MANAGEMENT DISCUSSION AND ANALYSIS: INDIVIDUAL RESULTS

MINSUR S.A.
SECOND QUARTER 2023

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I. SECOND QUARTER HIGHLIGHTS AND EXECUTIVE SUMMARY

Table N° 1: Operating & Financial Highlights

Highlights	Unit	2Q23	2Q22	Var (%)	6M23	6M22	Var (%)
Production							
Tin (Sn)	t	7,223	6,606	9%	9,939	12,509	-21%
Gold (Au)	oz	13,711	16,374	-16%	32,553	32,935	-1%
Financial Results							
Net Revenue	US$ M	201.6	214.9	-6%	304.6	467.2	-35%
EBITDA	US$ M	107.1	120.3	-11%	125.4	291.6	-57%
EBITDA Margin	%	53%	56%	-	41%	62%	-
Net Income	US$ M	126.0	100.8	25%	187.8	307.5	-39%
Adjusted Net Income[1]	US$ M	41.9	55.7	-25%	27.7	139.1	-80%

Second Quarter Executive Summary:

a. Operating Results

In 2Q23, production at San Rafael and B2 reached 6,101 tons (+4% vs. 2Q22) and 1,440 tons (+20% vs. 2Q22) of contained tin, respectively. Regarding refined tin, production at Pisco was +9% above 2Q22, mainly explained by higher concentrate fed to the plant. Regarding gold, production was -16% below 2Q22, due to a lower gold grade placed in the leaching PAD, in line with our mining plan and mine depletion.

b. Financial Results

In 2Q23 sales and EBITDA compared to 2Q22 were lower by -6% and -11%, respectively, while net income was higher by 25%. Lower sales during 2Q23 are explained by lower tin prices (-29%) and lower gold volume sold (-45%), partially offset by higher tin volume sold (+26%). However, net income for 2Q23 was US$ 126.0 MM vs. US$ 100.8 MM in 2Q22, mainly explained by the better result of the subsidiary Cumbres Andinas.

II. MAIN CONSIDERATIONS:

a. Average metal prices

- **Tin:** average tin price in 2Q23 was US$26,238 per ton, -29% vs. 2Q22. In the first semester, the average price was US$26,259 per ton, -35% vs. the same period of the previous year.

- **Gold:** average gold price in 2Q23 was US$1,977 per ounce, 6% higher than 2Q22. In the first half of the year, the average price was US$ 1,934, +3% vs. 6M22.

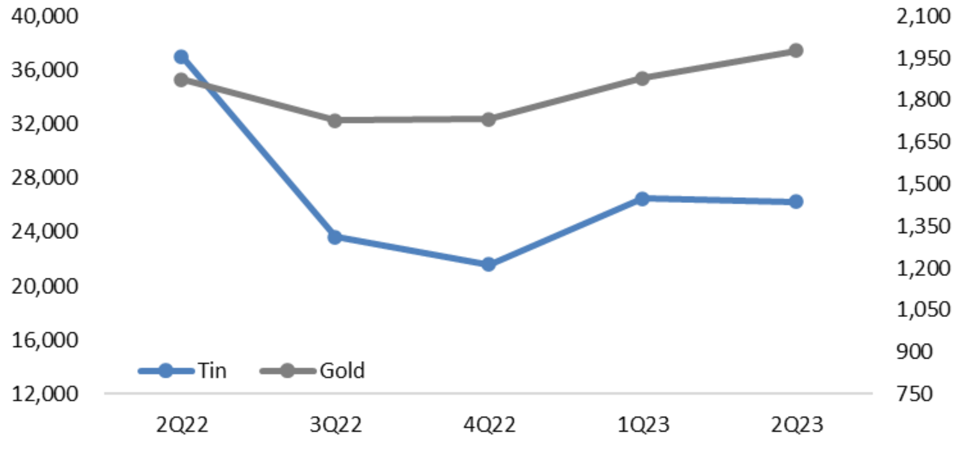
[1] Adjusted net income = Net income excluding Loss from Subsidiaries and Associates, exchange rate difference and extraordinary effects

