



# **Minsur**

## **Corporate Presentation**

November, 2015



1. General Overview

2. Portfolio of world-class and profitable assets

3. Financial Performance

4. Closing Remarks

Pucamarca, 2012



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# General Overview



# Minsur at a glance

- ✓ Leading Peruvian mining company with **+35 years** of continuous operations
- ✓ **Largest supplier of tin** in the Western Hemisphere
- ✓ Owner of San Rafael, **the world's largest and richest** tin mine
- ✓ World's single **largest tin deposits**: Pitinga mine\*
- ✓ Diversification through a **highly profitable** small scale gold mine Pucamarca, and a large copper deposit, Mina Justa
- ✓ Majority owned and sponsored by **Peru's largest economic group**, Brecia
- ✓ **Listed** on the Lima Stock Exchange (Minsur11)

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**9 M 1 5**

## Revenues

**\$914M**

**\$465M**

## EBITDA

**\$328M**

**\$130M**

## Sn Production

**29,234 t**

**18,044 t**

## Au Production

**105,939 oz**

**93,782 oz**

## FeNbTa Production

**2,719 t**

**1,738 t**

**Peru**

**Brazil**



# Focused Strategy

## Focus on Cost-Control Efficiency and Operational Excellence

- ✓ Maintaining the low-cost nature of our world-class mining assets
- ✓ Continuing to improve operating efficiencies
- ✓ Maintain the profitability of our operations
- ✓ Secure sustainability of our assets: commitment to world class industry practices



## Maintain Our Strong Balance Sheet and Liquidity Profile

- ✓ Maintain our strong balance sheet and liquidity profile, including our investment grade ratings
- ✓ Continue our conservative financial policies

## Disciplined Investment Approach

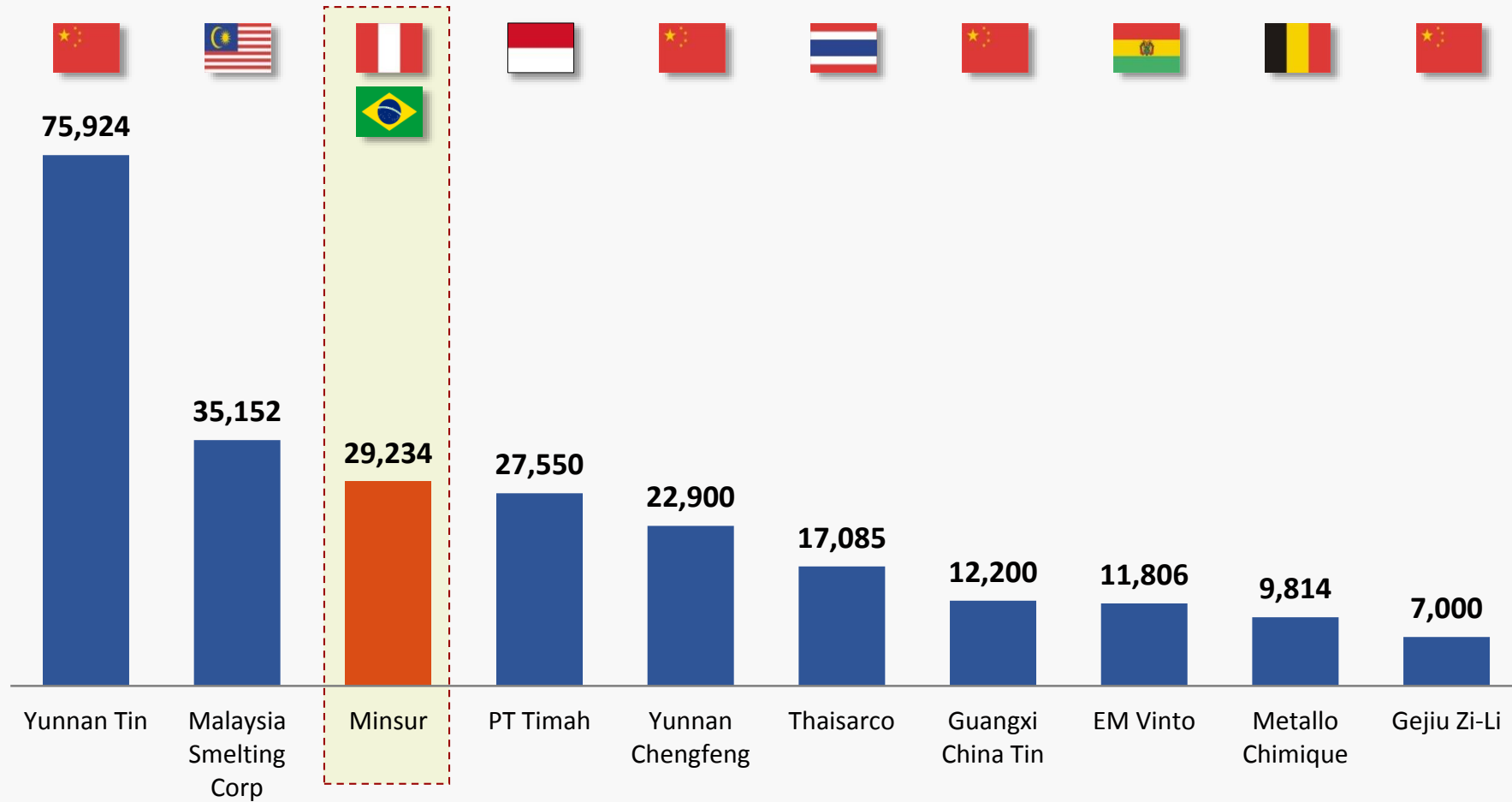
- ✓ Business development on existing assets:
  - Organic growth – low execution risk expansions
  - Explorations – brownfields in current operations
- ✓ Focus on mining friendly geographies
- ✓ Disciplined growth approach – selective capital expenditures to manage through different commodity cycles





