MANAGEMENT DISCUSSION AND ANALYSIS: INDIVIDUAL RESULTS

MINSUR S.A.
THIRD QUARTER 2021

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I. THIRD QUARTER HIGHLIGHTS AND EXECUTIVE SUMMARY

Table N° 1: Operating & Financial Highlights

Highlights	Unit	3Q21	3Q20	Var (%)	9M21	9M20	Var (%)
Production							
Tin (Sn)	t	7,613	5,699	34%	19,259	13,455	43%
Gold (Au)	oz	19,766	16,323	21%	52,869	54,782	-3%
Financial Results							
Net Revenue	US$ M	293.8	135.5	117%	664.1	342.1	94%
EBITDA	US$ M	195.3	65.9	196%	421.6	158.5	166%
EBITDA Margin	%	66%	49%	-	63%	46%	-
Net Income	US$ M	122.4	-11.9	-	257.8	-10.2	-
Adjusted Net Income[1]	US$ M	47.9	-2.2	-	165.7	64.0	159%

Third quarter Executive Summary:

a. Prioritization of Health and Safety – Response to COVID -19 Pandemic

All operations are strictly complying with the protocols required in the context of the COVID-19 pandemic to work safely. These protocols continue to represent additional costs for our operations; however, it is essential and a priority to maintain the health and safety of all our collaborators. On the other hand, the activities of the administrative staff continue to be carried out remotely.

b. Operating Results

In 3Q21, tin production increased 34% vs. 3Q20 due to higher tin grades fed to San Rafael and B2 plants. Moreover, the Lean Management initiatives in Pisco allowed to obtain a greater treatment capacity reaching on average 6,600 tons in 3Q21 (+1,000 tons vs. 3Q20). Regarding gold, the production increased 21% vs. 3Q20 due to higher ore grades. However, cumulatively gold production declined (-3% vs. 9M20), in line with our production plan.

c. Financial Results

The financial results obtained during 3Q21 were higher than 3Q20; sales and EBITDA were 117% and 196% higher, respectively. The higher sales during 3Q21 are explained by the strong tin prices registered during the period (+97%) and the increase in sold volume of tin (+24%). On the other hand, gold sold volume increased (+16%) while prices declined (-6%). Finally, net income was US$ 122.4 MM vs. US$ -11.9 MM in the 3Q20 supported by strong performance of our operations as well as our investment in subsidiaries and associates which includes the start-up of Marcobre's production.

[1] Adjusted net income = Net income excluding Loss from Subsidiaries and Associates, exchange rate difference and extraordinary effects

II. MAIN CONSIDERATIONS:

a. Average metal prices

- **Tin:** Average tin price in 3Q21 was US$ 34,816 per ton, +3% vs. 3Q20. During the first nine months, average tin price was US$ 30,510 per ton, + 84% vs. 9M20.

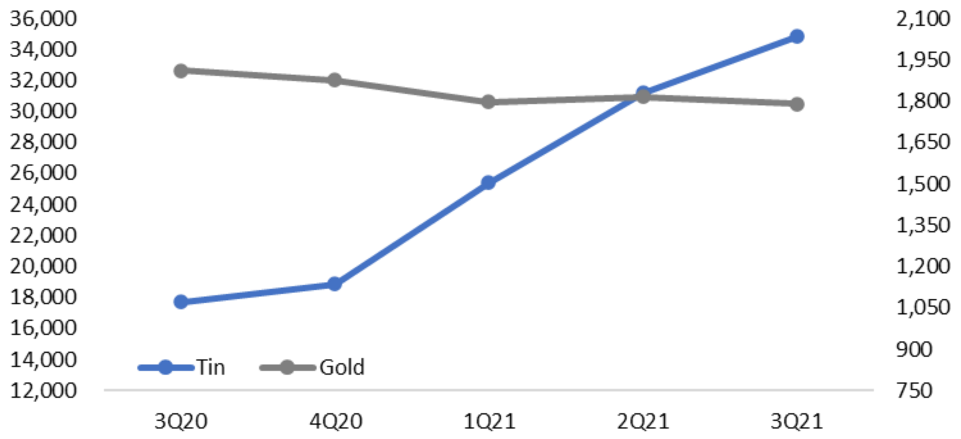
- **Gold:** Average gold price in 3Q21 was US$ 1,790 per ounce, -6% vs. 3Q20. During the first nine months, average gold price was US$ 1,800 per ounce, +4% vs. 9M20.

