

# MINSUR S.A.

## FIRST QUARTER 2015

## CONSOLIDATED RESULTS



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## **MINSUR S.A. AND SUBSIDIARIES ANNOUNCE CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2015**

Lima, May 15, 2015 – MINSUR S.A. and subsidiaries (BVL: MINSURI1) (“the Company” or “Minsur”), a Peruvian mining company dedicated to the exploration, processing and commercialization of tin and other minerals, announced its consolidated results for the first quarter 2015 (“1Q15”). These results are reported in accordance with International Financial Reporting Standards (IFRS) and are expressed in U.S. dollars (US\$), unless otherwise indicated.

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### **I. OPERATING RESULTS AND FINANCIAL HIGHLIGHTS:**

Starting 2015, results from Melon, our Chilean subsidiary dedicated to cement production and commercialization, were deconsolidated from Minsur results and are recorded using the equity method. Similarly, 2014 results from Melon have been deconsolidated and are recorded using the same method.

- Operating results in line or better than expected, higher gold production in Pucamarca and higher niobium-tantalum alloy and tin production in Pitinga; tin production in San Rafael in line with mine plan, however lower than 1Q14 due to a scheduled plant maintenance.
  - Operating units working at a higher plant daily capacity, and in 1Q15 the Company obtained the license to increase plant daily capacity in Pucamarca to 21,000 tpd (2 months ahead of planned).
  - The Company is implementing a cost reduction plan in its operations, resulting in lower cash cost per ore treated, except in San Rafael (impacted by a scheduled plant maintenance) and lower expenses.
  - Taboca reached a positive EBITDA of US\$ 4.5 MM in 1Q15.
  - Nevertheless, financials results were impacted by lower tin and niobium-tantalum alloy metal prices, as well as the effect of foreign exchange loss in Brazil (non-cash).
  - **Production:**
    - **Tin:** in 1Q15 reached **5,883 tons**, a **22%** decrease compared to 1Q14 as a result of lower head grades in San Rafael, partially offset by higher tin production in Pitinga. Annual production guidance remains at 25,000 – 28,000 tons.
    - **Gold:** in 1Q15 reached **28,778 ounces**, a **1%** increase compared to 1Q14, 10% higher than the annual production guidance of 95,000 – 105,000 ounces.
    - **Niobium and tantalum alloy:** in 1Q15 reached 679 tons, a **16%** increase compared to 1Q14.
  - **Cash Cost per treated ton:**
    - San Rafael: US\$ 146 in 1Q15 vs. US\$ 126 in 1Q14 (+16%) explained by lower ore treated due to scheduled plant maintenance and operating optimization studies investments. Annual guidance remains at US\$ 130 – US\$ 140.
    - Pucamarca: US\$ 4.4 in 1Q15 vs. US\$ 6.7 in 1Q14 (-34%) explained by higher ore treated and lower costs.
    - Pitinga: US\$ 17.2 in 1Q15 vs. US\$ 18.8 in 1Q14 (-8%) as a result of higher ore treated and the devaluation of the Brazilian Real.
  - **Average Metal Prices:**
    - **Tin:** average metal price in 1Q15 was **US\$ 18,392** per ton, a **19%** decrease compared to
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1Q14.

- **Gold:** average metal price in 1Q15 was **US\$ 1,220** per ounce, a **6%** decrease compared to 1Q14.
- **Net Revenue:** reached **US\$ 170.2 MM** in 1Q15, a **30%** decrease compared to 1Q14 explained by lower tin price and volume sold.
- **EBITDA:** reached **US\$ 61.8 MM** in 1Q15, a **43%** decrease compared to 1Q14. Includes US\$ 12.0 MM in exploration and project investments.
- **Net income:** reached **-US\$ 15.1 MM** in 1Q15, a **131%** decrease compared to 1Q14, mainly due to foreign exchange loss of US\$ 26.5 MM from Taboca subsidiary.
- **Adjusted net income<sup>1</sup>:** excluding results from subsidiaries and associates (US\$ 2.5 MM in 1Q15 vs. -US\$ 0.4 MM in 1Q14) and exchange difference (-US\$ 26.7 MM in 1Q15 vs. US\$ 3.9 MM in 1Q14), adjusted net income was US\$ 9.1 MM in 1Q15.

