



MANAGEMENT DISCUSSION AND ANALYSIS: INDIVIDUAL RESULTS

MINSUR S.A.
THIRD QUARTER 2023

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I. THIRD QUARTER HIGHLIGHTS AND EXECUTIVE SUMMARY

Table N° 1: Operating & Financial Highlights

Highlights	Unit	3Q23	3Q22	Var (%)	9M23	9M22	Var (%)
Production							
Tin (Sn)	t	7,685	7,361	4%	17,649	19,871	-11%
Gold (Au)	oz	15,959	16,407	-3%	48,512	49,342	-2%
Financial Results							
Net Revenue	US\$ M	239.5	209.2	14%	544.1	676.4	-20%
EBITDA	US\$ M	119.3	84.1	42%	244.7	375.7	-35%
EBITDA Margin	%	50%	40%	-	45%	56%	-
Net Income	US\$ M	80.7	37.4	116%	268.5	344.9	-22%
Adjusted Net Income ¹	US\$ M	49.7	18.5	168%	77.3	157.6	-51%

Third Quarter Executive Summary:

a. Operating Results

In 3Q23, production at San Rafael and B2 reached 6,371 (+13% vs. 3Q22) and 1,602 tons (+31% vs. 3Q22) of contained tin, respectively. Regarding refined tin, production at Pisco was 7,685 t (+4% vs. 3Q22), mainly explained by the higher concentrate fed (+1% vs. 3Q22), higher tin grade of the concentrate fed and higher recovery rate during the period. Regarding gold, production was 15,959 oz (-3% vs. 3Q22), due to a lower grade placed in the leaching PAD, in line with our mining plan and mine depletion.

b. Financial Results

Financial results in 3Q23 were above 3Q22. Sales were higher in +14%, mainly explained by higher tin price (+13%). EBITDA was higher in +42%, as a result of (i) higher sales explained by higher tin and gold prices and (ii) lower cost of sales, as a result of a lower volume of gold sold. These effects were partially reversed by higher administrative expenses, due to higher workers profit-sharing provisions, and higher explorations related to San Rafael, in line with our explorations plan. Net income in 3Q23 was US\$ 80.7 MM vs. US\$ 37.4 MM in 3Q22, (+116% vs. 3Q22) mainly explained by higher EBITDA and the better result of the subsidiary Cumbres Andinas.

II. MAIN CONSIDERATIONS:

a. Average metal prices

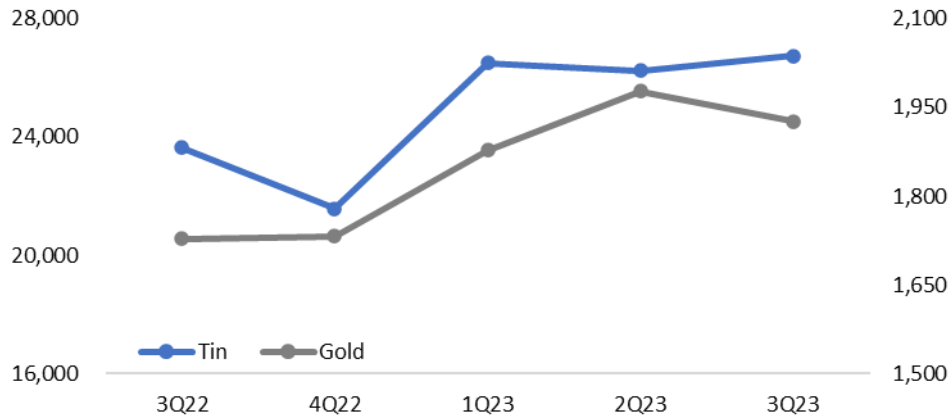
- **Tin:** average tin price in 3Q23 was US\$26,733 per ton, +13% vs. 3Q22. In 9M22, the average price was US\$26,417 per ton, -24% vs. the same period of the previous year.
- **Gold:** average gold price in 3Q23 was US\$1,927 per ounce, 12% higher than 3Q22. In 9M22, the average price was US\$ 1,932, +6% vs. 9M22.

