



MANAGEMENT DISCUSSION AND ANALYSIS: INDIVIDUAL RESULTS

MINSUR S.A.
FOURTH QUARTER 2022

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Executive Summary 2022

2022 has been a year of challenges for Minsur, where our operations maintained the COVID-19 protocols that allowed us to guarantee the safety and health of our employees. Nevertheless, the company achieved the following milestones:

- Safety: zero fatalities
- San Rafael: reached production of 22,947 tons of contained tin - highest since 2012
- B2: obtained a record production of 5,284 tons of contained tin
- Pisco: achieved a record treatment of 74,372 tons of tin concentrate because of the initiatives of our Lean Management program "Lingo". This allowed us to achieve a production of 26,630 tons of refined tin - highest since 2011
- Pucamarca: reached a production of 65,163 ounces of gold, in line with our mining plan
- Explorations: increase of mineral resources in San Rafael by 1.4 million tons of ore with a tin grade of 2.41%, representing 33,505 tons of contained tin
- Debt: US\$ 55.0 MM of short-term loans were repaid, allowing the company to reduce its financial leverage
- Dividends: US\$ 274.0 MM in dividends were distributed to shareholders, of which US\$ 210.0 MM came from one of our subsidiaries, Cumbres Andinas

2022 was a year of high volatility in metal prices, with tin prices starting at levels above US\$40,000 per ton. However, in May, the price began to fall gradually, reaching lows of US\$ 17,700 per ton and closing the year at US\$ 24,800 per ton. The average tin price for the year was US\$ 31,330 per ton, while the average gold price was US\$ 1,802 per ounce.

In this context, our focus remained on improving productivity and reducing costs and expenses in all our operations, while maintaining measures to preserve the safety and health of our employees. As a result, 2022 operating results are in line with our latest guidance and our long-term mining plans.

Financial results for 2022 remained solid. Despite lower sales than 2021 (-32%), an EBITDA of US\$ 463.8 MM was achieved, which was -18% below 2021. However, the EBITDA generated was above the results in the 2015-2020 period, where a maximum of US\$ 250.2 MM was obtained in 2017. On the other hand, in 2022, Minsur generated a net income of US\$ 496.2 MM, -10% lower than in 2021, mainly due to the lower EBITDA and result from our subsidiary Cumbres Andinas.

I. FOURTH QUARTER HIGHLIGHTS AND EXECUTIVE SUMMARY

Table N° 1: Operating & Financial Highlights

Highlights	Unit	4Q22	4Q21	Var (%)	2022	2021	Var (%)
Production							
Tin (Sn)	t	6,759	6,663	1%	26,630	25,947	3%
Gold (Au)	oz	15,821	16,085	-2%	65,163	68,954	-5%
Financial Results							
Net Revenue	US\$ M	236.3	349.2	-32%	912.7	1,013.3	-10%
EBITDA	US\$ M	88.1	217.4	-59%	463.8	639.0	-27%
EBITDA Margin	%	37%	62%	-	51%	63%	-
Net Income	US\$ M	151.3	293.5	-48%	496.2	551.2	-10%
Adjusted Net Income ¹	US\$ M	51.4	107.1	-52%	209.0	272.8	-23%

Fourth quarter Executive Summary:

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

All operations strictly comply 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 and in person.

b. Operating Results

During 4Q22 the company obtained operating results almost in line with 4Q21. Tin production was +1% higher due to a higher tin grade of the concentrate processed in Pisco; while gold production was -2% lower, due to the lower gold grade of the production, but still in line with our mining plan. Cumulatively, refined tin production reached 26,630 tons, +3% above 2021, and gold production was 65,163 ounces, -5% below 2021. Both are in line with our guidance and our long-term plans.

c. Financial Results

Financial results for 4Q22 were below 4Q21, with sales of US\$ 236.3 MM (-23% vs. 4Q21) and EBITDA of US\$ 88.1 MM (-59% vs 4Q21). The lower results are mainly explained by the lower tin price (-45%), which was partially offset by a higher volume sold (+14%). Similarly, during 4Q22 Minsur obtained a net profit of US\$ 151.3 MM (-48% vs. 4Q21), explained by the lower EBITDA and result from our subsidiary Cumbres Andinas.