Table N° 2: Average metal prices

Average Metal Prices	Unit	3Q21	3Q20	Var (%)	9M21	9M20	Var (%)
Tin	US$/t	34,816	17,689	97%	30,510	16,584	84%
Gold	US$/oz	1,790	1,911	-6%	1,800	1,737	4%

Source: Bloomberg

Figure N° 1: Average metal price quarterly evolution



Source: Bloomberg

b. Exchange Rate:

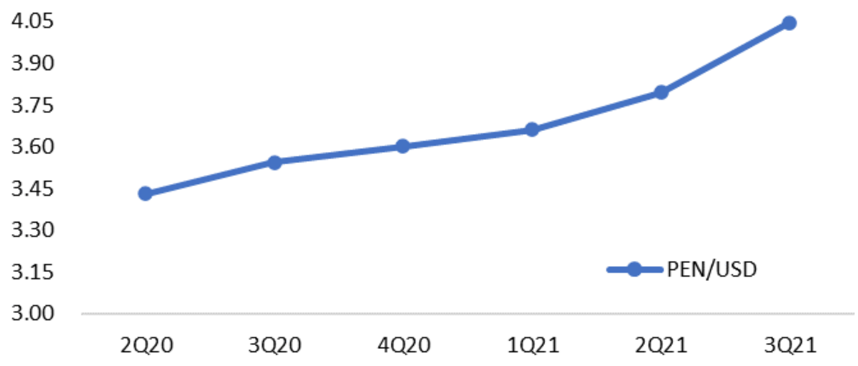
The Peruvian Sol average exchange rate for 3Q21 was S/ 4.05 per US$ 1, +14% vs. 3Q20 (S/ 3.54 per US$ 1). During 9M21 average exchange rate was S/ 3.84 per US$ 1, + 11% vs. 9M20.

Table N°3: Exchange Rate

Average Exchange Rate	Unit	3Q21	3Q20	Var (%)	9M21	9M20	Var (%)
PEN/USD	S/.	4.05	3.54	14%	3.84	3.46	11%

Source: Banco Central de Reserva del Perú

Figure N° 2: Exchange rate quarterly evolution



Source: Banco Central de Reserva del Perú

III. OPERATING MINING RESULTS:

a. San Rafael – Pisco (Perú):

Table N° 4: San Rafael - Pisco Operating Results

San Rafael - Pisco	Unit	3Q21	3Q20	Var (%)	9M21	9M20	Var (%)
Ore Treated	t	318,892	251,674	27%	905,248	667,404	36%
Head Grade	%	2.14	1.93	11%	2.09	1.87	12%
Tin production (Sn) - San Rafael	t	5,687	5,093	12%	16,465	12,026	37%
Tin production (Sn) - B2	t	1,277	1,181	8%	3,779	1,905.29	98%
Tin production (Sn) - Pisco	t	7,613	5,699	34%	19,259	13,455	43%
Cash Cost per Treated Ton[2] - San Rafael	US$/t	124	125	-1%	128	107	19%
Cash Cost per Ton of Tin[3]	US$/t Sn	7,662	8,535	-10%	8,901	8,054	11%

In 3Q21, contained tin production at San Rafael reached 5,687 tons (+12% vs. 3Q20) and B2 production reached 1,277 tons of contained tin (+8% vs. 3Q20) mainly due to the higher grades and tonnage fed in both plants. It is important to mention that in 3Q20 there was less mineral treatment explained by maintenance work carried out at the preconcentration plant. In Pisco smelter, refined tin production was 7,613 tons, +34% vs. 3T20 mainly due to higher treatment capacity as a result of Lean Management initiatives and higher grades of concentrate fed to Pisco plant.

