MANAGEMENT DISCUSSION AND ANALYSIS: INDIVIDUAL RESULTS

MINSUR S.A.
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I. HIGHLIGHTS AND EXECUTIVE SUMMARY

Table N° 1: Operating & Financial Highlights

Highlights	Unit	3Q17	3Q16	Var (%)	9M17	9M16	Var (%)
Production							
Tin (Sn)	t	4,991	5,182	-4%	13,298	14,550	-9%
Gold (Au)	oz	23,123	24,956	-7%	75,427	86,108	-12%
Financial Results							
Net Revenue	US$ M	130.3	126.9	3%	373.5	354.9	5%
EBITDA	US$ M	87.3	72.0	21%	201.9	180.9	12%
EBITDA Margin	%	67%	57%	18%	54%	51%	6%
Net Income	US$ M	66.0	9.0	635%	89.4	49.4	81%
Adjusted Net Income[1]	US$ M	55.4	32.9	68%	108.5	86.6	25%

<u>Executive Summary:</u>

The third quarter of 2017 was marked by lower operating results than the same period of 2016 but in line with our annual production guidance. Nonetheless, the company continued to perform solidly in financial terms, mainly due to a higher price of tin and rigorous cost and operating expense control. In September, we sold 9.5% of the shares and kept the remaining 6.5% as part of our portfolio. As a result of the Rimac shares sale, we earned US$ 23.1M, registered as operating income in the profit and loss statement.

The EBITDA for the third quarter of 2017 reached US$ 87.3 M, 21% higher than 3Q16. It is relevant to note that these results consider lower volume sold and higher exploration and project expenses (US$ 5.6 M higher than the same period last year). Finally, in net terms, the company's results were positively impacted by revaluation of Rimac shares that we hold after the sale.

a. Operating Results

During the quarter we registered lower tin and gold production than 3Q16, mainly due to lower volume of ore and head grades processed in San Rafael and Pucamarca. It is relevant to note that in both operating units' head grades remain in line with the defined production guidance for the period.

b. Financial Results

The company obtained positive financial results in 3Q17, reaching net revenue, gross profit and EBITDA levels that toped those obtained in 3Q16 by 3%, 21% and 582% respectively. These favorable results were mainly impacted by the profit from the sale of Rimac shares (US$ 21.3 MM), tin prices 10% higher than 3Q16 and gold showing no variation. The effect produced by higher prices was partially offset by the previously mentioned lower production levels on both tin and gold (-4% and -7% respectively). Net income for the period reached US$ 66.0 M, US$ 57.0 M higher than 3Q16, this result was also impacted by the sale of Rimac shares in two ways: i) Profit for US$ 21.3 M as a result of the sale and ii) revaluation of stock remnants for US$ 7.0 M .Excluding results from subsidiaries and associates, adjusted net income reached US$ 55.4 M vs US$ 32.9 M from 3Q16.

II. MAIN CONSIDERATIONS:

a. Average metal prices

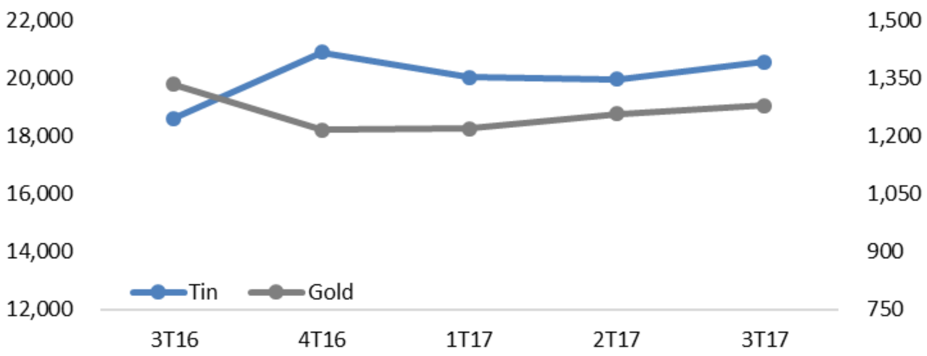
- **Tin:** Average Tin (Sn) Price in 3Q17 was US$ 20,568 per ton, an increase of 10% compared to the same period of the previous year.
- **Gold:** Average Gold (Au) Price in 3Q17 was US$ 1,279 per ounce, 4% below the same period of the previous year.

