

# 1Q23 Nexa's Transcript Earnings Call and Q&A

## Participants:

**I - Mr. Ignacio Rosado** – CEO of Nexa Resources

**J - Mr. José Carlos del Valle** – CFO of Nexa Resources

**R - Mr. Rodrigo Cammarosano** – Head of IR of Nexa Resources

**L - Mr. Leonardo Coelho** – Senior VP of Mining of Nexa Resources

**O - Operator**

**O** - Good morning and welcome to Nexa Resources First Quarter 2023 Conference Call. [Operator Instructions]

I would now like to turn the conference over to Mr. Rodrigo Cammarosano, Head of Investor Relations, for opening remarks. Please go ahead.

**R** – Good morning, everyone, and welcome to Nexa Resources first quarter 2023 Earnings Conference Call. Thanks for joining us today. This is my first conference call with the financial community since I was appointed Head of Investor Relations and Treasury. I want to thank Nexa's leadership team for their trust and for this opportunity and say that I am very excited about this new role. I would also like to thank Roberta Varella for her contributions to Nexa's Investor Relations area over the past few years. During the call, we will be discussing the company's performance as per the Earnings Release that we issued yesterday. We encourage you to follow along with this on-screen presentation through the webcast. Before we begin, I would like to draw your attention to slide number 2, as we will be making forward-looking statements about our business, and we just ask that you refer to the disclaimer and the conditions surrounding those statements. It is now my pleasure to introduce our speakers. Joining us today, is our CEO, Ignacio Rosado, our CFO, José Carlos del Valle, and our Senior Vice President of Mining, Leonardo Coelho. So now I will turn the call over to Ignacio for his comments. Ignacio, please go ahead.

**I** – Thank you, Rodrigo, and thanks to everyone for joining us this morning. Please, let's move now to slide number 3 where we will begin our presentation.

Let me begin by saying that, despite a still challenging environment, with significant volatility in commodity prices, persistent inflationary pressures, and some unexpected events in Cerro Lindo, we generated solid results in the first quarter of 2023. In mid-March, we experienced unusual heavy rains in Peru, which affected our Cerro Lindo mine. Nevertheless, we were able to resume the operation at normal level capacity at the end of March, ensuring all protocols and the safety of our employees. Our net revenues for the quarter reached US\$667 million, 8% down year-over-year, mainly explained by lower metal prices, but partially improved by mining production and metal sales of the period. Our Adjusted EBITDA was US\$133 million, 39% lower year-over-year, impacted by lower LME prices and by-products contribution. When compared to 4Q22, our Adjusted EBITDA increased by 11%. In our new mine Aripuanã, the ramp-up continues to progress. Our current focus is on plant stabilization, increasing throughput rate, and improving concentrates' grade and quality. We are aiming to reach nameplate capacity in the second half of this year. In terms of exploration activities in our mines, we look with optimism to the initial results we had in the first quarter of 2023, especially in Aripuanã and Vazante, revealing results with high-grade thick intersections. I would also like to emphasize our

balance sheet, which remains solid, despite the investment cycle we have gone through in the past years and the temporary pressure on working capital affecting our cash flow in the first quarter. Finally, I want to highlight that we are advancing in the studies related to the integration project of the Cerro Pasco complex. This is a project with strong potential to transform the underground Atacocha and El Porvenir operations into a flagship combined mine, not only through production increase but by extending the life of the two assets. Finally, we maintain an optimistic view for the year, and we remain confident about the long-term fundamentals of our industry and our business. Now, moving to slide number 4.

In slide number 4, regarding the operating performance of the mining segment, you can see that zinc production in the first quarter increased to 75kt, up 13% year over year, mainly explained by an increase in treated ore volume and higher head zinc average grades. Compared to 4Q22, zinc production was relatively flat. About the cash cost, even though we are keeping under control our cash cost per ton of run of mine, our cash cost per pound in 1Q23 increased to US\$0.43 cents compared to US\$0.19 per pound in 1Q22 and US\$0.20 per pound in fourth quarter of last year. In both cases the increase was mainly explained by lower by-products contribution due to lower LME prices, and the effects of the Cerro Lindo operation suspension. Now, moving to slide number 5.

