

Mine Analysis Dugald River

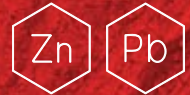
Location

Australia



Product

Zinc concentrate
Lead concentrate



Revenue (US\$ million)

\$331.2

Ownership



● MMG Limited

100.0%

Ore milled (tonnes)

1,660,104

Zinc in zinc concentrate produced (tonnes)

151,844

Lead in lead concentrate produced (tonnes)

19,907



Mine Analysis: Dugald River Continued

Year ended 31 December	2023	2022	Change % Fav/(Unfav)
Production			
Ore mined (tonnes)	1,650,517	1,873,332	(12%)
Ore milled (tonnes)	1,660,104	1,844,212	(10%)
Zinc in zinc concentrate (tonnes)	151,844	173,395	(12%)
Lead in lead concentrate (tonnes)	19,907	20,869	(5%)
Payable metal in product sold			
Zinc (tonnes)	128,628	140,980	(9%)
Lead (tonnes)	17,535	19,116	(8%)
Silver (ounces)	1,358,919	1,342,406	1%
Year ended 31 December	2023 US\$ million	2022 US\$ million	Change % Fav/(Unfav)
Revenue	331.2	484.3	(32%)
Operating expenses			
Production expenses			
Mining	(115.4)	(111.6)	(3%)
Processing	(66.1)	(68.6)	4%
Other	(65.7)	(69.3)	5%
Total production expenses	(247.2)	(249.5)	1%
Freight (transportation)	(16.6)	(18.2)	9%
Royalties	(14.9)	(20.7)	28%
Other ¹	(15.4)	10.9	(241%)
Total operating expenses	(294.1)	(277.5)	(6%)
Other (expenses)/income	(3.3)	3.4	(197%)
EBITDA	33.8	210.2	(84%)
Depreciation and amortisation expenses	(53.1)	(57.7)	8%
EBIT	(19.3)	152.5	(113%)
EBITDA margin	10%	43%	

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

Mine Analysis: Dugald River Continued

Dugald River produced 151,844 tonnes of zinc in zinc concentrate in 2023, which was 12% lower than 2022 as operations were suspended for 34 days after the fatal incident at the mine on 15 February 2023. Zinc metal production was also impacted by lower ore feed grades associated with the mining sequence, partially offset by record-high annual zinc recovery rates of 90.0% compared to 89.3% in 2022 driven by ongoing plant optimisation.

Revenue decreased by US\$153.1 million to US\$331.2 million due to lower zinc prices (US\$117.2 million), a 9% drop in zinc sales volumes (US\$36.6 million) and an 8% drop in lead sales volumes (US\$3.2 million) in line with lower production. This was partly offset by higher silver prices (US\$2.5 million).

Total production expenses decreased by US\$2.3 million compared to 2022, primarily attributed to the favourable impact of the weaker Australian dollar (US\$10.5 million) and lower costs (US\$6.1 million) due to the suspension of operations. This reduction was partly offset by increased energy costs with higher gas prices (US\$18.3 million) partly offset by savings from solar power (US\$9.6 million), as well as unfavourable mining costs (US\$4.1 million) due to increased development metres.

EBIT was additionally affected by unfavourable stock movement of US\$26.2 million due to a net drawdown of concentrate inventory and ore stockpiles in 2023, as opposed to a net build-up in 2022. This was partly offset by lower royalties (US\$5.8 million) in line with a decrease in revenue.

Dugald River's zinc C1 costs were US\$0.93/lb in 2023, higher than the US\$0.84/lb in 2022 but outperforming the revised guidance of US\$1.05 – US\$1.20/lb. The higher C1 costs were largely attributable to lower production volumes.

2024 Outlook

Dugald River zinc production for 2024 is expected to be in the range of 175,000 and 190,000 tonnes of zinc in zinc concentrate. This is a substantial improvement over 2023 reflecting the anticipated stable operations and continuous operational improvements compared to the suspension of operations in the first quarter of 2023.

C1 costs in 2024 are expected to be in the range of US\$0.70 – US\$0.85/lb due to the increased production as well as lower anticipated zinc treatment charges.