

Nexa's Aripuanã Virtual Tour and Project Update Transcript Call and Q&A

| | Participants |
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| T | Mr. Tito Martins - CEO of Nexa Resources |
| M | Mr. Rodrigo Menck - CFO of Nexa Resources |
| J | Mr. Jones Belther – Senior Vice President of Mineral Exploration & Technology |
| G | Mr. Marcio Godoy – Senior Vice President of Engineering & IT |
| R | Ms. Roberta Varella – Head of IR of Nexa Resources |
| P | Presenter |

P - Ladies and gentlemen, thank you for standing by. Good morning and welcome to Nexa Resources webcast and conference call. [Operator Instructions] The presenters in this call are Mr. Tito Martins, CEO of Nexa Resources; Mr. Rodrigo Menck, CFO of Nexa Resources; Mr. Marcio Godoy, Senior Vice President of Engineering and IT; Mr. Jones Belther, Senior Vice President of Mineral Exploration and Technology; and Ms. Roberta Varella, Head of Investor Relations. Please note this event is being recorded.

I would now like to turn the conference over to Ms. Roberta Varella. Please go ahead.

R – Thank you, good morning and good afternoon everyone. I hope you and your loved ones remain safe and healthy. I would like to thank you for joining us in Aripuanã's virtual site tour and project update. Before we begin, I would like to draw your attention to the caution regarding forward-looking statements on slide 2.

Please let's move to slide 3. This is our agenda for today and before we begin our presentation, we would like to share a video on the project since its conception to the present day.

T – Good morning and good afternoon everyone. Tito speaking. I hope you all are well and safe. I am now on slide 7.

As many of you may know Aripuanã is our first Greenfield mining project and it's an important piece of our mining-smelting integration strategy. Aripuanã will add in our production something around 120 kt of zinc equivalent from 2022 on. It reduce our exposure to third-party concentrate, especially for our smelters in Brazil. The project is a pioneer regarding water consumption and tailings disposal in LATAM. It also has been complemented by a robust community agreement which, in combination with its advanced environmental features had all support from environmental authorities and stakeholders by the time of its licensing. We estimated its cash cost to be in the beginning of the 2nd Quartile of the cash cost curve which will reduce our average mining cash cost. As already mentioned in our previous releases and conference calls there were several factors which impacted the original schedule of the project and now we are expecting to ramp it up in the 4th quarter of 2021. With full commercial production in 2022. Please let's move to the next slide.

We do believe Aripuanã will be a long-life mining operation, with competitive costs. The mine today comprises 4 main mineralized zones with a life of mine of 11 years. It is important to mention the previous life of mine was 13 years. With the updated mining plan this number dropped 2 years, but without affecting the original expected resource availability that would lead production beyond 20 years. Exploration program is ongoing and showing good progress. For example, last December we published our exploration results for Babaçu area. This sort of find may support our expectations related to the existence of other mineralized zones and a larger mineral trend. We have geological work been performed in all areas presented in the slide. Jones will later provide more details about this in his presentation. Let's move to the next slide, slide 9.

Nexa has always been concerned about the quality and accuracy of the information it provides. As informed in our previous releases there were some issues which impacted the original schedule of the project such as delays in the completion of the engineering studies, some external factors like delays in the execution of an upgrade of an important public bridge and unexpected heavy rains. By the time we were working in a new baseline we as everybody else had to face new challenges related to the COVID outbreak. Later with the completion of detailed engineering we found out that some costs related to support areas had been underestimated as well as the scope of third parties contractors. There were also issues related to earthworks being more challenging than anticipated, requiring additional infrastructure services. In summary with all these issues, mechanical completion as I said before has been extended to the 4th quarter of 2021 and there will be additional costs to finish the project. We will be addressing it along this presentation. As part of the decisions made to address the problems realized the project management team was restructured. Please move to the next slide.

Here on slide 10, we have a brief profile of the new management. Mr. Pierre Légaré was already helping us with the revision of the project and last may he agreed to join Nexa´s project team as Head of Aripuanã project. Almost at the same time, Mr. Marcio Godoy, here with us today, joined Nexa as Senior Vice President for Engineering. Marcio is now responsible for all Nexa´s capital projects. We are very pleased to have very experienced professionals like them with us. Having said that, I now turn the call to Marcio, who will discuss the project in more details. Marcio, please.