**Table N° 1: Summary of operating and financial results**

| Highlights                        | Unit    | 1Q15   | 1Q14   | Var (%) |
|-----------------------------------|---------|--------|--------|---------|
| <b>Production</b>                 |         |        |        |         |
| Tin (Sn)                          | t       | 5,883  | 7,551  | -22%    |
| Gold (Au)                         | oz      | 28,778 | 28,398 | 1%      |
| Niobium and Tantalum Alloy (NbTa) | t       | 679    | 584    | 16%     |
| <b>Financial Results</b>          |         |        |        |         |
| Net Revenue                       | US\$ MM | 170.2  | 244.5  | -30%    |
| EBITDA                            | US\$ MM | 61.8   | 108.6  | -43%    |
| EBITDA Margin                     | %       | 36%    | 44%    | -18%    |
| Net Income                        | US\$ MM | -15.1  | 48.9   | -131%   |
| Adjusted Net Income <sup>1</sup>  | US\$ MM | 9.1    | 45.4   | -80%    |

<sup>1</sup> Adjusted net profit = Net Profit excluding Results from Subsidiaries and Associates and Exchange Difference

## I. MAIN CONSIDERATIONS:

### a. Average metal prices:

Average Tin (Sn) Price in 1Q15 was US\$ 18,392 per ton, which represents an decrease of 19% compared to the same period of 2014.

Average Gold (Au) Price in the 1Q15 was US\$1,220 per ounce, a 6% decrease compared to the same period of the previous year.

**Table N° 2: Average metal prices**

| Average Metal Prices | Unit    | 1Q15   | 1Q14   | Var (%) |
|----------------------|---------|--------|--------|---------|
| Tin                  | US\$/t  | 18,392 | 22,648 | -19%    |
| Gold                 | US\$/oz | 1,220  | 1,294  | -6%     |

Source: Bloomberg

### b. Exchange rate:

The Peruvian Sol average exchange rate in 1Q15 was S/. 3.06 per US\$1, compared to S/. 2.81 per US\$1 in 1Q14, which represented a 9% depreciation of the Peruvian Sol.

The Brazilian Real average exchange rate for the 1Q15 was R\$ 2.87 per US\$1, compared to R\$ 2.26 per US\$1 in 1Q14, which represented a 27% depreciation of the Brazilian Real.

**Table N°3: Exchange Rate**

| Average Exchange Rate | Unit | 1Q15 | 1Q14 | Var (%) |
|-----------------------|------|------|------|---------|
| PEN/USD               | S/.  | 3.06 | 2.81 | 9%      |
| BRL/USD               | R\$  | 2.87 | 2.26 | 27%     |

Source: Bloomberg

### III. OPERATING MINING RESULTS:

#### a. San Rafael – Pisco (Perú):

**Table N° 4: San Rafael - Pisco Operating Results**

| San Rafael - Pisco                                  | Unit      | 1Q15    | 1Q14    | Var (%) |
|---|-----------|---------|---------|---------|
| Ore Treated   | t         | 235,459 | 245,950 | -4%     |
| Head Grade  | %         | 2.16    | 2.61    | -17%    |
| Tin production (Sn) - San Rafael                    | t         | 4,576   | 5,775   | -21%    |
| Tin production (Sn) - Pisco                         | t         | 4,776   | 6,968   | -31%    |
| Cash Cost per Treated Ton <sup>2</sup> - San Rafael | US\$/t    | 146     | 126     | 16%     |
| Cash Cost per Ton of Tin <sup>3</sup>               | US\$/t Sn | 8,910   | 7,449   | 20%     |

In 1Q15, tin production reached 4,776 tons, a decrease of 31% compared to 1Q14, nevertheless is in line with the annual production plan. This decrease was driven by San Rafael due to lower ore head grade, which dropped from 2.61% in 1Q14 to 2.16% in 1Q15 (in line with the geological model and mine plan), and lower ore treated volume in 1Q15, as a result of a scheduled plant maintenance. Pisco tin production was also impacted by the execution of a tin concentrate stocks optimization plan in 1Q14, which achieved a higher volume production of tin than San Rafael's production level. Annual production guidance remains at 20,000 – 22,000 tons.