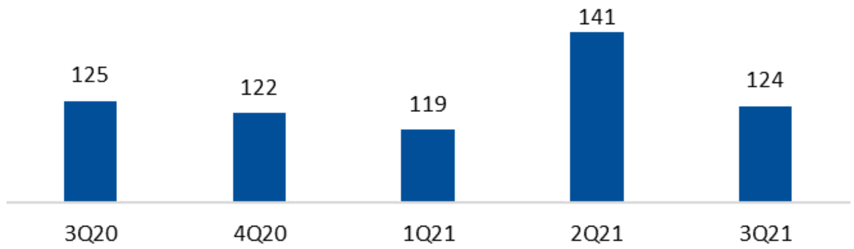
Cash cost per treated ton at San Rafael in 3Q20 was $124, -1% vs. 3Q20 explained by higher volume of treated ore (+27% vs. 3Q20). The higher volume treated was partially offset by higher costs associated with the implementation of COVID-19 protocols and mine preparation. In 3Q20 mine preparation costs were postponed due to the pandemic.

[2] Cash Cost per treated ton = San Rafael production costs / (Tons of Ore treated at Concentration + Tons of Ore treated at Pre-Concentration)

[3] Cash Cost per ton of tin = (San Rafael and Pisco production costs + selling expenses + change in tin concentrates inventory, excluding employee profit sharing, depreciation and amortization) / (Tin Production, in tons)

In 9M21, tin production in Pisco was above 9M20 mainly due the stoppage of activities due COVID-19. Cash cost per treated ton during 9M21 was US$ 128, +19% vs. 9M20 due to additional costs for the implementation of protocols in our operations discussed above

Figure N°3: Cash Cost per treated ton evolution - San Rafael (US$/t)



Cash cost per ton of tin[3] in 3Q21 was US$ 7,662, -10% vs. 3Q20, mainly explained by the higher production of refined tin in Pisco (+34% vs. 3Q20). The accumulated cash cost per ton of tin reached US$ 8,901, +11% vs. 9M20.

b. Pucamarca (Perú):

Table N°5. Pucamarca Operating Results

Pucamarca	Unit	3Q21	3Q20	Var (%)	9M21	9M20	Var (%)
Ore Treated	t	1,963,855	2,281,527	-14%	5,794,975	5,325,594	9%
Head Grade	g/t	0.48	0.45	6%	0.50	0.46	10%
Gold production (Au)	oz	19,766	16,323	21%	52,869	54,782	-3%
Cash Cost per Treated Ton	US$/t	5.4	5.1	5%	5.5	5.3	4%
Cash Cost per Ounce of Gold[4]	US$/oz Au	548	737	-26%	623	533	17%

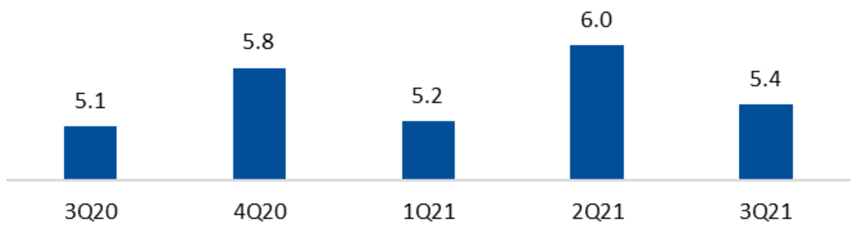
In 3Q21, gold production reached 19,766 ounces, +21% vs. 3Q20 explained by higher grades placed on the Leeching Pad (+6% vs. 3Q20).

Cash cost per treated ton at Pucamarca was US$ 5.4 in 3Q21, +5% vs. 3Q20 mainly due to lower tonnage treated (-14% vs. 3Q20).

During the first nine months, production was 52,869 ounces of gold, -3% vs. 9M20. Cash cost per treated ton for the first nine months was US$ 5.5 (+4% vs. 9M20) due to additional costs for the implementation of COVID-19 protocols. This effect was partially offset by higher volume of ore treated (+9% vs. 9M20).

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

Figure N°4: Cash Cost per treated ton evolution – Pucamarca (US$/t)



Cash cost per ounce of gold[4] in 3Q21 was US$ 548, -26% vs. 3Q20, mainly explained by higher production (+21% vs. 3Q20). The cash cost per ounce of gold for the first nine months was US$ 623, +17% vs. 9M20, mainly due to higher cost related to COVID-19 protocols.