In slide number 5, regarding the operating performance of the smelting segment, metal sales totaled 144kt in the first quarter, down 14% from 4Q22, mainly due to lower comparable quarterly production and sales seasonality. Compared to the same period of last year, we were up 7%. About the cash cost per pound in first quarter of this year, smelting cash cost decreased to US\$1.25 per pound compared to US\$1.26 per pound in 1Q22. This slight decrease was mainly driven by lower raw material costs due to lower LME prices. When we compare 1Q23 to 4Q22, cash cost increased by 4% due to lower by-products contribution and lower LME metal prices. Now, moving to slide number 6.

Ramp-up activities at the Aripuanã mine continued to progress and we are currently focused on steadily increasing the plant throughput rate, asset reliability, and stability of concentrate grades and quality. During March, we had an unplanned stoppage at the plant to adjust some bottlenecks such as pumping and piping systems, and improve the drainage configuration, which presented limitations after the rainy season. These measures are contributing to the overall performance of the asset and, consequently, the stabilization of production, aiming to reach nameplate capacity in the second half of the year. During the quarter, treated ore volume was 277kt, and zinc production reached 2.5kt. Sustaining CAPEX, during the quarter, was US\$15 million, mainly related to mining development and infrastructure. In our exploration activities in 2022, we added 8.3Mt of mineral reserves, extending the life of Aripuanã by 3 years. In 1Q23, these activities were focused on the northwest extension of the Babaçu area with very positive results. Now, moving to slide number 7.

In 1Q23, we executed over 12 thousand meters of exploratory drilling in all our mines and projects, over 5 thousand meters of infill drilling, and over 2 thousand meters from early-stage exploration projects drilled in Peru. At Cerro Lindo, the Pucasalla mineralized body continued to be extended to the southeast. At Vazante, brownfield exploratory drilling in the "Extremo Norte" area confirms mineralization with continuity at depth, which provides a good indication of the potential around the main infrastructure. At Aripuanã, exploratory



drilling has been focused on the northwest extension of Babaçu where new drilling continues to confirm high-grade mineralization and exploration infill drilling at the Ambrex orebody is being successful for resource classification upgrade. Regarding the Pasco complex, exploration activities continued to focus on the extensions of known bodies like Porvenir Sur and Integración at El Porvenir, highlighted by high-grade new intersections. Now, moving to slide number 8.

As I mentioned earlier, we are moving forward with the integration studies of the Atacocha and El Porvenir underground mines, to create a robust strategic organic option for Nexa. The scope of the project included a sequence of investments with an emphasis on upgrading the Porvenir shaft, developing the integration of both the Atacocha and the Porvenir underground infrastructure, and increasing the capacity of the Porvenir plant and Atacocha tailings dam. We are very confident in the potential of this project, and we expect to complete the studies in the second half of the year, with submission for board approval at the end of this year. Now, I would like to turn over the call to José Carlos del Valle, our CFO, who will present our financial results. José, please go ahead.

**J** – Thank you, Ignacio. Good morning to everyone. I will continue on slide 9. As you can see, beginning with the chart on your upper left, total consolidated net revenues for the first quarter decreased by 8% year-over-year, due mainly to lower LME metal prices. Compared to 4Q22, net revenues decreased by 14%, mainly as a result of lower metal sales volumes and impact of the Cerro Lindo temporary suspension, partially offset by higher LME metal prices. In terms of Adjusted EBITDA, consolidated Adjusted EBITDA in 1Q23 was US\$133 million, compared to US\$217 million in 1Q22 and US\$120 million in the last quarter of last year. We now move to slide 10, where I will explain our results in further detail.

