

MINE ANALYSIS

2021 OVERVIEW

REVENUE (US\$ million):

\$2,965.2

ORE MILLED (tonnes)

48,476,799

COPPER IN CONCENTRATE
PRODUCED (tonnes)

290,097

PRODUCTS: COPPER CONCENTRATE
MOLYBDENUM CONCENTRATE

OWNERSHIP: 62.5% MMG
22.5% GUOXIN INTERNATIONAL
INVESTMENT CO. LTD.
15.0% CITIC METAL CO. LTD.

LAS BAMBAS



MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Mine Analysis — Las Bambas

Year Ended 31 December	2021	2020	Change% Fav/(Unfav)
Production			
Ore Mined (tonnes)	59,878,802	57,999,845	3%
Ore Milled (tonnes)	48,476,799	45,184,395	7%
Waste Movement (tonnes)	135,003,377	137,484,467	(2%)
Copper in Copper Concentrate (tonnes)	290,097	311,020	(7%)
Payable Metal in Product Sold			
Copper (tonnes)	272,299	304,266	(11%)
Gold (ounces)	59,673	72,860	(18%)
Silver (ounces)	3,581,185	4,092,872	(13%)
Molybdenum (tonnes)	4,935	2,609	89%

Year Ended 31 December	2021 US\$ Million	2020 US\$ Million	Change% Fav/(Unfav)
Revenue	2,965.2	1,999.8	48%
Operating Expenses			
Production Expenses			
Mining	(244.1)	(211.8)	(15%)
Processing	(235.8)	(216.1)	(9%)
Other	(413.7)	(323.5)	(28%)
Total Production Expenses	(893.6)	(751.4)	(19%)
Freight (transportation)	(77.2)	(69.0)	(12%)
Royalties	(89.9)	(62.6)	(44%)
Other ⁽ⁱ⁾	185.0	10.7	1,629%
Total Operating Expenses	(875.7)	(872.3)	(0%)
Other Expenses	(42.2)	(10.0)	(322%)
EBITDA	2,047.3	1,117.5	83%
Depreciation and Amortisation Expenses	(732.8)	(695.5)	(5%)
EBIT	1,314.5	422.0	211%
EBITDA Margin	69%	56%	23%

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

MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

Las Bambas produced 290,097 tonnes of copper in 2021, 20,923 tonnes (7%) below 2020 due to lower average feed grades and community roadblocks that led to a complete shutdown of the mine in December for approximately two weeks.

Revenue of US\$2,965.2 million was 48% higher than 2020 due to higher realised commodity prices (US\$1,148.8 million) and higher molybdenum sales volumes (US\$39.7 million). This was partly offset by lower copper sales volumes (US\$223.4 million). MMG entered into a series of commodity hedges during 2021 to manage commodity price risk and protect the strong free cash flow in the year. The majority of instruments have a collar structure that provides a floor price protection and retains some upside exposure.

Copper sales volumes were 11% lower compared to the prior year, primarily due to community roadblocks that caused over 100 days of disruption to concentrate transport in 2021. These roadblocks are the result of community negotiations for business opportunities and additional contributions as well as further commitments from the Peruvian Government. The most recent disruptions bring total days of transport lost since the commencement of operations in early 2016 to over 400 days. While MMG remains committed to pursuing constructive dialogue, the actions of external agents, disproportionate demands on MMG and an inability to reach enduring agreements continue to limit Las Bambas' operations, future investment and economic contribution to regional communities and the Peruvian economy.

As at 31 December 2021, inventory at the mine site was approximately 57,000 tonnes of copper in concentrate. This stockpiled copper concentrate is expected to be drawn down and shipped by the third quarter of 2022, subject to no further prolonged disruptions over this period.

Molybdenum sales volumes were higher by 2,326 tonnes as a result of increased production in 2021 following debottlenecking works that were completed in June 2020 as well as higher feed grades.

Total production expenses of US\$893.6 million was 19% above 2020. Higher mining costs of US\$32.3 million was due to higher total material moved and higher maintenance costs. Diesel costs were also higher due to higher prices and increased consumption. Processing costs increased by US\$19.7 million driven by higher reagent and grinding media consumption in line with higher milling volumes. Production expenses were also impacted by higher employee incentives as Las Bambas enters the first year of employee profit share agreements under Peruvian law. (US\$50.0 million), higher expenditure on development studies (US\$29.9 million) and higher expenditure on health,

security and community programs (US\$29.2 million). Royalty expenses were higher by US\$27.3 million reflecting higher revenue.

The higher production expenses were largely offset by favourable stock movement of US\$155.7 million due to a lower net drawdown of finished goods (US\$185.9 million) reflecting lower copper concentrate sales volumes, partly offset by a lower build-up of ore stockpiles (US\$24.7 million). Operating expenses were also favourably impacted by lower concentrate logistics costs reflecting lower sales volumes (US\$9.6 million). This resulted in total operating expenses of US\$875.7 million being in line with 2020 levels.

C1 costs in 2021 were US\$1.02/lb compared to US\$1.00/lb in 2020. Stable unit costs were a function of the deferral of planned project spending (due to ongoing permitting delays and community disruptions), cost controls and higher by-product credits (particularly Molybdenum) offsetting pressures associated with increased milling volumes, lower grades, higher social costs and higher consumables prices.

2022 OUTLOOK

Las Bambas production for 2022 is expected to be in the range of 300,000 to 320,000 tonnes of copper in concentrate, with development of the Chalcobamba open pit and associated waste dumps to be commissioned progressively over the next five months, followed by first production during the second half of 2022.

C1 cost guidance of US\$1.30-1.40/lb for 2022 represents a significant increase on 2021. Higher cost guidance is due to a number of one-off factors and industry cost escalation, including:

- Project development expenses that have been deferred from previous years, including pre-stripping at Chalcobamba;
- the likelihood of an industry standard bonus payment linked to labour contract negotiations scheduled for the first half of 2022;
- lower capitalised mining costs relative to 2021;
- increased material movement and consumables and energy usage as well as higher consumables and energy prices;
- lower budgeted contribution from by-product credits; and
- higher TC/RCs and selling costs.

From 2023 onwards, Las Bambas is expected to benefit from improved unit costs performance as a result of the development of Chalcobamba, investment in the new mine fleet and the third ball mill and higher production rates than the 2020 to 2022 period.