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(Incorporated in Hong Kong with limited liability)

(STOCK CODE: 1208)

**MAJOR TRANSACTION
IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED
SHARE CAPITAL OF CUPROUS CAPITAL LTD**

THE ACQUISITION

On 20 November 2023, the Company, the Purchaser and the Sellers entered into the Agreement, pursuant to which, among other things, (a) the Sellers have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares in accordance with the terms of the Agreement; and (b) the Company has agreed to guarantee the obligations of the Purchaser on the terms and subject to the conditions of the Agreement. The Sale Shares, being the entire issued share capital of the Target Company, which indirectly wholly owns the Khoemacau Mine.

The Khoemacau Mine is a large, long life copper mine located in north-west Botswana, in the emerging Kalahari Copperbelt. The Khoemacau Mine's 4,040 km² tenement package hosts the 10th largest African copper Mineral Resource by total contained copper metal and is one of the largest copper sedimentary systems in the world outside of the Central African Copperbelt.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the Relevant Ratios in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

So far as the Company is aware, having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on the resolution to approve the Acquisition if the Company were to convene a general meeting to approve the same.

The Company has received a written Shareholders' approval in respect of the Acquisition from Minmetals HK, which holds approximately 67.55% of the total issued Shares of the Company, in accordance with Rule 14.44 of the Listing Rules. Accordingly, no general meeting will be convened by the Company to approve the Acquisition.

GENERAL

The Circular containing, among other things, (i) further details on the Acquisition and the Agreement; (ii) financial information of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) a Competent Person's report on the Ore Reserves and Mineral Resources of the Target Group prepared in accordance with the requirements under Chapter 18 of the Listing Rules; and (v) a valuation report on the mineral assets of the Target Group prepared in accordance with the requirements under Chapter 18 of the Listing Rules will be despatched to the Shareholders in due course. Given that additional time is required for the Company to prepare and finalise the financial information of the Target Group and the Enlarged Group, and the necessary reports required under Chapter 18 of the Listing Rules to be included in the Circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, and the Circular is expected to be despatched to the Shareholders on or before 31 May 2024.

It should be noted that the Acquisition is subject to the fulfilment or waiver of certain Conditions (as further described in the section headed "Principal terms of the Agreement – Conditions" in this announcement), and may or may not proceed to Completion. The issue of this announcement does not in any way imply that the transactions contemplated under the Agreement will be completed. Shareholders and potential investors should exercise caution when they deal or contemplate dealing in the Shares of the Company.

INTRODUCTION

On 20 November 2023, the Company, the Purchaser and the Sellers entered into the Agreement, pursuant to which, among other things, (a) the Sellers have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares in accordance with the terms of the Agreement; and (b) the Company has agreed to guarantee the obligations of the Purchaser on the terms and subject to the conditions of the Agreement.

THE ACQUISITION

Principal Terms of the Agreement

Date

20 November 2023

Parties

- (a) Cupric Canyon Capital L.P., The Ferreira Family Trust, Resource Capital Fund VII L.P., and the Missouri Local Government Employees' Retirement System (as Sellers);

- (b) MMG Africa Ventures Inc. (as Purchaser); and
- (c) the Company (as Purchaser Guarantor) (collectively, the "**SPA Parties**", and each a "**SPA Party**")

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Sellers and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Asset to be acquired

The Sale Shares, being the entire issued share capital of the Target Company, which indirectly wholly owns the Khoemacau Mine.

Consideration

The purchase price of US\$1,875,000,000 for the Target Company (the "**Enterprise Value**") has been calculated on a cash-free and debt-free basis as at the Locked Box Date.

The Base Consideration is equal to the Enterprise Value less the net debt balance of US\$268,500,000 as at the Locked Box Date.

At Completion the Purchaser will pay the Sellers the sum of:

- (a) the Base Consideration of US\$1,606,500,000; *plus*
- (b) the Interest Payment Amount (as calculated below); *less*
- (c) the Disclosed Seller Transaction Costs Amount (as calculated below); *less*
- (d) the amount by which the sum of the Actual Copper Derivative Amount and the Actual Settlement Amount exceeds the Copper Derivative Amount (or *plus* such amount if the sum of the Actual Copper Derivative Amount and the Actual Settlement Amount is less than the Copper Derivative Amount); *less*
- (e) the amount by which the Principal Discharge Amount exceeds the Estimated Principal Discharge Amount (or *plus* such amount if the Principal Discharge Amount is less than the Estimated Principal Discharge Amount) (collectively, the "**Aggregate Consideration**").

In addition to this, the Purchaser will also settle at Completion certain outstanding debt balances, namely the sum of the Debt Discharge Amount, the Actual Copper Derivative Amount, the Intra-Group Borrowings and the Disclosed Seller Transaction Costs (collectively, the "**Aggregate Debt Settlement Amount**").

The Aggregate Consideration is also subject to the possible adjustments as set out in the sections below headed "Leakage".

For the avoidance of doubt, the Purchaser will pay the sum of the Aggregate Consideration and the Aggregate Debt Settlement Amount at Completion.

The Interest Payment Amount is equal to (but in all cases not less than US\$148,000,000 and not more than US\$188,000,000):

- (a) 10%; *multiplied by*
- (b) the amount that is equal to the Base Consideration *less* the Disclosed Seller Transaction Costs Amount; *multiplied by*
- (c) the number of days from (and excluding) 31 March 2023 to (and including) the date of Completion; *and divided by*
- (d) 365.

Aggregate Debt Settlement Amount

The Debt Discharge Amount is expected to equal no more than approximately US\$330,000,000, but will depend on prevailing interest rates and the amount of time between the Locked Box Date and Completion.

The Actual Copper Derivative Amount is expected to equal approximately US\$19,100,000, with a corresponding adjustment to the Consideration payable should it exceed this amount (as described above).

The Intra-Group Borrowing is expected to equal no more than US\$400,000, which is based on the outstanding balances on the Locked Box Date.

The Disclosed Seller Transaction Costs Amount will be equal to:

- (a) the sum of the Disclosed Seller Transaction Costs (but in all cases to be expected to be approximately US\$21,700,000); *less*
- (b) the sum of the Excluded Transaction Costs (but in all cases expected to be approximately US\$700,000).