IV. CAPEX:

Table N°6. Executed CAPEX

Capex	Unit	3Q21	3Q20	Var (%)	9M21	9M20	Var (%)
San Rafael + B2	US$ M	19.5	10.7	81%	45.7	16.1	184%
Pisco	US$ M	1.4	0.2	470%	2.5	2.4	2%
Pucamarca	US$ M	12.8	4.8	169%	34.4	6.2	456%
Others	US$ M	0.2	0.1	30%	0.2	0.3	-24%
Total Capex	**US$ M**	**33.9**	**15.9**	**113%**	**82.8**	**25.0**	**231%**

In 3Q21, Capex was US$ 33.9 MM, +113% vs. 3Q20. Sustaining projects are the most relevant projects in our portfolio: i) the tailing dam B4 in San Rafael + B2 and ii) the leaching PAD Phase-4 in Pucamarca. Values are aligned with the guidance estimated for the year and the quarterly execution plan.

V. FINANCIAL RESULTS:

Table N°7. Financial Statements

Financial Statements	Unit	3Q21	3Q20	Var (%)	9M21	9M20	Var (%)
Net Revenue	US$ M	293.8	135.5	117%	664.1	342.1	94%
Cost of Sales	US$ M	-100.5	-78.2	29%	-257.7	-209.1	23%
Gross Profit	**US$ M**	**193.3**	**57.3**	**237%**	**406.4**	**133.1**	**205%**
Selling Expenses	US$ M	-2.3	-0.9	171%	-5.0	-3.0	63%
Administrative Expenses	US$ M	-13.8	-6.4	116%	-36.7	-22.5	63%
Exploration & Project Expenses	US$ M	-2.7	-1.3	106%	-8.2	-4.4	88%
Other Operating Expenses, net	US$ M	-2.4	-2.7	-11%	-1.9	1.8	-
Operating Income	**US$ M**	**172.0**	**46.0**	**274%**	**354.5**	**104.9**	**238%**
Financial Income (Expenses) and Others, net	US$ M	-31.9	-7.9	301%	-46.6	-21.3	119%
Results from Subsidiaries and Associates	US$ M	76.3	-8.5	-	94.4	-73.1	-
Exchange Difference, net	US$ M	-1.8	-1.2	57%	-2.3	-1.2	98%
Profit before Income Tax	**US$ M**	**214.6**	**28.4**	**656%**	**400.0**	**9.4**	**4166%**
Income Tax Expense	US$ M	-92.3	-40.3	129%	-142.2	-19.6	625%
Net Income	**US$ M**	**122.4**	**-11.9**	**-**	**257.8**	**-10.2**	**-**
Net Income Margin	%	42%	-9%	-	39%	-3%	-
EBITDA	**US$ M**	**195.3**	**65.9**	**196%**	**421.6**	**158.5**	**166%**
EBITDA Margin	%	66%	49%	-	63%	46%	-
Depreciation	US$ M	23.3	19.9	17%	67.1	53.6	25%
Adjusted Net Income[5]	**US$ M**	**47.9**	**-2.2**	**-**	**165.7**	**64.0**	**159%**

For comparative purposes, as a result of the accounting evaluation of the income tax calculation methodology in accordance with IAS 34 "Interim Financial Reporting", our interim financial statements for the third quarter 2020 have been restated, for which they present different values with respect to the reported in 3Q20. However, they will not generate variation in the annual comparison because the variations will only occur in intermediate financial statements.

a. Net Revenue:

In 3Q21, net sales reached US$ 293.8 M, +117% vs. 3Q20. This increase is explained by: i) higher tin prices (+97%), ii) higher sold volume of tin (+24%), iii) higher sold volume of gold (+16%) despite lower gold prices (-6%).

Table N°8. Net revenue Volume by product

Net Revenue Volume	Unit	3Q21	3Q20	Var (%)	9M21	9M20	Var (%)
Tin	t	7,349	5,942	24%	17,935	14,552	23%
Gold	oz	19,026	16,413	16%	53,451	56,775	-6%

Table N°9. Net revenue in US$ by product

Net Revenue by Metal	Unit	3Q21	3Q20	Var (%)	9M21	9M20	Var (%)
Tin	US$ M	260.6	107.6	142%	573.2	247.8	131%
Gold	US$ M	33.1	27.9	19%	90.9	94.3	-4%
TOTAL	**US$ M**	**293.8**	**135.5**	**117%**	**664.1**	**342.1**	**94%**