Table N° 2: Average metal prices

Average Metal Prices	Unit	3Q17	3Q16	Var (%)	9M17	9M16	Var (%)
Tin	US$/t	20,568	18,629	10%	20,193	17,047	18%
Gold	US$/oz	1,279	1,335	-4%	1,252	1,259	-1%

Source: Bloomberg

Figure N° 1: Average metal price quarterly evolution



Source: Bloomberg

b. Exchange Rate:

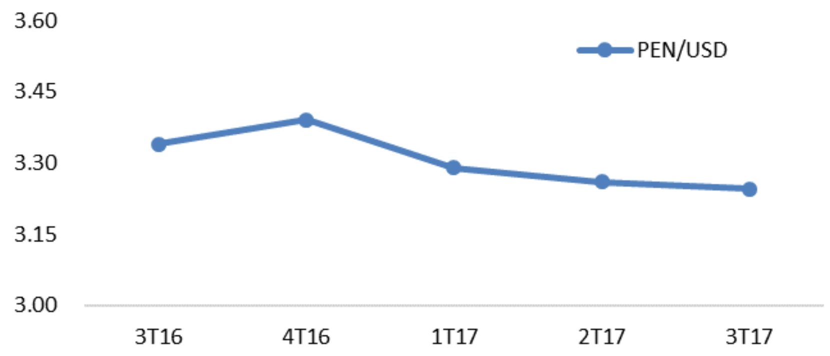
The Peruvian Sol average exchange rate for the 3Q17 was S/. 3.25 per US$ 1, compared to S/. 3.34 per US$ 1 in 2Q16, which represents an appreciation of 3% for the Peruvian Sol. At the end of 2016, exchange rate was S/. 3.36 per US$ 1, while at the end of this period it registered S/. 3.27 per US$ 1.

Table N°3: Exchange Rate

Average Exchange Rate	Unit	3Q17	3Q16	Var (%)	9M17	9M16	Var (%)
PEN/USD	S/.	3.25	3.34	-3%	3.27	3.37	-3%

Source: Banco Central de Reserva del Perú

Figure N° 2: Exchange rate quarterly evolution



III. OPERATING MINING RESULTS:

a. San Rafael – Pisco (Perú):

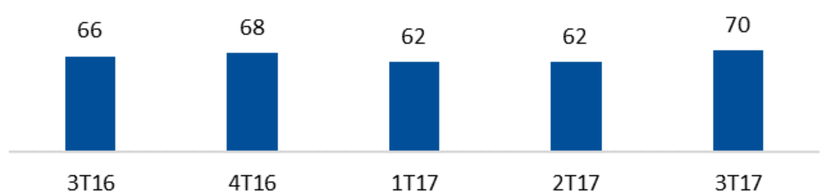
Table N° 4: San Rafael - Pisco Operating Results

San Rafael - Pisco	Unit	3Q17	3Q16	Var (%)	9M17	9M16	Var (%)
Ore Treated	t	436,072	448,690	-3%	819,873	752,984	9%
Head Grade	%	1.86	2.01	-8%	1.79	2.04	-12%
Tin production (Sn) - San Rafael	t	4,844	5,114	-5%	13,655	13,961	-2%
Tin production (Sn) - Pisco	t	4,991	5,182	-4%	13,298	14,550	-9%
Cash Cost per Treated Ton[2] - San Rafael	US$/t	70	66	6%	65	89	-27%
Cash Cost per Ton of Tin[3]	US$/t Sn	8,190	7,583	8%	8,865	7,888	12%

In 3Q17, tin production reached 4,991 tons, a 4% decrease compared to the same period of the previous year. This is mainly due to lower grades fed to the concentration plant (-8%), partially offset by a higher recovery rate of the process.

Cash cost per treated ton[1] at San Rafael in 3Q17 was US$ 70 vs. US$ 66 in 3Q16, an increase of 6%. It is relevant to note that in both period's cash cost per treated ton includes, the low grade ore fed to the pre-concentration Ore Sorting plant (251,185 tons), in addition to 184,887 tons treated at the main concentration plant fed directly from the mine. Cash cost per treated ton remains in line with guidance of $70 to $80 per ton treated.

