



MANAGEMENT DISCUSSION AND ANALYSIS: INDIVIDUAL RESULTS

MINSUR S.A.
FOURTH QUARTER 2023

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I. FOURTH QUARTER HIGHLIGHTS AND EXECUTIVE SUMMARY

Table N° 1: Operating & Financial Highlights

Highlights	Unit	4Q23	4Q22	Var (%)	2023	2022	Var (%)
Production							
Tin (Sn)	t	7,680	6,759	14%	25,329	26,630	-5%
Gold (Au)	oz	14,128	15,821	-11%	62,640	65,163	-4%
Financial Results							
Net Revenue	US\$ MM	237.7	236.3	1%	781.8	912.7	-14%
EBITDA	US\$ MM	97.5	88.1	11%	342.2	463.8	-26%
EBITDA Margin	%	41%	37%	-	44%	51%	-
Net Income	US\$ MM	126.8	151.3	-16%	395.3	496.2	-20%
Adjusted Net Income ¹	US\$ MM	45.7	51.4	-11%	123.1	209.0	-41%

Fourth Quarter Executive Summary:

a. Operating Results

In 4Q23, tin production was higher than 4Q22. Regarding contained tin, production at San Rafael and B2 reached 6,973 (+17% vs. 4Q22) and 1,603 (+6% vs. 4Q22), respectively. Moreover, refined tin production at Pisco was 7,680 t (+14% vs. 4Q22), mainly explained by higher concentrate fed (+15% vs. 4Q22). Regarding gold, production reached 14,128 oz, which is 11% less than 4Q22, due to lower ore placed in the leaching PAD, in line with our mining plan and mine depletion.

b. Financial Results

In 4Q23, financial results were mixed. Sales were +1% above those reached in 4Q22, due to higher tin and gold prices (+11% and +13%, respectively), partially reversed by lower volume sold of each (-6% and -3%, respectively). Regarding EBITDA, it was +11% above 4Q22, as a result of i) higher sales, and ii) lower cost of sales, due to lower tin inventories consumed. The effects listed were partially reversed by higher administrative expenses, due to higher third-party services and labor expenses, as well as higher exploration expenses. Net profit was US\$ 126.8 MM vs. US\$ 151.3 MM in 4Q22, (-16% vs 4Q22), mainly explained by lower financial results in our subsidiary Cumbres Andinas, and a negative effect in royalties and IEM, associated to a favorable adjustment made in 4Q22 in royalties provision, as a result of the lower prices recorded in 3Q22.

II. MAIN CONSIDERATIONS:

a. Average metal prices

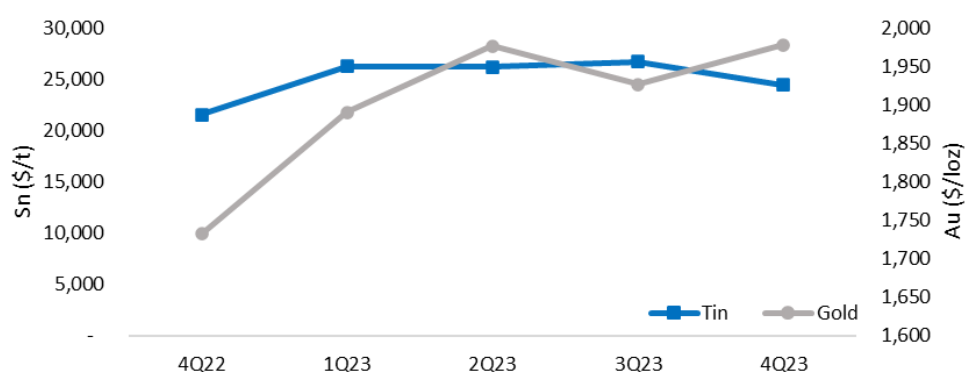
- **Tin:** the average tin price in 4Q23 was US\$24,493 per ton, +14% vs. 4Q22. In 2023, the average price was US\$25,936 per ton, -17% vs. the previous year.
- **Gold:** the average gold price in 4Q23 was US\$1,978 per ounce, 14% higher than 4Q22. In 2023, the average price was US\$ 1,943, +8% vs. 2022.