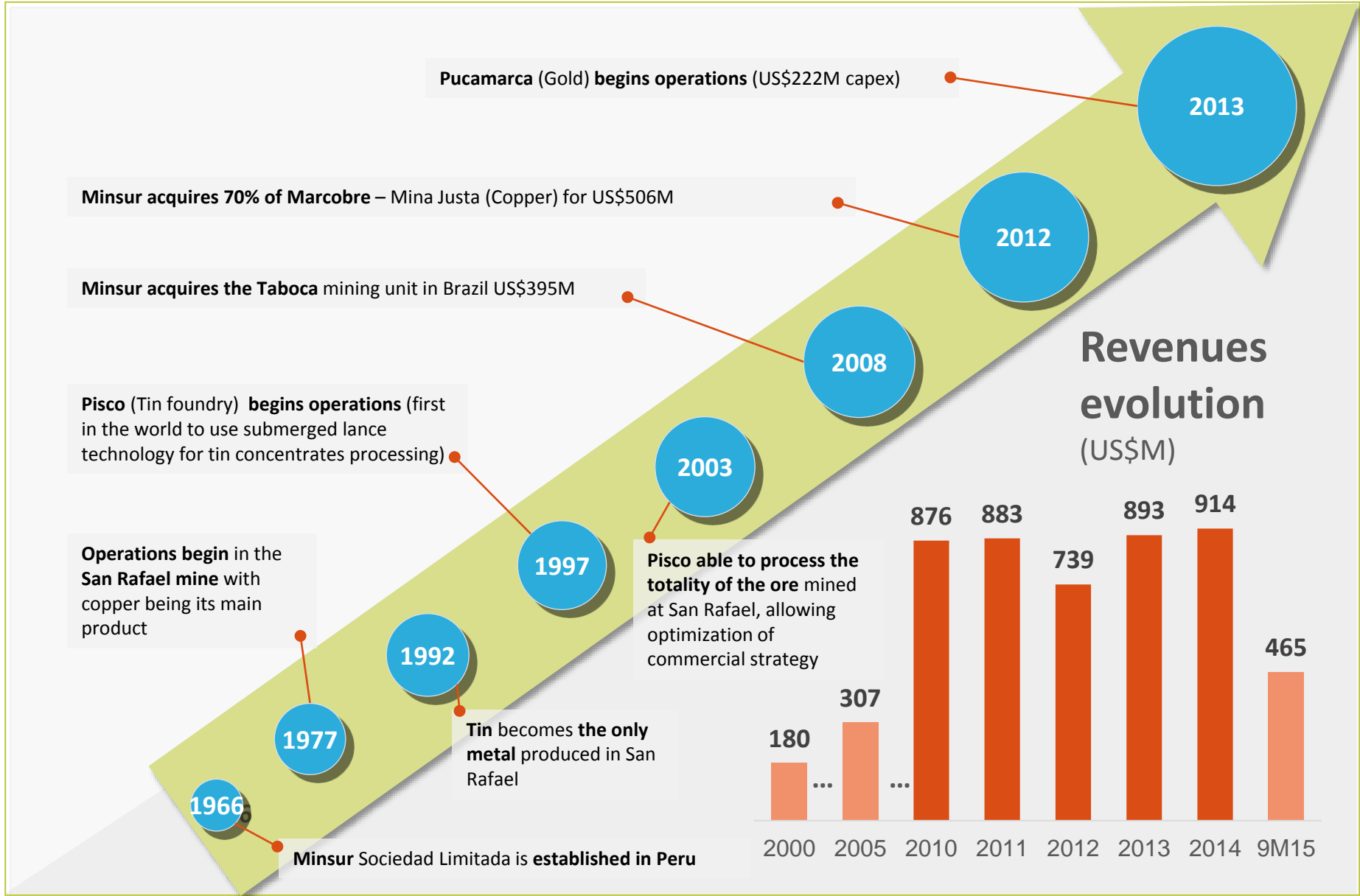
# Global leading Tin producer in terms of size and profitability

Global ranking – Top 10 Tin producers (2014, MT)



Source: ITRI

# Over 35 years of continuous operations





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# Our Portfolio



# Portfolio of world-class and profitable assets

## San Rafael (Sn) ●

Throughput: **2,900 MT/day**  
Cash-cost\*: **US\$8,850 / MT**  
Average Grade\*: **2.09%**  
Operation: **Underground mine**



## Pucamarca (Au) ●

Throughput: **21,000 MT/day**  
By P. Cash-cost\*: **US\$264 /oz**  
Average Grade\*: **0.61 g/MT**  
Operation: **Open pit mine**



## Pitinga (Sn, NbTa) ●

Throughput: **17,910 MT/day**  
Cash-cost\*: **US\$15,166 / MT**  
Average Sn Grade\*: **0.20%**  
Operation: **Open pit mine**



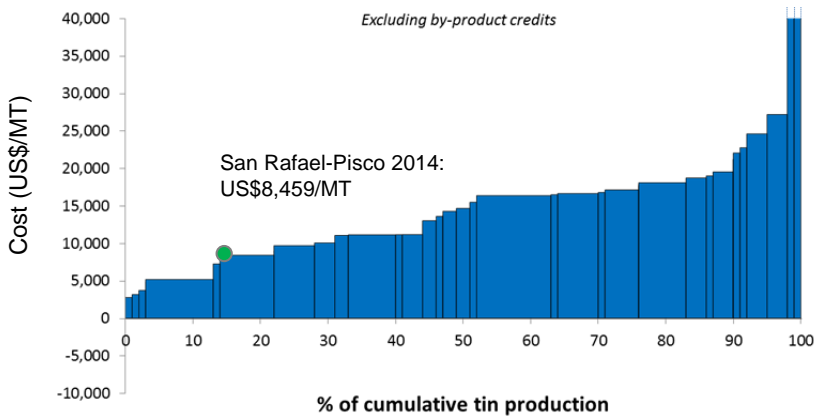


## Overview

- Largest and richest ore grade tin mine in the world, producing around 6% of global tin supply
  - High grade deposit, average resource grade of 2.2%
- Mine life: Over 8 years (202k MT contained tin 2014)
- Vertically integrated with Pisco, enabling us to sell refined tin, a higher value-added product
  - 3rd largest tin plant in the world
  - One of the most efficient smelting plants in the world
  - Processes the totality of the ore mined at San Rafael