Table N° 2: Average metal prices

Average Metal Prices	Unit	2Q23	2Q22	Var (%)	6M23	6M22	Var (%)
Tin	US$/t	26,238	37,041	-29%	26,259	40,182	-35%
Gold	US$/oz	1,977	1,873	6%	1,934	1,876	3%

Source: Bloomberg

Figure N° 1: Average metal price quarterly evolution



Source: Bloomberg

b. Exchange Rate:

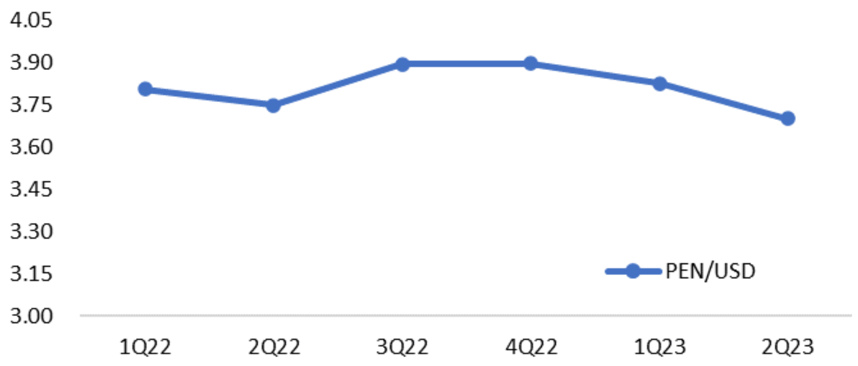
The Peruvian Sol average exchange rate in 2Q23 was S/ 3.70 per US$ 1, -1% vs. 2Q22 (S/ 3.75 per US$ 1). In 1H23, the average exchange rate was S/3.76 per US$ 1, in line with 1H22.

Table N°3: Exchange Rate

Average Exchange Rate	Unit	2Q23	2Q22	Var (%)	6M23	6M22	Var (%)
PEN/USD	S/.	3.70	3.75	-1%	3.76	3.78	0%

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

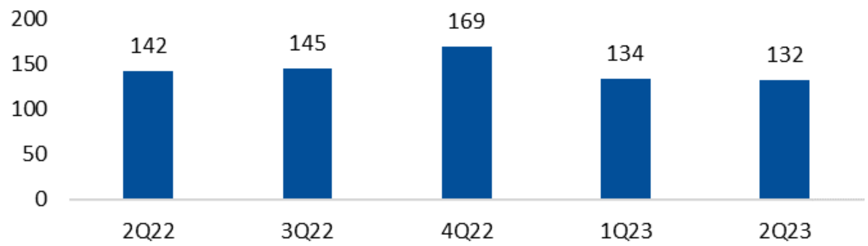
San Rafael - Pisco	Unit	2Q23	2Q22	Var (%)	6M23	6M22	Var (%)
Ore Treated	t	342,732	325,577	5%	415,029	599,770	-31%
Head Grade	%	2.28	2.26	1%	2.25	2.22	1%
Tin production (Sn) - San Rafael	t	6,101	5,865	4%	7,556	11,341	-33%
Tin production (Sn) - B2	t	1,440	1,201	20%	2,123	2,543.87	-17%
Tin production (Sn) - Pisco	t	7,223	6,606	9%	9,939	12,509	-21%
Cash Cost per Treated Ton[2] - San Rafael	US$/t	132	142	-7%	132	147	-10%
Cash Cost per Ton of Tin[3]	US$/t Sn	9,456	10,631	-11%	8,805	10,805	-19%

In 2Q23, contained tin production at San Rafael and B2 reached 6,101 tons (+4% vs. 2Q22) and 1,440 tons (+20% vs. 2Q22), respectively; both explained by higher grades and higher ore treated in the concentrator plants, in line with the mining plans. Refined tin production at Pisco reached 7,223 tons (+9% vs. 2Q22), mainly due to the higher concentrate fed.