In the mining segment, net revenues for 1Q23 totaled US\$268 million, down 17% versus the same period of last year. This is explained mainly by the decrease in metal prices, lower sales volumes of copper concentrates, and higher TCs paid by our mines. These negative effects were partially offset by higher zinc, lead, and silver sales volumes. Regarding Adjusted EBITDA, on your upper right, first quarter Adjusted EBITDA for the mining segment was US\$42 million, a reduction of 70% year-over-year, mainly driven by lower prices and higher TCs, and negative impact related to Aripuanã's higher unit costs during the ramp-up phase. Compared to the fourth quarter of 2022, Adjusted EBITDA decreased by 47%, this was mainly driven by lower sales volumes in Cerro Lindo, (which as you already know was affected by severe weather during early March), lower by-product contribution, and higher operational costs in Aripuanã, partially offset by an increase in Aripuanã's sales volumes.

Switching over to the smelting segment, net revenues in the first quarter of 2023 totaled US\$543 million, a decrease of 3% versus 1Q22, mainly driven by lower metal prices, offset by higher sales volumes. Compared to 4Q22, net revenues decreased by 10%, mainly due to lower sales volumes, partially offset by higher LME metal prices. The smelting segment's Adjusted EBITDA for 1Q23, totaled US\$89 million, up 9% from 1Q22. This is explained mainly by: (i) higher sales volumes; (ii) a positive impact of US\$26 million related to changes in market prices which resulted in positive quotation period adjustments, which were partially offset by a decrease in by-product contribution, that was mainly explained by lower sulphuric acid prices, and higher energy prices in Cajamarquilla. Compared to



the fourth quarter 2022, Adjusted EBITDA for the smelting segment increased by US\$43 million, mainly as a result of: (i) a positive price effect of US\$37 million related to changes in market prices that resulted in positive quotation period adjustments; (ii) positive effect of variation in MTM of inventories; and (iii) higher LME metal prices, partially offset by lower by-products contribution and lower sales volumes. Now, moving to slide number 11.

On the top left of the slide, we can see that in the first quarter we invested US\$56 million in CAPEX, of which 100% was related to sustaining investments, including US\$15 million in Aripuanã. We expect disbursements for investments to accelerate in the upcoming quarters, and based on our projections for the year, we believe we will comply with the 2023 CAPEX guidance of US\$310 million. With regards to mineral exploration and project evaluation, we invested a total of US\$21 million in the first quarter, of which almost US\$12 million were related to mineral exploration and mine development. I would like to emphasize that as part of our long-term strategy, we are focusing our efforts on replacing and increasing mineral reserves and resources, supporting our organic growth. In this regard, it is important to mention that we are maintaining our guidance on this investment category, expecting to finish 2023 at about US\$110 million. Now let's move on to slide number 12.

For 1Q23 and starting from our US\$133 million of Adjusted EBITDA, we can see that cash flow provided by operations before working capital changes was US\$106 million. We then paid US\$57 million related to interest and taxes, and US\$56 million in total CAPEX for our current operations. We also paid dividends of US\$25 million to our shareholders. Additionally, there was a US\$6 million combined positive effect of loans and investments and FX impact. Finally, there was a working capital variation of US\$105 million, mainly due to the combined impacts of the Aripuanã ramp-up and the decrease in trade and confirming payables, driven by higher payment volumes between periods. We expect this to be reversed positively throughout the year. As a result of the effects, free cash flow in 1Q23 was negative in US\$132 million dollars. We are confident that throughout 2023, with the completion of the Aripuanã ramp-up and our ongoing efforts to be more productive and efficient we will positively contribute to the company's FCF generation in 2023. Now moving to slide number 13.

In this slide you can see that our liquidity remains robust and that we continue to report a sound balance sheet with an extended debt profile. By the end of 1Q23, our current available liquidity was approximately US\$675 million, including our undrawn revolving credit facility of US\$300 million. It is important to mention that as of March 31st, the average maturity of our total debt was 4.4 years, with a 5.5% average cost of debt. Finally, our leverage, measured by net debt to Adjusted EBITDA was 1.9x, compared with 1.5x at the end of the fourth quarter and to 1.4x a year ago. Going to my last slide before I turn it over to Ignacio.