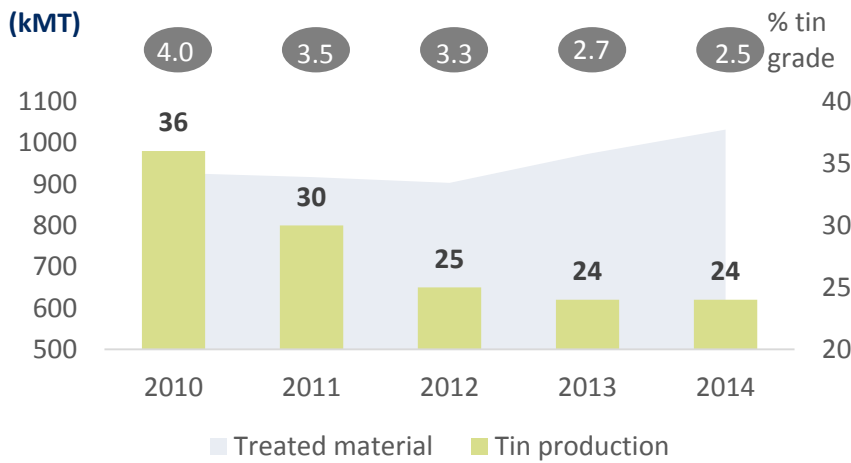
## Cost curve position

(US\$/MT) 2014 cash cost

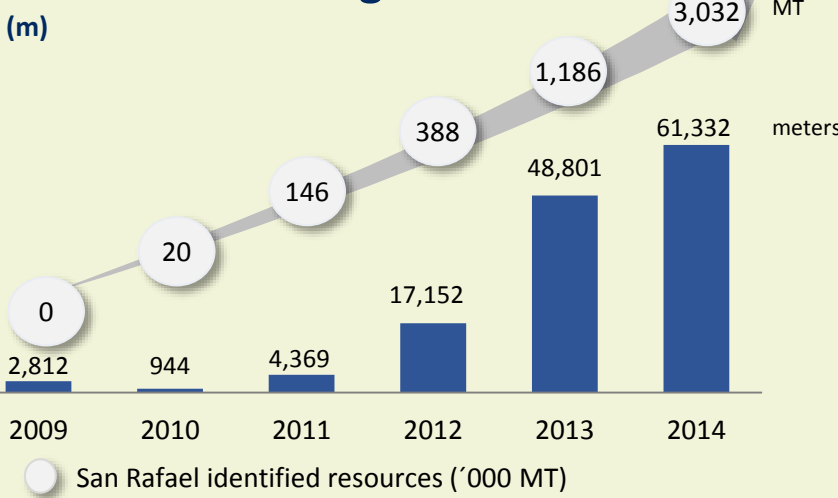


Source: ITRI

## Production



## San Rafael drilling



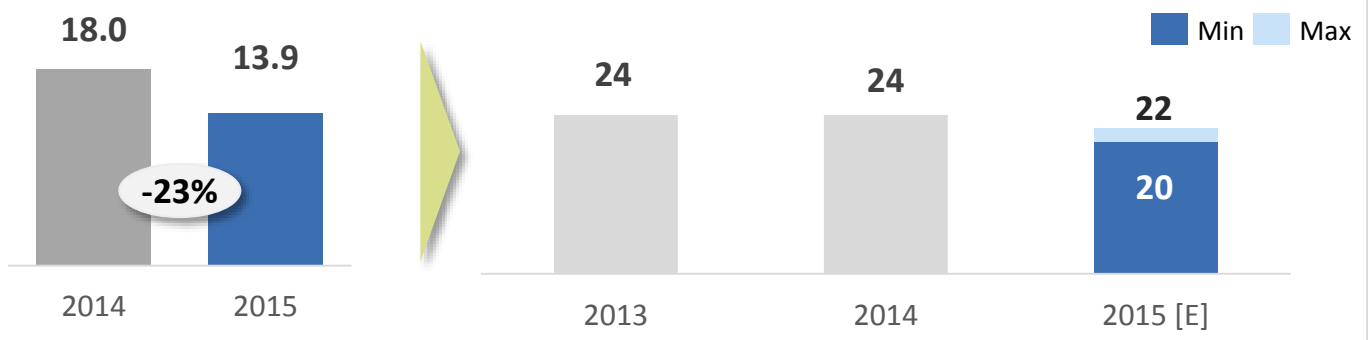


# San Rafael – Pisco 9M 2015 and FY Guidance

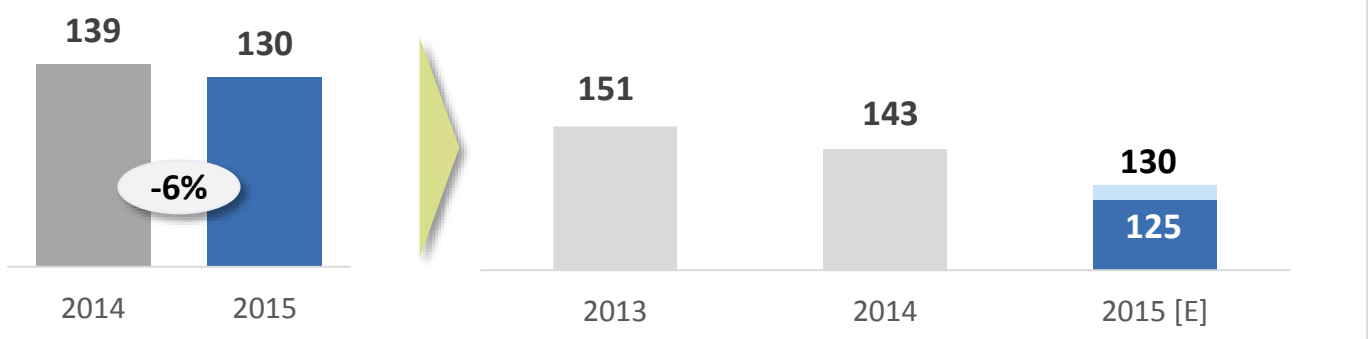
9M 2015 vs 2014

2015 FY Guidance

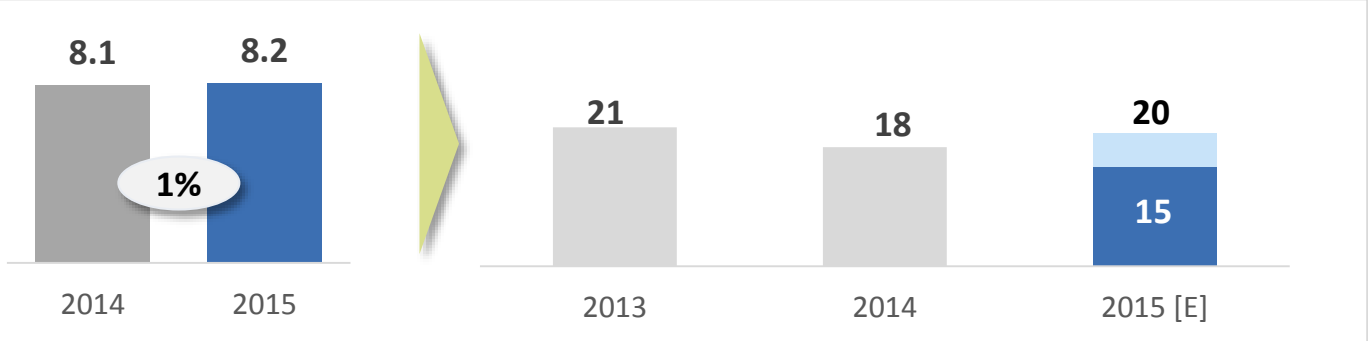
**Production**  
(kt Sn)