Cost per ton treated at San Rafael was US$132, -7% vs. 2Q22, mainly explained by higher ore treated (+5% vs. 2Q22) and lower production costs (-2% vs. 2Q22). The lower cost is mainly explained by services deferrals, partially offset by higher advances in mine.

In the first semester, refined tin production was 9,939 tons -21% vs. 1H22, mainly due to lower operating days as a result of the preventive stoppage caused in 1Q23. Cash cost per ton treated was US$ 132 (-10% vs. 6M22), mainly explained by the reclassification to cost of sales (IAS 2) of indirect fixed costs not absorbed by production, as a consequence of the preventive stoppage in 1Q23.

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



Cash cost per ton of tin was US$9,456 in 2Q23 (-11% vs. 2Q22), explained by higher production (+9% vs. 2Q22) and the lower costs explained above.

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[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)

b. Pucamarca (Perú):

Table N°5. Pucamarca Operating Results

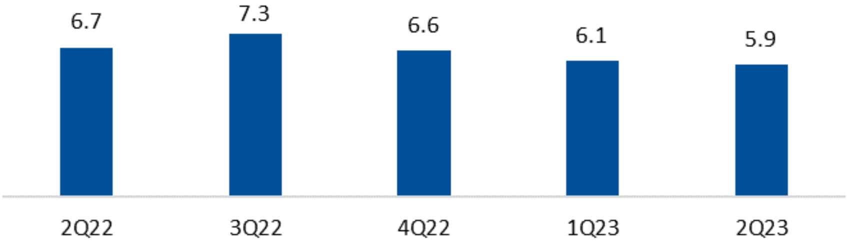
Pucamarca	Unit	2Q23	2Q22	Var (%)	6M23	6M22	Var (%)
Ore Treated	t	1,983,146	2,022,105	-2%	3,784,370	3,819,335	-1%
Head Grade	g/t	0.34	0.43	-22%	0.32	0.41	-21%
Gold production (Au)	oz	13,711	16,374	-16%	32,553	32,935	-1%
Cash Cost per Treated Ton	US$/t	5.9	6.7	-11%	6.0	6.7	-11%
Cash Cost per Ounce of Gold[4]	US$/oz Au	873	846	3%	714	799	-11%

In 2Q23, gold production was 13,711 ounces (-16% vs. 2Q22), mainly explained by a lower ore grade placed in the leaching PAD, in line with our mining plan and mine depletion.

Cash cost per ton treated was US$ 5.9 in 2Q23 (-11% vs. 2Q22), mainly explained by lower mine stripping movement and COVID-19 related costs incurred during 2Q22.

Gold production in the first half of the year was 32,553 ounces, in line with the same period of the previous year. Cash cost per ton treated was -11% below 6M22, explained by the lower costs previously mentioned.

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



Cost per ounce of gold in 2Q23 was US$ 873 (+3% vs. 2Q22), mainly explained by lower production as a consequence of lower grades recorded in the period.

IV. CAPEX:

Table N°6. Executed CAPEX

Capex	Unit	2Q23	2Q22	Var (%)	6M23	6M22	Var (%)
San Rafael + B2	US$ M	23.9	18.9	26%	31.0	39.0	-20%
Pisco	US$ M	2.0	0.4	390%	2.2	1.4	59%
Pucamarca	US$ M	1.0	7.1	-85%	2.0	9.8	-79%
Others	US$ M	0.0	1.7	0%	0.2	1.9	-91%
Total Capex	**US$ M**	**26.9**	**28.1**	**-4%**	**35.5**	**52.1**	**-32%**

In 2Q23, capex was US$26.9 MM, -4% vs. 2Q22. At San Rafael, the construction of the B4 tailings dam and the water treatment system are in progress. At Pucamarca, capex execution is mainly

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

related to equipment maintenance.

