

MANAGEMENT DISCUSSION AND ANALYSIS: INDIVIDUAL RESULTS

**MINSUR S.A.
FOURTH QUARTER 2021**

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I. FOURTH QUARTER HIGHLIGHTS AND EXECUTIVE SUMMARY

Table N° 1: Operating & Financial Highlights

Highlights	Unit	4Q21	4Q20	Var (%)	2021	2020	Var (%)
Production							
Tin (Sn)	t	6,663	6,137	9%	25,947	19,592	32%
Gold (Au)	oz	16,085	25,433	-37%	68,954	80,215	-14%
Financial Results							
Net Revenue	US\$ M	349.2	159.7	119%	1,013.3	501.8	102%
EBITDA	US\$ M	217.4	76.1	185%	639.0	237.6	169%
EBITDA Margin	%	62%	48%	-	63%	47%	-
Net Income	US\$ M	293.5	17.1	1618%	551.2	6.8	7964%
Adjusted Net Income ¹	US\$ M	107.1	5.1	2004%	272.8	69.1	295%

Fourth 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 4Q21, tin production increased 9% vs. 4Q20 due to the Lean Management initiatives in Pisco, which allowed to obtain a greater treatment capacity reaching on average 6,300 tons in 4Q21 (+560 tons vs. 4Q20). Regarding gold, ounces produced decreased (-37%) vs. 4Q20 due to lower ore grades fed to the leaching Pad. Cumulatively, gold production declined (-14%) vs. 2020 in line with Pucamarca's life of mine depletion.

c. Financial Results

The financial results obtained during 4Q21 were higher than 4Q20. Sales and EBITDA were 119% and 185% higher, respectively. The higher sales during 4Q21 are explained by the strong tin prices registered during the period (+107%) and the increase in sold volume of tin (+33%); regarding gold, the lower volume sold (-30%) was offset by lower prices (-4%). Finally, net income in 4Q21 was US\$ 293.5 MM vs. US\$ 17.1 MM in 4Q20 supported by the stronger performance of our operations as well as our investment in the subsidiary Marcobre, due the start-up of Marcobre's operation.

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

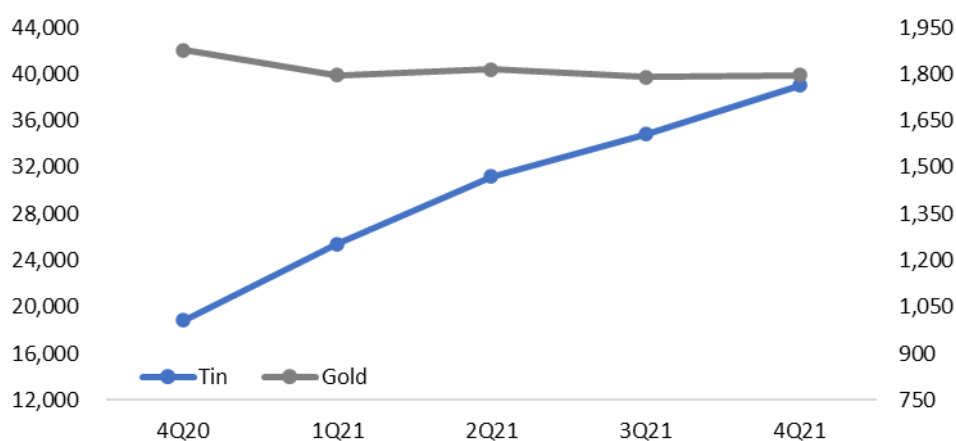
- **Tin:** Average tin price in 4Q21 was US\$ 38,989 per ton, +107% vs. 4Q20. In 2021, average tin price was US\$ 32,654 per ton, + 90% vs. 2020.
- **Gold:** Average gold price in 4Q21 was US\$ 1,796 per ounce, -4% vs. 4Q20. In 2021, average gold price was US\$ 1,799 per ounce, +2% vs. 2020.