**Cash – Cost**  
(US\$/tt)



**Capex**  
(US\$M)

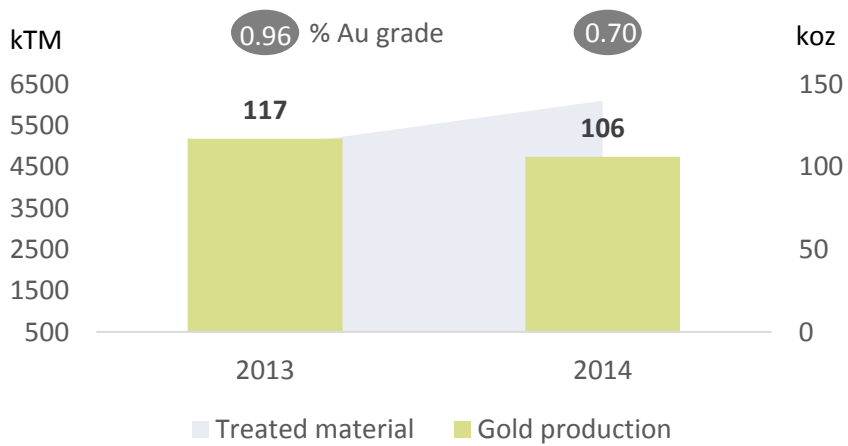




Overview

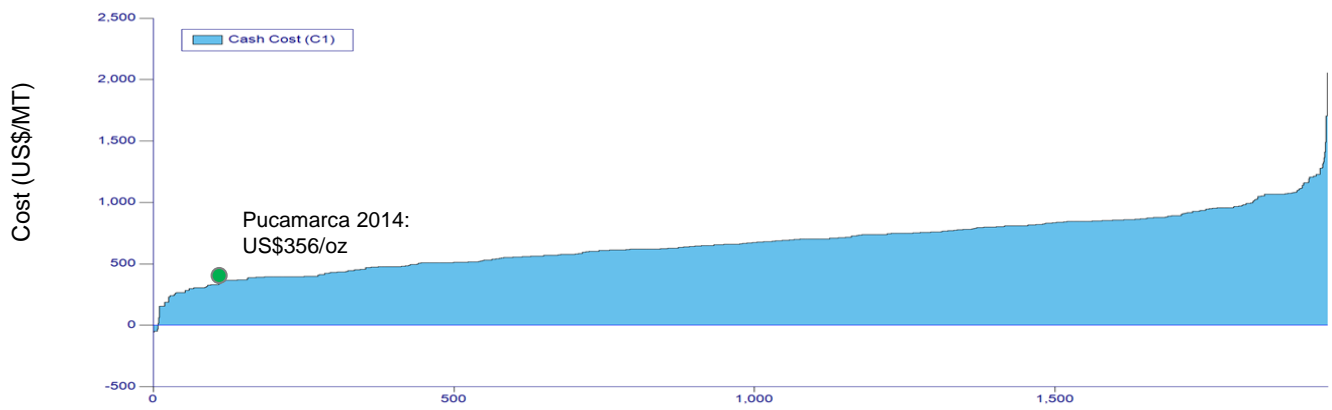
- High quality and rich gold deposit
- Demonstrates Minsur’s ability to develop, ramp up, and operate a new mine
  - Gold production began in February 2013, with 116,665 ounces of gold produced during the first year of operation & 105,939 ounces of gold during the second year of production
  - Estimated reserves and resources of 0.86 million and 1.35 million ounces of gold with an average ore grade of 0.54 and 0.49 grams per metric ton
  - Expansion of plant capacity from 17,500 TPD to 21,000 TPD
- Mine life: 9 years

