



MEDIA RELEASE:

Board endorses Dugald River project

17 December 2012

The Board of MMG Limited (MMG) today endorsed the development and construction of the Dugald River zinc, lead and silver mine subject to final financing arrangements. Interim funding was approved to carry the project through to early 2013 at which point full project financing arrangements are expected to be concluded.

Expenditure to date totals A\$293 million with approximately A\$1,195 million (US\$1,195 million)* additional funding required, excluding working capital, to take the project to first shipment of concentrate. The total capital cost of the project is expected to be approximately A\$1,488 million.

The Board has endorsed the Company or its subsidiaries to enter into certain major contracts including gas supply, power generation and rail haulage contracts to progress the Dugald River project. Some of these contracts have take or pay commitments or early termination fees.

Chief Executive Officer of MMG, Mr Andrew Michelmore noted that as one of the world's known largest undeveloped zinc-lead-silver deposits, Dugald River will play a significant role in the future of long term zinc supply and be a key part of MMG's future growth.

"This will be a significant investment for MMG and one which demonstrates our confidence in the long-term outlook for zinc," said Mr Michelmore.

MMG has identified zinc as a core commodity for the company's future sustainability and growth. In the short term, a number of zinc mines are expected to exhaust their current Ore Reserves with mine closures peaking in the three years following 2015. This includes MMG's Century mine, also located in Queensland, Australia, which is expected to deplete its current Ore Reserves around 2016.

"It is anticipated zinc production from Dugald River will contribute to meeting the expected increase in demand resulting from the continuing industrialisation of the developing world, in a commodity where mine closures and contractions are expected in the short term."

Dugald River is expected to replace approximately 40% of current production from MMG's Century mine, which currently produces approximately 500,000 tonnes of zinc in concentrate annually.

"Dugald River will build on the presence that MMG has in Queensland's North West Minerals province well beyond the current life of Century mine and demonstrates our continuing commitment to the region and its people," he said.

The project will create approximately 600 jobs during the construction phase and employ approximately 500 employees and contractors once in operation. The mine is expected to have a positive input into the local Queensland and Australian economy through the generation of employment, the purchase of equipment, goods and services, and the payment of taxes and royalties.

This will include payments of more than A\$200 million in operating expenditure annually, including to employees, government owned corporations for power generation and transmission, water supply and road maintenance and local businesses supplying consumables and contract services. This will also include annual royalties to the state of Queensland of approximately A\$15 million, subject to metal prices and production at the time.

The Dugald River project has an Agreement with the Kalkadoon People, Traditional Owners of the land on which the mine is being developed, ensuring training and employment, business development opportunities and cultural recognition will be provided for the life of the mine. MMG also has a close relationship with the Mitakoodi People whose history is linked to the Cloncurry township and areas to the south and east of the Dugald River project. Our aim is to deliver benefits to Traditional Owners, Cloncurry and other local communities.

Located approximately 65km north-west of Cloncurry in Queensland, Australia, Dugald River will process an average 2.0 million tonnes of ore to initially produce 200,000 to 220,000 tonnes of zinc in concentrate, 27,000 to 30,000 tonnes of lead in concentrate and 0.9 million ounces of silver in concentrate per year.

About Dugald River

Dugald River is an undeveloped zinc-lead-silver deposit located in north-west Queensland, some 235km south-east of MMG's Century zinc-lead-silver mine. The project will develop an underground mine accessed by two declines (North and South). Run-of-mine (ROM) material will be hauled to the surface before treatment by an on-site concentrator.

Zinc and lead concentrate will be produced and transported by road to Cloncurry. A rail load-out facility at Cloncurry will be constructed where concentrate will be transported via rail to Townsville where it will be shipped or sold to local smelters.

The project will be commissioned in 2015 with first ore feed expected in the third quarter. Based on current estimates, the first concentrate shipment is expected to take place in the fourth quarter of 2015.

About MMG Limited

MMG Limited is a mid-tier global resources company which explores, develops and mines base metal projects around the world. It is headquartered in Melbourne, Australia and listed on the Hong Kong Stock Exchange.

The Company owns and operates the Century, Golden Grove and Rosebery mines in Australia, the Kinsevere mine in the Democratic Republic of Congo (DRC) and the LXML Sepon mine in Laos.

Its major development projects include Dugald River and the Izok Corridor base metals project in Nunavut, north-west Canada. The Company also has significant exploration projects and partnerships in Australia, Africa and the Americas. It is one of the world's largest producers of zinc and also produces significant amounts of copper, lead, gold and silver.

For further information visit www.mmg.com.

* Based on a forecast weighted average of the annual AUD:USD exchange rate over the remaining expenditure equal to 1.00.

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