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MMG LIMITED
五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(STOCK CODE: 1208)

**ANNOUNCEMENT PURSUANT TO RULE 13.09 OF THE LISTING RULES
PROPOSED NON-CASH IMPAIRMENT RESULTING IN A PROFIT WARNING**

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities of 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).

MMG Limited (Company) announces that, in association with the preparation of the Company's 31 December 2019 financial statements, a review of the recoverable amount of the Company's Kinsevere operations has been undertaken at the Audit and Risk Management Committee.

The review has revealed that several impairment indicators have occurred during 2019 in relation to the Kinsevere operation, including lower operational performance experienced throughout 2019 and now expected for the remaining life of the existing copper oxide mining operation. In particular, the valuation of Kinsevere's existing oxide operation has been adversely impacted by reduced copper grades, increases in unplanned dilution and ore loss and unfavourable changes in operating costs.

The Audit and Risk Management Committee has recommended to the board of directors (Board) that a non-cash impairment expense of US\$150 million pre-tax (US\$105 million on a post-tax basis) be recognised in the Company's 31 December 2019 financial statements (Impairment). It is expected that the Audit and Risk Management Committee's recommendation will be ratified by the Board at the 4 March Board meeting.

The Impairment will result in a reduction to the carrying value of the oxide related assets at Kinsevere, to more accurately reflect the limited remaining life of the oxide operations. The Company is continuing to progress a feasibility study for the next phase at Kinsevere, which includes the development of an integrated sulphide and cobalt circuit. In assessing the recoverable value of the Company's Kinsevere operations, this next phase of development has been taken into account.

The Impairment will have a significant impact upon the profit of the Company for the year ending 31 December 2019, as compared with the year ended 31 December 2018 for which no impairment was incurred.

For the year ended 31 December 2019, the Company currently anticipates that it will disclose an underlying net loss after tax of between US\$88 million and US\$93 million (US\$123 million - US\$127 million attributable to equity holders), and a statutory net loss of between US\$193 million and US\$198 million (US\$228 million - US\$232 million attributable to equity holders) after taking into account the Impairment.

The Company is still in the course of completing its financial statements for the year ended 31 December 2019. The information contained in this announcement has not been audited or reviewed by the Company's auditor. The Company will disclose further details of its financial performance when the financial results for the year ended 31 December 2019 are announced.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
MMG Limited
Gao Xiaoyu
CEO and Executive Director

Hong Kong, 20 February 2020

As at the date of this announcement, the Board consists of eight directors, of which one is an executive director, namely Mr Gao Xiaoyu; four are non-executive directors, namely Mr Guo Wenqing (Chairman), Mr Jiao Jian, Mr Zhang Shuqiang and Mr Xu Jiqing; and three are independent non-executive directors, namely Dr Peter William Cassidy, Mr Leung Cheuk Yan and Mr Chan Ka Keung, Peter.