G – Thank you Tito. Good morning and good afternoon everyone. I am now on slide 11. In this slide I will comment on the main differences between FEL 3 and our detailed engineering studies, which resulted in a timeline extension and escalation of the project´s cost, as Tito mentioned. The first point I would like to touch is topography. As you can see in the slide, some areas of the project are covered by rain forest and that caused imprecisions in our topographic survey. This had an impact on the location of the ventilation raises and also on the construction of the access roads to the mine. The second point is related to the earthworks, during the detailed engineering we carried out additional geotechnical drilling to fine tune the FEL 3 design. As a result of this campaign, we had to re-design some of the key areas such as the tailings deposit, waste deposit, water reservoir and wetlands that serve these structures. Moreover, we found more rocks than we predicted at the crusher and we had to reinforce the entrance of the link mine due to poor geotechnical resistance of the rockmass. Now I'm moving to the next slide.

The design improvements that needed to be done, impacted the project schedule and the cost of some of our contracts. This build up shows the main variations that had to be incorporated in the revised capex. The design development and the scope changes are the most significant impact on the cost escalation. As I mentioned in the previous slide, the new geotechnical information, incorporated during the detailed engineering, imposed changes in several areas. In the mine, for instance, we had to modify the access to the ventilation raises and to change the slope and gallery stabilization techniques. In the earthworks, we faced quantities variation in infrastructure works (cut and fill) and an increase in average transportation distance, changes in quantities for the foundations of tailings, wetlands and waste stockpiles, there is also a design change in the water dam, at the plant we also had an increase in quantities of construction materials, such as structural steel and electrical cables. The price adjustment variation is mainly a consequence of changes in construction services and horizontal mine development contractual prices, due to the variation in the original quantities and scope. There is also an impact of equipment price adjustments.

Moving to the slide 13, where we provide updates in key topics that give us more confidence on our way moving forward. We completed our detailed engineering studies and all the critical equipments have been purchased, 70% of these equipments are already on site. We also renegotiated the new scope with the contractors and we have

reacted promptly to the additional requirements imposed by the COVID-19. As a result, the project is progressing according to the updated plan.

On slides 14 to 16, we will see additional information on the construction. Physical completion continue to progress and is above 50%. As I mentioned earlier, we are on track and we believe we will conclude mechanical completion in 4Q21.

Moving on to slide 17, here we provide a summarized view on the operational readiness and ramp-up schedules. We already mobilized the operational readiness team and we hired a specialized commissioning company to support us on this task. We have completed the commissioning detailed plan and asset transfers protocol as well, 53% of the operational procedures have been structured and all of plant operational manuals are ready to go. The other important topic to highlight is that all the operational services contracts will be signed before the plant start-up. On the following slide, I will provide information related to the mine ramp up.

I am now on the slide 18. The mine ramp-up is been implemented during construction, presently we have 75 employees from mine operational headcount already hired and trained working on the mine development. Full operational headcount at the beginning of the start-up will be 270 employees. Besides Nexa's employees, we count as well on 465 employees from our mine development contractor for the horizontal development activity. All of the pre-operational phase equipment (for diamond drilling, scaling, loading and transportation activities) are already mobilized and we will start to develop the stopes in January 2021. At the end of the construction, we plan to have 3 months of available reserves in the mine and 3 months of ore stockpiled and ready for the start-up of the plant. Now, I would like to handle the call over to Jones Belther, who will present our exploration section. Jones, please.

J – Thank you Marcio. Good morning and good afternoon everyone. I am now on slide 20. Mineral reserves and mineral resources have increased since 2015, following a continuous and successful exploration program, and as shown bellow on the left hand side figure, there is still potential for further increase with ongoing drilling programs, which may confirm Aripuanã as a major VMS province in South America. The longitudinal section shows the mineral resources and mineral reserves evolution of Aripuanã VMS mineralization since 2015 and highlighting the Babaçu resources, which only part of it is included in the inferred resources. We believe this represents a significant potential for the Aripuanã's long term mine production.

