

MINE ANALYSIS

ROSEBERY

2020 OVERVIEW

PRODUCTION

ZINC IN ZINC CONCENTRATE
LEAD IN LEAD CONCENTRATE
COPPER IN COPPER CONCENTRATE
GOLD DORE

OWNERSHIP

100% MMG

REVENUE (US\$ million)

\$280.7

ORE MILLED (tonnes)

979,718

ZINC IN CONCENTRATE
PRODUCED (tonnes)

67,393

IMAGE: Underground at the Rosebery Mine, operating a Diamond Drill Rig.

MANAGEMENT DISCUSSION AND ANALYSIS

MINE ANALYSIS – ROSEBERY

YEAR ENDED 31 DECEMBER	2020	2019	CHANGE % FAV/(UNFAV)
Production			
Ore mined (tonnes)	991,124	1,032,508	(4%)
Ore milled (tonnes)	979,718	1,030,016	(5%)
Copper in copper concentrate (tonnes)	1,537	1,510	2%
Zinc in zinc concentrate (tonnes)	67,393	83,463	(19%)
Lead in lead concentrate (tonnes)	23,272	24,549	(5%)
Gold contained in gold doré (ounces)	10,636	10,567	1%
Silver contained in gold doré (ounces)	6,137	6,051	1%
Payable metal in product sold			
Copper (tonnes)	1,562	1,415	10%
Zinc (tonnes)	63,962	70,129	(9%)
Lead (tonnes)	21,787	23,690	(8%)
Gold (ounces)	36,476	28,622	27%
Silver (ounces)	2,742,882	2,286,605	20%

YEAR ENDED 31 DECEMBER	2020 US\$ MILLION	2019 US\$ MILLION	CHANGE% FAV/(UNFAV)
Revenue	280.7	272.8	3%
Operating expenses			
Production expenses			
Mining	(69.2)	(74.3)	7%
Processing	(29.7)	(29.3)	(1%)
Other	(23.1)	(24.9)	7%
Total production expenses	(122.0)	(128.5)	5%
Freight (transportation)	(6.5)	(7.0)	7%
Royalties	(15.0)	(12.3)	(22%)
Other ⁽ⁱ⁾	(6.4)	0.9	(811%)
Total operating expenses	(149.9)	(146.9)	(2%)
Other expenses ⁽ⁱⁱ⁾	(0.5)	-	(100%)
EBITDA	130.3	125.9	3%
Depreciation and amortisation expenses	(50.8)	(70.7)	28%
EBIT	79.5	55.2	44%
EBITDA margin	46%	46%	

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

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

Rosebery produced 67,393 tonnes of zinc in 2020, 19% below the prior year however slightly above expectations. Declining zinc ore grades at depth was the key driver for the anticipated decline from prior year, in addition to lower mining and milling volumes – a result of constrained mine access for much of the year following seismic events in 2019. Lead production was also lower than prior year volumes (5%), however both gold and silver production increased.

Revenue increased by US\$7.9 million (3%) to US\$280.7 million in 2020, a result of higher sales volumes and realised prices for gold and silver. This was however offset by the impact of lower sales and average realised prices for zinc and lead.

Total production expenses were US\$6.5 million (5%) lower than 2019. Savings were largely attributable to reduced mining and milling volumes and an increase in capitalised mine development. This was however partly offset by higher backfill and additional tailings dam management expenditure. A slight increase in royalty payments was a result of increased revenue from precious metals.

Reflecting the strong contribution of precious metal by-products throughout the year, Rosebery's zinc C1 costs for 2020 were US\$0.01/lb. Also contributing to this result were lower production expenses, which offset the adverse impacts of reduced volumes and higher zinc treatment charges compared to the prior year.

MMG expects to produce between 60,000 and 70,000 tonnes of zinc in zinc concentrate in 2021. C1 costs are estimated at US\$0.00-0.10/lb, with this range remaining sensitive to by-product metal production and price and exchange rate fluctuations. These guidance ranges are broadly in line with 2020 results, reflecting the ability of the Company to continue efficiently operating the mine and maximizing output. This is despite longer term grade declines and higher costs associated with operating at depth.