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

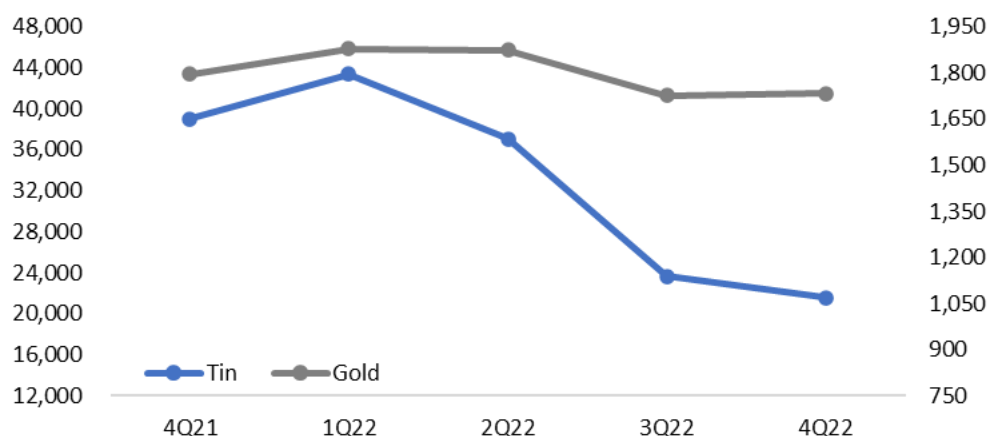
- **Tin:** Average tin price in 4Q22 was US\$ 21,576 per ton, representing a decrease of -45% vs. 4Q21. In 2022, the average price was US\$ 31,330 per ton -4% vs. 2021.
- **Gold:** Average gold price in 4Q22 was US\$1,732 per ounce, representing a -4% decrease vs. 4Q21. In 2022, the average price was US\$ 1,802 per ounce, in line with 2021.

Table N° 2: Average metal prices

Average Metal Prices	Unit	4Q22	4Q21	Var (%)	2022	2021	Var (%)
Tin	US\$/t	21,576	38,989	-45%	31,330	32,654	-4%
Gold	US\$/oz	1,732	1,796	-4%	1,802	1,799	0%

Source: Bloomberg

Figure N° 1: Average metal price quarterly evolution



Source: Bloomberg

b. Exchange Rate:

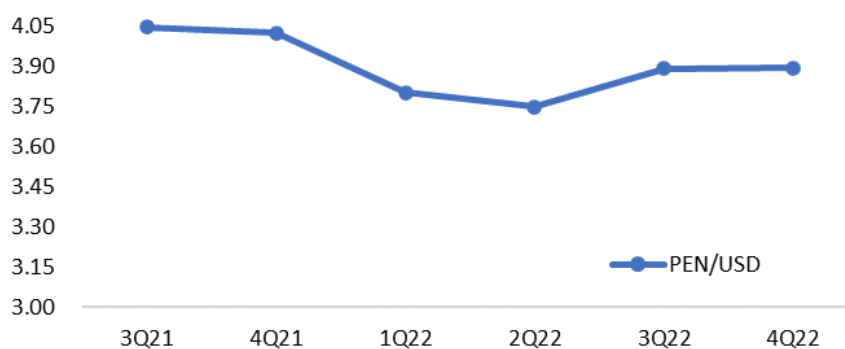
The Peruvian Sol's average exchange rate in 4Q22 was S/. 3.89 per US\$ 1, 3% below the average quotation in 4Q21 (S/. 4.02 per US\$ 1). In 2022, the average exchange rate was S/ 3.83 per US\$ 1, -1% vs. 2021.

