

MINE ANALYSIS

2021 OVERVIEW

REVENUE (US\$ million):

\$482.9

ORE MILLED (tonnes)

1,891,701

ZINC IN CONCENTRATE
PRODUCED (tonnes)

180,313

PRODUCTS:

ZINC CONCENTRATE
LEAD CONCENTRATE

OWNERSHIP:

100% MMG

DUGALD RIVER

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Mine Analysis — Dugald River

Year Ended 31 December	2021	2020	Change% Fav/(Unfav)
Production			
Ore Mined (tonnes)	1,862,862	1,982,988	(6%)
Ore Milled (tonnes)	1,891,701	1,958,672	(3%)
Zinc in Zinc Concentrate (tonnes)	180,313	177,704	1%
Lead in Lead Concentrate (tonnes)	20,361	23,847	(15%)
Payable Metal in Product Sold			
Zinc (tonnes)	153,992	152,573	1%
Lead (tonnes)	18,988	23,301	(19%)
Silver (ounces)	1,184,179	1,583,186	(25%)

Year Ended 31 December	2021 US\$ Million	2020 US\$ Million	Change% Fav/(Unfav)
Revenue	482.9	331.3	46%
Operating Expenses			
Production Expenses			
Mining	(91.1)	(81.0)	(12%)
Processing	(73.4)	(60.8)	(21%)
Other	(71.0)	(57.4)	(24%)
Total Production Expenses	(235.5)	(199.2)	(18%)
Freight (transportation)	(12.9)	(12.6)	(2%)
Royalties	(18.6)	(11.3)	(65%)
Other ⁽ⁱ⁾	(4.6)	(4.0)	(15%)
Total Operating Expenses	(271.6)	(227.1)	(20%)
Other Expenses	1.4	(4.2)	133%
EBITDA	212.7	100.0	113%
Depreciation and Amortisation Expenses	(59.8)	(59.9)	0%
EBIT	152.9	40.1	281%
EBITDA Margin	44%	30%	47%

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Revenue increased by US\$151.6 million (46%) to US\$482.9 million due to higher realised commodity prices (US\$164.5 million) and higher zinc sales volumes (US\$2.4 million). This was partly offset by lower lead concentrate sales volumes (US\$15.4 million).

Zinc sales volumes were slightly higher in 2021 driven by higher zinc production. Full year zinc production of 180,313 tonnes was a record for the operation and was 1% above the prior year. This is due to improved stope performance, with higher mined ore grade (11.0% vs. 10.6%), and strong plant performance with improved recovery rates (87.9% vs. 86.8%) compared to 2020, which offset influence of lower mined tonnes. On a zinc equivalent basis, Dugald River's production exceeded 200,000 tonnes for the second consecutive year.

Total production expenses were higher by US\$36.3 million compared to 2020 despite lower mining and milling volumes. This was attributable to the unfavourable foreign exchange rate impact with the strengthening of the Australian dollar (US\$16.2 million). Processing costs were higher due to increased water consumption (US\$2.0 million) as a result of higher pastefill volumes and one-off savings in 2020 relating to the on sale of gas (US\$5.4 million). Mining costs were also higher due to increased backfilling costs (US\$3.5 million) and higher hauling costs (US\$1.9 million) with the mine depth increasing. Employee costs in 2021 were higher by US\$7.2 million across all areas due to increased headcount and higher employee incentive payments.

Dugald River's zinc C1 costs were US\$0.67/lb in 2021 compared to US\$0.70/lb in 2020. Lower costs were a reflection of the significant reduction in treatment charges, higher production rates and higher lead prices.

2022 OUTLOOK

Production guidance for Dugald River in 2022 is between 170,000 and 190,000 tonnes of zinc in zinc concentrate, C1 costs are expected to be in the range of US\$0.70-0.80/lb. Cash production expenses are expected to increase slightly due to higher prices for energy and consumables. C1 costs also remain sensitive to zinc treatment charges and lead and silver by-product prices. This may provide a tailwind to full year C1 costs if current prices continue to prevail.

Resource conversion and near-mine exploration drilling will continue to support planned early-stage expansion studies.