In this slide, we show that in 1Q23 LME zinc price averaged US\$3,124/t, down 17% compared to the same period a year ago. We believe zinc demand remains positive in the mid and long-term, driven by investments in infrastructure, construction, renewable energy, and the automobile sector, now boosted by sales of electric vehicles. On the supply side, a lack of feasible projects to fulfill demand requirements will continue to put positive pressure on prices. Regarding copper, the LME price was down 11% compared to 1Q22 and up 12% compared to 4Q22. Copper prices, like those of other metals, have benefited from a weaker U.S. Dollar and optimism for a Chinese's economic recovery. In terms of



demand, the metal will play a key role in the energy transition. On the supply side, volumes from greenfield and brownfield projects will materialize in 2024-2025, contributing to a mild temporarily surplus in the market, but long-term additional supply faces important challenges. Overall, the outlook for zinc and copper in the mid to long-term remains positive and supported by solid market fundamentals. I now turn it over to Ignacio.

**I** – I would like to close this presentation by reinforcing our priorities for 2023 and our short-term strategy. We are progressing with the ramp-up of Aripuanã. Currently, we are performing at a higher running rate capacity and both, zinc and copper concentrate grades and quality are improving in line with our projections. Looking ahead, the Pasco complex integration project has the potential to be a robust organic strategic option for Nexa. We will keep executing our exploration program in our current operations and key projects. We continue to have very encouraging results in the first quarter of this year. I would like to point out that we are moving forward with our ESG strategy, and we intend to release our annual sustainability report in May. We will remain focused on optimizing costs, OPEX and CAPEX, and once again we remain confident of the long-term dynamics of our industry. Thank you all for attending this presentation. With that, we will be happy to take your questions.

### Q&A Session:

**O** – We will now begin the questions and answers session. [Operator Instructions] Our first question will come from Lawson Winder with Bank of America Merrill Lynch. You may now go ahead.

**Question** – Yes. Thank you, operator and good morning, everyone. Just 2 questions for me. One, I wanted to just get a little bit more detail on the expected ramp-up at Aripuanã and then a little bit more detail on the issues that you experienced at the plant. So, if I understood it correctly, it's really just the plant, the mining is fine. And then I'll leave it at that and then I'll follow up with my second question after you address that.

**I** – Okay. Lawson, thank you. No, Aripuanã is going as planned. We had an unplanned stoppage in March because of the rainy season, it was very heavy. And as we said in the presentation, we were working on the piping system, pumping system and also on the drainage system. In April, and this is not in the call, throughput is around 70% to 75%, and quality of concentrate is very high and is ready to go to our Três Marias smelter. So, in the second quarter, you will see a major improvement compared to the first quarter, and this was always in the plan. And as I was saying, we are aiming to reach nameplate capacity in the second half, hopefully sooner than later. So, the guidance on production, even if we are behind in this part of the year because, you know, it's a ramp-up, we believe that in the second half, we're going to catch up, and we will achieve guidance. The other part that is important is that we want to make sure that on a monthly basis, we stop losing cash flow. At the ramp up, always the sales that you have are below the CAPEX and the OPEX of month. So, part of the problem that we face for this cash flow of all the mining business was because Aripuanã, we invested US\$40 million in Aripuanã in the first quarter and in the second is going to be much less. And hopefully, the second part is going to be positive. And all the benefits of Aripuanã will come in 2024.

**Question** – Okay, thank you for that. Second question I wanted to ask was just on the exploration results you put out earlier in the week. There was hole OB-8 with pretty



spectacular for zinc, it was very high concentrate. So, my questions would be, what is the distance of that strike from the existing inferred resource? What is the distance of that from the existing underground infrastructure. So, how much development would it take to get there? And could you be accessing that in 2024, for example? And then finally, is it on land, subject to the silver stream?