Table N° 2: Average metal prices

Average Metal Prices	Unit	4Q23	4Q22	Var (%)	2023	2022	Var (%)
Tin	US\$/t	24,493	21,576	14%	25,936	31,330	-17%
Gold	US\$/oz	1,978	1,732	14%	1,943	1,802	8%

Source: Bloomberg

Figure N° 1: Average metal price quarterly evolution



Source: Bloomberg

b. Exchange Rate:

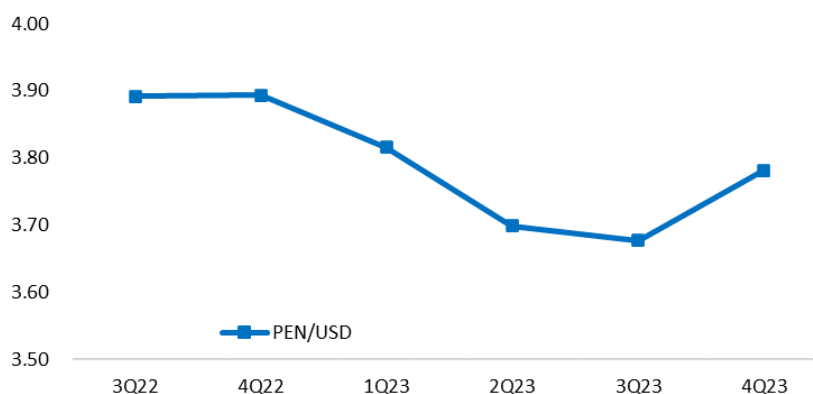
The Peruvian Sol average exchange rate in 4Q23 was S/ 3.78 per US\$ 1, -3% vs. 4Q22 (S/ 3.89 per US\$ 1). In 2023, the average exchange rate was S/3.74 per US\$ 1, -2% vs. the previous year.

Table N°3: Exchange Rate

Average Exchange Rate	Unit	4Q23	4Q22	Var (%)	2023	2022	Var (%)
PEN/USD	S/	3.78	3.89	-3%	3.74	3.83	-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	4Q23	4Q22	Var (%)	2023	2022	Var (%)
Ore Treated	t	328,214	311,322	5%	1,069,602	1,243,517	-14%
Head Grade	%	2.64	2.23	18%	2.43	2.22	10%
Tin production (Sn) - San Rafael	t	6,973	5,975	17%	20,900	22,947	-9%
Tin production (Sn) - B2	t	1,603	1,513	6%	5,328	5,284	1%
Tin production (Sn) - Pisco	t	7,680	6,759	14%	25,329	26,630	-5%
Cash Cost per Treated Ton ² - San Rafael	US\$/t	160	169	-5%	149	152	-2%
Cash Cost per Ton of Tin ³	US\$/t Sn	9,925	11,113	-11%	9,431	10,580	-11%

In 4Q23, San Rafael and B2 tin contained production reached 6,973 tons (+17% vs 4Q22) and 1,603 tons (+6% vs 4Q22), both mainly explained by higher grades treated. Tin production in Pisco was 7,680 t (+14% vs 4Q22), explained by higher concentrate fed (+15% vs 4Q22).

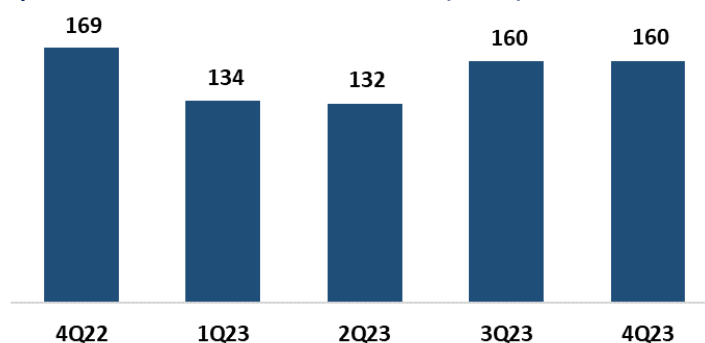
San Rafael's cost per ton was 160 US\$/t, -5% vs 4Q22, due to higher ore treated (+5% vs 4Q22).