Figure N°3: Cash Cost per treated ton evolution - San Rafael



[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, excluding the tons recovered when treating Pitinga's concentrate at Pisco)

Cash cost per ton of tin[2] in 3Q17 was US$ 8,190 vs. US$ 7,583 in 3Q16, a 8% increase, mainly due to lower tin production levels (-5%) and higher production costs (+3%).

Finally, it is important to note that a drilling campaign to replenish resources at San Rafael is being currently held. During the quarter, 395 kt of ore containing 6.8 kt of tin were identified, amounting to 1,100 kt of ore and 19.9 kt of tin contained during the current nine months.

b. Pucamarca (Perú):

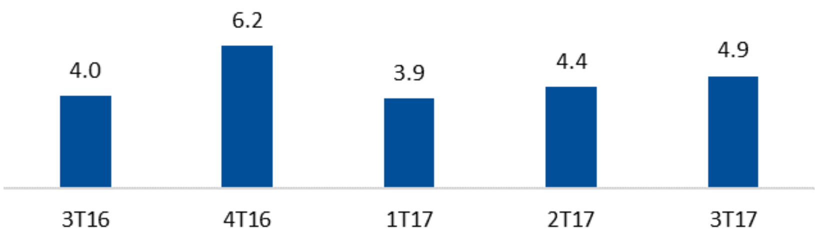
Table N°5. Pucamarca Operating Results

Pucamarca	Unit	3Q17	3Q16	Var (%)	9M17	9M16	Var (%)
Ore Treated	t	1,950,764	2,046,546	-5%	5,775,737	6,208,714	-7%
Head Grade	g/t	0.51	0.52	-2%	0.49	0.50	-1%
Gold production (Au)	oz	23,123	24,956	-7%	75,427	86,108	-12%
Cash Cost per Treated Ton	US$/t	4.9	4.0	21%	4.4	3.9	15%
Cash Cost per Ounce of Gold[4]	US$/oz Au	413	331	24%	338	278	22%

In 3Q17, gold production reached 23,123 ounces, a 7% decrease compared to the same period of the previous year and in line with guidance provided for the year (90,000 – 100,000 oz). This decrease in production is mainly due to the extraction of lower head grade zones in the pit (0.51g/t head grade, which represensents a 2% decrease vs 3Q16). Also, and in accordance with the mine plan, the amount of ore treated saw a decrease of -5% when compared to 3Q16.

Cash cost per treated ton at Pucamarca was US$ 4.9 in 3Q17 vs. US$ 4.0 in 3Q16, an 21% increase, mainly because of a lower volume of treated ore (-5%) and higher production costs during the quarter (+15%). A significant part of the incremental costs come from studies and optimizations. Pucamarca continues to remain in line with cost guidance of $4.5 - $5.0 per ton treated in 2017.

Figure N°4: Cash Cost per treated ton evolution - Pucamarca



Cash cost per ounce of gold[3] in 3Q17 was US$ 413, an increase of 24% compared to 3Q16. This increase is explained by the lower gold production (-7%) and the higher cash cost per treated ton (+21%).

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

IV. CAPEX:

Table N°6. Executed CAPEX

CAPEX	Unit	3Q17	3Q16	Var (%)	9M17	9M16	Var (%)
San Rafael	US$ M	11.5	5.7	103%	24.0	20.0	20%
Pisco	US$ M	0.2	1.8	-90%	1.4	1.9	-26%
Pucamarca	US$ M	13.1	3.0	340%	21.6	5.8	270%
Other	US$ M	0.0	0.1	-100%	0.0	1.8	-98%
Total Capex	**US$ M**	**24.8**	**10.5**	**135%**	**47.0**	**29.6**	**59%**

In 3Q17, capex was US$ 24.8 M, an increase of US$ 14.3 M compared to the same period of the previous year. The major investments in the quarter were the expansion of the B3 tailings deposit at San Rafael and the expansion of Pucamarca's leeching Pad.