Turning to slide 21. Our proven and probable mineral reserves are estimated to total 23.5Mt resulting as of 2020 compared to 26.2Mt at year end 2019 due to, (i) updated mining costs from US\$39.00/t to US\$45.00/t; (ii) geotechnical restrictions at the upper portion of the mine that required a thicker crown pillar; (iii) updated estimation of mine recovery and dilution factors based on similar ore bodies in our operating mines; (iv) a mine plan focused on a more attractive economic return and for the fact that from the date of the previous technical report to the present moment we did not execute any infill drilling in order to increment measured and indicated mineral resources. Measured and indicated mineral resources total 8.1Mt, while inferred mineral resources, including part of Babaçu, is estimated to total 39.5Mt. Since the project approval at the end of 2018, we have continued to advance in our drilling campaigns both in terms of mine drilling and exploration drilling activities. In 2019, the drilling campaign focused on exploring the Babaçu mineralized zones and confirmed polymetallic mineralization along strike. We have recently resumed drilling activities and we expect to complete 6,000 meters of exploratory drilling on the Babaçu's northwest extension and infill drilling for continuously increasing mineral resources. Moving to the next slide.

Here, we breakdown the mining plan between the three existing deposits based on updated reserves during the 11 year mine life up until 2032, starting with Arex, then Link and sequentially, Ambrex. Moving on to the next slide.

As I mentioned in my previous slide, mine plan for Aripuanã is based only in the current reserves. Nexa has a positive track record on converting resources into reserves and based on the current inferred of 39.5Mt, we believe life of mine of Aripuanã has potential to extend beyond 20 years. These inferred resources is estimated using the best practice in the industry with stope optimizer process and these resources pass our modifying factors. They only need infill drilling to converted into measured and indicated resources and then to reserves. In addition, Babaçu brings significant potential upside as it represents almost 40% of the total inferred resources. Let's now turn to slide 24.

We believe there is even more potential for exploration at Babaçu. The Babaçu mineralized zone is still open at depth trending to northwest of the current mineral resource envelope. The mineralized VMS horizon has been confirmed by drilling extending further below the Ambrex deposit where we envisage a new exploration target ranging from 10 to 20 Mt named Babaçu northwest. Moving to slide 25.

The Babaçu NW extension is located right under Ambrex, it is a bold mineralized body in very close proximity and it will benefit from the existing infrastructure that will be established for mining Ambrex ore body. Turning to slide 26.

In addition to Babaçu northwest, exploration plan for 2021 also includes the Massaranduba and Boroca areas. Nexa has the benefit of controlling the entire mineralized camp in Aripuanã with a complete coverage of mineral properties over the entire geological sequence of rocks that host VMS mineralization in this part of the country. Limited exploration has identified additional targets including Massaranduba, Boroca, and Mocotó to the southeast and Arpa to the northwest. As you can see on the top figure, from Arpa to Mocotó, we are talking about more than 14km long trend underexplored which is part of our long-term plan.

I will now turn over the call to Rodrigo Menck, who will present the updated financials of the project. Menck, please.

M – Thank you Jones. Good morning and good afternoon everyone. I am now on slide 28, where we present our key updated assumptions compared to the technical report issued in 2018. With the exception of copper and silver, our price assumptions have improved. Particularly for zinc, our most relevant metal, we are confident that zinc fundamentals remain positive. Tito will further discuss our expectations of the zinc market dynamics later on the next section of this presentation. In addition, the Brazilian FX scenario has changed significantly since 2018, and despite the intense volatility, current projections for the Brazilian real to US dollar parity tend to be beneficial to our operating results. Moving to the next slide.