Table N° 2: Average metal prices

Average Metal Prices	Unit	3Q23	3Q22	Var (%)	9M23	9M22	Var (%)
Tin	US\$/t	26,733	23,637	13%	26,417	34,582	-24%
Gold	US\$/oz	1,927	1,728	12%	1,932	1,826	6%

Source: Bloomberg

Figure N° 1: Average metal price quarterly evolution



Source: Bloomberg

b. Exchange Rate:

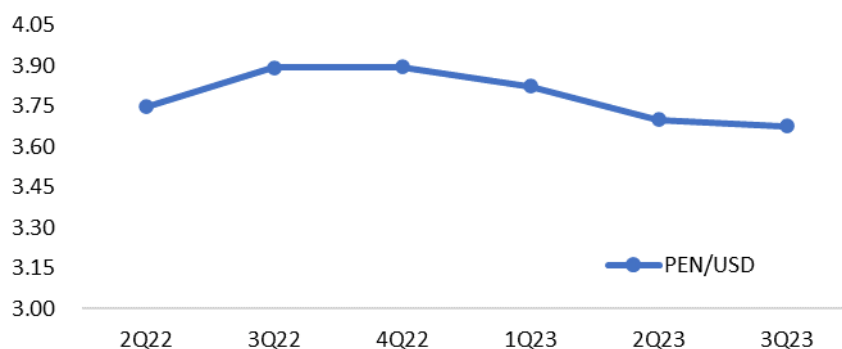
The Peruvian Sol average exchange rate in 3Q23 was S/ 3.68 per US\$ 1, -1% vs. 3Q22 (S/ 3.89 per US\$ 1). In 9M23, the average exchange rate was S/3.73 per US\$ 1, -2% vs. 9M22.

Table N°3: Exchange Rate

Average Exchange Rate	Unit	3Q23	3Q22	Var (%)	9M23	9M22	Var (%)
PEN/USD	S/.	3.68	3.89	-6%	3.73	3.82	-2%

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

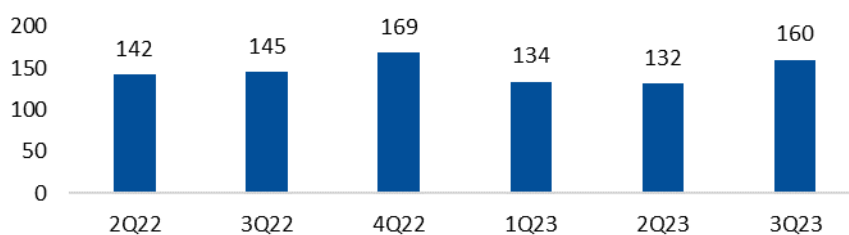
San Rafael - Pisco	Unit	3Q23	3Q22	Var (%)	9M23	9M22	Var (%)
Ore Treated	t	326,359	332,425	-2%	741,387	932,195	-20%
Head Grade	%	2.46	2.19	12%	2.34	2.21	6%
Tin production (Sn) - San Rafael	t	6,371	5,631	13%	13,927	16,972	-18%
Tin production (Sn) - B2	t	1,602	1,227	31%	3,725	3,770.98	-1%
Tin production (Sn) - Pisco	t	7,685	7,361	4%	17,649	19,871	-11%
Cash Cost per Treated Ton ² - San Rafael	US\$/t	160	145	11%	145	146	-1%
Cash Cost per Ton of Tin ³	US\$/t Sn	9,778	9,709	1%	9,216	10,399	-11%

In 3Q23, contained tin production at San Rafael reached 6,371 tons (+13% vs. 3Q22), explained by higher grades and higher recovery in the concentrator plant. Regarding B2, production reached 1,602 tons (+31% vs. 3Q22), explained by a higher ore quality which allowed a higher recovery rate, and the higher ore treated in the plant. Refined tin production at Pisco reached 7,685 tons (+4% vs. 3Q22), explained by higher grades and recovery rate.