Table N° 2: Average metal prices

Average Metal Prices	Unit	4Q21	4Q20	Var (%)	2021	2020	Var (%)
Tin	US\$/t	38,989	18,851	107%	32,654	17,155	90%
Gold	US\$/oz	1,796	1,876	-4%	1,799	1,772	2%

Source: Bloomberg

Figure N° 1: Average metal price quarterly evolution



Source: Bloomberg

b. Exchange Rate:

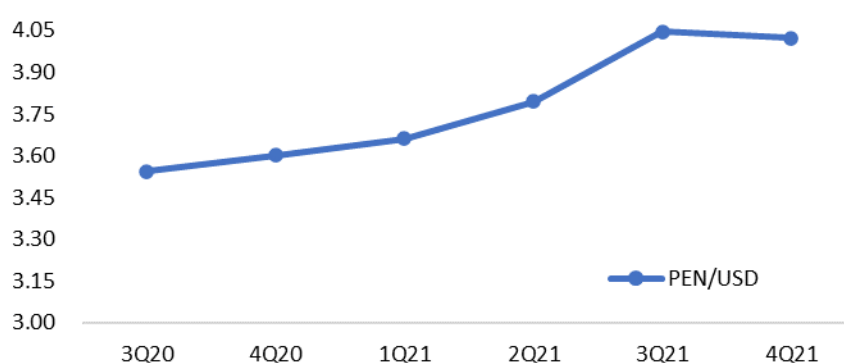
The Peruvian Sol average exchange rate for 4Q21 was S/ 4.02 per US\$ 1, +12% vs. 4Q20 (S/ 3.60 per US\$ 1). In 2021, average exchange rate was S/ 3.88 per US\$ 1, + 11% vs. 2020.

Table N°3: Exchange Rate

Average Exchange Rate	Unit	4Q21	4Q20	Var (%)	2021	2020	Var (%)
PEN/USD	S/.	4.02	3.60	12%	3.88	3.50	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	4Q21	4Q20	Var (%)	2021	2020	Var (%)
Ore Treated	t	337,056	304,748	11%	1,242,304	972,152	28%
Head Grade	%	2.06	1.99	4%	2.08	1.90	9%
Tin production (Sn) - San Rafael	t	5,527	5,433	2%	21,992	17,458	26%
Tin production (Sn) - B2	t	1,225	1,285	-5%	5,004	3,189.92	57%
Tin production (Sn) - Pisco	t	6,663	6,137	9%	25,947	19,592	32%
Cash Cost per Treated Ton ² - San Rafael	US\$/t	131	122	7%	128	112	15%
Cash Cost per Ton of Tin ³	US\$/t Sn	9,838	9,389	5%	9,133	8,472	8%

In 4Q21, contained tin production at San Rafael reached 5,527 tons (+2% vs. 4Q20) explained by higher grades and higher tonnage fed to the plant, while B2 contained tin production was lower (-5% vs. 4Q20) due to lower tonnage fed to the plant. In Pisco, refined tin production reached 6,663 tons, +9% vs. 4Q20 mainly due to higher treatment capacity as a result of Lean Management initiatives.

Cash cost per treated ton at San Rafael in 4Q21 was \$131, +7% vs. 4Q20. The higher cost is explained by higher meters of mine advance executed, higher ore treatment and higher costs related to COVID-19 safety protocols and restrictions.

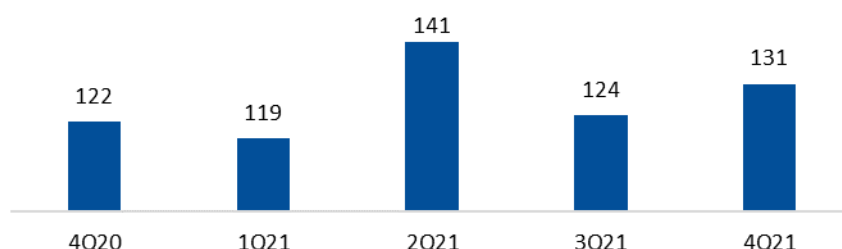
In 2021, contained tin production was higher at San Rafael (+26% vs. 2020) and at B2 (+57% vs. 2020), as well as the tin refined production at Pisco (+32% vs. 2020) due the continuously operation in 2021, unlike 2020 when we had to stop due to the restrictions due the start of the pandemic. The cost per treated ton in 2021 was US\$ 128, +14% 2020 mainly due to higher costs related to mine advances

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)

executed, higher ore extracted and treated and higher costs related to COVID-19 safety protocols and restrictions (12 months 2021 vs. 8 months average 2020). The cost per treated ton in 2021 is in line with our last guidance released.

