WEBINAR AGENDA AND SPEAKERS

• Welcome- Nicholas Baker, TC Mexico and METS Team Leader Americas.
• Mexico METS overview, Manuel Barbera BDM Mexico City
• Industry Speaker- Mexico
  
  Christopher Avila Mier, Deputy Director of Government Affairs
  Grupo BAL – Peñoles and Fresnillo
  Maria Jose, Analyst at Grupo Bal
  Department of Government Affairs
• Peru METS overview: Valeria Beck, BDM Lima
• Industry speaker, Peru
  
  Donald East – Technical Director, Wood Plc Peru
• Q & A
MINING RELATED ACTIVITIES

• **Turbocharging METS across the Americas**
  - Mining client deep-dives (around mine site visits in Latam and Canada)
  - Australian best practice workshops on training & education, community engagement and environmental solutions

• **PDAC global mining show for the Americas**
  - Showcase Australian METS capabilities to international mining companies and customers at PDAC

• **New Energy Awareness in the Americas**
  - Mexico, Peru and Argentina
MINING RELATED ACTIVITIES

• PDAC 2019 & LATAM
  ✓ Identify LATAM mining customers who are attending PDAC
  ✓ Invite global mining investors and customers to team Australia Events at PDAC
  ✓ Develop relationships with key global mining investors and customers
  ✓ Showcase Australian METS capabilities to international mining companies and customers
  ✓ Australian METS seminar targeting LATAM mining executives: Latin American mining companies attend PDAC and are looking at Australian METS providers who can increase productivity, reduce cost and innovate their mining projects.

• PERUMIN – EXTEMIN, September 2019
  ✓ More info coming soon on the Australian presence and business development program!
# Mexico: Mining Sector Overview

- **#1 Silver** – TOP 10 in 15 other minerals

- Investment growth: 14.7% 2016-17, 22% 2017-18

- Investment: 1) acquisition of new equipment 2) development of new projects 3) maintenance 4) project expansion and 5) exploration

- 2.2 million employments

- Largest number of exploration projects per km² in Latin America

- 3 of top 20 global mining companies: Peñoles, Fresnillo, Grupo Mexico

- World’s 5th most popular investment destination, after Canada, Australia, USA and Chile

- 290 foreign mining companies operating 988 projects

- Fresnillo (Peñoles): world’s #1 primary silver producer.

- Grupo Mexico: world’s 4th largest copper producer & world's largest copper reserves
MORE THAN 15 AUSTRALIAN METS ARE ESTABLISHED IN MEXICO

MANY OTHERS EXPORT OR ARE ACTIVELY DEVELOPING THE MARKET
Mexico’s pipeline of projects include a variety of projects in different states, different metals and sizes.