Table N°3: Exchange Rate

Average Exchange Rate	Unit	4Q22	4Q21	Var (%)	2022	2021	Var (%)
PEN/USD	S/.	3.89	4.02	-3%	3.83	3.88	-1%

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	4Q22	4Q21	Var (%)	2022	2021	Var (%)
Ore Treated	t	311,322	337,056	-8%	1,243,517	1,242,304	0%
Head Grade	%	2.23	2.06	8%	2.22	2.08	6%
Tin production (Sn) - San Rafael	t	5,975	5,527	8%	22,947	21,992	4%
Tin production (Sn) - B2	t	1,513	1,225	23%	5,284	5,004	6%
Tin production (Sn) - Pisco	t	6,759	6,663	1%	26,630	25,947	3%
Cost per Treated Ton ² - San Rafael	US\$/t	169	131	29%	152	128	18%
Cost per Ton of Tin ³	US\$/t Sn	11,113	9,838	13%	10,580	9,133	16%

In 4Q22, contained tin production at San Rafael reached 5,975 tons (+8% vs. 4Q21) due to higher ore grade fed to the plant (+8%) and higher recovery. These effects were partially offset by a lower volume of ore treated, explained by the lower operating time of the ore sorting plant due to maintenance. Total 2022 contained tin production was 22,947 tons, +4% above 2021, reaching its highest level since 2012.

B2 production reached 1,513 tons (+23% vs. 4Q21) mainly due to higher volume (+6%) and grade of ore fed to the plant (+9%). In 2022, B2 achieved a production level of 5,284 tons of tin contained in concentrates, which was +6% above 2021.

Refined tin production at Pisco was 6,759 tons (+1% vs. 4Q21) explained by the higher grades of the concentrate processed. During 2022, production was 26,630 tons of refined tin, +3% above 2021.

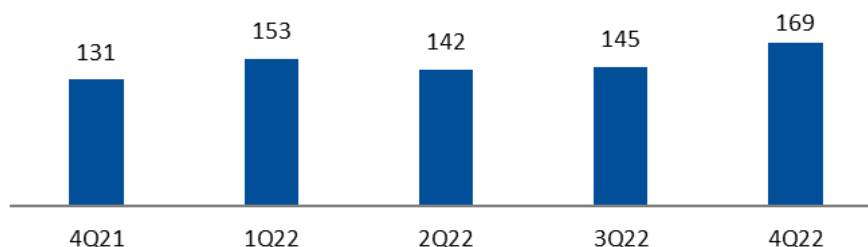
Cost per ton treated at San Rafael was US\$169, +29% vs. 4Q21, which is explained by higher operating costs and lower ore treatment (-8% vs. 4Q21). The higher costs are associated with: (i)

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, B2 and Pisco production costs + selling expenses + change in tin concentrates inventory, excluding employee profit sharing, depreciation and amortization) / (Tin Production, in tons)

higher mine preparation advances (in line with our production plan), (ii) higher supply costs due to inflation, (iii) higher plant maintenance, and (iv) better personnel transportation standards. In 2022, the cost per ton treated was US\$ 152, +18% vs. 2021, mainly due to the higher costs explained above.

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



Cash cost per ton of tin was US\$11,113 in 4Q22, +13% vs. 4Q21. This higher cost is mainly explained by higher operating costs at San Rafael, partially offset by higher refined tin production at Pisco (+1% vs. 4Q21). On a cumulative basis, the cash cost per ton of tin was US\$ 10,580, +17% vs. 2021.

b. Pucamarca (Perú):