V. FINANCIAL RESULTS:

Table N°7. Financial Statements

Financial Statements	Unit	2Q23	2Q22	Var (%)	6M23	6M22	Var (%)
Net Revenue	US$ M	201.6	214.9	-6%	304.6	467.2	-35%
Cost of Sales	US$ M	-98.2	-95.7	3%	-185.5	-175.3	6%
Gross Profit	**US$ M**	**103.5**	**119.2**	**-13%**	**119.1**	**292.0**	**-59%**
Selling Expenses	US$ M	-1.8	-2.5	-28%	-3.4	-5.4	-38%
Administrative Expenses	US$ M	-16.5	-17.3	-5%	-29.1	-33.2	-12%
Exploration & Project Expenses	US$ M	-4.7	-5.0	-7%	-6.4	-8.1	-21%
Other Operating Expenses, net	US$ M	-3.8	-4.1	-9%	-4.1	-5.6	-26%
Operating Income	**US$ M**	**76.7**	**90.2**	**-15%**	**76.1**	**239.6**	**-68%**
Financial Income (Expenses) and Others, net	US$ M	-5.1	-5.8	-11%	-11.3	-11.6	-2%
Results from Subsidiaries and Associates	US$ M	84.1	45.2	86%	160.4	179.1	-10%
Exchange Difference, net	US$ M	0.0	-0.1	-	-0.3	-10.7	-98%
Profit before Income Tax	**US$ M**	**155.7**	**129.6**	**20%**	**224.9**	**396.4**	**-43%**
Income Tax Expense	US$ MM	-36.1	-43.4	-17%	-42.7	-107.0	-60%
Deferred Income Tax	US$ MM	6.4	14.6	-56%	5.6	18.1	-69%
Net Income	**US$ M**	**126.0**	**100.8**	**25%**	**187.8**	**307.5**	**-39%**
Net Income Margin	%	62%	47%	-	62%	66%	-
EBITDA	**US$ M**	**107.1**	**120.3**	**-11%**	**125.4**	**291.6**	**-57%**
EBITDA Margin	%	53%	56%	-	41%	62%	-
Adjusted Net Income[5]	**US$ M**	**41.9**	**55.7**	**-25%**	**27.7**	**139.1**	**-80%**

a. Net Revenue:

In 2Q23, net sales reached US$ 201.6 MM (-6% vs. 2Q23), explained by lower gold volume (-45%) and lower tin price (-29%), which were partially offset by higher tin volume sold (+26%) and higher gold price (+6%). Regarding the lower volume of gold sold, this is explained by finished goods inventories that will be sold in the following period.

Table N°8. Net revenue Volume by product

Net Revenue Volume	Unit	2Q23	2Q22	Var (%)	6M23	6M22	Var (%)
Tin	t	6,878	5,451	26%	9,212	10,234	-10%
Gold	oz	8,814	16,137	-45%	27,648	32,693	-15%

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

Net Revenue by Metal	Unit	2Q23	2Q22	Var (%)	6M23	6M22	Var (%)
Tin	US$ M	187.2	189.6	-1%	255.3	412.0	-38%
Gold	US$ M	14.4	25.3	-43%	49.3	55.2	-11%
TOTAL	**US$ M**	**201.6**	**214.9**	**-6%**	**304.6**	**467.2**	**-35%**

[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

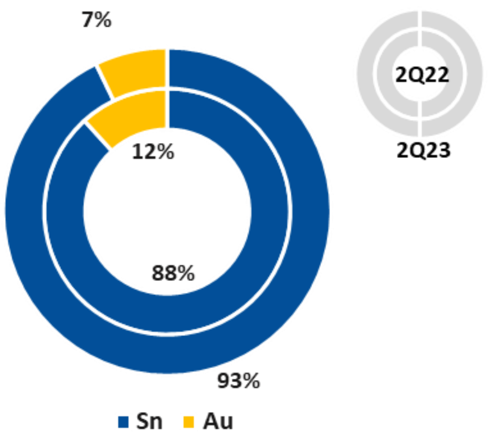


Table N°10. Cost of sales detail

of Sales	Unit	2Q23	2Q22	Var (%)	6M23	6M22	Var (%)
Production Cost	US$ M	78.8	81.7	-4%	107.9	156.5	-31%
Depreciation	US$ M	29.9	29.7	1%	43.2	51.2	-16%
Workers profit share	US$ M	5.3	6.7	-21%	5.8	15.7	-63%
Stocks Variation and Others	US$ M	-15.8	-22.4	-30%	28.7	-48.3	-
TOTAL	**US$ M**	**98.2**	**95.7**	**3%**	**185.5**	**175.3**	**6%**

