



ANNUAL REPORT 2016

CORPORATE MANAGEMENT AND SUSTAINABILITY



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STATEMENT OF RESPONSIBILITY

The document hereof provides truthful and sufficient information on the development of businesses of MINSUR S.A. in 2016. Notwithstanding the responsibility of the issuer, the signatories are liable for its content pursuant to applicable statutory provisions.

Lima, March 29, 2017



Juan Luis Kruger Sayán
General Manager



Fortunato Brescia Moreyra
President of the Board of Directors



LETTER FROM THE PRESIDENT OF THE BOARD OF DIRECTORS G4-1

Dear shareholders:

It is with pleasure that I present to you Minsur's 2016 Annual Report which, for the second consecutive year, integrates the results of our corporate management, sustainability indicators and audited financial statements. This report has been prepared pursuant to the parameters of the Peruvian securities regulator (SMV), and in accordance with the "core" option of the Global Reporting Initiative (GRI) guidelines for sustainability reporting, in its G4 version.

2016 has proven to be a year of strong operating and financial results. During 2016 we consolidated our position as one of the safest mine operators in Peru, reaffirming our unequivocal commitment to safety and responsible mining.

From an operational perspective, our constant search for cost and productivity improvement led us to significant cost reduction and productivity increases at San Rafael and Pucamarca mining units (MU); to the

adoption of new technologies such as the implementation of the Ore Sorting project in San Rafael; to reshaping our product portfolio to serve deeper markets with higher-value products, such as ferro-tantalum and ferro-niobium from Taboca; and to conduct significant exploration efforts, mainly in San Rafael's and Pucamarca's neighboring areas. These operating enhancements enabled us to mitigate the impact of lower ore grades in San Rafael and Pucamarca. Financially, improved commodity market conditions in 2016 specially in tin and gold prices, allowing us to capitalize the benefits of having implemented a more efficient cost structure.

During 2016 we also made significant progress in our growth projects, by advancing our Tailing's Processing Project (B2) in San Rafael and our Mina Justa copper project from pre-feasibility into feasibility study phase. These are key projects from Minsur's growth as B2 will allow us to consolidate our position within the

tin industry, while Mina Justa will allow us to diversify into copper and gain significant scale.

On behalf of the Board of Directors and myself, I would like to congratulate all our collaborators from each and every one of our offices and operations in Peru and Brazil. Thanks to their sacrifice and hard work, MINSUR is advancing to become a world-class mining company. Likewise, I would like to thank the invaluable contribution of our shareholders, customers, suppliers and neighboring communities. Your trust and collaboration encourages us to work towards surpassing the objectives set for 2017 and making Minsur a world class mining company.



Fortunato Brescia Moreyra
President of the Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER G4-1

2016 has been a year that fully reflects our unequivocal commitment with safety and sustainability, our drive for operational excellence and productivity while investing in growth, our perseverance to surpass challenging situations and boldness to question the status quo and adopt new technologies if it generates value. As a result, during the year we consolidated our operational and cost performance, implemented important capacity expansion projects, restructured our product mix portfolio, implemented new processes generating significant value out of low value stockpiles (low grade stocks at San Rafael and slags at Pirapora), advanced our growth projects and exploration efforts and implemented new technologies with significant

upside potential. In April 2016 we hosted, for the first time in Peru, the International Tin Conference organized by the International Tin

As for 2016, results, reflect our financial soundness and for 2017 we hope to strengthen further our sustainability culture.

Research Institute (ITRI), with the participation of producers, smelters, commercial agents and different participants of the world's tin industry.

These efforts, in combination with improved market conditions, allowed us to post a strong financial result in 2016 despite lower tin and

gold grades at San Rafael and Pucamarca respectively. As such, net revenue's reached US\$ 489.7 million dollars, in line with the prior year revenues. Additionally, efforts to reduce costs allowed MINSUR to achieve an EBITDA margin of 50% in the year (US\$ 246.8 million)and a net income of US\$ 87.8 million. These results reflect the financial strength of our assets. From a safety perspective, we continued to operate without any fatal accidents; registering the lowest historical number of incapacitating accidents or accidents resulting in loss of workdays.

At San Rafael we implemented a new pre-concentration plant utilizing a new technological process called the Ore Sorting



G4-1

technology which allowed us to bring into production low grade stockpiles accumulated for the end of the life of the mine. This evidences that by the use of innovative processes we can extract additional significant value from our operating units. The potential value this new process can add is yet to be dimensioned. Furthermore, significant progress was made in the Tailing Reuse Project (B2) at San Rafael as it successfully completed the pre-feasibility stage and moved into the feasibility stage. At Pucamarca we continued with our focus on productivity and cost reductions while achieving a sustained processing capacity of 21,000 tons per day, consolidating it as one of the world's most profitable mine operations.

At Taboca, we beat historical tin production volumes every quarter starting with the third quarter of 2016, we finalized repairs and restarted operations of the hydroelectric power dam, expanded the niobium and tantalum

flotation plant positioning us to double ferroalloy production, restructured our product portfolio mix by replacing the ferroniobium and tantalum alloy with two higher value products (ferro niobium and ferro tantalum), and expanded our slag treatment capacity at Pirapora increasing ore tin production.

At Mina Justa, we completed the pre-feasibility stage and started the feasibility stage, progressively approaching the construction decision milestone. Furthermore, in 2016 we became the sole shareholders of Marcobre through the acquisition of the 30% of the stake owned by Korean company KLS Limited, our former project partner.

2016 has been a key year from a commercial and sustainability perspective as we strengthen our relationship with our main customers, while developing our SustINable brand which combines our commercial,

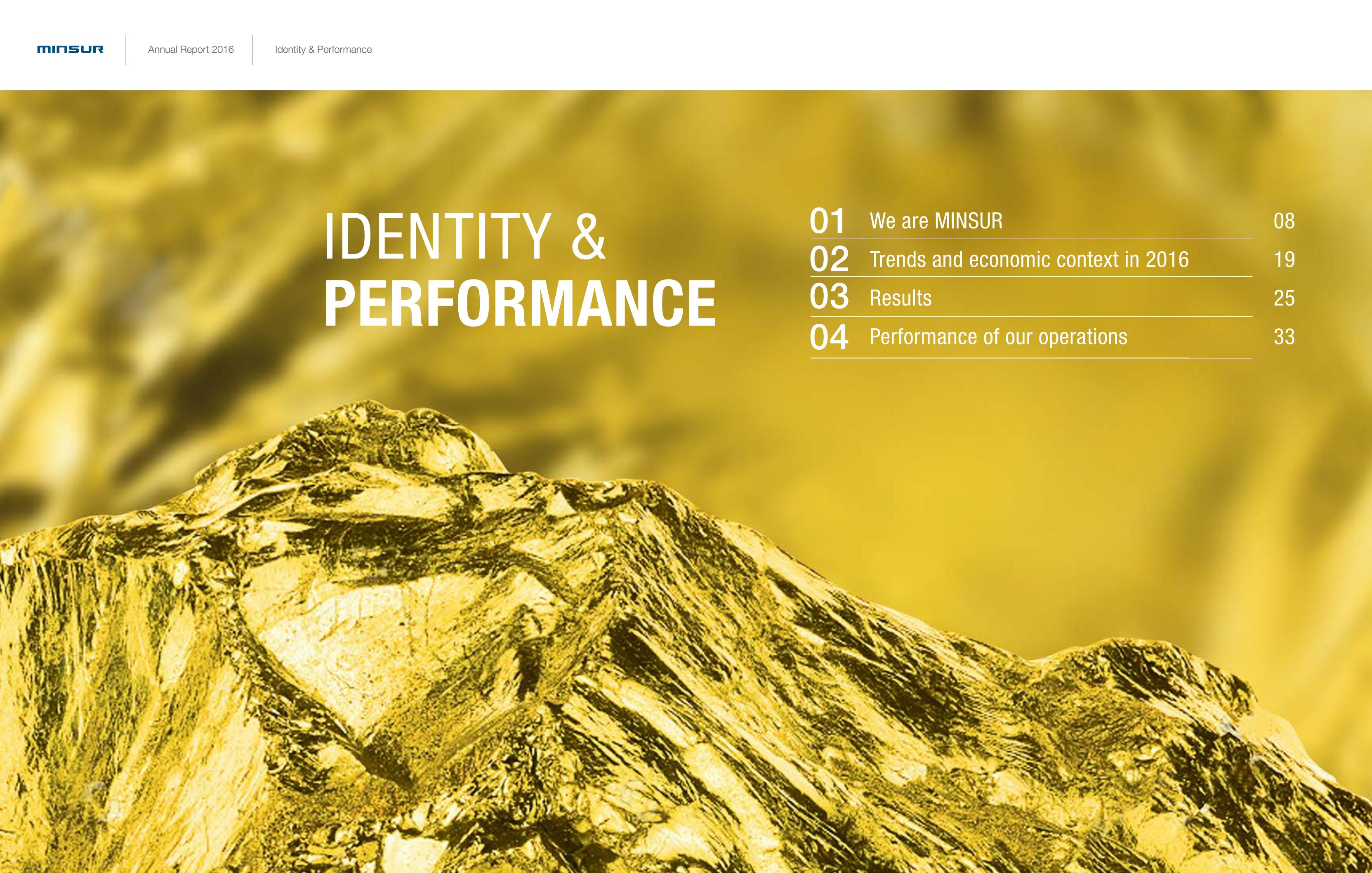
sustainability and social efforts.

