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**MMG LIMITED**  
**五礦資源有限公司**

*(Incorporated in Hong Kong with limited liability)*  
**(STOCK CODE: 1208)**

## CENTURY MINE OPERATIONS AND DUGALD RIVER PROJECT - UPDATE

This announcement is made by the Company pursuant to rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to provide an update on the Company's Queensland zinc operations at the Century Mine and Dugald River Project.

This announcement is made by MMG Limited (Company and, together with its subsidiaries, the Group) pursuant to rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Listing Rules) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (SFO).

The board of directors of the Company (Board) wishes to provide an update on the Company's Queensland zinc operations at the Century Mine and Dugald River Project.

Reference is also made to the Company's annual Mineral Resources and Ore Reserves Statement as at 30 June 2013, an executive summary of which was announced today (Mineral Resources and Ore Reserves Statement). Defined terms used in the Mineral Resources and Ore Reserves Statement are also used in this announcement.

## **CENTURY MINE**

The Mineral Resources and Ore Reserves Statement reports that as at 30 June 2013, the Century Mine had approximately 1.8 million tonnes of contained zinc metal in the Mineral Resources (inclusive of the Ore Reserve) and approximately 1.4 million tonnes contained zinc metal in the Ore Reserves.

While the Company will continue to investigate opportunities to convert the remaining Mineral Resources to Ore Reserves, the record mining rates achieved in 2013 and the current mine plan imply last production from the Century Mine's open pit is expected to be in mid-2015.

Following exhaustion of the Century Mine Ore Reserve, the Company will cease open pit mining and continue rehabilitation and other closure work on areas disturbed by mining operations.

The Century ore body, one of the most exciting base metal discoveries in Australia, has produced over 6 million tonnes of zinc in concentrate to date.

The Company will continue to investigate a number of future options for the Century Mine processing facility and associated infrastructure, including the evaluation of nearby vein-style zinc-lead-silver targets and the potential for tailings retreatment.

With open pit operations concluding, the Company will continue to work in close co-operation with all stakeholders, including the Queensland Government, local communities, Native Title holders and employees to ensure effective planning for 2015 and beyond.

## **DUGALD RIVER PROJECT**

Reference is made to the announcements of the Company in relation to the Dugald River Project made on 17 December 2012, 27 March 2013, 27 June 2013, 28 August 2013 and 18 September 2013, and to information updates provided in the Company's Quarterly Production Reports.

The Mineral Resources and Ore Reserves Statement further reports that Dugald River had approximately 7.6 million tonnes of contained zinc metal in the Mineral Resources (inclusive of the Ore Reserve) and approximately 3.1 million tonnes of contained zinc metal in the Ore Reserves.

The Dugald River Mineral Resources have increased as a result of updated mineral deposit interpretation and modelling supported by definition drilling and underground geological mapping. The Dugald River Ore Reserves have been revised down further due to increased understanding of orebody complexities and hanging-wall weakness resulting in significantly revised dilution and stope stability parameters that in turn result in increased mining costs.

The Board has today approved the commitment of an additional A\$57 million to progress trial stoping and diamond drilling throughout 2014 at the Dugald River Project. Project activity to date has identified complexities in the ore body prompting a review of the planned mining method, optimum mine production volumes and ore processing facilities. Trialling of mine development methods will provide practical mining experience and will enable optimisation of the underground mine design. Further drilling will also enhance understanding of the characteristics of the ore body ahead of any further mine development.

The geotechnical aspects of the Dugald River ore body continue to appear more challenging than prior assumptions, with poor ground conditions making the initial mine plan difficult to achieve. The 2014 work program is critical for the Company to identify the preferred mining method and any decision on further development will be deferred while this work is underway.

The previously announced schedule of a first concentrate shipment in late 2015 will not be achieved and until the Board considers further options under review by the Company, the Company cannot provide a definite schedule. The Company will continue to provide updates on material progress of the Dugald River Project.

At the end of December 2014, total capital expenditure on the Dugald River Project (partly equity funded by the Company and partly funded by debt drawn under the loan facility with China Development Bank Corporation) is forecast to total approximately A\$610 million. The Board approved funding for 2014 will be funded out of the initial US\$250 million drawn under the loan facility in 2013.

#### **ABOUT THE CENTURY MINE**

The Century Mine produces zinc and lead concentrates using conventional open pit mining, grinding and flotation methods at its Lawn Hill site in north-west Queensland. Processed concentrates are transferred via a 304-kilometre underground slurry pipeline to the Century Mine's port and dewatering facility at Karumba, on the Gulf of Carpentaria in Queensland.

#### **ABOUT THE DUGALD RIVER PROJECT**

The Dugald River Project is an undeveloped zinc-lead-silver deposit located in north-west Queensland, approximately 235km south-east of the Century Mine. The Dugald River Project is considered to be one of the world's known largest, high grade undeveloped zinc-lead-silver deposits.

## **MINERAL RESOURCE AND ORE RESERVES STATEMENT**

*The information pertaining to Mineral Resources and Ore Reserves that is referred to in this announcement is extracted from the report entitled Mineral Resources and Ore Reserves Statement as at 30 June 2013 which was announced on 19 December 2013, with the Technical Appendix being available to view on [www.mmg.com](http://www.mmg.com). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Mineral Resources and Ore Reserves Statement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the Mineral Resources and Ore Reserves Statement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Mineral Resources and Ore Reserves Statement.*

By order of the Board

**MMG Limited**

**Andrew Gordon Michelmore**

*CEO and Executive Director*

Hong Kong, 19 December 2013

*As at the date of this announcement, the Board comprises nine directors, of which three are executive directors, namely Mr Andrew Gordon Michelmore, Mr David Mark Lamont and Mr Xu Jiqing; three are non-executive directors, namely Mr Wang Lixin (Chairman), Mr Jiao Jian and Mr Gao Xiaoyu; and three are independent non-executive directors, namely Dr Peter William Cassidy, Mr Anthony Charles Larkin and Mr Leung Cheuk Yan.*