b. Cost of Sales

Cost of sales for 2Q23 was US$ 98.2 MM (+3% vs. 2Q22). This effect is mainly explained by lower inventory variation and is partially offset by lower costs and lower workers profit-sharing provisions.

Regarding the results of the first half 2023, it is relevant to mention that during 1Q23, indirect fixed costs of the tin line were not absorbed by production during the stoppage time (US$ 30.9 MM) and were reclassified as the category of “Stock Variation and Others”.

c. Gross Profit:

Gross profit for 2Q23 was US$ 103.5 MM (-13$ vs. 2Q22), mainly explained by the lower sales (-6% vs. 2Q22) and the higher cost of sales (+3% vs. 2Q22). Gross margin was 51% in 2Q23 vs. 55% in 2Q22.

d. Selling expenses:

Selling expense in 2Q23 was -US$1.8 MM, vs. -US$2.5MM in 2Q22, due to lower freight expenses.

e. Administrative expenses:

Administrative expenses in 2Q23 were US$ 16.5 MM, -5% vs. 2Q22, mainly due to i) lower personal expenses and i) lower third-party services.

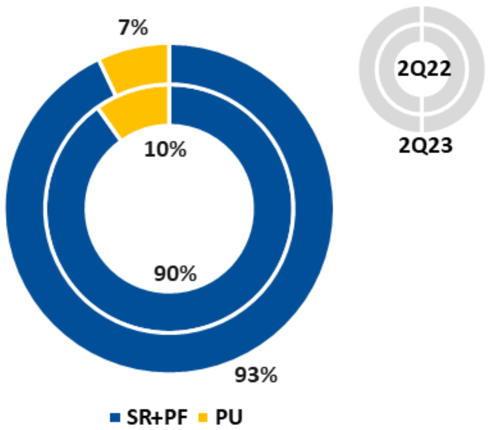
f. Exploration and Project Expenses:

In 2Q23, exploration and project expenses were US$ 4.7 MM, in line with the same period of last year.

g. EBITDA:

EBITDA in 2Q23 was US$ 107.1 MM, -11% vs. 2Q22, mainly due to the lower gross profit explained above, partially offset by lower operating expenses. EBITDA margin in 2Q23 was 53%, 3% lower vs. 2Q22.

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



h. Net financial expenses

Net financial expenses in 2Q23 were -US$ 5.1 MM, vs. -US$ 5.8 MM in 2Q22. The difference is mainly explained by higher financial income, reversed by higher interest expense from Minsur 2031 Bond, as a result of the capitalization of interest associated with the B4 project in 2Q22, and the higher financial expenses related to the update of the discount rate used for mine closure liabilities.

i. Results from Subsidiaries and Associates

In 2Q23, results in subsidiaries and associates were US$ 84.1 MM, +86% vs. 2Q22. The difference is mainly explained by a higher net income from the subsidiary Cumbres Andinas.

j. Income tax expense:

In 2Q23, the company registered an income tax expense of US$ 29.7 MM, +0.9 MM vs. 2Q22 (-US$ 7.2 MM from current tax and + US$ 8.2 MM for deferred tax). The lower current tax is explained by the lower operating income of the quarter. On the other hand, the difference in deferred tax is