In 2016, the Peruvian securities regulator (SMV) mandated that publicly listed companies file a Sustainability Report together with the Annual Report. Minsur had implemented this practice, now mandatory, since 2014, a testament of our commitment to operate by the highest standards in terms of sustainability and accountability, ahead of current trends.

Our objective for 2017, besides operating performance, is to maintain and improve our world-class standards, by integrating our sustainability culture in all our operations.



Juan Luis Kruger Sayán
General Manager



IDENTITY & PERFORMANCE

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01. WE ARE MINSUR



Our business profile

We are a Peruvian mining company, part of the Breca Business Group, one of Peru's main economic conglomerates. We are open to the Peruvian capital market through the registration of our shares in Lima's Stock Exchange. **G4-7**

MINSUR operates San Rafael tin mine in Peru, and Taboca operates Pitinga mine in Brazil. Tin concentrate produced in these operations is refined in our smelting and refinery plants in Pisco and Pirapora, respectively, which turns us in the largest tin supplier of the Western Hemisphere. **G4-4**

We aim at continuing capitalizing opportunities, through the Tailing Reuse Project B2 in San Rafael, which resources are among the world's top ten undeveloped tin resources.

We also operate Pucamarca mine, that processes gold since 2013 and marks the beginning of our productive diversification. Besides, in 2016 we consolidated MINSUR S. A ownership of Marcobre S.A.C by acquiring –through its subsidiary Cumbres Andinas S.A- the 30% of shares that were owned by the Korean company KLS Limited. **G4-13**. Marcobre SAC is the owner of the copper deposit called Mina Justa, a project that is in its feasibility stage. **G4-4**

We work under a world-class vision and we abide by the main sustainability guidelines at national and international levels.

OPERATIONS AND PROJECTS

PERU

Sn
Spr of Pisco, Ica
Smelting plant and refinery

Cu
Marcobre, Ica
Mina Justa

Refinery
Mine

Sn

Cu

Nb

Ta

Au

G4-6 G4-6



BRAZIL

Sn Nb Ta
Manaos
Pitinga Mine

Sao Paulo
Smelting plant in Pirapora
Sn

2016 Top Tin Producing Company Ranking
(tin production in tons)



Fuente: ITRI



PITINGA MINING UNIT

 State of Amazonas
Manao
BRAZIL

Sn

- It is the world's largest deposit of tin content and with an estimated life of mine of 30 years.
- Open-pit mine with a current production capacity of 17 000 TM/d.
- Current average ore grade: 0,20% of Sn and 0,25% of Nb/Ta.
- Since 2012, the concentrator processes only hard rock ore.


17 000 TM/D
actual production capacity

PIRAPORA SMELTING PLANT AND REFINERY

 50 kilometers away
from São Paulo
BRAZIL

Sn

- It is vertically integrated with the Pitinga mine.
- It processes cassiterite concentrates from Pitinga to produce refined tin, of the highest quality, with 99,97% purity.


99,97% of contained tin product.



OUR TIMELINE

1977

MINSUR S.A.'s constitution after the transformation of the MINSUR Partnership Limited branch of the Bahamas.



Tin becomes the only processed mineral in the San Rafael mine.



1992

1997

Pisco smelting plant and refinery starts operations, being the first of its type to use Submerged Lance Smelting technology in tin processing.



2012

Minsur acquires 70% of Marcobre and its copper mine, Mina Justa.



2008

Minsur acquires Taboca, located in Brazil.



2016

Minsur acquires the remaining 30% of Marcobre, consolidating 100% ownership of Mina Justa copper project.



Operations start in Pucmarca mine entering the gold market.



2013

ORGANIZATIONAL PHILOSOPHY AND MAIN STANDARDS G4-56

MISSION

Generate value transforming mineral resources in a sustainable manner.

VISION

Develop and operate world-class mining assets, as a benchmark in terms of safety, operational efficiency, socioenvironmental responsibility and people development.

VALUES



SAFETY

Safety at all times.



RESPONSIBILITY

Acting with responsibility in our relationship with society and the environment.



INTEGRITY

Acting with honesty, solidarity, and transparency.



COMMITMENT

We stick to our commitments, we are determined.



EXCELLENCE

Doing things better, always.



TRUST

Developing honest, open and respectful relationships.



POLICIES AND GUIDELINES

Our policies lead our company's actions, as well as the actions of our employees and contractors, and allow us to guarantee the quality, safety and responsibility of our operations.

1. **SUSTAINABILITY POLICY² APPROVED MID-2016 AS A REPLACEMENT OF OUR SAFETY, HEALTH ENVIRONMENT AND SOCIAL RESPONSIBILITY POLICY**
2. **ANTI-MONEY LAUNDERING POLICY**
3. **HUMAN RIGHTS POLICY**

Furthermore, we are subject to the Control Policy of the Business Alliance for Secure Commerce (BASC) and the Certificate of non-use of Conflict Minerals. Our units have a Comprehensive Corporate Management System (SGSS), as well as ISO 9001, OHSAS 14001 and ISO 14001 certifications, which are recertified every two years. **G4-15**

² Approved mid-2016 as a replacement of our safety, health environment and social responsibility policy.

SUSTAINABILITY POLICY

We reaffirm our commitment with sustainability in the development of our activities, in line with our vision, mission and values.

In MINSUR we develop individual and organizational actions aiming at protecting life and health, taking care of the environment, respecting human rights and generating social value in the communities of our areas of influence.

This policy is lead by our commitments below:

- Leading with the example –in words and actions– promoting actions and behaviors that will strengthen this policy in all places and at all times.
- Meeting the legal obligations, contracts and agreements entered into, as well as policies, regulations and MINSUR's Corporate Code of Ethics and Conduct.
- Constantly improving our sustainability performance, in line with OHSAS 18001 and ISO 14001 standards, as well as with the best practices of world-class mining companies.
- Establishing, measuring, reporting and communicating the sustainability performance indicators pursuant to international standards.

This policy is strengthened by the guidelines below:

SAFETY AND HEALTH

- Identifying hazards, assessing and controlling risks posed by our activities and promoting safe behaviors aiming at achieving a zero-accident work environment.
- Reporting all incidents, as well as promoting the participation and consultation of employees and stakeholders in relation to safety and health issues inside and outside the workplace

ENVIRONMENT

- Identifying, assessing, preventing, monitoring and mitigating environmental aspects in our activities, efficiently managing resources, inputs, products, by-products and waste.
- Promoting an environmental-care culture with our employees and stakeholders.

SOCIAL MANAGEMENT

- Maintaining trust relationships with the stakeholders in our areas of influence through dialogue and respect for people, traditions, customs and the historical legacy.
- Promoting sustainable development of communities in our areas of influence by being managers and facilitators of such development.



At the international level, since 2012 we are members of the Conflict-Free Sourcing Initiative(CFSI) promoted by the Electronic Industry Citizen Coalition (EICC), and we have the “conflict-free” certification, since we only process our own tin concentrate from San Rafael MU. (G4-15, G4-16)

On the other hand, in 2016 we have worked hand in hand with the International Tin Research Institute (ITRI) to approve its Code of Conduct and Sustainability Principles, and implementing it in our tin operations. G4-15, G4-16

CORPORATE CODE OF ETHICS AND CONDUCT G4-41

This document guides the behavior of our employees, contractors and suppliers. The Compliance Committee, at the management level, is responsible for promoting ethical behavior and supervise that it is in line with the Code.

Our Integrity Channel, a confidential and private tool, is available for the employees and the public in general to report, anonymously and responsibly, situations they consider contrary to the Code. G4-57, G4-58

In addition to this channel, employees may report episodes of behaviors that violate its regulations or communicate their questions or concerns by reporting to their immediate supervisor or line manager, or consulting with any member of the Compliance Committee. (G4-49) Furthermore, any employee may submit a complaint to the Human Resources Department, which will assess it to decide the corresponding solution, and –as it may be required- address it through conciliatory mechanisms.



OUR STAKEHOLDERS G4-25

Our stakeholders have been identified according to four predominant groups:

- Bidirectional Impact, we analyze if they have the capacity to impact our organization and we can influence or impact them.
- Actions and coexistence in a common environment.
- Existence of risks and risk level in relation to these stakeholders.
- Shared development vision.

Our relationships with them and the types of communication channels we use are adjusted to their characteristics and needs. G4-26

COMMITMENTS WITH OUR STAKEHOLDERS G4-24

General Commitment: To develop sustainable mining that generates value to all our stakeholders.

To promote a healthy and secure work space that promotes personal and professional development.



EMPLOYEES

To comply with the responsibility assigned to make MINSUR a world class company.



SHAREHOLDERS AND INVESTORS

To offer high quality products, with an adequate service that suit your needs and that are elaborated under our Standards of Sustainability.



CLIENTS

Acquire goods and services that respect market principles of free competition and promote sustainable business development.



CONTRACTORS AND SUPPLIERS

To generate value through relations of trust, environmental care and responsible social investment.



COMMUNITIES

To develop relationships based on trust on the basis of transparency and good communication.



SOCIETY

To fully comply with national laws, contributing towards the strengthening of democracy and the enforcement of the rule of law.



GOVERNMENT

Promote transparency in our management, as well as ethical relationships that respect freedom of expression.



MEDIA

OUR CHANNELS FOR TRANSPARENCY AND ACCOUNTABILITY WITH OUR STAKEHOLDERS G4-24, G4-26

Climate survey.
Laboral satisfaction ranking.
Laboral audits: Sunafil³.
Integrity channel.
ABE certifications⁴.
Health and safety: OHSAS 18001, ISO14001, external audits (MEM) & internal audits (health and safety observers).

Annual report.
Investor conference calls.
Internal audits.

