metal)

Zinc (t)	176,556
Lead (t)	7,347

## 2010 Guidance (metal in concentrate)

Zinc (t)	500,000-510,000
Lead (t)	25,000-30,000

\*June-Dec 2009



Exploration program to identify new zinc deposits

# GOLDEN GROVE

- > 2009 mine plan targetted copper
- > SAG mill trunnion required unplanned maintenance
- > US\$24 m project to expand tailings storage capacity with construction of a third Tailings Storage Facility commenced
- > Exploration recommenced to extend mine life

## 2009 Production\* (total contained metal)

Copper (t)	16,658
Zinc (t)	36,375
Lead (t)	2,662
Gold (oz)	16,601
Silver (oz)	818,050

## 2010 Guidance (metal in concentrate)

Copper (t)	30,000-32,000
Zinc (t)	80,000-85,000

\*June-Dec 2009



Third tailings storage facility under construction

# ROSEBERY

- > Zinc production up.
- > Copper, gold and silver also higher.
- > US\$1.4 m deep exploration drilling program underway.
- > US\$23 m raise bore drilling and ventilation shaft construction underway.

## 2009\* Production (total contained metal)

Zinc (t)	53,692
Lead (t)	15,695
Copper (t)	1,641
Gold (oz)	16,978
Silver (oz)	1,614,224

## 2010 Guidance (metal in concentrate)

Zinc (t)	83,000-87,000
Lead (t)	23,000-25,000

\*June-Dec 2009



Raise bore drilling for additional ventilation shaft underway.



# SEPON

- > Record copper cathode production following installation of second autoclave
- > US\$60.4 m copper expansion project recommenced
- > US\$12 m second power line under construction
- > US\$3.7 m flotation de-sliming circuit to improve pyrite recovery
- > Gold production higher

## 2009\* Production (total contained metal)

Copper cathode (t)	38,077
Gold (oz)	61,403
Silver (oz)	20,458

## 2010 Forecast (metal in concentrate)

Copper cathode (t)	67,000-70,000
Gold (oz)	95,000-100,000

\*June-Dec 2009



Second autoclave on right



Copper expansion underway

# FINANCIAL HIGHLIGHTS

- > EBITDA US\$350.2 m
- > NPAT US\$180.7 m
- > Cash on hand \$251.3 m – all cash generated, reinvested in the business
- > Strong production and rising commodity prices generated solid revenue
- > China Minmetals to pursue international expansion through ongoing investment in MMG

# CONSOLIDATED INCOME STATEMENT SUMMARY

	US\$m
<b>Total revenue</b>	<b>852.8</b>
<hr/>	
<b>EBITDA</b>	
Depreciation and amortisation	(158.3)
<b>Total EBITDA</b>	<b>350.2</b>
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<b>EBIT</b>	
Operations	236.7
Exploration and corporate expenses	(44.8)
<b>Total EBIT</b>	<b>191.9</b>
<hr/>	
Net financial expenses	(22.1)
Income tax benefit	10.9
<b>NPAT</b>	<b>180.7</b>

# OPERATING SEGMENTS

US\$m	Century	Sepon	Golden Grove	Rosebery
Revenue	247.5	287.8	166.0	151.5
Other income	0.7	-	-	-
Cost of goods sold	(114.8)	(93.1)	(73.7)	(68.3)
Net FX gain / (loss)	(3.2)	(2.1)	(4.8)	(1.8)
Freight expenses	(26.2)	(15.4)	(9.8)	(3.6)
Other expenses	(17.7)	(15.9)	(6.1)	(3.5)
<b>EBITDA</b>	86.3	161.3	71.6	74.3
Depreciation and amortisation	(97.9)	(22.2)	(20.7)	(16.0)
<b>EBIT</b>	(11.6)	139.1	50.9	58.3
Additions to PP&E	104.0	22.7	16.0	14.4