[6] Includes SR + FR + B2

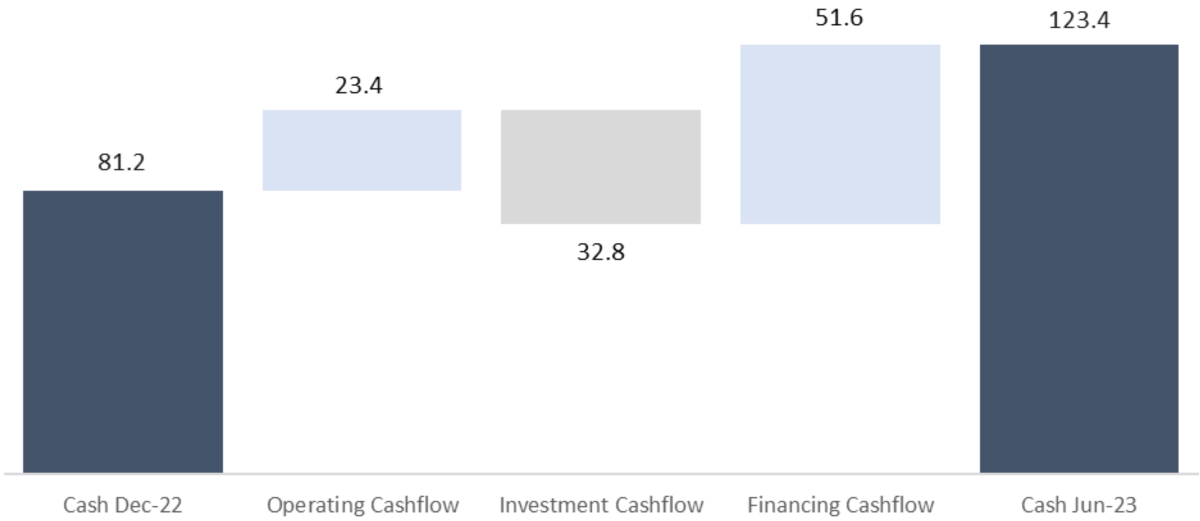
explained by the difference in the forecast of the annual effective tax rates. It is important to mention that deferred income tax is non-cash.

k. Net income and Adjusted net income:

Net income in 2Q23 was US$ 126.0 MM, vs. US$ 100.8 MM in 2Q22, due to higher results in subsidiaries and associates (+US$ 38.9 MM) and partially reversed by a lower EBITDA (-US$ 13.2 MM). Excluding: i) the results of subsidiaries and associates and ii) the foreign exchange difference, adjusted net income in 2Q23 would amount to US$ 41.9 MM vs. US$ 55.7 MM in 2Q22.

VI. LIQUIDITY:

As of June 30, 2023, the company's cash and equivalents balance was US$ 123.4 MM, vs. US$ 81.2 MM at the end of 2022. The increase is explained by operating cash flows (+US$23.4 MM), investment cash flows (-US$ 32.8 MM) and financing cash flows (+US$ 51.6 MM). The investment cash flow consists mainly of the execution of capex (-US$ 35.5 MM), partially offset by the sales of assets (+US$ 2.7 MM). The financing cash flow corresponds mainly to the dividends distributed by Marcobre (+US$ 58.0 MM), partially offset by the capital contribution to Cumbres del Sur (-US$ 6.4 MM).



As of June 30, 2023, the Company's financial liabilities amounted to US$ 528.0 MM. The debt is composed of the bond maturing in 2031 and short-term debt for US$ 40.0 MM. The net leverage ratio (Net Debt / EBITDA) was 0.9x by the end of June 2023 vs. 1.0x by the end of December 2022.

Table N°11. Debt Summary

Financial Ratios	Unit	Jun-23	Dec-22	Var (%)
Total Debt	US$ M	528.0	527.4	0%
Long Term - Minsur 2031 Bond	US$ M	488.0	487.4	0%
Short term debt	US$ M	40.0	40.0	0%
Cash	US$ M	123.4	81.2	52%
Cash and Equivalents	US$ M	123.4	81.2	52%
Net Debt	US$ M	404.6	446.2	-9%
Total Debt / EBITDA	x	1.2x	1.1x	3%
Net Debt / EBITDA	x	0.9x	1.0x	-7%

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.