ANNUAL REPORT 2014

WORLD CLASS PERUVIAN MINING

minsur

ANNUAL REPORT 2014

Pedro Brescia Cafferata

Don Pedro Brescia Cafferata, who served as our company’s CEO from 1977 to 2013, passed away on December 21, 2014.

The Board of Directors, Managers and all MINSUR collaborators will remember Don Pedro with great esteem, admiration and appreciation.

His vision, leadership and exemplary working capacity were essential pillars for the progress of our institution and of many other companies, contributing to the well being of thousands of Peruvian families.

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LIABILITY STATEMENT

The document hereof contains truthful and sufficient information on the business development of MINSUR SA in 2014.
Notwithstanding the issuer's responsibility, the undersigned are responsible for its content pursuant to the applicable legal provisions.

Lima, March 26, 2015

/ JUAN LUIS KRUGER SAYÁN/

GERENTE MANAGER/

/ FORTUNATO BRESCIA MOREYRA/

PRESIDENT OF THE BOARD OF DIRECTORS/

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LETTER FROM THE PRESIDENT OF THE BOARD OF DIRECTORS

Dear shareholders:

I am pleased to present the Annual Report 2014 and the audited Financial Statements, which summarize the most significant facts of the company's management, pursuant to the requirements of the Superintendency of Securities Market.

2014 has been a year of great challenges for our country, our economy and our company. A deteriorated international environment and the drop in private investment resulted in a 2.4% growth of the country's economic activity in 2014, reflected in its GDP, the lowest rate since the 2009 international crisis.

In a scenario as described above, the operational endeavors of MINSUR during the year have been accompanied by an active cost reduction strategy, with an emphasis on productivity improvement in our units. Furthermore, a remarkable momentum was generated to obtain the highest safety standards in the company's operations. The result has been satisfactory: not only the lost-time injury frequency rate (LTIFR) fell 67% in comparison to the 2013 rate, but also Pucamarca –in its second year of operations as a MINSUR unit- has recorded four million man-hours with no accidents resulting in loss of days, thus achieving recognition as the safest open-pit mine in Peru by winning the first prize in the XVII National Mining Safety Award, organized by the Mining Safety Institute (ISEM).

Together with our safety approach, we have implemented a world-class environmental management system consolidating our environmental standards, and we have promoted the sustainable development of our environment, accompanied by trust relationships with the communities of our areas of influence.

From an operational point of view, in 2014 we have had an increase of treated tonnage, both in San Rafael Mining Unit and Pucamarca. This enabled us to partially offsetlower tin and gold grades in both mining units in line with the projections of our mining plan.
In our subsidiary Taboca in Brazil, we have achieved a substantial improvement in our operating results, producing 5,010 tons of fine Tin, doubling the production of the last three years, and beating niobium and tantalum production records.

Resources and reserves have also grown in San Rafael and Pucamarca. Exploration endeavors have supported this performance.

The fall of prices in the last quarter of the year, particularlyof the tin price, has made an impact in operation management and profitability. However, the financial results of the year are still solid. Sales in 2014 reached US$ 760.2 million, while net income reached US$ 84.9 million.

MINSUR financial strength was also reinforced by the international issuance of Senior Notes through a private placement of a US$ 450 million nominal value, at a 6.25% coupon rate. The issuance received a BBB- rating granted by Standard & Poor's Financial Services, a BBB- rating granted by Fitch Ratings and "Baa3" granted by Moodys, which places our company in an outstanding position in the international capital market. This note issuance ensures the financing capacity of MINSUR's long-term projects.

The company's organization has also been consolidated by the creation of a Corporate Project Management department, to implement projects allowing us to set the foundations of our future.

Our achievements in the year would not have been possible without the invaluable contribution of our shareholders, clients, suppliers and collaborators and, without a doubt, of the communities in the areas where our mining operations are located. We thank them all for accompanying our management in 2014, as well as for their trust and collaboration.

I want to offer a special word of recognition to Don Pedro Brescia Cafferata, who chaired our Board of Directors for more than 35 years, and whose passing away in the end of 2014 affected us deeply. His leadership, determination and commitment to service are values that are a part of MINSUR and a legacy for all our collaborators.

Fortunato Brescia Moreyra

PRESIDENT OF THE BOARD OF DIRECTORS

THE COMPANY

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MINSUR has more than 37 years of experience in the Mining Sector, and since the beginning it has stood out for its commitment to corporate responsibility and the development of the country. It meets the highest quality and safety standards, uses cutting-edge technology and is governed by the current environmental regulations. Furthermore, aiming at achieving excellence, it has designed special programs to ensure a better care of the environment and to favor the progress of neighboring communities of the areas in which it operates. Following this philosophy, MINSUR has become a solid, successful and internationally renowned company.

1.1 Historical Overview

MINSUR is a company founded in 1977, after the transformation of the Peruvian branch of MINSUR Partnership Limited of Bahamas, called MINSUR Limited Company, which operated in Peru since 1966. Mainly devoted to exploration, exploitation and processing of mineral deposits, MINSUR is the leader of the international tin market. It has ventured in the gold market through its Pucamarca mine, which started operations in January 2013. The other two production units of the company areSan Rafael mine and the Smelting and Refining Plant in Pisco.

MINSUR is also majority shareholder of Minera Latinoamericana S.A.C., which in turn is the main shareholder of Mineração Taboca S.A., a company that operates Pitinga mine in the State of Amazonas (Brazil), from where tin, niobium and tantalum are extracted. Taboca is also the owner of Pirapora Smelting Plant in Sao Paulo. Through subsidiaries, Minera Latinoamericana S.A.C. is also a shareholder of Melón S.A., leading company in the production and marketing of cements, concretes, mortars and aggregatesin the Chilean market.

Besides, MINSUR is majority shareholder of Cumbres Andinas S.A., which owns –through subsidiaries- 70% of shares of Marcobre S.A.C., which develops a copper ore project called Mina Justa, located in the district of San Juan de Marcona, in Ica. It is worth mentioning that Cumbres Andinas S.A. is the main shareholder of Compañía Minera Barbastro S.A.C., which has a polymetallic project in the region of Huancavelica, and of Minera Sillustani S.A.C., which holds several concessions in the Puno region.

MISSION
To generate value transforming mineral resources in a sustained manner.

VISION
To develop and operate world-class mining assets, being a reference in terms of safety, operational efficiency, socio-environmental responsibility and people development.

VALUES
Safety, excellence, commitment, integrity, responsibility and trust.

DIRECTORS AND MANAGERS

BOARD OF DIRECTORS

PRESIDENT
FORTUNATO BRESCIA MOREYRA

VICEPRESIDENT
ALEX FORT BRESCIA

DIRECTORS
ROSA BRESCIA DE FORT
MARIO BRESCIA MOREYRA
PEDRO BRESCIA MOREYRA
MIGUEL ARAMBURÚ ÁLVAREZ-CALDERÓN

A brief summary of the professional career of each of the board members may be found below in the “Corporate Governance” section.

MANAGEMENT

EXECUTIVE DIRECTOR
FORTUNATO BRESCIA MOREYRA

GENERAL MANAGER
JUAN LUIS KRUGER SAYÁN

DIRECTOR OF ADMINISTRATION AND FINANCE
ÁLVARO OSSIO GUIULFO(UNTIL DECEMBER 31, 2014)
GIANFLAVIO CARROZZI KELLER(FROM JANUARY 1, 2015)

DIRECTOR OF CORPORATE AFFAIRS
GONZALO QUIJANDRÍA FERNÁNDEZ

DIRECTOR OF NEW BUSINESS DEVELOPMENT
GONZALO FREYRE ARMÉSTAR

DIRECTOR OF OPERATIONS
LUIS ARGÜELLES MACEDO

DIRECTOR OF PROJECTS
MARCO HERRERA RAMÍREZ

DIRECTOR OF HUMAN RESOURCES
GUILLERMO DEFILIPPI RODRIGUEZ (UNTIL SEPTEMBER 30, 2014)
ÁLVARO ESCALANTE RUIZ (FROM OCTOBER 1, 2014)

GENERAL DIRECTOR OF MINERAÇÃO TABOCA
ITAMAR DUTRA PEREIRA DE RESENDE

INTERNAL AUDITOR
RAFAEL SALAZAR TAFUR

A brief summary of the professional career of all Management team members may be found below in the “Corporate Governance” section.

ECONOMIC AND SECTORAL CONTEXT

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2.1 Economic environment

i. In 2014, the international economic environment for Latin America was deteriorated mainly due to the Chinese and European economic slowdown, the drop in the prices of commoditiesand the global strengthening of the US Dollar.

China reported a growth rate of 7.4%, the lowest since 1990, due to the rapid deceleration of investments in that country. This deteriorated commodities demand and prices. Particularly, the fall of the oil price affected net oil-exporting countries, such as Ecuador, Venezuela and Colombia; while benefitting net-importing countries, such as Chile and Peru.

On the other hand, the United States economy continued recovering throughout the year, which made the dollar stronger against the currencies of its business partners, while the currencies of Colombia, Brazil, Chile and Perudepreciated against the dollar.

ii. In this international context companies and families adjusted investment and consumption plans. The Government reaction had very little impact in the year.

The fall of metal prices, depreciation of the Nuevo Sol and the low growth of the country's business partners affected the margins of several companies, which proposed investments and reduced operating costs to address this issue. This process was reflected on the 1.6% drop in private investment, weak employment growth and a generalized cost negotiation with suppliers.

The slower pace of contracting, added to the banks' more cautious approach in granting credits, affected the families' main sources of income and, thus, the demand for some consumption items.

To drive economic growth, the Government announced measures focused on the increase of State remunerations and public investment, as well as on reducing taxes and bureaucratic barriers. Nevertheless, these measures made very little impact on economic growth in 2014.

Regional and local governments, which report two thirds of public investment in the country, reduced their investment spending having a negative impact on economic activity and employment outside Lima.

A significant drive was actually given to concessions. The Government

MAIN MACROECONOMIC INDICATORS [1/]

	2012	2013	2014
GDP (actual var.%)	**6,0**	**5,8**	**2,4**
Domestic Demand	**8,0**	**7,4**	**2,0**
Private Consumption	6,1	5,2	4,1
Public Consumption	8,1	6,7	6,4
Private Investment	15,6	6,5	-1,6
Public Investment	19,1	12,1	-3,6
Exports	3,7	-2,3	-0,3
Imports	11,3	3,6	-1,4
Monetary Sector			
Exchange rate (S/. per US dollar) [2/]	2,55	2,80	2,98
Annual inflation, CPI (%)	2,6	2,8	3,2
Main balances (GDP%)			
Fiscal balance	2,3	0,9	-0,1
Current account balance	-3,3	-4,4	-4,1

1/ Base year 2007. 2014 is an estimate.
2/ End of the Period.

▶▶▶ Source: Central Reserve Bank (BCR), Apoyo Consultoría.

granted concessions for projects which investments amounted about US$ 10,000 million. However, none of these projects started the construction stage in 2014.

The Central Reserve Bank (BCR), for its part, reduced the benchmark interest rate and the reserve requirements in Nuevos Soles, but the impact was limited due to the Banks' more cautious approach in granting credits to sectors representing a higher risk.

iii. The balance: a weak growth with sectoral differences

Deterioration of the international environment, the low impact of the Government's reflationary measures and deterioration of the political environment, caused Peru's GDP to grow only 2.4% in 2014, the lowest rate since the international crisis in 2009.

The drop in mine production (-2.1%) and fish production (-27.9%), caused by specific problems not directly related to the economic environment, added to the abovementioned problems. In turn, sectors related to household consumption –especially middle and high-income households-, such as commerce and services, grew over 4.4%.

GDP BY ECONOMIC SECTORS 1/

	2012	2013	2014
Agriculture and livestock	5,9	1,6	1,4
Fishing	-32,2	24,1	-27,4
Metal mining	2,5	4,3	-2,1
Non-primary Industry	4,5	3,7	-1,0
Construction	15,8	8,9	1,7
Commerce	7,2	5,9	4,4
Services	7,4	6,4	5,8
GDP	**6,0**	**5,8**	**2,4**

1/ Base year 2007. 2014 is an estimate.

▶▶▶Source: BCR, Apoyo Consultoría.

2.2 Peruvian Mining Sector in 2014

2014 was a difficult year for the Peruvian mining sector. Cooper and gold prices-metals representing 50% of mining output- dropped 7% and 10% respectively. The mining GDP closed the year with an annual drop of 2.1% compared to 2013, and mining investment dropped almost 8%, measured in dollars, mainly affected by the completion of the construction of Toromocho in 2013 (one of the five large projects that were under construction that year) and, to a lesser extent by a reduction in exploration investment because of cost adjustments made by mining companies and the difficulties that junior mining companies had to get financing.

Drop metal prices

In 2014, the price of the most relevant metals for the Peruvian economy dropped by 7% in average. Copper price fell 6.6% due to China's lower growth, which is the main source of demand. Besides, the price of precious metals –such as gold and silver- dropped due to the monetary stimulus withdrawal by the United Statesand the speculation about an imminent rise of interest rates. Meanwhile, zinc price rose due to a larger demand from China, which is focusing its growth strategy towards consumption, and tin price dropped.

INTERNATIONAL PRICE OF METALS

METAL	2013	2014	VAR. (%)	End of 2014 1/
Gold (US$ per ounce)	1 411	1 266	-10,3	1 184
Silver (US$ per ounce)	24	19	-20.8	16
Copper (cUS$ per ounce)	332	310	-6.6	283
Zinc (¢US$ per pound)	87	98	12,6	99
Lead (¢US$ per pound)	98	96	-2,0	84
Tin (¢US$ per pound)	1 010	992	-1,8	880

1/ Price on the last working day of the year.

Fuente: Bloomberg.

Lower mining production

In 2014 mining production dropped 2.1%, mainly due to lower gold and copper grades in large mining operations, as well as to the closure of gold and silver mines.

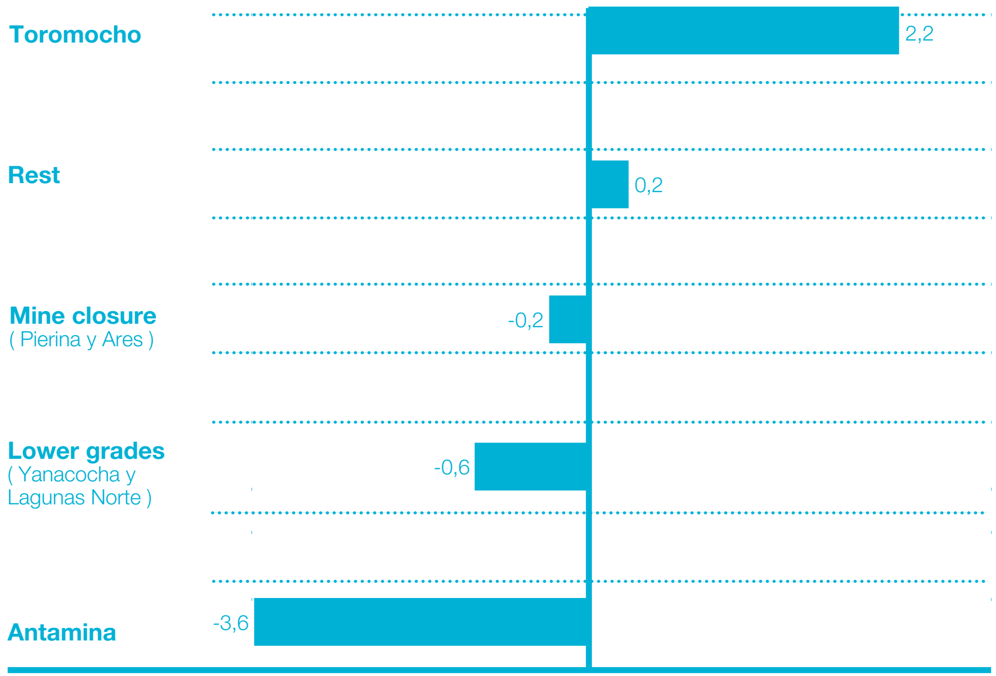
Moreover, operational problems prevented the start-up of important projects from offsetting the drop in production of the other mines.