### Mexico: Projects Pipeline

<table>
<thead>
<tr>
<th>Project</th>
<th>Company</th>
<th>Mineral</th>
<th>Total Investment Figure (millions)</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>La Yaqui &amp; Cerro Pelón</td>
<td>Alamos Gold</td>
<td>Au, Ag</td>
<td>US$16</td>
<td>Sonora</td>
</tr>
<tr>
<td>Santa Gertrudis</td>
<td>GoGold</td>
<td>Au, Cu, Mo</td>
<td>US$48</td>
<td>Sonora</td>
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<tr>
<td>Centauro Profundo</td>
<td>Fresnillo Plc</td>
<td>Au</td>
<td>US$130</td>
<td>Sonora</td>
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<td>Extensión Centauro</td>
<td>Fresnillo Plc</td>
<td>Au</td>
<td>US$110</td>
<td>Sonora</td>
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<tr>
<td>Plomosas</td>
<td>First Majestic</td>
<td>Au, Ag, Pb, Nz</td>
<td>Not disclosed</td>
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<td>El Gallo II</td>
<td>McEwen Mining</td>
<td>Au</td>
<td>US$178</td>
<td>Sinaloa</td>
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<tr>
<td>Metates</td>
<td>Chesapeake Gold</td>
<td>Au, Ag, Zn</td>
<td>US$4,360</td>
<td>Durango</td>
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<td>Pitarrilla</td>
<td>Silver Standard</td>
<td>Ag</td>
<td>US$741</td>
<td>Durango</td>
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<td>Rey de Plata</td>
<td>Peñoles</td>
<td>Au</td>
<td>US$268</td>
<td>Guerrero</td>
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<td>Morelos Norte</td>
<td>Torex Gold</td>
<td>Au</td>
<td>US$725</td>
<td>Guerrero</td>
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<td>San José</td>
<td>Fortuna Silver</td>
<td>Au, Ag</td>
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<tr>
<td>Angangueo</td>
<td>Grupo Mexico</td>
<td>Au</td>
<td>US$205</td>
<td>Michoacan</td>
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<tr>
<td>Juanicipio</td>
<td>Fresnillo Plc - Mag Silver</td>
<td>Au, Ag</td>
<td>US$302</td>
<td>Zacatecas</td>
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<td>El Compás</td>
<td>Endeavour Silver</td>
<td>Au, Ag</td>
<td>US$10</td>
<td>Zacatecas</td>
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<tr>
<td>Planta Piritas</td>
<td>Fresnillo Plc</td>
<td>Ag, Au</td>
<td>US$155</td>
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<td>San Julian</td>
<td>Fresnillo Plc</td>
<td>Au</td>
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<td>Chihuahua/Durango</td>
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<td>Expansión Dolores</td>
<td>Pan American Silver</td>
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<tr>
<td>Orisyvo</td>
<td>Fresnillo Plc</td>
<td>Au, Ag</td>
<td>US$350</td>
<td>Chihuahua</td>
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<tr>
<td>Promontorio</td>
<td>Azure Minerals</td>
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<tr>
<td>Alacran</td>
<td>Azurem Minerals</td>
<td>Ag, Cu, Ag</td>
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<td>Sonora</td>
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<td>El Pilar</td>
<td>Grupo Mexico</td>
<td>Cu</td>
<td>US$300</td>
<td>Sonora</td>
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<tr>
<td>Sonora</td>
<td>Bacanora Minerals</td>
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<tr>
<td>Electra</td>
<td>Alix Resources, Lithium Australia NL</td>
<td>Li</td>
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<td>Sonora</td>
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<tr>
<td>Guaymas Smelter</td>
<td>Grupo Mexico</td>
<td>Cu Smelter</td>
<td>US$600</td>
<td>Sonora</td>
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<tr>
<td>Other projects Grupo Mexico:</td>
<td></td>
<td></td>
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<tr>
<td>El Arco, Baja California, Mexico</td>
<td></td>
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<tr>
<td>Zinc Concentrator</td>
<td></td>
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<tr>
<td>Copper Smelter &amp; Refinery</td>
<td></td>
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<td></td>
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<tr>
<td>Los Chalchihuites Mine</td>
<td></td>
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</tr>
</tbody>
</table>

**Note:** Total investment figures are approximate and may vary. The pipeline includes a variety of minerals and states in Mexico.
**Australian mining operations in Mexico**

- **Azure Minerals Limited** (ASX: AZS) is Australia’s leading mineral exploration company in Mexico with 20 local staff and HQ in Hermosillo, Sonora.
- Flagship projects: Oposura (Zinc-Lead-Silver), Alacrán (Silver-Gold-Copper), Sara Alicia (Gold-Cobalt), Promontorio (Copper-Gold-Silver)
- Other projects: San Agustin (Gold-Silver), Telix (Graphite), El Tecolote (Copper-Zinc-Silver), Loreto (Copper-Gold-Silver), Panchita (Gold-Silver)

**Plomosas Mine (Zinc-Lead-Silver)**
Commenced mining in September 2018 currently ramping production up to 40Mlb ZnEq in 2019. Now in growth phase with plans to:
- Increase production and mine life on existing resources,
- Expand resource through mine and regional exploration,
- Seek value-add acquisitions
- Production ramping to target 10,000t/month by mid 2019.
- Low Capex & low Opex with C3 production costs of US$0.50/lb Zn.
Fuel efficiency (LNG, diesel, kerosene)
Power consumption efficiency
Water management
Community engagement best practice
Equipment Supply
Environmental protection services
Christopher Ávila Mier
Deputy Director of Government Affairs
Grupo BAL – Peñoles and Fresnillo

Formally Undersecretary of Mines and Industrial Parks, State of Zacatecas.