In 2023, refined tin production was 25,329 (-5% vs 2022), associated with fewer days of operation as a result of the preventive stoppage caused by social protests, which happened in 1Q23. In 2023, cash cost per treated ton was US\$ 149, -2% vs 2022

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)

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



The cash cost per tin ton was US\$9,925 in 4Q23 (+11% vs. 4Q22), explained by higher levels of production previously mentioned.

b. Pucamarca (Perú):

Table N°5. Pucamarca Operating Results

Pucamarca	Unit	4Q23	4Q22	Var (%)	2023	2022	Var (%)
Ore Treated	t	1,935,348	1,981,597	-2%	7,714,797	7,699,102	0%
Head Grade	g/t	0.36	0.32	13%	0.35	0.38	-10%
Gold production (Au)	oz	14,128	15,821	-11%	62,640	65,163	-4%
Cash Cost per Treated Ton	US\$/t	7.1	6.6	8%	6.5	6.8	-5%
Cash Cost per Ounce of Gold ⁴	US\$/oz Au	981	841	16.6%	814	826	-1%

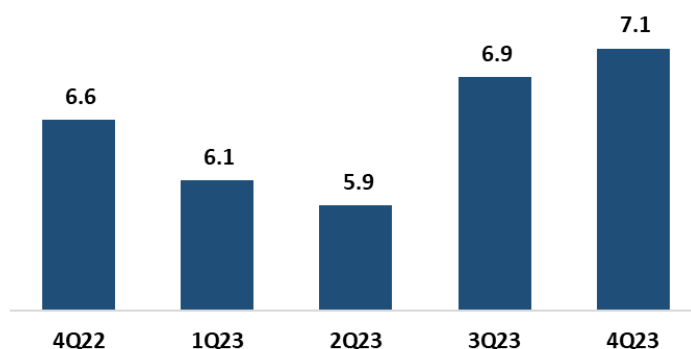
In 4Q23, gold production was 14,128 ounces (-11% vs 4Q22), explained by lower ore volume placed in the leaching PAD, offset by a higher grade, in line with our mining plan and mine depletion.

Cash cost per treated ton was US\$ 7.1 in 4Q23 (+8% vs 4Q22), due to lower ore volume placed in the leaching PAD and higher costs incurred. Higher costs were related to the leaching process, associated with a higher consumption of cyanide and lime.

In 2023, gold production reached 62,640 ounces, -4% lower than the same period of the previous year. Cash cost per ore treated was -5% vs 2022, due to lower production costs and ore treated in line with 2022. Lower costs are the result of lower mine costs in the blasting process (lower explosives consumption) and cargo (less fuel expense).

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)



Cost per gold ounce was US\$ 981 in 4Q23, +16.6% vs 4Q22, explained by lower production levels, and higher costs explained above. Nonetheless, full year cost per gold ounce closed in US\$ 814, -1% vs 2022.

IV. CAPEX:

Table N°6. Executed CAPEX

CAPEX	Unit	4Q23	4Q22	Var (%)	2023	2022	Var (%)
San Rafael - Pisco	US\$ MM	40.4	44.3	-9%	92.8	107.7	-14%
B2	US\$ MM	0.9	2.4	-60%	4.5	5.4	-18%
Pucamarca	US\$ MM	3.9	6.7	-42%	6.4	26.7	-76%
Others	US\$ MM	0.3	0.4	0%	0.4	3.3	-87%
Total Capex	US\$ MM	45.5	53.8	-16%	104.2	143.1	-27%

In 4Q23, CAPEX was US\$ 45.5MM, -16% vs 4Q22. In San Rafael, which represents 89% of the quarter's CAPEX executed, we had the construction of the B4 tailings dam and the water treatment system.