Basis of determining the Consideration

The Consideration was negotiated with the management of the Sellers on an arm's length basis after due diligence and financial analysis by the Company and its professional advisors on information provided by the Sellers. The Consideration was determined as part of a two-stage confidential competitive bidding process conducted by the Lead Seller whereby (a) interested purchasers were required to submit non-binding indicative bids at the end of the first stage; and (b) selected bidders negotiated the Agreement with the Sellers in the second stage until submission of final offers.

In determining the Consideration, the Company made references to, among other things, Khoemaçau Mine's Mineral Resources, the proposed expansion of production capacity, the mine plan and development rates, tailings management, ESG factors and an in-house valuation of the Target Company.

Given the expertise and experience of the Company's Board and the senior management in the mining sector and the Company's historical experience in carrying out similar acquisitions, the Company, with the assistance of its advisors, carried out a valuation of the Target Company primarily based on a discounted cash flow valuation (the "**DCF Valuation**") as at the Valuation Reference Date. The DCF Valuation is the primary valuation methodology utilised in the mining sector for operating assets as it is able to factor in the cyclical, capital-intensive and finite nature of mining operations.

The DCF Valuation uses time series assumptions to calculate annual cash flows on an unlevered real basis, post tax, which are then discounted by the Company's real post-tax cost of capital with an adjustment for country risk that an investor may face when investing in higher-risk jurisdictions. To calculate annual cash flows, the Company has adopted a combination of operational assumptions and macro level assumptions. For details of the assumptions which the DCF Valuation was based on, please refer to the disclosure in the following paragraphs.

The DCF Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Pursuant to Rule 14.62(1) of the Listing Rules, the following are the details of the principal assumptions, including commercial assumptions, upon which the DCF Valuation of the Target Company were based:

- (a) General assumptions:
 - i. The Target Group Companies operate continuously as a going concern;
 - ii. There is no material change to the political, economic and social environment of the state and region in which the Target Group is located;

- iii. There is no material change to the national macro-economic, industrial and regulation development policies;
 - iv. There is no material change to the relevant tax base and tax rates after the Valuation Reference Date;
 - v. The management of the Target Group is responsible and stable, and is capable of its undertakings after the Valuation Reference Date;
 - vi. The Target Group Companies fully comply with all relevant laws and regulations; and
 - vii. There is no force majeure which has material adverse effects on the Target Group.
- (b) Specific assumption
- i. The Target Group shall maintain the same business scope and operation method based on the existing management method and management levels after the Valuation Reference Date.
- (c) Quantitative assumptions (all numbers are quoted in real 2023 terms)
- i. An initial mine life of 27 years has been assumed ("**Initial Mine Life**"). There remains significant expansion potential beyond this based on the existing Mineral Resource base (450 Mt at 1.4% Cu and 18 g/t Ag) and exploration potential of the 4,040 km² tenement package (an additional scenario with a further 10 years of mine life has also been considered in the valuation);
 - ii. Milling throughput averages approximately 3.6 mtpa from 2024 to 2026, before expanding progressively in 2027 and 2028, before ranging from 8.1 to 8.5 mtpa from 2029 until the end of the Initial Mine Life, as part of a capital expansion project;
 - iii. Copper grade ranges from 1.6 to 1.8% from 2024 to 2026, before averaging approximately 1.8% from 2027 until the end of the Initial Mine Life;
 - iv. Copper recovery averages approximately 88% for the full mine life;
 - v. Copper equivalent production ranges from 50 to 65 ktpa from 2024 to 2026, before expanding progressively in 2027 and 2028, to reach an average of approximately 145 ktpa from 2029 until the end of the Initial Mine Life;

- vi. C1 costs range from US\$1.75 to US\$2.40/lb from 2024 to 2028 (post by-products and pre-Silver Stream), before the expansion is fully ramped up, then averages approximately US\$1.55/lb from 2029 until the end of the Initial Mine Life (post by-products and pre-Silver Stream);
 - vii. Growth capital expenditure for the execution of the expansion project is predicted to be in the range of US\$700-800 million (US\$720 million has been assumed in the valuation); and
 - viii. Average annual sustaining capital expenditure of approximately US\$100 million per annum until the end of the Initial Mine Life.
- (d) Profit forecast:
- i. Average annual EBITDA of approximately US\$150 million per annum from 2024 to 2026, before increasing progressively in 2027 and 2028, to reach an average of approximately US\$600 million per annum from 2029 until the end of the Initial Mine Life.

The above quantitative assumptions and profit forecast numbers are rounded to the nearest 0.1 mtpa for milling throughput, 0.1% for copper grade, 5 ktpa for copper equivalent production, US\$0.05/lb for C1 costs, US\$10 million for capital expenditure and US\$50 million for EBITDA.

As a supplementary valuation measure, the Enterprise Value of US\$1,875 million plus US\$720 million of expansion capital has been compared to the post expansion EBITDA of approximately US\$600 million per annum, to imply an Enterprise Value/EBITDA multiple of approximately 4.3x, which is below the current average trading multiples of comparable global base metals mining peers.

Macquarie Capital, the financial advisor of the Company, has reviewed the principal assumptions upon which the profit forecast was based and is satisfied that the profit forecast has been made by the Directors after due and careful enquiry. Deloitte, the reporting accountant of the Company, has reviewed the calculations for the profit forecast. The discounted future cash flows do not involve the adoption of accounting policies. Pursuant to Rules 14.60A and 14.62 of the Listing Rules, the letter from Deloitte and the report from Macquarie Capital have been submitted to the Stock Exchange, and are included in Appendix I and Appendix II, respectively, to this announcement.

The experts who have given their opinion and advice included in this announcement have the following qualifications:

Name	Qualifications
Macquarie Capital	A licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 7 (providing automated trading services) regulated activities (as defined in the SFO)
Deloitte	Certified Public Accountants

As at 17 November 2023, each of Macquarie Capital and Deloitte does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group. Each of Macquarie Capital and Deloitte has given and has not withdrawn its consent to the issue of this announcement with inclusion of all references to its name and opinions in the form and context in which they appear in this announcement.