Cost per ton treated at San Rafael was 160 US\$/t, +11% vs. 3Q22, due to higher production costs (+9% vs. 3Q22) and lower ore treated (-2% vs. 3Q22). The higher cost is mainly explained by higher mine preparation advances.

During 9M23, refined tin production was 17,596 tons (-11% vs. 9M22), mainly due to lower operating days as a result of the preventige stoppage caused by social protests in 1Q23. Cash cost per ton treated was US\$145 (-1% vs. 9M22), in line with 9M22.

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



Cash cost per ton of tin was US\$9,813 in 3Q23 (+1% vs. 3Q22), explained by the higher costs explained above, partially offset by higher production.

¹ Cash Cost per treated ton = San Rafael production costs / (Tons of Ore treated at Concentration + Tons of Ore treated at Pre-Concentration)

² 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

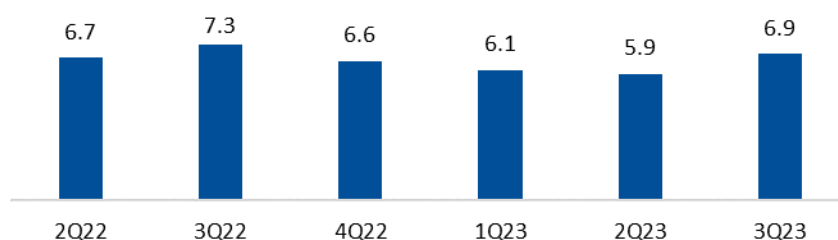
Pucamarca	Unit	3Q23	3Q22	Var (%)	9M23	9M22	Var (%)
Ore Treated	t	1,995,079	1,898,170	5%	5,779,449	5,717,505	1%
Head Grade	g/t	0.39	0.41	-6%	0.34	0.41	-16%
Gold production (Au)	oz	15,959	16,407	-3%	48,512	49,342	-2%
Cash Cost per Treated Ton	US\$/t	6.9	7.3	-7%	6.3	6.9	-9%
Cash Cost per Ounce of Gold ⁴	US\$/oz Au	870	866	0%	765	821	-7%

In 3Q23, gold production was 15,959 ounces (-3% vs. 3Q22), 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\$6.9 in 3Q23 (-7% vs. 3Q22), mainly explained by higher ore placed in PAD and lower costs in the quarter. Lower costs are mainly associated with one-time costs incurred during 3Q22, related to higher stripping costs, advance and closure of usufructs for the supply of limestone, and the higher cost of supplies due to inflation.

In 9M22, gold production was 48,512 ounces, slightly below the same period of the previous year. Cash cost per ton treated was -9% lower than 9M22, explained by the lower costs mentioned above, partially offset by lower production.

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



The cost per ounce of gold in 3Q23 was US\$870, in line with 3Q22.

IV. CAPEX:

Table N°6. Executed CAPEX

Capex	Unit	3Q23	3Q22	Var (%)	9M23	9M22	Var (%)
San Rafael + B2	US\$ M	21.4	21.8	-2%	52.5	60.8	-14%
Pisco	US\$ M	1.3	1.7	-22%	3.5	3.1	15%
Pucamarca	US\$ M	0.5	9.3	-94%	2.6	19.2	-87%
Others	US\$ M	0.0	1.0	0%	0.2	2.9	-94%
Total Capex	US\$ M	23.3	33.8	-31%	58.7	85.9	-32%

In 3Q23 capex was US\$23.3 MM, -31% vs. 3Q22. At San Rafael, which represents 92% of the

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

execution in 3Q23, the construction of the B4 tailings dam and the water treatment system are in progress.