V. FINANCIAL RESULTS:

Table N°7. Financial Statements

Financial Statements	Unit	4Q23	4Q22	Var (%)	12M23	12M22	Var (%)
Net Revenue	US\$ M	237.7	236.3	1%	781.83	912.7	-14%
Cost of Sales	US\$ M	-127.2	-133.8	-5%	-434.8	-435.8	0%
Gross Profit	US\$ M	110.5	102.5	8%	347.0	476.9	-27%
Selling Expenses	US\$ M	-1.6	-2.7	-42%	-6.7	-10.9	-38%
Administrative Expenses	US\$ M	-27.1	-22.4	21%	-75.6	-71.2	6%
Exploration & Project Expenses	US\$ M	-8.4	-4.6	83%	-20.3	-16.7	22%
Other Operating Expenses, net	US\$ M	-9.0	-12.5	-28%	-17.5	-22.7	-23%
Operating Income	US\$ M	64.6	60.3	7%	226.9	355.5	-36%
Finance Income (Expenses) and Others, net	US\$ M	-4.2	-1.7	140%	-21.2	-19.3	10%
Results from Associates	US\$ M	79.4	97.2	-18%	272.5	297.1	-8%
Exchange Difference, net	US\$ M	1.7	2.8	-39%	-0.2	-9.9	-98%
Profit before Income Tax	US\$ M	141.4	158.6	-11%	478.0	623.4	-23%
Tax Expense	US\$ MM	-14.7	-7.2	103%	-82.7	-127.2	-35%
Net (Loss) Income	US\$ M	126.8	151.3	-16%	395.3	496.2	-20%
Net Income Margin	%	53%	64%	-17%	51%	54%	-7%
EBITDA	US\$ M	97.5	88.1	11%	342.2	463.8	-26%
EBITDA Margin	%	41%	37%	10%	44%	51%	-14%
Adjusted Net Income⁵	US\$ M	45.7	51.4	-11%	123.1	209.0	-41%

a. Net Sales:

In 4Q23, net sales reached US\$ 237.7 MM (+1% vs. 4Q22), mainly explained by higher tin (+11%) and gold (+13%) prices, partially reversed by lower volume of tin (-6%) and gold (-3%) sold.

Table N°8. Net revenue Volume by product

Net Revenue Volume	Unidad	4Q23	4Q22	Var (%)	2023	2022	Var (%)
Tin	t	8,319	8,886	-6%	25,428	27,016	-6%
Gold	oz	15,300	15,815	-3%	57,793	65,143	-11%

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

Net Revenue by Metal	Unidad	4Q23	4Q22	Var (%)	2023	2022	Var (%)
Tin	US\$ MM	210.5	206.2	2%	678.5	799.9	-15%
Gold	US\$ MM	27.2	30.2	-10%	103.4	112.9	-8%
Total	US\$ MM	237.7	236.3	1%	781.8	912.7	-14%

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

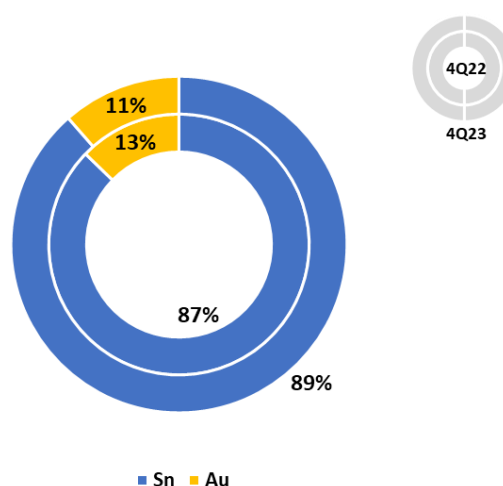


Table N°10. Cost of sales detail

Cost of Sales	Unidad	4Q23	4Q22	Var (%)	2023	2022	Var (%)
Production Cost	US\$ MM	89	86	3%	284	326	-13%
Depreciation	US\$ MM	33	27	19%	108	107	2%
Workers profit share	US\$ MM	5.2	5.1	3%	15.9	22.5	-29%
Variation of stocks and others	US\$ MM	0.7	15.6	-96%	26.4	-18.9	-240%
Total	US\$ MM	127.2	133.8	-5%	434.8	435.8	0%