V. FINANCIAL RESULTS:

Table N°7. Financial Statements

Financial Statements	Unit	3Q17	3Q16	Var (%)	9M17	9M16	Var (%)
Net Revenue	US$ M	130.3	126.9	3%	373.5	354.9	5%
Cost of Sales	US$ M	-58.8	-55.7	6%	-176.7	-171.7	3%
Gross Profit	**US$ M**	**71.5**	**71.2**	**0%**	**196.9**	**183.3**	**7%**
Selling Expenses	US$ M	-0.9	-1.0	-12%	-2.7	-3.3	-17%
Administrative Expenses	US$ M	-8.6	-7.5	14%	-22.9	-21.6	6%
Exploration & Project Expenses	US$ M	-7.2	-1.7	335%	-20.5	-8.7	135%
Other Operating Expenses, net	US$ M	19.4	-1.6	-	15.6	-3.4	-
Operating Income	**US$ M**	**74.2**	**59.4**	**25%**	**166.3**	**146.2**	**14%**
Finance Income (Expenses) and Others, net	US$ M	2.3	-6.2	-138%	-8.9	-21.7	-59%
Results from Subsidiaries and Associates	US$ M	11.3	-23.2	-	-17.3	-36.8	-53%
Exchange Difference, net	US$ M	-0.7	-0.7	-1%	-1.8	-0.4	355%
Profit before Income Tax	**US$ M**	**87.1**	**29.3**	**198%**	**138.3**	**87.3**	**58%**
Income Tax Expense	US$ M	-21.1	-20.3	4%	-48.9	-38.0	29%
Net Income	**US$ M**	**66.0**	**9.0**	**635%**	**89.4**	**49.4**	**81%**
Net Income Margin	%	51%	7%	616%	24%	14%	72%
EBITDA	**US$ M**	**87.3**	**72.0**	**21%**	**201.9**	**180.9**	**12%**
EBITDA Margin	%	67%	57%	18%	54%	51%	6%
Adjusted Net Income	**US$ M**	**55.4**	**32.9**	**68%**	**108.5**	**86.6**	**25%**

a. Net Revenue:

In 3Q17, net revenue reached US$ 130.3 M, an increase of 3% (+US$ 3.4 M) compared to 3Q16. This slight increase is mainly explained by higher tin price (+10%), partially offset by lower sold volumes of gold (-8%).

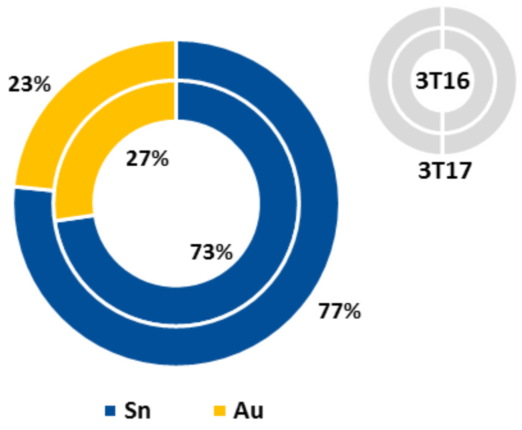
Table N°8. Net revenue Volume by product

Net Revenue Volume	Unit	3Q17	3Q16	Var (%)	9M17	9M16	Var (%)
Tin	t	4,716	4,721	0%	13,688	14,066	-3%
Gold	oz	23,426	25,600	-8%	71,304	82,767	-14%

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

Net Revenue by Metal	Unit	3Q17	3Q16	Var (%)	9M17	9M16	Var (%)
Tin	US$ M	99.9	92.3	8%	282.8	250.4	13%
Gold	US$ M	30.4	34.6	-12%	90.7	104.6	-13%
TOTAL	**US$ M**	**130.3**	**126.9**	**3%**	**373.5**	**354.9**	**5%**

Figure N°5: Net revenue share in US$ by metal



b. Cost of Sales:

Table N°10. Cost of sales detail

Cost of Sales	Unit	3Q17	3Q16	Var (%)	9M17	9M16	Var (%)
Production Cost	US$ M	47.12	44.75	5%	138.9	127.8	9%
Depreciation	US$ M	12.63	12.71	-1%	34.6	34.0	2%
Workers profit share	US$ M	3.36	3.33	1%	8.6	8.2	5%
Stocks Variation and Others	US$ M	-4.33	-5.07	-15%	-5.4	1.8	-407%
TOTAL	**US$ M**	**58.79**	**55.72**	**6%**	**176.7**	**171.7**	**3%**

Cost of sales in 3Q17 reached US$ 58.8 M, an increase of 6% compared to the same period of last year. This effect is essentially due to the increase of productions costs, 5% higher than 3Q16.

c. Gross Profit:

Gross profit during 3Q17 reached US$ 71.5 M, a US$ 0.3 M increase compared to the same period of the previous year. The increase 3% of the net revenues was offset by the higher cost of sales 6%.

d. Administrative expenses:

Administrative expenses in 3Q17 were US$ 8.6 M, a 14 % increment (US$ 1.0M) compared to the same period of last year. This increase is mainly due to higher expenses related to strategic consulting services.

