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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)

VOLUNTARY ANNOUNCEMENT

COMMODITY HEDGING

MMG Limited (Company) notes the strong increase in the price of copper during the fourth quarter of 2016. While the Company typically sells its copper products by reference to prevailing copper prices, the Company monitors market conditions and considers the appropriateness of limiting its exposure to market volatility. Doing so can result in a more predictable sales and related cash flow results during such periods.

The Company recently entered into derivative instruments with respect to approximately 112,000 dry metric tonnes of copper sold under sales contracts for Sepon and Kinsevere in the fourth quarter of 2016 and the Company's equity share of sales from Las Bambas between August and December 2016, at a net price of US\$2.60 per pound.

Accordingly, should the copper price rise materially between the hedging date and the final settlement date for such sales (which will settle in accordance with their applicable quotational periods between January and April 2017), the Company will not benefit from such rise to the extent these sales have been hedged. Conversely, should the copper price fall during the same period, the Company will benefit from having secured its pricing at the current copper price.

The decision to enter into these transactions is considered to be in the best interests of the Company, and was taken to provide additional certainty in relation to the Company's financial performance and cash flows for the 2016 financial year following a significant increase in copper prices.

The Company will continue to monitor commodity prices and may consider hedging certain future sales of its products. However, the underlying strategy of the Company is to continue providing its shareholders with exposure to commodity prices.

By order of the Board

MMG Limited

Andrew Gordon Michelmore

CEO and Executive Director

Hong Kong, 9 January 2017

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.