

Minsur S.A.

Interim statements of changes in equity

For the three-month periods ended March 31, 2014 and 2013 (unaudited)

1. Corporate information

(a) Identification -

Minsur S.A. (hereinafter "the Company") was incorporated in Peru in October 1977. The activities of the Company are regulated by the Peruvian General Mining Law. The Company is a subsidiary of Inversiones Breca S.A. domiciled in Peru, which holds 99.99% of the Company's common shares. The Company's registered address is Las Begonias Street N°441, Office No.338, San Isidro, Lima, Peru.

(b) Business activity -

The main activity of the Company is the production and selling of metallic tin and gold. Metallic tin is obtained from the mineral exploited in the San Rafael Mine, located in the region of Puno. After the tin concentrate is obtained, it is subject to smelting and refinery processes in the Company's plant located in Pisco. In January 2013, the Company started its production activities at the Pucamarca mining unit (located in the region of Tacna), which contains reserves of gold and silver.

The Investment share of the Company are listed on the Lima Stock Exchange (BVL).

This condensed interim separate information has not been audited or limited review

2. Basis of preparation, presentation and changes in the accounting policies

2.1 Basis of preparation -

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements as of December 31, 2013.

2.2. Standards and accounting policies -

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2013.

3. Cash and cash equivalents

(a) This caption was made up as follows:

	As of March 31, 2014	As of December 31, 2013
	US\$(000)	US\$(000)
Cash on hand and petty cash	70	98
Cash at bank (b)	117,932	23,453
Term deposits (c)	327,032	175,985
	<u>445,034</u>	<u>199,536</u>

Minsur S.A.

Interim statements of changes in equity

For the three-month periods ended March 31, 2014 and 2013 (unaudited)

4. Trade and other receivables, net

This caption is made up as follows:

	As of March 31, 2014	As of December 31, 2013
	US\$(000)	US\$(000)
Trade receivables, net	54,332	50,212
Other receivables, net:		
Value added tax credit	5,639	6,023
Related parties (note 20)	79,579	40,367
Others	4,113	3,665
	<u>89,183</u>	<u>50,055</u>
Total	<u>143,393</u>	<u>100,267</u>
Classification by maturity:		
Current portion	64,206	60,798
Non-current portion	79,187	39,469
Total	<u>143,393</u>	<u>100,267</u>

5. Inventories, net

(a) This caption is made up as follows:

	As of March 31, 2014	As of December 31, 2013
	US\$(000)	US\$(000)
Finished products	36,471	46,834
Work in progress	35,518	50,104
Material and supplies	22,514	23,890
Inventory in transit	94	162
	<u>94,597</u>	<u>120,989</u>
Impairment losses	(1,289)	(1,289)
	<u>93,308</u>	<u>119,701</u>

Minsur S.A.

Interim statements of changes in equity

For the three-month periods ended March 31, 2014 and 2013 (unaudited)

6. Investments in subsidiaries and associates

This caption is made up as follows:

	Interest in equity		Investment amount	
	As of March 31, 2014 %	As of December 31, 2013 %	As of March 31, 2014 US\$(000)	As of December 31, 2013 US\$(000)
Subsidiaries				
Minera Latinoamericana S.A.C.	99.99	99.99	1,026,777	1,026,777
Cumbres Andinas S.A.	99.97	99.97	638,757	624,897
Minsur U.S.A. Inc.	99.99	99.99	200	200
			<u>1,665,734</u>	<u>1,651,874</u>
Associates				
Rímac Seguros y Reaseguros.	14.51	14.51	54,924	54,924
Servicios Aeronáuticos Unidos S.A.C.	47.50	47.50	17,890	17,890
Explosivos S.A.	10.95	7.30	4,761	4,761
Futura Consorcio Inmobiliario S.A.	4.96	4.96	607	607
			<u>78,182</u>	<u>78,182</u>
			<u>1,743,916</u>	<u>1,730,055</u>

The Company has recognized its investments in Rimac Seguros y Reaseguros, Explosivos S.A. and Futura Consorcio Inmobiliario S.A., as investments in associates, considering that together with Inversiones Breca (parent Company), has the ability to exercise significant influence over the Board of Directors of such companies, which are managed as part of an economic group.