The Acquisition also provides strategic benefits to the Company such as:

- (1) the addition of a world-class producing copper mine with a long life underpinned by substantial Mineral Resources of 450 Mt at 1.4% Cu and 18 g/t Ag;
- (2) establishment of the Group as one of the leading listed copper producers in the Asia Pacific region;
- (3) diversification of the Group's copper Mineral Resources and, accordingly, reduces reliance of copper production to any of the mines which are currently being operated by the Group; and
- (4) enhancement of the Group's earnings and cash flow and therefore improvement in the long-term financial performance of the Group.

The Group intends to satisfy the Consideration and any necessary funding requirements of the Target Group by a combination of the Shareholder Loan and third-party financing. As at the date of signing the Agreement, the Company has secured a commitment for the Shareholder Loan as to the entire sum of the Consideration. As the Shareholder Loan is on normal commercial terms or better to the Company, and is not secured by assets of the Group, the loan constitutes a fully exempted connected transaction of the Company pursuant to Rule 14A.90 of the Listing Rules.

The Company expects that, by Completion, it will secure third-party financing. The Company expects to refinance the Shareholder Loan obtained for the Acquisition with longer-term third-party financing at an appropriate time and subject to market conditions, such that by Completion, the Consideration will be funded by a combination of the Shareholder Loan and third-party financing. The longer-term financing could involve a combination of debt financing, equity financing and/or a potential joint venture. The potential equity financing may comprise a rights issue to existing shareholders and/or a direct placement to institutional or strategic investors.

The Company is currently exploring an opportunity to create a Joint Venture. The Board wishes to emphasise that no binding agreement in relation to the Joint Venture has been entered into as at the date of this announcement. As such, the Joint Venture may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

If the Joint Venture materialises, it may constitute a transaction under the Listing Rules and the Company is prepared to comply with the relevant Listing Rules requirements and make further disclosure as and when the Joint Venture materialises.

Leakage

Each Seller severally covenants (the "**Leakage Covenant**") with the Purchaser that:

- (a) from (but excluding) 31 March 2023 (being the end of the reference period of the relevant locked box accounts) to (and including) the date of the Agreement, there has been no Leakage;
- (b) from the date of the Agreement to (and including) the date of Completion, there will be no Leakage; and
- (c) there has been no agreement at any time to effect any Leakage at any time after 31 March 2023,

in each case, save to the extent that such Leakage has been repaid prior to the date of Completion or the Group is otherwise kept whole in respect of such Leakage, or it is a Permitted Leakage.

If any breach of the Leakage Covenant occurs (other than in respect of the Agreed Leakage Amount):

- (a) each Seller shall be liable to pay the Purchaser on demand the amount of such Leakage attributable to that Seller's (or its Seller Group's) breach; or

- (b) if the breach is not specific to any particular Seller (or Seller Group), then the Sellers shall pay (in aggregate) to the Purchaser the amount of such Leakage (the "**Aggregate Leakage**") (provided that each Seller shall be liable to pay only their Pro Rata Portion of the Aggregate Leakage).

Conditions

Completion is conditional upon the satisfaction of all following Conditions:

- (a) for all Project Licenses, the approval of the Minister of Minerals of Botswana and Energy to the change in control of the Target Group brought about by the Acquisition having been obtained, such approval being either unconditional or on conditions that do not have a material adverse effect;
- (b) the approval of the Acquisition by the Competition and Consumer Authority of Botswana having been obtained and not withdrawn, such approval being either unconditional or on conditions that do not have a material adverse effect;
- (c) the approval of the Acquisition by the State Administration for Market Regulation of the PRC having been obtained;
- (d) the requisite majority of the relevant Shareholders as required under the Listing Rules having approved the entry into and performance of the Agreement and the transactions contemplated thereunder;
- (e) the completion of the notification filing to the National Development and Reform Commission of the PRC in respect of the Acquisition; and
- (f) there being no Order in effect that prohibits the Sellers and Purchaser from achieving Completion.

Condition (d) shall not be waived by any of the SPA Parties.

Termination

The Agreement may be terminated under the following situations:

- (a) by the Lead Seller, if any of the Conditions are not fulfilled or waived on or before the Long Stop Date (or Extended Long Stop Date), or if at any time prior to the Long Stop Date (or Extended Long Stop Date) the Lead Seller becomes aware that any Condition cannot be satisfied or fulfilled and it has given notice thereof;

- (b) by the Purchaser or the Lead Seller, if at any time on or prior to the Long Stop Date (or Extended Long Stop Date), the Lead Seller or the Purchaser concludes that there is an Order in effect that prohibits the Sellers and Purchaser from completing the Acquisition;
- (c) by the non-defaulting SPA Parties, if at the Deferred Completion Date, the Purchaser or the Sellers fail to comply with their respective Completion obligations;
- (d) by the Lead Seller, if there is any change, event or circumstance which results, or in the reasonable opinion of the Lead Seller is likely to result, in certain anti-money laundering or sanctions related warranties given by the Purchaser or the Company to not be true and accurate in all material respects and not misleading at any time prior to Completion;
- (e) by the Purchaser, if there is any change, event or circumstance which results, or in the reasonable opinion of the Purchaser is likely to result, in certain fundamental warranties or anti-money laundering or sanctions related warranties given by the Sellers to not be true and accurate in all material respects and not misleading at any time prior to Completion, and such breach is not remedied to the satisfaction of the Purchaser; and
- (f) by the Purchaser, if (i) a Material Adverse Change occurs before the Cure Date, and the Material Adverse Change is capable, but has not been, cured on or before the Cure Date; or (ii) a Material Adverse Change occurs before the Cure Date and the Material Adverse Change is incapable of being cured on or before the Cure Date; or (iii) a Material Adverse Change occurs after the Cure Date.

SPA Break Fee

If the Agreement is terminated by the Lead Seller solely due to the failure to fulfil any of the Conditions (c), (d) or (e) in the sub-section headed "Conditions" above, the Purchaser shall pay the Pro Rata Portion of the SPA Break Fee, being 5% of the Base Consideration, to each Seller within thirty (30) Business Days.

Completion

Subject to satisfaction of the Conditions, Completion shall take place on the fifteenth (15th) Business Day after (and excluding) the day on which the last of the Conditions has been satisfied (or waived) in accordance with the Agreement.

Upon Completion, the Purchaser will acquire the entire issued share capital of the Target Company, and accordingly, the financial results of the Target Group will be consolidated into the accounts of the Company and the Target Company will become an indirect wholly-owned subsidiary of the Company.