San Rafael's cash cost per treated ton<sup>2</sup> in 1Q15 was US\$ 146 vs. US\$ 126 in 1Q14, an increase of 16%. This increase was mainly due to extraordinary expenses in the period, related to operational optimization studies, and lower ore treated due to scheduled plant maintenance in 1Q15. It is important to highlight that the company is implementing an aggressive reduction cost plan, and we expected that the impact of this plan will be reflected in the second half of 2015.

Cash cost per ton of tin<sup>3</sup> in 1Q15 was US\$ 8,910 vs. US\$ 7,449 in 1Q14, a 20% increase compared to 1Q14, mainly due to lower tin production in the period explained by a lower head grade, partially offset by the increase of plant daily capacity from 2,700 tpd to 2,900 tpd.

<sup>2</sup> Cash Cost per treated ton = San Rafael production costs / Ore Treated

<sup>3</sup> Cash Cost per ton of tin = (San Rafael and Pisco production cost + selling expenses + change in tin concentrates inventory, excluding employee profit sharing, depreciation and amortization) / (Tin Production in tons, excluding the tons recovered when treating Pitanga's concentrate at Pisco)

**b. Pucamarca (Perú):**
**Table N°5. Pucamarca Operating Results**

| Pucamarca                                | Unit       | 1Q15      | 1Q14      | Var (%) |
|--|------------|-----------|-----------|---------|
| Ore Treated                              | t          | 1,778,813 | 1,326,591 | 34%     |
| Head Grade                               | g/t        | 0.64      | 0.76      | -16%    |
| Gold production (Au)                     | oz         | 28,778    | 28,398    | 1%      |
| Cash Cost per Treated Ton                | US\$/t     | 4.4       | 6.7       | -34%    |
| Cash Cost per Ounce of Gold <sup>4</sup> | US\$/oz Au | 274       | 314       | -13%    |

In 1Q15, gold production reached 28,778 ounces, a 1% increase compared to 1Q14, 10% higher than the annual production guidance of 95,000 – 105,000 ounces. In accordance with Pucamarca's geological model and mine plan, head grade was 0.64 g/t in 1Q15, a decreased of 16% compared to 1Q14. To offset lower head grade in the period, plant daily capacity was increased from 14,000 tons in 1Q14 to 17,500 tons in 1Q15.

Likewise, during 1Q15 the Company obtained the license to increase plant daily capacity to 21,000 tpd in Pucamarca (2 months ahead of planned).

Cash cost per treated ton at Pucamarca was US\$ 4.4 in 1Q15 vs. US\$ 6.7 in 1Q14, a decreased of 34%, mainly due to higher tonnage treated explained by an increase in plant daily capacity and lower cost during the period.

Cash cost per ounce of gold<sup>4</sup> in 1Q15 was US\$ 274, which represented a decrease of 13% compared to 1Q14. This decrease was explained by lower costs during the period due to higher productivity.

<sup>4</sup> Cash Cost per ounce of gold = (Pucamarca production cost + selling expenses, excluding employee profit sharing, depreciation and amortization) / (Gold production in ounces)

**c. Pitinga – Pirapora (Taboca - Brazil):**

**Table. N°6: Pitinga - Pirapora Operating Results**

| Pitinga - Pirapora                                       | Unit      | 1Q15      | 1Q14      | Var (%) |
|--|-----------|-----------|-----------|---------|
| Ore Treated  | t         | 1,514,927 | 1,395,661 | 9%      |
| Head Grade - Sn  | %         | 0.20      | 0.20      | 0%      |
| Head Grade - NbTa  | %         | 0.25      | 0.25      | -3%     |
| Tin production (Sn) - Pitinga                            | t         | 1,585     | 1,324     | 20%     |
| Tin production (Sn) - Pirapora                           | t         | 1,108     | 583       | 90%     |
| Niobium and tantalum alloy production                    | t         | 679       | 584       | 16%     |
| Cash Cost per Treated Ton                                | US\$/t    | 17.2      | 18.8      | -8%     |
| By-product credits Cash Cost per Ton of Tin <sup>5</sup> | US\$/t Sn | 14,341    | 20,554    | -30%    |

In 1Q15, tin production reached 1,108 tons, a 90% increase compared to 1Q14, in line with annual production guidance of 5,000 – 6,000 tons. This increase was explained by higher operational days in 1Q15 due a failure in one of the kilns' transformer in Pirapora plant in 1Q14 and higher ore treated due to operational improvements.

