

# MINE ANALYSIS

# DUGALD RIVER

## 2020 OVERVIEW

### PRODUCTION

ZINC IN ZINC CONCENTRATE  
LEAD IN LEAD CONCENTRATE

### OWNERSHIP

100% MMG

### REVENUE (US\$ million)

\$331.3

### ORE MILLED (tonnes)

1,958,672

### ZINC IN CONCENTRATE PRODUCED (tonnes)

177,704

IMAGE: Processing Operations personnel in the zinc flotation circuit, Dugald River Mine.

## MANAGEMENT DISCUSSION AND ANALYSIS

### MINE ANALYSIS – DUGALD RIVER

YEAR ENDED 31 DECEMBER	2020	2019	CHANGE % FAV/(UNFAV)
<b>Production</b>			
Ore mined (tonnes)	1,982,988	1,853,876	7%
Ore milled (tonnes)	1,958,672	1,975,569	(1%)
Zinc in zinc concentrate (tonnes)	177,704	170,057	4%
Lead in lead concentrate (tonnes)	23,847	23,154	3%
<b>Payable metal in product sold</b>			
Zinc (tonnes)	152,573	138,409	10%
Lead (tonnes)	23,301	20,291	15%
Silver (ounces)	1,583,186	1,193,303	33%

YEAR ENDED 31 DECEMBER	2020 US\$ MILLION	2019 US\$ MILLION	CHANGE% FAV/(UNFAV)
<b>Revenue</b>	<b>331.3</b>	<b>336.0</b>	<b>(1%)</b>
<b>Operating expenses</b>			
<b>Production expenses</b>			
Mining	(81.0)	(73.4)	(10%)
Processing	(60.8)	(67.0)	9%
Other	(57.4)	(59.1)	3%
<b>Total production expenses</b>	<b>(199.2)</b>	<b>(199.5)</b>	<b>0%</b>
Freight (transportation)	(12.6)	(13.2)	5%
Royalties	(11.3)	(12.3)	8%
Other <sup>(i)</sup>	(4.0)	(2.8)	(43%)
<b>Total operating expenses</b>	<b>(227.1)</b>	<b>(227.8)</b>	<b>0%</b>
Other (expenses)/income <sup>(ii)</sup>	(4.2)	0.5	(940%)
<b>EBITDA</b>	<b>100.0</b>	<b>108.7</b>	<b>(8%)</b>
Depreciation and amortisation expenses	(59.9)	(55.9)	(7%)
<b>EBIT</b>	<b>40.1</b>	<b>52.8</b>	<b>(24%)</b>
<b>EBITDA margin</b>	<b>30%</b>	<b>32%</b>	

(i) Other operating expenses include changes in inventories, corporate recharges and other costs of operations.

(ii) Effective from 2020, Other (expenses)/income includes Dugald River related exploration expenditure, which was previously recognised at a corporate level. Prior year comparatives have been reclassified to reflect this change.

## MANAGEMENT DISCUSSION AND ANALYSIS

### MINE ANALYSIS – DUGALD RIVER

Dugald River delivered record annual production of 177,704 tonnes of zinc in zinc concentrate during 2020, 4% above 2019 volumes. Annual records were also set for mining volumes, recovery and the production of lead and silver by-products. These significant achievements were a result of continued success in work to ramp up and optimise both the mine and processing plant.

Revenue decreased by US\$4.7 million (1%) compared to 2019, a result of lower average realised zinc and lead prices and losses realised on zinc commodity hedges. This was partly offset by higher zinc, lead and silver sales volumes and higher average realised silver prices.

Total operating expenses of US\$227.1 million were in line with 2019, despite increased production. Higher mining costs (US\$7.6 million) were driven by increased volumes and contractor costs. This was however largely offset by lower processing costs (US\$6.2 million), mainly attributable to reduced energy expenditure.

Full year C1 unit costs were US\$0.70/lb in 2020, consistent with the prior year. The favourable impact of higher volumes and increased by-product credits was offset by higher zinc treatment charges.

Dugald River is expected to produce between 180,000 and 190,000 tonnes of zinc during 2021, an increase on 2020 volumes. Anticipated 2021 C1 costs of US\$0.70/lb – US\$0.75/lb are in line with 2020. Higher production volumes, together with an expected fall in treatment charges and higher by-product credits will offset the impacts of what is anticipated to be a less favourable exchange rate environment.