b. Cost of Sales

In 4Q23, cost of sales was US\$ 127.2 MM (-5% vs. 4Q22). This effect is mainly explained by lower inventories consumed, as a result of high stock levels of tin reported in Set-22, reversed by an increase in depreciation, mainly explained by higher capex executed related to the B4 tailings dam, and higher costs of production mentioned before.

Regarding the full year, costs of sales were in line with the previous year, due to lower costs of production associated with fewer days of operation and lower worker's profit-sharing, as a result of lower operating results, partially reversed by 1Q23 indirect fixed costs of the tin line. Those expenses were not absorbed by production cost 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 4Q23 was US\$110.5 MM (+8% vs. 4Q22), explained by higher sales (+1% vs. 4Q22) and lower cost of sales (-5% vs. 4Q22). Gross margin was 46% in 4Q23 vs. 43% in 4Q22, mainly explained by price effects.

d. Selling expenses:

Selling expenses in 4Q23 were -US\$1.6 MM, vs. -US\$2.7M in 4Q22, due to lower freight expenses.

e. Administrative expenses:

Administrative expenses in 4Q23 were US\$ 27.1 MM, above 4Q23 of US\$ 22.4 MM, mainly explained by higher third-party and labor expenses, in line with higher worker’s profit-sharing provisions, as a result of better operating results.

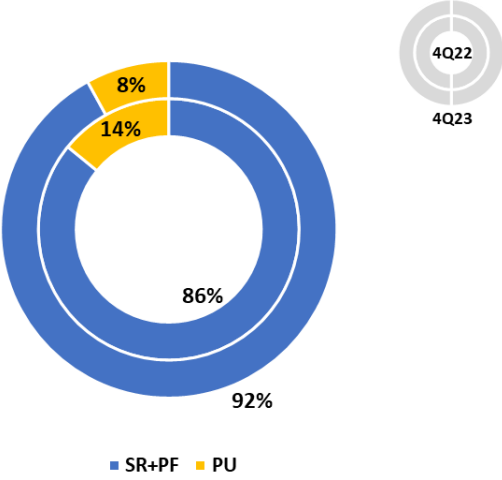
f. Exploration and Project Expenses:

In 4Q23, exploration and project expenditures were US\$ 8.4 MM (+US\$ 3.8 MM vs. 4Q22), mainly explained by higher explorations in greenfield projects.

g. EBITDA:

EBITDA in 4Q23 was US\$97.5 MM, +11% vs. 4Q22, mainly due to higher gross profit explained above, partially reversed by higher administrative and exploration expenses. EBITDA margin for 4Q23 was 41%, 10% higher vs. 4Q22.

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



h. Net financial expenses

Net financial expenses 4Q23 were -US\$4.2 MM, vs. -US\$1.7 MM in 3Q22 due to (i) higher interest expense on the 2031 bond, (ii) lower discount rate used for mine closure liabilities, and (iii) lower financial income.

i. Results from Subsidiaries and Associates

In 4Q23, results in subsidiaries and associates were US\$ 79.4 MM, -18% vs. 4Q22. The lower net income from the subsidiary Cumbres Andinas mainly explains the difference.

