

**Company:** MMG Limited  
**Title:** MMG Fourth Quarter Production Report  
**Date:** 31/1/2024  
**Time:** 12:00PM AEDT

### INTRODUCTION (MR JAROD ESAM)

**Jarod ESAM:** Hello and welcome to MMG's Quarterly Production Report teleconference.

This report and today's discussion cover the operational performance of MMG's sites for the fourth quarter of 2023 and the outlook for 2024.

Joining us today are MMG Interim CEO Mr Li Liangang and CFO Mr Ross Carroll, together with other Exco members.

I will now hand over to Liangang who will discuss the highlights in the report, before we provide an opportunity to ask questions.

### QUARTERLY REPORT OVERVIEW (MR LI LIANGANG)

**Liangang Li:** Thank you, Jarod. Good morning to everyone and welcome to MMG's Fourth Quarter Production Report teleconference.

As always, **safety comes first**. Our Total Recordable Injury Frequency (TRIF) for the fourth quarter is 1.13 per million hours worked and 1.97 for the full year of 2023. The result was a significant improvement compared to the previous quarter, with all sites demonstrating better execution of safety controls.

Safety is our top priority and fundamental to our success and we remain committed to continuously improving our safety performance.

Now, let's turn to our **production performance for the fourth quarter and the 2023 full year results**. MMG finished the year with a strong fourth quarter. All MMG operations met or outperformed the latest production and C1 guidance. In 2023, we produced more than 347,000 tonnes of copper and 203,000 tonnes of zinc. This was a 14% increase and a 9% decrease respectively, compared to 2022.

**Las Bambas produced around 81,000 tonnes of copper in the fourth quarter**, which was 11% higher than the same period in 2022. A number of operational improvements, including optimisation of the third ball mill, contributed to a record-high quarterly mill throughput of around 14 million tonnes and the highest quarterly recovery rate since 2021.

**In 2023, Las Bambas produced around 302,000 tonnes of copper**, towards the top end of the latest guidance, marking a 19% increase compared to 2022. Annual mill throughput reached a record-high of around 53 million tonnes, a 20% increase compared to 2022. The strong performance was driven by mostly uninterrupted operations in 2023, and the operation of the third ball mill.

**The full-year C1 costs outperformed the latest guidance at US\$1.60/lb**, mainly due to favourable Molybdenum prices, higher production and an increase in capitalized mine development.

I also want to provide **an update on community engagement and transport logistics**.

MMG remains committed to transparent and constructive dialogue with the Government of Peru and community members. We have made progress in discussions with the Huancuire community, with 5 contracts signed with community companies. These companies have begun early works at Chalcobamba.

The Las Bambas team is working with the Huancuire community towards enduring agreements for the development of the Chalcobamba deposit.

Since the removal of roadblocks in March, Las Bambas concentrate transport has been stable, aided by the Government's declared State of Emergency. Total sales for the year reached 1.1 million tonnes of concentrate, the second-highest annual sales volume since the commissioning of Las Bambas.

**Looking ahead to 2024, we anticipate Las Bambas copper production to be between 280,000 and 320,000 tonnes**, which is a similar level to 2023, but subject to the timing of the Chalcobamba development.

C1 costs for 2024 are expected to range between US\$1.60 – US\$1.80/lb. This represents an increase compared to 2023, due to higher volume-driven costs and lower anticipated by-product credits.

Moving on to Kinsevere, the mine produced approximately 10,000 tonnes of copper cathode in the fourth quarter of 2023, marking an 18% decrease compared to the same period in 2022. This was driven by a decline in the feed grade, resulting from a higher proportion of lower-grade stockpiles after the depletion of higher-grade oxide ores in the main Kinsevere oxide pit, as well as reduced consumption of high-cost third-party ore.

I am pleased to report that the Kinsevere cobalt plant was commissioned in the fourth quarter, producing 105 tonnes of cobalt contained in cobalt hydroxide.

For the full year of 2023, Kinsevere's production of around 44,000 tonnes was in line with the latest guidance but 10% lower than the previous year. This reduction can be attributed to a lower annual mill throughput due to an unstable power supply from the national grid, as well as a lower ore feed grade.

The C1 costs for the full year were US\$3.29/lb, aligning with the latest guidance.

Now, let me provide an update on the Kinsevere Expansion Project.

The construction of the Project and a transition to mining and processing of sulphide ore remain on track. A new tailings storage facility was commissioned to support the ramp-up of the cobalt plant.

Construction of the sulphide processing system continued with most civil work completed in the fourth quarter. The site has started receiving long-lead equipment and materials, and mechanical and structural installation is underway.

Moving forward, the focus will be on ramping up the cobalt plant, installation of the concentrator and the roaster, gas cleaning and acid plant and operational readiness related work.

The Project will extend the mine life to at least 2035 and bring the annual production to approximately 80,000 tonnes of copper cathode and 4,000-6,000 tonnes of cobalt in cobalt hydroxide. We expect the first copper cathode from sulphide ore in the second half of 2024 and a full ramp-up in 2025.