In 1Q15, Niobium and tantalum alloy production reached 679 tons, a 16% increase compared to 1Q14. This increase was explained by higher niobium and tantalum alloy recovery and higher ore treated due to operational improvements.

Cash cost per treated ton of Pitinga was US\$ 17.2 in 1Q15 vs. US\$ 18.8 in 1Q14, a decreased of 8%. This decrease was mainly due to the devaluation of the Brazilian Real, higher ore treated and improvements in productivity.

By-product credit cash cost per ton of tin<sup>5</sup> in 1Q15 reached \$14,341, a decrease of 30% compared to 1Q14. This decrease was explained by the devaluation of the Brazilian Real and higher tin and niobium and tantalum alloy production.

Taboca reached a positive EBITDA of US\$ 4.5 MM in 1Q15, as a result of higher production and higher volume of tin and niobium-tantalum alloy sold. Nevertheless, a negative exchange difference of -US\$ 26.5 MM impacted net income of -US\$ 30.3 MM.

<sup>5</sup> By-product credit cash cost per ton of tin = (Pitinga and Pirapora production cost + selling expenses + change in tin concentrate inventory, excluding depreciation and amortization – commercial value of niobium and tantalum alloy production) / (Tin production)

#### IV. CAPEX:

**Table N°7. CAPEX**

| CAPEX                | Unit           | 1Q15       | 1Q14        | Var (%)     |
|----------------------|----------------|------------|-------------|-------------|
| San Rafael - Pisco   | US\$ MM        | 1.7        | 2.2         | -21%        |
| Pucamarca            | US\$ MM        | -0.1       | 1.4         | -107%       |
| Pitinga - Pirapora   | US\$ MM        | 6.0        | 8.4         | -29%        |
| Explorations and M&A | US\$ MM        | 0.2        | 0.5         | -59%        |
| <b>Total</b>         | <b>US\$ MM</b> | <b>7.8</b> | <b>12.5</b> | <b>-38%</b> |

In 1Q15, Capex was US\$ 7.8 MM, a decrease of 38% compared with 1Q14. In 1Q15 the main investments were:

- San Rafael: waste dump capacity expansion, in line with the mine short and mid-term sustaining plan.
- Pucamarca: in 1Q15 there was a refund credited to the Company corresponding to claims by contractors.
- Pitinga: increase tailings dam capacity for the short and long-term, mine camp site infrastructure improvements and tin flotation plant operational improvements.

The company is implementing a plan to reduce capital expenditures in all units in line with the new environmental metal prices.



## V. FINANCIAL RESULTS:

**Table 7: Profit and Loss Statement**

| Financial Statements                      | Unit           | 1Q15         | 1Q14         | Var (%)      |
|---|----------------|--------------|--------------|--------------|
| Net Revenue                               | US\$ MM        | 170.2        | 244.5        | -30%         |
| Cost of Sales                             | US\$ MM        | -104.3       | -118.7       | -12%         |
| <b>Gross Profit</b>                       | <b>US\$ MM</b> | <b>65.9</b>  | <b>125.8</b> | <b>-48%</b>  |
| Selling Expenses                          | US\$ MM        | -2.1         | -2.1         | 0%           |
| Administrative Expenses                   | US\$ MM        | -11.0        | -12.6        | -13%         |
| Exploration & Project Expenses            | US\$ MM        | -12.0        | -18.1        | -34%         |
| Other Operating Expenses, net             | US\$ MM        | -3.0         | -3.6         | -18%         |
| <b>Operating Income</b>                   | <b>US\$ MM</b> | <b>37.9</b>  | <b>89.4</b>  | <b>-58%</b>  |
| Finance Income (Expenses) and Others, net | US\$ MM        | -9.5         | -7.7         | 22%          |
| Results from Subsidiaries and Associates  | US\$ MM        | 2.5          | -0.4         | 766%         |
| Exchange Difference, net                  | US\$ MM        | -26.7        | 3.9          | -779%        |
| <b>Profit before Income Tax</b>           | <b>US\$ MM</b> | <b>4.2</b>   | <b>85.2</b>  | <b>-95%</b>  |
| Income Tax Expense                        | US\$ MM        | -19.3        | -36.3        | -47%         |
| <b>Net Income</b>                         | <b>US\$ MM</b> | <b>-15.1</b> | <b>48.9</b>  | <b>-131%</b> |
| Net Income Margin                         | %              | -9%          | 20%          | -144%        |
| <b>EBITDA</b>                             | <b>US\$ MM</b> | <b>61.8</b>  | <b>108.6</b> | <b>-43%</b>  |
| EBITDA Margin                             | %              | 36%          | 44%          | -18%         |
| <b>Adjusted Net Income</b>                | <b>US\$ MM</b> | <b>9.1</b>   | <b>45.4</b>  | <b>-80%</b>  |