7. Property, plant and equipment, net

This caption is made up as follows:

	Opening balance 31.12.2013 US\$(000)	Additions US\$(000)	Deductions and adjustments US\$(000)	Transfers US\$(000)	Ending balance 31.03.2014 US\$(000)
Cost					
Land	8,886	-	-	-	8,886
Building and installations	280,519	-	-	10,368	290,887
Machinery and equipment	228,660	3	(50)	479	229,092
Furniture and fixture and computer equipment	4,369	-	(1)	64	4,432
Communication and safety equipment	1,270	-	-	3	1,273
Vehicles	5,758	-	(333)	-	5,425
Units in transit	3,427	-	-	(549)	2,878
Works in progress	49,034	2,914	-	(10,914)	41,034
Mine closure cost	57,793	1,251	-	-	59,044
	<u>639,716</u>	<u>4,168</u>	<u>(384)</u>	<u>(549)</u>	<u>642,951</u>

Minsur S.A.

Interim statements of changes in equity

For the three-month periods ended March 31, 2014 and 2013 (unaudited)

	Opening balance 31.12.2013	Additions	Deductions and adjustments	Transfers	Ending balance 31.03.2014
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Depreciación acumulada					
Building and installations	109,551	6,117	-	-	115,668
Machinery and equipment	155,366	3,188	(31)	-	158,523
Furniture and fixture and computer equipment	2,996	82	(1)	-	3,077
Communication and safety equipment	428	35	-	-	463
Vehicles	3,522	142	(261)	-	3,403
Units in transit	19,373	1,627	-	-	21,000
	<u>291,236</u>	<u>11,191</u>	<u>(293)</u>	<u>-</u>	<u>302,134</u>
Net cost	<u>348,480</u>				<u>340,817</u>

8. Financial obligations

This caption is made up as follows:

Entity	Warranty	Interest rate	As of March 31,	As of December 31,
			2014 US\$(000)	2013 US\$(000)
Bonds " Minsur - Notes Due 2024"	No guarantees		450,000	-
The Bank of Nova Scotia	No guarantees	Libor3m +1.58%	-	200,000
Banco de Crédito del Perú	Leased assets		1,154	1,154
			<u>451,154</u>	<u>201,154</u>
Finance commission			(8,091)	(725)
			<u>443,063</u>	<u>200,429</u>
By maturity:				
Current portion			-	26,154
Non-current portion			443,063	174,275
			<u>443,063</u>	<u>200,429</u>

On January 31, 2014 the Company issued Senior Bonds, with a face value of US\$450,000,000, with maturity on February 7,2024 and with a coupon interest rate of 6.25%, obtaining net proceeds of US\$441,823,500. The Company has used part of these proceeds to prepay a loan with Bank of Nova Scotia and to support related mining operations.

On February 7, 2014, The Company prepaid the loan maintained with Bank of Nova Scotia for US\$200,000,000.

Minsur S.A.

Interim statements of changes in equity

For the three-month periods ended March 31, 2014 and 2013 (unaudited)

9. Trade and other payables

The compositions of this caption is presented below:

	As of March 31, 2014	As of December 31, 2013
	US\$(000)	US\$(000)
Trade :		
Third parties	22,721	26,507
Related parties (note 20)	8,420	20,870
	<u>31,141</u>	<u>47,377</u>
Dividends payables	50,598	592
Tax and contributions payable	19,983	15,007
Other accounts payables	6,757	2,010
	<u>77,338</u>	<u>17,609</u>
	<u>108,479</u>	<u>64,986</u>

10. Provisions

This caption is made up as follows:

	As of March 31, 2014	As of December 31, 2013
	US\$(000)	US\$(000)
Provisions for mine closure	55,083	53,972
Provisions for bonuses to employees	1,047	3,736
Provisions for environment contingencies and other contingencies	1,458	1,215
	<u>57,588</u>	<u>58,923</u>

Clasificación por vencimiento:

Current portion	4,422	6,013
Non-current portion	53,166	52,910
	<u>57,588</u>	<u>58,923</u>

11. Income tax

The expense for income tax consists on the following:

Minsur S.A.

