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MMG LIMITED
五礦資源有限公司

(Incorporated in Hong Kong with limited liability)
(STOCK CODE: 1208)

**CONTINUING CONNECTED TRANSACTION
DUGALD RIVER CONCENTRATE SALES AGREEMENT
REVISION OF ANNUAL CAPS FOR 2022, 2023 AND 2024**

Reference is made to the announcement of the Company dated 16 December 2021 regarding the entry by the Seller into the Dugald River Concentrate Sales Agreement with Minmetals North Europe in relation to the sale of the Product by the Seller to Minmetals North Europe.

As a result of higher than expected zinc and silver prices, the Company expects that the amount payable under the Dugald River Concentrate Sales Agreement for the year ending 31 December 2022, 31 December 2023 and 31 December 2024, will be higher than originally estimated. Accordingly, the Directors (including the independent non-executive Directors but excluding the Interested Directors) have approved the Revised Annual Cap for the financial years ending 31 December 2022, 31 December 2023 and 31 December 2024.

Minmetals North Europe is a wholly owned subsidiary of CMC, the ultimate 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 Dugald River Concentrate Sales Agreement constitutes a continuing connected transaction for the Company.

For the proposed Revised Annual Caps for each of the financial years ending 31 December 2022, 31 December 2023 and 31 December 2024, pursuant to Rule 14A.54(1) of the Listing Rules, the Company is required to re-comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules. As the relevant percentage ratios in respect of the Revised Annual Cap are more than 0.1% and less than 5%, the Dugald River Concentrate Sale Agreement constitutes a continuing connected transaction which is subject to the reporting, annual review and announcement requirements under Rule 14A.76 of the Listing Rules, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the 2021 Announcement regarding the entry by the Seller into the Dugald River Concentrate Sales Agreement with Minmetals North Europe in relation to the sale of the Product by the Seller to Minmetals North Europe.

REVISED ANNUAL CAPS

As stated in the 2021 Announcement, the Annual Cap for each of the financial years ending 31 December 2022, 31 December 2023 and 31 December 2024 was US\$145 million. The Annual Cap was determined by reference to the estimated maximum volume deliverable under the agreement, forecast assays of the Product, estimated zinc and silver prices having regard to prices quoted on the London Metal Exchange and the London Bullion Market Association, and forecast treatment charges to be agreed between the parties.

In light of the current estimated zinc and silver prices (having regard to prices quoted on the London Metal Exchange and the London Bullion Market Association) and the forecast treatment charges to be agreed between the parties, the Company proposes that the Revised Annual Cap for the financial years ending 31 December 2022, 31 December 2023 and 31 December 2024 is US\$205 million.

Accordingly, the Directors (including the independent non-executive Directors but excluding the Interested Directors) have approved the Revised Annual Cap for the financial years ending 31 December 2022, 31 December 2023 and 31 December 2024.

The Dugald River Concentrate Sales Agreement was entered into on normal commercial terms and the Directors (including the independent non-executive Directors but excluding the Interested Directors) are of the view that the Revised Annual Cap is fair and reasonable and in the interests of the shareholders of the Company as a whole. The terms and conditions of the Dugald River Concentrate Sales Agreement, as detailed in the 2021 Announcement, remain unchanged.

The Interested Directors, each holding position(s) at CMC and/or CMN, have abstained from voting on the Board resolution approving the Revised Annual Cap in order to avoid any possible conflict of interest issue.

LISTING RULES IMPLICATIONS

Minmetals North Europe is a wholly owned subsidiary of CMC, the ultimate 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 Dugald River Concentrate Sales Agreement constitutes a continuing connected transaction for the Company.

For the proposed Revised Annual Caps for each of the financial years ending 31 December 2022, 31 December 2023 and 31 December 2024, pursuant to Rule 14A.54(1) of the Listing Rules, the Company is required to re-comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules. As the relevant percentage ratios in respect of the Revised Annual Cap are more than 0.1% and less than 5%, the Dugald River Concentrate Sale Agreement constitutes a continuing connected transaction which is subject to the reporting, annual review and announcement requirements under Rule 14A.76 of the Listing Rules, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE GROUP

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

INFORMATION ABOUT THE CMC GROUP

The CMC Group is one of the largest state-owned enterprises in the mining sector in China. It is engaged in the exploration, development, mining, processing and sale of a wide range of non-ferrous metals including tungsten, rare earth, copper, alumina, lead and zinc.

Minmetals North Europe is engaged in the purchase and sale of a wide range of non-ferrous metals including copper, lead and zinc.

DEFINITIONS

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

2021 Announcement	the announcement of the Company dated 16 December 2021 in relation to the Dugald River Concentrate Sales Agreement
Annual Cap	the maximum aggregate annual amount payable by Minmetals North Europe to the Seller under the Dugald River Concentrate Sales Agreement for each of the financial years ending 31 December 2022, 31 December 2023 and 31 December 2024 as set out in the 2021 Announcement
associate	has the meaning ascribed to it under the Listing Rules
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
CMC Group	CMC and its subsidiaries and associates from time to time (excluding the Group)
CMN	五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Company Limited), a company incorporated on 27 December 2001 under the laws of the PRC and the controlling shareholder of the Company

Company	MMG Limited, a company incorporated in Hong Kong with limited liability, 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
Dugald River Concentrate Sales Agreement	the agreement dated 16 December 2021 between the Seller and Minmetals North Europe in relation to the sale of the Product
Dugald River Mine	the Group's Dugald River mine in Queensland, Australia
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Interested Directors	Jiao Jian, Zhang Shuqiang, Xu Jiqing and Li Liangang
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Minmetals North-Europe	Minmetals North-Europe Aktiebolag, a company incorporated in Sweden, and an indirect wholly owned subsidiary of CMC
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)
Product	zinc concentrates produced by the Group at the Dugald River Mine
Revised Annual Cap	the revised maximum aggregate annual amount payable by Minmetals North Europe to the Seller under the Dugald River Concentrate Sales Agreement for each of the financial years ending 31 December 2022, 31 December 2023 and 31 December 2024
Seller	MMG Dugald River Pty Ltd, a company incorporated in Victoria, Australia, an indirect wholly owned subsidiary of the Company
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)
%	percent

Unless otherwise specified, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of US\$1.00 = HK\$7.80 for the purpose of illustration only. No representation is made and there is no assurance that US\$ or HK\$ can be purchased or sold at such rate.

By order of the Board
MMG Limited
Li Liangang
Interim CEO and Executive Director

Hong Kong, 21 April 2022

As at the date of this announcement, the Board comprises seven directors, of which one is an executive director, namely Mr Li Liangang; three are non-executive directors, namely Mr Jiao Jian (Chairman), 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.