Conflict free refinement program.
Annual sustainability report (GRI).
Aplication of JORC for currently operating assets.
ISO 9001.

Audits to suppliers.
Supplier registration standards.

Annual sustainability report (GRI).
Development committees.
Environmental monitoring.
Dialog tables.
Journalistic articles.
Guided visits to operations.

ISO 14001.
Environmental audits: OEFA, DIRESA, ALA⁵.
Participative environmental monitoring.

Annual report.
Annual sustainability report (GRI).
BASC audit.
Dialog tables.
Competent authority audits.

Journalistic articles.
Press conferences.
Visits to our operations.
Reports.

³. National Superintendence of Labor Inspection.

⁴. Good Employers Association.

⁵. Environmental Assessment and Inspection Agency, regional health authority, local water authority

02. TRENDS AND ECONOMIC CONTEXT IN 2016



Environment influencing our performance

ECONOMIC ENVIRONMENT G4-2

The business activity showed an annual growth of 3,9%, a higher growth rate than in 2015 and 2014, this is equivalent to 18 years of constant growth. At the sectoral level, this result was supported mainly by the contribution of the mining and hydrocarbon, telecommunications and other service sectors, while the manufacturing, construction and fishing sectors contracted compared to 2015.

GDP by economic sectors

(Percentage variation of the physical volume index as compared to the same period in the former year*)

Sector	2016	2015
Agriculture and livestock	1,8	3,0
Fishing	-10,1	15,9
Metal mining	16,3	9,5
Manufacture	-1,6	-1,7
Construction	-3,1	-5,8
Trade	1,8	4,0
Services	3,9	4,9

* Base Year 2007=100. Source: INEI

G4-2

On the demand side, GDP growth was driven by private consumption (3,4%) and goods and services exports (9,7%). On the other hand, private investment declined 6,1% -a third year in a row fall- while the public investment also fell, but at a lower rate (0,5%) than in 2015 (7,3%).

Inflation, measured by the evolution of the consumer price index of Lima Metropolitana reached 3,2% in 2016, lower than that of former year, but higher to the upper limit target range established by the Central Reserve Bank. Notwithstanding, Peru had one of the lowest inflation rates in the region, as compared to Brazil (6,3%), Colombia (5,8%) and Mexico (3,4%), and slightly higher to Chile's (2,7%).

Regarding public finances, fiscal deficit amounted to 2,6% of GDP, higher than 2015. Not only tax revenues of the General Government dropped for the second consecutive year, but they also registered its lowest level in a 12-year period (18,5% of GDP). Capital expenditure fell from 5,4% to 4,7% of the GDP.

Deficit in current account of the payment balance has continued decreasing during the year reaching 3,0% of the GDP, remarkably lower than the 4,8% in 2015. The trade balance was in surplus (US\$ 1 730 million) after showing a deficit in 2015, due to an increase of traditional exports, mainly copper and a drop in the import of inputs and capital goods.

Main macroeconomic indicators

Indicators	Unit	2016	2015
GDP growth rate	%	3,9	3,3
Growth in domestic demand	%	0,9	3,1
Fiscal balance	% of GDP	-2,6	-2,1
Current account balance	% of GDP	-2,8	-4,9
Inflation	%	3,2	4,4
Exchange rate	S/ per Dollar, end of the FY	3,36	3,41

Source: BCR.

In the international scope, USA's GDP growth exceeded 2,1%, in line with higher fiscal stimulus projections, economies in the Eurozone also grew, though at a lower rate. In the latter case, the growth rate is expected to moderate for 2017 and 2018 in a context of greater uncertainty due to political factors (referendum in Italy, parliamentary elections in the Netherlands and presidential elections in France and Germany), the development of Brexit negotiations, US policies and a slowdown in global trade.



SECTORAL ENVIRONMENT G4-2

The mining sector was the most dynamic in the year, achieving a 21% growth. Metal mining activities increased 21,18% due to higher levels of copper, molybdenum, gold, silver and iron production. In particular, copper became the main contributor of growth, reaching historical records in production volumes. The development of metal mining activities in 2016 has been driven by the implementation of two major copper mining projects at the end of 2015, Las Bambas and Cerro Verde, and of the Inmaculada gold and silver project of Compañía Minera Ares, besides the contribution of the new producer Shahuindo, which operates since January 2016. However, the main gold producers – Yanacocha and Barrick Misquichilca- suffered a significant drop in production, due to the progressive depletion of their mines that corresponds to the forecasted cuts in their annual production plans. Likewise, zinc and lead production was affected due to the temporary stoppage in the polymetallic

units "Cerro de Pasco" of Empresa Administradora Cerro and "Iscaycruz" of Empresa Minera Los Quenuales, in both cases since December 2015.

Gold production remained on the rise for the second consecutive year, growing 4,21% in 2016, determined by the increasing exploitation by several companies, the significant contribution of the new producer Shahuindo and the participation of artisanal miners. However, the tin production fell.

In the international context, metal prices in general fell during the first half of 2016, with a significant recovery since July 2016 that allowed reversing the decreasing trend of annual average prices of the past four years, silver (8,94%) since 2012, gold (7,49%) since 2013, lead (4,65%) and tin (11,90%) since 2014 and zinc (8,16%) after the fall in 2015, except for copper (-11,57%) which continued on the downward trend that started in 2012.



Mining production growth

(Percentage change) Base year 2007=100

Sector	2016	2015
Copper	40,1	23,5
Gold	4,2	3,5
Zinc	-5,9	8,1
Silver	6,6	8,9
Molybdenum	27,8	18,4
Lead	-0,4	13,9
Iron	4,7	1,8
Tin	-3,7	-15,6

Source: Minem and INEI.

MARKET PERFORMANCE

TIN G4-2

Tin price recovered during the year, from a minimum of US\$ 13 235/t reaching US\$ 21 945/t; therefore at the end of the fiscal year prices remained high at US\$ 21 000/t. In 2016, the average tin price was US\$ 18 009 per ton, 12% above the average price in 2015.

According to ITRI, the Indonesia's global tin production fell significantly where the periods of lower investment in new mining

capacity have extended, as well as in Peru and in China, and in spite of a production increase in Myanmar (former Burma), concerns over its sustainability had an impact on its supply. Moreover, current inventories of the London Metal Exchange and Shanghai Future Exchange indicate that the supply is still strong, mainly due to a larger average consumption resulting from the depletion of mineral reserves.⁶

International tin price

(US\$ per ounce)



6 Focus Economics, Economic Forecasts from the World's Leading Economists.

GOLD G4-2

Gold price increased at the beginning of the year reaching US\$ 1 366/oz, then falling to approximately US\$ 1 100/oz. However, in 2016, the gold average price was US\$ 1 248, 8% above the average price in 2015.

According to information provided by the Central Reserve Bank, gold price dropped as a result of the US presidential election, due to the likelihood of a rise in the Fed

interest rate and the appreciation of the US Dollar. The drop in the global gold demand during the third quarter also contributed to it, affected by the lower physical demand, in particular the lower jewelry demand, purchases by the Central Banks and -more recently- restrictions to gold imports imposed by China to reduce capital outflows. However, gold price showed a sharp rise during the year, explained by the high investment demand.

International gold price
(US\$ per ounce)



SUSTAINABILITY TRENDS G4-2

Two tendencies have called our attention in 2016 representing challenges for our management:

CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS).

The launch of the United Nations SDGs in September 2015 challenges us to identify actions to contribute from our operations to achieve them. In particular, the SDG 12⁷ points out to engaging consumers by raising awareness and educating on consumption issues and sustainable ways of life, providing appropriate information through standards and labels. This trend has generated certifications and associations that promote a supply and demand in line with sustainability criteria in all important industries of the economy -mining not being the exception- aiming at generating responsible consumption.

In the case of our tin products, both trends converge, since the most renowned brands of electronic devices, grouped in the EICC initiative, have been working on standards that will be applicable to MINSUR starting in 2017, and which we shall make sure to meet together with other standards.

GLOBAL SUPPLY CHAINS.

The market is actively promoting the supervision of mining companies as suppliers of commodities for manufactured products. In our case, that means not only proving to the market that the inputs used in our processes come from conflict-free sources (*conflict free tin smelter*), as we have been doing, but also applying them to our supply chain.

MINSUR seeks to align all its actions with the United Nations SDG'S applying all sustainability tendencies.



03. RESULTS



Economic value generation

Our 2016 results have been formed in three scopes:

FINANCIAL SCOPE

Our results in 2016 were influenced by a favorable price environment that significantly exceeded our projections and estimations. As it happened in the former year, we were able to generate and distribute economic value.

COMMERCIAL SCOPE

In a market with volatile prices facing an uncertain global economic environment, our financial soundness allows us dealing with low price cycles without affecting our investment capacity. This is important

since customers expect to be served by a safe, reliable and responsible supply source, as ours, in the long term, which includes effective customer services and a growth-oriented investment strategy.

SUSTAINABILITY SCOPE

We have incorporated sustainability to our management by prioritizing material issues -those reflecting significant economic, environmental and social impacts caused by our operations and gathering the expectations of our main stakeholders-, with a prior risk analysis at the operating and corporate level. **G4-14**



FINANCIAL RESULTS⁸

In 2016, thanks to the momentum gained in 2015, we were able to focus on consolidating cost control, expenditure and productivity improvement strategies, thus taking full advantage of the positive effects of price recovery during the year. Our financial position remained sound with US\$ 506,8 million in cash, in spite of significant capital investments in our subsidiary Taboca and the purchase of the remaining 30% of shares in Marcobre project from our former partner LS Nikko.