MINING PRODUCTION, 2014* (%change)

METAL	% CHANGE
Copper	0,6
Zinc	-2,2
Gold	-10,4
Silver	1,9
Iron	12,5
Lead	4,4
Tin	-4,0
Molybdenum	-5,2

*Estimates

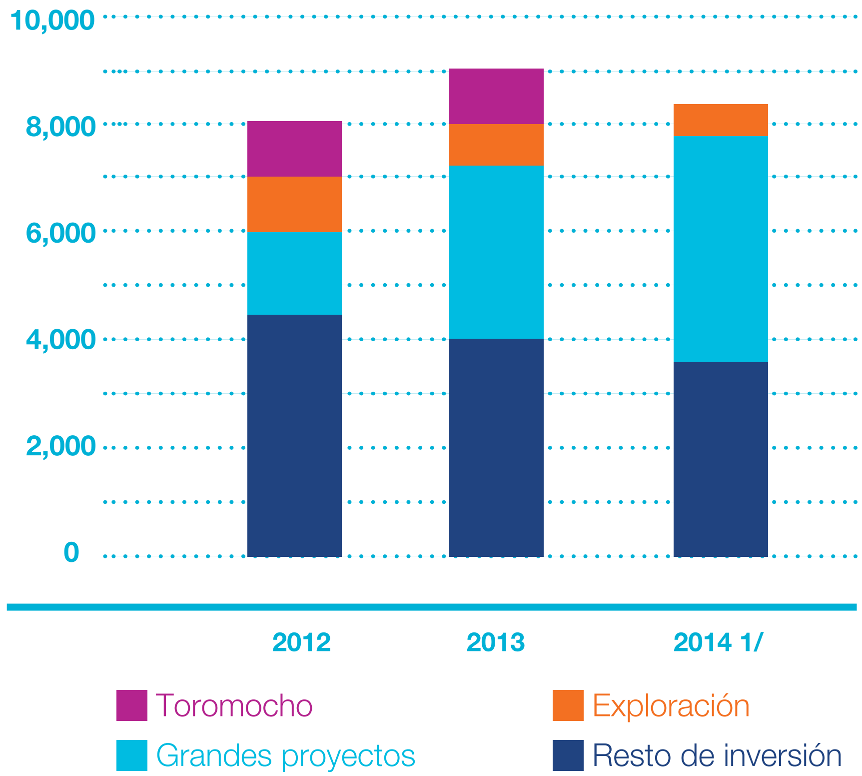
▶▶▶ Source: Minem, APOYO Consultoría



*Estimates

▶▶▶ Source: Minem, APOYO Consultoría

TOTAL MINING INVESTMENT IN PERU (US$ MILLION)



*Estimates

2 / Mayor Projects: Las Bambas, Amp. Cerro Verde y Constancia.

▸▸▸ Source: Minem, Empresas, APOYO Consultoría.

In 2014, total mining investment amounted to US$8,600 million, 8% lower than 2013 investments. This is mainly due to the beginning of the final stages of construction of the four large copper projects that represent 50% of the mining investment –Las Bambas (MMG), expansion works in Cerro Verde (Freeport and Buenaventura), Toromocho (Chinalco) and Constancia (Hudbay), the last two ended their construction stage in 2013 and 2014, respectively-. Furthermore, in 2014 no significant projects started construction works.

Investment in mining exploration dropped approximately 20.0% in 2014, due to the lower prices of metals, which resulted in the mining companies' decision to reduce exploration investment, particularly greenfield exploration. Furthermore, junior mining companies have found larger troubles to get financing and continue their explorations.

A RESPONSIBLE AND SUSTAINABLE MANAGEMENT

03

3.1 Our Operations
San Rafael Mining Unit

ASSET FUNDAMENTALS SAN RAFAEL

General Location	The San Rafael deposit, centred at longitude 70º19´13.3"W and latitude 14013´53.5´S, is located 5Km north of the town of Antauta, some 800 Km ESE of Lima.Access is by paved roads from Juliaca in the departament of Puno to Antauta.Trucking distance to the Pisco smelter is 1,204Km.
License status and holdngs	Minsur´s mining concessions cover 21,387 ha, encompassing the San Rafael deposit and Quenamari exploration project area.The beneficiation license has an area of 129.5 ha, and Minsur´s surface rights cover 4,255 ha.The mineral concessions and surface rights cover all esential facilities, including tailings and waste storage facilities.
Operational Infrastructure	San Rafael operates one underground mine at elevations ranging from 3,300 m at the mine´s deepest level ,to approximately 5,000m above means sea level.
Climate	There are no extreme climate conditions that may impact mining operations.The climate is mostly cold all year round with much summer rain turning to snow above 4,800m during the months of October to April.
Deposit type	San Rafael is a lode-type cassiterite-sulphide vein deposit hosted by a Late Oligocene (-25 Ma) granitoid intrusion.
Mining method	Longhode sub-level stoping, transitioning to a combination of transversal sub level stoping and longitudinal sub-level stoping, and benc-and-fill stoping.The change in mining methods is aimed at improving narrow-vein mining efficiencies.
Metallurgical process	Gravity concentration using jigs , spirals and tables ,followed by two flotation steps . 84 % of the tin is recovered by gravity methods and 16 % by flotation.
Engineering	San Rafael has sufficient tailings and waste storage capacity to life-of-mine-plan. A new waste storage facility with 15Mm³ capacity, has been constructed and is one operational.
Life of Mine	There are sufficient ore reserves to ensure that mining operations will continue for at least five years . Mineral resources are equivalent to a further six years of mining (inclusive of ore reserves) .
Environmental/ Health and Safety	San Rafael conforms to OHSAS 18001 standards, and received certification in 2007.

San Rafael is the main tin producer in the national territory, and the most important in South America. It is the world's largest mine.

From the beginning it has contributed to the development of the region, through the allocation of royalties and mining canon funds. Currently it generates more than 2,000 jobs by promoting sustainable development projects for the communities in the area of influence. Moreover, San Rafael operates with the highest standards of occupational and environmental safety.

Output Indicators

Despite the lower ore grade, the production of tin concentrate in 2014 was in line with that of 2013. This was the result of an increased treatment capacity of the concentrator plant.

SAN RAFAEL: OUTPUT INDICATORS

CATEGORY	INDICATOR	UNIT	2014	2013
Mine	Extracted mineral	T (kt)	1,154,405	1,136,94 4
	Extracted ore grade	% Sn	2,35	2,71
	Progress	m (km)	32,372	29,04 6
Plant	Treated mineral	T (kt)	1,032,255	973,492
	Treated ore grade	% Sn	2,4 8	2,72
	Total recovery	%	90,36	89,27
	Fine Tin	T (kt)	23,105	23,66 8
	Plant Utilization	%	96,16	93,86
Mining Unit	Cost per ton treated	US$/TT	143,3	150,9

INDICATOR	UNIT	2014	2013
Diamond drilling	M	61,332	48,801
Resources volume			
Tonnage calculated	t	3,032,230	1,000,000
Calculated Tin grade	%	1,73	3,00
Calculated fine tin	t	52,452	30,000
Total concentrate produced	t	42,718	42,354
Total concentrate grade	%	55,88	54,09

In 2014, 1.5% more mineral was extracted as compared with 2013, which enabled the concentrator plant to treat 6% more than the previous year. The larger tonnage treated responded to the authorization for expanding the plant's capacity to 2,900 DMT granted through Directorial Resolution (R.D.) N° 0167-2014-MEM-DGM/V. In addition, the concentrator plant's circuits were optimized to increase treatment and recovery capacity, which improved by 1.2% as compared with 2013. The plant's utilization also improved by 2.5%.

Regarding fine tin tonnage, production was reduced by 2.3% in comparison with the former year,due to the lower ore grade caused by the current conditions of the deposit. We have been working to consolidate the level of resources and reserves to assess alternatives to concentrate production hubs and define areas in which several structures can be jointly operated, using shared services and resources; enabling work concentration, and thus achieving a better operational control, higher productivity, lower cost of preparation and lower risk exposure.
In parallel, and in a complementary way, we will continue monitoring and controlling implementation initiatives of new exploitation methods and reinforcement systems using cable bolting, trim blastingwith pressure relief drill and decoupled chargeaiming at reducing operational dilution and ensuring the fine tin tonnage planned to be obtained in 2015.

Following the mine sustainability plan in the short and mid-term, investments were made for the expansion of the tailings dam and the waste dump. Furthermore, the following studies were initiated aiming at increasing the operation's productivity:

- Pre-feasibility study on mining methods, as well as ore and waste transportation systems
- Feasibility study for the paste backfill plant and backfilling of empty spaces.
- Pre-feasibility study on marginal slag treatment.

The cost per ton treated in San Rafael in 2014 was US$ 143.3, 5% belowwhat was obtained in 2013, due to the increase in daily treated tonnage, which resulted from an increase in daily treated tonnage capacity (2,900 tons in 2014 vs. 2,500 tons in 2013).

San Rafael Mineral Resources and Ore Reserves:

Headline Indicators

- For the first time, the declaration of Mineral Resources includes a surface stockpile of low grade ore carrying a total of 10,500 tonnes of tin metal at an average ore grade of 0.79% Sn.
- Mineral Resources are hosted by 24 mineralized structures, but 76% of resources are located on three principle structures, namely the San Rafael, Vicente and Jorge structures.
- 57% of Mineral Resources occur as veins (veins are defined as structures with less than 3 m width), and 43% as “cuerpos” (defined as structures that are greater than 3 m width).
- Mineral Resources are defined at a cut-off of 0.3% Sn, and Ore Reserves at a cut-off grade of 0.85% Sn (0.87% Sn in 2013). The minimum thickness of mineralized structures evaluated is 0.5 m.
- Mineral Resources have been calculated using a tin price of US$24,000/t, and ore reserves at US$22,000/t. In addition, a US$450/t premium is received for each tonne of quality tin metal produced.
- Mining dilution remains high and a continuing challenge for the operation. The total dilution on tonnes mined is 46%, and 31% on Sn grade.
- Metallurgical recovery is 89% at the San Rafael concentrator, 95.3% at the Pisco smelter, resulting in an overall recovery of 88%.
- The Mineral Resources and Ore Reserves have been audited by external independent auditors and comply with the JORC Code (2012).

SAN RAFAEL: MINERAL RESOURCES

	CUT-OFF GRADE (% SN)			TONNES (MT)			GRADE (%Sn)			TIN METAL (TMF)		
Classification	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12
Measured	0,3	0,3	0,3	2,543	1,799	1,900	3,21	4,39	4,35	81,605	79,023	82,683
Indicated	0,3	0,3	0,3	3,147	2,619	1,881	2,23	3,70	3,80	70,256	96,937	71,399
Measured + Indicated	0,3	0,3	0,3	5,691	4,418	3,781	2,67	3,98	4,08	151,861	175,960	154,082
Inferred	0,3	0,3	0,3	1,941	1,298	1,142	1,97	3,09	3,14	38,299	40,112	35,927
Surface Stockpile	0,3			1,548			0,76			11,768		
Grand Total	0,3	0,3	0,3	9,179	5,716	4,923	2,20	3,78	3,86	201,928	216,07	190,009

Notes Mineral Resources:

- Mineral Resources are calculated using US$24,450/t Sn. (US$23,000/t Sn in Dicember 2013)
- The US$24,450/t tin price includes a US$450/t premium received by San Rafael for every tonne of refined tin metal above the tin selling price
- Mineral Resources are inclusive of Ore Reserves
- December 2014 Mineral Resources have been audited by independent external auditors and are compliant with the JORC (2012) Code

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SAN RAFAEL: ORE RESERVES

	CUT-OFF GRADE (% SN)			TONNES (MT)			GRADE (%Sn)			TIN METAL (TMF)		
Classification	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dic-13	Dec-12
Proven	0,85	0,87		1,813	1,705	1,900	1,96	1,71	1,43	35,581	46,676	41,296
Probable	0,85	0,87		2,346	2,797	1,881	1,74	2,80	1,70	40,775	54,214	39,213
Proven + Probable	0,85	0,87		4,159	1,840	3,128	1,84	2,24	2,57	76,356	100,889	80,509
Stockpile Surface	0,85			1,548			0,76			11,768		
Total	**0,85**			**5,707**			**1,54**			**88,124**		

Notes Ore Reserves:

- Ore Reserves are calculated using US$22,000/t Sn. (US$20,500/t Sn in December 2013)
- Modifying factors include use of appropriate recovery and dilution factors
- December 2014 Ore Reserves have been audited by independent external auditors and are compliant with the JORC (2012) CODE

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ASSET FUNDAMENTALS B2 TAILINGS MINING PROJECT	
General Location	The B2 tailings deposit is loacted at the San Rafael mine.
License status and holdngs	License status is consistent with the San Rafael mine.
Operational Infrastructurel	The B2 project is part of the existing infrastructure currently in operation at San Rafael. A pilot plant to test metallurgical recoveries has been operating throughout 2014. It is envisaged that a new stand-alone concentrator plant will be required for the B2 project.
Deposit type	The B2 deposit is a tailings deposit where casiterite accumulated during the period before flotation was introduced to the San Rafael process plant. The source of the cassiterite mineralization is the San Rafael lode.
Mining method	Hydraulic mining and/or shovel-and-haul methods are under consideration.
Metallurgical process	Recovery by gravity concentration and flotation is expected.
Engineering	No detailed engineering to date.
Life of Mine	Mining options and process throughput rates remain at conceptual levels.
Environmental/ Health and Safety	The B2 project participates in the health and safety programs practiced at San Rafael.

	Cut-off Grade (% Sn)		Tonnes (Mt)		Grade (% Sn)		Tin Metal (TMF)	
Classification	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13
Measured	**0.00**	0.00	**3.892**	3.892	**1.10**	1.10	**42,870**	42,870
Indicated	**0.00**	0.00	**3.721**	3.721	**1.00**	1.00	**37,250**	37,250
Measured + Indicated	**0.00**	**0.00**	**7.613**	**7.613**	**1.05**	**1.05**	**80,130**	**80,130**
Inferred	**0.00**	0.00	**0.011**	0.011	**1.31**	1.31	**140**	140

Notes:

- Mineral Resources volumes are determined by tailings dam topographic surfaces
- Mineral Resources have been estimated using classic geostatistical methods
- The Mineral Resources are reported to 0% Sn cut-off due to this being a tailings depositt
- Mineral Resource calculations are based on core samples recovered by Sonic and Rotary Drilling
- The resource estimate is based on a total of 103 boreholes (2,750m)
- The Mineral Resources have been audited by independent external auditors and are complaint with the JORC CODE (2012)

SMELTER PLANT AND REFINERY IN PISCO

The Smelter Plant and Refinery in Pisco uses cutting edge technology, which has allowed us to commercialize tin of the highest purity, which advantageously competes in international markets demanding first-rate metals. Opened in 1996, the plant is located in km 238.5 of the Panamericana Sur highway, in Pisco, Ica province. It was the first one in the world using the top submerged lance technology for processing tin concentrates.

The concentrates from San Rafael mine, owned by MINSUR S.A., are processedin the Smelter Plant and Refinery in Pisco with Sirosmelt technology, which consists of the fusion of a mixture of tin concentrate, limestone, iron ore and anthracite coal at high temperatures in a cylindrical and upright submerged lance oven, until obtaining raw metal of an approximate purity of 98% tin.

In the Pisco plant we produce refined tin of the highest purity, in four presentations: ingot, granules, billet and jumbo (1MT ingot), besides the five qualities based on tin chemical composition, from 99.9% to 99.99 of tin purity.
The versatility offered by the Smelter Plantallows adapting MINSUR products to its customers' needs and generating synergies supporting them with the optimization of their own productive processes.

Process optimization allowed increasing recovery by 1.5%, with a refined tin production 0.4% higher than 2013 production, though this plant received 0.9% less fine tin.

As a result of the Tin Concentrate Stock Optimization Plan initiated in 2014, the cost for ton treated in Pisco was US$ 327, in line with that obtained in 2013.