Current Chair of Government Relations and Mining Fund committees at CAMIMEX

Previous role attorney at Santos-Elizondo-Cantú-Rivera-González-de la Garza-Mendoza law firm in Monterrey, Nuevo Leon.

Works closely on the creation and promotion of CLUSMIN, the Zacatecas mining cluster.
GRUPO BAL – MINING AND METALLURGICAL SECTOR

Christopher Ávila Mier
Deputy Director Government Affairs, Grupo BAL
President of the Government Affairs Committee / Mining Fund, CAMIMEX
Corporate services

Mining-metallurgical sector

Energetic sector

Commercial sector

Financial sector
Main Exploration Projects 2017
Industrias Peñoles

Personnel: 693
Investment in 2016: US$191.2 millions

Mexico
Peñoles
1. Humos (Sonora): copper, advanced exploration.
2. La Industria (Durango): lead, zinc, silver, advanced exploration.

Fresnillo PLC
2. Centauro Profundo (Sonora): gold, advanced exploration.

International
1. Racaycocha (Peru): copper, gold, molybdenum.
2. Chile: gold and copper, continuous exploration.

- Drilling in 11 projects (77,500 meters).
- Geology, geochemistry and geophysics work in 70 owned prospects for further investigation with drillings and consequent evaluation.
- We intensified the prospection tasks with the evaluation of 47 third party prospects in search of opportunities.
MAIN MINES 2017
INDUSTRIAS PEÑOLES

Personnel: 7,291
Investment in 2016: US$744.2 millions

Proven and Probable Reserves
Gold: 13.3 million ounces
Silver: 829.0 million ounces
Lead: 1,924.1 thousand tons
Zinc: 56,343.5 thousand tons
Copper: 568,521.3 tons

Peñoles
2. Madero, Bismark y Tizapa: amongst the 5 larger zinc mines in Mexico.

Fresnillo PLC
1. Saucito: largest silver mine in the world.
2. Fresnillo: one of the main primary silver mines in the world.
3. La Herradura: second largest gold mine in the world.
Personnel: 2,475
Investment in 2016: US$187.4 millions

Main operations and annual capacities

Lead casting:
180,000 tons / bullion of lead

Lead-silver refinery:
180,000 tons / lead
118 million oz / silver
1.9 million oz / gold
1,440 tons / bismuth

Zinc Electrolytic Refinery:
240,000 tons / zinc

Operations

Met-Mex: one of the largest metallurgical complexes and the world's largest producer of refined silver.
Aleazin: zinc alloys.
Bermejillo: byproducts.
CHEMICALS 2017
INDUSTRIAS PEÑOLES

Personnel: 738
Investment in 2016: US$11.4 millions

Products and annual capacities

Sodium sulphate: 780,000 tons.
Magnesium oxide: 100,000 tons
Magnesium sulfate: 34,000 tons.
Ammonium sulfate: 260,000 tons

Operations

Química del Rey: largest sodium sulphate plant outside of China and third largest in global capacity.
Fertirey: ammonium sulfate.
Magnelec Industries.
Peñoles


Frenillo PLC

3. New mine of Juanicipio 2020 in Zacatecas
In 2017, the plant of Eólica de Coahuila company, located in the municipality of General Cepeda, started operations with a supply contract for 25 years. It has an installed capacity of 200 MW.

In addition, contracts were signed for the acquisition of electricity from a wind farm in Tamaulipas, with 306 MW of power, and an efficient cogeneration plant in Coahuila, with 60 MW. Both facilities will come into operation in 2020.