Here we present both the production plan and EBITDA forecasted for Aripuanã over its life of mine. The current estimates consider only mineral reserves, which contemplates Arex, Link and Ambrex mineralized zones. The mentioned life of mine indicates an average planned mill rate of 5.9ktpd over the 11 years of the LOM. In terms of metal production Aripuanã is to have an average annual production of 70kt of zinc, 24kt of lead, 4kt of copper, 1.8 million ounces of silver and 14.5koz of gold, which all together represent approximately 119kt of zinc equivalent. In terms of EBITDA, using the project assumptions mentioned above, we forecast an average EBITDA of US\$127 million per year with margins mostly above 50%, benefiting from our mine-smelter integration. We believe the project is beneficial to our consolidated cash flow generation already at year 1, as we can see in the project's discounted cash flow summary on the following slide. Turning to slide 30

Here we show the updated results for the project's discounted cash flow after detailed review of timeline, reserves, production, costs and investments presented earlier. As we can see, the after tax cash generation is expected to be positive from the first year of operation and throughout its life of mine. The project NPV, considering total investment since its approval in 2018, was reduced to US\$27mm, with an IRR of 9.8%; impacted

primarily by the capex increase. Capex will be supported by our current cash position, future cash generation and a long-term loan agreement with BNDES in Brazil of approximately US\$140 million that matures in 2040. It's worth mentioning that this analysis does not include potential future conversion of our resources into reserves, which will be disclosed annually as we do with our other assets. Excluding from the analysis all investments disbursed until the end of this year, and looking forward to the added value of Aripuanã to our current balance sheet situation, the project's NPV is estimated at US\$356 million. And as of 2022, after capital cost disbursement and with Aripuanã running, Aripuanã has an estimate NPV over US\$500 million. Moving to the next slide.

As part of our project approval process, we are constantly looking for projects that are cost competitive and that will improve our overall position in the c1 cash cost global curve. As illustrated on this page, Aripuanã is exactly the case. The project is located at the beginning of the second quartile, and by adding Aripuanã to the portfolio, we forecast our consolidated cost structure to become more competitive, showing the project's attractiveness.

I would like now to turn the call over to Tito. Tito, please.

T – Thanks Menck. On slide 33, we will make some comments about the global scenario for zinc. In the short term, we see a big hit in terms of zinc concentrate supply mostly because of several measures implemented by different countries to contain the spread of COVID-19, which in a way, helped to offset the decrease in demand. One example of the situation we are seeing is the fall of TCs in the spot market in the last two months, they came down from US\$250 to less than US\$150/ton. Adding to the COVID related challenges, the sector has been facing a lot of uncertainty and volatility over the past couple of years resulting in less zinc project approvals and a poor pipeline for the period 21-25. That said, we expect a net deficit in the metal market from 2024 onwards. Let's move to the next slide where we will discuss Nexa's strategy.

Not only Aripuanã, but all our other future projects are aligned with Nexa's well-designed strategy, which considers Life of mine extension, improved productivity and returns in our segments, Greenfield project expansion, always taking into consideration efficiency and cash competitiveness and new business development. Always looking for new avenues of growth in zinc and copper helping to increase our mining-smelting integration. Please, move now to our final slide.

As we stated in the beginning of our presentation, a combination of different factors resulted in capex escalation and timeline extension. We believe we did our "homework" and we are now back on track with our project. Mechanical completion will be concluded in 4Q21. We're also preparing ourselves to meet our operational goals and start generating cash in the 1st year of the project. Nexa will continue with its exploration program in the Region, aiming to replace and increase mineral reserves and resources. Based on the last findings, we are confident that Aripuanã will be a competitive long-life mine. Our smelters in Brazil, will also benefit from the new mine. The project now is progressing according to the updated plan and we remain confident on its value contribution for Nexa. Thank you for being here with us today and we would like to open for questions.

Q&A Session:

P - We will now begin the question-and-answer session. [Operator Instructions]

R – Hi good morning this is Roberta speaking, we have a question here from the web, and it's from Isabella from Bradesco.

Question – Do you have already an updated production guidance for 2021 and 2022?

T – Thank you Isabella for your question. No, we don't have it and there is a specific reason for that, because some time until we were able actually to reach full production in Peru, given the lockdown we went through in the first half of the year, our expectations are if everything goes as expected we could come up with something when we release the earnings release of the 3rd quarter. But the idea is that as soon as we have actually conditions to assure that we have stability in our production we should be able to release the guidance. I don't know if Menck has any comment about that.

M – No, it's precisely that. Once we have the comfort we will disclose the updated guidance for next 2 years.

T – Yeah, and hopefully we can do something better like actually come up with something for 3 years in the near future, right?