Smelter Plant and Refinery in Pisco: Output indicators

Category	Indicator	Unit	2014	2013
Plant	Tin concentrate fed	kt	45,543	44,426
	Tin grade in the concentrate	%	54.30	56.19
	Marginal slag fed	kt	37,045	38,069
	Tin grade in the marginal slag fed	%	1.34	1.52
	Rotary furnace slag fed	kt	3,073	2,205
	Tin grade in rotary furnace slag	%	15.81	17.66
	Refined tin production	kt	24,223	24,132
	Recovery	%	96.78	95.45
	Tin slag	%	0.59	0.59
	Smelter utilization	%	93.26	96.41
	Refinery utilization	%	57.64	70.34

PUCAMARCA MINING UNIT

ASSET FUNDAMENTALS PUCAMARCA

General Location	The Pucamarca deposits, centered on longitude 69053'19.4"W and latitude 17045'41.8"S, is located in southern Peru in the department of Tacna, approximately 90 km west of the city of Tacna. The mine locates within the Rio Azufre basin at altitudes ranging from 4,300m to 4,575m.
License status and holdings	Minsur holds 38 mineral concessions covering 18,615 ha over the Pucamarca mine and adjoining area. These include a beneficiation license area of 252 ha. The mineral concessions cover all essential facilities, including leach pads and waste rock storage facilities.
Operational Infrastructure	There are three satellite deposits at Pucamarca, namely Checocollo, Morrenas and Caldero. Only the Checocollo deposit is currently under exploitation. Minsur operates one open pit on the Checocollo deposit. The infrastructure includes an ADR recovery plant, and a single leach pad interlinked with a waste rock storage facility.
Climate	Climatic conditions are generally dry and cool, typical of the northern parts of the Atacama desert where diurnal temperatures range from 2.60C in September to 4.90C in March. Annual precipitation averages 251 mm, with most rain falling between the months of January to March.
Deposit type	Gold-(silver) mineralization occurs as a high sulphidation (acid sulphate) epithermal system associated with breccias within an intensely silicified late-stage quartz porphyry intrusion. Gold mineralization is intimately associated with intense silicification where vuggy silica is common.
Mining method	Conventional open pit.
Metallurgical process	Run-of-mine ore is crushed and transported to a valley-type heap leach pad. Ore is recovered using adsorption-desorption-recovery (ADR) followed by electrowinning. The final product is cast as doré comprising 65% Au and 25% Ag.
Engineering	Leach pads with total storage capacities of approximately 80 Mt are designed and constructed in phases. There is sufficient leach pad and waste rock storage capacity to meet the life-of-mine plan.
Life of Mine	There are sufficient ore reserves to ensure that mining operations will continue for at least seven years.
Environmental/ Health and Safety	Pucamarca is in the process of obtaining OSHAS 18001 certification and it is ISO 14001 Certified.

The newest mining unit of MINSUR is an undertakingthat exploits a gold deposit located in the high-Andean area of the Tacna province, near milestone 52 of the Peruvian-Chilean border. Itis a mining venture conducted with the highest international standards for themanagement of its operations, the environment, safety and social responsibility.

Pucamarca operations started in January 2013, after strictly complying with all legal, administrative and environmental proceedings. The mineral extraction is done in an open-pit at mount Checocollo, using ANFO blasting and electronic primers. The product is transported with CAT 777F 100-ton dump trucks, which feed a rotating crusher with an up to 1,350 ton/hour capacity.

The mineral is crushed below 5.5” and it is stacked in an area properly prepared for leaching with a cyanide solution. Gold-rich solutions are treated in an absorption plant with activated carbon; desorption by zadra process; electroplating and casting of cement in an induction furnace. The final product consists of doré bars, with 65% gold and 25% silver grades. The rest is made up of impurities such as copper, molybdenum, etc.

In 2014 the mine extracted 5.9 million tons of mineral with a 0.668 g/t gold grade. It produced 105,939 ounces of gold with a 69.42% metallurgical recovery. It is worth mentioning that the treated mineral production increased from 14,000 to 17,5000 tons per day in April. The success of the exploratory campaign was equally important, and it allowed calculating the volume of new reserves, thus replacing the mined ones. The estimated mine life, considering measured and indicated resources reported at the end of 2014, and using the current level of processing -17,500 tons per day or 6.4 million tons per year- as a base, is 10.3 years.

Output indicators:

Pucamarca: Output indicators

Category	Indicator	Unit	2014	2013
Mine	Extracted mineral	kt	5,933,665	4,983,064
	Extracted ore grade	g/t	0.668	0.824
PAD	In-pad ore	kt	6,088,442	4,969,269
	In-pad ore grade	g/t	0.697	0.822
Plant	Gold ounces produced	oz	105,939	131,305
	Historical recovery	%	69.42	67.74
	ADR plant utilization	%	97.52	98.01
Mining Unit	Cost per treated ton	US$/TT	6.2	7.5

Aiming at ensuring and optimizing the unit's operation, investments in project development were made in 2014, among which stand out the assembly and startup of the new train of adsorption columns that improves and optimizes the flow of solution to be treated in the plant; and completion of construction of the PAD Phase 2B, with a total area of 20.6 hectares and a storage capacity of 20.7 Mt, for which an operating permit was received in December 2014. Furthermore, the waste dump construction continued as well as the construction of other minor facilities, and engineering works began to manufacture a thermal regeneration furnace, which will improve the adsorption process.

On the other hand, the Uchusuma Canal covering was implemented, using concrete lids, working together with the Regional Government of Tacna, the Tacna Special Project, and APORTA. This work, valued in US$ 3.5 million, was a response to a request made by the population, aiming at having a greater environmental protection. This strengthens the company's good and cordial relationship with the community and different stakeholders.

The cost per ton treated in Pucamarca in 2014 was US$ 6.2, 17% below 2013, due to the larger daily tonnagethat resulted from an increase in daily treated tonnage capacity in the plant (17,500 tons in 2014 vs. 14,000 tons en el 2013).

Pucamarca: Mineral Resources and Ore Reserves

Headline Indicators

- At US$356/Auoz in 2014, Pucamarca continues to be one of the world's lowest cash cost gold producers. The cash cost per tonne treated in 2014 was US$6.20/TT.
- The identification of new Mineral Resources and the successful conversion of Inferred to Indicated and Measured Mineral Resources during 2014 has increased the Mineral Resources by 23% after accounting for mining depletion. This means that new Mineral Resources have more than replaced the ore that has been mined to date.
- Plans to increase the mining rate from 17,500 tpd to greater than 21,000 tpd is expected to further strengthen mining cost efficiencies.
- The Mineral Resources and Ore Reserves have been audited by independent external auditors and are compliant with the JORC CODE (2012).

Pucamarca: Unconstrained Mineral Resources

	Cut-off Grade (g/t Au)			Tonnes (Mt)			Grade (g/t Au)			Contained Gold (Moz)		
Classification	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12
Measured	**0.16**	0.18	0.00	**31.23**	24.41	16.32	**0.53**	0.55	0.55	**0.585**	0.402	0.290
Indicated	**0.16**	0.18	0.00	**49.57**	35.86	55.35	**0.43**	0.50	0.49	**0.677**	0.573	0.870
Measured + Indicated	**0.16**	**0.18**	**0.00**	**80.80**	**60.27**	**71.67**	**0.49**	**0.50**	**0.50**	**0.262**	**0.975**	**1.160**
Inferred	**0.16**	0.18	0.00	**41.72**	26.67	41.75	**0.32**	0.47	0.27	**0.424**	0.405	0.360

Notes:

- Mineral Resources are unconstrained by any pit limit.
- Mineral Resources are calculated using US$ 1,300/oz Au y US$ 25/oz Ag. (US$ 1,300/oz Au y US$23/oz Ag in December 2013).
- Total Pucamarca Mineral Resources are the sum of resources from tow resource models (Checocollo-Morrenas and Caldero)
- Mineral Resources in December 2013 were reported at a 0 g/t Au cut-off.

Contents

Pucamarca: Pit Constrained Mineral Resources

	Cut-off Grade(g/t Au)			Tonnes (Mt)			Grade (g/t Au)			Contained Gold (Moz)		
Classification	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12
Measured	**0.16**	0.18	0.00	**29.73**	22.40	16.32	**0.59**	0.50	0.55	**0.565**	0.360	0.290
Indicated	**0.16**	0.18	0.00	**35.97**	28.86	55.35	**0.47**	0.53	0.49	**0.542**	0.494	0.870
Measured + Indicated	**0.16**	**0.18**	**0.00**	**65.70**	**51.25**	**71.67**	**0.52**	**0.52**	**0.50**	**1.107**	**0.854**	**1.160**
Inferred	**0.16**	0.18	0.00	**20.62**	15.35	41.75	**0.36**	0.59	0.27	**0.240**	0.290	0.360
Total	**0.16**	0.18	0.00	**86.32**	66.60	113.42	**0.49**	0.53	0.42	**1.347**	1.144	1.520

Notes:

- Mineral Resources are expressed to the limits of an optimised pit she
- Mineral resources are inclusive of what may be converted to ore reserves
- Mineral resources are calculated using US$1,300/oz Au and US$25/oz Ag. (US$1,300/oz Au and US$23/oz Ag in December 2013).
- Total Pucamarca Mineral Resources are the sum of resources from two resource models (Checocollo-Morrenas and Caldero)
- Appropriate recovery and dilution factors have been used in the pit optimisation process
- December 2014 Mineral Resources have been audited by independent external auditors and are compliant with the JORC (2012)
- Mineral Resources in December 2012 were reported at 0 g/t Au cut-off

Pucamarca: Ore Reserves

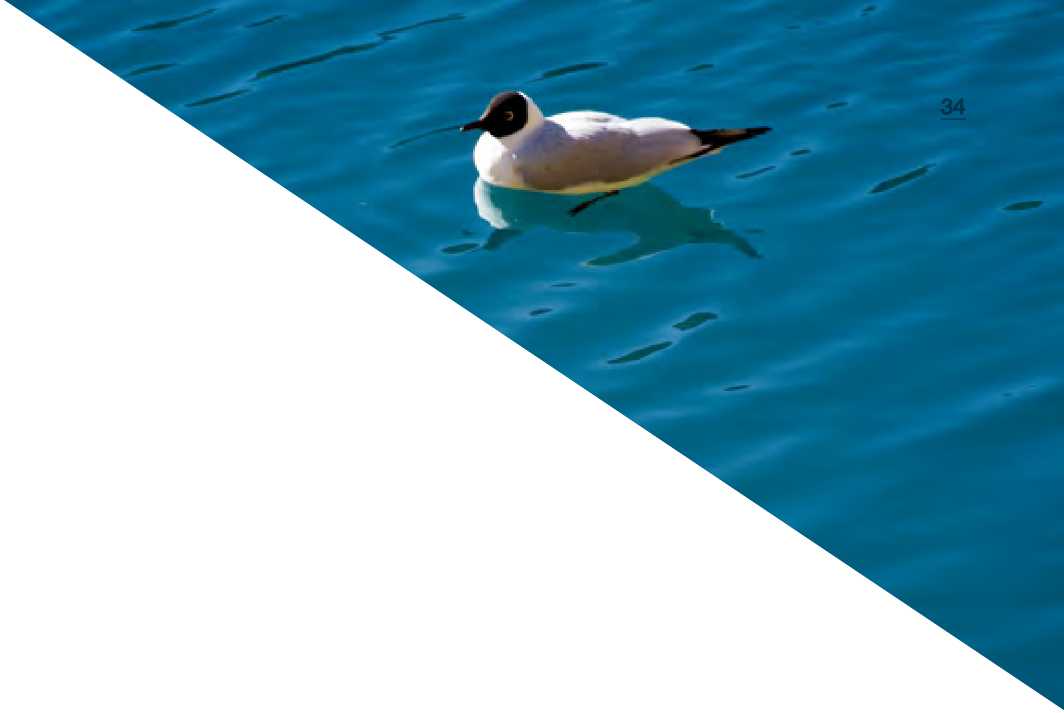
	Cut-off Grade(g/t Au)			Tonnes (Mt)			Grade (g/t Au)			Contained Gold (Moz)		
Classification	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12
Proven	**0.16**	0.18	0.00	**27.09**	20.69	11.69	**0.59**	0.50	0.67	**0.514**	0.334	0.250
Probable	**0.16**	0.18	0.00	**22.36**	25.78	41.72	**0.48**	0.55	0.59	**0.343**	0.453	0.790
Proven + Probable	**0.16**	**0.18**	**0.00**	**49.44**	**46.47**	**53.41**	**0.54**	**0.53**	**0.61**	**0.857**	**0.787**	**1.040**

Notes:

- Ore Reserves are calculated using US$1,150/oz Au and US$17/oz Ag. (US$1,200/oz Au and US$20/oz Ag in December 2013)
- Modifying factors include use of appropriate recovery and dilution factors
- Ore Reserves are based only on Checocollo-Morrenas Mineral Resources
- December 2014 Ore Reserves have been audited by independent external auditors and are compliant with the JORC (2012) CODE
- Mineral Resources in December 2012 were reported at 0 g/t Au cut-off

Mineração Taboca

ASSET FUNDAMENTALS PITINGA	
General Location	The Pitinga deposit, centered at longitude 6006'31.1"W and latitude 0045'52.2"S, is located 250 km north of Manaus in Brazil's Amazonas state.
License status and holdngs	Minerañao Taboca holds 194 contiguous mineral licences covering an area of 1,510,044 ha. Of these, 112 licenses with an area of 1,048,691 ha fall within restricted indigenous Indian reservations or Bio Protected areas. Taboca currently has 14 valid exploitation licences and 26 valid exploration licenses. The total area designated as exploitation licences is 117,620 ha. There are 82 licenses with an area of 461,353 ha with unrestricted access, and these are the current area of operations.
Operational Infrastructure	Taboca operates one open pit mine, known as Rocha Sã, and three separate metallurgical complexes spaced over distances of 10 km. Taboca operates a tin smelter located at Pirapora do Bom Jesus near Sao Paulo.
Climate	Pitinga is located close to the equator, in tropical rainforest. The equatorial climate is characterized by a short dry season and extremely high rainfall exceeding 2,500 mm per year. The annual average diurnal temperature is 26ºC, ranging from 38ºC to 20ºC.
Deposit type	Tin and niobium-tantalite occurs in the form of disseminated cassiterite, pyrochlore and columbite hosted by a rare-element peralkaline granite complex.
Mining method	Conventional open pit.
Metallurgical process	The Pitinga tailings storage facility has been designed to accommodate 200 Mt of tailings. A low grade stockpile and waste rock storage in the Paixuba basin has excess capacity to meet the life-of-mine plan.
Engineering	The Pitinga tailings storage facility has been designed to accommodate 200 Mt of tailings. A low grade stockpile and waste rock storage in the Paixuba basin has excess capacity to meet the life-of-mine plan.
Life of Mine	The mineral resources are sufficient to support the current rate of mining for at least 28 more years.
Environmental/ Health and Safety	Taboca is in the process of obtaining OSHAS 18001 certification.



As the majority shareholder of Minera Latinoamericana, MINSUR is the main shareholder of Mineração Taboca, owner of Pitinga mine, located in the State of Amazonas, Brazil. Cassiterite and columbite are extracted from Pitinga. The latter is processed to produce a niobium and tantalum alloy. Cassiterite is processed in the Smelter Plant of Pirapora, located in São Paulo State.

From 1982, Pitinga mine –located 250km from Manaos city, in the President Figueredo municipality-processed alluvial tin deposits along the Pitinga River. But, when such deposits were exhausted, it started processing ore from hard rock, and subsequently it stopped doing this to start processing tailings.

From February 2012, the concentrator plant processes only hard rock ore. The greater value mineralization is related to madeira granite with tin, zircon, niobium and tantalum content.
The mine is operated in an open pit, with an actual output capacity of approximately 17 000 MT/d. The mineral is transported to the processing plant (1.2 Km) in 30-ton trucks. The mean grade is 0.18% Sn and 0.22% (Nb Ta) 2O5.

The Smelter Plant of Pirapora processes cassiterite concentrates extracted in Pitinga, which are converted into high quality refined tin. Its 99.97% purity, higher than that required by MINSUR's customers, gives it great competitive advantages in the international market. The plant is located 50 Km from São Paulo, 136 Km from the port of Santos and 3,962 Km from Manaos.

