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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)

CONNECTED TRANSACTION CHAPTER 14A OF THE LISTING RULES

On 23 December 2016, MMG Finance entered into the Facility Agreement with Album Enterprises pursuant to which MMG Finance agreed to make a loan facility available to Album Enterprises.

Album Enterprises is a substantial shareholder of the Company and a wholly owned subsidiary of CMN, and is therefore a connected person of the Company under the Listing Rules. As a result, the Facility Agreement constitutes a connected transaction for the Company. As the relevant percentage ratios in respect of the Facility Agreement are less than 5%, it constitutes a connected transaction which is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE FACILITY AGREEMENT

On 23 December 2016, MMG Finance entered into the Facility Agreement with Album Enterprises pursuant to which MMG Finance agreed to make a loan facility available to Album Enterprises, which loans are to be used for general corporate purposes of Album Enterprises. The principal terms of the Facility Agreement are set out below:

Parties : (1) MMG Finance
(2) Album Enterprises

- Annual limit of loan facility : US\$95,000,000 (equivalent to approximately HK\$741,000,000), or such other amount as may be notified by MMG in its absolute discretion to Album Enterprises in writing from time to time.
- Term : From the date of the Facility Agreement until the date falling 1 year after the date on which the first loan is advanced. Monies may be advanced for a period of 7 days, 14 days, 30 days, 60 days, 90 days or such other period as agreed by MMG Finance.
- Availability period : A period commencing on the date of the Facility Agreement and ending on the earlier to occur of the date that is (1) one month prior to the termination date of the Facility Agreement; and (2) on which the Facility Agreement is otherwise cancelled.
- Interest : Interest accrues on monies outstanding under the loan at the base rate (to be calculated based on the relevant LIBOR rate, rates quoted by the relevant reference banks or MMG's cost of funding, as appropriate), plus 3.10% per annum.
- Repayment terms : Amounts advanced under a loan must be repaid on the earlier of: (1) the last day of the interest period for that loan; (2) the date falling 1 year after the date of the Facility Agreement; and (3) an early repayment date specified in a written notice from MMG Finance.

The terms of the Facility Agreement were arrived at after arm's length negotiations between MMG Finance and Album Enterprises. The 3.10% margin on the interest rate has been determined by reference to, among other things, the size of the loan facility, its term and repayment conditions, the rates payable by the Company under other loans from CMN to the Company, relevant credit risk considerations including the implied investment grade credit rating of Album Enterprises and the interest income that the Company could earn if the loaned monies were deposited with a financial institution.

The monies will be loaned out of those cash reserves of the Company which are in addition to the proceeds of the Company's recently completed rights issue.

LISTING RULES IMPLICATIONS

Album Enterprises is a substantial shareholder of the Company and a wholly owned subsidiary of CMN, and is therefore a connected person of the Company under the Listing Rules. As a result, the Facility Agreement constitutes a connected transaction for the Company. Album Enterprises is an investment holding company.

The Directors (including the independent non-executive Directors) are of the view that the Facility Agreement is on normal commercial terms, and is 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 Facility Agreement which prohibits him/her to vote on the resolution of the

Board to approve the Facility Agreement and no Director has abstained from approving such Board resolution.

As the relevant percentage ratios in respect of the Facility Agreement are less than 5%, it constitutes a connected transaction which is subject to the reporting and announcement requirements 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.

DEFINITIONS

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

Album Enterprises	Album Enterprises Limited, a company incorporated on 19 January 2005 in Hong Kong with limited liability and a wholly owned subsidiary of CMN
Board	the board of directors of the Company
CMC	中國五礦集團公司 (China Minmetals Corporation), formerly known as 中國五金礦產進出口總公司 (China National Metals and Minerals Import and Export Corporation), a State-owned enterprise incorporated on 7 April 1950 under the laws of the PRC and the ultimate controlling shareholder of the Company
CMCL	中國五礦股份有限公司 (China Minmetals Corporation Limited), a joint stock limited company incorporated on 16 December 2010 under the laws of the PRC and owned as to approximately 87.538% directly by CMC and as to approximately 0.846% directly by 中國五金製品有限公司 (China National Metal Products Co., Ltd.), a wholly owned subsidiary of CMC. CMC has an attributable interest of approximately 88.384% in CMCL as at the date of this announcement
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 owned as to approximately 99.999% directly by CMNH and approximately 0.001% directly by CMCL as at the date of this announcement. CMN is the controlling shareholder of the Company, holding indirectly approximately 73.69% of the total number of shares of the Company in issue as at the date of this announcement

CMNH	五礦有色金屬控股有限公司 (China Minmetals Non-ferrous Metals Holding Company Limited), a joint stock limited company incorporated on 22 December 2009 under the laws of the PRC and a wholly owned subsidiary of CMCL. CMNH is a controlling shareholder of CMN, holding directly approximately 99.999% of CMN as at the date of this announcement
Company	MMG Limited, a company incorporated on 29 July 1988 in Hong Kong with limited liability, the shares of which are listed and traded on the main board of the stock exchange operated by the Stock 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
Director(s)	the director(s) of the Company
Facility Agreement	the agreement dated 23 December 2016 between MMG Finance and Album Enterprises pursuant to which MMG Finance agreed to make a loan facility available to Album Enterprises
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
MMG Finance	MMG Finance Limited, a company incorporated on 15 June 2011 in Hong Kong with limited liability and a wholly owned subsidiary of the Company
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)
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, 23 December 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.