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



The cash cost per ton of tin³ was US\$ 9,838 in 4Q21, +5% vs. 4Q20. This higher cost is explained by the higher operating cost in San Rafael, partially offset by the higher production of refined tin in Pisco (+34% vs. 4Q20). Cumulatively, the cash cost per ton of tin was US\$ 9,133, +8% vs. 2020.

b. Pucamarca (Perú):

Table N°5. Pucamarca Operating Results

Pucamarca	Unit	4Q21	4Q20	Var (%)	2021	2020	Var (%)
Ore Treated	t	1,953,475	2,246,684	-13%	7,748,450	7,572,278	2%
Head Grade	g/t	0.37	0.53	-30%	0.47	0.48	-2%
Gold production (Au)	oz	16,085	25,433	-37%	68,954	80,215	-14%
Cash Cost per Treated Ton	US\$/t	6.9	5.8	19%	5.9	5.4	8%
Cash Cost per Ounce of Gold ⁴	US\$/oz Au	852	527	62%	676	531	27%

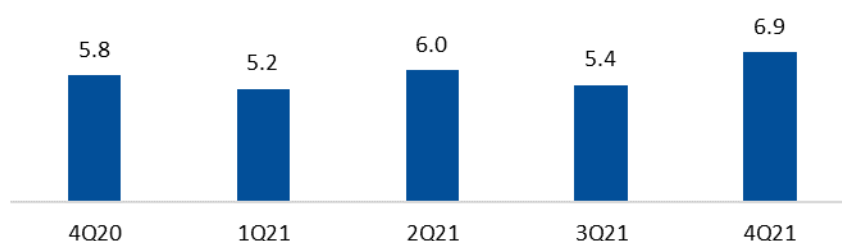
In 4Q21, gold production reached 16,085 ounces, -37% vs. 4Q20 mainly due to a lower gold grade (-30% vs. 4Q20) and lower ore placed in the Leaching Pad (-13% vs. 4Q20).

Cash cost per treated ton at Pucamarca was US\$ 6.9 in 4Q21, +19% vs. 4Q20 mainly due to lower ore placed in the Leaching Pad (-13% vs. 4Q20).

In 2021, gold production was 68,954 ounces, -14% vs. 2020. Cash cost per treated ton was US\$ 5.9, +8% vs. 2020 due to higher costs related to protocols and restrictions of COVID-19 (12 months 2021 vs. 8 months average 2020), this effect was partially offset by the higher volume treated (+2% vs. 2020). The cash cost per treated ton in 2021 is in line with our last guidance released.

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 gold⁴ in 4Q21 was US\$ 852, +62% vs. 4Q20, mainly explained by lower production (-37% vs. 4Q20). Cumulatively, the cash cost per ounce of gold was US\$ 676, +27% vs. 2020.

IV. CAPEX:

Table N°6. Executed CAPEX

Capex	Unit	4Q21	4Q20	Var (%)	2021	2020	Var (%)
San Rafael + B2	US\$ M	41.1	27.9	47%	86.8	46.0	89%
Pisco	US\$ M	2.6	0.4	593%	5.0	2.8	80%
Pucamarca	US\$ M	8.7	16.0	-46%	43.1	22.2	94%
Others	US\$ M	0.1	0.0	0%	0.3	0.0	0%
Total Capex	US\$ M	52.5	44.3	19%	135.3	71.0	91%

In 4Q21, capex was US\$ 52.5 MM, +19% vs. 4Q20. Among the main projects are our sustaining projects in the units, the construction of the tailing dam B4 in San Rafael + B2 and the phase 4 of leaching Pad in Pucamarca.

