

MINE ANALYSIS: KINSEVERE

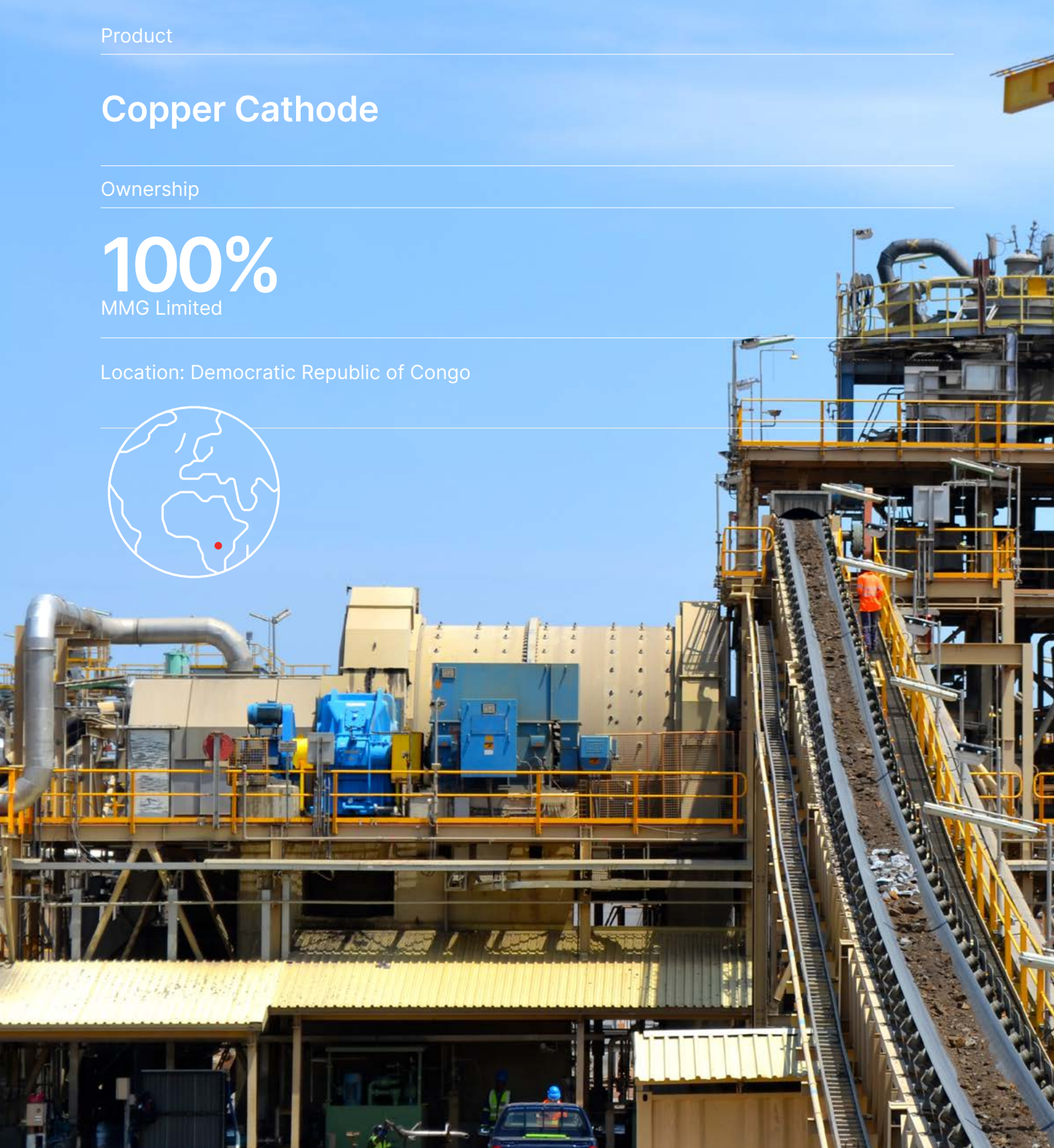
Product

Copper Cathode

Ownership

100%
MMG Limited

Location: Democratic Republic of Congo





Revenue (US\$ Million)

