

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

BASIS OF PREPARATION

MMG Ltd. (the “Company” or together with its subsidiaries, “MMG Group”), via its (indirect) wholly owned subsidiary MMG Africa Ventures Inc., entered into a Share Sale and Purchase Agreement (“SPA”) on 20 November 2023 for 100% acquisition of Cuprous Capital Limited (“Target Company”) and its subsidiaries (the “CCL Group” or “Target Group”).

The Directors have prepared and presented for inclusion the Circular, the unaudited pro forma financial information of MMG Group, including all subsidiaries of MMG Ltd., as well as including the Target Group (together the “Enlarged Group”). The unaudited pro forma financial information consists of the pro forma statement of financial position as at 31 December 2023 and related notes.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the acquisition of the entire issued share capital of the Target Company (the “Transaction”) on MMG Group’s financial position as at 31 December 2023 as if the Transaction had taken place at 31 December 2023. As part of this process, information about MMG Group’s financial position has been extracted by the Directors from MMG Group’s annual consolidated financial statements for the year ended 31 December 2023, on which an auditor’s report has been published. Such historical data has been affected by the pro forma adjustments as described in the accompanying notes.

The unaudited pro forma financial information has been prepared using certain assumptions, estimates and uncertainties, and for illustrative purposes only. Due to its hypothetical nature, the unaudited pro forma financial information may not purport to predict what the assets and liabilities of the Enlarged Group would have been if the Transaction had been undertaken at 31 December 2023 nor in any future period or on any future dates.

The unaudited pro forma financial information does not constitute the Company’s statutory annual consolidated financial statements for the year ended 31 December 2023 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows: The Company has delivered these financial statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company’s auditor has reported on these financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

The unaudited pro forma financial information should be read in conjunction with other information included elsewhere in the Circular.

All figures in this unaudited pro forma financial information are presented in United States Dollars (US\$) millions, unless otherwise noted.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

<i>Figures in US Dollar millions</i>	MMG Group	CCL Group	Pro forma adjustments				Pro forma Unaudited Consolidated Enlarged Group
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>	<i>Note 5</i>	<i>Note 6</i>	<i>Note 7</i>
ASSETS							
Non-current assets							
Property, plant and equipment	9,417.1	834.6	—	—	1,600.2	—	11,851.9
Right-of-use assets	118.1	0.5	—	—	—	—	118.6
Intangible assets	534.0	—	—	—	516.4	—	1,050.4
Inventories	115.0	—	—	—	—	—	115.0
Deferred income tax assets	150.0	48.7	—	—	(46.3)	—	152.4
Other receivables	168.8	6.1	—	(6.1)	—	—	168.8
Other financial assets	2.7	—	—	—	—	—	2.7
Investment in subsidiary	—	—	—	1,734.7	(1,734.7)	—	—
Total non-current assets	<u>10,505.7</u>	<u>889.9</u>	<u>—</u>	<u>1,728.6</u>	<u>335.6</u>	<u>—</u>	<u>13,459.8</u>
Current assets							
Inventories	389.5	13.6	—	—	—	—	403.1
Trade and other receivables	476.0	17.1	—	—	—	—	493.1
Current income tax assets	79.5	—	—	—	—	—	79.5
Derivative financial assets	3.1	—	—	—	—	—	3.1
Cash and cash equivalents	447.0	33.8	2,161.1	(2,083.7)	—	(20.0)	538.2
Total current assets	<u>1,395.1</u>	<u>64.5</u>	<u>2,161.1</u>	<u>(2,083.7)</u>	<u>—</u>	<u>(20.0)</u>	<u>1,517.0</u>
Total assets	<u><u>11,900.8</u></u>	<u><u>954.4</u></u>	<u><u>2,161.1</u></u>	<u><u>(355.1)</u></u>	<u><u>335.6</u></u>	<u><u>(20.0)</u></u>	<u><u>14,976.8</u></u>