In 2021, the annual capex was US\$ 135.3 MM, +91% vs. 2020 mainly because it is a year in which we invest in major investment projects in both San Rafael and Pucamarca mines, such as the construction of the tailing dam B4 and phase 4 of the leaching Pad. The executed capex is in line with the estimated execution guidance during the period.

V. FINANCIAL RESULTS:

Table N°7. Financial Statements

Financial Statements	Unit	4Q21	4Q20	Var (%)	2021	2020	Var (%)
Net Revenue	US\$ M	349.2	159.7	119%	1,013.3	501.8	102%
Cost of Sales	US\$ M	-119.0	-88.3	35%	-376.7	-297.3	27%
Gross Profit	US\$ M	230.2	71.5	222%	636.6	204.5	211%
Selling Expenses	US\$ M	-3.3	-2.2	50%	-8.3	-5.2	58%
Administrative Expenses	US\$ M	-22.2	-10.7	106%	-58.9	-33.2	77%
Exploration & Project Expenses	US\$ M	-3.7	-1.3	179%	-11.9	-5.7	109%
Other Operating Expenses, net	US\$ M	-8.2	-1.3	515%	-10.1	0.5	-
Operating Income	US\$ M	192.9	55.9	245%	547.5	160.8	240%
Financial Income (Expenses) and Others, net	US\$ M	-32.0	-7.6	320%	-78.6	-28.9	172%
Results from Subsidiaries and Associates	US\$ M	184.7	12.2	1409%	279.2	-60.8	-
Exchange Difference, net	US\$ M	1.6	-0.3	-	-0.7	-1.4	-51%
Profit before Income Tax	US\$ M	347.3	60.2	477%	747.3	69.6	973%
Income Tax Expense	US\$ M	-53.8	-43.2	25%	-196.1	-62.8	212%
Net Income	US\$ M	293.5	17.1	1618%	551.2	6.8	7964%
Net Income Margin	%	84%	11%	-	54%	1%	-
EBITDA	US\$ M	217.4	76.1	185%	639.0	237.6	169%
EBITDA Margin	%	62%	48%	-	63%	47%	-
Depreciation	US\$ M	24.4	20.3	21%	91.5	76.7	19%
Adjusted Net Income⁵	US\$ M	107.1	5.1	2004%	272.8	69.1	295%

For comparative purposes, as a result of the accounting evaluation of the income tax calculation methodology in accordance with IAS 34 "Interim Financial Reporting" of the reported as September 30, 2020, our interim financial statements for the fourth quarter 2020 have been restated, for which they present different values with respect to the reported in 4Q20. However, they will not generate variation in the annual comparison because the variations will only occur in intermediate financial statements.

a. Net Revenue:

In 4Q21, net sales reached US\$ 349.2 M, +119% vs. 4Q20. This increase is explained by higher tin prices (+10%) together with higher volume sold of tin (+33%) that was offset by a lower volume sold of gold (-30%) together with lower prices (-4%).

Table N°8. Net revenue Volume by product

Net Revenue Volume	Unit	4Q21	4Q20	Var (%)	2021	2020	Var (%)
Tin	t	7,788	5,858	33%	25,723	20,410	26%
Gold	oz	16,812	24,094	-30%	70,263	80,869	-13%

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

Net Revenue by Metal	Unit	4Q21	4Q20	Var (%)	2021	2020	Var (%)
Tin	US\$ M	318.9	117.3	172%	892.1	365.1	144%
Gold	US\$ M	30.3	42.4	-29%	121.2	136.7	-11%
TOTAL	US\$ M	349.2	159.7	119%	1,013.3	501.8	102%

