

MINE ANALYSIS

2021 OVERVIEW

REVENUE (US\$ million):

\$437.3

ORE MILLED (tonnes)

2,448,517

COPPER CATHODE
PRODUCED (tonnes)

48,017

PRODUCT: | COPPER CATHODE

OWNERSHIP: 100% MMG



KINSEVERE

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Mine Analysis — Kinsevere

Year Ended 31 December	2021	2020	Change% Fav/(Unfav)
Production			
Ore Mined (tonnes)	20,075	1,925,609	(99%)
Ore Milled (tonnes)	2,448,517	2,448,852	(0%)
Waste Movement (tonnes)	-	8,773,208	(100%)
Copper Cathode (tonnes)	48,017	72,007	(33%)
Payable Metal in Product Sold			
Copper (tonnes)	47,325	70,787	(33%)

Year Ended 31 December	2021 US\$ Million	2020 US\$ Million	Change% Fav/(Unfav)
Revenue	437.3	418.9	4%
Operating Expenses			
Production Expenses			
Mining	(20.1)	(63.4)	68%
Processing	(85.7)	(95.0)	10%
Other	(78.2)	(94.1)	17%
Total Production Expenses	(184.0)	(252.5)	27%
Freight (transportation)	(8.3)	(12.1)	31%
Royalties	(25.9)	(24.9)	(4%)
Other ⁽ⁱ⁾	(54.1)	(45.5)	(19%)
Total Operating Expenses	(272.3)	(335.0)	19%
Other Expenses	(27.4)	(15.6)	(76%)
EBITDA	137.6	68.3	102%
Depreciation and Amortisation Expenses	(29.1)	(117.2)	75%
EBIT	108.5	(48.9)	322%
EBITDA Margin	31%	16%	94%

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Kinsevere revenue increased by US\$18.4 million or 4% to US\$437.3 million compared to the 2020. This increase was driven by higher realised copper prices (US\$156.1 million), partly offset by a 33% reduction in copper sales volumes in line with lower production (US\$137.7 million).

Copper cathode production of 48,017 tonnes was 23,990 tonnes (33%) lower than 2020. This was due to mining activities being suspended since the second half of 2020, and plant feed being entirely reliant on medium and low-grade stockpiles and third-party ores. Average plant feed grade was 2.00% in 2021 compared to 3.08% in 2020. Despite lower ore grades, processing plant performance remained strong, with improved recoveries (2021: 96.6%, 2020: 95.4%) due to better acid dissolution of treated ore from the stockpiles.

Total production expenses decreased by US\$68.5 million or 27% compared to 2020. This was mainly driven by lower mining costs (US\$43.3 million). Processing costs were also lower than 2020 by US\$9.3 million due to lower energy consumption in the electrowinning circuit and lower sulfuric acid prices. Other production costs were also lower compared to 2020 (US\$15.9 million) driven by lower COVID-19 related expenses (US\$6.8 million) incurred at the beginning of the pandemic to establish management systems and protocols and lower logistics costs (US\$4.7 million).

Depreciation and amortisation expenses were US\$88.1 million (75%) lower compared to 2020, in line with no mining activities.

During the year ended 31 December 2021, following extended discussions MMG Kinsevere reached agreement with Mining Company Katanga SARL (MCK) to settle legal proceedings against MMG Kinsevere with the process to remove the freezing order of Company assets progressing well. All legal proceedings have been withdrawn.

C1 costs for 2021 were US\$1.95/lb, higher than US\$1.81/lb in 2020. The unfavourable impact of lower copper produced (US\$0.79/lb) was largely offset by lower cash production expenses (US\$0.65/lb).

2022 OUTLOOK

Copper cathode production for 2022 is expected to be in the range of 45,000-50,000 tonnes. Mining of the remaining oxide reserves is expected to resume in April 2022, following the wet season. This will improve the average plant feed grade, however, plant feed will continue to be supplemented by the lower grade remaining stockpiles and 3rd party ores, particularly during the first quarter of 2022.

Reflecting the resumption of mining activity during the year, 2022 C1 costs are expected to be between US\$2.50 and US\$2.80/lb.

On 24 March 2022, MMG's board approved the development of the Kinsevere Expansion Project. The total investment amount is expected to be between US\$550 to US\$600 million (including \$180 to \$200 million in 2022) will enable the mining and processing of Kinsevere's sulphide copper and cobalt reserves. Further detail on this project can be located in the Development Projects section of this report.