Production



Cost curve position

(US\$/oz) 2014 cash cost



- First Quartile in cash cost curve

Source: Wood Mackenzie

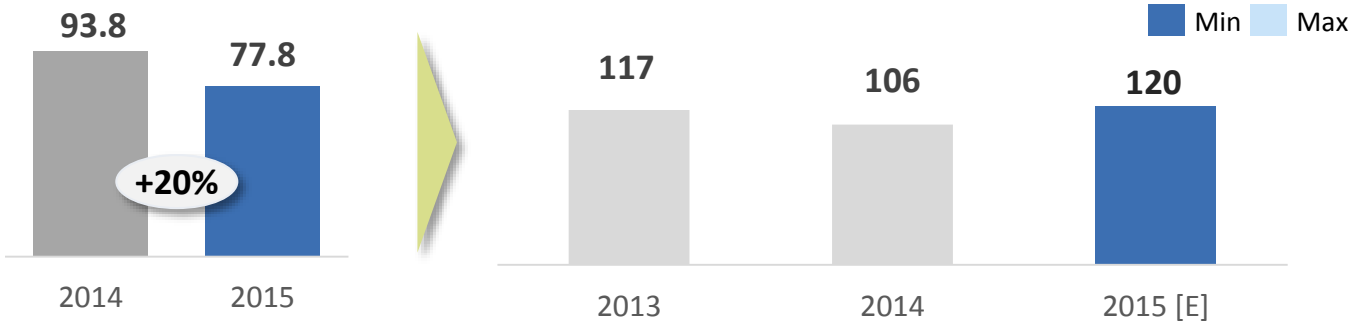


# Pucamarca 9M 2015 and FY Guidance

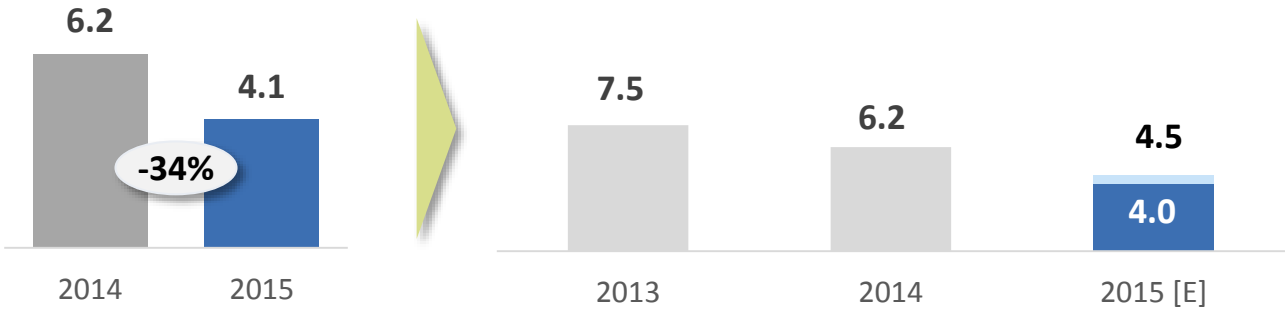
9M – 2015 vs 2014

2015 FY Guidance

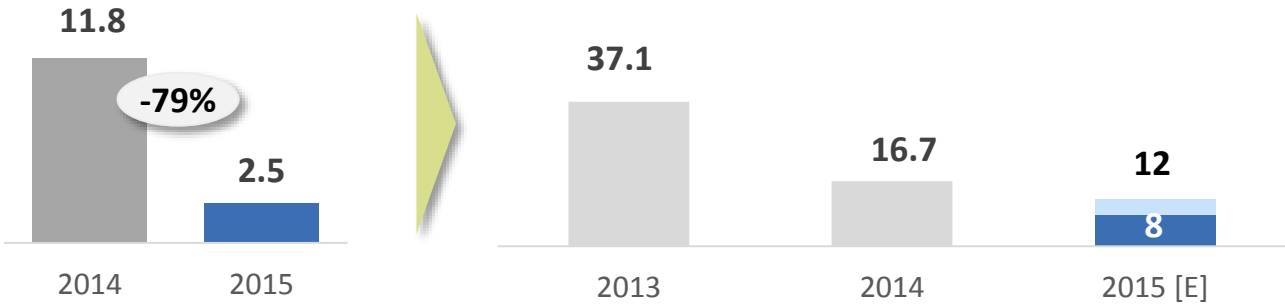
**Production**  
(koz Au)



**Cash – Cost**  
(US\$/tt)



**Capex**  
(US\$M)



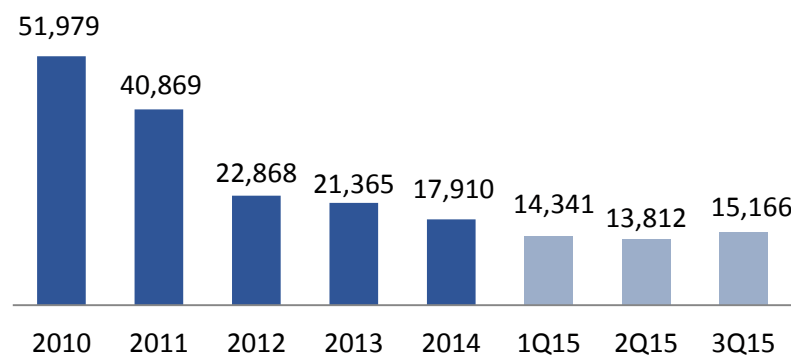


## Overview

- World's single largest tin deposit of contained tin resources as of 2013, Niobium and Tantalum as by-products
  - Estimated resources of 545K MT of tin with an average ore grade of 0.13% as of December 2014
  - Average mine life: Over 28 years
- Vertically integrated through the Pirapora smelter
  - Processes the totality of the tin ore mined at Pitinga
  - More than 99.90% of tin purity
  - Smelting capacity of 10,000 MT of concentrate per year
- Continuously improving the performance of Pitinga mine:
  - Improved recovery rates and higher throughput
  - Increased tin metal production in 2014 by 19%