Interim statements of changes in equity

For the three-month periods ended March 31, 2014 and 2013 (unaudited)

	As of March 31,	As of December 31,
	2014	2013
	US\$(000)	US\$(000)
Income tax		
Current	32,279	33,966
Deferred	(789)	(1,533)
	<u>31,490</u>	<u>32,433</u>
Mining royalties and special mining tax		
Current	9,761	9,294
Deferred	(126)	(1,167)
	<u>9,635</u>	<u>8,127</u>
	<u>41,125</u>	<u>40,560</u>

12. Declared and paid dividends

Below is the information on declared and paid during the three-months period ended at March 31, 2014 and 2013:

	Date	Dividends declared and paid US\$(000)	Dividends per common share US\$	Dividends per investment share US\$
Dividends 2014				
Shareholders' meeting	March, 19	<u>50,000</u>	1.73	0.017
Dividends 2013				
Shareholders' meeting	March, 21	<u>50,000</u>	1.73	0.017

13. Net Sales

The compositions of this caption is presented below:

	2014	2013
	US\$000	US\$000
Tin	185,574	153,843
Gold	<u>32,828</u>	<u>37,575</u>
	218,402	191,418
Embedded derivative for sale of tin	<u>(378)</u>	-
	<u>218,024</u>	<u>191,418</u>

Minsur S.A.

Interim statements of changes in equity

For the three-month periods ended March 31, 2014 and 2013 (unaudited)

14 Cost of sales

The compositions of this caption is made as follows:

	<u>2014</u>	<u>2013</u>
	US\$000	US\$000
Opening finished product inventory	46,834	50,153
Opening product in process inventory	50,104	38,272
Stripping cost	0	8,916
Wages and salaries	15,268	14,990
Services rendered by third parties	22,423	26,933
Consumption of miscellaneous supplies	13,608	11,574
Electricity	2,790	2,520
Depreciation and amortization	12,041	14,721
Other manufacturing expenses	1,347	921
Final finished product inventory	(36,471)	(52,548)
Final work in process inventory	(35,518)	(52,672)
	<u>92,426</u>	<u>63,780</u>

The variation in cost of sales was mainly due to higher sales of tin in the first quarter of 2014 compared to the same period last year, and to a lesser extent gold sales that started from February 2013.

15 Administrative expenses

The compositions of this caption is made as follows:

	<u>2014</u>	<u>2013</u>
	US\$000	US\$000
Wages and salaries	5,618	4,994
Services rendered by third parties	1,599	1,895
Other management charges and provisions	349	929
Depreciation	59	75
	<u>7,625</u>	<u>7,893</u>

16 Sales expenses

The compositions of this caption is made as follows:

	<u>2014</u>	<u>2013</u>
	US\$000	US\$000
Services rendered by third parties	1,594	1,553
Other management charges and provisions	166	329
Employee benefits	168	164
Depreciation	2	2
	<u>1,930</u>	<u>2,048</u>

Minsur S.A.

Interim statements of changes in equity

For the three-month periods ended March 31, 2014 and 2013 (unaudited)

17 Explorations expenses

The compositions of this caption is made as follows:

	<u>2014</u>	<u>2013</u>
	<u>US\$000</u>	<u>US\$000</u>
Depreciation	33	32
Employee benefits	1,197	1,015
Services rendered by third parties	1,058	430
Other management charges and provisions	<u>176</u>	<u>122</u>
	<u><u>2,464</u></u>	<u><u>1,599</u></u>

18. Commitments and contingencies

a) Environments Commitments -

The exploration and exploitation activities of the Company are subject to the rules of environmental disclosures in the separated at December 31, 2013 financial statements. There were no significant changes during the period ended March 31, 2014.

b) Contingencies -

The company has no additional significant contingencies other than those described in separated at December 31, 2013 financial statements.

19. Earnings per share

The basic earnings per share are calculating dividing the net income for the year by the weighted average number of outstanding shares during the year.

The basic and diluted earnings per share are the same as of March 31, 2014 and 2013, since there is no reducing effects on profits.

The calculation of the earnings per share is presented below:

	<u>2014</u>	<u>2013</u>
Net earnings – US\$(000)	66,385	70,611
Denominator		
Common shares	19,220,015	19,220,015
Investment shares	960,999,163	960,999,163
Earnings per share:		
Basic and diluted per common share– US\$(000)	2.30	2.45
Basic and diluted per investment share – US\$(000)	0.02	0.02

Minsur S.A.