V. FINANCIAL RESULTS:

Table N°7. Financial Statements

Financial Statements	Unit	3Q23	3Q22	Var (%)	9M23	9M22	Var (%)
Net Revenue	US\$ M	239.5	209.2	14%	544.1	676.4	-20%
Cost of Sales	US\$ M	-122.1	-126.7	-4%	-307.6	-302.0	2%
Gross Profit	US\$ M	117.4	82.5	42%	236.5	374.4	-37%
Selling Expenses	US\$ M	-1.8	-2.8	-37%	-5.1	-8.2	-37%
Administrative Expenses	US\$ M	-19.4	-15.5	25%	-48.5	-48.8	0%
Exploration & Project Expenses	US\$ M	-5.5	-4.0	39%	-11.9	-12.1	-2%
Other Operating Expenses, net	US\$ M	-4.4	-4.6	-4%	-8.5	-10.2	-16%
Operating Income	US\$ M	86.3	55.5	55%	162.4	295.1	-45%
Financial Income (Expenses) and Others, net	US\$ M	-5.6	-6.0	-6%	-17.0	-17.6	-3%
Results from Subsidiaries and Associates	US\$ M	32.7	20.9	57%	193.1	200.0	-3%
Exchange Difference, net	US\$ M	-1.7	-1.9	-	-1.9	-12.7	-85%
Profit before Income Tax	US\$ M	111.7	68.5	63%	336.6	464.9	-28%
Income Tax Expense	US\$ MM	-36.1	-22.9	58%	-78.9	-129.9	-39%
Deferred Income Tax	US\$ MM	5.2	-8.2	-	10.8	9.9	9%
Net Income	US\$ M	80.7	37.4	116%	268.5	344.9	-22%
Net Income Margin	%	34%	18%	-	49%	51%	-
EBITDA	US\$ M	119.3	84.1	42%	244.7	375.7	-35%
EBITDA Margin	%	50%	40%	-	45%	56%	-
Adjusted Net Income⁵	US\$ M	49.7	18.5	168%	77.3	157.6	-51%

a. Net Revenue:

In 3Q23, net sales reached US\$ 239.5 MM (+14% vs. 3Q22), mainly explained by the higher tin price (+13% vs. 3Q22). Regarding gold, the effect of the higher price (+12% vs. 3Q22) was offset by the lower volume sold (-11%). The lower volume of gold sold is mainly explained by the last production batch of the quarter, which was made during the last days thus accumulating inventory that will be sold in the following period.

Table N°8. Net revenue Volume by product

Net Revenue Volume	Unit	3Q23	3Q22	Var (%)	9M23	9M22	Var (%)
Tin	t	7,897	7,895	0%	17,109	18,129	-6%
Gold	oz	14,844	16,635	-11%	42,493	49,328	-14%

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

Net Revenue by Metal	Unit	3Q23	3Q22	Var (%)	9M23	9M22	Var (%)
Tin	US\$ M	212.6	181.6	17%	468.0	593.7	-21%
Gold	US\$ M	26.8	27.6	-3%	76.1	82.7	-8%
TOTAL	US\$ M	239.5	209.2	14%	544.1	676.4	-20%

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

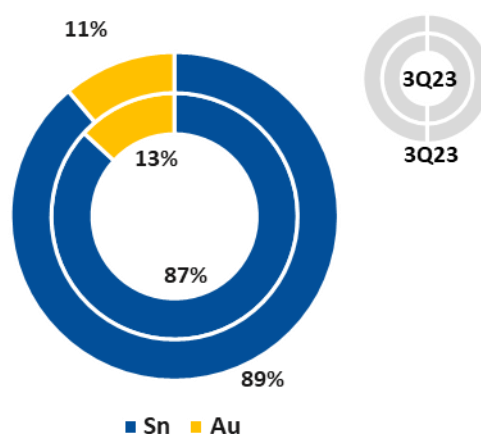


Table N°10. Cost of sales detail

Cost of Sales	Unit	3Q23	3Q22	Var (%)	9M23	9M22	Var (%)
Production Cost	US\$ M	87.5	83.0	5%	195.4	239.6	-18%
Depreciation	US\$ M	32.6	28.3	15%	75.8	79.5	-5%
Workers profit share	US\$ M	4.8	4.2	15%	10.6	20.0	-47%
Stocks Variation and Others	US\$ M	-2.9	11.2	-	25.8	-37.0	-
TOTAL	US\$ M	122.1	126.7	-4%	307.6	302.0	2%