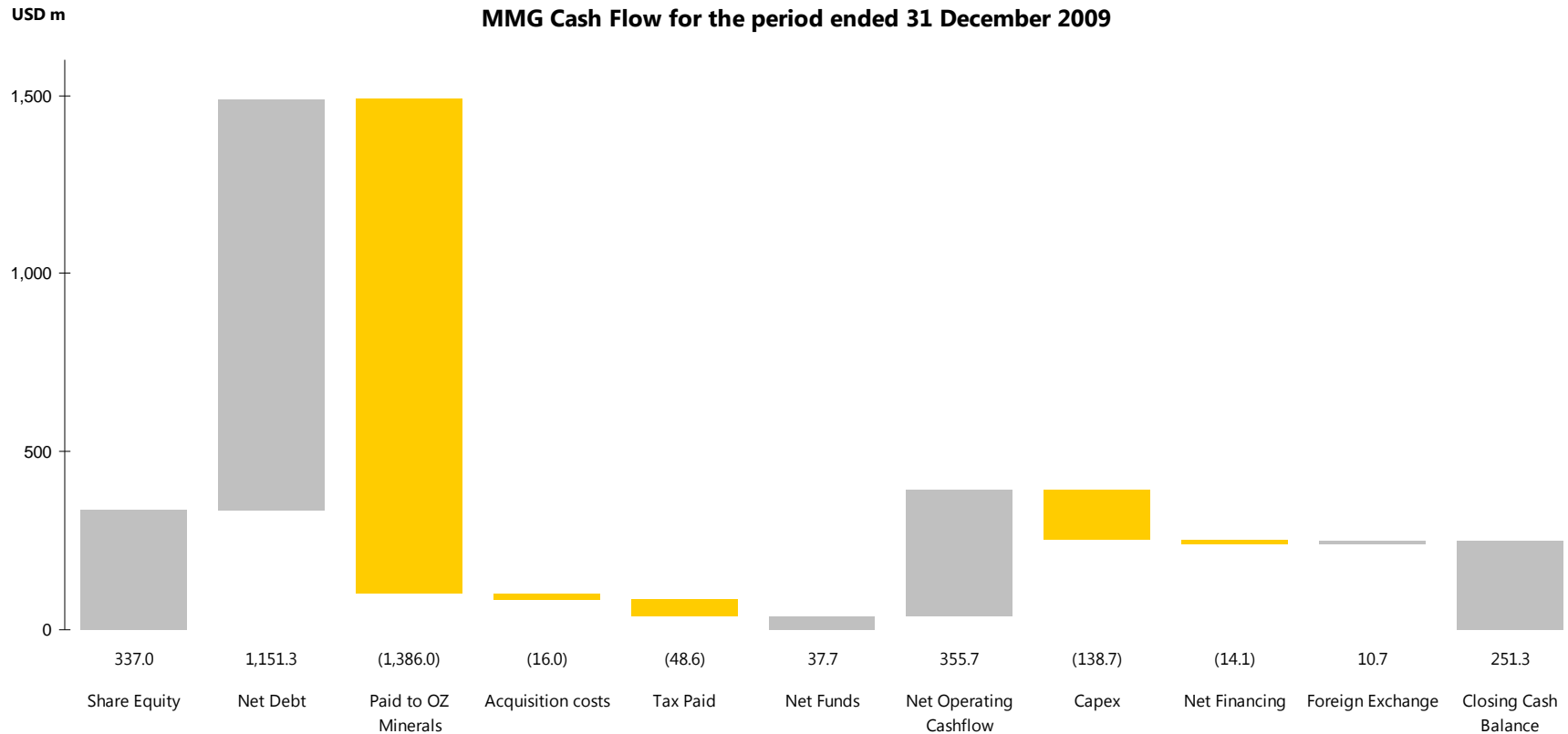
# BALANCE SHEET SUMMARY

<b>US\$m</b>	<b>Consolidated Dec 09</b>
<b>Assets</b>	
Cash	251.3
Receivables	90.0
Inventory	201.0
Tax assets	65.5
Financial and other assets	22.3
Property plant & equipment	1493.7
<b>Total Assets</b>	<b>2,123.8</b>
<b>Liabilities</b>	
Trade	143.7
Interest bearing liabilities	1101.9
Tax liabilities	59.6
Provisions	266.9
<b>Total Liabilities</b>	<b>1,572.1</b>
<b>Net Assets</b>	<b>551.7</b>

# FUNDING ARRANGEMENTS

	US\$m
Equity (Issued capital)	337.0
<b>Consolidated bank loans</b>	
Balance sheet carrying amount	1,095.0
6 months or less	10.6
6-12 months	10.6
1-2 years	21.1
2-5 years	780.5
More than 5 years	355.4
<b>Total – Principal and Interest Cash Flow</b>	<b>1,178.2</b>
Cash held	251.3
Unused bank loan facilities	(143.0)

# CASH FLOW



- > Good operating cash flows. Cash on hand US\$251.3 m
- > Working capital increased with surplus cash from rising metal prices
- > Increased cost efficiencies delivered savings of cash