Purchaser Guarantee

The Company has irrevocably and unconditionally guaranteed to the Sellers the punctual performance by the Purchaser of all its obligations under the Agreement (and other ancillary documents entered pursuant to the Agreement).

W&I Insurance

As at the date of the Agreement, the Group has entered into a buy-side warranty and indemnity insurance policy issued by the W&I Insurer.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition is consistent with the Group's growth strategy and positive long-term view of copper. The Acquisition represents a unique and valuable opportunity for the Group to acquire a world-class and high-quality copper asset that has been de-risked and is immediately earnings accretive. The Khoemacau Mine is a rare, high-grade copper producing asset with a planned expansion that will leverage existing skills and infrastructure at a low capital intensity and in the bottom half of the global cost curve. This will be a cornerstone asset for the Group with a mine life in excess of 20 years. The 4,040 km² of land holding across the highly prospective, emerging Kalahari Copper Belt provides significant upside potential. The Acquisition is expected to significantly increase the Group's business scale and bring increased exposure to copper with greater geographical diversification of earnings.

The Directors believe that the terms of the Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the Relevant Ratios in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

INFORMATION OF THE GROUP

Formed in 2009, the Company operates and develops copper, zinc and other base metals projects across Australia, the Democratic Republic of Congo and Peru, including:

- Las Bambas (62.5% owned by the Group), Peru, one of the largest copper mines in the world with an annual nameplate throughput capacity of 52.7 million tonnes and annual production of around 300,000 tonnes of copper in concentrate. The Company completed the development of the Las Bambas Project after acquiring its interest from Glencore and has operated the mine since 2016.

- Kinsevere (100% owned by the Group), Democratic Republic of Congo, has been operated by the Company since 2012 following the acquisition of Anvil Mining Limited. The asset has historically produced 40-50 kt copper cathode per annum. The Company has committed US\$500-600 million to an expansion at Kinsevere, which will extend the mine life by 13 years. At full capacity, the expansion project is expected to increase total annual production to 80 kt copper cathode and 4-6 kt cobalt in cobalt hydroxide.
- Rosebery (100% owned by the Group), Australia, an underground polymetallic mine producing zinc, copper and lead concentrates, as well as gold doré. Rosebery has been owned and operated by the Company since the company's formation in 2009, following the acquisition of Rosebery and a number of other assets from OZ Minerals Limited.
- Dugald River (100% owned by the Group), Australia, one of the world's top 10 zinc operations producing 170-180 kt of zinc in concentrate annually, with lead and silver by-products. The Company successfully developed the Dugald River underground mine and commissioned the operation ahead of schedule and under budget, with the first production of finished zinc concentrate leaving Dugald River in November 2017.

INFORMATION OF THE SELLERS

The Lead Seller

The Lead Seller, Cupric Canyon Capital L.P. is a limited partnership registered in the Cayman Islands and its indirect shareholding in KCM is its only material asset. The general partner of the Lead Seller is Cupric Canyon Capital GP Ltd. and it is managed by its board.

The limited partners of the Lead Seller comprise of the founding executive members of Cupric Canyon Capital L.P. and the funds advised by GNRI. GNRI is focused on the global natural resources sector and has committed more than US\$3 billion of equity since 2006. GNRI's investors comprise of sovereign wealth funds, financial institutions, state pension funds and certain high net worth individuals and family offices.

The Ferreira Family Trust

The Ferreira Family Trust is a family trust, of which Johan Ferreira (the CEO of the Target Company) is a beneficiary. The trustee of the Ferreira Family Trust is Clermont Corporate Services Limited.

Resource Capital Fund VII L.P.

Resource Capital Fund VII L.P. is an exempted limited partnership registered in the Cayman Islands and is managed by RCF Management L.L.C., a Denver, Colorado-based mining-focused alternative investments manager that has raised over US\$5 billion for investment and has invested in over 220 investments since its inception 25 years ago.

The limited partners of Resource Capital Fund VII L.P. include charitable institutions, state pensions, university endowments, family offices and high net worth individuals.

Missouri Local Government Employees' Retirement System

Missouri Local Government Employees' Retirement System (LAGERS) is created and governed by the State of Missouri, and is a non-profit public pension system serving more than 70,000 members, retirees, and beneficiaries. With over \$10bn in assets under management, the LAGERS team works closely with more than 800 political subdivisions to provide retirement security to those serving Missouri's local communities.

INFORMATION OF THE TARGET GROUP

The Target Company

The Target Company is a company incorporated under the laws of British Columbia, Canada and is an investment holding company. It is the indirect sole shareholder of the Project Company which is the operator of the Khoemaçau Mine. As at the date of this announcement, the Target Company is wholly-owned by the Sellers.

The Khoemaçau Mine

The Khoemaçau Mine is a large, long life copper mine located in north-west Botswana, in the emerging Kalahari Copperbelt. The Khoemaçau Mine's 4,040 km² tenement package hosts the 10th largest African copper Mineral Resource by total contained copper metal and is one of the largest copper sedimentary systems in the world outside of the Central African Copperbelt. The project has successfully ramped up to nameplate throughput and is operating at a notional production rate of 50 ktpa Cu in concentrate, with a work plan underway to expand to 130 ktpa Cu in concentrate by 2028/2029. Mining method is underground longhole stoping, with processing method being conventional sulphide flotation. Resource drilling results across the tenement package have shown the existing Resources to have continuity at depth, and the Khoemaçau Mine also has several exploration targets that have the potential to either extend life or increase productivity.

The Khoemaçau Mine has ramped up production from the Zone 5 mine, and further expansion in the next 5 years will be supported by the deposits at the Zone 5 Group. The estimated mine life is a minimum of 20 years, with potential to grow beyond 30 years with the addition of other deposits outside of these, in the tenement package.

Information on Ore Reserves and Mineral Resources

According to the statements by the Target Group (which are available at <https://www.khoemacau.com/our-portfolio/mineral-resources-and-ore-reserve-estimate>), the consolidated Ore Reserves and Mineral Resources of the Khoemacau Mine are presented in the following tables. Based on the technical due diligence carried out by the Company to assess the level of Ore Reserves and Mineral Resources of the Khoemacau Mine prior to the Acquisition, the Company is not aware of any information that causes it to significantly question the reliability or accuracy of the information presented by the Target Group.