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

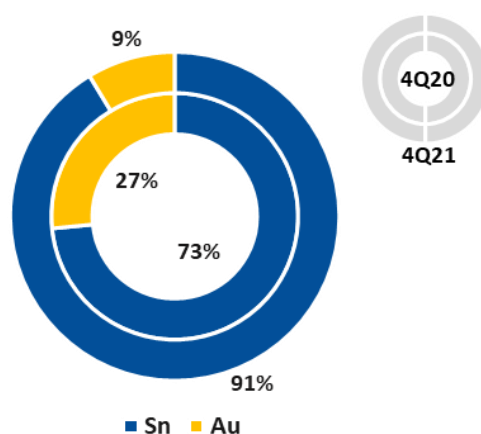


Table N°10. Cost of sales detail

Cost of Sales	Unit	4Q21	4Q20	Var (%)	2021	2020	Var (%)
Production Cost	US\$ M	75.1	67.6	11%	271.6	197.1	38%
Depreciation	US\$ M	25.0	24.5	2%	93.7	77.1	22%
Workers profit share	US\$ M	11.5	3.1	274%	28.1	8.9	215%
Stocks Variation and Others	US\$ M	7.3	-6.9	-	-16.7	14.2	-218%
TOTAL	US\$ M	119.0	88.3	35%	376.7	297.3	27%

b. Cost of Sales

Cost of sales in 4Q21 reached US\$ 109.0 M, +35% vs. 4Q20. This effect is mainly explained by: i) higher sold volume of tin, ii) higher inventories for US\$ 7.3 M and iii) higher workers profit share (+274% vs. 4Q20).

c. Gross Profit:

Gross profit during 4Q21 reached US\$ 230.2 M (+222% vs. 4Q20) mainly explained by the higher net sales (+119% vs. 4Q20). Gross margin of the quarter was 66% vs. 45% during 4Q20.

d. Selling expenses:

Selling expenses in 4Q21 were US\$ 3.3 M, +US\$ 1.0 M vs. 4Q20 explained by higher freights and greater volume sold of tin.

e. Administrative expenses:

Administrative expenses in 4Q21 were US\$ 22.2 M, +106% vs. 4Q20 due to higher profit sharing and the deferral of administrative expenses in 2020 (consultancies and services mainly) which was a strategic decision to preserve liquidity.

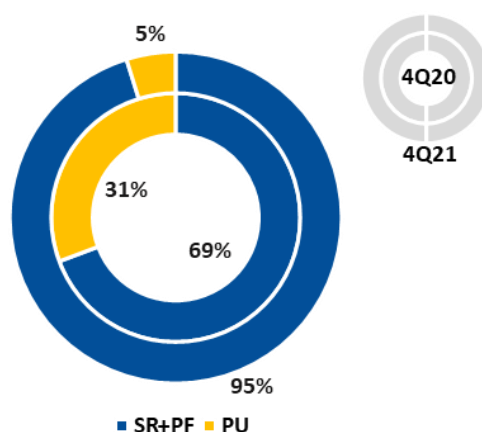
f. Exploration and Project Expenses:

In 4Q21, exploration and project expenses totaled US\$ 3.7 M (+US\$ 2.4 M vs. 4Q20). This increase was due to resume in certain exploration activities that were postponed in 4Q20 to preserve liquidity after the COVID-19 outbreak.

g. EBITDA:

EBITDA in 4Q21 amounted to US\$ 217.4 M, +US\$ 141.2 M vs. 4Q20 due to higher gross profit explained above. EBITDA margin in the period was 66%, 14% higher than that obtained in 4Q20. In 2021, EBITDA was US\$ 639.0 M, +US\$ 401.4 vs. 2020.

Figure N°6: EBITDA share in US\$ by Operating Unit⁶



h. Net financial expenses

The net financial expenses in 4Q21 were US\$ 32.0 M vs. US\$ 7.6 M registered in 4Q20, mainly explained by the bond buyback of the Minsur 2024 bond executed in October and December

i. Results from Subsidiaries and Associates

The results from subsidiaries and associates in 4Q21 were US\$ 184.7 M vs. US\$ 12.2 M registered in 4Q20. The difference is mainly explained by the start of Marcobre's production.