Table N°5. Pucamarca Operating Results

Pucamarca	Unit	4Q22	4Q21	Var (%)	2022	2021	Var (%)
Ore Treated	t	1,981,597	1,953,475	1%	7,699,102	7,748,450	-1%
Head Grade	g/t	0.32	0.37	-15%	0.38	0.47	-18%
Gold production (Au)	oz	15,821	16,085	-2%	65,163	68,954	-5%
Cash Cost per Treated Ton	US\$/t	6.6	6.9	-4%	6.8	5.9	17%
Cash Cost per Ounce of Gold ⁴	US\$/oz Au	841	852	-1%	826	676	22%

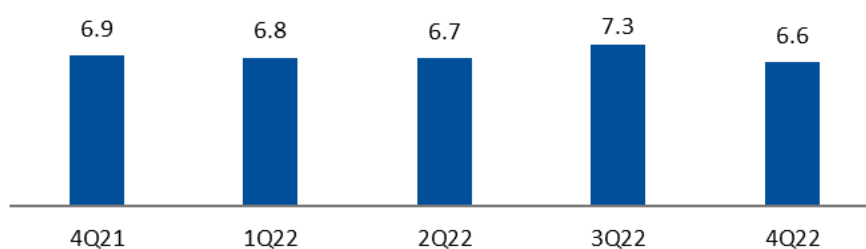
In 4Q22, gold production was 15,821 ounces, -2% vs. 4Q21 due to a lower gold grade that was partially offset by a higher volume of ore placed in the Leaching PAD. The lower grades (-15% vs. 4Q21) are in line with the production plan, associated with our long-term mining plan.

Cash cost per ton treated was US\$6.6 in 4Q22, -4% vs. 4Q21 mainly because of a higher execution of consulting and other expenses related to Covid-19 protocols during 4Q21.

In 2022, gold production was 65,163 ounces, -5% vs. 2021 in line with our production plan. On the other hand, cash cost per ton treated was US\$ 6.8, +17% vs. 2021 mainly due to (i) higher stripping costs, (ii) higher supply costs due to inflation and (iii) better standards in personnel transportation.

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

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



Cost per ounce of gold in 4Q22 was US\$ 841, -1% vs. 4Q21, mainly explained by lower production (-2% vs. 4Q21). On a cumulative basis, the cost per ounce of gold was US\$ 826, +22% vs. 2021, mainly due to lower production (-5%) and the higher costs explained in the previous paragraph.

IV. CAPEX:

Table N°6. Executed CAPEX

	Unit	4Q22	4Q21	Var (%)	2022	2021	Var (%)
San Rafael + B2	US\$ M	42.1	41.1	2%	111.7	86.8	29%
Pisco	US\$ M	2.7	2.6	2%	3.3	5.0	-34%
Pucamarca	US\$ M	7.5	8.7	-14%	43.6	43.1	1%
Others	US\$ M	0.5	0.1	380%	3.4	0.3	-
Sustaining Capex	US\$ M	52.7	52.5	0%	161.9	135.3	20%
Total Capex	US\$ M	52.7	52.5	0%	161.9	135.3	20%

In 4Q22, Capex was US\$ 52.7 MM, +56% vs. 4Q21. Among the main projects are our sustaining projects in the units, the construction of the tailing dam B4 and the project related to water management in San Rafael. At Pucamarca, the executed capex is related to the expansion of the dump, construction of the retaining wall of the Leaching Pad Phase 4 and equipment maintenance.