## Cash cost evolution

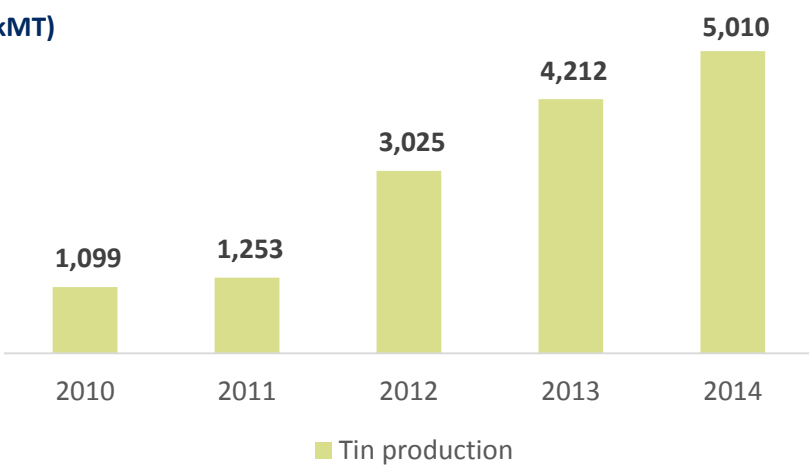
(US\$/MT)\*



\* Net of NbTa alloy revenues

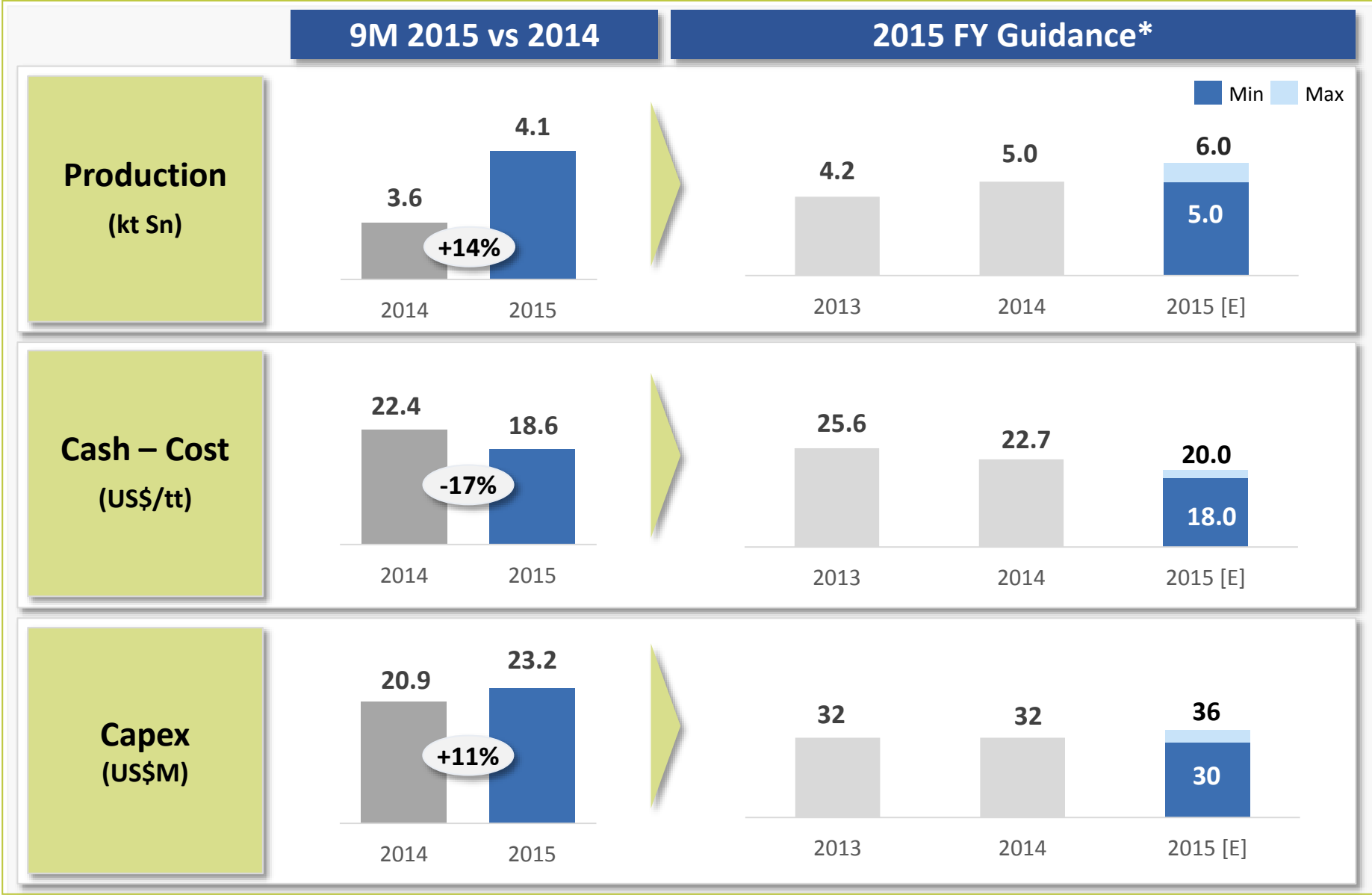
## Production

(kMT)





# Pitinga - Pirapora 9M 2015 and FY Guidance

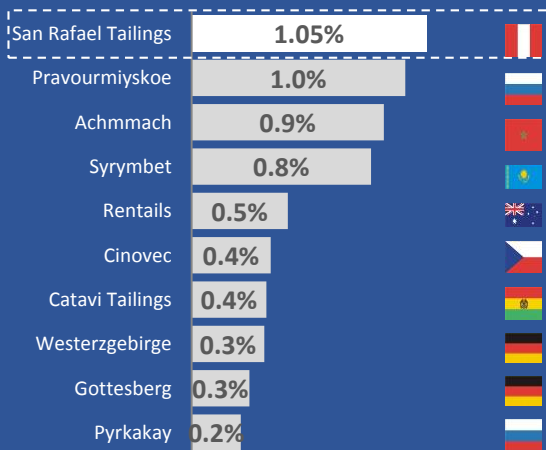


# Expansion and Exploration Projects

## B2 - San Rafael Tailings

- Process San Rafael's old high grade tailings
- Among the world's top 10 undeveloped Tin resources
- Approximately 5.4 million cubic meters, equivalent to 7.6 million metric tons, of tailings with an ore grade of 1.05% will be available for this process
- We expect to begin production, subject to the feasibility study, in 2018

### Top 10 undeveloped Tin resources ('000 MT)\*



Source: ITRI, contained Tin

Note: San Rafael as per ITRI's estimate and consistent with methodology to estimate peers resource base

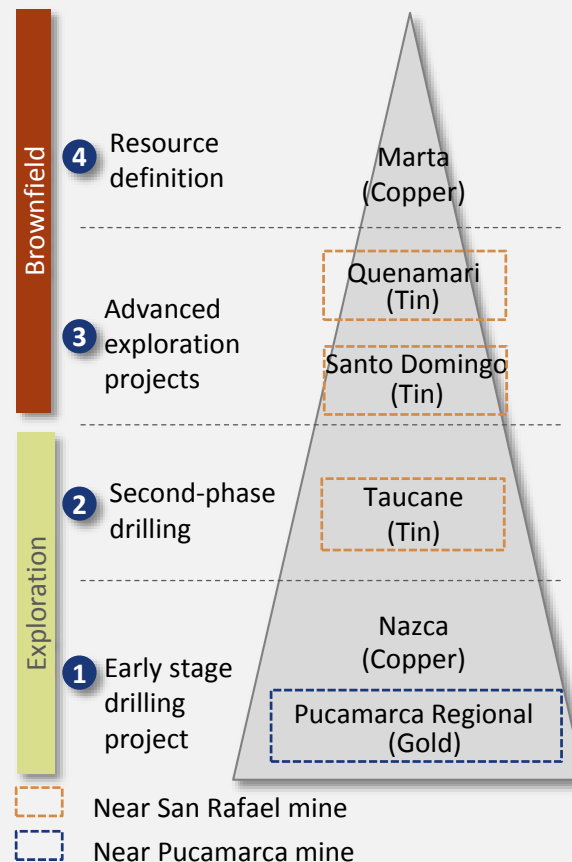
## Mina Justa - Marcobre

- World class, long life copper project
- Located at low altitude in Nazca, Peru
- Minsur acquired a 70% stake in the project from CST in 2012
  - Korea Resources Corporation (KORES) & LS-Nikko Copper (LS-Nikko) own the remaining 30%
- As of December 2014 Copper oxides & sulfides resources of 374M MT at an average grade of 0.71%
- Currently undertaking a pre-feasibility studies of the copper sulphides and the copper oxides



**2015 Capex: US\$40 – 50 M**  
**Begin of operations: 2020**

## Advanced Explorations



Minsur has significant untapped potential through an extensive concession area:

