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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)

ANNOUNCEMENT
PURSUANT TO RULES 13.09 AND 13.18 OF THE LISTING RULES
DUGALD RIVER PROJECT 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 an amended 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\$550 million.

INTRODUCTION

This announcement is made pursuant to Rules 13.09 and 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 June 2013 that it had entered into a facility agreement with CDB and BOC (Sydney) in relation to 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 (Original Dugald River Facility).

Reference is also made to the announcement of the Company dated 28 July 2015 that the Board had approved the ongoing development of the Dugald River Project pursuant to a revised project plan, subject to the finalisation of revised financing arrangements and the renegotiation of existing operating service contracts and receipt of necessary permits and approvals.

STATUS OF DUGALD RIVER PROJECT

Further to the Company's announcement on 28 July 2015, the revised development plan for the Dugald River Project has been further optimised and the mine plan will now support a 1.7 million tonnes per annum nameplate plant with annual production of approximately 170,000 tonnes of zinc in zinc concentrate plus by-products. The mine will operate over an estimated 25 years while the ore body remains open at depth. Early works continue at Dugald River according to the updated development plan, including pre-production mine development. First zinc concentrate production on site is expected in the first half 2018.

Remaining expenditure to complete the Dugald River Project is estimated to be in the range of US\$600-620.0 million plus interest costs associated with project funding during the period from July 2015 to first shipment of concentrate in the first half 2018. As at the date of this announcement, the Company expects to achieve C1 costs of US\$0.68-0.78/lb when at a steady state of operation.

The Dugald River Project continues to progress the renegotiation of existing operating service and construction contracts and necessary permits and approvals.

AMENDED FACILITY AGREEMENT WITH CDB AND BOC (SYDNEY)

The Board is pleased to announce that on 27 June 2016, 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 an amended facility agreement with CDB and BOC (Sydney) pursuant to which the lenders have now agreed to provide a term debt facility of up to US\$550 million (Amended Dugald River Facility), of which US\$250 million was drawn in 2013 under the Original Dugald River Facility.

The balance of the loan will be available for draw down until 27 June 2018 (with no commitment fee applicable), and is to be repaid by 28 June 2026. The Amended Dugald River Facility is expected to be fully drawn down subject to maintaining an agreed debt to equity ratio. MMG Dugald River will continue to only be required to make interest payments until principal repayments commence in June 2018, after which it will make half yearly amortisation payments to the final repayment date.

The all in costs of the Amended Dugald River Facility remain 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, which were paid in 2013 when the Original Dugald River Facility was entered into).

The security granted by the Company and its subsidiaries pursuant to the Original Dugald River Facility will remain in place and China Minmetals Corporation (中國五礦集團公司) (CMC), the Company's ultimate controlling shareholder of the Company, will also provide a parent guarantee for the term of the Amended Dugald River Facility.

Pursuant to the terms of the Amended 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) China Minmetals Corporation Limited (中國五礦股份有限公司) (CMCL), a controlling shareholder of the Company, indirectly holding approximately 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) CMCL 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.

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

Hong Kong, 27 June 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.