# FUNDING CAPACITY FROM CHINA MINMETALS

- > China Minmetals 2009 revenue 172 billion Yuan (US\$24.8 billion) and profit 3.15 billion Yuan (US\$461 million)
- > Minmetals looking for overseas acquisitions to help it grow into a globally competitive mining group
- > MMG will serve as an international investment platform for Minmetals

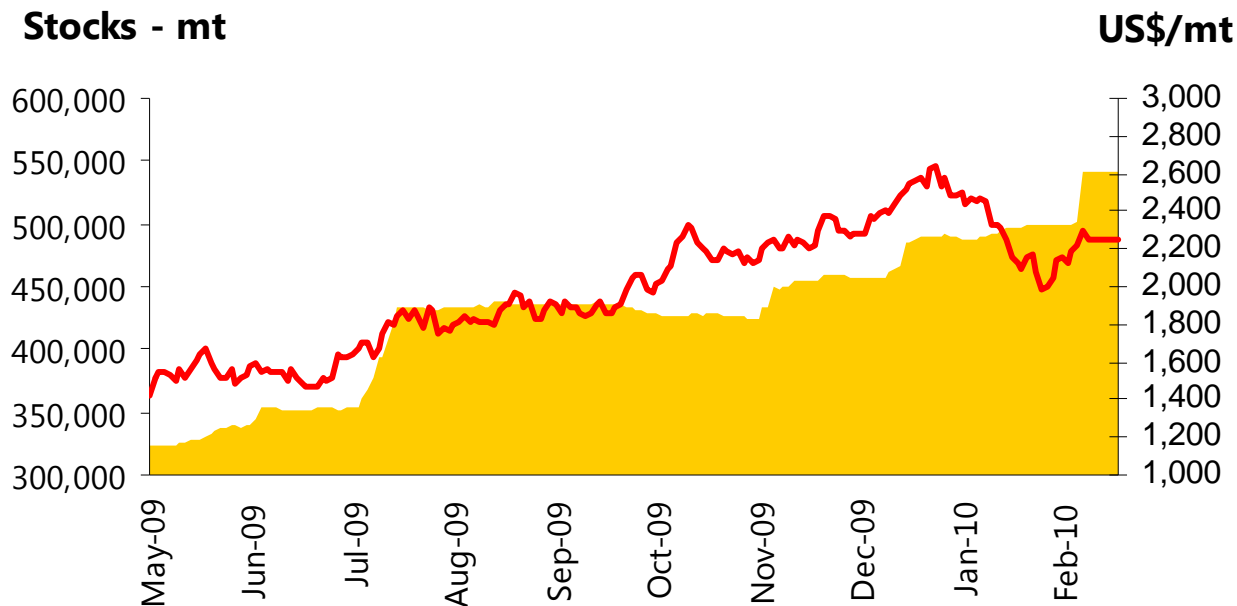


# OUTLOOK POSITIVE

- > Despite rising stocks, LME prices continue to rise
- > Investors maintain long term bullishness in metals
- > MMG expects increasing demand from China from continuing fiscal stimulus to fuel good metal demand through 2010

# ZINC – CHINA DRIVING DEMAND

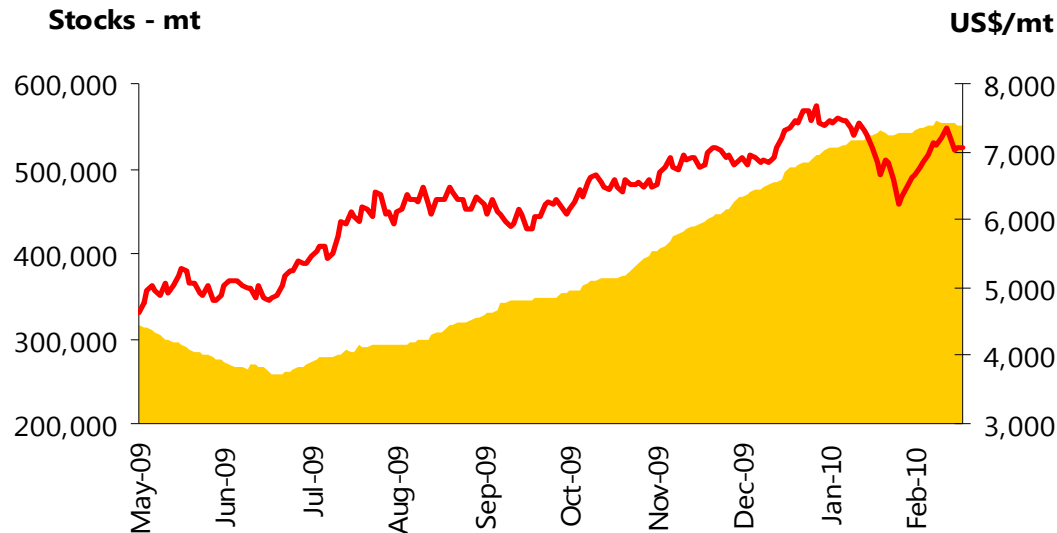
## LME Zinc stocks compared to LME cash price