<i>Figures in US Dollar millions</i>	MMG	CCL	Pro forma adjustments				Pro forma
	Group	Group					Unaudited
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>	<i>Note 5</i>	<i>Note 6</i>	Consolidated
							Enlarged
							Group
							<i>Note 7</i>
LIABILITIES							
Non-current liabilities							
Borrowings	3,375.8	275.6	2,131.1	(275.6)	—	—	5,506.9
Lease liabilities	125.6	0.4	—	—	—	—	126.0
Provisions	647.0	7.4	—	—	10.5	—	664.9
Derivative financial liabilities	—	7.4	—	(7.4)	—	—	—
Deferred revenue	—	294.9	—	—	32.7	—	327.6
Trade and other payables	286.5	—	—	—	—	—	286.5
Deferred income tax liabilities	952.7	—	—	—	516.4	—	1,469.1
Total non-current liabilities	5,387.6	585.7	2,131.1	(283.0)	559.6	—	8,381.0
Current liabilities							
Borrowings	1,331.3	17.9	30.0	(17.9)	—	—	1,361.3
Lease liabilities	22.0	0.1	—	—	—	—	22.1
Provisions	127.3	—	—	—	—	—	127.3
Derivative financial liabilities	—	8.3	—	(7.3)	—	—	1.0
Deferred revenue	—	9.2	—	—	12.4	—	21.6
Trade and other payables	616.4	36.2	—	13.6	—	—	666.2
Current income tax liabilities	104.2	0.1	—	—	—	—	104.3
Total current liabilities	2,201.2	71.8	30.0	(11.6)	12.4	—	2,303.8
Total liabilities	7,588.8	657.5	2,161.1	(294.6)	572.0	—	10,684.8

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group:

Note 1

The amounts are extracted from the audited consolidated balance sheet of MMG Group as at 31 December 2023, which have been published in MMG Group's 2023 annual report, dated 5 March 2024.

Note 2

The amounts are derived from the balance sheets of the Target Group as at 31 December 2023 as set out in Appendix II to this Circular. The amounts have been rounded to the nearest million (one decimal place) to conform to the presentation format of MMG Group's consolidated financial statements.

Note 3

For the purpose of the preparation of the unaudited pro forma financial information and for illustrative purposes, had the Transaction taken place on 31 December 2023, it is estimated that 100% of the financing will be provided by related party or third party loans, as tabulated below.

Lenders

		<i>US\$ million</i>
Top Create Resources Limited (“Top Create”)	A	611.1
China Development Bank (“CDB”)	B	1,050.0
Comor Holdings Corporation Limited (“Comor”)	C	<u>500.0</u>
Total funds estimated to be available		<u>2,161.1</u>

A — Top Create is a related party, being indirectly owned by the ultimate shareholder of MMG Ltd., being China Minmetals Corporation.

B — CDB is a third party lender. It is a Chinese state-funded and state-owned development finance institution.

C — Comor is incorporated in Hong Kong and is a subsidiary of CNIC Corporation Limited.

Classification of current and non-current portion of the borrowings

Top Create loan is payable in 8 years from date of borrowing.

Comor loan is payable in 6 years from funding date.

Consequently, both the above loans are classified as non-current.

CDB loan agreement requires repayment of \$5 million and \$25 million in June and December 2024. Consequently, \$30 million of the borrowing is classified as current and the remaining portion of the borrowing is classified as non-current.

Note 4

The adjustment represents payment of the purchase consideration and the Transaction, as well as certain other adjustments directly attributable to the Transaction, to be undertaken as if the Transaction had been completed at 31 December 2023.

- *Purchase consideration and acquisition of investment*

The SPA provides for a base consideration of \$1,606,500,000, with adjustments for:

- Interest payment to be made for a period from lock box date of 31 March 2023 to the completion date;
- Transaction costs incurred by the sellers; and
- Sum of actual copper derivative amount and differences in the estimated and actual settlement of the copper derivative amount.

The below total amount is assumed to be paid at 31 December 2023 to the sellers of CCL Group:

	<i>US\$ million</i>
Base consideration	1,606.5
Add: Interest payment ¹	155.0
Less: Disclosed Seller Transaction Costs Amount	(22.1)
Adjustment for copper derivative	<u>(4.7)</u>
Total estimated consideration	<u><u>1,734.7</u></u>

1. *The interest payment assumes a period up to 22 March 2024. Had the transaction actually completed at 31 December 2023, the interest payment would have been lower by \$35.6 million.*

- *Settlement of loan receivable from parent*

In making the above payment, MMG Group, under the terms of the SPA and a payment direction deed between MMG Group and the Lead Seller, Cupric Canyon Capital LP (“CCC”), withheld an amount of net receivable from CCC of \$6.1 million.