**Total 277,939 Ha in mining rights inventory (Peru, Chile and Brazil)**



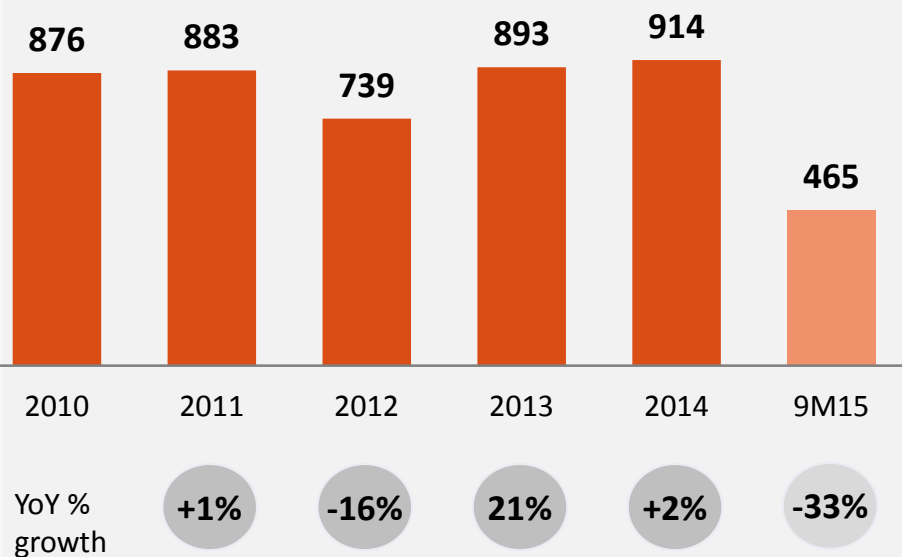
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# Financial Performance

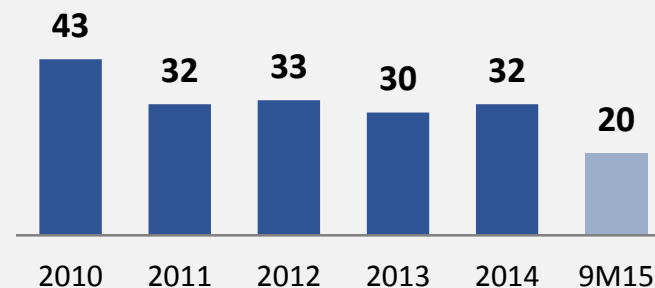


# Revenues evolution

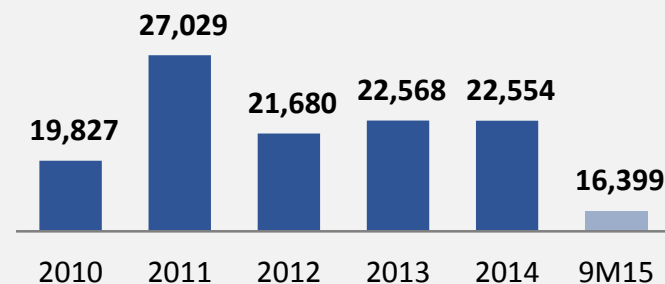
Revenues (US\$M)



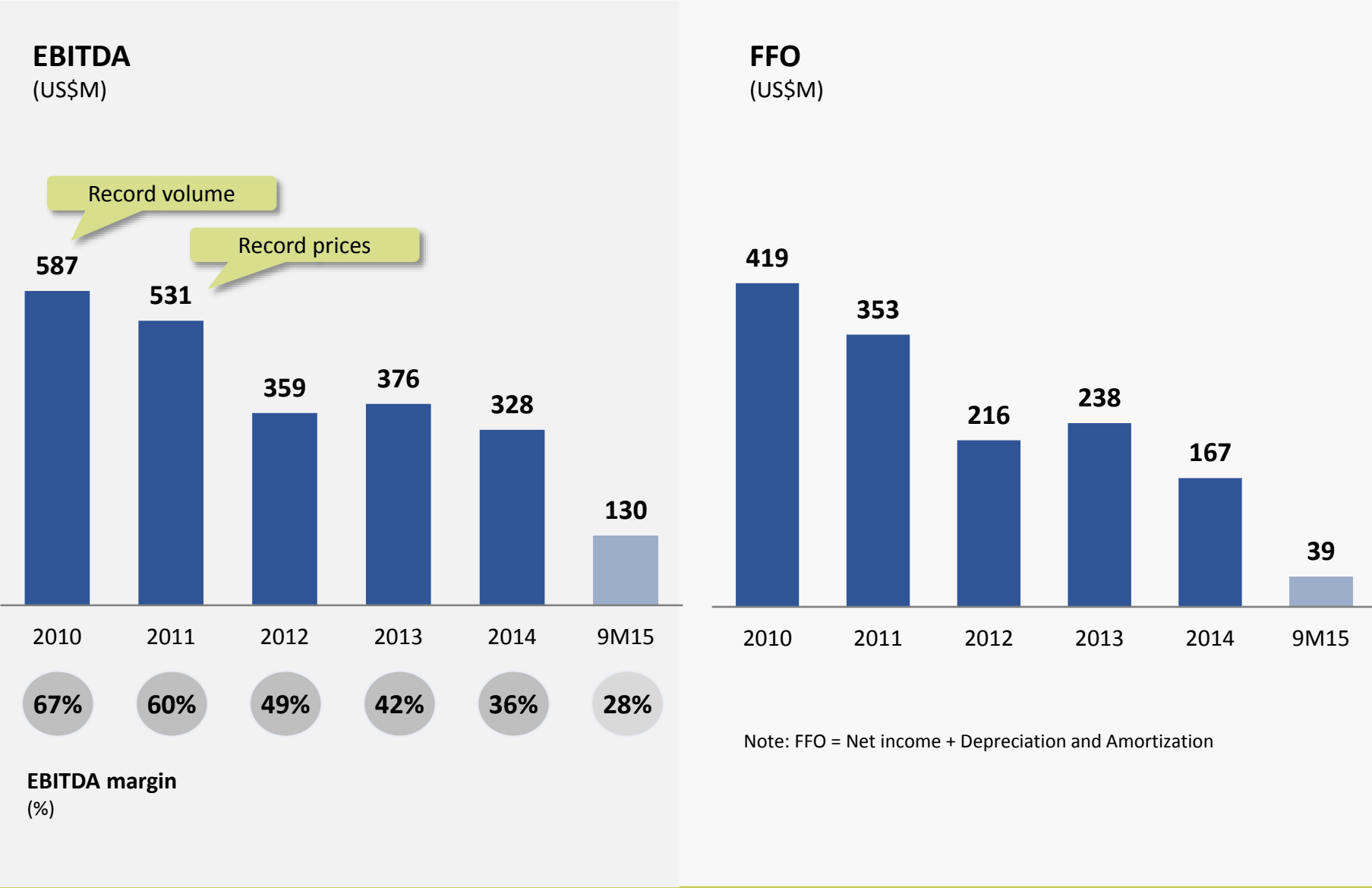
Annual Tin sales Volume ('000 MT)