Ore Reserves table

	Proved Ore Reserves	Probable Ore Reserves	Total Ore Reserves
Mt	8.7	23	31
Copper (%)	2.2	1.9	2.0
Silver (g/t)	21	19	20

Mineral Resources table

	Measured Mineral Resources	Indicated Mineral Resources	Measured and Indicated Resources	Inferred Mineral Resources
Mt	19	80	99	351
Copper (%)	1.9	2.0	1.9	1.3
Silver (g/t)	18	27	26	16

The Ore Reserves statement has been prepared as of 31 December 2022. The Mineral Resources statement is composed of the following 3 groups:

Mineral Resources of the Zone 5 Group prepared between 2020 to 2022, based on a cut-off of either \$65 per tonne Net Smelter Return or 1.0% Cu

	Measured Mineral Resources	Indicated Mineral Resources	Measured and Indicated Resources	Inferred Mineral Resources
Mt	14	52	66	101
Copper (%)	2.1	2.1	2.1	1.9
Silver (g/t)	20	28	26	26

Mineral Resources of the Banana Zone Group (North East Fold, New Discovery, South Limb, Chalcocite Zone and others) prepared between 2014 to 2022, based on a variable cut-off of 0.5 to 1.0% Cu

	Measured Mineral Resources	Indicated Mineral Resources	Measured and Indicated Resources	Inferred Mineral Resources
Mt	-	9.5	9.5	148
Copper (%)	-	2.3	2.3	0.8
Silver (g/t)	-	38	38	9.4

Mineral Resources of the Boseto Group (Plutus, Zeta Underground, Ophion, Selene) prepared in 2014, based on a 0.5% Cu cut-off

	Measured Mineral Resources	Indicated Mineral Resources	Measured and Indicated Resources	Inferred Mineral Resources
Mt	5	19	24	102
Copper (%)	1.3	1.4	1.4	1.3
Silver (g/t)	12	20	18	17

The Circular will include, among other things, a Competent Person's report on the Ore Reserves and Mineral Resources of the Target Group prepared by a Competent Person qualified under Chapter 18 of the Listing Rules to be engaged by the Company. Such report will be prepared in accordance with the requirements of Chapter 18 of the Listing Rules. Shareholders and potential investors should note that the estimate of the Ore Reserves and Mineral Resources of the Target Group as set out in such report may differ from those referred to above, and should therefore exercise caution in relying on the Ore Reserves and Mineral Resources of the Target Group referred to above.

Mining concessions

The Project Company is the registered holder of the Mining License ML2015_5L over Zone 5 with an expiry date of 8 March 2035, as well as Mining License ML2010_99L for the Boseto processing operation with an expiry date of 19 December 2025. The Project Company is also the registered holder of 10 Prospecting Licenses covering its 4,040 km² land package, with expiry dates between 30 September 2024 and 31 December 2024. Generally, Prospecting Licenses have grounds for renewal on the basis of an agreed work plan that outlines planned exploration expenditure.

Financial Information of the Target Group

Based on the Target Company's audited financial statements for the year ended 31 December 2021 prepared in accordance with International Financial Reporting Standards and restated as of 31 December 2022, the net loss before and after income tax and extraordinary items of the

Target Company for the year ended 31 December 2021 was US\$51,426,065 and US\$51,873,397, respectively.

Based on the Target Company's audited financial statements as of and for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards, the net profit before and after income tax and extraordinary items of the Target Company for the year ended 31 December 2022 was US\$21,027,629 and US\$18,898,053, respectively.

As at 31 December 2022, the Target Company had a Net Asset Value of US\$888,346,603.

WRITTEN SHAREHOLDERS' APPROVAL

So far as the Company is aware, having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on the resolution to approve the Acquisition if the Company were to convene a general meeting to approve the same.

The Company has received a written Shareholders' approval in respect of the Acquisition from Minmetals HK, which holds approximately 67.55% of the total issued Shares of the Company, in accordance with Rule 14.44 of the Listing Rules. Accordingly, no general meeting will be convened by the Company to approve the Acquisition.

DESPATCH OF CIRCULAR

The Circular containing, among other things, (i) further details on the Acquisition and the Agreement; (ii) financial information of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) a Competent Person's report on the Ore Reserves and Mineral Resources of the Target Group prepared in accordance with the requirements under Chapter 18 of the Listing Rules; and (v) a valuation report on the mineral assets of the Target Group prepared in accordance with the requirements under Chapter 18 of the Listing Rules will be despatched to the Shareholders in due course. Given that additional time is required for the Company to prepare and finalise the financial information of the Target Group and the Enlarged Group, and the necessary reports required under Chapter 18 of the Listing Rules to be included in the Circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, and the Circular is expected to be despatched to the Shareholders on or before 31 May 2024.

It should be noted that the Acquisition is subject to the fulfilment or waiver of certain Conditions (as further described in the section headed "Principal terms of the Agreement – Conditions" in this announcement), and may or may not proceed to Completion. The issue of this announcement does not in any way imply that the transactions contemplated under the Agreement will be completed. Shareholders and potential investors should exercise caution when they deal or contemplate dealing in the Shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"Actual Copper Derivative Amount"	the amount specified by the Lead Seller in the Completion Payments Schedule required to discharge the fees associated for the repayment of the Settlement Amount in accordance with the RK Facility Agreement;
"Actual Settlement Amount"	the repayment of the RK Facility Agreement paid prior to Completion on or in respect to 4 October 2023 and 3 October 2024 (if applicable);
"Acquisition"	the proposed acquisition of the Sale Shares by the Purchaser from the Sellers under the Agreement;
"Ag"	silver;
"Agreement"	the share purchase agreement dated 20 November 2023 and entered into between the Sellers, the Purchaser and the Company in relation to the Acquisition;
"Agreed Leakage Amount"	if there is any breach of the Leakage Covenant comes to the attention of the Purchaser on or prior to Completion, then subject to the Lead Seller agreeing in writing (i) that Leakage has occurred, and (ii) the amount to be paid by each Seller in respect of such Leakage, such amount shall be deducted from the Consideration to be paid to the Sellers in the same principle as set out in the section headed "The Acquisition – Principal Terms of the Agreement – Leakage" in this announcement;
"Aggregate Consideration"	has the meaning ascribed thereto in the section headed "The Acquisition – Principal Terms of the Agreement – Consideration" in this announcement;
"Aggregate Debt Settlement Amount"	has the meaning ascribed thereto in the section headed "The Acquisition – Principal Terms of the Agreement – Consideration" in this announcement;
"Aggregate Leakage"	has the meaning ascribed thereto in the section headed "The Acquisition – Principal Terms of the Agreement – Leakage" in this announcement;
"Base Consideration"	has the meaning ascribed thereto in the section headed "The Acquisition – Principal Terms of the Agreement – Consideration" in this announcement;
"Board"	the board of Directors;