V. FINANCIAL RESULTS:

Table N°7. Financial Statements

Financial Statements	Unit	4Q22	4Q21	Var (%)	2022	2021	Var (%)
Net Revenue	US\$ M	236.3	349.2	-32%	912.7	1,013.3	-10%
Cost of Sales	US\$ M	-133.8	-119.0	12%	-435.8	-376.7	16%
Gross Profit	US\$ M	102.5	230.2	-55%	476.9	636.6	-25%
Selling Expenses	US\$ M	-2.7	-3.3	-19%	-10.9	-8.3	32%
Administrative Expenses	US\$ M	-22.4	-22.2	1%	-71.2	-58.9	21%
Exploration & Project Expenses	US\$ M	-4.6	-3.7	25%	-16.7	-11.9	41%
Other Operating Expenses, net	US\$ M	-12.5	-8.2	53%	-22.7	-10.1	125%
Operating Income	US\$ M	60.3	192.9	-69%	355.5	547.5	-35%
Financial Income (Expenses) and Others, net	US\$ M	-1.7	-32.0	-95%	-19.3	-78.6	-75%
Results from Subsidiaries and Associates	US\$ M	97.2	184.7	-47%	297.1	279.2	6%
Exchange Difference, net	US\$ M	2.8	1.6	69%	-9.9	-0.7	-
Profit before Income Tax	US\$ M	158.6	347.3	-54%	623.4	747.3	-17%
Income Tax Expense	US\$ MM	-24.2	-85.8	-72%	-154.1	-202.0	-24%
Deferred Income Tax	US\$ MM	17.0	31.9	-47%	26.9	5.9	353%
Net Income	US\$ M	151.3	293.5	-48%	496.2	551.2	-10%
Net Income Margin	%	64%	84%	-	54%	54%	-
EBITDA	US\$ M	88.1	217.4	-59%	463.8	639.0	-27%
EBITDA Margin	%	37%	62%	-	51%	63%	-
Adjusted Net Income⁵	US\$ M	51.4	107.1	-52%	209.0	272.8	-23%

a. Net Revenue:

In 4Q22, net sales reached US\$ 236.3 MM, -32% vs. 4Q21. This decrease is explained by lower tin (-45%) and gold (-4%) prices, which were partially offset by higher tin sales volume (+14%).

Table N°8. Net revenue Volume by product

Net Revenue Volume	Unit	4Q22	4Q21	Var (%)	2022	2021	Var (%)
Tin	t	8,886	7,788	14%	27,016	25,723	5%
Gold	oz	15,815	16,812	-6%	65,143	70,263	-7%

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

Net Revenue by Metal	Unit	4Q22	4Q21	Var (%)	2022	2021	Var (%)
Tin	US\$ M	206.2	318.9	-35%	799.9	892.1	-10%
Gold	US\$ M	30.2	30.3	0%	112.9	121.2	-7%
TOTAL	US\$ M	236.3	349.2	-32%	912.7	1,013.3	-10%

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

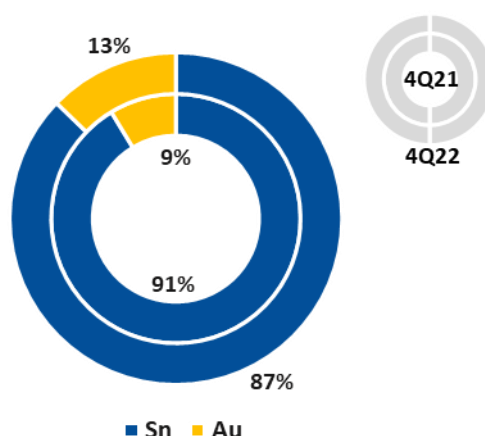


Table N°10. Cost of sales detail

Cost of Sales	Unit	4Q22	4Q21	Var (%)	2022	2021	Var (%)
Production Cost	US\$ M	86.0	76.1	13%	325.5	275.4	18%
Depreciation	US\$ M	27.2	24.0	13%	106.7	89.9	19%
Workers profit share	US\$ M	5.4	11.5	-53%	24.0	28.1	-15%
Stocks Variation and Others	US\$ M	15.2	7.3	107%	-20.4	-16.7	22%
TOTAL	US\$ M	133.8	119.0	12%	435.8	376.7	16%

b. Cost of Sales

Cost of sales for 4Q22 was US\$133.8 MM, +12% vs. 4Q21. This effect is mainly explained by: i) higher production costs, ii) higher depreciation associated with our sustaining capital expenditures and iii) higher inventory variation.