Looking into 2024, we expect Kinsevere copper cathode production to be between 39,000 and 44,000 tonnes. This range reflects a decrease in oxide ore supply from the main pit as the focus shifts to sulphide, partly offset by an increase in the supply from Sokoroshe II.

The C1 costs are anticipated to range from US\$2.80/lb-US\$3.15/lb. This represents an improvement compared to 2023, with by-product credits from cobalt production and an increased supply of ore from Sokoroshe II, reducing the need for third-party ore.

Looking beyond 2025, the combination of higher copper production and cobalt by-product credits is expected to significantly reduce the mine's C1 costs.

I will now move on to our Australian operations, Dugald River and Rosebery.

Dugald River produced around 47,000 tonnes of zinc and 7,000 tonnes of lead in the fourth quarter of 2023, an increase of 6% and 16% respectively compared to the same period in 2022. The production growth was supported by strong performance in ore mined and milled volumes, head grades and recovery rates, thanks to the stable operations since the ramp-up in the second quarter and continuous operational improvement.

Full-year zinc production of around 152,000 tonnes exceeded the prior guidance, supported by strong and stable operations in the fourth quarter. The annual recovery rate reached a record-high of 90.0%, continuing the year-on-year upwards trend that has been achieved since the beginning of operations.

The full-year C1 costs were US\$0.93/lb, outperforming the revised guidance, driven by strong operational performance and lower treatment charges on spot sales.

Regarding 2024, we expect the mine's production to be in the range of 175,000 and 190,000 tonnes of zinc in zinc concentrate, reflecting performance supported by stable operations and continuous operational improvement.

C1 costs in 2024 are expected to be in the range of US\$0.70 – US\$0.85/lb.

At Rosebery, the mine produced almost 17,000 tonnes of zinc in zinc concentrate and 6,000 tonnes of lead in lead concentrate in the fourth quarter, an increase of 5% and 24% respectively compared to the same period in 2022. This improvement was driven by higher volumes of ore mined and milled due to the mining sequence and increased recovery supported by continuous operational improvements.

Full-year zinc production of around 52,000 tonnes met the revised guidance and exceeded the 2022 levels by 1%. Full-year C1 costs of US\$0.26/lb outperformed guidance driven by the strong fourth quarter production and higher precious metals prices.

Looking ahead to 2024, Rosebery expects zinc production to be in the range of 50,000 to 60,000 tonnes of zinc in zinc concentrate, showing improvement compared to 2023, mainly due to higher expected zinc grades. Including the contribution of by-product metals, zinc equivalent production for 2024 is expected to be in the range of 115,000 to 130,000 tonnes.

C1 costs for 2024 are expected to be in the range of US\$0.10/lb-US\$0.25/lb. This is an improvement on 2023 due to higher anticipated production levels and lower zinc treatment charges.

I would like to briefly update on the acquisition of the **Khoemacau Mine in Botswana**.

On 20<sup>th</sup> November 2023, MMG announced that it entered into a Share Purchase Agreement to acquire the Khoemacau Mine in Botswana for US\$1,875,000,000. The Khoemacau Mine is a large scale, long life copper mine located in north-west Botswana, in the emerging Kalahari Copperbelt.

On 22<sup>nd</sup> December 2023, approval was received from the Minister of Minerals and Energy of Botswana for the transfer of a controlling interest in the Project Licenses and Prospecting Licenses linked to the Khoemacau Copper Mine. However, it is important to note that the Acquisition is subject to the fulfilment or waiver of certain other Conditions and may or may not proceed to Completion.

To conclude, I would like to comment on recent changes to the composition of the Executive Committee. With effect from 6 March 2024, Ross Carroll will retire from his role as the CFO of MMG and will depart the Company on 1 July 2024, following a transition period. I thank Ross for his significant contributions to the Company over more than eight years. On behalf of the entire MMG team I wish Ross much success in his new chapter.

Additionally, from the 1 February 2024 Song Qian will be appointed to the role of Executive General Manager Finance. Song brings to the role significant executive experience with China Minmetals Corporation (CMC) and was most recently the CFO of Minmetals Innovation Investment Co., Limited. Prior to this role he was the Vice President of Capital Markets of CMC from 2019 to 2022.

Nan Wang currently Executive General Manager Australia and Africa, will be appointed to the role of Executive General Manager Operations and Troy Hey's responsibilities as Executive General Manager Corporate Relations will be expanded.

I am confident that we have the right composition of skills and experience to ensure a successful integration of Khoemacau as well as the operational performance, and future growth of our business.

I am now happy to take your questions. I will hand it over to the moderator.

## **FOLLOWING QUESTIONS**

**Operator:** Thank you, if you wish to ask a question please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request please press star two. If you're on speaker phone, please pick up the handset to ask your question. Your first question comes from [Jimmy FENG, from Citi], please go ahead.

**Jimmy FENG: (Citi, Analyst)** Hello, I have a few questions. My first question is about the production for Las Bambas in 2024. If we analyse the fourth quarter output of Las Bambas in 2023, it seems that the full-year production in 2024 could exceed the upper band of the production guidance. I'd like to know if the guidance is relatively conservative or if any potential transportation disruptions have been factored into this guidance.

