

## **MEDIA RELEASE:**

### **Dugald River project update**

**18 September 2013**

MMG Limited (MMG) (HK.1208) today announced that it had deferred most surface work activities at its Dugald River project in Queensland, Australia while it completes its project review.

The deferral will result in the suspension of bulk earthworks, the construction of the permanent accommodation camp and suspension of the engineering, procurement and construction (EPC) of the processing facility resulting in the termination of the EPC Contract with Forge Group Minerals & Resources.

The suspension will allow MMG to complete its review of the planned mining method, optimum production volumes and associated above-ground processing facilities for Dugald River prior to the continuation of development activities.

The project review was announced in July 2013 after underground drilling and geotechnical work identified a number of complexities in the ore body.

MMG Executive General Manager Business Development Michael Nossal said that MMG remained committed to the Dugald River project but that it was necessary to complete the project review before continuing a number of development activities.

"Dugald River is amongst the world's best undeveloped zinc ore bodies and our focus remains on developing the deposit to maximise long-term project value," said Mr Nossal.

"With underground development now in excess of 10,000 metres, we have the advantage of using the additional data obtained on the ore body to inform the optimal approach to development."

The suspension will allow MMG to focus its resources on the mine method review and manage short-term capital expenditure.

MMG considers that terminating the EPC Contract with Forge Group Minerals & Resources is a more cost-effective solution than suspending the EPC Contract for a period.

Above surface work continues on the construction of access roads and the emergency airstrip.

MMG is also conducting a processing trial of Dugald River ore through Century mine's processing circuit. As at 11 September 2013, MMG had transported 74,872 tonnes of Dugald River ore to Century as part of this production-scale test. Outcomes of this test will provide valuable information that will ultimately assist with the review of the Dugald River mine plan and project design.

A final investment decision regarding the development of the Dugald River project will only be made once this review is completed and the results of ongoing trial ore processing are determined.

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**Media enquiries:**

**English language**

Kathleen Kawecki  
Communications Advisor  
T +61 3 9288 0996  
M +61 400 481 868  
E [kathleen.kawecki@mmg.com](mailto:kathleen.kawecki@mmg.com)

**Chinese language**

Christine Chan  
T +852 2801 6090  
M +852 6173 9039  
E [christine@corporatelink.com.hk](mailto:christine@corporatelink.com.hk)

**Investor enquiries:**

Colette Campbell  
Group Manager Investor Relations  
T +852 2216 9610 (Hong Kong)  
T +61 3 9288 9165 (Australia)  
M +61 422 963 652  
E [colette.campbell@mmg.com](mailto:colette.campbell@mmg.com)

Maggie Qin  
Senior Corporate Affairs Advisor  
T +852 2216 9603 (Hong Kong)  
T +61 3 9288 0818 (Australia)  
M +61 411 465 468  
E [maggie.qin@mmg.com](mailto:maggie.qin@mmg.com)