c. Gross Profit:

Gross profit for 4Q22 was US\$ 102.5 MM (-57% vs. 4Q21) due to lower sales (-32% vs. 4Q21) and higher cost of sales (+12% vs. 4Q21), explained by (i) the higher volume of tin sold and (ii) the increase in production costs explained above. Gross margin was 42% in 4Q22 vs. 66% in 4Q21.

d. Selling expenses:

Selling expense in 4Q22 was US\$ 2.7 MM, -0.6 MM vs. 4Q21 mainly associated with lower shipping rates.

e. Administrative expenses:

Administrative expenses in 4Q22 were US\$ 22.4 MM, +1% vs. 4Q21 mainly due to higher third-party services.

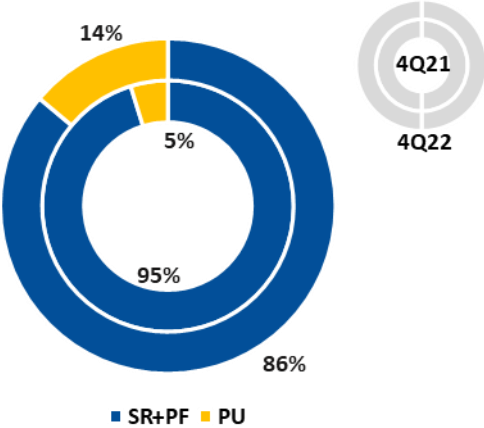
f. Exploration and Project Expenses:

In 4Q22, exploration and project expenses were US\$ 4.6 MM (+US\$ 0.9 MM vs. 4Q21) mainly due to the intensification of our exploration programs around San Rafael, which allows us to provide continuity to our operations.

g. EBITDA:

EBITDA in 4Q22 was US\$ 88.1 MM, -US\$ 129.3 MM vs. 4Q21, mainly due to the lower gross profit explained above. EBITDA margin in 4Q22 was 37%, vs 62% obtained in 4Q21.

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



h. Net financial expenses

Net financial expenses in 4Q22 were US\$ 1.7 MM vs. US\$ 32.0 MM in 4Q21. The difference is mainly explained by (i) the lower coupon rate of the Minsur 2031 Bond in 2022 (4.5%) and (ii) 4Q21 contains the costs associated with the refinancing carried out.

i. Results from Subsidiaries and Associates

In 4Q22, results in subsidiaries and associates were US\$ 97.2 MM vs. US\$ 184.7 MM in 4Q21. The difference is mainly explained by lower results in our subsidiary Cumbres Andinas.

⁶ Includes SR + FR + B2

j. Income tax expense:

In 4Q22, the company registered an income tax expense of US\$ 24.2 MM, vs US\$ 85.8 MM in 4Q21. The difference is mainly due to the lower operating income for the period.

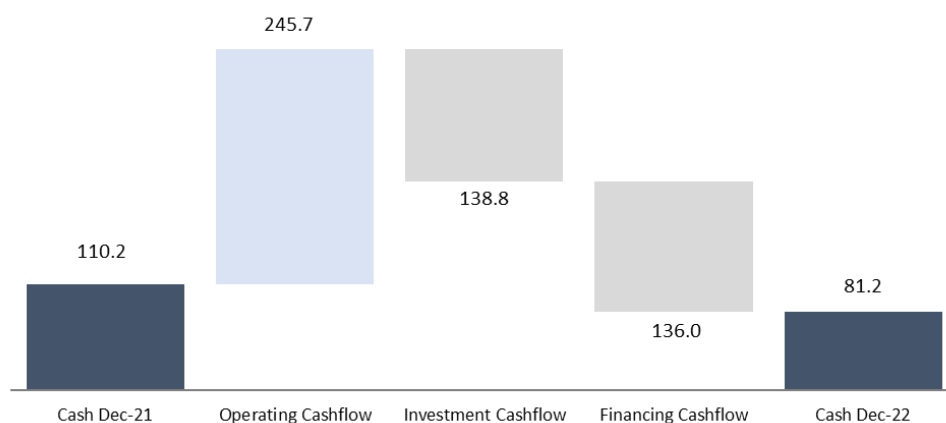
On the other hand, Minsur recorded a lower deferred income tax expense of US\$ 17.0 MM vs. US\$ 31.9 MM in 4Q21, due to the difference in the forecasts of the annual effective tax rates applied to real results in each quarter. It is relevant to mention that deferred income tax is a non-cash effect.