⁶ Includes SR + FR + B2

j. Income tax expense:

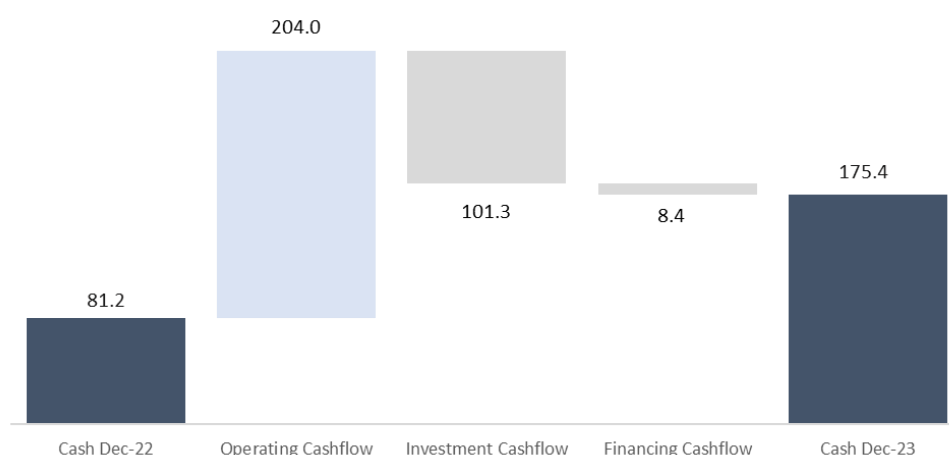
In 4Q23, royalties were -US\$ 5.4MM, vs +US\$ 5.2MM in 4Q22 related to a positive adjustment made in 4Q22 in royalties provision, as a result of the lower prices recorded in 3Q22. Regarding income tax, it was -US\$ 9.2MM in 4Q23, +US\$ 3.2MM vs 4Q22, mainly explained by the difference in the forecast of the annual effective tax rates. It is important to mention the differed income tax is a non-cash effect.

k. Net income and Adjusted net income:

In 4Q23, net income was US\$ 126.8 MM, vs. US\$ 151.3 MM in 4Q22, due to lower financial results in subsidiaries and associates (-US\$ 17.8M), partially offset by positive operating results (+US\$ 4.2M). Adjusted net income was US\$ 45.7MM in 4Q23 vs US\$ 51.4MM in 4Q22, excluding results of subsidiaries and associates and foreign exchange difference.

VI. LIQUIDITY:

As of December 31, 2023, the company's cash equivalent balance was US\$ 175.4 MM, vs US\$ 81.2MM at the end of 2022. The increase is explained by: operating cash flow (+US\$ 204.0 MM), investment cash flow (-US\$ 101.3 MM) and financing cash flow (-US\$ 8.4 MM). The investment cash flow considers the capex execution (-US\$ 104.2 MM), partially offset by the sales of assets (+US\$ 2.8 MM). The financing cash flow considers the dividends distributed by Minsur (-US\$ 174 MM), amortization of short-term financing (-US\$ 40 MM), capital contribution to Cumbres del Sur (-6.5 MM) and contribution to Cumbres Andinas (-US\$ 5.0 MM), partially compensated by dividends distributed by Marcobre (+US\$ 217 MM).



As of December 31, 2023, financial liabilities were US\$ 488.6 MM, corresponding to the senior bond issued maturing in 2031. The net leverage ratio (Net Debt / EBITDA) decreased to 0.9x by the end of 2023 vs. 1.0x at the end of 2022, explained by the amortization of the US\$ 40 MM short-term debt.

Table N°11. Debt Summary

Financial Ratios	Unit	Dec-23	Dec-22	Var (%)
Total Debt	US\$ MM	488.6	527.4	-7%
Long Term - Minsur 2031 Bond	US\$ MM	488.6	487.4	0%
Short Term Debt	US\$ MM	0.0	40.0	-100%
Cash	US\$ MM	175.4	81.2	116%
Cash and Equivalents	US\$ MM	175.4	81.2	116%
Net Debt	US\$ MM	313.2	446.2	-30%
Total Debt / EBITDA	x	1.4x	1.1x	26%
Net Debt / EBITDA	x	0.9x	1.0x	-5%

VII. RISK MANAGEMENT

The company has a financial controlling area, which permanently validates the financial information to be disclosed to the market according to 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.