Profits and losses

Concept	Unit	2016	2015	Var (%)
Net Sales	US\$ MM	489,65	487,33	0%
Cost of Sales	US\$ MM	-234,01	-278,68	-16%
Gross profit	US\$ MM	255,64	208,65	23%
Selling expenses	US\$ MM	-4,06	-6,30	-36%
Administrative expenses	US\$ MM	-27,77	-28,87	-4%
Exploration and project expenses	US\$ MM	-15,12	-26,27	-42%
Other operational expenses, net	US\$ MM	-5,16	-4,87	6%
Operating profit	US\$ MM	203,53	142,33	43%
Financial income and (expenses) and others, net	US\$ MM	-27,41	-27,77	-1%
Results of subsidiaries and associated companies	US\$ MM	-29,72	-484,32	94%
Exchange difference, net	US\$ MM	0,21	-2,41	109%
Income before taxes	US\$ MM	146,62	-372,17	139%
Income tax	US\$ MM	-58,77	-49,66	18%
Net profit (loss)	US\$ MM	87,85	-421,83	121%
Net margin	%	18%	-87%	
EBITDA	US\$ MM	246,82	206,97	19%
EBTIDA margin	%	50%	42%	
Net income adjusted	US\$ MM	117,36	64,90	81%

⁸ Referred only to MINSUR S.A's individual financial results, i.e. the results of our tin and gold operations in Peru (San Rafael MU, SPR in Pisco and Pucamarca MU). Results of our subsidiaries, which conform the consolidated statement and include our operations in Brazil (Pitinga MU and SPR in Pirapora) and our projects in Peru (Marcobre) are recorded under the "Equity method" in line with the Income Statement "Income of subsidiaries and associated companies".

SALES

Net sales were US\$ 489,7 MM in 2016, slightly above 2015, mainly due to the higher realized tin and gold prices that offset the lower volumes of tin and gold sold in the period.

The volume of tin sold by MINSUR fell 9% in 2016, as compared to 2015, reaching 19 192 tons, mainly due to the lower production in San Rafael as a result of lower tin grades obtained that year.

Sales to Europe, which represent nearly 43% of total sales, dropped 11%. This effect was offset with larger sales to North America and Asia, which grew 2% and 8% respectively. Last but not least, local sales rose 36%, offsetting the 33% reduction of sales to the rest of South America.

Despite the lower production and changes in our customer base, tin sales in US Dollars increased 3% as compared to 2015, due to the higher prices during the year.

Regarding gold, the volume sold by MINSUR fell 12% as compared to 2015, reaching

105 694 ounces. The lower gold production in Pucamarca was mainly due to the lower ore grade in the mine. 100% of gold sales had the US as destination.

Sales volume per product line G4-9

Sale detail	Unit	2016	2015	Var (%)
Tin	t	19 192	21 056	-9%
Gold	oz	105 694	119 649	-12%

EBITDA

In 2016 EBITDA were 19% higher as compared to 2015, as a result of the higher gross margin generated in our operations due to the higher market prices, lower costs of sales (-16%) and lower operational expenses (-9%) promoted by our productivity initiatives and our cost control and spending strategies in all our operations.

The impact of prices and cost reduction allowed the expected EBITDA margins to increase

reaching 50%. This result continues reflecting the financial soundness of our assets

NET PROFIT AND NET ADJUSTED INCOME

Net profit in 2016 amounted to US\$ 87,9 million versus net loss of US\$ 421,8 million in 2015. Such variation in comparison to 2015 is the result of the better financial results of the year and also responds to an adjustment for asset impairment in Marcobre subsidiary, which –considering the copper context and our company's corporate governance principles– we decided to incorporate in due course in the fourth quarter of the 2015 financial statements.

It is worth indicating that, if we excluded subsidiaries results, the impact of the difference in the exchange rate and the adjustment to the carrying value in 2015 of Marcobre, MINSUR would have a net profit of US\$ 117,4 million in 2016 vs US\$ 64,9 million in 2015, which represents an 81% growth.

LIQUIDITY

Cash balance and equivalents amounted to US\$ 506,8 million, 11,8% lower than at the end of 2015 (US\$ 574,8 million). This cash balance includes deposits in cleared funds not considered cash in the balance sheet as cash and equivalents.

The decrease in cash balance responds, primarily, to contributions and loans provided to our subsidiary Taboca for capital investments, as well as to contributions made to purchase the remaining shares of the Marcobre project.

Cash flow

	Unit	2016	2015
Initial balance	US\$ MM	383,0	388,7
Operation activities	US\$ MM	167,7	118,1
Investment activities	US\$ MM	-209,5	-73,5
Financing activities	US\$ MM	0,0	-50,4
Final Balance	US\$ MM	341,2	383,0
Long-term investments as cash*	US\$ MM	165,6	191,8
Final balance (includes investments)	US\$ MM	506,8	574,8

* Funds available for less than 24 hours.

CAPITAL AND FUNDING

At the end of 2016, the total financial debt reached US\$ 440,1 million, similar to the financial debt in 2015. As a result, net leverage ratio reached -0,3x at the end of 2016 versus -0,6x at the end of the former fiscal year.



Net Debt

	Unit	2016	2015
Financial obligations	US\$ MM	440,1	439,4
Cash	US\$ MM	506,8	581,9
Net debt	US\$ MM	-66,7	-136,1
Debt / EBITDA	x	1,8X	2,1x
Net debt / EBITDA	x	-0,3x	-0,6x

OFFICERS RESPONSIBLE FOR PREPARING THE FINANCIAL STATEMENTS

In FY 2016, the accounting officer responsible for preparing the Financial Statements was Mrs. Indira Trujillo Ramírez, certified public accountant with registration number 1545.

The external auditor has been Paredes, Zaldívar, Burga & Asociados S.C.R.L., a firm of the Ernst & Young group, which issued a clean audit report on MINSUR S.A.

ECONOMIC VALUE OF OUR OPERATIONS G4-9, G4-EC1

Like every year, and after reviewing all of our asset's values, all of our operational units as well the rest of MINSUR's projects remained with a higher value than the carrying value, and thus we were capable of generating and distributing economic value.

In terms of the direct economic value we generated, our income came mainly from net

sales, which increased by US\$ 2,3 million. The lower tin volume sold was reverted by the price increase.

The economic value we distributed is comprised by our operating expenses, which were reduced by 16% due to the lower sales volume and the implementation of operating

efficiencies in our company as a response to the scenario of lower prices in 2015.

47% of the distributed value is oriented to cover our inputs, components, facilities and acquired services, 14% to cover the salaries and compensations to employees, while taxes paid to the State occupy the third distributed position.



Economic value generated, distributed and retained G4-9, G4-EC1

Value	Component	2016	2015
		Amount (US\$ thousand)	Amount (US\$ thousand)
Direct generated economic value	Net sales	489 650	487 329
	Financial investments	3 686	4 577
	Asset sales	469	51
Distributed economic value	Operating expenses	234 005	273 260
	Salaries and social benefits	71 339	71 734
	Dividends to shareholders and debt interests	28 125	80 604
	Taxes	58 771	49 661
Retained economic value	Voluntary donations and fund investments in the community	1 689	1 732
	Direct generated economic value less distributed economic value	99 876	14 966

COMMERCIAL RESULTS

2016 was the year we consolidated the relationship with our customers and we focused on conveying the main attributes of our products, especially tin.

VALUE PROPOSAL FOR OUR CUSTOMERS

For our tin products, aiming at establishing a differentiating attribute, we launched our SusTINable brand, which is associated to traceability and corporate responsibility. This positions us as a brand that generates shared social value with our customers, while improving our product's competitiveness.

The International Tin Conference, organized by ITRI and hosted by us in 2016, was a space we capitalized well for this purpose. In 2017, we will continue assessing initiatives to optimize the margin and value

generation of our refined tin and analyzing the advantages of supporting the electronic industry's agenda through spaces such as the EICC.

Regarding gold trade, we have chosen to sell refined gold aiming at optimizing the sales value. Up to 2015 we sold dore produced in Pucamarca. However, based on our market knowledge -in which refineries, banks and security and transport companies participate- we decided to change our strategy. Towards the end of 2016, we not only added two banks and two traders for positioning gold ounces, but we also started using two refineries to take advantage of the competition between them.

On the other hand, Taboca in Brazil -aiming to position its tin in the most competitive markets and increasing its trade margin- expanded its international portfolio to serve customers that traditionally were

served from Peru. Another significant strategy was consolidating sales within the Brazilian domestic market, taking advantage of the tax recovery that favored our liquidity position.

But, what is most significant is that, after deciding to separate the FeNbTa alloy in two new products, ferro niobium and ferrotantalum⁹, since 2015 in order to obtain higher margins, the commercial challenge consisted in advertising these products, and for the customers to test them to verify the possibilities to use them in their productive processes.

As a result, 1 840 TM of ferroalloys were produced in 2016, which were mostly sold in new markets. Furthermore, in 2016 we have entered into sale agreements for 80% of what we expect to produce in 2017.

CUSTOMER SATISFACTION G4-PR5

Our main destination markets are Europe and the United States, we also export to Canada, Asia, the Middle East and Latin America. G4-8 It is our concern to respond to the demand and expectations of our customers around the world, thus we survey our customers every year and we inquire about their satisfaction with our product's quality, prices and our customer support service.

92% of our surveyed customers consider that our general performance has been very good and excellent. We obtained the same percentage of positive ratings when we asked them about the quality of our product.



⁹ The FeNb market targets steel companies and aims at becoming an alternative to the world's largest FeNb producer, the CBMM company. The largest FeTa market is in China and serves the electronic and aerospace industry.