M – Yes.

P - [Operator Instructions]. Our next question is from Alex Hacking with Citi.

Question – Hey good morning, and thanks for the presentation. I guess my question is around the resources, conceptually is the plan with the resources to extend the life of mine or are you also looking at using it to expand production in some point? Thank you.

T – Jones do you want to mention that?

J – The plan right now is to convert the inferred resources in measured and indicated and extend mine life, of course that with the amount of resources that we have there we are going to have a very long life for Aripuanã and we might study in the future some production increase or something like that or some other process routes like, upgrading grades and incrementing production without expanding the plant or something like that. It's something we are going to study in the future.

T – Just adding to that, seems to us that first we want to guarantee the long life of mine for Aripuanã and of course depending on how well or how good we are in terms of identifying new resources we could assume that of course if there is a chance we could actually improve production as well. Thank you Jones. Thank you Alex.

P - Our next question comes from Orest Wowkodaw with Scotiabank.

Question – Hi good morning, I was wondering if you could clarify the operating capex, or say operating costs, I thought I heard during the presentation that the mining costs are going to average US\$45.00/t but when I look in the release it talks about operating costs life of mine of only US\$34.00/t milled, could you just clarify that for me.

T – Menck?

M – Sure, Roberta has this calculation easily and can describe to you Orest.

Question – Okay, Thank you.

R – Hi Orest, this is Roberta. We will double check in terms we did cash cost, but you mentioned in terms of our PR. The 5 years average zinc cash cost was US\$0.12/lb is US\$ 0.21/lb may be something in terms of the reference, zinc in concentrate or some of them we are also using in terms of the Technical Report, we use per ROM so maybe that is the difference that we have there, but I also will double check.

Question – Okay thanks, if you can get back it's not clear to me. Thanks.

R – Yes, sure.

Question – [Operator Instructions].

R – We have an additional couple of questions here from the web. Next one comes from Carlos de Alba.

Question – Good morning, when do you expect Babaçu to be in position to move to reserves from resources?

T – Jones do you want to answer that?

J – Yes, well Aripuanã has, as we said during the presentation, 11 years of reserves already and I would say converting those inferred resources into measured and indicated into reserves is a matter of drilling, the best way of doing that is doing it from underground benefiting from the developments we are going to have for the Ambrex, Link and Arex mines. So, I would say that the great majority of those resources will be converted in measured and indicated as the mine develops and part of it is going to be converted from the surface screening part of it is quite deep to be done from the surface, but I would say that from the coming years we are going to start a process of converting those as the mine development progresses.

R – Our next question also comes from the web from Omar here.

Question – Does your financial projections on this project include efficiencies to be obtained from the Nexa Way program?

T – Do you want to answer? Go ahead.

M – Omar how are you? Thank you for your question. Yes, all of the operations we have are included in our Nexa Way program, so that everything that we do in this efficiency perspective, certainly in our projections there is a cost effectiveness program which captures part of the gains in this NPV. Tito do you want to complement that?

T – I would just say that things are going well, we are very optimistic about the Nexa Way program, because it's actually generating some good benefits, benefits that should last longer, I mean recurring benefits and then of course Aripuanã will be included in that. Just to complement what you said. Thank you Omar.

T – Roberta?

R – Hi, Sorry. Our next question also comes from the web.

Question – How are you going to fund the additional Capex? What level of net leverage do you expect for 2021?

M – Okay, I can answer that. Well we will – have been financing Aripuanã with our cash generation, our cash position and also now ever since July with the BNDES funding agreement that we have signed with them, so approximately US\$140 million. We don't provide leverage guidance, but as you know we have reported around 5.0x Net Debt/EBITDA in June and we have stated that our focus is to deleverage the company as soon as we can, going back to levels below 3.0x Net Debt/EBITDA which is the one we were having before the crisis, before our operations got suspended in the first semester. So, I can say that we are heading towards this type of level.

R – Our next question also comes from the web.

Question – How are you looking at future Capex projects post Aripuanã since you have a considerable pipeline, given the momentum do you expect to have big projects post 2022?

