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MMG LIMITED
五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(HKEX STOCK CODE: 1208)

(ASX STOCK CODE: MMG)

CONTINUING CONNECTED TRANSACTION COPPER CONCENTRATE SALES FRAMEWORK AGREEMENT

COPPER CONCENTRATE SALES FRAMEWORK AGREEMENT

On 1 March 2016, the Company entered into the Copper Concentrate Sales Framework Agreement with CMN in relation to the sale of the Product by the Group to the CMN Group.

CMN is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As a result, the Copper Concentrate Sales Framework Agreement constitutes a continuing connected transaction for the Company.

As the relevant percentage ratios in respect of the maximum transaction value on an annual basis relating to the Copper Concentrate Sales Framework Agreement are more than 0.1% and less than 5%, it 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.

COPPER CONCENTRATE SALES FRAMEWORK AGREEMENT

As part of the ordinary and usual course of business, the Group sells the Product to the CMN Group.

On 1 March 2016, the Company entered into the Copper Concentrate Sales Framework Agreement with CMN in relation to the sale of the Product to CMN. The principal terms of the Copper Concentrate Sales Framework Agreement are set out below.

- Parties : (1) the Company
(2) CMN
- Term : From the date of the Copper Concentrate Sales Framework Agreement (i.e. 1 March 2016) to 31 December 2016
- Pricing : CMN may purchase or procure other members of the CMN Group to purchase, and the Company may sell or procure other members of the Group to sell, the Product at prices determined on an arms' length basis and comparable to the prevailing market rates or at rates similar to those offered by the Group to any other independent third party.
- Such prices shall be:
- calculated based on the relevant metal prices, including copper, gold and silver, as quoted on the London Metal Exchange or other relevant London markets averaged over an agreed quotational period; and
 - less agreed treatment and refining charges which are consistent with those prevailing in the PRC metals market for comparable imported copper concentrate at the time of the relevant sale agreement.
- Delivery Terms : Shipment shall be arranged by the Group from the delivery point nominated by the Group to the place of final destination nominated by the relevant member of the CMN Group pursuant to the terms of the relevant sale agreement on a CIF (Incoterms 2010®) basis.

Sale and purchases of the Product shall be made pursuant to sale agreements agreed between the parties setting out, among other things, quantity, specifications, price, term of agreement, shipping schedule, delivery terms, place of delivery, place of shipment, payment terms, quotational period and other usual conditions (including those dealing with title and risk, insurance requirements and termination and suspension rights). Payment shall be made in accordance with the terms of the sale agreement.

The terms of the Copper Concentrate Sales Framework Agreement were arrived at after arm's length negotiations between the Company and CMN and are consistent with terms for comparable copper concentrates sold by major global copper concentrate producers in North Asia and China.

PROPOSED ANNUAL CAP

The Company proposes that the maximum aggregate amount payable by the CMN Group to the Group under the Copper Concentrate Sales Framework Agreement for the financial year ending 31 December 2016 is US\$45.0 million.

The Annual Cap was determined by reference to historical transaction amounts and internal projections of the maximum number of tonnes of the Product that may potentially be sold to the CMN Group and estimated copper, gold and silver prices having regard to prices quoted on the London Metal Exchange and other relevant London markets, and treatment and refining charges regarded within the copper concentrate selling and buying industry and published by major industry analysts as the benchmark for 2016.

For the three years ended 31 December 2013, 2014 and 2015, the total amount payable by the CMN Group to the Group for the sale of the Product amounted to approximately US\$36.7 million, US\$66.1 million and US\$8.3 million respectively.

REASONS FOR AND BENEFITS OF THE COPPER CONCENTRATE SALES FRAMEWORK AGREEMENT

The Group's principal activities include the production and sale of metal products, including copper concentrates. As part of its ordinary and usual course of business, the Group sells some of its products to the CMN Group at prices and on terms which are consistent with prevailing market rates and conditions for the relevant products. The CMN Group's demand for copper concentrate is increasing because of its investment in a new copper smelting capacity in China.

In view of the continuing nature of the transactions which are the subject of the Copper Concentrate Sales Framework Agreement, the Directors (including the independent non-executive Directors) believe that the entering into of the Copper Concentrate Sales Framework Agreement has the benefit of reducing the administrative burden and costs associated with compliance with laws and regulations to which the Group is subject.

GENERAL

The Directors (including the independent non-executive Directors) are of the view that the terms of the Copper Concentrate Sales Framework Agreement and the transactions contemplated thereunder (together with the Annual Cap) are on normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

No Director has any material interest in the transaction contemplated under the Copper Concentrate Sales Framework Agreement which prohibits him/her to vote on the resolution of the Board to approve the Copper Concentrate Sales Framework Agreement and no Director has abstained from approving such Board resolution.

IMPLICATIONS UNDER THE LISTING RULES

CMN is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As a result, the Copper Concentrate Sales Framework Agreement constitutes a continuing connected transaction for the Company.

As the relevant percentage ratios in respect of the maximum transaction value on an annual basis relating to the Copper Concentrate Sales Framework Agreement are more than 0.1% and less than 5%, it 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 CMN GROUP

The CMN 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.

DEFINITIONS

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

Annual Cap	the maximum aggregate annual amount payable by the CMN Group to the Group under the Copper Concentrate Sales Framework Agreement for the financial year ending 31 December 2016
associates	has the meaning ascribed to it under the Listing Rules
Board	the board of directors of the Company
CMN	五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Company Limited), a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC and the controlling shareholder of the Company, holding directly and indirectly approximately 73.69% of the total number of shares of the Company in issue as at the date of this announcement
CMN Group	CMN and its subsidiaries and associates from time to time (excluding the Group)
Company	MMG Limited, a company incorporated on 29 July 1988 in Hong Kong with limited liability, the securities of which are listed and traded on the main board of the Stock Exchange and the Australian Securities 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
Copper Concentrate Sales Framework Agreement	the agreement dated 1 March 2016 between the Company and CMN in relation to the sale of the Product by any member of the Group to the CMN Group

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 People's Republic of China
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
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	copper concentrates produced by the Group excluding copper concentrates produced at the Las Bambas Project
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)
%	percentage

Unless otherwise specified, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of US\$1.00 = HK\$7.8 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

Andrew Gordon Michelmore

CEO and Executive Director

Hong Kong, 1 March 2016

As at the date of this announcement, the Board comprises eight directors, of which two are executive directors, namely Mr Andrew Gordon Michelmore and Mr Xu Jiqing; two are non-executive directors, namely Mr Jiao Jian (Chairman) and Mr Gao Xiaoyu; and four are independent non-executive directors, namely Dr Peter William Cassidy, Mr Leung Cheuk Yan, Ms Jennifer Anne Seabrook and Professor Pei Ker Wei.