**Ross CARROLL:** Thanks for the question, Jimmy. I wouldn't say that our guidance is conservative. In fact, it includes a significant contribution from Chalcobamba, where we are yet to have formal access to commence mining at the pit. So, yes, it's certainly not a conservative estimate. We are very hopeful we'll reach between 300,000 and 320,000 tonnes. However, we are facing the dilemma of falling grades in the Ferrobamba pit, and that's where Chalcobamba becomes important to us, as it will contribute the higher grades. We do make an allowance for some disruptions or logistics, but we have enough surge capacity in the system. So, if we do experience a week or two stoppage, we're able to catch up. Basically, our sales and production aren't curtailed by logistics disruptions at all.

**Jimmy FENG: (Citi, Analyst)** Okay, got it. So, with the further development of Chalcobamba, I believe that the early works have commenced. Does that mean the agreement has been reached with the Huancuire community? Also, how much volume contribution in 2024 from Chalcobamba in the best case of production guidance have you factored in?

**Troy HEY:** Thanks, Jimmy. At the moment, we have been in negotiation for some time, focusing on three substantive areas: legal rights and water rights, integration into the supply chains (community contracts and businesses), and compensation and benefits.

We've made good progress on the substantive issues, with the first of the five community contracts signed and underway. The building works have been initiated as preparatory works at the Chalcobamba site. The site is clear, we have access, and the community companies are working well. However, we are still working to agree on the final compensation and benefits package and to gain full access to start mining. We are very hopeful that we are very close to reaching an agreement, given the positive signs in terms of the working relationship, the presence of the community companies on site, and the excellent start-up and performance so far.

As for the guidance, we have factored in the commencement from February through to May, with the early period being ideal. As we progress, the guidance and the cost guidance both start to lean towards the lower end. Currently, we have good conversations and a very good relationship with the community, with businesses working on the ground. However, there is still some work to do on a final comprehensive agreement to ensure uninterrupted and full access to develop Chalcobamba, which is something we and the community both desire.

**Jimmy FENG: (Citi, Analyst)** Okay, got it. Thanks. I have a final question regarding the Kinsevere. How many volume contributions from the outsourcing ores in 2024 have been factored in? Also, we have seen a decline in TC/RC recently. I believe for Kinsevere, there has been a need to purchase some third-party ore. So, I want to check whether the low TC/RC will have an impact on the profitability and whether you have some long-term contracts for the TC/RC and what's the level of TC/RC for Kinsevere?

**Nan WANG:** Yes, Jimmy, I'll probably talk about the TC/RCs, because at Kinsevere, we're producing copper cathode, and there are no TC/RCs applied to copper cathode.

**Jimmy FENG: (Citi, Analyst)** Okay, got it. Thanks for the answer, and that's very clear. Congratulations on the strong fourth quarter Las Bambas operation. I have no further questions. Thanks.

**Operator:** Thank you, once again, if you wish to ask a question please press star one on your telephone, and wait for your name to be announced. Your next question comes from Chris SHIU, from Balyasny Asset Management, please go ahead.

**Chris SHIU: (Balyasny Asset Management, Analyst)** Thank you very much, management team. My question is regarding the acquisition of Khoemacau. What is the expected timeline for that? Additionally, if the acquisition is included, how would it affect the production volume guidance for the company, as well as the capex? Thank you.

**Ross CARROLL:** Hi Chris, it's Ross. We expect to have Khoemacau wrapped up in the first quarter, so probably somewhere between the end of February and the end of March. At this stage, everything's moving in a promising direction, but as Li Lianggang said, there's always that risk that something could change. However, at this stage, we're very confident.

As far as the volumes, I think Khoemacau will produce between 50,000 and 60,000 tonnes of copper this year, so it will have a fairly substantial benefit to us. Realistically, Khoemacau only becomes a material asset when we do the expansion, which will take it up to 130,000 tonnes. So, over this financial year, while it's only doing 50,000 to 60,000 tonnes, it's not making any material difference to our financial results. I think that the capex for the year will be in the \$20 million to \$30 million range, so that won't be overly significant either.

**Chris SHIU: (Balyasny Asset Management, Analyst)** Understood. So, without the additional capex for Khoemacau, what is the current budget for the capex in 2024?

**Ross Carroll:** Yes, we're still finalizing our budget, but as you'd imagine, the capex will be fairly significant. We still have about \$300 million to spend on the Kinsevere Expansion project, Las Bambas will be up around the \$400 to \$500 million mark, and then you're probably looking at anywhere up to \$50 million each for Dugald and Rosebery. So, you're looking at a pretty significant number. As has been the case with Las Bambas, we're still catching up from late 2022 and the early part of 2023, where we weren't able to spend as much money as we really needed to at the time.

**Chris SHIU: (Balyasny Asset Management, Analyst)** Got it, understood. Thank you very much.

**Operator:** Thank you. There are no further questions at this time, I'll now hand the conference back to Mr Li, for closing remarks.

**Lianggang LI:** Yes, thank you for your time, and in case you are – you have any further questions, please feel free to contact our investor relations and corporate affairs teams. Thank you again, goodbye.

[END OF TRANSCRIPT]