**I** – Yes. This is a very good question. These drill holes that we are doing at surface in Pucasalla are 3km away of the main infrastructure. So, it is not connected, okay? The Cerro Lindo mine today has 8 years of life of mine in the main infrastructure. And as you can see, we have been increasing that year-over-year. So, the Pucasalla and all the surrounding areas that we are finding that we are saying that it's open and it's helping us, this area is to develop the new Cerro Lindo, which is coming later on. So, I would say, during this year and next year, we will delineate what we have in that area. And because of that, we will plan to connect these 3 km in the coming years. So, this is more the second wave growth of Cerro Lindo.

**Question** – Okay. Clear on Pucasalla, I was actually asking about Ore Body 8.

**I** – Yes, the OB-8, this is a part of the main infrastructure. And I was saying, we are replacing that. The mineral is opened, all the mineralized zones and the bodies are open in the depth of the mine. So, this is good opportunities to still replace what we consume over the years. Regarding the silver stream, if I understood correctly, the silver stream is only in the current infrastructure in the OB and all these infrastructures are in that surrounding, the idea of Pucasalla is not involved in that silver stream. And to remind that the silver stream, the percentage that we give up is going down in the coming years.

**Question** – Okay, thank you very much.

**O** – Our next question will come from Pedro Nunes with Banco Finantia, you may now go ahead.

**Question** – Hello, thank you for the opportunity to ask a question. So, I wanted to ask a question on your smelting EBITDA and on the US\$26 million positive impact of mark-to-market. Could you please give some detail as to what was the reason for the positive impact? Is this based on observable market prices that are higher than you expected? So, I wanted to get more detail on that. Thank you.

**I** – Yes. The smelting EBITDA is very stable, yes? As a reminder, the Smelting business is very straightforward. We have 4 sources of revenue. And the first one is the 15% of free zinc, from the concentrate value, and that's linked to prices. The second one is the TCs that we get. And the TCs this year are higher than previous years, yes? The benchmark is around US\$280/t. The third one is the premiums that also are higher this year because of the shortage of the smelters in Europe, given the energy prices, some of them are rolling back, but some of them are not. So, the premiums are extremely high today. And the fourth is our by-products that, in our case, is mainly in sulfuric acid in Cajamarquilla. So, because of this, we got very positive results in the smelting, yes? And you were talking about US\$26 million, Carlos?

**J** – Yes. There's additional impact related to higher prices, which have 2 effects really. One related to the cost of the inventory because those concentrates were bought at lower prices. And also due to the higher prices due to mark-to-market at the end of every month. So that also has a benefit on the result of the company. The mark-to-market is based on



the latest prices at the end of each month. And that also contributed to better results that are shown in the EBITDA.

**Question** – Okay, thank you.

**O** – I would now like to turn it over to Rodrigo Cammarosano for questions from the webcast.

**R** – Thank you, operator. We have a question from Mateus Moreira from Bradesco BBI. Actually, there are 2 questions. The first one, if you could provide a bit more color on zinc and copper demand fundamentals for 2023? And then the second question would be about Aripuanã. What is the running rate capacity of Aripuanã currently?

**J** – I'll start with the second question, which is very straightforward. Current capacity at Aripuanã is between 60% and 70%. And we're looking optimistically at the evolution of the stability of the plant. In regard to the first question, as I mentioned during the presentation, we believe that there's very strong fundamentals, both for copper and zinc. Definitely, copper has more visibility and it's more talked out. But zinc is also a very important metal, obviously, in relation to infrastructure, just as copper, but also in the energy transition, as it is used for energy storage for solar power, for wind power. So, it's more under-the-radar metal that is also very important in the energy transition, together with copper. On the demand side, therefore, there are very strong fundamentals. And on the supply side, as you know, copper grades continue to decline in general. It takes longer to bring up a new mining operation, whether it's copper or zinc due to environmental standards, social consultation that has to be carried out ahead of time. So, it takes longer. It's more costly because prices and the costs have gone up as well. So, you require higher prices to have the right incentives to invest in new projects. So, taking all those into consideration, we continue to believe that these are very strong fundamentals. Obviously, there can be temporary volatility. But overall, the medium to long-term, we are very comfortable.