⁶ 4Q21 includes SR + FR + B2

j. Income tax expense:

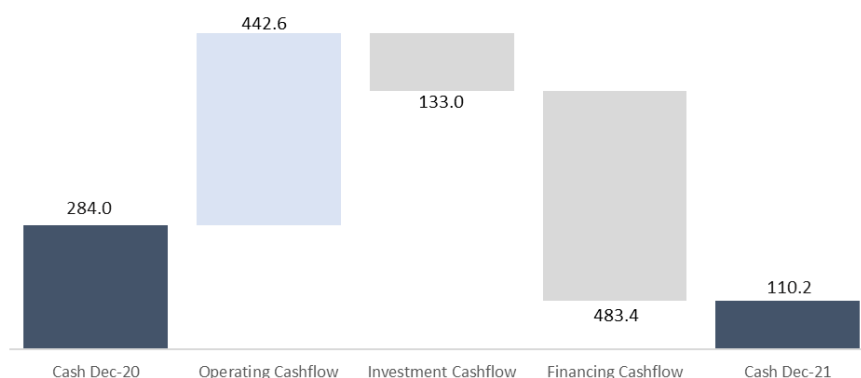
In 4Q21 Minsur amounted US\$ 53.8 M on income tax expense, +US\$ 10.7 M vs. 4Q20 (+US\$ 66.9 related to current tax and -US\$ 56.2 M related to deferred tax). This result is mainly explained by the higher operating result of the period and the differences in the projections of the effective annual accounting 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 4Q21, the company registered a net income of US\$ 293.5M vs US\$ 17.1 M in 4Q20. If (i) results of subsidiaries and associates and (ii) exchange difference were excluded, adjusted net income in 4Q21 would amount to US\$ 107.1 M vs. US\$ 5.1 M in 4Q20 supported the higher EBITDA.

VI. LIQUIDITY:

As of December 31, 2021, the company's cash balance reached US\$ 110.2 M, -61% vs. December 31, 2020 (US\$ 284.0 M). The decrease is explained by an operating cash flow of US\$ +442.6 M, an investment cash flow of -US\$ 133.0 MM and financing cash flow of -US\$ 483.4 M.



As of December 31, 2021, the company's financial liabilities reached US\$ 581.3 M. The financial debt is explained by i) the corporate bond issued with expiration date of 2031 (net value: US\$ 486.3 M) and ii) short-term debt of US\$ 95.0 M. The net leverage ratio (Net Debt / EBITDA) reached 0.7x as of December 2021 vs. 0.7x by the end of December 2020.

Table N°11. Changes in Financing Cashflow

Concept	Unit	2021
Financing	US\$ MM	+84.3
Short term Debt	US\$ MM	+95.0
Refinancing Minsur Bond	US\$ MM	+50.0
Issuance Minsur 2031 Bond		+500.0
1° Partial repurchase Minsur 2014 Bond		-263.6
2° Partial repurchase Minsur 2014 Bond		-46.5
Make-whole Minsur 2014 Bond		-139.9
Repurchase and structuring costs	US\$ MM	-60.7
Repurchase Minsur 2014 Bond		-43.1
Issuance cost Minsur 2031 Bond		-13.9
Issuance cost syndicated loan		-3.6
Long term syndicated loan	US\$ MM	-
Issuance long term syndicated loan		+300.0
Amortization long term syndicated loan		-300.0
Dividends/Contributions	US\$ MM	-567.7
Dividends paid to shareholders	US\$ MM	-500.0
Capital contributions - Alxar	US\$ MM	-67.7
Marcobre		-61.5
Cumbres del Sur		-6.2
Total	US\$ MM	-483.4

Table N°12. Debt Summary

Financial Ratios	Unit	Dec-21	Dec-20	Var (%)
Total Debt	US\$ M	581.3	444.9	31%
Long Term - Minsur 2031 Bond	US\$ M	486.3	0.0	0%
Long Term - Minsur 2024 Bond	US\$ M	0.0	444.9	-100%
Short term debt	US\$ M	95.0	0.0	0%
Cash	US\$ M	110.2	284.0	-61%
Cash and Equivalents	US\$ M	110.2	193.4	-43%
Fixed term deposits	US\$ M	0.0	90.6	-100%
Net Debt	US\$ M	471.0	160.9	193%
Total Debt / EBITDA	x	0.9x	1.9x	-51%
Net Debt / EBITDA	x	0.7x	0.7x	9%

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.