Based on the portfolio of current and future plants and our projection of growth, we expect to reach 100% self-sufficiency in the electricity supply in 2020, and that 59% of the consumption comes from renewable sources.
In 2017, the average preparation index was 1.07 years, an effort that involved:

- Investment of US $13.2 million in diamond drilling to delimit the bodies to be exploited;
- 20,730 meters of development in mining works for access to said bodies;
- 10.1 thousand meters of Robbins counterpoises.

The above resulted in a mountable area of 188,698 thousand square meters available for exploitation at the end of the year.

In the "EFYCO" (Efficiency and Cost Control) program, actions focused on optimization were carried out in the main cost of production accounts, which resulted in savings of US $4.3 million in the six Peñoles mines against the authorized budget.
Investments and projects aimed at improving the productivity and efficiency of lead-silver operations:

- Expansion of the reception area and sampling of precipitates in the Lead-Silver Refinery (US $ 450 thousand investment).

- Various replacements: absorber of the Ammonium Sulphate Plant, of the catalytic converter and absorption tank in the Acid Plant 3, as well as exchange of ventilation currents in machines 8 and 9, among others (joint investment US $ 2.7 million).

- Operational control in furnaces to reduce the rate of metallurgical coke consumption.


- Pilot tests of a hydro-metallurgical process for the treatment of copper by-products, whose results were satisfactory, so that in 2018 the corresponding basic engineering will be integrated.
Investments and projects aimed at improving the productivity and efficiency of zinc operations:

- Replacement of power transformer, in order to have greater power distribution capacity in the main Met-Mex substation and guarantee the supply of electric power to current operations and the future expansion of zinc, with a US $ investment 3.7 million.
- Several additional replacements whose investments total US $ 5.8 million.
- Remodeling of two electrolysis cranes and acquisition of jarosite transport equipment (joint investment US $ 750 thousand).
- Expert control in purification.
- Reduction of the consumption rates of natural gas and electric power in the Aleazin plant.
- Implementation of the Integral Water Management project (2017-2023) in its first stage, with the development of infrastructure works in the water treatment plant. This project, which will have an investment of US $ 5.4 million, is aimed at reducing the generation of waste streams, and ensuring their optimal treatment and neutralization.
SOME OPERATIVE CHALLENGES

- Strengthen the operational leadership team.
- Improve efficiency in contracting suppliers.
- Eliminate bottlenecks caused by inefficient work practices.
- Accelerate the development of deeper ramps.
- Improve equipment maintenance.
- Strengthen supervision to improve the performance of contractors.
- Improve efficiency in cost control.
- Increase and improve sustainability in our operations.
- Intensify exploration to convert resources into reserves.
¡THANK YOU FOR LISTENING!
12% of GDP and 60% of exports

World’s 5th exploration investment country after Canada, Australia, Chile and US

Pipeline of 49 mining construction projects - USD$ 58 billions (+14% vs 2017)

19th most attractive jurisdictions for mining investment globally

2nd global producer of Copper, Silver and Zinc. 1st for gold producer in Latam.

12/27 ICMM companies operating in Peru

Largest global reserves of silver. Latam mineral reserves leader for silver, zinc and lead.

Vast geological potential.: Mining concessions 14% territory - only 1.3% exploration + exploitation

Main decentralizing activity - present in 17/24 regions

Investment by category: infrastructure, processing plant, exploration and equipment

190,000 direct jobs - Every direct job generates 6 indirect jobs

12/27 ICMM companies operating in Peru
80+ AUSTRALIAN COMPANIES DOING BUSINESS IN THE PERUVIAN MINING SECTOR

50+ Australian METS
30 with a local office or distributor

Australian Global players and junior miners

Peru and Mexico Opportunities for METS
MINE CONSTRUCTION PROJECT PIPELINE:
49 projects – US$ 58 billion

- USD $21 billion to be executed 2018-2022 (36%)
- 3 projects to initiate production in 2018 - USD $2.6 billion – 50% + iron ore production
- Cajamarca top region: 7 projects - USD $16.2 billion
- Top 3 investor countries: China 20%, UK 19%, Canada 15.5% (Australia - 6th - 5.3%)
- 26 copper projects (68%)
Flagship projects to initiate construction in 2018