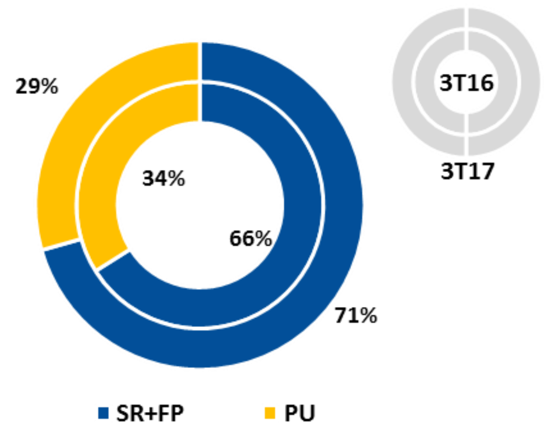
e. Exploration and Project Expenses:

In 3Q17, exploration & project expenses totaled US$ 7.2 M, US$ 5.6M higher than 3Q16, mainly due to higher investments in exploration programs at San Rafael (+US$ 6.3 M) and Pucamarca (+US$ 0.2 M) surrounding areas.

f. EBITDA:

EBITDA in 3Q17 amounted to US$ 87.3 M, an increase of 21% (US$ 15.3 M) compared to 3Q16. This was chiefly due to the revenues of the Rimac shares sale, which incremented our other incomes by US$ 21.3 M. Besides, higher prices were registered during the period, partially offset by lower volume of gold sold and higher project and exploration expenses. EBITDA margin in the period reached 67%, which represents a 10 percental point increase compared the same period of last year.

Figure N°6: BITDA share in US$ by Operative Unit



g. Income tax expense:

During 3Q17 the company accrued US$ 21.1 M in income tax expenses, US$ 0.9 M higher than 3Q16, mainly due to a higher gross profit than last year. It is relevant to note that the earnings from the revaluation of Rimac shares that we hold after the sale are not taxable, therefore are not considered in the calculation of taxes.

h. Utilidad Neta y Utilidad Neta Ajustada:

Net income in 3Q17 reached US$ 66.0 M, an increase of US$ 57.0 M compared to 3Q16, mainly due to a higher impact from the results of subsidiaries and associates in 3Q16, contrary to this year where they impacted positively US$ 11.3M. The adjusted net income, excluding exchange difference and results from subsidiaries and associates, reached US$ 55.4 M, a 68% increase vs 3Q16.

VI. LIQUIDITY:

As of September 30, 2017, cash and cash equivalents totaled US$ 577.2 M, a 14% increase compared to the US$ 506.8 M at the end of 2016. This cash increase is explained US$ 61.4M by the incomes from the Rimac shares sale, positive results obtained by the company during the quarter, represented in an operating cash flow of US$ 85.1 M, partially offset by capital investments made during the period that amount to US$ 36.9 M.

Regarding debt levels, financial obligations at the end of the quarter reached US$ 440.6 M, in line with the debt level obtained at the end of December 2016 (US$ 440.1 M), this debt consists only of the company's senior unsecured bond, payable in 2024. Net leverage ratio reached -0.6x at the end of 2Q17 vs. -0.3x at the end of 2Q16.

Table N°12. Debt Summary

Financial Ratios	Unit	sep-17	dic-16	Var (%)
Total Debt	US$ M	440.6	440.1	0%
Long Term - Minsur 2024 Bond	US$ M	440.6	440.1	0%
Cash	US$ M	577.2	506.8	14%
Cash and Equivalents	US$ M	407.4	341.1	19%
Available for sale financial investments	US$ M	169.8	165.7	2%
Net Debt	US$ M	-136.5	-66.7	105%
Total Debt / EBITDA	x	1.9x	2.1x	-9%
Net Debt / EBITDA	x	-0.6x	-0.3x	-86%