[5] Adjusted net income = Net income excluding Loss from Subsidiaries and Associates, exchange rate difference and extraordinary effects

Figure N°5: Net revenue breakdown in US$ by metal

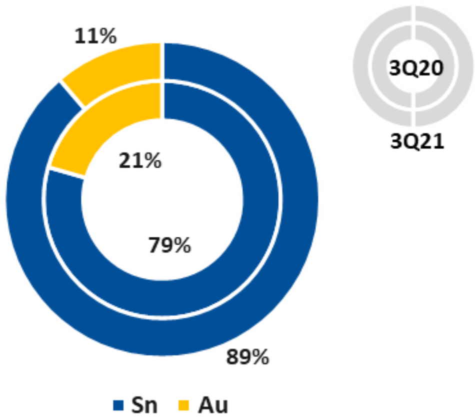


Table N°10. Cost of sales detail

Cost of Sales	Unit	3Q21	3Q20	Var (%)	9M21	9M20	Var (%)
Production Cost	US$ M	66.0	57.4	15%	196.5	129.5	52%
Depreciation	US$ M	23.8	23.6	1%	68.7	52.6	31%
Workers profit share	US$ M	7.4	4.0	85%	16.6	5.8	184%
Stocks Variation and Others	US$ M	3.3	-6.5	-	-24.1	23.7	-201%
TOTAL	**US$ M**	**100.5**	**78.4**	**28%**	**257.7**	**211.7**	**22%**

b. Cost of Sales

Cost of sales in 3Q20 reached US$ 100.5 M, +29% vs. 3Q20. This effect is mainly explained by: i) higher sold volume of tin and gold, ii) Inventory accumulation and iii) higher workers profit share (+85% vs. 3Q20).

c. Gross Profit:

Gross profit during 3Q21 reached US$ 193.3 M (+237% VS. 3Q20) mainly explained by the higher net sales (+117% vs. 3Q20). Gross margin of the quarter was 66% vs 42% during 3Q20.

d. Selling expenses:

Selling expenses in 3Q21 were US$ 2.3 M, +US$ 1.5 M vs. 3Q20 explained by: i) higher sold volume of tin and gold, ii) strong increase in transport freights.

e. Administrative expenses:

Administrative expenses in 3Q21 were US$ 13.8 M (+116% vs. 3Q20) due to higher profit sharing and deferral of administrative expenses in 3Q20 as a strategic decision to preserve liquidity.

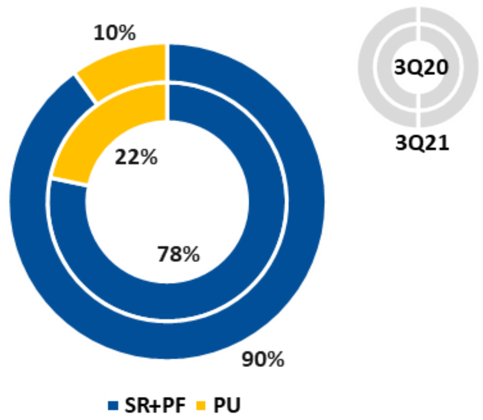
f. Exploration and Project Expenses:

In 3Q21, exploration and project expenses totaled US$ 2.7 M (+US$ 1.4 M vs. 3Q20). This increase was due to the reactivation of certain exploration activities that were postponed in 3Q20 to preserve capital after the outbreak of COVID-19.

g. EBITDA:

EBITDA in 3Q21 amounted to US$ 195.3 M (+US$ 129.4 M vs. 3Q20) due to higher gross profit explained above. EBITDA margin in the period reached 66% (+18% vs. 3Q20)

Figure N°6: EBITDA share in US$ by Operating Unit[6]



h. Net financial expenses

The net financial expenses in 3Q21 were US$ 31.9 M vs US$ 7.9 M registered in 3Q20. This difference is explained by the payment of the premium for the repurchase of bonds in 3Q21.

i. Results from Subsidiaries and Associates

The results from subsidiaries and associates in 3Q21 were US$ 76.3 M vs - US$ 8.5 M registered in 3Q20. The difference is explained by the start-up of Marcobre's production.