<table>
<thead>
<tr>
<th>Start date</th>
<th>Project</th>
<th>Operator</th>
<th>Region</th>
<th>Mineral</th>
<th>Investment US$ mill</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>Quellaveco</td>
<td>Anglo American</td>
<td>Moquegua</td>
<td>Copper</td>
<td>4,882</td>
</tr>
<tr>
<td>2021</td>
<td>Mina Justa</td>
<td>Marcobre</td>
<td>Ica</td>
<td>Copper</td>
<td>1,348</td>
</tr>
<tr>
<td>2022</td>
<td>Pampa de Pongo</td>
<td>Jinzhao Mining Peru</td>
<td>Arequipa</td>
<td>Iron ore</td>
<td>2,500</td>
</tr>
<tr>
<td>2021</td>
<td>Corani</td>
<td>Bear Creek Mining</td>
<td>Puno</td>
<td>Silver</td>
<td>585</td>
</tr>
<tr>
<td>2020</td>
<td>Ariana</td>
<td>Ariana Operaciones Mineras Junini</td>
<td>Copper</td>
<td>125</td>
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<tr>
<td>2020</td>
<td>Toromocho Expansion</td>
<td>Minera Chinalco</td>
<td>Junin</td>
<td>Copper</td>
<td>1,300</td>
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<tr>
<td>2021</td>
<td>Pachapaqui Expansion</td>
<td>ICM Pachapaqui</td>
<td>Ancash</td>
<td>Zinc</td>
<td>117</td>
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<tr>
<td>2020</td>
<td>San Rafael B2 Tailings</td>
<td>Minsur</td>
<td>Puno</td>
<td>Tin</td>
<td>200</td>
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<tr>
<td>2019</td>
<td>Quecher Main</td>
<td>Yanacocha</td>
<td>Cajamarca</td>
<td>Gold</td>
<td>300</td>
</tr>
</tbody>
</table>

TOTAL 11,357

- Pipeline of Mining exploration projects is composed of 54 projects for USD$ 306 million (Greenfield 55% vs 45% Brownfield)
PERU IS DETERMINED TO DEVELOP A WORLD-CLASS MINING INDUSTRY

Main drivers and challenges

• Increase in cash costs and metal prices cycles
• Lower ore grades deposits
• Community engagement and maintaining social license
• Safety and environmental regulations
• New projects and expansions
• Mid tiers and underground mines investing to meet international standards
• Peru – Australia free Trade Agreement - PAFTA
SPECIFIC AREAS OF OPPORTUNITY

- **Innovation and technology**: software, comms and automation
- **Environmental**: monitoring, water management, land rehabilitation and mine closure
- **Community relations best practice**: maintaining social license
- **Safety**: OHS services, equipment, training
- **Infrastructure**: plant design, transport
- **Training**: reducing overall skill shortages
Donald East
Technical Director
Wood Plc - Peru

Civil and geotechnical engineer with over 40 years of experience in consulting, mining operations and construction, with 20 years plus experience in South America.

Formally held senior positions in Peru with international mining companies such as Gold Fields, Rio Tinto and Anglo American and also Gran Colombia Gold Corp.
Opportunities and Challenges in Peru

Don East
Technical Director
Wood, Peru

November 21, 2018
Gross Domestic Product US$B

Australia vs Peru

- PERU
- AUSTRALIA
Gross Domestic Product/Capita US$

Australia vs Peru

- PERU
- AUSTRALIA

<table>
<thead>
<tr>
<th>Year</th>
<th>Australia</th>
<th>Peru</th>
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<tbody>
<tr>
<td>1960</td>
<td>5000</td>
<td>2000</td>
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<tr>
<td>1980</td>
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<tr>
<td>2017</td>
<td>60000</td>
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</tr>
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</table>
Exports