The cost per treated ton in Pitinga in 2014 was US$ 22.7, 1% below 2013, due to a 12% increase of treated tonnage in mine.

Pitinga Mineral Resources

Headline Indicators

- Pitinga is a low-grade long-lived mining operation characterized by low mineral recoveries and marginal economics.
- Pitinga has the world's largest resources of tin and tantalum, and ranks midway in terms of its niobium resources.
- In addition to tin, niobium and tantalum, Pitinga is enriched in REEs, uranium and thorium. The extent of these secondary resources has never been determined and remains an upside consideration for the future.
- The Mineral Resources have been audited by external independent consultants and comply with JORC CODE 2012.

Minerañao Taboca: Output Indicators

	Indicador	Unit	2014	2013
Mine	Extracted mineral	t	5,649,724	4,980,520
	Tin grade in extracted mineral	%	0.212%	0.207%
	(NbTa)2O5 grade in extracted mineral	%	0.257%	0.256%
Plant (concentration)	Ore treated in concentration	t	5,647,982	5,020,489
	Tin grade in ore treated in concentration	%	0.201%	0.198%
	(NbTa) 2O5 grade in ore treated in concentration	%	0.249%	0.250%
Plant (tin flotation)	Cassiterite	t	12,446	9,695
	Tin grade	%	48.807%	49.064%
	Tin contained	t	6,075	4,757
Planta (Metalurgia)	Columbite concentrate	t	7,718	8,847
	(NbTa)2O5 grade	%	31.42%	28.19%
	(NbTa)2O5 grade	t	2,719	3,018
	NbTa grade	%	47.10%	45.61%
Producción	Pitinga - NbTa produced	t	1,281	1,377
	Pirapora – Refined tin	t	5,010	4,212
	Cost of treated ton	US$/TT	22.7	25.6

Contents

Pitinga: Unconstrained Mineral Resources (ore tonnes and grades)

	Cut-off grade			Toneladas (Mt)			Ley (% Sn)			Ley (% Nb2O5)			Ley (% Ta2O5)		
Classification	Dic-14	Dic-13	Dic-12	Dic-14	Dic-13	Dic-12	Dic-14	Dic-13	Dic-12	Dic-14	Dic-13	Dic-12	Dic-14	Dic-13	Dic-12
	(NSR $/t)	(% Sn)	(% Sn)												
Measured	15.30	0.12	0.10	121.60	58.10	86.60	0.171	0.180	0.170	0.207	0.203	0.224	0.028	0.023	- *
Indicated	15.30	0.12	0.10	189.62	154.60	145.90	0.128	0.160	0.160	0.198	0.195	0.209	0.027	0.020	- *
Measured + Indicated	15.30	0.12	0.10	311.22	212.70	232.60	0.145	0.170	0.160	0.202	0.197	0.214	0.028	0.021	- *
Inferred	15.30	0.12	0.10	203.69	50.80	29.40	0.097	0.140	0.140	0.193	0.193	0.207	0.027	0.031	- *

Notes:

- Mineral resources are calculated using US$24,000/t Sn and US$22,500/t FeNbTa liga alloy. (US$23,000/t Sn and US$22,500/t FeNbTa liga alloy in December 2013)
- Liga alloy comprises 50% Fe and 50% NbTa by metal content
- NSR ($/t) cut-off method introduced in December 2014
- * December 2012 Ta2O5 grades and metal contents were incorporated into a combined NbTa2O5 value (reported under niobium in this table)

Contents

Pitinga: Unconstrained Mineral Resources (Ore tonnes and Metal Tonnes)

	Cut-off grade			Tonnes (Mt)			Tin (TMF)			Niobium (TMF)			Tantalum (TMF)		
Classification	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12
	(NSR $/t)		(% Sn)												
Measured	15.30	0.12	0.10	121.60	58.10	86.60	207,936	104,526	145,500	251,712	117,882	191,740	34,048	13,356	- *
Indicated	15.30	0.12	0.10	189.62	154.60	145.90	242,714	247,435	233,500	375,448	301,562	305,077	51,197	30,929	- *
Meassured + Indicated	15.30	0.12	0.10	311.22	212.70	232.60	451,269	361,619	379,000	627,160	419,052	496,817	87,142	44,671	- *
Inferred	15.30	0.12	0.10	203.69	50.80	29.40	197,579	361,619	41,200	393,122	98,090	60,923	54,996	8,640	- *

Notes:

- Mineral Resources are calculated using US$24,000/t Sn and US$22,500/t FeNbTa liga alloy. (US$23,000/t Sn and US$22,500/t FeNbTa liga alloy in December 2013)
- Liga alloy comprises 50% Fe and 50% NbTa by metal content
- NSR ($/t) cut-off method introduced in December 2014
- * December 2012 Ta2O5 grades and metal contents were incorporated into a combined NbTa2O5 value (reported under niobium in this table)

Pitinga: Pit Constrained Mineral Resources (Ore tonnes and grades)

Classification	Ley de Corte			Toneladas (Mt)			Ley (% Sn)			Ley (% Nb_2O_5)			Ley (% Ta_2O_5)		
	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12
	(NSR $/t)	(% Sn)	(% Sn)												
Measured	15.30	0.12	0.10	117.16	52.69	86.60	0.175	0.184	0.170	0.208	0.206	0.224	0.028	0.024	- *
Indicated	15.30	0.12	0.10	161.76	128.79	145.90	0.137	0.174	0.160	0.201	0.198	0.209	0.028	0.021	- *
Measured + Indicated	15.30	0.12	0.10	278.92	181.48	232.60	0.153	0.177	0.160	0.204	0.200	0.214	0.028	0.022	- *
Inferred	15.30	0.12	0.10	97.14	21.83	29.40	0.122	0.157	0.140	0.197	0.197	0.027	0.027	0.019	- *

Notes:
- Pit-contrained Mineral Resources
- Mineral Resources are inclusive of what may be converted to ore reserves
- Mineral Resources are calculated using US$24,000/t Sn and US$22,500/t FeNbTa liga alloy. (US$23,000/t Sn and US$22,500/t FeNbTa liga alloy in December 2013)
- NSR ($/t) cut-off method introduced in December 2014
- * December 2012 Ta_2O_5 grades and metal contents were incorporated into a combined $NbTa_2O_5$ value (reported under niobium in this table)
- The December 2014 mineral resources and ore reserves have been audited by independent external auditors and are JORC (2012) compliant

Pitinga: Pit Constrained Mineral Resources (Ore Tonnes and Metal Tonnes)

	Cut-off grade			Tonnes (Mt)			Tin (TMF)			Niobium (TMF)			Tantalium (TMF)		
Classification	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12	Dec-14	Dec-13	Dec-12
	(NSR $/t)	(% Sn)	(% Sn)												
Measured	15.30	0.12	0.10	117.16	52.69	86.60	205,030	96,950	145,500	243,693	108,500	191,740	32,805	12,700	- *
Indicated	15.30	0.12	0.10	161.76	128.79	145.90	221,611	224,100	233,500	325,138	255,000	305,077	45,293	27,050	- *
	15.30	0.12	0.10	278.92	181.48	232.60	426,748	321,050	379,000	568,997	363,500	496,817	78,098	39,750	- *
Inferred	15.30	0.12	0.10	97.14	21.83	29.40	118,511	34,300	41,200	19,137	43,900	60,923	26,228	4,150	- *

Notes:
- Pit-contrained Mineral Resources
- Mineral Resources are inclusive of what may be converted to ore reserves
- Mineral Resources are calculated using US$24,000/t Sn and US$22,500/t FeNbTa liga alloy. (US$23,000/t Sn and US$22,500/t FeNbTa liga alloy in December 2013)
- Liga alloy comprises 50% Fe and 50% NbTa by metal content
- NSR ($/t) cut-off method introduced in December 2014
- * December 2012 Ta2O5 grades and metal contents were incorporated into a combined NbTa2O5 value (reported under niobium in this table)
- The December 2014 mineral resources and ore reserves have been audited by independent external auditors and are JORC

3.2 Investments in subsidiaries

Minera Latinoamericana S.A.C.

Main shareholder of Mineração Taboca S.A. since 2008, when it was acquired from Paranapanema S.A. for about US$ 395 million, Minera Latinoamericana S.A.C. is a subsidiary of MINSUR.

Throughout its evolution, as a part of MINSUR, Minera Latinoamericana was invited by Inversiones Breca S.A. to participate in the cement manufacturer Melon S.A., owned by it, through a contribution to the Chilean holding company called Inversiones Cordillera del Sur Limitada.

At the end of FY 2014, Minera Latinoamericana owns 73.94% of the share capital of Inversiones Cordillera del Sur Limitada.

Cumbres Andinas S.A.

This company is a subsidiary of MINSUR that invests in mining activities in several areas of Peru related to base minerals and precious metals.

Through it, in April 2012, MINSUR indirectly acquired 70% of shares representing the share capital of Marcobre S.A.C., owner of the Mina Justa mining project, located in Marcona, Nazca province, in the Ica region.The remaining 30% belongs to the Korean companies LS-Nikko Copper Inc. and Korea Resources Corporation.

Currently, Marcobre is exploring and conducting studies in a copper deposit to define if it is feasible to build and operate a mine.

Marcobre Project: Resources and Mineral Reserves

Marcobre Project: Resources and Mineral Reserves

ASSET FUNDAMENTALS MARCOBRE MINA JUSTA	
General Location	The Mina Justa project, centred at approximately longitude 75º04'W and latitude 15º08'S is located within the Nazca province , Ica departament , on the southem peruvian coastal belt.The project lies 400 km southeast of Lima, 25 km north of the coastal town of San Juan de Marcona , and 35 km from the city town of Nazca on the South Panamerican Highway.
License status and holdngs	The Mina Justa deposit is located within the mining concession TA -1 . The licence holder is Marcobre . The TA -1 mining concession has an area of 3969.31 ha.
Operational Infrastructure	The infrastructure at the project is limited to a temporary camp facility includes which includes storage for borehole core and borehole core logging , sample preparation field laboratories, and geological field offices.
Climate	The climate is arid with strong prevailing southerly winds during the day switching to northerly winds at night. Annual rainfall ranges from 0 mm to 80 mm , averaging approximately 27mm .The annual mean temperatures is approximately 19 °C.Maximum temperatures range between 22 ° C and 28° C and minimum temperatures from 15°C to 26°C .Relative humidity ranges between 65% and 85 %.Thick coastal fog is common, particularly between June and August.
Deposit type	Based on the abundance of iron oxides (magnetite , mushketovita and specularita) the associated gangue mineralogy, particularly actinolite , apatite and the subsidiary abundance of quartz ,the mineralization Mina Fair is considered Oxide type Iron - Copper-Gold (IOCG) mineralization although it is not hosted by intrusive rocks of granitic composition . Like most type IOCG occurrences in the Cordillera de Costa in Chile and Peru , Mina Justa is hosted in volcano- sedimentary rocks instead of intrusive rocks .
Mining method	A combination of open pit and underground mining is a likely expectation for the exploitation of this deposit.
Metallurgical process	Conventional leaching of oxide mineralization and flotation of sulphides is expected .
Engineering	No detailed engineering to date.
Life of Mine	Mining options and mining throughput rates remain at conceptual levels.
Environmental/ Health and Safety	Marcobre has an enviable safety record.

Headline Indicators

• In 2012, Minsur acquired a 70% interest in the Marcobre copper project. Marcobre S.A.C is an independently registered company, which is managed by shareholders agreement where Minsur holds the majority voting stock.
• The project has had extensive drilling to define the Mineral Resources. As a consequence, the confidence in the Mineral Resources has significantly improved. The Measured Mineral Resources have increased from 6% in December 2013 to 58% in December 2014.
• Conversion of Mineral Resources to Ore Reserves is subject to an ongoing evaluation of an appropriate mining project that will allow the exploitation of the resources.
• The Marcobre project is currently in the second stage (selection stage) of a prefeasibility study.

Notes:

- Estimation of the Mineral Resources has been prepared by AMC Mining Consultants (Canada) Ltd
- Mineral Resources limits have been defined by optimized pit shell and underground stope shapes
- CuAS = Acid soluble copper analysis; CuT = Total copper analysis
- Mineral resources calculated using US$3.40/lb Cu
- Appropriate recovery, cost and dilution factors have been used in the pit optimization process
- * Prior to December 2014, no attempt to qualify resources suitable for open pit or underground mining
- Transitional (mixed) Shulphide ore is included as part of the total sulphide ore
- December 2014 Mineral Resources have satisfied independent external audit and are JORC (2012) compliant

Marcobre Mina Justa: Mineral Resources

	Cut-off Grade (% Sn)		Tonnes (Mt)		Grade (% CuT)		Contained Copper (MlbCu)	
Classification	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13
Category 1: Oxide Mineral Resources at 0.2% CuAS cut-off grade (Oxide resources deemed suitable for open pit mining)								
	% CuAS	**% CuT**						
Measured	0.2	0.3	134.8	3.7	0.57	0.73	1,682	59
Indicated	0.2	0.3	52.8	214.4	0.50	0.57	578	2,694
Measured + Indicated	0.2	0.3	187.6	218.0	0.55	0.57	2,260	2,753
Inferred	0.2	0.3	7.3	21.8	0.45	0.42	72	201
Category 2: Sulphide Mineral Resources at 0.2% CuT cut-off grade (Sulphide resources deemed suitable for open pit mining)								
	% CuT	**% CuT**						
Measured	0.2	0.3	60.8	16.9	1.15	1.80	1,546	669
Indicated	0.2	0.3	91.5	99.4	0.69	1.10	1,387	2,300
Measured + Indicated	0.2	0.3	152.3	116.2	0.87	1.16	2,933	2,969
Inferred	0.2	0.3	9.9	57.4	0.42	1.00	92	1,264
Category 3: Sulphide Mineral Resources at 0.55 CuT cut-off grade (Sulphide resources for underground mining)								
	% CuT	**% CuT**						
Measured	0.55	0.3	7.5		1.63		269	
Indicated	0.55	0.3	5.2		1.30		149	
Measured + Indicated	0.55	0.3	12.7		1.49		418	
Inferred	0.55	0.3	4.6		1.23		125	
Category 4: Total oxide + sulphide resources (Open pit and underground mining)								
Measured	**Variable**	0.3	203.1	20.5	0.78	1.60	3,497	728
Indicated		0.3	149.5	313.7	0.64	0.72	2,114	4,994
Measured + Indicated		0.3	352.6	334.7	0.72	0.78	5,611	5,722
Inferred		0.3	21.8	79.1	0.60	0.84	289	1,465

3.3 Explorations

Currently, the company has a portfolio of mining concessions of around 250,000 hectares, out of which 200,000 hectares are exploration mining properties.

In 2014 exploratory activities intensified as part of the company's growth strategy. Thus, brownfield exploration programs were initiated.

Also, a series of field studies have been completed in this period, such as detailed geological mapping, geophysical studies, geochemical sampling, among others, which allowed initiating several diamond drilling programs, which are still in process. As of December 31, 2014, approximately 61,000 meters had been drilled in the projects located in neighboring areas to our main operations in the Departments of Puno and Tacna. Expenditure on these projects amounted to US$ 16 million, approximately.

However, it is necessary to deepen studies even more, as well as to expand the implementation of these programs, which aim at identifying new mineralization areas. Thus, the corresponding permits started being managed in order to assure the expansion of these exploration plans that will start during the second half of 2015.

Explorations are a fundamental pillar of the company's growth strategy.In this sense, objectives for 2015 have been established and aim at defining new mineralization potentials, which are fully in line with such growth strategy.

3.4 Resources and Ore Reserves

Minsur´s guiding principle in reporting Mineral Resources and Ore Reserves is to ensure integrity, transparency and materiality in reporting, compliance with public and internal regulatory codes, and to inform all stakeholders on the status of the asset base. Minsur follows the requirements of the Lima stock exchange, the Bolsa de Valores de Lima (BVL), which adopts the principles of reporting compliance that is in accordance with the guidelines outlined in the 2012 edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC” Code).