b. Cost of Sales

Cost of sales for 3Q23 was US\$ 122.1 MM (-4% vs. 3Q22). This effect is mainly explained by lower inventory variation, partially offset by higher costs and higher workers profit-sharing provisions.

In 9M22, cost of sales was slightly higher than in the same period of the previous year, mainly because 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 3Q23 was US\$117.4 MM (+42% vs. 3Q22), explained by higher sales (+14% vs. 3Q22) and lower cost of sales (-4% vs. 3Q22). Gross margin was 49% in 2Q23 vs. 39% in 3Q22, mainly explained by price effects.

d. Selling expenses:

Selling expenses in 3Q23 were -US\$1.8 MM, vs. -US\$2.8M in 3Q22, due to lower freight expenses.

e. Administrative expenses:

Administrative expenses in 3Q23 were US\$ 19.4 MM, above 2Q23 of US\$ 15.5 MM, mainly explained by higher workers profit-sharing provisions, in line with higher operating results, and higher third-party services.

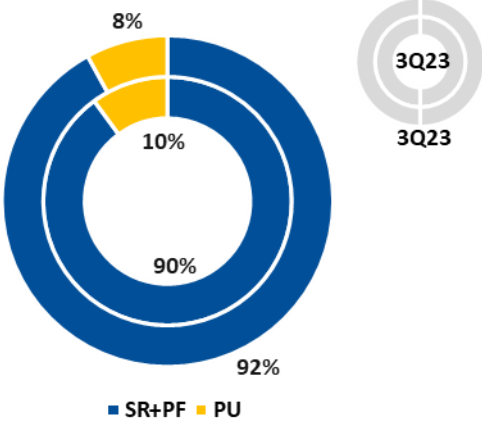
f. Exploration and Project Expenses:

In 3Q23, exploration and project expenditures were US\$ 5.5 MM (+US\$ 1.5 MM vs. 3Q22), mainly explained by higher explorations in San Rafael in line with our plan.

g. EBITDA:

EBITDA in 3Q23 was US\$119.3 MM, +42% vs. 3Q22, mainly due to the higher gross profit explained above, partially offset by higher operating expenses. EBITDA margin for 3Q23 was 50%, 10% higher vs. 3Q22.

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



h. Net financial expenses

Net financial expenses for 3Q23 were -US\$5.6 MM, vs. -US\$6.0 MM in 3Q22. The difference is mainly due to higher financial income, partially offset by higher interest expense on the 2031 bond and higher discount rate used for mine closure liabilities.

i. Results from Subsidiaries and Associates

In 3Q23, results in subsidiaries and associates were US\$ 32.7 MM, +57% vs. 3Q22. The difference is mainly explained by a higher net income from the subsidiary Cumbres Andinas.

⁶ Includes SR + FR + B2

j. Income tax expense:

