

TAX AND COMMUNITY CONTRIBUTION REPORT 2016



WE MINE FOR
PROGRESS

INTRODUCTION



It is MMG's vision to become the world's most respected diversified base metals company. We mine to build wealth through the development of our people, the investments we make in improving local capability, and the value we deliver to our shareholders.

We consider that financial transparency is fundamental to building a shared understanding with communities, governments and stakeholders about how we contribute to social and economic development. In this inaugural report we disclose our aggregate payments of taxes and royalties around the world, and contributions that we make towards development in the areas where we operate. We will continue to work towards more comprehensive disclosure and financial transparency in future reports.

This is part of the way we ensure that at MMG, we mine for progress.

COMMITMENT TO SUSTAINABLE DEVELOPMENT

MMG supports the principle that natural resource wealth should be an important driver of a nation's economic growth, sustainable development and poverty reduction.

MMG's commitment to sustainability is underpinned by policies, governance structure, values, standards and an Operating Model. The Sustainability Policy aligns with the International Council on Mining and Metals' 10 Sustainable Development Principles, with the approach to sustainable development guided by MMG's:

- > Corporate Governance Policy
- > People Policy
- > Shareholder Communication Policy
- > Safety, Health, Environment and Community (SHEC) Policy, and
- > Quality and Materials Stewardship Policy.

MMG is also an active member of leading industry organisations including:

- > International Council on Mining and Metals (ICMM);
- > International Zinc Association (IZA);
- > Minerals Council of Australia (MCA);
- > Society of Mineral and Energy Producers of Peru; and
- > Chamber of Mines of the DRC.

MMG aspires to be valued as a trusted member of each of the communities that host our operations. Our ambition is to develop partnerships based on regular and open dialogue, transparency and mutual respect.



OUR APPROACH TO REVENUE TRANSPARENCY

MMG is committed to revenue transparency and its role as an enabler of national development from the extraction of resources. Transparency on mineral revenues paid to governments is important to regulatory stability and stakeholder understanding of the responsible use of taxes and the role they play in supporting the provision of citizenship entitlements.

MMG's approach to transparency includes the disclosure of tax and royalty payments, as well as broader social contribution detailed in annual and sustainability reports.

The following initiatives further support MMG's commitment to transparency:

- > An anti-bribery and anti-facilitation payments policy through the company's Code of Conduct.
- > Public disclosures in line with Foreign Investment Review Board, Australian Taxation Office and Hong Kong Stock Exchange disclosure requirements, complemented by voluntary disclosure of key payments in annual sustainable development reports for MMG and Las Bambas.
- > Engagement with the Extractive Industry Transparency Initiative (EITI) requirements as a reporting entity in Peru, DRC, Zambia and a participant in advocacy and pilot programs to encourage governments to support and adopt the EITI, including as an inaugural participant in the Australian EITI pilot project.
- > Membership of Transparency International Australia.
- > Working together with host countries, MMG pays taxes, royalties and other payments in accordance with the tax regulations and laws applying in the jurisdictions in which we operate.

MMG 2016 INVESTMENTS

In 2016 MMG invested:

- \$289 MILLION** In taxes and royalties paid
- \$1.9 BILLION** On local supply procurement
- \$2.23 BILLION** On goods and services (excluding taxes and royalties)
- \$771 MILLION** On new property, plant & equipment
- \$326 MILLION** In employee benefits
- \$32.2 MILLION** On social development programs

LAO PDR	USD'000
TOTAL TAX CONTRIBUTION	42,443
ROYALTIES	17,226
INCOME TAX	22,136
EMPLOYMENT RELATED TAXES*	3,081
WITHHOLDING TAX	-

PERU	USD'000
TOTAL TAX CONTRIBUTION	128,016
ROYALTIES	35,187
INCOME TAX	4,245
EMPLOYMENT RELATED TAXES*	29,223
WITHHOLDING TAX	59,361

DRC	USD'000
TOTAL TAX CONTRIBUTION	38,806
ROYALTIES	14,123
INCOME TAX	3,628
EMPLOYMENT RELATED TAXES*	15,780
WITHHOLDING TAX	5,275

AUSTRALIA	USD'000
TOTAL TAX CONTRIBUTION	79,742
ROYALTIES	20,212
INCOME TAX	-
EMPLOYMENT RELATED TAXES*	59,529
WITHHOLDING TAX	1

* Taxes paid on behalf of or in relation to employee remuneration and benefits. Unaudited for the purpose of this report.

Audited figures from the financial year ending 31 December 2016; see the MMG Annual Report 2016 and the MMG Sustainability Report 2016 available on www.mmg.com.



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ABOUT MMG

MMG was founded in 2009 to become the world's most respected diversified base metals company.

We operate and develop copper, zinc and other base metals projects across Australia, the Democratic Republic of the Congo, Laos and Peru. We also have significant exploration projects and partnerships across Australia, Africa and the Americas.

Headquartered in Melbourne, Australia, we are listed on the Hong Kong Stock Exchange (HKEx 1208) and Australian Securities Exchange (MMG).

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

We are MMG and we mine for progress.

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