- *Advance to Target Group*

In addition to the payment of consideration, under the terms of the SPA, MMG Group is also required to advance a loan to the Target Group to enable the Target Group to repay certain borrowings, derivatives and seller transaction costs at the completion of the Transaction. The amount has been fully eliminated as an intra-group balance for the purpose of preparing the pro forma statement of financial position.

Upon repayment of the borrowings, the Target Group will incur certain loan prepayment fees, derivative cancellation fees, and some legal costs. Additionally, the Target Group is expected to pay accrued interest on the borrowings that assumes interest accrued for a period up to date 22 March. Had the transaction actually completed at 31 December 2023, the interest payment would have been lower by \$35.6 million. The derivative payment amount will also be based on latest fair valuation as of completion date. All such additional charges¹, together with the seller transaction costs, are estimated of approximately US\$46.4 million, full amount are assumed to be paid as at 31 December 2023.

The total advance is expected to amount to \$354.6 million, assumed to settle following borrowings, derivatives and seller transaction costs as at 31 December 2023:

	<i>US\$ million</i>
Repayment of borrowings — non-current	275.6
Repayment of borrowings — current	17.9
Repayment of derivative financial liabilities — non-current	7.4
Repayment of derivative financial liabilities — current	7.3
Interest, prepayment fee, cancellation fee, legal fee and derivative settlement and cancellation fee, plus seller transaction costs	<u>46.4</u>
Total estimated loan advance	<u><u>354.6</u></u>

1. Total additional charges do not include \$14.1 million of withholding tax payable to local tax authority on certain debt discharge amounts. The amount is not included in the loan advanced to the Target Group and is assumed not paid at 31 December 2023.

Note 5

This adjustment includes fair valuation of, and allocation of purchase price to, assets and liabilities as required under HKFRS 3 *Business Combinations* (see Note 7 below). It also includes elimination adjustments to consolidate the Target Group with MMG Group.

MMG Group performed an assessment of the estimated fair values of the net identifiable assets/liabilities of the Target Group as at 31 December 2023 as if the MMG's advance loan to the Target Group had been drawn down and the Target Group has settled the borrowings, derivatives and seller transaction costs aforesaid in Note 4. The assessment has resulted in a net uplift of \$1.44 billion over the net book value of the net assets. The recognised amounts of identifiable assets acquired, and liabilities assumed, are summarised as follows:

	<i>Notes</i>	<i>US\$ million</i>
Property, plant and equipment	A	2,434.8
Right-of-use assets	B	0.5
Inventories	B	13.6
Deferred income tax assets	F	2.4
Other receivables	C	6.1
Trade and other receivables	B	17.1
Cash and cash equivalents	B	33.3
Borrowings	C	(354.6)
Lease liabilities	B	(0.5)
Provisions	D	(17.9)
Derivative financial liabilities	B	(1.0)
Deferred revenue	E	(349.2)
Trade and other payables	B	(49.8)
Current tax liability	B	(0.1)
Deferred tax liability	F	<u>(516.4)</u>
Net assets acquired		1,218.3
Add: Goodwill		<u>516.4</u>
Consideration paid		<u>1,734.7</u>

(A) The fair value of the property, plant and equipment (PP&E) was assessed by MMG Group based on valuation performed by an independent professional valuation expert. The fair values are as at 29 February 2024 but are assumed to be similar to the values as of 31 December 2023 for the purpose of preparing the pro forma statement of financial position.

(B) For all assets other than those where a fair value adjustment has been estimated, based on a review undertaken by MMG Group, the net book values have been assumed to approximate the respective fair values.

- (C) Other receivables and borrowings include net balances receivable/payable to CCC and an MMG Group company. For the purpose of the Consolidated Statement of Financial Position of the Enlarged Group, the borrowings payable to an MMG Group company were eliminated (as aforesaid in Note 4).
- (D) Provisions includes an estimate of environment rehabilitation and restoration liability. Experts within the MMG Group reviewed the potential liability and assessed the fair value to be higher than the book value.
- (E) Deferred revenue liability represents funds received in advance in respect of the Target Group's silver streaming arrangement. Based on work done by the independent professional valuation expert, the deferred revenue liability was re-assessed based on expected silver quantities to be delivered and updated economic assumptions including silver price and discount rate.
- (F) Management undertook a review of deferred taxes and reassessed the future realisation of the tax balance based on expected tax rates during the life of mine. Consequently, an adjustment was made to reduce the deferred tax asset.