Our reporting of Mineral Resources and Ore Reserves conforms to the following principles:

1. All Mineral Resource and Ore Reserve figures are managed by Minsur unless otherwise stated.
2. Mineral Resources are inclusive of Ore Reserves and geotechnical support and stability pillars.
3. The 31 December 2014 Mineral Resources and Ore Reserves are net of mining depletion.
4. The Mineral Resources and Ore Reserves are estimates at a point in time and will be affected by fluctuating changes in metal prices, US dollar currency exchange rates, permitting, changes in legislation, costs and operating parameters.

These best-practice objectives are supported by frequent independent external expert reviews and audits to ensure data validity and quality control is fully compliant. In addition, Minsur invites independent expert consultants to audit the Group’s Mineral Resources and Ore Reserves to ensure full compliance with the JORC (2012) Code. Mining One Consultants of Melbourne, Australia undertook the most recent audit in February 2015.

Assesment and Reporting Criteria

The assessment and reporting criteria as outlined in the 2012 JORC Code are the basis for the preparation of a Competent Persons Report (“CPR”) for each operating asset, namely San Rafael, Pitinga, and Pucamarca, and from which the numbers in this Annual Report have been extracted. The CPR is a comprehensive technical record of the exploration drilling and sampling data, estimation methodologies, and modifying factors that have been used to calculate the Mineral Resources and Ore Reserves. It describes the mineral rights, environmental permitting, and engineering capital projects that support the Ore Reserves. It also includes a techno-economic appraisal of the mining and processing assets, as well as their life-of-mine schedules and financial models.

The mineral resources and mineral reserves are based on appropriate data validation and resource estimation processes that ensure adequate corporate governance. During 2014, AMEC mining industry consultants undertook a review and audit on behalf of Minsur to ensure that the data used in resource estimation has the highest levels of validation as practiced by the global mining industry.

The commodity prices used for ore reserve declaration are determined by Minsur´s Pricing Committee, which adopts methodologies that are in alignment with

Industry practice where mineral resource prices are set above the ore reserve prices to indicate the latent potential in the resource base. Ore reserve price setting has used the methodology practiced by the North American regulatory authorities, which uses a price that is “less than the metal price of the past 3-year moving average”.

Mineral Resource Tables

Geological and evaluation models have been updated as at December 2014 to reflect the latest available data sets. Integrated mine plans and schedules, based on current performance levels, take cognisance of the inherent opportunities and risks associated with underground and open pit mining operations.

The Minsur portfolio of operating assets has largely remained unchanged from 2013, but the Mineral Resources and Ore Reserves have been impacted by lower commodity prices resulting from the recent downturn in global economic markets. The main differences from 2013 include:

- Lower tin, niobium, tantalum, gold, and silver prices have been used to define the Mineral Resources and Ore Reserves. We have retained the same prices for copper.
- At Pitinga, we have improved the reporting of Mineral Resources and Ore Reserves by introducing an NSR cut-off methodology. Previously, we used a Sn cut-off value only to define the mineral resources, which had the effect of not including economic mineral resources supported by stronger niobium and tantalum grades. The introduction of an NSR cut-off grade to define economic mineralization has sharply increased the Mineral Resources, particularly for tantalum, which has increased by 78%, and niobium, which has increased by 36%. Our latest resource estimation concludes that the measured, indicated and inferred resources at Pitinga are the world's largest tantalum resources.
- Following our method of reporting in 2013, we continue to present the Mineral Resources for our open pit mining operations in two forms: Firstly as unconstrained global geological resources, and secondly, as pit constrained mineral resources. In this way, we provide our stakeholders with the fullest extent of our knowledge of the Mineral Resources. For declaration purposes, however, Minsur uses the Mineral Resources falling within an optimised open pit shell, thereby following JORC (2012) guidelines, which regards pit-constrained resources to be those resources that meet reasonable expectations for economic extraction.

Summary of the Resources and Ore Reserves Minsur & Subsidiaries

		December 31st 2014		December 31st 2013	
		NORMAL	ATRIBUIBLE	NORMAL	ATRIBUIBLE
Mineral Resources Tin	TMF	669,194	669,194	617,709	617,709
Mineral Resources Niobium	TMF	568,997	568,997	419,052	419,052
Mineral Resouerces Tantalium	TMF	78,098	78,098	44,671	44,671
Mineral Resources Gold	Moz	1.107	1.107	0.854	0.854
MInerla Resources Copper	Mlbs	5,611	3,928	5,722	4,005
Ore Reserves Tin	TMF	76,356	76,356	100,889	100,889
Ore Reserves Niobium	TMF	0	0	0	0
Ore Reserves Tantalium	TMF	0	0	0	0
Ore Reserves Gold	Moz	0.857	0.857	0.787	0.787
Ore Reserves Copper	Mlbs	0	0	0	0

Notes:
- The mineral resources for Tin 2014 include the low grade superficial resources (10,455 TMF).
- The mineral resources for Tin include 80,130 TMF in B2.
- The mineral resources are based on the measured +indicated
- The mineral resources are based on the constrained pit .
- The mineral resources and Ore Reserves for December 2014 have been audited by external independent auditors and comply with JORC (2012).

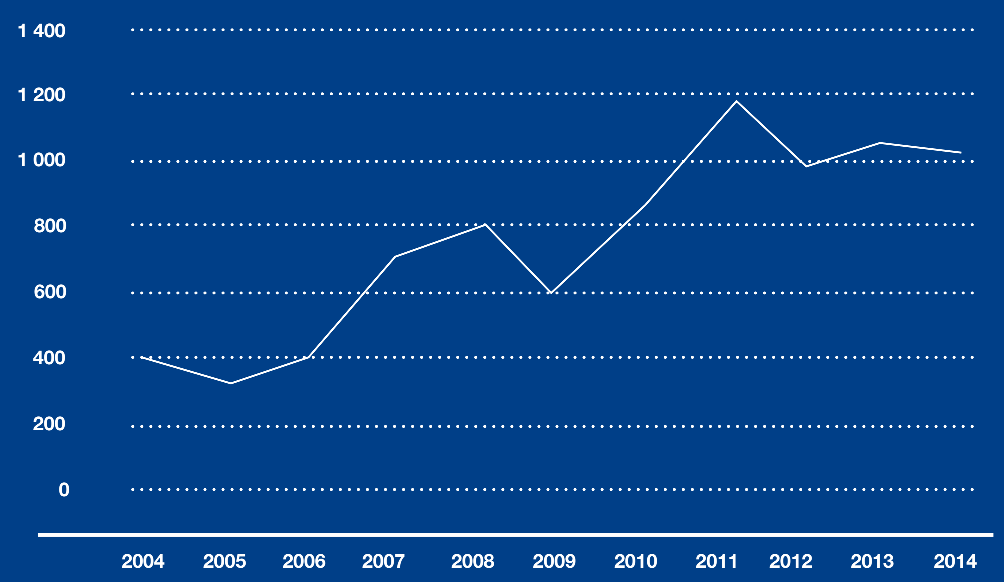
3.5 Commercialization

Tin market

In 2014 different dynamics for industrial metal prices were observed –fall of copper, lead and tin prices; and higher prices of zinc-. The average tin price dropped 1.8% in 2014, and it reached its highest price in April, US$ 23,750 per ton. Nevertheless, it closed the year at US$ 19,400 per ton.

Risein global tin consumption. Tin consumption worldwide increased by about 4% in 2014. This rise is mainly due to the increased consumption of China (accounting for nearly 50% of the world demand), which grewby about 10%.

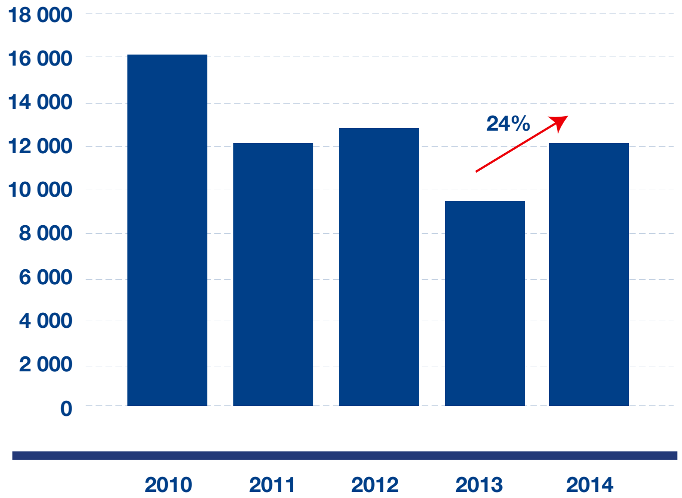
PRECIO INTERNACIONAL DEL ESTAÑO
(¢US$ POR LIBRA)



Fuente: Bloomberg

Increase in tin production. In 2014, the world's refined tin production grew 2% due to an increase in production in China and Indonesia (together they represent about 60% of the global supply).Refined tin production in China grew almost 15%, while in Indonesia it grew about 8%.

LME tin inventories[1/]
(Tons)



[1/] LME : London Metal Exchange

▶▶▶ Fuente: Bloomberg

Stocks recovered. The London Metal Exchange (LME) tin stocks ended 2014 25% abovethe level recorded at the end of 2013. This reflects the lower tin price at the end of the year.

The volume of tin sold by MINSUR grew 4.8% in 2014 compared to 2013, thus reaching 27,443 tons. Sales to the United States, which represent about 40% of total sales, fell 12.5%. Such fall was offset by an almost 10% growth in sales to Europe, which represent almost 50% of total sales. Besides, Sales to South America and Asia also increased. MINSUR sales to Asia started in 2013 and have rapidly gained importance.

MINSUR: Tin sales per destination
(MT)

DESTINATION	2012	2013
United States	12,345	10,807
Europe	12,457	13,626
Asia	961	2,481
South America	420	530
TOTAL	**26,183**	**27,443**

Gold market

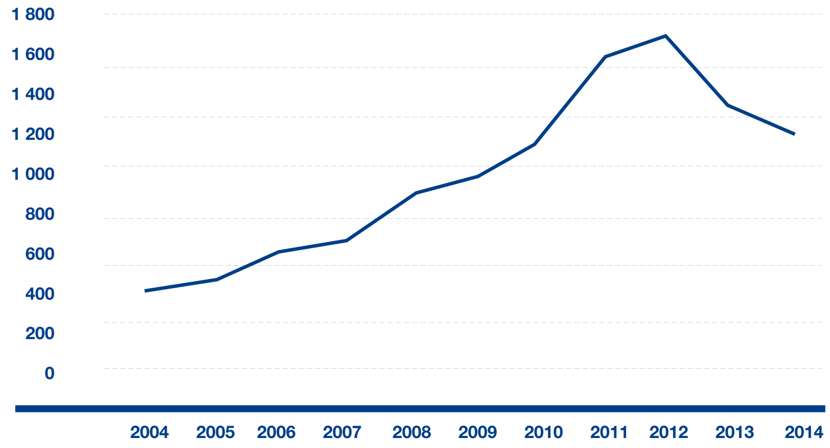
In 2014, the average price of gold was US$ 1,266 per ounce, 10% below that in 2013. The price drop in 2014 is explained by the lower demand of gold as a safe haven asset, once the United States economy showed signs of recovery.

Since mid-2013, United States economy has shown signs of recovery.As a response to that, in the fourth quarter of 2013 the Fed concluded its monetary stimulus program, which aimed at invigorating the US economy, and announced that it would progressively increase its benchmark interest rate. In this context, the dollar strengthened and became attractive to investors. As a consequence, the demand of gold as a safe haven asset fell. In addition, there were speculative gold sales, based on the idea that it would continue loosing value, as theUS economy would show further signs of recovery.

Regarding physical demand, gold consumption in China and India grew in 2014, but the downward pressures on prices caused by investors were not offset, becauseof the dollar and the US economic recovery.

MINSUR gold sales volume fell 3.2% compared to 2013, thus reaching 109,607 ounces. As in 2013, total gold sales were positioned in the United States.

International prices of gold (US$ per ounce)



Source: BCR, Bloomberg.

MINSUR: GOLD SALES PER DESTINATION (OZ)

DESTINATION	2013	2014
United States	113,211	109,607
Europe		
South America		
TOTAL	**113,211**	**109,607**

MINSUR: SILVER SALES PER DESTINATION (OZ)

DESTINATION	2013	2014
United States	27,964	56,969
Europe		
South America		
TOTAL	**27,964**	**56,969**

3.6 Financial Results

Profits and losses

Profits and losses	Unit	2014	2013	Var (%)
Net sales	US$ MM	760,2	755,8	1%
Cost of sales	US$ MM	-354,4	-303,3	17%
Gross Profit	**US$ MM**	**405,8**	**452,5**	**-10%**
Selling expenses	US$ MM	-10,4	-10,1	3%
Administrative expenses	US$ MM	-35,0	-31,4	12%
Exploration and Project expenses	US$ MM	-28,6	-13,7	108%
Other income and operational (expenses), net	US$ MM	-10,2	-7,6	35%
Operating income	**US$ MM**	**321,5**	**389,8**	**-18%**
Other income and financial (expenses), net	US$ MM	-33,5	-3,5	855%
Adjustment – return of equity method	US$ MM	-84,4	-54,6	55%
Profit before taxes	**US$ MM**	**203,7**	**331,7**	**-39%**
Income tax	US$ MM	-118,8	-156,2	-24%
Net Income	**US$ MM**	**84,9**	**175,5**	**-52%**
Net margin	%	11%	23%	-52%
EBITDA	**US$ MM**	**383,7**	**453,0**	**-15%**
EBITDA margin	%	50%	60%	-16%

A. Sales

The increase of 1% in sales in 2014 mainly responds to the higher volume of tin metal sold in 2014, in line with the tin stocks optimization plan.

In San Rafael- Pisco, which represents the highest percentage of the company's sales, they reached US$ 621.4 millionin 2014, 4% above to those reported in 2013, mainly due to the larger volume of tin tons sold, as compared to 2013 (+1,260 tons), as a result of the tin stock optimization plan implemented in 2014, despite the tin price in 2014 was 2% lower than that of 2013.

Furthermore, in the Pucamarca mining Unit sales reached US$138.8 million in 2014, 12% below than those reported in 2013, mainly due to a lower volume of gold ounces sold (-3,604 ounces), which resulted from a lower production due to a lower head grade.

B. EBITDA

EBITDA was 15% lower than that reported in 2013, as a result of an increase of cost of sales due to the optimization of the plant capacity, and due to an increase of exploration and project expenses in San Rafael and Pucamarca surroundings, as well as an investment in the pre-feasibility study of San Rafael's tailings project.

C. Net income

Net income reached US$ 84.9 million in 2014, a reduction of 52% as compared to 2013. This was due to: i) the lower EBTIDA of the period, ii) the increase of financial expenses, due to the bond issuance related expenses, issuance that took place in the first quarter of 2014, for US$ 450 million at a rate of 6.25%, and iii) the adoption of accounting rule IAS 27, which allows the use of the return of equity method to record investments in subsidiaries and associates.

Excluding the adjustment associated to the implementation of the return of equity method, reflected in the statement of profits and losses, the net income in 2014 would have reached US$ 169.2 million.

Liquidity

At the end of 2014, the cash balance and cash equivalents amounted US$ 578.3 million (including available-for-sale financial assets for US$189.6 million), an increase of 190% compared to 2013 (US$ 199.5 million).

In 2014, the company's liquidity showed a net positive variation, mainly due to the results from operating activities and the international issuance of bonds with a nominal value of US$ 450 million due in 2024, at a coupon rate of 6.25%, resulting in a net revenue of US$ 441.8 million. The funds collected were used to pre-pay the loan signed with the Bank of Nova Scotia for US$ 200 million. The remaining funds will be used to finance investments in the next years.

Collection from customers was in line with 2013 collection, which resulted mainly from the increased sales due to the higher volume of tin metal sold, partially offset by the price decline and the lower sale of gold ounces.

Moreover, the company continued renewing assets and investing in new equipment. The difference in the flow of investment activities compared to last year is mainly due to financial investments made in the last quarter of 2014. On the other hand, dividends were paid to shareholders (US$ 50 million, in line with the payment of dividends of the previous year, aiming at maintaining liquidity to fund the investment plan for the following years).

