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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)

CONTINUING CONNECTED TRANSACTION ROSEBERY CONCENTRATE SALES AGREEMENT

ROSEBERY CONCENTRATE SALES AGREEMENT

On 4 July 2019, the Seller entered into the Rosebery Concentrate Sales Agreement with Album Trading in relation to the sale of the Product by the Seller to Album Trading.

Album Trading is a wholly owned subsidiary of CMC, the ultimate controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the Rosebery Concentrate Sales Agreement constitutes a continuing connected transaction for the Company.

As the relevant percentage ratios in respect of the maximum transaction value on an annual basis relating to the Rosebery Concentrate Sales Agreement are more than 0.1% and less than 5%, it constitutes a continuing connected transaction which is subject to the reporting, annual review and announcement requirements under Rule 14A.76 of the Listing Rules, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

ROSEBERY CONCENTRATE SALES AGREEMENT

As part of the ordinary and usual course of business, the Seller sells the Product to the CMC Group. On 20 September 2017, the Seller entered into an agreement with Album Trading for the sale of the Product for sales during 2018 and 2019.

On 4 July 2019, the Seller has entered into the Rosebery Concentrate Sales Agreement with Album Trading in relation to the sale of the Product to Album Trading for sales during 2020 and 2021. The principal terms of the Rosebery Concentrate Sales Agreement are set out below.

- Parties : (1) Seller: MMG Australia
(2) Buyer: Album Trading
- Term : From the date of the Rosebery Concentrate Sales Agreement for sales during 2020 and 2021 until all obligations of the parties are fulfilled.
- Quantity : 100% of production during 2020 and 2021, estimated at approximately 6,000 dry metric tonnes of Product per annum.
- Pricing : The pricing of the Product was determined after arms' length negotiations and is superior to the pricing offered to the seller by independent third parties.
- The pricing includes:
- Payments for copper, gold and silver based on the relevant metal prices as quoted on the London Metal Exchange (for copper) and the London Bullion Market Association (for gold and silver) averaged over an agreed quotational period; and
 - less agreed treatment and refining charges and penalties which were negotiated on an arms' length basis.
- Delivery Terms : Shipments shall be arranged by the Seller from the delivery point nominated by the Seller to the place of final destination nominated by Album Trading pursuant to the terms of the sale agreement on a CIP (Incoterms 2010®) basis.

The Rosebery Concentrate Sales Agreement will also set out, among other things, specifications, shipping schedule, delivery terms, place of delivery, place of shipment, payment terms, quotational period and other usual conditions (including those dealing with title and risk, insurance requirements and termination and suspension rights). Payment shall be made in accordance with the terms of the sale agreement.

The terms of the Rosebery Concentrate Sales Agreement were arrived at after arm's length negotiations between the Seller and Album Trading as part of a commercial tender process and give the Seller a total return comparable with or superior to that offered by independent third parties.

PROPOSED ANNUAL CAPS

MMG proposes that the maximum aggregate amount payable by Album Trading to the Seller under the Rosebery Concentrate Sales Agreement for each of the financial years ending 31 December 2020 and 31 December 2021 is US\$50 million.

The Annual Cap was determined by reference to the estimated maximum volume and assays of the Product, and estimated copper, gold and silver prices having regard to prices quoted on the London Metal Exchange and the London Bullion Market Association, and treatment and refining charges and penalties agreed between the parties as part of a commercial tender process.

REASONS FOR AND BENEFITS OF THE ROSEBERY CONCENTRATE SALES AGREEMENT

The Group's principal activities include the production and sale of metal products, including copper, zinc and lead concentrates. As part of its ordinary and usual course of business, the Group sells some of its products to the CMC Group at prices and on terms which are consistent with prevailing market rates and conditions for the relevant products.

In view of the competitive tender process that was conducted for the purpose of awarding the Product to buyers, the Directors (including the independent non-executive Directors) believe that the entering into of the Rosebery Concentrate Sales Agreement has the benefit of diversifying the customer base for the Product.

The Rosebery Concentrate Sales Agreement has been reviewed and approved by the Directors (including the independent non-executive Directors but excluding the Interested Directors), who are of the view that the terms of the Rosebery Concentrate Sales Agreement and the transactions contemplated thereunder (together with the Annual Caps) are on normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Interested Directors, each holding position(s) at CMC and/or CMN, have abstained from voting on the Board resolution approving the Rosebery Concentrate Sales Agreement in order to avoid any possible conflict of interest issue.

IMPLICATIONS UNDER THE LISTING RULES

Album Trading is a wholly owned subsidiary of CMC, the ultimate controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the Rosebery Concentrate Sales Agreement constitutes a continuing connected transaction for the Company.

As the relevant percentage ratios in respect of the maximum transaction value on an annual basis relating to the Rosebery Concentrate Sales Agreement are more than 0.1% and less than 5%, it constitutes a continuing connected transaction which is subject to the reporting, annual review and announcement requirements under Rule 14A.76 of the Listing Rules, 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.

INFORMATION ABOUT THE CMC GROUP

The CMC Group is one of the largest state-owned enterprises in the mining sector in China. It is engaged in the exploration, development, mining, processing and sale of a wide range of non-ferrous metals including tungsten, rare earth, copper, alumina, lead and zinc.

Album Trading is engaged in the purchase and sale of a wide range of non-ferrous metals including copper, lead and zinc.

DEFINITIONS

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

Album Trading	Album Trading Co., Ltd., a company incorporated under the laws of Macau, and a wholly owned subsidiary of CMC
Annual Cap	the maximum aggregate annual amount payable by Album Trading to the Seller under the Rosebery Concentrate Sales Agreement for each of the financial years ending 31 December 2020 and 31 December 2021
Associates	has the meaning ascribed to it under the Listing Rules
Board	the board of directors of the Company
CMC	中國五礦集團有限公司 (China Minmetals Corporation), a state-owned enterprise incorporated under the laws of the PRC and the ultimate controlling shareholder of the Company
CMC Group	CMC and its subsidiaries and associates from time to time (excluding the Group)
CMN	五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Company Limited), a company incorporated under the laws of the PRC and the controlling shareholder of the Company
Company or MMG	MMG Limited, a company incorporated in Hong Kong, the securities of which are listed and traded on the main board of the Stock Exchange and the Australian Securities 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
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
Interested Directors	Guo Wenqing, Zhang Shuqiang, Gao Xiaoyu, Jiao Jian and Xu Jiqing
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange

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)
Product	Precious Metals concentrates produced by the Group at its Rosebery Mine in Tasmania, Australia
Rosebery Concentrate Sales Agreement	the agreement dated 4 July 2019 between the Seller and Album Trading in relation to the sale of the Product
Seller	MMG Australia Limited, a company incorporated in Victoria, Australia, and an indirect wholly owned subsidiary of the Company
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\$7.80 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
Gao Xiaoyu
CEO and Executive Director

Hong Kong, 4 July 2019

As at the date of this announcement, the Board comprises nine directors, of which two are executive directors, namely Mr Gao Xiaoyu and Mr Xu Jiqing; three are non-executive directors, namely Mr Guo Wenqing (Chairman), Mr Jiao Jian and Mr Zhang Shuqiang; 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.