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MMG LIMITED

五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(STOCK CODE: 1208)

**CONNECTED TRANSACTION
LAS BAMBAS THIRD BALL MILL
CONSTRUCTION AND INSTALLATION AGREEMENTS**

Construction and Installation Agreements

MLB continues to progress the construction of a third ball mill at the Las Bambas mine.

On 30 April 2021 (1 May 2021 Hong Kong time), MLB and MCC19 entered into the Construction and Installation Agreements for the execution of the construction and installation of a third ball mill at Las Bambas, and associated works, including the installation of harmonic filters in the mill.

Listing Rules Implications

MCC19 is a wholly owned subsidiary of CMC, the controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the Construction and Installation Agreements constitute connected transactions for the Company.

As all of the relevant percentage ratios in respect of the Construction and Installation Agreements (when aggregated) are more than 0.1% but less than 5%, such connected transactions are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONSTRUCTION AND INSTALLATION AGREEMENTS

MLB continues to progress the construction of a third ball mill at Las Bambas. It has now been determined that MLB will engage MCC19 for the construction and installation of the third ball mill at the Las Bambas mine.

The principal terms of the Construction and Installation Agreements are set out below.

- Parties : (1) MLB
(2) MCC19
- Term : Construction Agreement
Approximately 13 months from the date of execution of the Construction Agreement, subject to MLB notifying MCC19 of the completion of the services to their satisfaction (with the target date for completion being 30 April 2022).
- Installation Agreement
Approximately 6 months from the date of execution of the Installation Agreement, subject to MLB notifying MCC19 of the completion of the services to their satisfaction (with the target date for completion being 30 April 2022).
- Scope : Construction Agreement
To undertake all work necessary to construct and commission a third ball mill at Las Bambas and integration within the existing concentrator infrastructure. Works include, but are not limited to, preparation of operations deck, installation of structural steel, mill and motors; reviewing and upgrading (as applicable) pumps, piping and mechanical equipment; installation of electrical equipment, testing and configuring; pre-commissioning activities and commissioning support including review of electrical and control functions and support of site acceptance testing processes; and supply of materials, consumables, cranes, scaffolding, supervision and labour.
- Installation Agreement
To install harmonic filters in the third ball mill. A harmonic filter is a large item of electrical equipment required to stabilise the electrical line resulting from the impact of the start and stop of the ball mill equipment.
- Consideration : Construction Agreement
Up to approximately US\$22.0 million, with the cost calculated in accordance with a fixed lump sum (comprised of indirect, mobilisation and demobilisation costs) and agreed unit rates for direct costs with estimated quantities.
- Installation Agreement
Up to approximately US\$2.2 million, with the cost calculated in accordance with a fixed lump sum (comprised of indirect, mobilisation and demobilisation costs) and agreed unit rates for direct costs with estimated quantities.
- Construction and Installation Agreements include monetary penalties for non-compliance with KPIs.

Payment terms : All payments in respect of services provided must be made within 60 days of the end of the month following the month in which an invoice issued by MLB. The payment of the purchase price shall be satisfied by MLB from its internal resources.

Performance : Construction Agreement
Guarantee: Performance Guarantee for 12 months supported by a Letter of Guarantee from April 2022 after works completion, for 10% of total consideration.

In order to determine to award the Construction and Installation Agreements, MLB considered a number of suppliers and assessed both their technical expertise and commercial proposals in determining the best outcome for MLB. MCC19 was selected as the preferred supplier at the completion of a competitive tender process conducted by MLB. MLB assessed that the terms agreed with MCC19 are reasonable, commercial and at least as favourable to MLB as those of other independent parties taking part in the competitive tender process, and that it is in the best interests of the Company, when compared with alternative suppliers as demonstrated through its competitive tender process, to award the Construction and Installation Agreements to MCC19.

The terms of the Construction and Installation Agreements were arrived at after arm's length negotiations between the parties.

REASONS FOR AND BENEFITS OF THE CONSTRUCTION AND INSTALLATION AGREEMENTS

The entering into of the Construction and Installation Agreements has the benefit of delivery of services necessary for the construction, installation and commissioning of the Third Ball Mill at Las Bambas, which are on terms that are in the commercial interests of the Group.

The terms of the Construction and Installation Agreements have been reviewed and approved by the Directors (including the independent non-executive Directors but excluding the Interested Directors), who are of the view that the terms of the Construction and Installation Agreements and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Interested Directors, each holding position(s) at CMC and/or CMN, have abstained from voting on the Board resolution approving the Construction and Installation Agreements in order to avoid any possible conflicts of interest.

LISTING RULES IMPLICATIONS

MCC19 is a wholly owned subsidiary of CMC, the controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the Construction and Installation Agreements constitute connected transactions for the Company.

Pursuant to Rule 14A.76(2) of the Listing Rules, as all of the relevant percentage ratios in respect of the Construction and Installation Agreements are more than 0.1% but less than 5%, such connected transactions are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE GROUP

The Group is engaged in exploration, development and mining of zinc, copper, gold, silver and lead deposits around the world.

INFORMATION ABOUT MCC19

MCC19 is a wholly owned subsidiary of CMC, the controlling shareholder of the Company. MCC19 primarily supplies engineering and construction services to mining and other industries.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

Board	the board of Directors
CMC	中國五礦集團有限公司 (China Minmetals Corporation), a state-owned enterprise incorporated under the laws of the PRC and the ultimate controlling shareholder of the Company
CMN	五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Company Limited), a company incorporated under the laws of the PRC and the controlling shareholder of the Company
Company or MMG	MMG Limited, a company incorporated in Hong Kong, the securities of which are listed and traded on the Main Board of the Stock Exchange
connected person	has the meaning ascribed to it under the Listing Rules
Construction Agreement	the agreement dated 30 April 2021 (1 May 2021 Hong Kong time) between MLB and MCC19 for the construction and installation of a third ball mill and associated works at Las Bambas
controlling shareholder	has the meaning ascribed to it under the Listing Rules
Director(s)	the director(s) of the Company
Group	the Company and its subsidiaries from time to time
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Installation Agreement	the agreement dated 30 April 2021 (1 May 2021 Hong Kong time) between MLB and MCC19 for the installation of harmonic filters in a third ball mill at Las Bambas

Interested Directors	means Guo Wenqing, Zhang Shuqiang, Gao Xiaoyu, Jiao Jian and Xu Jiqing
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
MCC19	China 19 th Metallurgical Corporation Sucursal Peru, a company incorporated in Peru and a wholly owned subsidiary of CMC
MLB	Minera Las Bambas S.A., a company incorporated in Peru and a subsidiary of the Company
PRC	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Subsidiary	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
%	per cent

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

Hong Kong, 2 May 2021

As at the date of this announcement, the Board comprises eight directors, one of which 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.