Interim statements of changes in equity

For the three-month periods ended March 31, 2014 and 2013 (unaudited)

20. Related parties balances

The balances of receivables and payables with related entities as of March 31, 2014 and December 31, 2013 follow:

	2014 US\$(000)	2013 US\$(000)
Receivables		
Mineração Taboca S.A.	79,187	39,469
Minera Carabaya S.A. (en Liquidación)	2,836	2,851
Administración de Empresas S.A.	259	659
Centria Servicios Administrativos S.A.	29	66
Constructora AESA S.A.	-	52
Compañía Minera Raura S.A.	58	38
Cumbres Andinas S.A.	-	14
Minera Latinoamericana S.A.C.	-	14
Cía. Minera Barbastro S.A.C.	-	14
Minera Sillustani S.A.	-	14
Tecnológica de Alimentos S.A.	4	2
Marcobre S.A.C.	19	-
	<u>82,392</u>	<u>43,193</u>
Allowance for doubtful accounts	<u>(2,813)</u>	<u>(2,826)</u>
	<u>79,579</u>	<u>40,367</u>
	2014 US\$(000)	2013 US\$(000)
Clasificación by maturity:		
Current	392	898
Non Current	<u>79,187</u>	<u>39,469</u>
Total	<u>79,579</u>	<u>40,367</u>

The receivable from subsidiary Mineração Taboca S.A. corresponds to three loans for working capital granted during 2013, maturing between 24 and 36 months from the date of subscription without specific guarantees.

Minsur S.A.

Interim statements of changes in equity

For the three-month periods ended March 31, 2014 and 2013 (unaudited)

	2014 US\$(000)	2013 US\$(000)
Payables		
Administración de Empresas S.A.	3,382	12,437
Constructora AESA S.A.	1,966	5,032
Exsa S.A.	1,289	1,817
Rímac Seguros y Reaseguros	1,683	705
Clínica Internacional S.A.	81	308
Centria Servicios Administrativos S.A.	1	143
Rímac S.A. Entidad Prestadora de Salud	-	138
Estratégica S.A.C.	-	98
Urbanizadora Jardín S.A.	4	83
Marcobre S.A.	-	30
Protección Personal S.A.C.	-	31
Mineração Taboca S.A.	-	22
Compañía Minera Raura S.A.	7	21
Inversiones Nacionales de Turismo S.A.	-	2
Bodegas Viña de Oro S.A.	-	2
Corporación Peruana de Productos Químicos	7	1
	<u>8,420</u>	<u>20,870</u>

21 Segment information

For management purposes the Company is organized into business units based on their products and operations, and as it has two reportable segments are as follows:

- Production and marketing of tin
- Production and marketing of gold

Below is information on revenue and operating profit of the operating segments of the Company at March 31, 2014:

	Tin US\$(000)	Gold US\$(000)	Total US\$(000)
Net Sales	185,574	32,828	218,402
Embedded derivated for sale of tin	(378)	-	(378)
Cost of sales	<u>(74,965)</u>	<u>(17,461)</u>	<u>(92,426)</u>
Gross margin	110,231	15,367	125,598
Operating expenses:			
Administrative expenses	(6,184)	(1,441)	(7,625)
Sales expenses	(1,929)	(1)	(1,930)
Exploration expenses	(1,999)	(465)	(2,464)
Other expenses, net	<u>(1,293)</u>	<u>(302)</u>	<u>(1,595)</u>
Operating income	98,826	13,158	111,984
Depreciation and amortization (included in cost of sales and expenses)	<u>(5,858)</u>	<u>(6,354)</u>	<u>(12,212)</u>

Minsur S.A.

Interim statements of changes in equity

For the three-month periods ended March 31, 2014 and 2013 (unaudited)

Below is information on revenue and operating profit of the operating segments of the Company at March 31, 2013:

	Tin S\$(000)	Gold US\$(000)	Total US\$(000)
Net Sales	153,843	37,575	191,418
Cost of sales	<u>(51,503)</u>	<u>(12,277)</u>	<u>(63,780)</u>
Gross margin	<u>102,340</u>	<u>25,298</u>	<u>127,638</u>
Operating expenses:			
Administrative expenses	(6,374)	(1,519)	(7,893)
Sales expenses	(2,048)	-	(2,048)
Exploration expenses	(1,291)	(308)	(1,599)
Other expenses, net	<u>(927)</u>	<u>(221)</u>	<u>(1,148)</u>
Operating income	<u>91,700</u>	<u>23,250</u>	<u>114,950</u>
Depreciation and amortization (included in cost of sales and expenses)	<u>(8,658)</u>	<u>(5,487)</u>	<u>(14,145)</u>