T – Interesting question, you're probably imagining we learn a lot with the things that happened with Aripuanã along the last year and a half. We have confidence about some of the things that will stop happening in Aripuanã, of course thought us about the way we should proceed with other projects, given the COVID-19 we had actually to slow down some of the expenses that were happening with time of the new projects. But as soon as we come back to the normalized financial condition we should pursue these projects again. We are still confident that Magistral should be the next in line, is a copper project we believe that of course since the very beginning is to pursue the execution of Magistral only after we finish the Aripuanã, so if everything goes as expected we should be talking about the execution of a new project sometime in 2022. Until then, we are finishing the pre-feasibility study, is interesting because the delay in Magistral will give us more time to revise all the Magistral project, in general we will be able to also revise the pipeline of projects to be sure that we are doing the right thing in each of them to be a more consistent project sometime in the future.

R – We also have another question from the web here, related to TCs.

Question – What is the TC outlook going forward?

T – Interesting question, right now what happened is the following: during the crisis we saw TCs coming down dramatically in Asia, just to give an example in 2 months we had TCs coming down from US\$250/t to something bellow US\$150/t. According to what we are hearing from the market, we should see TCs still around US\$200/t. Our commercial team believe the TCs can be higher a little higher than US\$200/t. I am a little bit less optimist about that, basically because since that we are not seeing enough concentrate being shipped to Asia, maybe to China confirming that the mineral production in China is lower than everybody was expecting, is pretty much what is been saying many years now. So, if it really happens, TCs should be let's put this way in the range between in US\$150/t - US\$200/t, for the next year.

R – Another question from the web.

Question – Does your FX has been settled with derivatives you are using the BRL4.80/US\$ forwards now, this has a material impact on the financials of the project.

M – Sorry I was on mute. This is our best estimate as of today, we don't work with long term hedging due to the currency volatility, any case we have our cash position in Brazil in reais as well as our costs so this type of volatility in terms of the reais exposure of our consolidated dollar balance sheet is covered. So this is how we have been treating. Hedging the long term might incur in a very high cost to the company, if we go back to the beginning of the year were our FX rate was bellow BRL4.00/US\$, now have reached almost BRL6.00/US\$. So doing a long term hedging can be really hurtful to the company, so we have been following really closely and maintaining our cash position in reais as our cost basis. I hope this addresses your question.

R – Here we have another question.

Question – How much of the revised Capex is already committed?

M – Well we have approximately 70% of the revised amount already committed and we expect to have the final packages committed in the near future. Marcio can elaborate a bit more on this if necessary.

G – No, I think you covered it Menck. Thank you.

T – Also important to mention that the essential equipment in the project has been on site already, so most of the equipment which have longer lead times they are already at the site, which doesn't bring us any concerns regarding availability of equipment on the right time to be assembled. Anything else Roberta?

R – No, nothing from the web, so I am turning the call over to you now Tito.

T – Okay, Thank you. I would like to thank all of you being here with us, I have to confess it is not a good call we are having today because you can imagine how disappointed we were along the last few months with some of the things we found out in Aripuanã. On the other hand we've been working hard along the same months to have the project back on track now with the support of Marcio and Pierre Légaré here with us today; very experienced people they have had a chance to build and participate of the construction of very important projects around the world. We also have everything I can assume under control right now, the numbers for the project are very, I would say, they are very consistent and predicted; we are very well prepared for a ramp-up, the readiness process is in place, we have the maintenance professionals to operate already in Aripuanã, so we should be ready on second half of next year to start the ramp-up with commercial production at the beginning of 2022. We are confident about the drilling, we are processing the region as it was mentioned by Jones before and also myself. The quality of the results we are having from the drillings are very positive one which implies we may assume that the life of the project will be much longer than what was originally expected, which hopefully can say the setbacks we had on the last year. I hope we can actually return to you soon with good results from the execution of the project and I want to assure that all Nexa is completely committed in making this really work. We have had interesting discussions within our board, and our board has been completely with us and we want to back you with the confidence that we can make it, a mine with high standards of operation and results. Once more thank you very much for being here. I hope you stay safe and we can go through this problematic time with the COVID and everything there is from. Take care, Thank you very much.

M – Thank you.

P - [Operator Closing Remarks]

(Call Duration: 59 Minutes)