[6] 3Q21 includes SR + FR + B2

j. Income tax expense:

In 3Q21 Minsur amounted US$ 92.3 M on income tax expense, +US$ 52.0 M vs. 3Q20: i) +US$ 30.6 related to current tax and ii) +US$ 21.4 M related to deferred tax. This is mainly due to higher operating result for the period and the differences in the projections of the effective annual accounting rates of income tax applied to the results before tax for both quarters. It is important to mention that the deferred income tax is a non-cash effect.

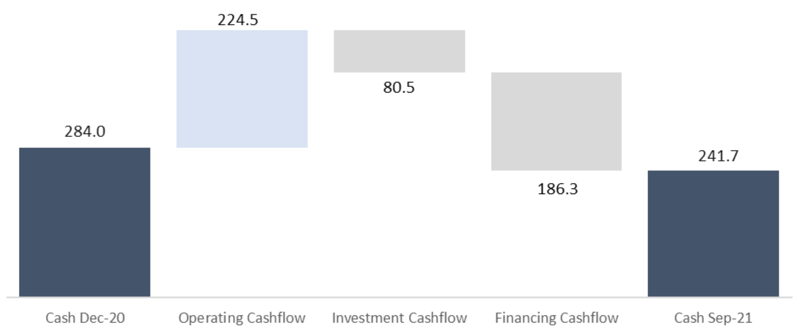
k. Net income and Adjusted net income:

In 3Q21, the company registered a net income of US$ 122.4M vs US$ - 11.9 M in 3Q20. If (i) extraordinary effects, (ii) results of subsidiaries and associates and (iii) exchange difference were excluded, adjusted net income in 3Q21 would amount to US$ 47.9 M (vs. US$ -2.2 M in 3Q20) given the strong EBITDA recorded by the company in 3Q21.

VI. LIQUIDITY:

As of September 30, 2021, the company´s cash balance and cash equivalents reached US$ 241.7 M, -15% vs. December 2020 (US$ 284.0 M). The decrease is explained by an operating cash flow of US$ +224.5 M, an investment cash flow of -US$ 80.5 MM and financing cash flow of -US$ 186.3 M.

The financing cash flow considers i) capital contribution to our subsidiary Marcobre of US$ 61.5 M and US$ 6.2 M to Cumbres del Sur, ii) increase in short-term debt of US$ 95 M, iii) payment of dividends (US$ 250 M) and iv) Partial refinancing of the bond due 2024 (US$ 236 M out of US$ 450 M) with a long-term syndicated loan (US$ 300 M), generating a cash variation of +US$ 36.4 M.



As of September 30, 2021, the company's financial liabilities reached US$ 576.2 M. The financial debt is explained by i) the corporate bond with expiration date of 2024 (US$ 184.8 M) and ii) short-term debt of US$ 95M. The net leverage ratio reached 0.7x as of September 2021, 2020 vs. 0.7x by the end of 2020.

Table N°11. Debt Summary

Financial Ratios	Unit	Sep-21	Dec-20	Var (%)
Total Debt	US$ M	576.6	444.9	30%
Long Term - Minsur 2024 Bond	US$ M	184.8	444.9	-58%
Syndicated loan	US$ M	296.8	0.0	0%
Short term debt	US$ M	95.0	0.0	0%
Cash	US$ M	241.7	284.0	-15%
Cash and Equivalents	US$ M	241.7	193.4	25%
Fixed term deposits	US$ M	0.0	90.6	-100%
Net Debt	US$ M	335.0	160.9	108%
Total Debt / EBITDA	x	1.2x	1.9x	-38%
Net Debt / EBITDA	x	0.7x	0.7x	-1%

VII. Risk Management

The company has a financial controlling area, which permanently validates that the financial information to be disclosed to the market is in accordance with IFRS and free from material errors.

The internal controls associated with the risks of the aforementioned function are evaluated and verified by an independent external auditor, who annually issues an opinion on the reasonableness of the Financial Statements and the evaluation of the internal control system to mitigate risks related to integrity and reliability of financial information.

Likewise, periodically, the Internal Auditor reports to the Audit Committee on work progress and deadlines compliance regarding the implementation of Internal and External Audit observations in accordance with the audit plan.

Finally, the company has a Risk area, in charge of managing the identified risk matrix, as well as evaluating and monitoring mitigation plan proposals.