NET SALES PER PRODUCT LINE

SALES	UNIT	2014	2013	Var (%)
Tin	US$ MM	621,4	597,9	4%
Gold	US$ MM	138,8	157,9	- 12%
TOTAL	**US$ MM**	**760,2**	**755,8**	**1%**

Capital and Funding

The total financial debt reached US$ 439.3 million at the end of 2014, 119% higher than the total financial debt at the end of 2013, which reached US$ 200.4 million. As a result of this, the net leverage reached -0.4x at the end of 2014 vs. 0.0x at the end of 2013.

Officers responsible for preparing the financial information

During FY 2014, the accounting officer responsible for the preparation of the Financial Statements was Mr. Marco Castillo López, CPAwith registration N° 21244.

Paredes, Zaldívar, Burga & Asociados S.C.R.L., a firm of the Ernst & Young group, has been our external auditor, who issued a clean audit report on MINSUR S.A.

CASH FLOW
(IN US$ MILLION)

CASH FLOW	UNIT	2014	2013
Initial balance	**US$ MM**	**199,5**	**91,3**
Operation activities	US$ MM	289,9	278,2
Investment activities	US$ MM	-287,5	-118
Financing activities	US$ MM	186,8	-51,9
FINAL BALANCE	**US$ MM**	**388,7**	**199,5**

NET DEBT

NET DEBT	UNIT	2014	2013
Financial obligations	**US$ MM**	439,3	200.4
Cash	US$ MM	578,3	199.5
Net debt	US$ MM	-139,0	0.9
Debt / EBITDA	X	1,1x	0.4x
Net Debt / EBITDA	**X**	**-0,4x**	**0.0x**

3.7 Human Resources

In 2014, MINSUR kept promoting an organizational culture based on values and meritocracy, as required by our Corporate Code of Ethics and Conduct.

As part of the most significant organizational changes in MINSUR, the Operations management office has integrated the “Geology for Operations” and “Engineering and Projects”departments, while the Administration and Finance management office has integrated the “Supply Chain” and “Property Security” departments. The Corporate Mineral Resources Management office was created, as well as a new Corporate Affairs Management Office, which integrates the Legal, Social Management, and Environment and Permits departments;the Project Management Office comprised by the Project Development Management, Project Implementation, Logistics and Project Services departments; Mine and Geology Manager, and Manager of Project B2.

Attracting talent

The attraction and selection process incorporated 155 professionals, technicians and operators to fill positions in mining operations, projects and administration.

The attracting strategy is focused on searching candidates internally, as our first option, thus promoting a career path within the organization. Therefore, we launched the “Opportunities in Motion” program,through which our collaborators are informed of the job positions available so that they can apply for them. The program has generated a significant increase in promotions within the organization.

The “Talent attracts talent” (TAT) program remains as a second option, aiming at attracting people who share MINSUR values and who will adapt easily, since they are professionals referred by our collaborators, with the subsequent strengthened commitment to the company.

Talent motivation and commitment management

Always aiming at creating the best conditions to retain talent, in 2014MINSUR defined its “Value to the Employee” proposal, which consists of five key points:

- Culture based in values and recognition.
- Positive and trustworthy work environment.
- Performance management and career development.
- Benefits focused on health, education and balance.
- Competitive salary and meritocracy.

Likewise, the “Performance management and meritocracy” program was developed for its second consecutive year. Unlike the previous year, in 2014 the Competency Model was incorporated at a management level, since the company is focused on achieving objectives but always doing it in a coherent way (values and competencies).

In addition, the employee recognition program “THANK YOU” was launched, focusing on recognizing behaviors that reflect corporate values in the daily routines. In 2014, 100% of the integration activities planned for the year were completed.

On the other hand, the total cumulated training hours in 2014 were 130,000 man-hours, which mean a 44% increase as compared to 2013. Average man-hours of training per worker amounted 104 hours.

Furthermore, the welfare and benefit program called “For You” continued. It includes all initiatives and benefits designed for MINSUR collaborators, and reaffirms the commitment to our value proposal: to focus our efforts in health, education and balance.

Likewise, since compensation is one of the fundamental pillars of this value proposal, a total compensation strategy was implemented, which is comprised by three components:

- Fixed salary.
- Variable salary.
- Benefits.

MINSUR STAFF COMPOSITION

CATEGORY	2014		2013	
	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY
Employees	492	98	460	80
Officers	46	0	32	1
Manual workers	440	139	342	245
Subtotal	978	237	834	326
TOTAL	**1,215**		**1,160**	

Welfare and services

San Rafael mining unit

In 2014, we completed the dining room and kitchen extension works in the Cumani camp, as well as the refurbishment of the mine's interior dining area. On the other hand, housing preventive maintenance was provided under the approved Plan and budget.

Regarding work relationships, after a harmonious dialogue, the specifications of the collective bargaining were resolved through direct conversations and under equal conditions for the company and the union.

Pucamarca mining unit

In 2014 we worked on the development of practices for continuous improvement and operational excellence, in a conducive working environment promoting recognition, by implementing the "Best Workers of Pucamarca" and "Thank you" programs, strengthening open and horizontal communication channels in the organization. For that purpose, a solid Plan for Social Welfare and Communications was designed and developed.

Furthermore, the working conditions of our collaborators were significantly improved, for instance: a gym and a movie theater were implemented, a mobile communication antenna was installed, a wastewater treatment plant was built and implemented, a housing module and dressing rooms were built, new dining room for the Palca office and the infrastructure of dining rooms was enhanced.

Smelter Plant and Refinery in Pisco

We continued implementing the "Quality Circles" program in 2014 in Pisco, which goals are promoting teamwork with safety criteria and continuous improvement, as well as encouraging workers participation under the leadership of the Operation Management office.

Action Plans for the Work Environment were implemented within corporate guidelines, launching the "Health for you" program, the recognition program "Employee of the Month" by work areas, and the "Lets talk" program. The last one is developed through monthly breakfast meetings, with the participation of collaborators from different departments and the Operation Manager. The Human Resources Manager acts as facilitator, answering questions, doubts and suggestions presented by our collaborators.

3.8 Social Management

MINSUR promotes sustainable development and a trust relationship with communities to generate value to the company and society. Thus, it has a business approach, under which its mining activities are carried out in a socially sustainable manner based on institutional values, among which the search for excellence, commitment, integrity, responsibility, trust and safety stand out.

The general framework for social management is based on the following pillars:

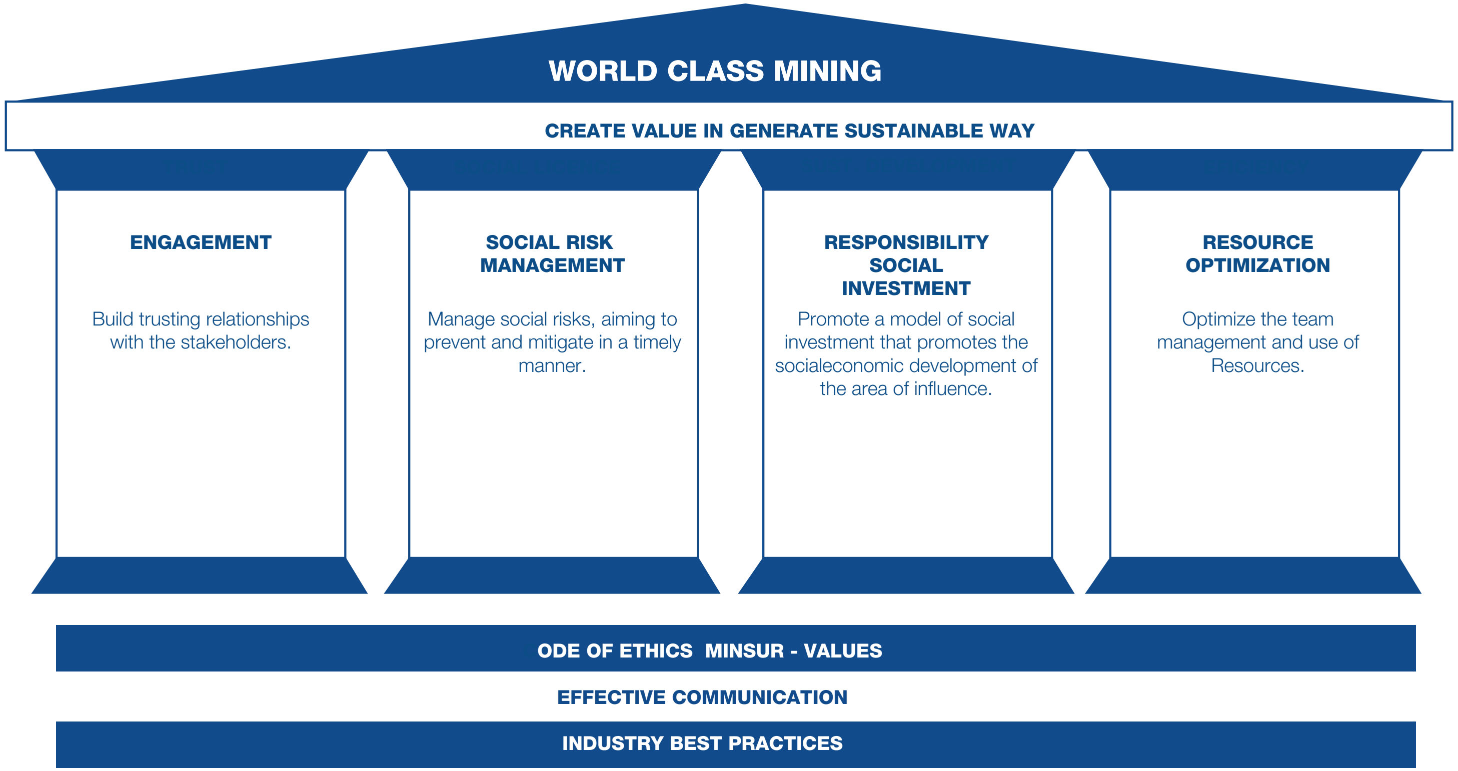
Under this approach, and by using international best practices in corporate social responsibility as a model, MINSUR promotes stable, harmonious and long-lasting relationships with stakeholders, based on trust, mutual respect and constant communication.

MINSUR seeks to act as a facilitator in the management of investment projects enabling communities in operation areas to develop productive activities, in order to improve their quality of life and income. Thus, the company aims at establishing strategic alliances with public and private entities, in order to promote synergies contributing to the comprehensive development of neighboring communities.

As part of its social strategy, MINSUR mainly focuses on four investment lines, which are:Infrastructure, through public-private alliances and works for tax deductions; health and nutrition, aiming at implementing projects that allow us having a direct impact on critical indicators, such as chronic malnutrition and anemia;education, targeting the development of skills for employability, competitiveness and entrepreneurship; andproductive sustainable projects allowing the communities in our influence areas to generate income and participate in the market. These projects are also in line with the strategic objectives of the area.

Besides the projects implemented directly or through partnerships, in 2014 MINSUR contributed with S/.250,338.789 through mining canon and royalties. This payment corresponded to FY 2013.

The following are some of the main 2014 projects per unit:



Social responsibility programs and projects in MINSUR

INVESTMENT ITEM	PROJECT / PROGRAM	DESCRIPTION	BENEFICIARIES
San Rafael			
Health and Nutrition	Warm houses	Implementationof a solar heating system (Trombe wall), improved stoves and an insulation system for roof, windows and doors to prevent loss of heat.	249 families in Carabaya province (Antauta / Ajoyani)
Productive Development	Fences for livestock development	Implementation of livestock fences that increase pasture and forage availability for alpaca, cattle and sheep, which also improves herd management thanks to a higher access control of herds to pastures, and allows increasing livestock production, offering better conditions for its technical and efficient management.	616 families from Antauta / Ajoyani
Productive Development	Livestock development program – Pro Farmer	Technical assistance boosting livestock productive and competitive capacity. It improves the quality of alpaca, sheep and cattle herds, through genetic improvement and by promoting the best breeding practices.	2,230 families, 34 producer associations of different sectors and groups, 2 district producer associations, 2 local governments of Antauta, Ajoyani and Queracucho.
Education	Educational program MINSUR-DLT	It develops a comprehensive approach to improve the quality of education by developing teaching skills of teachers, strengthening educational management capacities, promoting family educational support, producing appropriate teaching resources for the local-rural context, and –primarily- improving school performance of children in the basic education level (initial and elementary) in communication and math.	1,191 students, 360 parents, 28 principals, 75 teachers of Antauta, Ajoyani and Queracucho
Productive development	“Productive Highlands”program	New technologies are implemented, including: technified irrigation system (drip-irrigation), artisanal greenhouses (fitotoldos) to grow vegetables, artisanal greenhouses to grow tubers and grains, artisanal greenhouses for pastures, improved stoves, skylight in the room ceiling, guinea pigs’ and hens’ breeding modules. Besides, training on food consumption has been discussed.	200 families of the Ajoyani district
Pucamarca			
Education	Participatory monitoring	Pursuant to the provisions of the Pucamarca EIA, a Participatory Monitoring Committee has been created, comprised by local authorities, representatives of peasant communities, local leaders, and representatives of the Tacna University.	Communities of Palca, Vilavilani and Tacna city
Productive development	Vilavilani–Pucamarca Oregano Project	It promotes oregano production with a comprehensive approach of the production chain. Furthermore, it includes technical assistance and the strengthening of organizational-business and productive capacities.	Vilavilani community (Palca – Tacna)
Pisco Smelter Plant			
Social investment- productive development	Socio-economic Development Program for vulnerable populations of the Paracas district	Entrepreneurial production of bijouterie and useful ornaments with cultural regional designs and institutional merchandising. It promotes the participants’ self-management and comprehensive development.	23 families fomed by people with different skills, 1 association of craftsmen, 1 local government of the Paracas district (Santa Cruz slum and Las Palmeras and Nueva Juventud communities)
Social investment - education	“Reading is to be ahead”	Implementation or the “Reading is to be ahead” program for its third consecutive year	16 elementary schools in Chincha, Pisco, San Andrés and Paracas.

3.9 Environmental sustainability management

MINSUR understands that in order assure the sustainability of our operations and projects it is necessary to protect the environment. Thus, we are committed to the development of environmentally sustainable activities, complying with the legal regulations and other commitments assumed. This strategic objective applies to the entire mine life cycle, from exploration to mine closure, by implementing its environmental management pillars, environmental policies and standards guaranteeing environmental sustainability. The general framework for environmental management is based on seven pillars:

MINSUR Safety, Health, Environment and Social Responsibility (SHESR) policy is one of the main management tools for sustainable development, a document that promotes the following commitments in its environmental component:

- Continuously improving the company's environmental performance, by applying the world's best practices.
- Identifying, preventing and/or mitigating environmental impacts related to our activities during the entire life cycle of our projects and operations, efficiently managing resources, inputs, products, sub-products and waste.
- Assuring that the legal requirements and other applicable requirements are met.
- Raising our collaborators' awareness on the best environmental care practices.

The Corporate Manual of the Environmental Management System (EMS) describes management and operational environmental standards applicable to operations and projects. The first part comprises the management standards, which are in line with the ISO 14001:2004, describing the processes for environmental management of mining and mining-related activities. The second part comprises operational standards for environmental protection. The main environmental standards are listed below:

1. Identification and assessment of environmental aspects
2. Environmental Management Plan - EMP
3. Environmental management in mining explorations
4. Protection of archaeological remains
5. Environmental management of contractors
6. Solid waste management
7. Flora and fauna protection
8. Waste management
9. Tailings management
10. Sediment management
11. Management of chemical substances
12. Hydrocarbon management
13. Quarry management
14. Environmental monitoring protocol
15. Mine rehabilitation and closure
16. Communication, participation and consultation
17. Investigation of environmental incidents
18. Environmental performance indicators – EPI
19. Environmental Emergency Plan
20. Environmental Supervision and Control

The main activities and outstanding facts of MINSUR environmental management in 2014 are described below, considering the seven environmental pillars.

Water
All sources of water, surface and/or groundwater, used for MINSUR operations, for industrial and domestic purposes, have the corresponding authorizations by the competent authority.

Water used and treated in San Rafael Concentrator Plant guarantees that tailings released into the receiving body of waterare of a good quality. A daily control is carried out and the company has a monitoring network approved by the Ministry of Energy and Mining (MEM) to verify its quality.