SUSTAINABILITY MANAGEMENT RESULTS

During 2016, we succeeded in incorporating sustainability into our management. Four actions accompanied this milestone:

1. We consolidated the use of our SusTINable brand, advertising it among our customers and suppliers, and starting its official registration process in Japan, Europe and the United States in 2016. This is important for our sustainability management, since the brand specifically refers to such concept as a differentiating factor and



Improvements in the risk management process and governance G4-14

Before	Now
Understanding of risk management between all units.	Risk management standardization through the "Risk Management Guide" for operators and expansion projects.
Risk evaluation is a 100% qualitative process.	Risk evaluation is a traceable and semi-quantitative approach.
Poor risk follow-up and deficient monitoring and control of action plans.	Strengthening of risk monitoring and an increase of control over action plans.
Mining unit managers didn't value risk management process as it should be.	Mining unit managers value risk management.
There was no "Risk Committee" established in Minsur's corporate government.	Greater control over the risk management process through the "Risk Committee".

provides feedback to our company's sustainable business model.

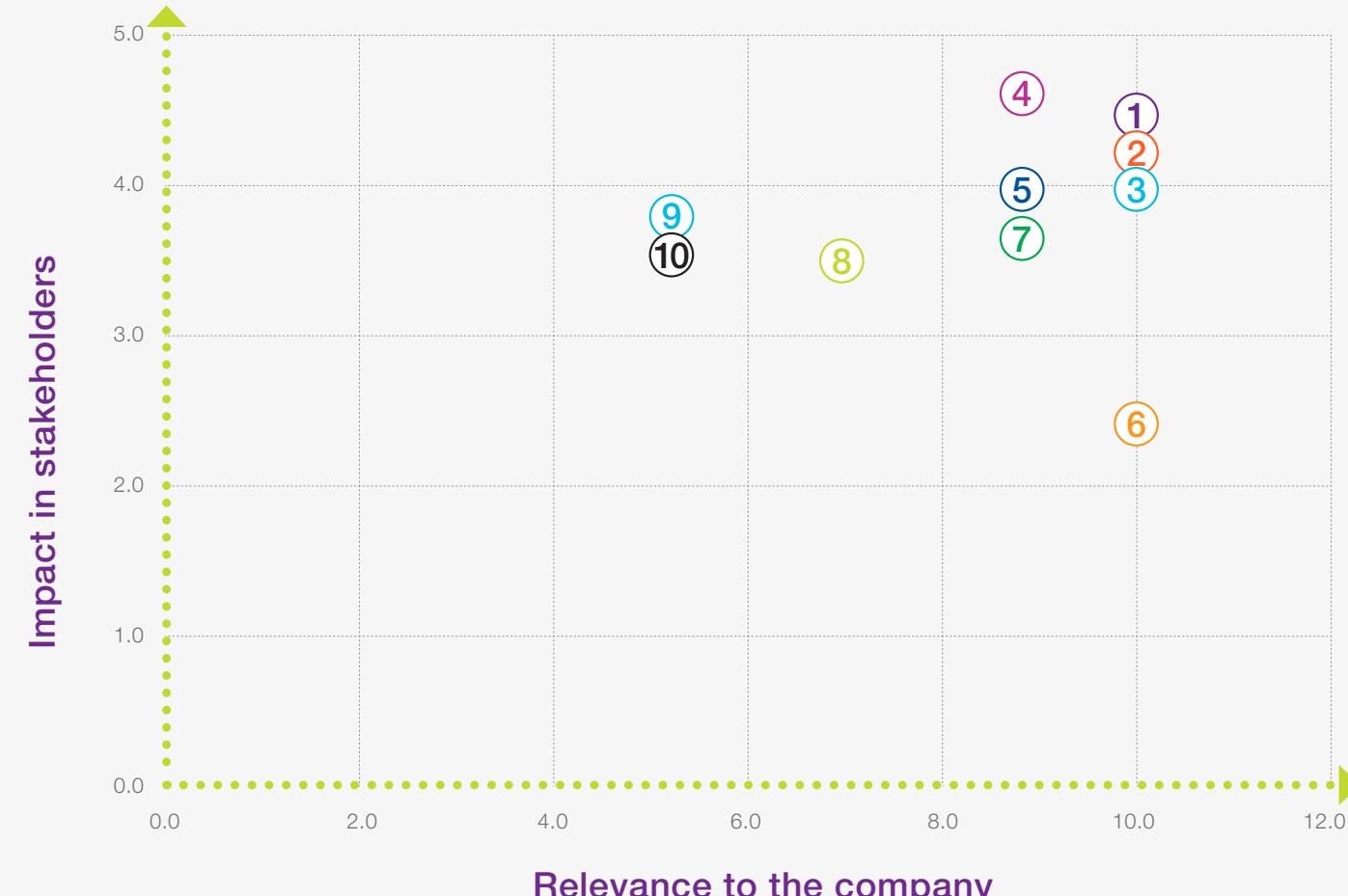
2. Risk management became more relevant as one of MINSUR's strategic pillars, working with our operating units and engaging them in risk identification, control and risk source management. **G4-14**

Currently, we are reducing the likelihood and the impact of threats, because more and more decision-makers make the right decisions on time and manage them daily under a structured approach.

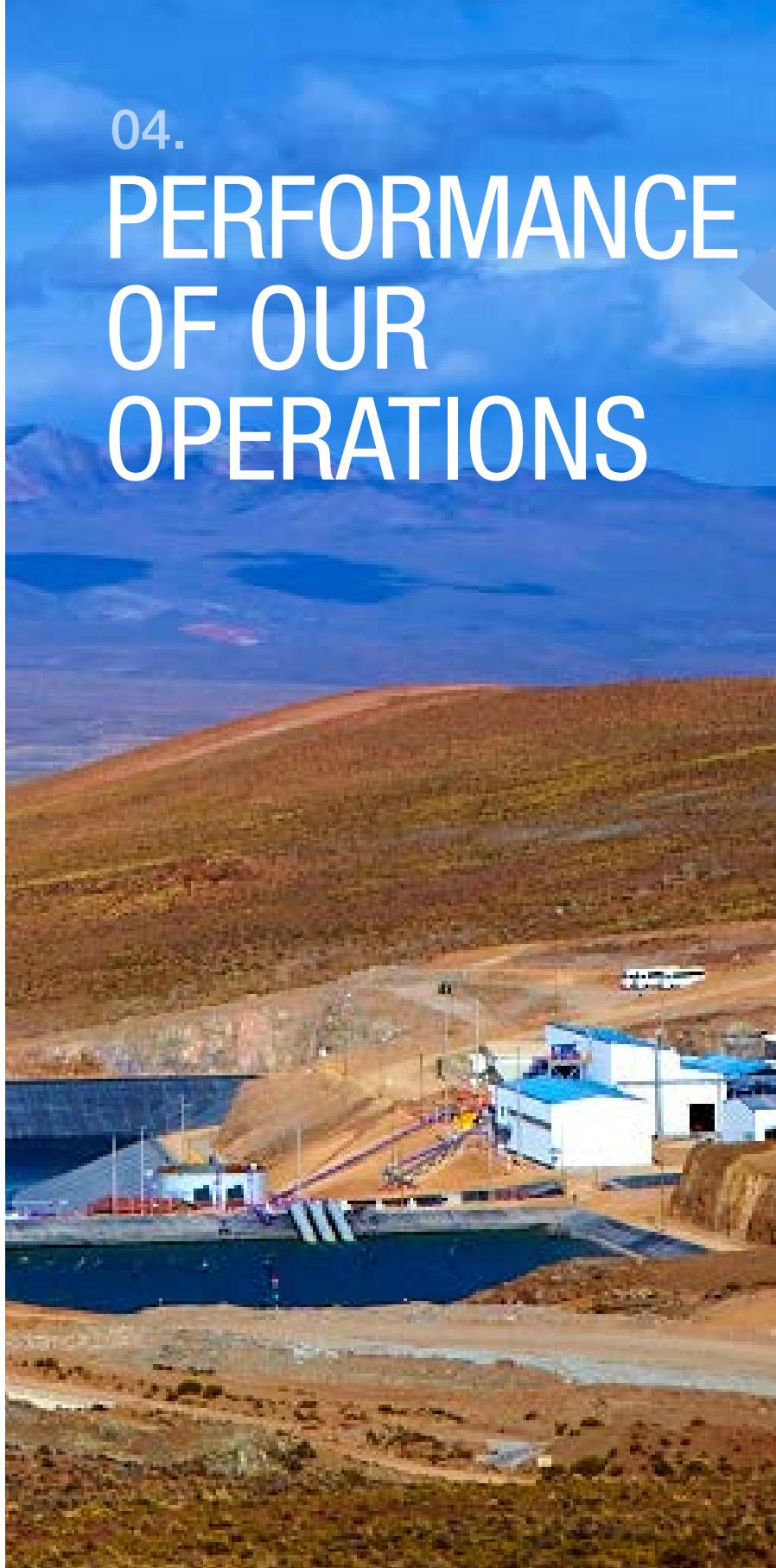
3. For the third consecutive year we made the analysis of materiality, this time using risks as an input, and linking both methodologies, which allow better monitoring and controlling material issues.
4. In 2016, for the first time, we comprehensively validated the internal results of the analysis of materiality with our main stakeholders. As a result of this process, we defined ten material subjects for the development of this report and the strategies for 2017.