"Business Day(s)"	a day (other than a Saturday or Sunday or a public holiday) when commercial banks are open for ordinary banking business in Canada, the Republic of Botswana, Melbourne (Australia), Hong Kong, PRC and the United Kingdom;
"CEO"	the chief executive officer;
"Circular"	the circular to be issued to the Shareholders by the Company in accordance with the Listing Rules in respect of, among other things, the Acquisition;
"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;
"Company" or "MMG"	MMG Limited, a company incorporated in Hong Kong, the shares of which are listed and traded on the Main Board of the Stock Exchange;
"Competent Person"	has the meaning ascribed thereto under the Listing Rules;
"Completion"	completion of the sale and purchase of the Sale Shares under the Agreement;
"Completion Date"	the date that is fifteen (15) Business Days after (and excluding) the day on which the last of the Conditions has been satisfied (or waived) in accordance with the Agreement, unless otherwise agreed in writing by the SPA Parties;
"Completion Payments Schedule"	the schedule to be provided by the Lead Seller to the Purchaser setting out, among other things, the Base Consideration, the Interest Payment Amount, the amount and allocation of the Consideration payable to each of the Sellers in accordance with their Pro Rata Portion, the Disclosed Seller Transaction Costs, and the Disclosed Seller Transaction Costs Amount;
"Conditions"	The conditions precedent of the Agreement as described in the section headed "The Acquisition – Principal terms of the Agreement – Conditions" in this announcement;
"connected person"	has the meaning ascribed thereto under the Listing Rules;
"Consideration"	the consideration payable by the Purchaser to the Sellers under the Agreement as described in the section headed "The Acquisition – Principal terms of the Agreement – Consideration" in this announcement;

"Copper Derivative Amount"	USD 19,100,000 (nineteen million one hundred thousand US dollars);
"Cu"	copper;
"Cure Date"	15 Business Days before the Completion Date or the Deferred Completion Date (as applicable);
"DCF Valuation"	has the meaning ascribed thereto in the section headed "The Acquisition – Principal Terms of the Agreement – Basis of determining the Consideration" in this announcement;
"Debt Discharge Amount"	the amount specified by the Lead Seller in the Completion Payments Schedule required to discharge all amounts owed by a Target Group Company under the Existing Facilities, on Completion, but excluding the Actual Settlement Amount and the Actual Copper Derivative Amount;
"Deferred Completion Date"	in case of any default of the completion obligations of the Sellers and the Purchaser, the date of Completion as deferred by the SPA Parties in accordance with the Agreement;
"Deloitte"	Deloitte Touche Tohmatsu;
"Director(s)"	the director(s) of the Company;
"Disclosed Seller Transaction Costs"	the Seller Transaction Costs set out in the Completion Payments Schedule, being those Seller Transaction Costs where the precise and final quantum is known by the Lead Seller on the date the Completion Payments Schedule is provided;
"Disclosed Seller Transaction Costs Amount"	has the meaning ascribed thereto in the section headed "The Acquisition – Principal Terms of the Agreement – Consideration" in this announcement;
"EBITDA"	earnings before interest, taxes, depreciation, and amortization;
"Enlarged Group"	the Group and the Target Group;
"Enterprise Value"	has the meaning ascribed thereto in the section headed "The Acquisition – Principal Terms of the Agreement – Consideration" in this announcement;
"ESG"	environmental, social and governance;

"Estimated Principal Discharge Amount"	the amount as set out in Schedule 15 of the Agreement that corresponds with the Completion Date;
"Excluded Transaction Costs"	any professional fees, expenses or other costs including, in each case, any irrevocable VAT paid, payable, required to be accounted for or agreed to be paid or incurred, or owing by, any member of the Group since 31 March 2023 in relation to the legal and tax vendor due diligence prepared in connection with the Acquisition;
"Existing Facilities"	the RK Facility Agreement, the RG Overrun Facility and the finance and security documents contemplated by, or entered into in connection with, the RK Facility Agreement and/or the RG Overrun Facility;
"Extended Long Stop Date"	the new Long Stop Date as extended by up to three (3) months on the sole discretion of the Lead Seller by written notice to the Purchaser;
"GNRI"	Global Natural Resource Investments;
"Government Entities"	any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry (including any Government Official of a ministry), central bank, court, tribunal, arbitral body, commission, board, bureau or agency (whether domestic or foreign) and any subdivision thereof;
"Government Official"	means (i) any official, employee, agent, advisor or consultant of a government or any federal, regional or local department, agency, state-owned enterprise or corporation or any other instrumentality thereof; (ii) any official or employee or agent of a public international organisation; or (iii) any official or employee or agent of a political party or candidate for political office;
"Group"	the Company and its subsidiaries from time to time;
"g/t"	grams per tonne;
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;

"Indicated Mineral Resource(s)"	that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological or grade continuity but are spaced closely enough for continuity to be assumed;
"Inferred Mineral Resource(s)"	that part of a Mineral Resource for which volume or tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geologically or through grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited, or of uncertain quality and reliability;
"Initial Mine Life"	has the meaning ascribed thereto in the section headed "The Acquisition – Principal Terms of the Agreement – Basis of determining the Consideration" in this announcement;
"Interest Payment Amount"	has the meaning ascribed thereto in the section headed "The Acquisition – Principal Terms of the Agreement – Consideration" in this announcement;
"Intra-Group Borrowing"	the aggregate of all intra-group indebtedness owed by the member of the Target Group to a Seller as at the Completion Date or the Deferred Completion Date;
"Joint Venture"	the potential joint venture to be set up to operate the Khoema <u>cau</u> Mine;
"JORC Code"	the 2012 edition of the Australasian Code for Reporting on mineral resources and ore reserves, as prepared and published from time to time by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia;
"KCM"	Khoema <u>cau</u> Copper Mining Proprietary Limited, a company incorporated in Botswana;
"Khoema <u>cau</u> Mine"	the copper mines, processing facilities and associated infrastructure at the Khoema <u>cau</u> copper project located within the Kalahari Copper Belt in north-west Botswana;
"kt"	kilotonne;

