

MINE ANALYSIS: LAS BAMBAS

Products

Copper Concentrate Molybdenum Concentrate

Ownership

62.5%
MMG Limited

22.5%
Guoxin International Investment Co. Ltd.

15.0%
Citic Metal Co. Ltd.

Location: Peru



Revenue (US\$ Million)

\$2,086.8

Ore Milled (Tonnes)

44,043,203

Copper In Concentrate Produced (Tonnes)

254,836



MINE ANALYSIS: LAS BAMBAS

CONTINUED

Year Ended 31 December	2022	2021	Change % Fav/(Unfav)
Production			
Ore mined (tonnes)	43,178,984	59,878,802	(28%)
Ore milled (tonnes)	44,043,203	48,476,799	(9%)
Waste movement (tonnes)	116,206,593	135,003,377	(14%)
Copper in copper concentrate (tonnes)	254,836	290,097	(12%)
Payable metal in product sold			
Copper (tonnes)	221,918	272,299	(19%)
Gold (ounces)	62,901	59,673	5%
Silver (ounces)	3,293,364	3,581,185	(8%)
Molybdenum (tonnes)	3,156	4,935	(36%)

Year Ended 31 December	2022 US\$ Million	2021 US\$ Million	Change% Fav/(Unfav)
Revenue	2,086.8	2,965.2	(30%)
Operating expenses			
Production expenses			
Mining	(401.2)	(244.1)	(64%)
Processing	(261.5)	(235.8)	(11%)
Other	(403.5)	(413.7)	2%
Total production expenses	(1,066.2)	(893.6)	(19%)
Freight (transportation)	(86.1)	(77.2)	(12%)
Royalties	(59.4)	(89.9)	34%
Other ¹	263.4	185.0	42%
Total operating expenses	(948.3)	(875.7)	(8%)
Other expenses	(16.6)	(42.2)	61%
EBITDA	1,121.9	2,047.3	(45%)
Depreciation and amortisation expenses	(665.7)	(732.8)	9%
EBIT	456.2	1,314.5	(65%)
EBITDA margin	54%	69%	(22%)

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

Las Bambas produced 254,836 tonnes of copper in 2022, 35,261 tonnes (12 per cent) below 2021 due to continued community protests including an operational shut of more than 50 days in the second quarter. Ore milled grades were also lower than 2021 (0.67 per cent vs. 0.69 per cent) mainly due to processing of lower grade rehandled ores in the fourth quarter of 2022 when mining was impacted by community protests.

Las Bambas' third ball mill was successfully commissioned during the fourth quarter. Supported by the third ball mill, the mine achieved the highest quarter milling throughput since 2020, which was also the second highest quarter throughput in the mine's history.

Production of molybdenum and silver by-products were also 36 per cent and 8 per cent lower respectively due to the reduced ore processing throughput impacted by community protests. Gold production was 5 per cent higher due to higher grades.

Revenue of US\$2,086.8 million was 30 per cent lower than 2021 due to lower copper (US\$482.7 million) and molybdenum sales volumes (US\$61.7 million) and lower realised commodity prices (US\$346.0 million).

Copper sales volumes were 19 per cent lower compared to the prior year, primarily due to increased community protests that caused over 173 days (2021: 106 days) of disruption to concentrate transport in 2022. From early December 2022, Peru has experienced widespread social unrest following the impeachment of Pedro Castillo, the previous President of Peru. The widespread protests have caused disruptions along the Southern Road Corridor, affecting the broader mining industry. Lower molybdenum sales volumes were also impacted by road disruptions and lower molybdenum production due to lower feed grades in 2022.

As a result of transport disruptions, the concentrate inventory levels on site increased to approximately 85,000 tonnes of copper in concentrate at the end of 2022, compared to approximately 59,000 tonnes at the end of 2021. This stockpiled copper concentrate is expected to be drawn down and shipped by the fourth quarter of 2023, subject to the resolution to current nationwide protests followed by stability in concentrate transport logistics.

Total production expenses of US\$1,066.2 million were US\$172.6 million or 19 per cent above 2021. This was mainly driven by higher unit costs of diesel (\$65.0 million), explosives (\$36.9 million) and reagents and grinding media (\$27.3 million). Total production expenses were also unfavourably impacted by lower deferred mine capitalisation costs (US\$63.4 million) as a result of delays to stripping activities caused by persistent community disruptions and focus on ore mining. Increased risk mitigation expenses due to social conflicts (\$34.9 million) also contributed to the

higher costs. This was partly offset by lower material mined and milled volumes (\$40.4 million) due to the temporary suspension of operations and deferral of maintenance for the mine fleet (\$12.9 million).

The higher production expenses were largely offset by favourable stock movement of US\$70.3 million due to a net build-up of finished goods (US\$92.9 million) reflecting lower copper concentrate sales volumes, partly offset by a draw-down of ore stockpiles (US\$27.3 million). Royalty expenses were lower by US\$30.5 million reflecting lower revenue and other expenses were also lower by US\$25.6 million predominantly due to favourable foreign exchange rates. Freight costs were higher by US\$8.9 million due to revised sea freight rates in 2022 reflecting current market conditions offset by lower sales volumes.

Depreciation and amortisation expenses of \$665.7 million were 9 per cent lower than 2021 due to lower mining and milling volumes.

C1 costs of US\$1.53/lb in 2022 were below our guidance range of US\$1.60-1.65/lb, however the result was higher than the US\$1.02/lb result in 2021. Higher unit costs were a function of increased prices for energy and consumables and lower production. Excluded from the calculation of C1 costs in 2022 (but reported as part of the Total Operating Expenses) were care and maintenance costs for the period of the shutdown in Q2 of US\$97.4 million. This is to better reflect the direct costs of production.

2023 outlook

Following transport disruptions caused by widespread social unrest in early 2023, Las Bambas was forced to slow down its operation rate due to a shortage of critical supplies in the first two months of 2023. On 11 March 2023 (Peru time), transportation of concentrate recommenced and site operations have returned to full capacity. Following the resumption of concentrate transport, Las Bambas will work to progressively reduce stockpiles of copper concentrate held on site.

Las Bambas copper production for 2023 is expected to be in the range of 265,000 and 305,000 tonnes. This represents an improvement on 2022 but is highly contingent on the swift resolution to the wide-spread political protests that Peru is currently experiencing and a resumption of stability in transport logistics. Subject to a resolution of this social unrest, followed by reaching a comprehensive agreement with the Huancurie community, development of the Chalcobamba deposit is targeted to commence in the second half of 2023.

Las Bambas C1 costs in 2023 are expected to be in the range of US\$1.70 – US\$1.90/lb representing an increase on 2022 due to cost inflation on consumables, higher levels of concentrate transported, lower capitalised mining and increased development and maintenance activities deferred from 2022.