\$421.5

Ore Milled (Tonnes)

2,348,699

Copper Cathode Produced (Tonnes)

49,070



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Year Ended 31 December	2022	2021	Change % Fav/(Unfav)
Production			
Ore mined (tonnes)	3,100,273	20,075	15,343%
Ore milled (tonnes)	2,348,699	2,448,517	(4%)
Waste movement (tonnes)	7,087,508	-	n/a
Copper cathode (tonnes)	49,070	48,017	2%
Payable metal in product sold			
Copper (tonnes) ¹	49,048	48,096 ²	2%

Year Ended 31 December	2022 US\$ Million	2021 US\$ Million	Change % Fav/(Unfav)
Revenue	421.5	437.3	(4%)
Operating expenses			
Production expenses			
Mining	(62.5)	(20.1)	(211%)
Processing	(118.7)	(85.7)	(39%)
Other	(74.3)	(78.2)	5%
Total production expenses	(255.5)	(184.0)	(39%)
Freight (transportation)	(5.0)	(8.3)	40%
Royalties	(23.6)	(25.9)	9%
Other ³	(10.2)	(54.1)	81%
Total operating expenses	(294.3)	(272.3)	(8%)
Other income	4.5	(27.4)	116%
EBITDA	131.7	137.6	(4%)
Depreciation and amortisation expenses	(27.8)	(29.1)	4%
EBIT	103.9	108.5	(4%)
EBITDA margin	31%	31%	0%

1 Kinsevere sold copper includes copper cathode and copper scrap.

2 Kinsevere 2021 sold copper volume is adjusted in this report for inclusive of copper scrap.

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

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Copper cathode production of 49,070 tonnes was 1,053 tonnes (2 per cent) higher than 2021 due to the higher average plant feed grade in 2022 (2.18 per cent vs. 2.00 per cent) attributable to the resumption of mining activity in April 2022 and increased supply of higher-grade third-party ores.

Kinsevere revenue decreased by US\$15.8 million or 4 per cent to US\$421.5 million compared to the 2021 due to lower realised copper prices (US\$24.4 million), partly offset by higher copper sales volumes in line with higher production (US\$8.6 million).

Total production expenses increased by US\$71.5 million or 39 per cent compared to 2021. This was mainly driven by higher mining costs (US\$42.4 million) due to the resumption of mining activities in April 2022. Processing costs were also higher than 2021 by US\$33.0 million due to higher unit prices for sulphuric acid (US\$10.8 million) and energy (US\$6.1 million), higher cost of third-party ores driven by increased consumption and price (US\$7.6 million) and higher maintenance cost (US\$1.8 million).

Other operating expenses were lower compared to 2021 (US\$43.9 million) mainly driven by favourable stock movement (\$40.9M) due to net build up of ore stockpiles in 2022 compared to a net drawdown in 2021.

C1 costs for 2022 were US\$2.55/lb, higher than the US\$1.95/lb in 2021 while at the lower end of the guidance (US\$2.50-2.80/lb). Increased C1 costs than 2021 were mainly driven by higher cash production expenses due to the resumption of mining activities, which was partly offset by stronger second-half production.

2023 outlook

Kinsevere copper cathode production for 2023 is expected to be in the range of 40,000 and 48,000 tonnes. This represents the declining oxide ore tonnes with the transition from the mining of oxide ores to the mining sulphide ores. First cobalt production from the Kinsevere Expansion Project (KEP) is expected in 2023.

C1 costs in 2023 are expected to be in the range of US\$2.50 – US\$2.80/lb, largely unchanged from the prior year representing cost pressures from consumable prices, transport costs and power prices, partly offset by an increase in by-product credits from the commencement of cobalt production. From 2024 onwards, higher copper production and cobalt by-product credits are expected to lower the mine's C1 costs considerably when at a steady state of operation, placing Kinsevere in the bottom half of the global cost curve.