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MMG LIMITED

五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(STOCK CODE: 1208)

**ANNOUNCEMENT
RELATING TO RULE 13.18 OF THE LISTING RULES
DUGALD RIVER PROJECT FINANCING - UPDATE**

The board of directors (Board) of the MMG Limited (Company or MMG) is pleased to announce that it and its subsidiaries have entered into a facility agreement with China Development Bank Corporation (CDB) and Bank of China Limited, Sydney Branch (BOC (Sydney)) in relation to the financing of the development and construction of the Dugald River zinc, lead and silver mine located in north-west Queensland, Australia (Dugald River Project) for an amount up to US\$1 billion and for a term of 13 years.

The Board has approved expenditure to September 2013 and will now progress to making a final investment decision in respect of the Dugald River Project.

INTRODUCTION

This announcement is made pursuant to Rule 13.18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Listing Rules).

Reference is made to the announcement of the Company dated 27 March 2013 that it had received an indicative non-binding commitment from CDB to arrange and underwrite the financing of the development and construction of the Dugald River Project for an amount up to US\$1 billion and for a term of 13 years, subject to further negotiation and execution of a definitive loan agreement on terms satisfactory to CDB and the Company.

Reference is also made to the announcement of the Company dated 17 December 2012 that the Board had endorsed the Dugald River Project subject to the finalisation of funding arrangements on satisfactory terms and conditions.

FACILITY AGREEMENT WITH CDB AND BOC (SYDNEY)

The Board of the Company is pleased to announce that on 27 June 2013, MMG Dugald River Pty Ltd (MMG Dugald River), the Company and other members of the MMG Group (in their capacity as guarantors of the loan) entered into a facility agreement with CDB and BOC (Sydney) pursuant to which the lenders agreed to provide a term debt facility of up to US\$1 billion (Dugald River Facility). The loan will be available for draw down until 27 June 2016 with no commitment fee applicable, and is to be repaid by 26 June 2026. The Dugald River Facility is expected to be fully drawn down subject to maintaining an agreed debt to equity ratio. MMG Dugald River will only be required to make interest payments during the first 3 years of the Dugald River Facility, after which it will make half yearly amortisation payments to the final repayment date.

The all in costs of the Dugald River Facility is in the vicinity of 6 months US dollar LIBOR plus 3.5% to 3.9% inclusive of aggregate upfront costs in connection with entering into the Dugald River Facility of approximately 1.3% of the total facility amount.

During construction and commissioning of the Dugald River Project, the Company will provide a parent guarantee, certain other subsidiaries will grant security to the lenders in the form of charges over each of their shares and asset security will be provided in respect of assets owned by certain subsidiaries that relate to the Dugald River Project. Following successful commissioning of the Dugald River Project, and subject to meeting certain agreed conditions including the internal approval procedures of CDB and BOC (Sydney), mutually agreed operating parameters and financial covenants, the financing will be limited recourse to the assets and shares of MMG Dugald River.

Pursuant to the terms of the Dugald River Facility, on the occurrence of the following events (amongst others), CDB and/or BOC (Sydney) may declare all outstanding loans under the facility immediately due and payable:

- (i) 五礦有色金屬股份有限公司(China Minmetals Non-Ferrous Metals Company Limited) (CMN), a controlling shareholder of the Company, indirectly holding 73.69% of the issued share capital of the Company as at the date of this announcement, ceases to legally and beneficially own, directly or indirectly, at least 51% of the issued share capital of the Company; or
- (ii) CMN ceases to have the power to (a) cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of the Company; or (b) appoint or remove all, or the majority, of the directors or other equivalent officers of the Company; or (c) give directions with respect to the operating and financial policies of the Company with which the directors or other equivalent officers of the Company are obliged to comply.

DUGALD RIVER PROJECT

The Dugald River Project is an undeveloped zinc-lead-silver deposit located in north-west Queensland, approximately 235km south-east of MMG's Century zinc-lead-silver mine in Queensland, Australia. The Dugald River Project is considered to be one of the world's known largest, high grade undeveloped zinc-lead-silver deposits.

On 17 December 2012, the Company announced that a final investment decision by the Board on the Dugald River Project required MMG to enter into financing arrangements on satisfactory terms and conditions to provide the required funding for the Dugald River Project. The Board will now progress to making a final investment decision.

Total capital expenditure to date on the Dugald River Project, which has been solely equity funded by the Company, totals A\$390 million. The Board has approved funding for the Dugald River Project to September 2013, and will draw US\$250m under the Dugald River Facility for the remainder of 2013.

By order of the Board
MMG Limited
Andrew Gordon Michelmore
CEO and Executive Director

Hong Kong, 27 June 2013

As at the date of this announcement, the Board comprises nine directors, of which three are executive directors, namely Mr. Andrew Gordon Michelmore, Mr. David Mark Lamont and Mr. Xu Jiqing, three are non-executive directors, namely Mr. Wang Lixin (Chairman), Mr. Jiao Jian and Mr. Gao Xiaoyu; and three are independent non-executive directors, namely Dr. Peter William Cassidy, Mr. Anthony Charles Larkin and Mr. Leung Cheuk Yan.