- Total US$44B in 2017
- Mineral products accounted for 60% of the total export value (copper = 31%, gold = 18%, zinc = 5% and lead = 4%)
- Other 40%: Fruit and vegetables, fish, fuel and gas, clothing
- Exports to: China (26%), USA (16%), EU (10%), S.Korea (5%), India (5%)

Imports

- Total US$40 in 2017
- Fuels (14%), machinery (13%), electronics (11%), vehicles (10%)
- Imports from: China (22%), USA (20%), Brazil (6%), Mexico (5%)
### Copper

<table>
<thead>
<tr>
<th>Country</th>
<th>Production MT</th>
<th>% of World Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>5.3</td>
<td>21.5</td>
</tr>
<tr>
<td>Peru</td>
<td>2.5</td>
<td>10.3</td>
</tr>
<tr>
<td>China</td>
<td>1.8</td>
<td>3.4</td>
</tr>
<tr>
<td>USA</td>
<td>1.3</td>
<td>5.7</td>
</tr>
<tr>
<td>Australia</td>
<td>0.9</td>
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### Gold

<table>
<thead>
<tr>
<th>Country</th>
<th>Production T</th>
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</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>440</td>
<td>3.7</td>
</tr>
<tr>
<td>Australia</td>
<td>300</td>
<td>18.1</td>
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<tr>
<td>Russia</td>
<td>255</td>
<td>10.2</td>
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<tr>
<td>USA</td>
<td>245</td>
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<tr>
<td>Peru</td>
<td>160</td>
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### Silver

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<th>Country</th>
<th>Production MT</th>
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</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>5.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Peru</td>
<td>4.3</td>
<td>17.5</td>
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<tr>
<td>China</td>
<td>2.5</td>
<td>7.4</td>
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<tr>
<td>Russia</td>
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<td>10.4</td>
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<tr>
<td>Australia</td>
<td>1.2</td>
<td>16.8</td>
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### Zinc

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<th>Country</th>
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<tbody>
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<td>China</td>
<td>5.1</td>
<td>17.8</td>
</tr>
<tr>
<td>Peru</td>
<td>1.5</td>
<td>12.2</td>
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<tr>
<td>India</td>
<td>1.3</td>
<td>4.8</td>
</tr>
<tr>
<td>Australia</td>
<td>1.0</td>
<td>27.8</td>
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## Iron Ore

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<tr>
<td>Australia</td>
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</tr>
<tr>
<td>Brazil</td>
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<tr>
<td>India</td>
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<td>Russia</td>
<td>105</td>
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</tr>
<tr>
<td>Peru</td>
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</table>

## Tin

<table>
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<th>Country</th>
<th>Production KT</th>
<th>% of World Reserves</th>
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</thead>
<tbody>
<tr>
<td>China</td>
<td>110</td>
<td>22.9</td>
</tr>
<tr>
<td>Indonesia</td>
<td>95</td>
<td>16.7</td>
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<td>14.6</td>
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## Molybdenum

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<tr>
<th>Country</th>
<th>Production KT</th>
<th>% of World Reserves</th>
</tr>
</thead>
<tbody>
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<td>China</td>
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<tr>
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<td>12.9</td>
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## Lead

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<td>Peru</td>
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Peruvian Economy

• Prior to the mid-1990’s the Peruvian economy had a history of significant political and social challenges

• The situation improved towards the later 1990’s and from 2002 to 2013 prudent economic policies and a mining boom saw a GDP growth rate of 6.1%, one of the fastest in South America.

• Between 2014 and 2017 growth slowed to 3.1% largely due to lower commodity prices and political uncertainty

• Projected growth rate for the short term future is 3 to 4%

• Unemployment is at 6.0% and inflation at 2.0%

• At 23% of GDP the gross public debt is one of the lowest in the region
Opportunities

• Stable financial regime
• Low inflation
• State supported mining growth
  • Expedited permitting for exploration
  • Well defined permitting process and unlocking bottlenecks
  • Support for social conflicts

Challenges

• As with any different country - language and culture
• Community and social acceptance of new mining developments
• Water availability for new developments
• Unlocking available funds
  • Canon (taxes)
  • Obras por Impuestos (Works for taxes)
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