2016 MATERIAL ASPECTS FOR MINSUR



- ① Environmental impact control
- ② Management of chemical inputs
- ③ Water supply
- ④ Compliance with environmental standards
- ⑤ Social conflict management
- ⑥ Customer value proposal
- ⑦ Community/local supplier standards
- ⑧ Critical infrastructure management
- ⑨ Talent attraction and retention
- ⑩ Mining sites' quality and economic value



04.
**PERFORMANCE
OF OUR
OPERATIONS**

Operating units and project portfolio

2016 was marked by good results of our operating units, despite the lower tin and gold grades, due to improvements in productivity and cost-efficiency implemented in 2015, in which we continue working. In San Rafael MU we shall highlight the implementation of the Ore Sorting technology, allowing us to pre-concentrate low-grade ore at a very low cost.

In the SPR of Pisco we set a historical record, by operating the smelting furnace for over 15 consecutive months. Pucamarca MU consolidated as one of the world's most profitable gold mines because of its low production cost, while in our subsidiary Taboca we set the foundations to make it profitable by completing several investment projects in 2016. In terms of safety, we

had no fatal accidents and we finished the year with the lowest number of accidents resulting in loss of workdays in our history.

Furthermore, we continue working in our long-term growth strategy, through investments in exploration projects and expanding our operations through new growth projects. We made significant progress in the B2 project (tailing reuse in San Rafael MU) and Mina Justa project, both in the feasibility stage.

It is worth highlighting the acquisition of 30% of Marcobre SAC in 2016, which allowed MINSUR -through our subsidiary Cumbres Andinas- to own 100% of this project. Last but not least, we increased resources in San Rafael MU and extended the life of mine, providing sustainability to this operation.



SAN RAFAEL MINING UNIT

The production in this MU decreased by 4% as compared to 2015, reaching 18,8 thousand tons of tin contained in concentrates, mainly due to a lower tin grade of tin ore fed into the plant. Notwithstanding, the cash cost per treated ton was US\$ 82, significantly lower than in 2015 (US\$ 127 /tt) essentially due to productive efficiencies implemented in 2015 and to the increase of treated tonnage (37%) with the implementation of the ore-sorting pre-concentration plant.

In 2016 we had god results with our new mining approach, which involves working with production cores to optimize costs.

Furthermore, we exceeded our metallurgical recovery goals and reduced the annual average dilution. The ramp-up of the Ore Sorting project started this year, exceeding its design capacity (3 000 tpd) and reaching an average production of 3 571 tpd at the end of 2016.

In this period, we invested around US\$ 24 million in three main initiatives; the Ore-Sorting pre-concentration plant, engineering, construction and filling of the Great Gap or Cavity –which would allow mining high grade ore in currently inaccessible areas- and the heightening of the tailings dam B3.

CASH-COST per treated ton (US\$/tt)**Output indicators**

Category	Indicator	Unit	2016	2015
Mine	Extracted mineral	T	1 101 190	952 690
	Extracted ore grade	% Sn	1,69	2,08
	Progress	m	29 461	33 697
Plant	Treated mineral – Total plants*	t	1 434 808	1 047 145
	Treated mineral – Concentrator Plant	t	1 047 506	1 047 145
	Treated ore grade	% Sn	1,97	2,05
	Total recovery	%	90,87	90,81
	Total concentrate produced	T	40 464	39 051
	Total concentrate grade	%	46,44	49,96
	Fine Sn contained in concentrate	t	18 789	19 511
	Plant Utilization	%	98,96	98,11
Mining unit	Cost per ton treated	US\$/tt	81,6	127,7

* Ore processed to calculate the cash cost per ton. It considers: Ore entering for pre-concentration

+ ore entering for concentration – output of the pre-concentration plant that enters for concentration.

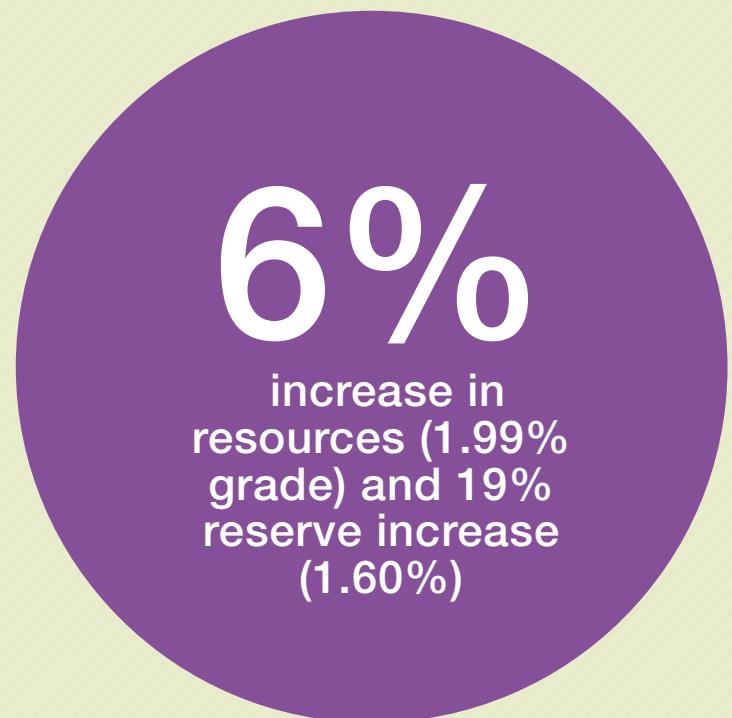
Indicator	Unit	2016	2015
Diamond drilling	M	39 874	46 253
Resources volume			
Calculated tonnage	T	1 271 243	1 389 882
Calculated Sn grade	%	2,27	2,19
Calculated fine Sn	T	28 891	30 498
Concentrado producido total	T	40 464	39 051
Ley de concentrado producido total	%	46,44	49,96

Mineral Resources and Reserves (December 2016)

	Total	Tons (Mt)			Grade %Sn			Fine content (Kt)		
		dec-16	dec-15	Var. %	dec-16	dec-15	Var. %	dec-16	dec-15	Var. %
Resources	Measured	4,57	4,46	2%	2,40%	2,71%	-11%	109,9	120,8	-9%
	Indicated	3,67	4,06	-10%	1,63%	1,49%	10%	59,9	60,5	-1%
	Inferred	2,55	1,66	53%	1,75%	1,65%	6%	44,7	27,5	63%
Total Resources		10,79	10,18	6%	1,99%	2,05%	-3%	214,5	208,7	3%
Reserves	Proven	3,95	2,78	42%	1,87%	2,04%	-9%	73,7	56,8	30%
	Probable	2,92	3,00	-3%	1,24%	1,60%	-23%	36,1	47,9	-25%
	Total Reserves	6,87	5,78	19%	1,60%	1,81%	-12%	109,8	104,7	5%

Notes:

- Mineral Resources are inclusive of Ore Reserves.
- Mineral Resources are defined using a cut-off grade of 0,3 % Sn for underground ore and 0,15% Sn for surface stockpile.
- Mineral Resources are estimated using the price US\$ 23 500/t Sn. In December 2015 we used US\$ 20 500/t Sn. (A US\$ 500/t premium applies for the quality of refined tin).
- Ore Reserves are defined using a cut-off grade of 0,54% Sn for underground ore (average cut off grade for four different mining situations determined by SRK study), and of 0,16% Sn for surface stockpile.
- Ore reserves are estimated using the price US\$ 19 500/t Sn. In December 2015, it was US\$ 18 500 (a US\$ 500/t premium applies for the quality of refined tin).
- Reserves include ore contained in bridges and pillars, which extraction feasibility was defined by a special study conducted by AMEC.
- Mineral Resources & Ore Reserves have been audited by an independent external auditor, Mining One (Australia), who concluded that they meet the JORC Code Provisions 2012.





PISCO SMELTING PLANT AND REFINERY

Refined tin production was 3% lower than in 2015, due to the reduction of concentrates from San Rafael MU and its lower ore grade, which was partially offset by the extension of the Ausmelt furnace campaign. The cash cost fell to US\$ 264,9/tt from US\$ 295/tt in 2015, the second best historical level achieved.

During the year, the SPR of Pisco focused on activities such as the conservation of the Ausmelt furnace's refractory bricks to extend the smelting campaign, change and installation of new bags in the filter to improve dust collection and the increase of the annual treated tonnage by treating marginal slags and rotary furnace slags. So, we had the higher historical records, both of tonnage treated (94 247 TMS/year, concentrate + slags) and of recovery (100,9%). All of that allowed maintaining cost-efficiency, increasing the use of energy from the external network and optimizing the use of the work force.

On the other hand, we established a smelting record with a campaign of 15,2 months and we increased our ore recovery by treating marginal slag.

Moreover, we innovated by conducting tests to obtain tin of 99,99% quality and 99,995% of purity; changing the bags of the smelter bag house; and using aluminum scrap to partially replace aluminum granules, thus reducing costs and having a positive impact in the environment for recycling materials.

Our main investments in 2016 (around US\$ 471 000) focused on improving the firefighting system of the MCC and substation, expanding the electrolytic plant to rise refined tin production that is 99,99% pure, improving the refrigeration system of the Ausmelt furnace, acquiring machinery, among others.

ACHIEVEMENTS 2016



Historical record of treated tonnage
(94 247 TMS/year)
concentrate + slags.



Higher historical recovery
(100,9%).



Second best historical cash cost
(US\$ 264,9/tt).

Output indicators

Category	Indicator	Unit	2016	2015
Plant	Tin Concentrate fed	Kt	40 335	40 335
	Sn grade in concentrate	%	46,48	46,48
	Marginal slag fed	Kt	52 842	52 842
	Sn grade in marginal slag fed	%	1,31	1,31
	Rotary furnace slag fed	Kt	1 069	1 069
	Sn grade in rotary furnace slag	%	15,19	15,19
	Refined tin production*	Kt	19 573	19 573
	Recovery	%	100,86	100,86
	Tin grade waste slag	%	0,63	0,63
	Smelter utilization	%	96,93	96,93
	Refinery utilization	%	46,88	46,88

*Includes fine ore content in alloys.