Average Tin Price (US\$/MT)



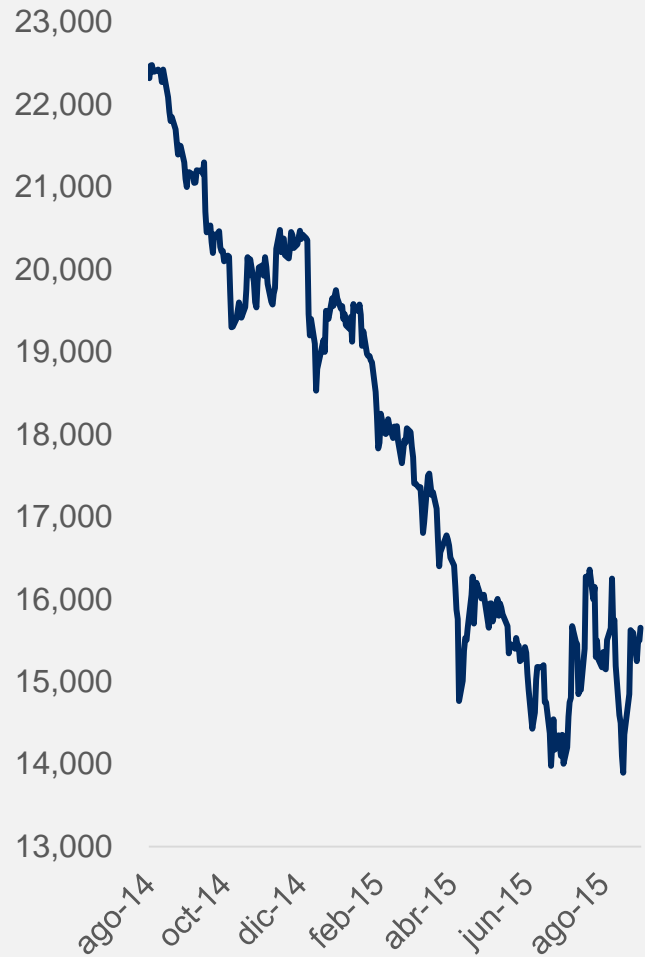
# EBITDA and FFO evolution



## Price context

### LTM Tin Price evolution

(US\$/ton)

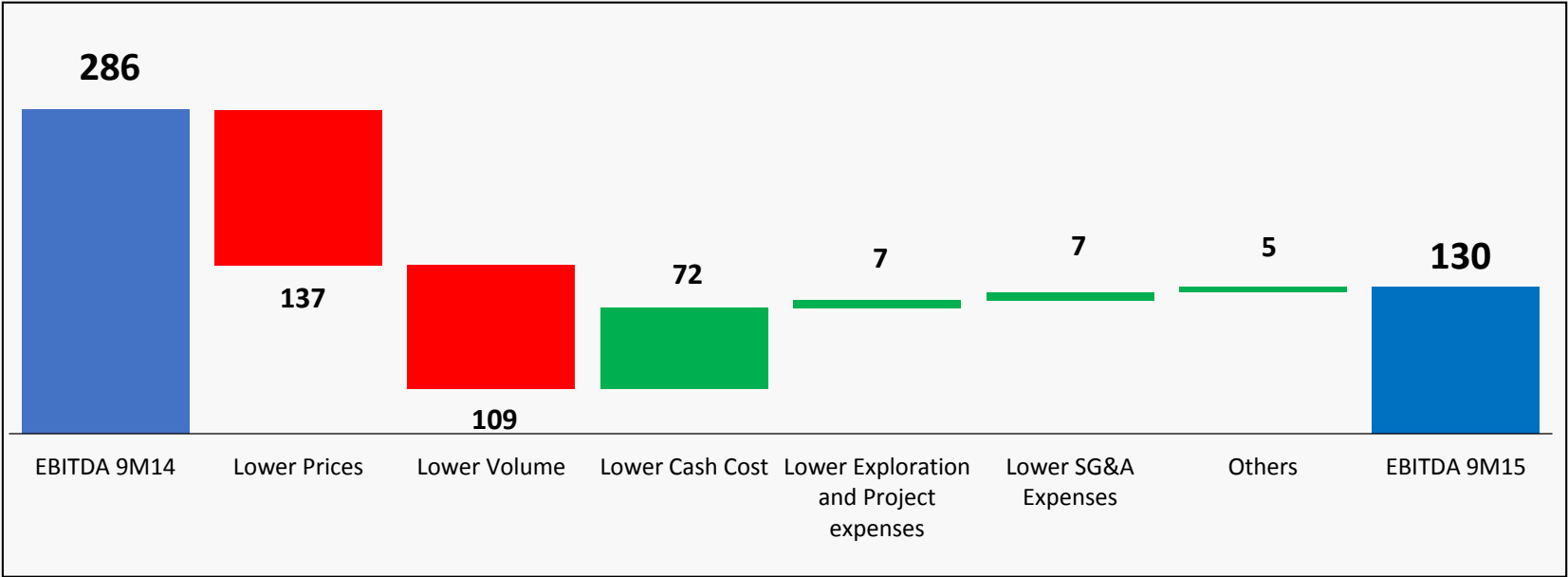


### Minsur's immediate response to lower tin prices

- Elimination of all non production-critical expenses
- Postponement/elimination of non-critical Capital Expenditures (capex)
- Complete evaluation of the organizational structure
- Renegotiation of supplies and services with suppliers
- Reprioritization of the use of resources invested in explorations
- Exhaustive review of the use of resources on growth projects
- Consultants hired to optimize the structure and cost management in San Rafael and Pitinga



# Waterfall Chart EBITDA 9M14 vs. 9M15





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## Closing Remarks

## Closing Remarks

1 **Global leading** Tin producer

2 Portfolio of **world-class and diversified** assets

3 **Investing in long-term** growth and competitiveness

4 **Strongly committed** to maintaining **profitability** despite the challenging context



# **Minsur**

## **Corporate Presentation**

November, 2015