Additionally, a deferred income tax liability of \$516.4 million was also recognised separately, arising from the recognition of the fair value changes on property, plant and equipment, deferred revenue liability and the environment rehabilitation and restoration liability. It has been calculated based on a Life of Mine (LOM) average corporate tax rate of 33.43% as applicable in Botswana, applied to the pre-tax fair value changes of the assets and liabilities noted as above.

Note 6

The adjustment represents the estimated transaction costs of approximately \$20.0 million incurred or expected to be incurred by MMG Group in connection with the Transaction. This is in addition to \$4.1 million of costs already incurred and recognised by MMG Group during 2023.

Note 7

In line with the applicable accounting standards (HKFRS 10 *Consolidated Financial Statements*), MMG Group has assessed that it has the ability to control the Target Group from the date of completion of the Transaction. MMG Group has assessed that it has:

- Power over the Target Group, primarily by virtue of 100% shareholding of the Target Group;
- Exposure and rights to variable returns from the Target Group; and
- The ability to utilise its power to affect the returns of the Target Group.

Consequently, MMG Group expects to consolidate the Target Group from the date of Transaction, being the date of completion of the Transaction. The proforma statement of financial position is thus prepared for the Enlarged Group on such consolidated basis.

In line with the requirements of HKFRS 3, MMG Group shall recognise all identifiable assets acquired, and liabilities assumed, of the Target Group, in the consolidated statement of financial position of the Enlarged Group at their fair values as at the date of completion. Any goodwill arising from the Transaction represents the excess of the consideration paid over the fair values of the total identifiable net assets at the date of Completion.

For the purpose of the preparation of the unaudited pro forma financial information and for illustrative purposes, the goodwill arising from the Transaction is estimated to be \$516.4 million (refer note 5 above). The goodwill is determined as the excess of the consideration over the estimated fair values of the net identifiable assets/liabilities of the Target Group as at 31 December 2023. The goodwill arises as a result of the HKFRS requirement to recognise a deferred tax liability for the difference between the fair value of newly consolidated assets and liabilities and their tax bases.

For the purpose of the unaudited pro forma financial information, the Group's management has performed an impairment assessment on the goodwill arising from the Acquisition in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" ("HKAS 36") and concluded that there would have been no impairment of the goodwill if the Acquisition had been completed on 31 December 2023 for the purpose of unaudited pro forma consolidated statement of financial position.

The fair values presented under Note 5 are estimated figures and are subject to change when assessed at the actual completion date. Hence, goodwill may also be different from the amount stated above at the date of Completion. However, based on assessment as noted above, no impairment is expected to be recognised at the date of Completion.

The directors of the Company confirm that they will adopt a consistent approach to assessment of impairment of goodwill in reporting periods subsequent to Completion, in accordance with the requirements of HKAS 36. Appropriate disclosures as required under HKAS 36 will also be presented in the Group's consolidated financial statements, including the basis and assumptions adopted by the directors of the Company in the impairment assessment undertaken.

Except as noted in above notes and included in the consolidated pro forma statement of financial position, no other adjustments have been made to the unaudited pro forma financial information of the Enlarged Group as at 31 December 2023 to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 31 December 2023.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**To the Directors of MMG Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of MMG Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the pro forma statement of assets and liabilities as at 31 December 2023 and related notes as set out on pages 1 to 9 of the circular issued by the Company dated 24 May 2024 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 1 to 9 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the acquisition of the entire issued share capital of Cuprous Capital Ltd (the "Transaction") on the Group's financial position as at 31 December 2023 as if the transaction had taken place at 31 December 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's annual consolidated financial statements for the year ended 31 December 2023, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules" and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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 HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION - continued

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION - continued

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

A handwritten signature in black ink, appearing to read "Deloitte Touche Tohmatsu", with a large, stylized initial "D" on the left and a long horizontal line extending from the top of the signature.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 May 2024