"ktpa"	kilotonne per annum;
"Las Bambas Project"	the development, construction and operation of copper mines, processing facilities and associated infrastructure at the Las Bambas copper project located in the Apurimac region in Peru, together with all activities and infrastructure associated with the transportation and export of such mines' products;
"Lead Seller"	Cupric Canyon Capital L.P.;
"Leakage"	<p>during the period from (but excluding) 31 March 2023 to (and including) the date of Completion:</p> <p>(a) (i) dividend or distribution (or payment in lieu) declared or paid; (ii) reduction of shares or capital; (iii) repayment of loan (principal or interest); (iv) consultant, advisory, management, monitoring, service, shareholder or other similar fees, charges or compensation; (v) waiver or forgiveness owed to Target Group Companies or release of any obligation; (vi) disposal of assets or rights and incur of liability; and (vii) other related payment (including any irrecoverable tax) in connection with the above, carried out or agreed by the Target Group to the Seller; and</p> <p>(b) Seller Transaction Costs and bonuses, incentives or commission for employees of the Target Group Companies (including any irrecoverable related tax) in connection with the Acquisition other than in the ordinary course their employment, paid or agreed to be paid by the Target Group.</p> <p>excluding the Permitted Leakage;</p>
"Leakage Covenant"	has the meaning ascribed thereto in the section headed "The Acquisition – Principal Terms of the Agreement – Leakage" in this announcement;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Locked Box Date"	31 March 2023;
"Long Stop Date"	the date that is 9 months after (and excluding) the date of the Agreement or such other date as the SPA Parties may agree in writing;
"Macquarie Capital"	Macquarie Capital Limited;

"Material Adverse Change"	Subject to certain exceptions set out in the Agreement, any single or combination of events occurring between the date of the Agreement and the date of Completion which would (or reasonably be expected to) have the effect of reducing the ore, extracted from the Zone 5 deposit, processed at the Boseto processing facilities in the 6 month period following Completion by 66% or more, as against the planned level of ore, extracted from the Zone 5 deposit, processed at the Boseto processing facilities;
"Measured Mineral Resources(s)"	that part of a Mineral Resource for which the tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable information from exploration, sampling and testing of material from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity;
"Mineral Resource(s)"	as defined under the JORC Code, the concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction;
"Minmetals HK"	China Minmetals H.K. (Holdings) Limited (中國五礦香港控股有限公司), a company incorporated under the laws of Hong Kong, holding directly approximately 67.55% of the Company as at the date of this announcement;
"Mt"	million tonnes;
"mtpa"	million tonnes per annum;
"Net Asset Value"	the assets less liabilities of the Target Company;
"Order"	any writ, judgement, injunction, decree, determination, award, requirement, sanction, penalty, notice or order of any Governmental Entity (whether preliminary or final) other than the Minister of Minerals of Botswana and Energy, Competition and Consumer Authority of Botswana, State Administration for Market Regulation of the PRC, the Stock Exchange and National Development and Reform Commission of the PRC;
"Ore Reserve(s)"	as defined under the JORC Code, the economically mineable part of a Measured and/or Indicated Mineral Resource;

"Permitted Leakage"	payments made accrued to or to be made by the Target Group from (but excluding) the Locked Box Date to (and including) the date of Completion that have been agreed by the parties as necessary for the completion of the Acquisition or the ongoing operation of the Target Group;
"PRC" or "China"	the People's Republic of China (which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan, unless the context otherwise requires);
"Principal Discharge Amount"	the amount specified by the Lead Seller in the Completion Payments Schedule required to discharge the principal owed by companies in the Target Group under the Existing Facilities, between 30 September 2023 and the Completion Date or Deferred Completion Date, as applicable, but excluding the Actual Settlement Amount and the Actual Copper Derivative Amount;
"Project Company"	Khoemacau Copper Mining Proprietary Limited, a company incorporated in Botswana;
"Project License(s)"	Mining Licences ML2015/05L and ML2010/99L, issued by the Minister of Mineral Resources, Green Technology and Energy Security of Botswana in favour of KCM and Discovery Copper Botswana (Pty) Limited pursuant to the Mines and Minerals Act [Cap 66:01], and Prospecting Licences;
"Prospecting Licenses"	Prospecting Licence numbers PL 95/2019, PL001/2006, PL002/2006, PL003/2006, PL004/2006, PL005/2006, PL098/2005, PL099/2005, PL100/2005, PL101/2005, in each case issued by the Minister of Mineral Resources, Green Technology and Energy Security in favour of KCM and Discovery Copper Botswana (Pty) Limited pursuant to the Mines and Minerals Act [Cap 66:01];
"Pro Rata Portion"	87.89% to the Lead Seller, 0.21% to The Ferreira Family Trust, 11.05% to Resource Capital Fund VII L.P. and 0.85% to Missouri Local Government Employees' Retirement System;
"Purchaser"	MMG Africa Ventures Inc., a company incorporated in British Columbia, Canada, which is an indirect wholly-owned subsidiary of the Company;
"Relevant Ratios"	any of the five ratios set out in Rule 14.07 of the Listing Rules;
"RG Overrun Facility"	the unsecured, subordinated cost overrun facility entered into by and between RGLD Gold AG and KCM dated 24 February 2019 as amended by an amendment letter dated 28 July 2023 which includes the notes issued under the facility for a sum of US\$18,000,000 on 7 April 2021 and for a sum of US\$7,000,000 on 6 July 2021;