PUCAMARCA MINING UNIT

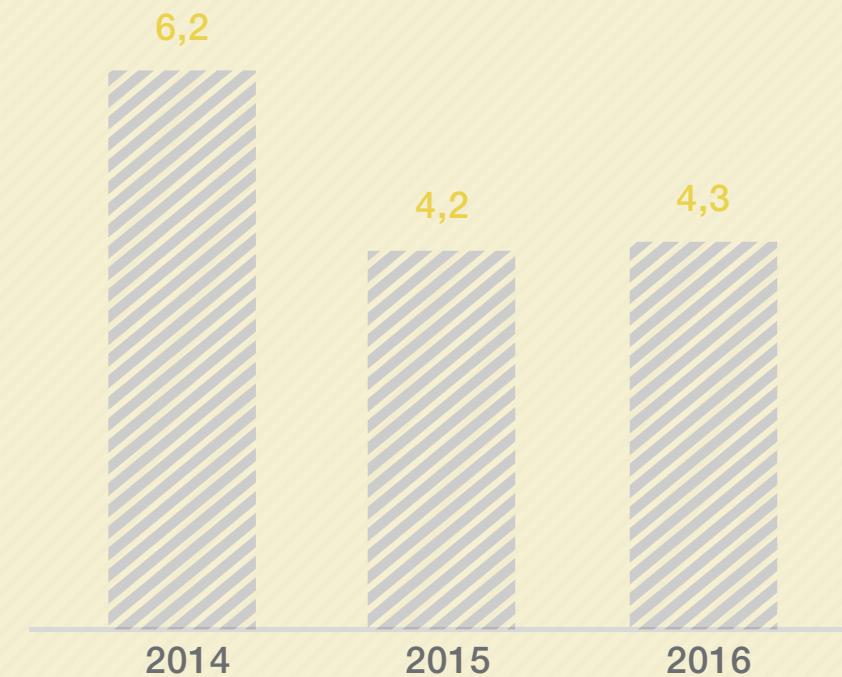
In 2016, Pucamarca reached a production of 106 thousand gold ounces, in line with its mining plan. However, production was lower than in 2015, mainly due to lower ore grades.

Pucamarca still stands out globally due to its low production costs. The cash cost per treated ton in 2016 reached US\$ 4,3, increasing by 1% in relation to 2015, while the cash cost per fine ore treated ton was US\$ 313. Besides, production remained at the same level (21 000 tpd), meeting the objectives planned.

In 2016 we conducted assessment studies of new water sources, specifically, to confirm if it is feasible to use the Azufre and Ayro rivers and ensure water availability. On the other hand, the exploration program "Pucamarca Regional" was implemented, which aims at defining potential exploration targets to increase the life of mine. It is worth indicating that, in order to optimize our production efficiency, we invested nearly US\$ 4 million in mining equipment overhauling, a new Barren line, and the 3A stage of the Pad construction.



CASH-COST per treated ton (US\$/tt)



Output indicators

Category	Indicator	Unit	2016	2015
Mine	Treated mineral	t	7 692 322	7 970 675
	Extracted ore grade	g/t	0,5	0,6
PAD	In-PAD ore	t	7 692 322	7 970 675
	In-PAD ore grade	g/t	0,5	0,60
Plant	Gold ounces produced	Oz	105 659	120 924
	Historical recovery	%	74,88	72,3
	ADR plant utilization	%	98,01	98,0
Mining unit	Cost per treated ton	US\$/TT	4,30	4,2

Pit Constrained Mineral Resources and Ore Reserves (December 2016)

	Total	Tons (Mt)			Au grade (g/t)			Fine ore content (Koz)		
		dec-16	dec-15	Var. %	dec-16	dec-15	Var. %	dec-16	dec-15	Var. %
Resources	Measured	27,75	26,82	3%	0,50	0,52	-3%	445,5	445,9	0%
	Indicated	46,15	34,49	34%	0,40	0,46	-13%	593,4	511,3	16%
	Inferred	20,32	10,09	101%	0,28	0,36	-22%	182,1	116,6	56%
Total Resources		94,22	71,41	32%	0,40	0,47	-14%	1 220,9	1 073,9	14%
Reserves	Proven	19,27	24,53	-21%	0,57	0,53	8%	353,2	417,8	-15%
	Probable	24,46	26,71	-8%	0,48	0,48	0%	377,4	410,9	-8%
	Total Reserves	43,73	51,24	-15%	0,52	0,50	3%	730,6	828,8	-12%

Notes:

- Mineral Resources are inclusive of Ore Reserves.
- Mineral Resources are expressed within optimized pit shell limits, corresponding to three areas: Checocollo, Morrenas and Caldero.
- Mineral Resources are defined using a cut-off grade of 0,1 g/tAu for Checocollo and 0,15 g/tAu for Morrenas and Caldero.
- The Au price to estimate Mineral Resources is US\$ 1 400/oz. In December 2015 it was US\$ 1 300/oz.
- Ore Reserves are only referred to Checocollo and Morrenas; Caldero was excluded due to the need to define the limits of oxide-sulfide areas and their corresponding metallurgical behavior.
- Ore Reserves are defined using a cut-off grade of 0,13 g/t Au for Checocollo and of 0,18 g/t Au for Morrenas.
- The Au price to estimate Ore Reserves is US\$ 1 200/oz. In December 2015 it was US\$ 1 150/oz.
- Mineral Resources and Ore Reserves have been audited by an independent external auditor, Mining One (Australia), who concluded that they meet the JORC Code 2012 provisions.





TABOCA MINING UNIT

In 2016, Taboca restructured its organization, and implemented several projects to improve its productivity, which had a positive impact in its results, projecting encouraging expectations on 2017 performance.

Some of our main projects were repairing and successfully operating the dam of the hydroelectric power unit, completing the expansion of the niobium and tantalum flotation plant and smelting plant, as well as completing some debottlenecking projects in the plants.

PITINGA MU

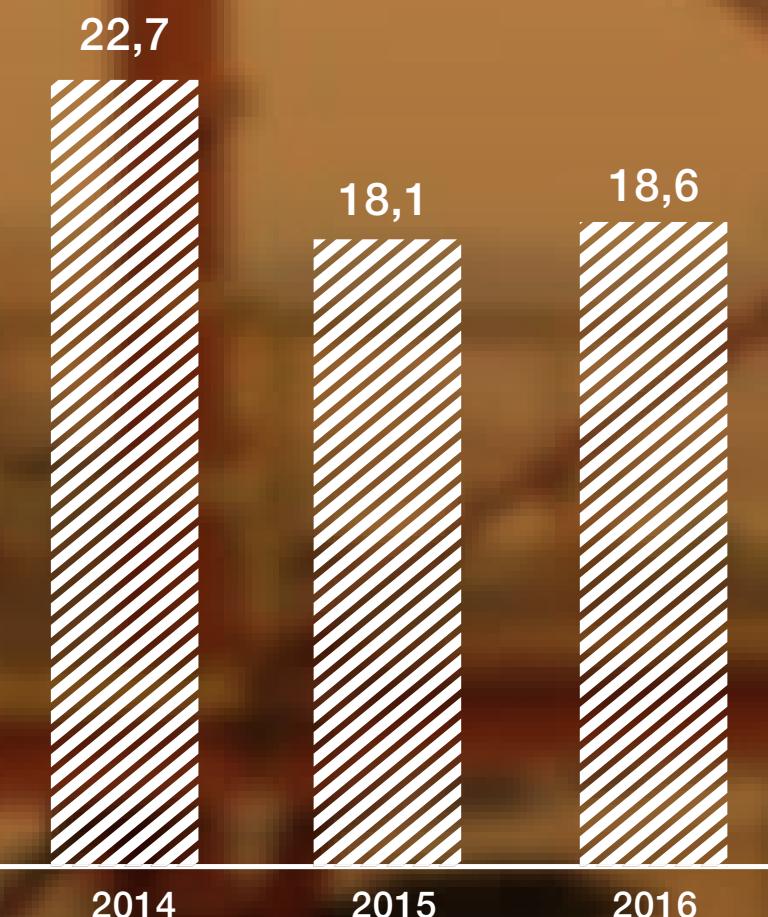
The Pitinga MU achieved its highest tin production since it is part of MINSUR, with a 20% increase as compared to 2015. The cash cost per treated ton was US\$ 18,6, that is 2,7% higher than in 2015, mainly

due to the cost overruns generated by the diesel generators used to power Pitinga plants because of the incident suffered in the hydroelectric power unit's dam.

Regarding the ferroalloys, we produced 1 840 tons, 15% less than in 2015, mainly due to a change in our products' specifications. During 2015, we produced only one alloy (FeNbTa), while in 2016 we separated the product in two, FeNb and FeTa with higher contents of NbTa and, thus with a higher market value (~+30%).

Towards 2017, we have closed sales for nearly 75% of the total expected production of FeTa and FeNb alloys. Moreover, the flotation plant expansion will start operating, allowing to double niobium and tantalum production during that period.