In 2014, San Rafael acquired a new treatment plant for domestic wastewater located in the Cumani camp, which operates with activated sludge technology, which aims at improving the domestic wastewater treatment of the entire unit.
Pucamarca Mining Unit operates using groundwater from the Azufre River sub-basin, which water flows towards Chilean territory and is not suitable for human consumption. The water is re-circulated in a modern closed circuit without releasing any liquid effluents into the environment, significantly optimizing its consumption. Thus, environmental care is assured, and it is guaranteed that water from Uchusuma canal or from the Caplina basin- which provide water for Tacna city- will not be used.

In 2014, Pucamarca acquired a new treatment plant for domestic wastewater, located in the Timpure camp area. This plant operates with activated sludge technology, aiming at improving current water treatment. It is worth mentioning that all water generated by the plant is re-used.

Pisco Plant uses water from drains and wells located in the concession area for domestic and industrial purposes. Industrial wastewater is re-circulated to production processes, with zero discharges.Domestic wastewater is treated and then used for irrigation of the forest areas, preserving a “living fence” in the plant’s surroundings. It is also used for irrigation of eight hectares of olive trees which oil is used for internal consumption.

Permits and planning
Compliance with regulations is one of the fundamental aspects of MINSUR management. Between the third quarter of 2013 and December 2014, 53 permits were obtained from competent authorities allowing us to continue operating, exploring and expanding the company’s production capacities, according to its strategic objectives.

PERMITS PER OPERATIONAL UNIT OR PROJECT IN MINSUR (IV QUARTER OF 2013 – DECEMBER 2014)

OPERATIONAL UNIT OR PROJECT	Nº OF PERMITS
San Rafael	18
Pucamarca	18
Pisco	1
Pucamarca regional	2
Quenamari	4
Santo Domingo	3
Taucane	6
Umbral	1
TOTAL	**53**

Environmental management

All operations have received ISO 14001:2004 environmental certification. In 2014 environmental objectives and goals were achieved, particularly those related with significant environmental aspects, such as: water consumption, liquid effluents, solid waste, management of chemical substances, among others. Besides, annual audits (internal and external) to the EMS were conducted, which comprise exploration processes, extraction, and ore processing, including support processes.

ENVIRONMENTAL CERTIFICATIONS IN MINSUR

MINING UNIT	INITIAL CERTIFICATION	VALIDITY
San Rafael	2006	Up to 2015
Pucamarca	2014	Up to 2017
Pisco	2002	Up to 2017

On the other hand, all of the company's operations have environmental management plans included in the different environmental management instruments approved by the competent authority, which aim at preventing and mitigating negative impacts of the mining operations on the environment, by adopting a systematic approach of environmental management. Particularly, in FY2014, the solid waste management Plans -to be implemented during the year- were submitted to the competent authority, including a solid waste minimization plan to reduce environmental impacts by applying the 3R ("reduce, reuse and recycle).
Environmental management is monitored using environmental performance indicators (EPI) applicable to all mining activities. Indicators comprise monitoring to all different management and operational activities of the EMS, such as inspections, training, environmental incidents, compliance with legal requirements and environmental commitments, housekeeping, among others.

Furthermore, operations implemented their environmental monitoring plans for the main environmental aspects such as liquid effluents, emissions and waste, with periodical reports to the competent authority. Biodiversity was monitored in San Rafael and Pucamarca mining units, targeting fauna and flora of the operations' area of influence.

The quarterly reports onair quality, water quality and emissions monitoring were submitted to the competent authorities, complying with the regulations into force and the environmental commitments assumed. Likewise, monthly reports on hazardous waste management were submitted to General Direction of Mining Environmental Affairs (DGAAM) of the MEM. TheAgency for Assessment and Environmental Control (OEFA) carried out environmental supervision of MINSUR operations in 2014. Findings detected were taken care of considering its criticality and were timely presented to such authority. San Rafael mining unit has four findings in process of compliance.

No environmental incidents needed to be reported to the competent authority in 2014. Incidents that occurred during the year did not affect environmental components and the corresponding preventing and corrective actions were implemented.

STATUS OF FINDINGS OF ENVIRONMENTAL SUPERVISION CONDUCTED BY OEFA IN 2014

MINING UNIT	FINDINGS IN GENERAL	STATUS
San Rafael	6	Two solved
Pucamarca	1	Solved
Pisco	3	Solved

Rehabilitation and closure

MINSUR's design and construction take into consideration mine closure. The company realizes that good planning can provide more efficient use of the resources, when the mine reaches its final stage of operation.Thus, the following steps are taken to ensure a successful environmental closure:

- Build facilities prepared for closure.
- Design and proper handle of waste, tailings and ore.
- Respect for the design considerations in the EIA and MCP.
- Strengthen long-term social relationships.
- Knowledge of the potential for acid water generation.
- Avoid building facilities in risky areas (wetlands, streams, etc.)
- Run progressive closures.
- Maintain an updated document on mine closure.
- Provision the closure cost.

In 2014 Pucamarca presented its first update to the Mine Closure Plan, approved by the MEM in 2011, pursuant to Supreme Decree Nº 033-2005-EM, which establishes the Regulations of Mine Closure. Such update was approved on August 8, 2014.

San Rafael, on its turn, presented an Amendment to the Mine Closure Plan in 2014, due to the inclusion of a new landfill, which was approved on August 7, 2014.

The Plant in Pisco has a valid Closure Plan for smelting and refining processes. It was updated and approved on June 21, 2013.

SAFETY INDICATORS IN MINSUR

OPERATION	UNIT	ACCIDENTS RESULTING IN LOSS OF DAYS		LTIFR	
		2013	2014	2013	2014
Open pit mine	Pucamarca	0	0	0	0
Smelting and refining Plant	Pisco	1	0	1,7	0
Underground mine	San Rafael	14	5	2,3	0,9
TOTAL		**15**	**5**	**1,8**	**0,6**

3.10 Health and Safety

In 2014, the results of health and safety management surpassed the established goal. So, though the Lost Time Injury Frequency Rate (LTIFR) was 0.6, lower by 67% than the one obtained in 2013, the company regretted that sixaccidents resulting in loss of days occurred. Nevertheless, there were no fatal accidents. Furthermore, 31 recordable injuries were recorded and a total of 7,976,682 worked man-hours (WMH).

Two of the company's operational units (Pucamarca and Pisco) ended the year with no accidents resulting in loss of days, thus achieving an outstanding performance in the mining industry in Peru, in the open-pit and smelting and refining categories.
This reduction of accidents resulting in loss of dayswas the result of a strengthened leadership and commitment to health and safety in MINSUR operational units, which is reflected in the safety and health related actions and initiatives implemented in 2014, among which the following stand out:

1. Policies: Safety and Health Policy, Environment and Social Responsibility; Work Environment Free of Alcohol and Drugs; and,Prevention of accidents caused by fatigue and/or Sleepiness.
2. Development and implementation of the Corporate Safety and Health Management System.
3. Rules for Life: Focused on eradicating unsafe behavior posing a higher risk of serious or fatal accidents.
4. Certification of OHSAS 18001 – 2007 standard in Pucamarca and re-certification in San Rafael and Pisco.
5. Implementation of the Flash Report, in which high-potential events are recorded, investigated and studied by the Unit Management.
6. Training of 200 workers (opinion leaders) as safety observers, and implementation of a safety observerprogram, achieving 80% of safe behaviors in 2014.
7. Safety Parades with the participation of all workers, which were led by the Unit Management.
8. Right to refuse to work under unsafe conditions, which put life in danger ("Right to say No" standard).
9. Campaign to prevent injuries to fingers and hands.
10. Implementation of a program of internal recognition to those mining units that achieved safety milestones. That was the case of Pucamarca, which achieved the milestone of 4'000,000 WMH with no accidents resulting in loss of time; San Rafael, which achieved the milestone of 3'000,000 WMH with no accidents resulting in loss of time; and Pisco, which achieved the milestone of 1'000,000 WMH with no accidents resulting in loss of time.
11. New safety requirements for light vehicles: roll cages, wheel nut locking devices, use of wheel chocks, etc.
12. Acquisition of vehicle rescue equipment, and training of the Emergency Brigadeon vehicle rescue issues.
13. Improvement of road safety for the roads inside the mining property (safety walls, traffic-lights, signaling, etc.)

GENERAL INFORMATION

04

4.1 Corporate name

The name of the company is MINSUR S.A. Its administrative offices are located in Lima, in Calle Las Begonias 441, Office No. 338, San Isidro. Its phone number is (511) 215-8330.

It has three production units: New Mining Unit Quenamari San Rafael, located in the Antauta district, provinceof Melgar, Puno region; the Smelter Plant and Refinery of Pisco, located in Paracas district, province of Pisco, Ica region; and Pucamarca mining unit, located in Palca district, province of Tacna, Tacna region.

4.2 Corporate purpose and term

MINSUR S.A. activity is classified under code 1320 in Review 3.1, and code 0729 in Review 4 of the International Standard Industrial Classification (ISIC). It specifically exploits tin and gold ore.

According to its Bylaws, the corporate purpose of MINSUR S.A. allows to carry out all activities involving the mining industry, particularly the exploration and exploitation of mineral deposits, processing their products, processing plants, mineral refining, as well as all related operations for these purposes. In addition, it may conduct any actions and enter into any agreement related to the mining business, as well as purchasing property, real estate and securities, and all those permitted by the law. Under its Bylaws, the company is organized for an unlimited duration.

4.3 Incorporation and registration in the Public Registry

MINSUR S.A. was incorporated and began operations in October 6,1977 by transforming the Peru branch of MINSUR Partnership Limited of Bahamas, called MINSUR SL, which had been operating in Peru since 1966, as per Deed certified by the Public Notary of Lima, Dr. Ricardo Fernandini Arana, registered in the folio 8, page 183 of Volume 17 of the Book of Corporations and other Legal Entities, of the Public Mining Registryof Lima.

4.4 Economic group

MINSUR S.A. is part of the economic group authorized by CONASEV (currently, the Superintendency of Securities Market– SMV, in Spanish) and the Lima Stock Exchange (BVL, in Spanish), and Inversiones Nacionales de Turismo S.A., pursuant to CONASEV Resolution N° 090-2005-EF-94.10.

The abovementioned business group has investments in various economic sectors, such as: agriculture, construction, industry, real estate, mining, fishing, petrochemicals, health, financial services and insurance, tourism, as well as other activities and specialized services.

The main companies of this economic group are: AESA Infraestructura y Minería, Agrícola Hoja Redonda, Bodegas Viñas de Oro, Centria, Clínica Internacional, Comelven, Constructora AESA, CPPQ, Cúbica, Exsa, Intursa, Melón, Megriweld, MINSUR, Raura, Rimac EPS, Soldexa, Taboca, Tasa, Westfarco. In partnership with the Spanish group BBVA,it shares ownership of BBVA Continental; and together with Sigdo Koppers de Chile, it shares ownership of Nitratos del Perú.

4.5 ShareCapital, number and nominal value of shares

In 2014, the share capital remained 1,922’001,500, represented by 19’220,015 common registered shares with a nominal value of S/.100 each, all fully subscribed and fully paid.

The abovementioned share capital was agreed at the Shareholder’s Meeting, held on November 26, 2010, and specified in a Deed certified by the Notary Dr. Ricardo Fernandini Barreda, on December 2, 2010, agreement that was registered in entry B 00006 of the Electronic Record N° 01141929 of the Legal Entities Registry of Lima and Callao. All MINSUR S.A. shares confer their holders the right to vote.

4.6 Types of shares and shareholding structure

MINSUR S.A. has no shares in the portfolio that were repurchased by the company, nor have the Shareholders – during the general meeting- delegated its powers to the Board to approve the rise of capital.

At the end of 2014, the company only had two common shareholders, out of which only one has a larger participation than 5%.

MINSUR SHAREHOLDERS

SHAREHOLDERS	PARTICIPATION%	NATIONALITY	ECONOMIC GROUP
Inversiones Breca S.A.	99,99995	Peruvian	(*)
Another shareholder	00,00005	Peruvian	(*)
TOTAL	**100,00**		

(*) Economic group presented to CONASEV(currently Superintendency of Securities Market) by Inversiones Nacionales de Turismo S.A. on March 1, 2007 pursuant to Conasev Resolution Nº 090-2005-EF-94.10.

COMMON SHARES

OWNERSHIP	NUMBER OF SHAREHOLDERS	PERCENTAGE OF PARTICIPATION
Less than 1%	1	0.00005%
Between 1% and 5%	0	
Between 5% and 10%	0	
More than 10%	1	99.99995%
TOTAL	**2**	**100.00000%**

Equity stocks are registered in the SecuritiesPublic Registry, and are the only securities issued by MINSUR S.A. listed on the stock market.

As of December 31, 2014, the stocks issued by the company amounted to 960’999,163 shares of a nominal value of S/. 1 each.

EQUITY STOCKS

OWNERSHIP	NUMBER OF SHAREHOLDERS	PERCENTAGE OF PARTICIPATION
Less than 1%	3,692	28.18375%
Between 1% and 5%	7	18.88211%
Between 5% and 10%	2	16.23459%
More than 10%	3	36.69954%
TOTAL	**3,704**	**100.00000%**

Mr. Emilio Alfageme Rodríguez Larraín, Attorney with CAL (Lima Bar Association) number 18694, who serves as Chief Legal Manager of the companyis responsible for the Securities Department.

Evolution of stock price

MINSUR S.A.

RENTA : VARIABLE

CÓDIGO I SIN	NEMÓNICO	AÑO - MES	APERTURA S/.	CIERRE S/.	MÁXIMA S/.	MÍNIMA S/.	PRECIO PROMEDIO S/.
PEP622005002	MINSUR I1	2014-01	1.43	1.61	1.75	1.40	1.50
PEP622005002	MINSUR I1	2014-02	1.56	1.66	1.69	1.52	1.60
PEP622005002	MINSUR I1	2014-03	1.63	1.54	1.66	1.50	1.60
PEP622005002	MINSUR I1	2014-04	1.54	1.78	1.79	1.50	1.63
PEP622005002	MINSUR I1	2014-05	1.80	1.73	1.87	1.72	1.79
PEP622005002	MINSUR I1	2014-06	1.74	1.75	1.84	1.71	1.77
PEP622005002	MINSUR I1	2014-07	1.76	1.76	1.86	1.73	1.80
PEP622005002	MINSUR I1	2014-08	1.76	1.95	1.95	1.76	1.86
PEP622005002	MINSUR I1	2014-09	1.94	1.86	1.98	1.85	1.92
PEP622005002	MINSUR I1	2014-10	1.84	1.82	1.87	1.72	1.78
PEP622005002	MINSUR I1	2014-11	1.80	1.94	1.95	1.73	1.88
PEP622005002	MINSUR I1	2014-12	1.94	1.80	1.97	1.77	1.95

4.7 Tax treatment

The law No.30296, “Law promoting Economic Reactivation” (hereinafter, the Law) was published on December 31, 2014.

The following aspects of the law are among the most relevant:

Reduction of the Income tax rate of the third category

A gradual reduction of the Income Tax rate (currently 30%) is established, which will be appliedaccording to the following schedule:

Tax year	Rate
2015 – 2016	28%
2017 – 2018	27%
2019 onwards	26%

In addition, it has been provided that the companies with tax stability, in order to have access to the Income Tax rate reduction, shall waive their tax stability as investment-receiving companies (30%) and also their shareholders shall waive their own tax stability (4.1%).

Advance payments of Income Tax of third category

It is provided that, in order to determine the advance payments of income tax of third category for 2015 FY, the coefficient would have to be multiplied by 0.9333.

Progressive increase of Income Tax on dividends

It is provided that the applicable rate to the dividends tax (currently 4.1%) will be progressively increased, according to the following schedule:

Tax year	Rate
2015 – 2016	6.8%
2017 – 2018	8.0%
2019 onwards	9.3%

The rates shall apply to dividend distributions, and other types of profit distribution declared or paid in cash or in kind, whichever occurs first, starting on January 1, 2015.

Note that the joint effect of gradually reducing the corporate Income Tax rate, and gradually increasing the Dividends Tax rate is that the combined tax burden is still 33%.