"RK Facility Agreement"	the senior facility agreement entered into by and between, among others, RK Mine Finance Cayman 1 Limited and KCM dated 24 February 2019, as amended and restated on 8 July 2019 and further amended on 26 March 2021, 26 November 2021, 9 March 2022 and 13 December 2022;
"Sale Shares"	all the issued shares in the capital of the Target Company;
"Sellers"	Cupric Canyon Capital L.P., The Ferreira Family Trust, Resource Capital Fund VII L.P., and the Missouri Local Government Employees' Retirement System;
"Seller Group"	each Seller, its subsidiary undertakings and parent undertakings and any subsidiary undertaking of any such parent undertaking from time to time, excluding the Target Group;
"Seller Transaction Costs"	any professional fees, expenses or other costs including, in each case, any irrecoverable VAT paid, payable, required to be accounted for or agreed to be paid or incurred or owing by any member of the Group since 31 March 2023, in each case in connection with the Acquisition;
"SFO"	Securities and Futures Ordinance (Cap. 571);
"Shareholder(s)"	holder(s) of the Shares;
"Shareholder Loan"	the loan to be advanced by Top Create Resources Limited, a subsidiary of CMC, to the Group to fund the Acquisition;
"Shares"	the fully paid shares of the Company;
"Silver Stream"	the silver stream of the Khoemacau Mine currently in favour of Royal Gold Inc. which covers 100% of the payable silver produced until the delivery of 40.0 million silver ounces, and 50% thereafter. Royal Gold Inc. currently pays a cash price equal to 20% of spot silver price for each ounce delivered. The stream covers Zone 5 and Mango North-East deposits, with remaining deposits unencumbered;
"SPA Break Fee"	the fee payable by the Purchaser to the Sellers under the Agreement in the event the Agreement is terminated, being 5% of the Base Consideration, as described in the section headed "Acquisition – Principal terms of the Agreement – SPA Break Fee" in this announcement;

"SPA Party(ies)"	has the meaning ascribed thereto in the section headed "The Acquisition – Principal Terms of the Agreement – Parties" in this announcement;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Target Company"	Cuprous Capital Ltd, a company incorporated in British Columbia, Canada;
"Target Group"	the Target Company and its subsidiaries, and the expression " Target Group Company " shall be construed accordingly;
"US\$"	United States dollars, the lawful currency of the United States of America;
"Valuation Reference Date"	31 March 2023;
"VAT"	any taxation and statutory and governmental duties, levies, withholdings and deductions levied by reference to added value, any sales or turnover tax and any tax of a similar nature;
"W&I Insurer"	Liberty Global Transaction Solutions;
"Zone 5 Group"	Zone 5 North, Zeta North-East, and Mango; and
"%"	per cent.

For the purposes of illustration only, in this announcement, unless otherwise specified, conversions of US\$ into HK\$ are based on the approximate exchange rate of US\$1 to HK\$7.8. No representation is made that any amount into HK\$ and US\$ could have been or could be converted at the above rate or at any other rate.

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

Hong Kong, 21 November 2023

As at the date of this announcement, the Board comprises six directors, one of which is an executive director, namely Mr Li Liangang; two are non-executive directors, namely Mr Xu Jiqing (Chairman), Mr Zhang Shuqiang; and three are independent non-executive directors, namely Dr Peter William Cassidy, Mr Leung Cheuk Yan and Mr Chan Ka Keung, Peter.

Appendix I – Letter from Deloitte

The following is the text of a report received from the reporting accountant, Deloitte Touche Tohmatsu, for the purpose of incorporation into this announcement.

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF ENTIRE ISSUED SHARE CAPITAL OF CUPROUS CAPITAL LTD

TO THE DIRECTORS OF MMG LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by the Board of Directors of MMG Limited (the "Company") dated 16 November 2023, of the entire issued share capital of Cuprous Capital Ltd (the "Target Company") as at 31 March 2023 (the "Valuation") is based. Cuprous Capital Ltd is a company incorporated in Canada whose principal asset is the Khoemacau Mine. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and will be included in an announcement dated 21 November 2023 to be issued by the Company in connection with the acquisition of the entire issued share capital of the Target Company (the "Announcement").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the "Assumptions"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF ENTIRE ISSUED SHARE CAPITAL OF CUPROUS CAPITAL LTD - continued

TO THE DIRECTORS OF MMG LIMITED - continued

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of Cuprous Capital Ltd.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 November 2023

Appendix II – Report from Macquarie Capital

The following is the text of a letter received from the financial advisor, Macquarie Capital Limited, for the purpose of incorporation into this announcement.

21 November 2023

The Board of Directors
MMG Limited
Unit 1208, 12/F,
China Minmetals Tower,
79 Chatham Road South,
Tsimshatsui, Kowloon,
Hong Kong



Dear Directors,

We refer to the announcement of MMG Limited (the “**Company**”) dated 21 November 2023 (the “**Announcement**”), in relation to the Company’s proposed transaction which involves the acquisition of the entire issued share capital of Cuprous Capital Ltd (the “**Target**”). As detailed in the Announcement, the Company has prepared a Discounted Cash Flow Valuation (the “**DCF Valuation**”), which takes into account the cash flow projection of the business related to the Target. As such, the DCF Valuation is regarded as a profit forecast (“**Forecast**”) under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Unless otherwise defined or if the context otherwise requires, all terms used in this letter shall have the same meaning as defined in the Announcement.

We have reviewed the Forecast upon which the DCF Valuation is based and have made enquiries with Directors and the management of the Company regarding the bases and assumptions upon which the Forecast has been prepared. We have also considered the letter from Deloitte Touche Tohmatsu dated 21 November 2023 addressed to you regarding the calculations upon which the Forecast have been made in connection with the DCF Valuation and in accordance with the assumptions. As the Forecast has been prepared with reference to current market conditions and using a set of assumptions about future events which may or may not occur, the actual financial performance of the businesses of the Target may or may not achieve the Forecasts and the variation may be material.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation method(s), bases and assumptions adopted by the Company, we are satisfied that the Forecast underlying the DCF Valuation, for which you as the Directors are solely responsible, have been made by you after due and careful enquiry. The work undertaken by us in giving the above opinion has been undertaken for the purpose of reporting solely to you under Rule 14.62(3) of the Listing Rules and this letter may only be used by you for such purpose and for no other purpose. This letter may not be relied upon by any other person.

We accept no responsibility or liability whatsoever to any other person in respect of, arising out of or in connection with our work or for any loss howsoever arising from or in reliance upon this letter.

Yours faithfully,
For and on behalf of
Macquarie Capital Limited

Wenjing Zhai
Division Director

Alex Lam
Associate Director