### a. Net Revenue:

In 1Q15, net revenue reached US\$ 170.2 MM, a decrease of 30% (-US\$ 74.3 MM) compared to 1Q14. This decrease was mainly explained by lower tin and gold volume sold (-21% and -7%, respectively) due to stocks optimization plan in 1Q14, and lower tin and gold average metal prices (-19% and -6%, respectively), partially offset by higher niobium and tantalum alloy volume sold (46%).

**Table 8: Revenue volume by product**

| Net Revenue Volume         | Unit | 1Q15   | 1Q14   | Var (%) |
|----------------------------|------|--------|--------|---------|
| Tin                        | t    | 6,854  | 8,639  | -21%    |
| San Rafael - Pisco         | t    | 5,632  | 7,927  | -29%    |
| Pitinga - Pirapora         | t    | 1,222  | 712    | 72%     |
| Gold                       | oz   | 23,275 | 24,942 | -7%     |
| Niobium and Tantalum Alloy | t    | 940    | 642    | 46%     |

**Table 9: Net Revenue in US\$ by product**

| Net Revenue in US\$        | Unit           | 1Q15         | 1Q14         | Var (%)     |
|----------------------------|----------------|--------------|--------------|-------------|
| Tin                        | US\$ MM        | 128.4        | 201.9        | -36%        |
| San Rafael - Pisco         | US\$ MM        | 105.2        | 185.2        | -43%        |
| Pitinga - Pirapora         | US\$ MM        | 23.3         | 16.7         | 40%         |
| Gold                       | US\$ MM        | 28.4         | 32.8         | -14%        |
| Niobium and Tantalum Alloy | US\$ MM        | 13.4         | 9.8          |             |
| <b>TOTAL</b>               | <b>US\$ MM</b> | <b>170.2</b> | <b>244.5</b> | <b>-30%</b> |

**b. Gross Profit:**

Despite 12% lower cost of sales in 1Q15, gross profit reached US\$ 65.9 MM, a 48% decrease (-US\$ 59.9 MM) compared with the same period of the previous year, mainly due to lower average tin and gold prices in 1Q15 compared to 1Q14.

**c. Administrative Expenses:**

Administrative expenses in 1Q15 were US\$ 11.0 MM, a 13% decrease (US\$ 1.6 MM) compared with the same period of the previous year. This decrease was mainly due to lower expenses in Taboca explained by the Brazilian Real devaluation, and a strong cost control.

**d. Exploration and Project Expenses:**

In 1Q15, exploration & project expenses totaled US\$ 12.0 MM, a decrease of 34% (US\$ 6.1 MM) compared with 1Q14. This decrease was mainly due to lower expenses at Mina Justa project, partially offset by higher exploration expenses in areas surrounding San Rafael and Pucamarca and the progress of pre-feasibility study from tailing project (B2) at San Rafael.

**e. EBITDA:**

EBITDA in 1Q15 reached US\$ 61.8 MM, a decrease of 43% (-US\$ 46.8 MM) compared to 1Q14. This was mainly explained by lower tin and gold volume sold and lower tin and gold average metal prices.

**f. Finance Income / (Expenses) and Others, net:**

In 1Q15 net finance expenses reached US\$ 9.5 MM, an increase of 22% compared to 1Q14 (US\$ 1.7 MM). This increase was mainly due to higher interest expenses from the bond issuance in February 2014 (3 months in 1Q15 vs. 2 months in 1Q14).