**I** – Yes. Just to add to what José Carlos was saying, from a practical point of view, you know that we sell 600kt of metal in the market, 45% that goes into the Brazilian and Latin American markets. And the rest is going to Europe, Asia and the U.S. What we see in that specific front is that demand is weaker, but it's not that weaker. It's still strong. So, my comment is around that in terms of fundamentals, the demand and supply, the fundamentals are still strong. The problem is that all this noise that the economy around China, the Ukraine and Russia crisis and the recessions in Europe and in the States and what's going to happen in the States with the increasing rates of power, etc. So, the fundamental value short-term is strong. And we see this on a monthly basis. So hopefully, during the coming months, that is going to reflect on prices. Today, you can see that the zinc prices are low. And we are waiting to see the positive evolution of that in the coming months.

**R** – Okay. Thank you for the questions. Now we will have a question from Orlando Barriga from Credicorp Capital. Can you please provide an update regarding the new mining tax in Mato Grosso state?

**I** – Yes. I guess this is a new tax in Mato Grosso. It doesn't have a lot of exposure in terms of mining. And this tax that has been provided in the last 2 months is new to us. And I can say the rate is much higher than the average in the industry in Brazil. So, we are trying to stick to the government of Mato Grosso to make sure that we face market



practices there. Having said that, in the short-term, there's nothing we can do. We have to pay the tax. Our calculations are around US\$3 million or US\$4 million per year. And we expect that to evolve to the market practices in the coming months or years, but this is work in progress.

**R** – Okay. Now we have a question also from the webcast from Jose Maria Silva from BTG Pactual. Should we expect a reversal of the working capital negative effect in the coming quarters? And what would drive that working capital reversal?

**J** – Yes. Here, this negative working capital variation in the first quarter is something that we planned. It has to do with the seasonality. Typically, there are a lot of accounts payable at the end of the year, which are paid in the first quarter. So that makes the accounts payable and confirming payables to go down, representing a negative impact on working capital. Additionally, there has been an increase in accounts receivable related to a higher sales and higher LME prices, which also have a negative impact on the working capital variation. This is seasonal, and it's in line with what we planned for the first quarter. So, this will gradually reverse throughout the year.

**R** – Okay. Now we have another question. It's a follow-up question from Mateus Moreira from Bradesco BBI. In terms of capital allocation, is the company looking for any zinc opportunities through M&A or the focus remain on ramping-up Aripuanã?

**I** – I guess, the priority in the short-term is ramping-up Aripuanã. This is a reality. It's only going through the process of the ramp-up and Aripuanã is going to be a reality this year. I would like to mention also in Aripuanã that we are drilling heavily because we want to make sure that we have a long life mine for Aripuanã. That is a new mine, so we create more opportunities to put it more profitable in the coming years. So, we had 11 years, today we have 14 years. And hopefully, towards the end of this year, it's going to be much higher. So, this is a priority for the short-term. The second one is, as I was mentioning, Cerro Pasco and Cerro Pasco really presents an opportunity for us because if we connect the 2 mines underground, we will be able to recover some inventory of resources, especially in Atacocha that are going to give us a long life of mine. Why do we not recover these resources? Because if you do it through the infrastructure of Atacocha, it won't pay. So, by leveraging the infrastructure of El Porvenir, we will be able to do that and to create a combined asset that is going to be robust and for the long-term. So, these are the priorities for short-term. From an M&A point of view and capital allocation, we are looking for opportunities. We have some early-stage projects that we are working right now. And we are active in the market looking for zinc and copper opportunities. So, we explained that before, and this is still the case. The market is not easy today. But we are optimistic that probably in the next 12 to 14 months, we will be able to find something that is similar to the mines that we have. We want sizes such as Cerro Lindo, Vazante, Aripuanã. So, we are active on that front as well.