- > Good demand from China kept market tight in 2009
- > Further growth in Chinese smelting capacity and recovering Western World smelter metal production should drive healthy concentrate demand in 2010
- > Frame contract zinc concentrate treatment charges for 2010 will fall by \$35-40/t compared to 2009 at a zinc price of \$2,000/t. Spot TCs are lower still.

# COPPER – LEADING THE BASE METALS

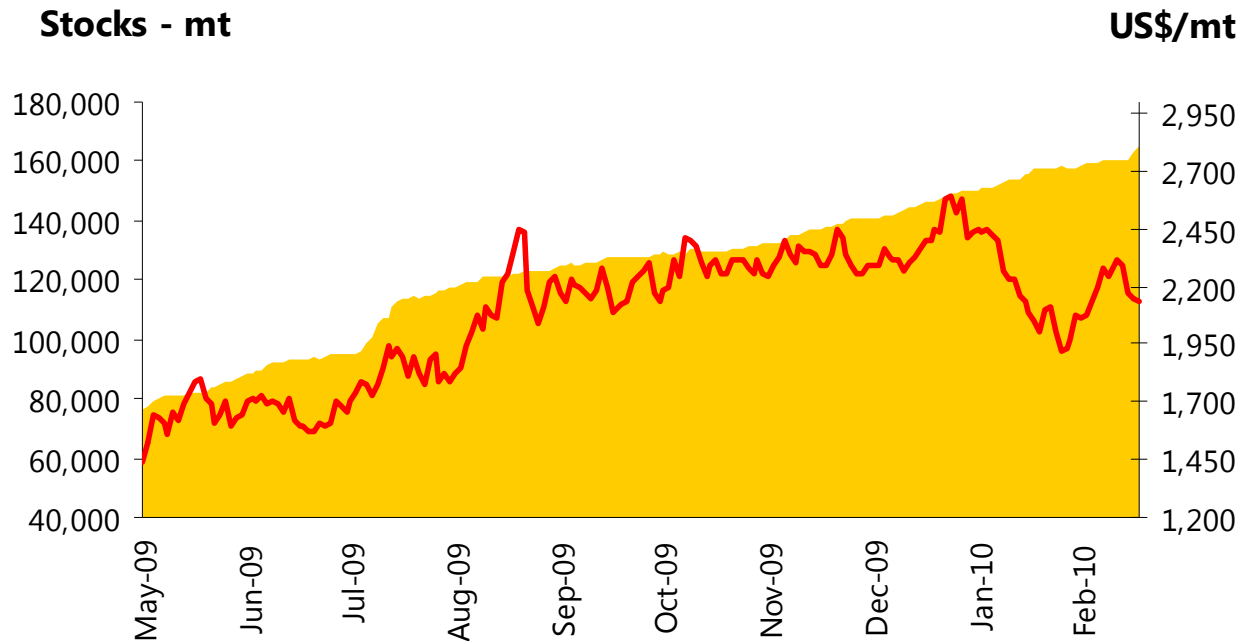
## LME Copper Stocks compared to LME Cash Price



- > Copper continued to lead base metals receiving additional boost from uncertainties over labour negotiations in Chile
- > Concentrate deficit and strong spot market enabled mines to achieve significantly lower TCRCs for 2010.
- > Copper concentrate benchmark TCRCs reduced from \$75/7.5c in 2009 to \$46.50/4.65c in 2010 and spot market has remained below \$20/2c.

# LEAD – CASH HIGHS

## LME Lead Stocks compared to LME Cash Price



- > Ended the year close to its cash high
- > Strong automobile sector will continue to be a driver of demand

# BUSINESS OUTLOOK 2010

- > Primary focus on organic growth and internal development:
  - Sepon copper expansion commissioned November 2010
  - Sepon powerline commissioned August 2010
  - Sepon de-sliming circuit commissioned August 2010
  - Golden Grove TSF3 commissioned September 2010
  - Rosebery ventilation shaft commissioned June 2010
- > Embed efficiency improvements
- > Develop growth pipeline including M&A opportunities

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