k. Net income and Adjusted net income:

Net income in 4Q22 was US\$ 151.3 MM, lower than the one recorded in 4Q21 of US\$ 293.5 MM. The difference is mainly due to the lower EBITDA generated and lower results in subsidiaries and associates. Excluding: i) the results of subsidiaries and associates and ii) the foreign exchange difference, adjusted net income in 4Q22 would amount to US\$ 51.4 MM vs. US\$ 107.1 MM in the same period of the last year.

VI. LIQUIDITY:

As of December 31, 2022, the company's cash and cash equivalent balance was US\$ 81.2 MM, vs. US\$ 110.2 MM at the end of 2021. The decrease is explained by operating cash flows (+ US\$ 245.7 MM), investment cash flows (- US\$ 138.8 MM) and financing cash flows (- US\$ 136.0 MM). It is important to mention that the operating cash flow of US\$ 245.7 MM includes the 2021 annual tax payment of US\$ 64.0 MM made during 1Q22.



As of December 31, 2022, the company's financial obligations amounted to US\$ 527.4 MM. The Debt is composed of the bond maturing in 2031 for a net amount of US\$ 487.1 MM and short-term debt for US\$ 40.0 MM. The net leverage ratio (Net Debt / EBITDA) was 1.1x by the end of December 2022 vs. 0.7x by the end of December 2021.

Table N°11. Changes in Financing Cashflow

Concept	Unit	2022
Financing	US\$ M	-55.0
Short term Debt	US\$ M	-55.0
Dividends/Contributions		-64.0
Dividends received - Cumbres Andinas (October 2022)	US\$ M	+210.0
Dividends paid - Shareholders (October 2022)	US\$ M	-210.0
Dividends paid - Shareholders (July 2022)	US\$ M	-64.0
Capital contributions - Cumbres del Sur	US\$ M	-17.0
Total	US\$ M	-136.0

Table N°12. Debt Summary

Financial Ratios	Unit	Dec-22	Dec-21	Var (%)
Total Debt	US\$ M	527.4	581.3	-9%
Long Term - Minsur 2031 Bond	US\$ M	487.4	486.3	0%
Short term debt	US\$ M	40.0	95.0	-58%
Cash	US\$ M	81.2	110.2	-26%
Cash and Equivalents	US\$ M	81.2	110.2	-26%
Net Debt	US\$ M	446.2	471.0	-5%
Total Debt / EBITDA	x	1.1x	0.9x	25%
Net Debt / EBITDA	x	1.0x	0.7x	31%

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.

VIII. OTHER EVENTS

In mid-January 2023, the Peruvian government declared a State of Emergency in certain regions of the country for a period of 30 days, in order to contain the mobilizations, road blockades and social conflicts that have occurred in these regions and that have caused sensitive events, in some cases in addition to the impediment of regular trade and the continuity of productive activities in the area, one of the most affected areas being the Puno Region.

In line with the regional mourning decreed because of these events, and in order to guarantee the safety and integrity of our collaborators and facilities, the company made the decision to temporarily suspend its production operations in San Rafael mining unit as of January 12th 2023, which is maintained to date.

In this regard, the company is continuously evaluating the possible implications in the short and medium term in the financial statements in case the social conflicts that currently prevent us from operating safely in the Puno region continue.