**O** – Okay. We have one question from the phone. It comes from Carlos de Alba from Morgan Stanley.

**Question** – Yes, good morning, thank you very much. Ignacio, I just had a question, maybe it's a little bit of extension to working capital question that was asked before. How do you see the progression of the free cash flow? Because in most of the last several quarters, it has been negative, and I understand that Aripuanã obviously had an impact on this. But it would be interesting to see if now that Aripuanã is ramping-up, despite






potentially lower commodity prices and a stronger BRL, if you expect positive free cash flow to show up in the coming months or in the coming quarters?

**I** – Yes. No, that is very important. And thank you for the question and it is very important and you're right. I would like to start first by saying that if you see the cash flow of the mining and the Smelting segment. The Smelting is very stable, as I was saying before, because of these sources of revenue. But in terms of mining, it was low. It was low because of 2 factors. One is Cerro Lindo, two weeks of the Cerro Lindo has an impact on the cash flow and Cerro Lindo is big mine and very profitable. And the second one Aripuanã. Aripuanã and Cerro Lindo, combined, were a short of cash flow more or less of US\$45 million to US\$48 million in the quarter. The reason behind Aripuanã is that when we are ramping-up, the only production that we had in the quarter was 2.5kt. And this is changing positively in the second quarter, and we will start breakeven in the next quarter. So, depending on prices, yes? But if we use an average price of last year, the Mining segment, we will be able to make cash flow towards the end of the year, including Aripuanã and including the fact that Aripuanã has been ramping-up. The question around why we are not having cash flow, and this is a reflect of the previous years, the answer is Aripuanã. Because even if the CAPEX of Aripuanã had been US\$625 million, which we informed last year, Aripuanã has working capital, has pre-operating expenses, has a lot of additional expenses that create a bigger amount that is linked to this line. So, to give you an idea, last year, we said that it was US\$290 million allocated to Aripuanã, part in CAPEX, part in operating expenses, etc. So, once we up and running, and we have the rest of the mines in positive cash flow, we don't see why the cash flow profile of the company is going to be much better and substantially better. That's mainly the view that I can give you Carlos.

**Question** – Thank you Ignacio.

**R** – We have another question from the webcast. This question comes from Omar Avellaneda from Prima AFP. What is the expected CAPEX for the El Porvenir and Atacocha integration? And the second question would be, when do you expect to deploy this investment?

**I** – Yes. I guess, it's in early stage today, as we were saying, we have 4 projects that are advancing in FEL 2 analysis. The number that I can give you is a range between US\$160 million to US\$200 million. And this is going to be deployed between 2024 and 2027. So, part of the idea that these are very specific investments. So, we deploy this while running the mine. So, the idea is that with our own cash flow of El Porvenir and Atacocha, we finance this. And we are working towards that result. And as I was saying before, I would say towards the end of third quarter, beginning of fourth quarter, all this study will be ready. We will have a technical report on this as well, and we will submit this proposal to the Board for the approval, and we will be more specific in investments and in timetables once this is approved. Okay. So, we don't have any other questions. Thank you very much, as always, to attend the call. And as you know, I would like to say that we would like to thank you Roberta for these 5 years working with us in Investor Relations. She's a fantastic professional, and we appreciate very much all the work that she has done. Rodrigo Cammarosano, our new Investor Relations Manager, is available for you to make calls to him after this. And we look forward to speaking to you in the next quarter. Hopefully, a stabilized and follow demand and supply. And hopefully, we have better signals from the macroeconomic environment in the world, so we can benefit from the cash flow that we can generate a higher price. Okay. Thank you very much and have a good weekend.

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**O** – [Operator Closing Remarks]

**Participants of the Q&A:**

**Lawson Winder** – *Bank of America Merrill Lynch*

**Pedro Nunes** – *Banco Finantia*

**Mateus Moreira** – *Bradesco BBI*

**Orlando Barriga** – *Credicorp Capital*

**Jose Maria Silva** – *BTG Pactual*

**Carlos de Alba** – *Morgan Stanley*

**Omar Avellaneda** – *Prima AFP*

(Call Duration: 45 Minutes)