

Mine Analysis Kinsevere

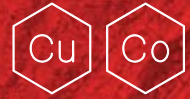
Location

Democratic Republic of Congo



Product

Copper cathode
Cobalt hydroxide



Revenue (US\$ million)

\$354.6

Ownership



Ore milled (tonnes)

2,107,223

Copper cathode produced (tonnes)

44,068

● MMG Limited

100.0%



Mine Analysis: Kinsevere Continued

Year ended 31 December	2023	2022	Change % Fav/(Unfav)
Production			
Ore mined (tonnes)	1,726,145	3,100,273	(44%)
Ore milled (tonnes)	2,107,223	2,348,699	(10%)
Waste movement (tonnes)	32,646,890	7,087,508	361%
Copper cathode (tonnes)	44,068	49,070	(10%)
Cobalt (tonnes)	105	-	-
Payable metal in product sold			
Copper (tonnes) ¹	43,710	49,048	(11%)

Year ended 31 December	2023 US\$ million	2022 US\$ million	Change % Fav/(Unfav)
Revenue	354.6	421.5	(16%)
Operating expenses			
Production expenses			
Mining	(18.7)	(62.5)	70%
Processing	(188.0)	(118.7)	(58%)
Other	(90.8)	(74.3)	(22%)
Total production expenses	(297.5)	(255.5)	(16%)
Freight (transportation)	(7.3)	(5.0)	(46%)
Royalties	(17.8)	(23.6)	25%
Other ²	(32.2)	(10.2)	(216%)
Total operating expenses	(354.8)	(294.3)	(21%)
Other (expenses)/income	(31.8)	4.5	(807%)
EBITDA	(32.0)	131.7	(124%)
Depreciation and amortisation expenses	(27.5)	(27.8)	1%
EBIT	(59.5)	103.9	(157%)
EBITDA margin	(9%)	31%	

1 Kinsevere sold copper includes copper cathode and copper scrap.

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

Mine Analysis: Kinsevere Continued

Kinsevere produced 44,068 tonnes of copper cathode, which is a decrease of 10% compared to 2022. The lower cathode production was primarily attributed to a decrease in ore milled throughput (2,107,223 tonnes vs. 2,348,699 tonnes) caused by an unstable power supply from the national grid alongside lower ore feed grade.

Kinsevere revenue decreased by US\$66.9 million (16%) to US\$354.6 million compared to 2022 due to lower copper sales volumes in line with lower production (US\$43.6 million) and lower copper prices (US\$23.3 million).

Total production expenses increased by US\$42.0 million or 16% compared to 2022. This was mainly driven by higher consumption of third-party ores (US\$47.3 million) to offset the reduced oxide ore mined volume, and higher sulphuric acid consumption (US\$12.3 million). Net mining costs decreased by US\$43.8 million, primarily due to a rise in capitalised mining costs (US\$115.3 million), which is associated with increased waste stripping activities as the operation transitions from mining oxide ores to mining sulphide ores. This more than offset the increased gross mining costs (US\$72.8 million) as a result of a full year of mining operations in 2023 including the commencement of mining at Sokoroshe II.

Other operating expenses were higher than 2022 by US\$22.0 million driven by unfavourable stock movement (US\$12.1 million) due to the higher net drawdown of ore stockpiles.

Other expenses were higher than 2022 by US\$36.3 million driven by foreign exchange losses in 2023 (US\$17.9 million) and a release of legacy provisions in 2022 relating to the 2012 Kinsevere acquisition (US\$14.1 million).

C1 costs for 2023 were US\$3.29/lb, higher than the US\$2.55/lb in 2022 driven by lower production, and higher processing cost caused by higher consumption of third-party ores and higher consumption of sulphuric acid.

2024 Outlook

Kinsevere copper cathode production for 2024 is expected to be in the range of 39,000 and 44,000 tonnes. This range reflects the declining supply of oxide ore due to the transition from the mining of oxide ores to the mining of sulphide ores. The supply from Sokoroshe II is expected to increase in 2024 to compensate for the reduced oxide ore mined from the Kinsevere main pit.

C1 costs in 2024 are expected to be in the range of US\$2.80 – US\$3.15/lb. This represents an improvement from 2023 due to by-product credits from cobalt production and an increase in the supply of ore mined from Sokoroshe II to reduce the reliance on third-party ore. Looking ahead to 2025 and beyond, the combination of higher copper production and cobalt by-product credits is expected to significantly lower the mine's C1 costs.