**g. Exchange Difference, net:**

In 1Q15, exchange difference reached -US\$ 26.7 MM vs. US\$ 3.9 MM in 1Q14. Exchange difference is explained by the impact of the devaluation of Brazilian Real over net liability position that Taboca held in US dollars. It is important to notice that due to functional currency registered in Brazilian Real, the impact of the exchange rate fluctuation over the net asset or liability position in the balance sheet generates financial gain or loss. Taboca held a net liability position in US dollars as a result of debt proceeding from local banks and Minsur S.A. Nevertheless, Taboca generates net revenues inflow in US dollars and is convenient to be funded in US dollars. Therefore, negative exchange difference in the period is an accounting loss and has no impact in Taboca's cash flow.

Nevertheless, to mitigate this impact, in April the Company capitalized Taboca's debt in US dollar that was held with Minsur, reaching a positive exchange difference of US\$ 12.0 MM that partially offset the current loss in 1Q15.

**h. Net Income and Adjusted Net Income:**

Net income in 1Q15 reached -US\$ 15.1 MM, a decrease of 131% (-US\$ 64.0 MM) compared to 1Q14, mainly impacted by the results from subsidiaries and associates and negative exchange difference.

Excluding results from subsidiaries and associates and exchange difference, adjusted net income was US\$ 9.1 MM in 1Q15, an 80% decrease compared to 1Q14.

## VI. LIQUIDITY

As of March 31<sup>st</sup>, 2015, cash and cash equivalents totaled US\$ 568.3 MM, a decrease of 5% compared to US\$ 597.5 MM in 2014. With regards to financial debt level, total debt reached US\$ 527.9 MM, a 1% decrease compared to US\$ 535.3MM recorded by the end of 2014. Net leverage ratio was -0.1x at the end of March, 2015 vs. -0.2x at the end of 2014.

**Table 10: Net Debt**

| Financial Ratios    | Unit    | mar-15 | dec-14 | Var (%) |
|---------------------|---------|--------|--------|---------|
| Total Debt          | US\$ MM | 527.9  | 535.3  | -1%     |
| Cash                | US\$ MM | 568.3  | 597.5  | -5%     |
| Net Debt            | US\$ MM | -40.4  | -62.2  | -35%    |
| Total Debt / EBITDA | x       | 1.9x   | 1.6x   | 15%     |
| Net Debt / EBITDA   | x       | -0.1x  | -0.2x  | -24%    |

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## **Conference Call Information**

Minsur S.A. cordially invites you to its First Quarter 2015 Consolidated Results Conference Call.

### **Thursday, May 26, 2015**

11:00 am Eastern Time

10:00 am Lima Time

### **To access the call, please dial:**

1-800-311-9401 from within in the U.S

1-334-323-7224 from outside the U.S

**Conference ID Number: 98214**

## **COMPANY DESCRIPTION:**

MINSUR was established in 1977, following the transformation of the Peruvian branch of the mining company, MINSUR Partnership Limited de Bahamas, called MINSUR Sociedad Limitada, which operated in Peru since 1966.

Mainly dedicated to exploration, exploitation and treatment of ore deposits, MINSUR is a leader in the international tin market. It has recently entered the gold market through the Pucamarca mine, which initiated operations in February 2013, the other two production units of the Company are the San Rafael mine and the Foundry and Refining Plant of Pisco.

MINSUR is also a majority shareholder of Minera Latinoamericana S.A.C., which is a main shareholder of Mineração Taboca S.A., a company that operates, in the State of Amazonas in Brazil, the Pitinga mine, where tin, Niobium and Tantalum are extracted. Taboca is also owner of the Pirapora Foundry Plant in Sao Paulo. Through its subsidiaries, Minera Latinoamericana S.A.C., owns the 73.9% of Melón, a leading Company in the production and commercialization of cement, concrete, mortar and aggregates in the Chilean market.

Lastly, MINSUR through its subsidiary Cumbres Andinas S.A., owns 70% of the shares of Marcobre S.A.C., which manages a copper ore project called Mina Justa, located in the district of San Juan de Marcona, in Ica. Cumbres Andinas S.A. is also the main shareholder of Compañía Minera Barbastro S.A.C., which has a polymetallic project in the Huancavelica region.

