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MMG LIMITED

五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(STOCK CODE: 1208)

LAS BAMBAS TAX UPDATE

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (Listing Rules) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MMG Limited (Company or MMG and, together with its subsidiaries, the Group) refers to previous announcements regarding assessment notices received by Minera Las Bambas S.A. (MLB) in connection with audits undertaken in respect of income tax determined by MLB for the 2014, 2015, 2016, 2017 and 2018 tax years, which were appealed to The National Superintendence of Tax Administration of Peru (SUNAT) and then to the Tax Court in Peru.¹

MMG is pleased to announced that MLB has received a favourable decision of the Tax Court in Peru determining that MLB is entitled to (i) tax losses claimed by MLB in the 2018 tax year of US\$429 million; and (ii) interest deductions on loans from a consortium of Chinese lender banks of US\$378 million and a shareholder loan from a shareholder of MLB, MMG Swiss Finance A.G., in the amount of US\$242 million in 2018.

The reinstated tax losses for 2014 to 2018 amount to US\$2,575 million.

The 2018 income tax assessment in the amount of US\$912 million was reduced to US\$0 by the Tax Court on similar grounds to the previously reported Tax Court decision in relation to the 2017 income tax assessment, namely, that the income tax regulations are intended only to counter situations of tax avoidance which was not present in this case, and that the related party provisions cannot be applied to State owned enterprises (being the Chinese lender banks) only by reason of the relationship of the Company to the State. SUNAT's negative equity argument was disregarded also as the parties (being MLB and the Chinese lender banks) were not found to be related. In relation to the causality principle, the Tax Court found that the shareholder loan was deductible as the ultimate purpose of the loan related to the acquisition of Las Bambas.

¹ See previous announcements dated 3 August 2020, 19 February 2021, 13 July 2021, 27 July 2022, 1 February 2023, 5 September 2023 and 5 September 2024.

The cumulative effect of the decisions of the Tax Court to date, as announced by MMG, have removed the uncertainty of income tax, interest and penalties payments of US\$2,016 million as alleged by SUNAT.

It is not clear at this point whether SUNAT intends to appeal these decisions. We note that appeals in the Peruvian tax administration and judicial systems can take many years to resolve.

MMG will continue to assess the position SUNAT may take in respect of future audits for the years following 2018.

By order of the Board
MMG Limited
Cao Liang
CEO and Executive Director

Hong Kong, 5 March 2025

As at the date of this announcement, the Board consists of seven directors, of which one is an executive director, namely Mr Cao Liang; two are non-executive directors, namely Mr Xu Jiqing (Chairman) and Mr Zhang Shuqiang; and four are independent non-executive directors, namely Dr Peter William Cassidy, Mr Leung Cheuk Yan, Mr Chan Ka Keung, Peter and Ms. Chen Ying.