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MMG LIMITED

五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(HKEX STOCK CODE: 1208)

LAS BAMBAS TAX UPDATE

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 and, together with its subsidiaries, the Group) refers to the announcement dated 3 August 2020 in which the board of directors (Board) of the Company informed shareholders that the Company's subsidiary, Minera Las Bambas S.A. (MLB), had received an assessment from the National Superintendence of Tax Administration of Peru (SUNAT) in relation to tax withheld on fees paid by MLB under certain loans for part of the 2014 tax year (2014 Initial Assessment) and highlighted that the Company may receive similar assessments for future periods until 2017 when the Peruvian Income Tax Law (PITL) was amended. In the 2014 Initial Assessment, SUNAT advised MLB that, in its opinion, MLB and a consortium of Chinese lender banks (the Lenders) are related parties and thus a 30% withholding tax rate ought to be imposed rather than the 4.99% applied.

The Company notes that MLB has now received assessment notices in connection with audits undertaken in respect of the 2015 tax year (2015 Assessment) in the amount of approximately US\$149 million and for the remainder of the 2014 tax year (2014 Supplementary Assessment) in the amount of US\$13 million. The 2015 Assessment and the 2014 Supplementary Assessment are based upon the same interpretation of the PITL by SUNAT as the 2014 Initial Assessment that, MLB, MMG and MMG's ultimate controlling shareholder China Minmetals Corporation (CMC) are related to the Lenders because of certain alleged links between (a) MLB, MMG and CMC and the Chinese State on the one hand and (b) the Lenders and the Chinese State on the other hand.

MLB disagrees with this interpretation and the application of the PITL by SUNAT. MLB has appealed the 2014 Initial Assessment and the 2014 Supplementary Assessment, and also intends to appeal the 2015 Assessment, and not to pay the assessed amounts to SUNAT pending resolution of the appeals. We note that appeals in the Peruvian Judiciary System can take many years to resolve.

Considering MLB's proposed appeals and the advice of the Group's tax and legal advisers, the Company does not intend to recognise a liability in its consolidated financial statements for any assessed amount.

The Company will provide further updates when available.

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

Hong Kong, 19 February 2021

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.