**Note on Forward-Looking Statements**

*This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, Company performance and financial results. Also, certain reclassifications have been made to make figures comparable for the periods. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.*

**Minsur S.A. and Subsidiaries**
**Interim condensed consolidated statements of financial position**

As of March 31, 2015 (unaudited) and December 31, 2014 (audited)

|  | <b>As of March<br/>31, 2015</b> | <b>As of<br/>December<br/>31, 2014</b> |
|--|---------------------------------|--|
|  | US\$(000)                       | US\$(000)                              |
| <b>Assets</b>  |                                 |  |
| <b>Current assets</b>                                      |                                 |  |
| Cash and cash equivalents                                  | 377,064                         | 407,882                                |
| Trade and other receivables, net                           | 96,939                          | 88,711                                 |
| Related parties  | 226                             | 466                                    |
| Inventory, net   | 110,417                         | 119,872                                |
| Financial assets at fair value through profit or loss      | 8,587                           | 8,155                                  |
| Income tax prepayments                                     | 9,765                           | 9,708                                  |
| Prepaid expenses   | 2,181                           | 915                                    |
| Available-for-sale financial assets                        | 3,515                           | 4,134                                  |
|  | <u>608,694</u>                  | <u>639,843</u>                         |
| <b>Non-current assets</b>                                  |                                 |  |
| Other financial assets                                     | 191,198                         | 189,576                                |
| Trade and other receivables, net                           | 43,022                          | 51,007                                 |
| Investments in associates                                  | 333,453                         | 345,595                                |
| Property, plant and equipment, net                         | 463,148                         | 510,409                                |
| Intangible assets, net                                     | 1,022,215                       | 1,055,769                              |
| Deferred income tax asset, net                             | 49,923                          | 52,494                                 |
| Other assets   | 2,444                           | 4,637                                  |
|  | <u>2,105,403</u>                | <u>2,209,487</u>                       |
| <b>Total asset</b>   | <b><u>2,714,097</u></b>         | <b><u>2,849,330</u></b>                |
| <b>Liabilities</b>   |                                 |  |
| <b>Current liabilities</b>                                 |                                 |  |
| Trade and other payables                                   | 109,346                         | 87,881                                 |
| Related parties  | 5,639                           | 11,001                                 |
| Financial obligations                                      | 74,157                          | 68,440                                 |
| Provision for employees benefits                           | 13,119                          | 31,592                                 |
| Provisions   | 16,734                          | 20,404                                 |
|  | <u>218,995</u>                  | <u>219,318</u>                         |
| <b>Non-current liabilities</b>                             |                                 |  |
| Trade and other payables                                   | 10,000                          | 10,000                                 |
| Financial obligations                                      | 453,700                         | 466,851                                |
| Provisions   | 110,292                         | 122,999                                |
| Deferred income tax liability, net                         | 180,801                         | 178,021                                |
|  | <u>754,793</u>                  | <u>777,871</u>                         |
| <b>Total liabilities</b>                                   | <b><u>973,788</u></b>           | <b><u>997,189</u></b>                  |
| <b>Equity</b>  |                                 |  |
| Capital stock  | 601,269                         | 601,269                                |
| Investment shares  | 300,634                         | 300,634                                |
| Other reserves   | 160,670                         | 160,670                                |
| Other equity items   | (151,723)                       | (101,604)                              |
| Unrealized gain  | 4,176                           | 5,503                                  |
| Retained earnings  | 656,344                         | 717,207                                |
| <b>Equity attributable to equity holders of the parent</b> | <b><u>1,567,194</u></b>         | <b><u>1,678,176</u></b>                |
| Non-controlling interests                                  | 173,115                         | 173,965                                |
| <b>Total equity</b>  | <b><u>1,740,309</u></b>         | <b><u>1,852,141</u></b>                |
| <b>Total liabilities and equity</b>                        | <b><u>2,714,097</u></b>         | <b><u>2,849,330</u></b>                |