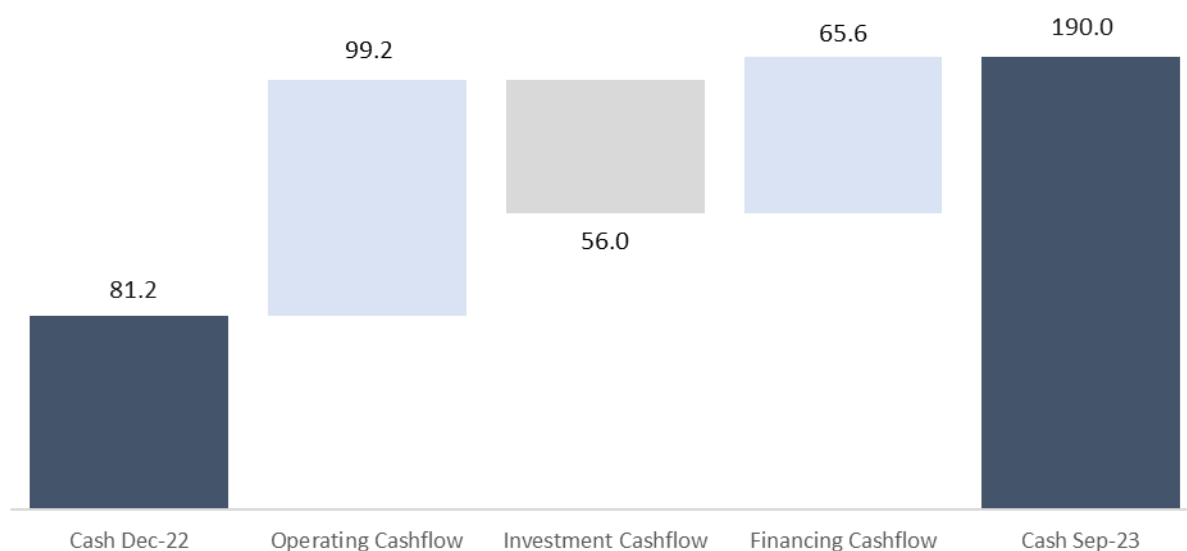
In 3Q23, income taxes of US\$ 31.0 MM were recorded, -US\$ 0.1 MM vs. 2Q22 (+US\$ 13.2 MM for current tax and - US\$ 13.3 MM for deferred tax). The higher current tax is explained by the higher operating result of the quarter. On the other hand, the difference in deferred tax is explained by the difference 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 3Q23 was US\$ 80.7 MM, vs. US\$ 37.4 MM in 3Q22, due to the higher operating income (+\$30.8 MM) explained above and the higher results of subsidiaries and associates (+US\$ 11.8 MM). Adjusted net income in 3Q23 was US\$ 49.7 MM vs. US\$ 18.5 MM in 3Q22, excluding results of subsidiaries and associates and foreign exchange difference.

VI. LIQUIDITY:

As of September 30, 2023, the company's cash equivalent balance was US\$ 190.0 MM, vs. US\$ 81.2 MM at the end of 2022. The increase is explained by: operating cash flow (+US\$ 99.2 MM), investment cash flow (-US\$ 56.0 MM) and financing cash flow (+US\$ 65.6 MM). The investment cash flow consists mainly of the execution of capex (-US\$ 58.7 MM), partially offset by the sales of assets (+US\$ 2.7 MM). The financing cash flow mainly corresponds to the dividends distributed by Marcobre (+US\$ 111 MM), partially offset by the amortization of short-term financing (-US\$ 40 MM) and the capital contribution to Cumbres del Sur (-US\$ 6.4 MM).



As of September 30, 2023, financial liabilities amounted to US\$ 488.3 MM, corresponding to the bond issued maturing in 2031. The net leverage ratio (Net Debt / EBITDA) decreased to 0.9x by

the end of September 2023 vs. 1.0x at the end of December 2022, explained by the amortization of the US\$ 40 MM short term debt.

Table N°11. Debt Summary

Financial Ratios	Unit	Set-23	Dec-22	Var (%)
Total Debt	US\$ M	488.3	527.4	-7%
Long Term - Minsur 2031 Bond	US\$ M	488.3	487.4	0%
Short term debt	US\$ M	0.0	40.0	-100%
Cash	US\$ M	190.0	81.2	134%
Cash and Equivalents	US\$ M	190.0	81.2	134%
Net Debt	US\$ M	298.3	446.2	-33%
Total Debt / EBITDA	x	1.5x	1.1x	29%
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.