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**MMG LIMITED**

**五礦資源有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(STOCK CODE: 1208)**

## LAS BAMBAS TAX UPDATE

This announcement is made pursuant to Rule 13.09 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).

The board of directors (Board) of MMG Limited (Company and, together with its subsidiaries, the Group) wishes to inform shareholders that the Company's subsidiary, Minera Las Bambas S.A. (MLB), received notice from the Peru Tax Court of a judgment upholding the assessment by the National Superintendence of Tax Administration of Peru (SUNAT) that approximately USD\$185 million of value added tax (VAT), penalties and interest (the Assessed Amount) has been assessed in respect of the 2011 and 2012 financial years when the Las Bambas mine was under the ownership of Glencore plc.

SUNAT conducted an audit of MLB's tax affairs of the 2011 and 2012 financial years and challenged certain VAT matters. These matters were subsequently referred to the Peru Tax Court for further determination. The Peru Tax Court heard these matters on 15 August 2018, and informed MLB of its decision on 14 October 2020.

Whereas the Peru Tax Court upheld MLB's treatment in relation to one of the matters, it has found against MLB in respect of a matter relating to disputed VAT for VAT credits and refunds claimed by MLB in respect of the supply of services and goods to MLB in the relevant financial years. SUNAT disallowed MLB's claim, despite MLB providing a substantial amount of documentary evidence to support its position during and after the audit, which MLB is of the opinion it is entitled to do, pursuant to Peruvian law. The Peru Tax Court upheld SUNAT's position and MLB's entire VAT claim was rejected.

MLB intends to appeal the judgment and it is noted that appeals in the Peruvian Judiciary System may take several years to resolve.

The Assessed Amount relates to the pre-closing period under the Share Purchase Agreement entered into with Glencore plc in respect of the Las Bambas Project in July 2014 and, if any Assessed Amount were to become payable, the Company may seek reimbursement of some or all of the amount from Glencore plc by way of indemnity or warranty claims under that agreement.

The Company is assessing the financial impacts and seeking further advice.

The Board will provide further updates when available.

**Shareholders and potential investors of the Company 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, 16 October 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.*