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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 TRANSACTIONS
LAS BAMBAS – FERROBAMBA PIT DEVELOPMENT WORKS
INFRASTRUCTURE WORKS AGREEMENTS**

Infrastructure Works Agreements

MLB is continuing to develop the Las Bambas mine, including further advancing the Ferrobamba pit. As the Ferrobamba pit is developed, certain infrastructure at the mine will need to be relocated and/or expanded, including transmission lines, storage tanks and silos.

On 14 June 2021 (15 June 2021 Hong Kong time), MLB and MCC19 entered into the Infrastructure Works Agreements for the execution of the civil and electromechanical works associated with the construction of transmission lines, fuel and water tanks and emulsion silos.

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 Infrastructure Works Agreements constitute connected transactions for the Company.

As all of the relevant percentage ratios in respect of the Infrastructure Works Agreements (when aggregated with each other and with the Chalcobamba 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.

INFRASTRUCTURE WORKS AGREEMENTS

MLB is continuing to develop the Las Bambas mine, including further advancing the Ferrobamba pit. As the Ferrobamba pit is developed, certain infrastructure at the mine will need to be relocated and/or expanded, including transmission lines, storage tanks and silos.

The principal terms of the Infrastructure Works Agreements are set out below.

- Parties : (1) MLB
(2) MCC19
- Term : Transmission Lines Agreement
Approximately 10 months from the date of execution of the agreement, subject to MLB notifying MCC19 of the completion of the services to their satisfaction (with the target date for completion being 14 April 2022).
- Tanks Agreement
Approximately 10 months from the date of execution of the agreement, subject to MLB notifying MCC19 of the completion of the services to their satisfaction (with the target date for completion being 14 April 2022).
- Scope : Transmission Lines Agreement
To undertake all civil and electromechanical works necessary to construct a 33kV and 4.125kV transmission line at Las Bambas. Works include, but are not limited to, the erection on concrete foundations of 5 self-supporting galvanized steel lattice towers (each 22 metres high); the laying of power conductors and guard cable; and supply of materials, consumables, crange, scaffolding, supervision and labour. The works include the realignment of a transmission line and fibre optic cables.
- Tanks Agreement
To undertake all electromechanical works necessary for the fabrication of long lead tanks including 5 fuel tanks for a fuel station, 1 water tank and 7 emulsion silos. Works include, but are not limited to, fabrication, erection, pre-commissioning and commissioning; and supply of materials, consumables, crange, scaffolding, supervision and labour.
- Consideration : Transmission Lines Agreement
Up to approximately US\$4.19 million, with the cost calculated in accordance with a fixed lump sum (comprised of indirect, mobilisation and demobilisation costs) and fixed unit rates for direct costs with estimated quantities.
- Tanks Agreement
Up to approximately US\$8.30 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.

The Infrastructure Works 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 Guarantee: : Performance Guarantee for 12 months supported by a Letter of Guarantee after works completion, for 10% of total consideration.

In order to determine to award the Infrastructure Works 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 for each agreement. 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 Infrastructure Works Agreements to MCC19.

The terms of the Infrastructure Works Agreements were arrived at after arm's length negotiations between the parties.

REASONS FOR AND BENEFITS OF THE INFRASTRUCTURE WORKS AGREEMENTS

The entering into of the Infrastructure Works Agreements has the benefit of delivery of services necessary for the fabrication, installation and commissioning of the infrastructure for the development of the Ferrobamba pit at Las Bambas, which are on terms that are in the commercial interests of the Group.

The terms of the Infrastructure Works 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 Infrastructure Works 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 Infrastructure Works 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 Infrastructure Works 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 Infrastructure Works Agreements are more than 0.1% but less than 5%, when aggregated with each other and the Chalcobamba Construction and Installation Agreements, 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
Chalcobamba Construction and Installation Agreements	the construction and installation agreements referred to in the announcement of the Company dated 2 May 2021
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
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
Infrastructure Works Agreements	the Tanks Agreement and the Transmission Lines Agreement
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)
Tanks Agreement	the agreement dated 14 June 2021 (15 June 2021 Hong Kong time) between MLB and MCC19 for the the electromechanical works associated with the construction of 5 fuel tanks, 1 water tank and emulsion silos at Las Bambas
Transmission Lines Agreement	the agreement dated 14 June 2021 (15 June 2021 Hong Kong time) between MLB and MCC19 for the the civil and electromechanical works associated with the construction of a 33kV and a 4.152kV transmission line at Las Bambas
%	per cent.

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

Hong Kong, 15 June 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.