The 4.1% rate remains applicable to retained earnings as ofDecember 31, 2014

It has been established that the 4.1% tax rate shall apply to retained earnings or other equity items earned until December 31, 2014, which are part of dividends distribution or any other type of profit distribution.

Extent of tax stability– reference to Economic Administrative Units (UEAs, in Spanish)

Aiming at defining the projects that would be able to enter into tax stability agreements, the reference to one or more UEAs is incorporated, thus not limiting the extent of stability to investments in one mining concession, since mining projects could be comprised by mining concessions or UEAs.

Reduction of additional minimum investments

Additional investments shall be of at least US$ 25’000,000.00 in order to have tax stability under 15-year agreements.

It shall be noted that the former law issued by the Government provided a minimum investment of US$ 250’000,000.00.

Partial electronic supervision

A new partial electronic supervision procedure is created for inconsistencies found in the taxpayers’ or third parties’ state-

ments presentedto the Tax Administration, when determining the tax amount.
Such procedure shall also apply to Tax Administration duties related to the payment of mining royalties and special mining taxes.

Individual queries
Taxpayers have now the possibility to ask questions individually to the Tax Administration on the tax implications of specific facts, situations or operations that they are planning to implement, without having to ask them through a representative or industry-related association. This regime shall be progressively implemented.

Entry into force
The Income Tax related provisions shall enter into force on January1, 2015.

Amendments to the Tax Code, except for those related to individual queries, shall enter into force the next day after the Law is published.

Amendments related to individual queries to the Tax Administration shall enter into force 120 working days after the Law has entered into force.

4.8 Judicial, administrative or arbitration proceedings

To date, the National Superintendency of Tax Administration (SUNAT) has conducted a review of the Income Tax returns of FY 2000 to 2010, and of Sales tax returns of FY 2000 to 2007. Furthermore, the company expects to receive notice for the review of income tax returns of FY 2011.
Since tax authorities may have different interpretations of legal regulations, to date it is not possible to determine if reviews will result in liabilities for the company. So, any tax or surcharge that may result from eventual tax reviews would affect the income of that fiscal year.
However, we believe that any eventual additional tax would not be significant to the financial statements as of December 31, 2014, 2013 and 2012. As a result of the audits to FY 2000 to 2009, the company has been notified by SUNAT of penalties to Income and General Sales Tax for a total of S/. 103’906,808 Nuevos Soles, including interests (equivalent to US$ 40’291,969).
In all cases, the company has appealed the resolutions issued by the Tax Administration for considering them against the law.
The company decided not to appeal the resolution related to FY2009 Income Tax, since it determined a largertax credit balancedue to temporary add-backs. The other appeals filed are pending resolutions by the Tax Court.
Regarding 2010 audit, the company used the tax credit resulting from 2009 review and paid the add-backs to benefit from a fine reduction. On the other hand, since 2008, MINSUR S.A paid under protest to the SUNAT for the penalties imposed, but still exercised its right to complain or appeal before the tax authority, or to appeal before the Tax Court, as it corresponded in each case.
As of December 31, 2013, the balance paid under protest amounts to US$ 31’306,000 (US$ 27’324,000 as of December 31, 2011; and US$ 31’920,000 as of December 31, 2010). It is worth mentioningthat as a result of our claims in the Annual Income Tax and advance payments of FY 2004 and 2005, SUNAT returned S/. 15’643,358.00 Nuevos Soles, interest included. Moreover, regarding the General Sales Tax, Annual Income Tax and advance payments of FY 2006, SUNAT returned S/. 16’324,178.00 Nuevos Soles, interest included.
As of December 31, 2014, Osinergmin and OEFA have initiated nine sanctioning administrative proceedings against MINSUR S.A., which could translate into a fine of up to 35,134 UIT (Tax Units). Nevertheless, considering the regulations that promote investment in the country, as well as the company’s corrective measures and voluntary remediation, and the solid arguments –both legal and technical- presented by it, MINSUR will obtain favorable results.

At the end of 2014, MINSUR S.A. had no other litigation, claim, liability or contingency, which according to our opinion and the one of our legal advisor, could have a significant impact on the company’s financial statement. Likewise, during that FY no process has been concluded with a significant impact on the company’s financial situation.


CORPORATE
GOVERNANCE
05

CORPORATE GOVERNANCE

5.1 Professional Trajectory of Directors

// Fortunato Brescia Moreyra

President of the Board

He is President of the Board of Directors of MINSUR since May 2013. He is also, Vice-President of Brecaand member of its steering committee, CEO of Marcobre and Compañía Minera Raura, and Vice-President of the Board of Directors of Agrícola Hoja Redonda, EXSA and TASA. He is a member of the Board of real estate companies owned by Breca, Rimac Seguros, Intursa, BBVA Continental, Corporación Peruana de Productos Químicos and Melon (Chile), as well as of other companies owned by Breca in various sectors. Furthermore, he is President of the Board of Directors of Aporta, a non-profit organization created by Breca companies to promote sustainable development programs. He studied mining engineering, graduated from Colorado School of Mines, Colorado, USA, and the National Engineering University, Lima, Peru.

// Alex Fort Brescia

Vice-President

He is the Vice-President of the Board of Directors of MINSUR since May 2013, and member of the steering committee of Breca. He is also President of the Board of BBVA Continental, ofRimac Seguros and of Melon (Chile). Moreover, he is Vice-President of real estate companies owned by Breca and Corporación Peruana de Productos Químicos. Furthermore, he is a member of the Board of TASA, Intursa, Agrícola Hoja Redonda, Compañía Minera Raura and EXSA, as well as other companies owned by Breca. He is also a Director of UCP Backus y Johnston, subsidiary of SAB Miller, and of Inversiones Centenario, companies that are not part of Breca group. Likewise, he is a member of the Board of Directors of the following non-profit organizations: Endeavor Perú, Sociedad de Comercio Exterior del Perú (Comex Peru), and Aporta and a member of the Patronage of the Arts of the Museum of Art of Lima. He is also a member of the G-50, association of leading businessmen of Latin America (Washington D.C.); of the Chairman's International Advisory Board Council of the Americas / Americas Society (New York); of the Advisory Council of the Center of Public Studies, CEP (Santiago); of the Latin America Business Council, CEAL (Panama); and of the International Board of the Friends of the Prado Museum Foundation (Madrid). He graduated in Economics from the Williams College (USA), has an MBA from Columbia University (USA).

// Rosa Brescia Cafferata de Fort

Director

She is President of the Board of Directors of Inversiones Breca S.A., member of the Board of Directors of MINSUR S.A. since 2004 and Director of other companies of Breca Group. She is also President of the Board of Directors of the Peruvian Center for Hearing, Language and Learning (CPAL), non-profit institution devoted to education and rehabilitation of children, adolescents and adults. She has published the book "Green Gardens with little water" (Lima, 2005 – second edition Lima, 2010), as the director of the research group on xerophytes; aiming at promoting crops of urban sustainable plants in the Peruvian coast. In 2009, she received the "Order of Merit for Distinguished Services" in the rank of "Commander", in recognition of her education work in CPAL and her contribution to research and promotion of xerophytes.In 2010 she was awarded by the Congress with the Medal of Honor in the Rank of "Officer" for her contribution to rehabilitation and special education of people with hearing impairments.

// Mario Brescia Moreyra

Director

He is Director of MINSUR since 2001. He is a member of the Board of Directors and the Steering Committee of Breca. He is also the President of the Board of TASA,

the world's main producer of fishmeal and oil, of EXSA and of Agrícola Hoja Redonda, the last one dedicated to producing and exporting fruits, mainly to North America and Europe. He is also Vice-President of Melon (Chile) and Intursa. He is a member of the Board of Directors of Rimac Seguros, of the real estate companies of Breca, BBVA Continental, Compañía Minera Raura and Corporación Peruana de Productos Químicos, as well as of other companies of the Breca Group. Furthermore, he is a member of the Board of the National Fisheries Society in Peru, and Vice-President of the Board of Aporta. He studied Business Administration, graduated from the Ricardo Palma University (Lima, Peru).

// Pedro Brescia Moreyra

Director

He is Director of MINSUR since2011. He is a member of the Board of Directors and the Steering Committee of Breca. Moreover, he is President of the Board of Corporación Peruana de Productos Químicos, Peruvian company that produces and distributes paints, varnishes, emulsions, adhesives, household chemicals, glues and plastics; of the real estate companies of the Breca group, and of Intursa, owner of the chain Libertador Hotels in Peru, which also operates the Westin and Luxury Collection, in partnership with the international chain of hotels Starwood. He is also Vice-President of Rimac Seguros and BBVA Continental, and Director of TASA, EXSA, Minera Raura and Melon (Chile), as well as of other companies of the Breca group. Furthermore, he is a member of the Board of Aporta. He graduated in Economics, with a specialization in Business Administration, from Boston University (United States).

// Miguel Aramburú Álvarez-Calderón

Director

Independent Director of MINSUR from September 13, 2012. He is Director of Maestro Perú S.A., of Andino Investment Holdings S.A.C., of Neptunia S.A., of Stracon GyM S.A., of Instituto de Formación Bancaria and member of the Investment Committee of Enfoca SAFI S.A.C. Former member of the Board of Castrovirreyna Compañía Minera S.A. He worked in Hochschild Mining PLC for 15 years, until March 2010, as the CEO. He teaches postgraduate courses in the School of Senior Management (PAD)of the University of Piura. He has an MBA from the Graduate School of Business of Stanford University.

5.2 Other aspects related to the Board of Directors

A Strategy and Performance Management Committee and a Compliance Committee have been created within MINSUR S.A. Board.

Directors Fortunato Brescia Moreyra, Mario Brescia Moreyra and Pedro Brescia Moreyra are blood relatives in second degree of collateral line. They are also blood relatives in third degree of the collateral line with Director Rosa Brescia Cafferata. Likewise, they are blood relatives in fourth degree of the collateral line with Director Alex Fort Brescia.

Director Alex Fort Brescia is blood relative in the first degree of the direct line with Mrs. Rosa Brescia Cafferata.

// Fortunato Brescia Moreyra

Executive Director

(Read his professional career in section 5.1)

// Juan Luis Kruger Sayán

General Manager

He is General Manager of MINSUR since March 2013. For over 12 years, he has been in Senior Management positions in multinational companies of the mining, finance, telecommunications and consumer goods industriesin several countries of South America, and has experience as a consultant in strategic management in McKinsey. Former Executive Vice President of Gold Fields Ltd. for South America and General Manager of Gold Fields La Cima S.A.A. He also was the CEO of LAN Perú S.A. and CFO of Glencore for the regional operations. Graduated in Business Administration from the Universidad del Pacífico, Peru. He has a Master in Business Administration from Harvard University, USA.

// Gianflavio Carrozzi Keller

Director of Administration and Finance

Former Corporate Chief Financial Officer, from September 2013 to December 2014. Before that, he served in the financial departments of Hochschild Mining Plc, General Motors in New York, and Nextel del Perú and Telefónica del Perú. Economist, graduated from the Universidad del Pacifico. Postgraduate studies in Business Administration, with a specialization in Finance, from the University of Michigan. He has been appointed Director of Administration and Finance in January 2015.

// Álvaro Ossio Guiulfo

Director of Administration and Finance

Director of Administration and Finance from 2011 to 2014. He has a wide experience in managing the finance area in mining divisions, including Antamina and BHP Billiton in Chile. He began to work for MINSUR in June, 2011. Economist from the Universidad del Pacífico. He has a Master's degree in Business Administration from the University of New York, with an additional specialization in Finance and International Business.

// Gonzalo Quijandría Fernández

Director of Corporate Affairs

He is the Director of Corporate Affairs of Minsur since September 2013. Formerly, he served as Director of Corporate Affairs of Barrick Misquichilca and was the Manager of Corporate Affairs of Compañía Minera Antamina. Attorney, graduated from the Pontificia Universidad Católica del Perú, was a Fellow of the Nieman Foundation at Harvard University. He has a specialization in mining management from the Pontificia Universidad Católica de Chile and has taken communication courses in the Theodore Haus Academie of Gummerbach, Germany, and Community Relations courses in Orissa, India. He participated in the Advanced Management Program of the School of Senior Management (PAD) of the University of Piura.

// Gonzalo Freyre Arméstar

Director of New Business Development

He is the Director of New Business Development of MINSUR since January 2013. Before that, he served in different management positions in Hochschild Mining and Cementos Pacasmayo. Former General Manager of Compañía Minera Raura. Bachelor of Industrial Engineering from the Pontificia Universidad Católica del Perú, with a Masters in Business Administration from ESAN and graduated from the School of Senior Management of the University of Piura.

// Luis Argüelles Macedo

Director de Operations

He is Director of Operations of MINSUR since December 2012. He has 25 years of experience in the mining industry, serving in senior management positions. Civil engineer, graduated from the Pontificia Universidad Católica del Perú, with Senior Management studies from the University of Piura (Lima premises), as well as various studies at Berkeley University, Crestcom and other institutions.

// Marco Herrera Ramírez

Director of Projects

He is Director of Projects of MINSUR since April 2014. Former Director of Projects of BHP Billiton in Australia and Canada; Regional Director of Projects in South America of Newmont Mining Corporation; and Director of Projects of Southern Peru Copper Corporation. Graduated as Electric engineer, he has postgraduate studies in Systems Engineering and Project Management.

// Álvaro Escalante Ruiz

Director of Human Resources

He is Director of Human Resources of MINSUR since October 2014. Billingual executive with 20 years of management experience in Sales, Marketing, Consultancy and in the last 15 years in Human Resources. He has worked in national and transnational companies of various sectors, such as mass consumption, education, industry and mining. He has been a teacher in the Postgraduate School of the Universidad Privada Andrés Bello de Chile. He has also been executive coachand is a columnist of Aptitus magazine, edited by Gestión. He graduated in Business Administration from Universidad del Pacifico, has an MBA from the Pontificia Universidad Católica de Chile.

// Guillermo Defilippi Rodriguez

Director of Human Resources

Director of Human Resources from November 2011 to September 2014. Attorney, graduated from the Pontificia Universidad Católica del Perú, with postgraduate studies in Strategic Human Resources Management from CENTRUM and the University of Barcelona.

// Itamar Dutra Pereira de Resende

General Director of Mineração Taboca

He is the General Director of Mineraçao Taboca since May 2014, which owns Pitinga mine, located in the State of Amazonas, Brazil, and which has MINSUR as its main shareholder through its subsidiary Minera Latinoamericana. Between 2006 and 2013, he was General Director of London & Scandinavian Metallurgical Co Limited (LSM), a successful manufacturer of metals, alloys and high-specification powders.He had been working for the AMG Group since 1985, in a company associated to LSM, basedin Brazil. In 2006, he was appointed General Director of LSM and was in charge of restructuring the LSM Group and reengineering the company to expand its production, products and markets. He was also a member of the Board of LSM, its mother company and subsidiaries. He graduated as a metallurgical engineer from the Ouro Preto University – MG and has a Master's degree in Electrometallurgy from the University of Río de Janeiro (Instituto Alberto Luiz Coimbra de Pós-Graduação e Pesquisa de Engenharia - COPPE).

// Rafael Salazar Tafur

General Auditor

General Auditor of the Mining Division since 2011. Certified Public Accountant graduated from the Pontificia Universidad Católica del Perú. As a representative of the National Fishing Association, he has been a member of the Tax and Economic Committee from CONFIEP, and CONFIEP's alternate representative before the Accounting Standards Board.
He is a member of the Institute of Internal Auditors of Peru and the Global Institute of Internal Auditors. He is certified as Quality Auditor (AQR) and also has the Certification in Risk Management Assurance (CRMA).

5.3 Professional Trajectory of Managers

MINSUR structure adapts to the process of growth and diversification of its mining operations. The organization promotes a dynamic and horizontal way of working, in line with modern management.

Its departments are under the leadership of the best professionals. Each manager has been selected based on his/her talent, career, and values, contributing to the company's management with their experience, professionalism and commitment

5.4 Remuneration of the Board of Directors and Managers

Remuneration of the Board of Directors and Managers, accrued and paid, respectively, in FY 2014, represents 1.273% of the MINSUR S.A. gross income.

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