**Minsur S.A. and Subsidiaries**
**Interim condensed consolidated income statements**

For Three-months period ended March 31, 2015 and 2014 (unaudited)

|  | <b>For the specific quarter from January<br/>1, to March 31,</b> |                 |
|--|--|-----------------|
|  | <b>2015</b>  | <b>2014</b>     |
|  | US\$(000)  | US\$(000)       |
| Net sales  | 170,247  | 244,527         |
| Cost of sales  | (104,308)  | (118,681)       |
| <b>Gross margin</b>  | <b>65,939</b>  | <b>125,846</b>  |
| <b>Operating expenses</b>  |  |                 |
| Administrative expenses  | (11,001)   | (12,591)        |
| Selling expenses   | (2,139)  | (2,144)         |
| Exploration and project expenses   | (11,967)   | (18,103)        |
| Other, net   | (2,960)  | (3,596)         |
| <b>Total operating expenses</b>  | <b>(28,067)</b>  | <b>(36,434)</b> |
| <b>Operating income</b>  | <b>37,872</b>  | <b>89,412</b>   |
| <b>Other income (expenses)</b>   |  |                 |
| Finance income   | 874  | 1,198           |
| Finance costs  | (10,779)   | (8,819)         |
| Gain (loss) from investments in associates,<br>net                                       | 2,505  | (376)           |
| Gain (loss) from financial assets at fair<br>value through profit or loss                | 431  | (128)           |
| Exchange difference, net   | (26,740)   | 3,938           |
| <b>Total other income (expenses)</b>   | <b>(33,709)</b>  | <b>(4,187)</b>  |
| <b>Profit before income tax</b>  | <b>4,163</b>   | <b>85,225</b>   |
| Income tax expense   | (19,288)   | (36,301)        |
| <b>Profit for the period</b>   | <b>(15,125)</b>  | <b>48,924</b>   |
| <b>Attributable to :</b>   |  |                 |
| Owners of the parent   | (12,772)   | 51,918          |
| Non-controlling interests  | (2,353)  | (2,994)         |
| <b>Profit or loss for the period</b>   | <b>(15,125)</b>  | <b>48,924</b>   |
| <b>Earnings per share stated in U.S. dollar (basic<br/>and diluted) attributable to:</b> |  |                 |
| Common shares  | -0.443   | 1.800           |
| Investment shares  | -0.004   | 0.018           |

**Minsur S.A. and Subsidiaries**
**Interim condensed consolidated statements of cash flows**

For the Three-months period ended March 31, 2015 and 2014  
(unaudited)

|  | <b>As of March<br/>31, 2015</b> | <b>As of March<br/>31, 2014</b> |
|--|---------------------------------|---------------------------------|
|  | US\$ (000)                      | US\$ (000)                      |
| <b>Operating activities</b>                                      |                                 |                                 |
| Collection from customers  | 167,535                         | 243,648                         |
| Interest received  | 228                             | 258                             |
| Payments to suppliers  | (100,008)                       | (100,919)                       |
| Payroll and social benefit payments                              | (54,477)                        | (60,893)                        |
| Tax payments and other taxes                                     | (19,054)                        | (47,380)                        |
| Interest paid  | (17,420)                        | (11,643)                        |
| Other (payments) receipts related to the activity, net           | (8,866)                         | (11,306)                        |
| <b>Net cash flows (used in) provided by operating activities</b> | <u>(32,062)</u>                 | <u>11,765</u>                   |
| <b>Investing activities</b>                                      |                                 |                                 |
| Proceeds from sale of property, plant and equipment              | -                               | 118                             |
| Proceeds from sale of intangibles                                | -                               | 141                             |
| Purchase of property, plant and equipment                        | (7,118)                         | (11,592)                        |
| Others   | -                               | (5)                             |
| <b>Net cash flows used in investing activities</b>               | <u>(7,118)</u>                  | <u>(11,338)</u>                 |
| <b>Financing activities</b>                                      |                                 |                                 |
| Proceeds from borrowings   | 14,995                          | 450,000                         |
| New contributions of minority                                    | 1,770                           | 5,940                           |
| Repayment of borrowings  | (405)                           | (200,609)                       |
| Others   | (7,343)                         | (4,408)                         |
| <b>Net cash flows provided by financing activities</b>           | <u>9,017</u>                    | <u>250,923</u>                  |
| Net (decrease) increase in cash and cash equivalents             | (30,163)                        | 251,350                         |
| Net exchange difference  | (655)                           | (1,888)                         |
| <b>Cash and cash equivalents as of January 1</b>                 | <u>407,882</u>                  | <u>221,326</u>                  |
| <b>Cash and cash equivalents as of March 31</b>                  | <u>377,064</u>                  | <u>470,788</u>                  |