CASH-COST
per treated ton (US\$/tt)



Output indicators

Category	Indicator	Unit	2016	2015
Mine	Extracted mineral	t	6 384 275	5 205 409
	Sn grade in extracted mineral	%	0,20	0,21
	(NbTa) 2O5 grade in extracted mineral	%	0,25	0,23
Plant (concentration)	Ore treated in concentration	t	6 306 939	5 399 044
	Sn grade in ore treated in concentration	%	0,20	0,20
	(NbTa) 2O5 grade in ore treated in concentration	%	0,26	0,24
Plant (tin flotation)	Cassiterite	t	14 178	12 257,74
	Sn grade	%	48,49	46,86
	Tin content	t	6 875	5 744,04
Plant (metallurgy)	Columbite concentrate	t	4 664	5 283,12
	(NbTa) 2O5 grade	%	37,11	35,52
	Ferroalloys (FeNb, FeTa, FeNbTa) produced	t	1 840	2 169,68
Mining Unit	NbTa content grade	%	51,91	49,99
Mining Unit	Cost per treated ton	US\$/tt	18,6	18,1

Pit constrained Mineral Resources and Ore Reserves (December 2016)

Tonnage	Tons (Mt)	Grade %Sn	Grade %Nb2O5	Grade %Ta2O5									
				dec-15	Var. %	dec-16	dec-15	Var. %	dec-16	dec-15	Var. %	dec-16	
Resources	Measured	109,65	113,52	-3%	0,17	0,17	0%	0,21	0,21	0%	0,03	0,03	0%
	Indicated	172,93	176,86	-2%	0,13	0,13	0%	0,20	0,20	0%	0,03	0,03	0%
	Inferred	90,93	95,70	-5%	0,11	0,11	2%	0,19	0,19	0%	0,03	0,03	0%
Total Resources		373,51	386,08	-3%	0,14	0,13	0%	0,20	0,20	0%	0,03	0,03	0%
Reserves	Proven	96,50	109,42	-12%	0,18	0,17	4%	0,21	0,20	3%	0,03	0,03	4%
	Probable	113,82	121,56	-6%	0,14	0,14	3%	0,20	0,20	3%	0,03	0,03	4%
	Total Reserves	210,31	230,98	-9%	0,16	0,16	3%	0,21	0,20	3%	0,03	0,03	4%

Content of fines in Mineral Resources and Ore Reserves

Tonnage	Tons (Mt)			Content of fines Sn (Kt)			Content of fines Nb (Kt)			Content of fines Ta (Kt)			
	dec-16	dec-15	Var. %	dec-16	dec-15	Var. %	dec-16	dec-15	Var. %	dec-16	dec-15	Var. %	
Resources	Measured	109,65	113,52	-3%	189,7	196,4	-3%	228,5	235,7	-3%	31,0	32,2	-4%
	Indicated	172,93	176,86	-2%	216,2	221,3	-2%	342,2	350,3	-2%	47,0	48,1	-2%
	Inferred	90,93	95,70	-5%	100,1	103,4	-3%	175,9	185,4	-5%	24,3	25,6	-5%
Total Resources		373,51	386,08	-3%	506,0	521,1	-3%	746,6	771,4	-3%	102,3	105,9	-3%
Reserves	Proven	96,50	109,42	-12%	174,9	190,6	-8%	202,6	223,3	-9%	28,0	30,5	-8%
	Probable	113,82	121,56	-6%	163,0	169,5	-4%	231,0	239,5	-4%	31,9	32,8	-3%
	Total Reserves	210,31	230,98	-9%	337,9	360,1	-6%	433,6	462,8	-6%	59,9	63,3	-5%

Notes:

- Mineral Resources are inclusive of Ore Reserves.
- Mineral Resources are constrained to optimized pit shell limits, and the parameters and costs of the LOM plan December 2016.
- Mineral Resources and Ore Reserves have been calculated with a NSR cut-off of 10,85 \$/t.
- The Sn price used to estimate Mineral Resources is 23 394 \$/t (a 394 \$/t premium applies for the refined product's quality), for FeNb the price is 20,000 \$/t and for FeTa the price is 21 000 \$/t. In December 2015 the price was US\$ 20 500 \$/t for Sn and 20 598 \$/t for FeNbTa alloy.
- The Sn price used to estimate Ore Reserves is 19 394 \$/t (a 394 \$/t premium applies for the refined product's quality), for FeNb the price is 16 500 \$/t and for FeTa the price is 16 500 \$/t.
- Mineral Resources and Ore Reserves have been audited by an independent external auditor, Mining One (Australia), who concluded that they meet the JORC Code 2012 provisions.

SPR OF PIRAPORA

Though tin production in Pitinga grew significantly in relation to 2015, refined tin production only grew 6% in the SPR of Pirapora, mainly due to the limitations for starting-up and operating the sintering plant, which prevented us from monetizing the mine's largest tin output.

On the other hand, there were difficulties for tin recovery from slags and from tin accumulation in recirculating balls, with lower ore grades in the concentrates from slags.

Output indicators

Category	Indicator	Unit	2016	2015
Plant	Tin Concentrate fed – cassiterite	t	13 122	12 665
	Ore grade in cassiterite	%	46	46
	Concentrate in slags fed	t	5 595	2 003
	Sn grade in slags concentrate	%	18	22
	Sn Recovery	%	83	89
	Refined Sn production	t	5 873	5 525

6%

increase in refined
tin production es
mas pequeño y no
va punto al final

EXPANSION PROJECTS

MARCOBRE SAC. MINA JUSTA PROJECT

2016 Milestones

After consolidating ownership of 100% of Marcobre's shares, through our subsidiary Cumbres Andinas S.A., we remain committed to Mina Justa's development, focusing on meeting all requirements for its future operation:

- We have completed 76,6% of the feasibility stage. Marcobre expects to complete the Amendments to the Environmental Impact Assessment at the end of 2017, and get the funding approval for the implementation stage in the third quarter of 2017.
- Oxide and sulfide resources amounted to 432 TM as of December 2016, with an average grade of 0,75% Cu.
- Diamond drilling conducted between 2015 and 2016 was focused on condemnation works –outside the mineralization zone- and on the development of geotechnical and geometallurgical studies. Resources have been calculated using information from 1 609 drillings totaling 421 561 meters.
- Marcobre received several environmental licenses in the year: Supporting Technical Reports for the components of the project's preliminary works; the water area reserved for the multi-buoy terminal and sea water collection; and specific archaeological assessments.



Mineral Resources (December 2016)

Classification	Cut-off grade	Tons		Grades			Cu Content Million lbs	
		Mt	CuT %	CuAS %	CuCN %	CuR %		
Category 1: Oxide Mineral Resources at 0,15% CuAs cut-off grade (suitable for open pit mining)								
		CuAS (%)						
Measured	0,15	152,4	0,53	0,43	0,05	0,06	1 782	
Indicated	0,15	61,5	0,47	0,38	0,03	0,06	638	
Measured + Indicated	0,15	213,9	0,51	0,41	0,04	0,06	2 420	
Inferred	0,15	4,7	0,40	0,29	0,05	0,07	42	
Category 2: Sulphide Mineral Resources at 0,2% CuT cut-off grade (suitable for open pit mining)								
		CuT (%)						
Measured	0,20	79,8	1,19	0,15	0,66	0,38	2 096	
Indicated	0,20	77,9	0,83	0,07	0,21	0,54	1 432	
Measured + Indicated	0,20	157,8	1,01	0,11	0,44	0,46	3 528	
Inferred	0,20	37,9	0,74	0,05	0,22	0,47	615	
Category 3: Sulfide Mineral Resources at 0,6 CuT cut-off grade (suitable for underground mining)								
		CuT (%)						
Measured	0,60	6,7	1,57	0,05	0,11	1,41	233	
Indicated	0,60	2,6	1,29	0,12	0,22	0,95	74	
Measured + Indicated	0,60	9,3	1,50	0,07	0,14	1,28	308	
Inferred	0,60	8,3	1,36	0,08	0,30	0,98	248	
Category 4: Total oxide + sulfide resources (open-pit and underground mining)								
Measured	Variable	238,9	0,78	0,33	0,26	0,20	4 111	
Indicated	Variable	142,1	0,68	0,21	0,13	0,34	2 144	
Measured + Indicated	Variable	381,0	0,74	0,28	0,21	0,26	6 255	
Inferred	Variable	50,9	0,81	0,08	0,22	0,51	904	



Notes:

- Estimation of 2016 Mineral Resources has been prepared by AMC Mining Consultants Ltd. (Canada).
- Mineral Resources are constrained to the optimized pit shell limits and to appropriate underground stope shapes.
- Mineral Resources and Ore Reserves have been estimated using US\$ 3.18/lb Cu.
- Transitional ore (mixed) is considered in the total sulfide ore.
- Appropriate recovery, dilution and cost factors have been used in the pit shell optimization process.
- Mineral Resources have been audited by an independent external auditor, Mining One (Australia), who stated that they meet the JORC Code 2012 provisions.

TAILING REUSE PROJECT B2

2016 Milestones

We took the necessary actions to properly plan the B2 Project's development, which is essential for San Rafael MU:

- 50% of the feasibility stage has been completed. We expect to complete the Amendment of the EIA by the second quarter of 2017 and to obtain the funding approval to start the implementation stage in the third quarter of 2017.
- The project includes 7 600 000 MT of tailings, with a 1,05% tin grade and will contribute to produce 40 000 tons of fine tin, during a life of mine of approximately nine years.
- We expect the Concentrator plant B2 to start operating in the second quarter of 2019.

40 thousands

tons of refined tin with a life of mine of approximately 9 years.

50%

of Project B2 feasibility stage has been completed.

Resources (December 2016)

Classification	Sn Cut-off grade	Tons	Grades		TMF	Others	
	Sn (%)	Kt	Sn %	Cu %		Sn	S %
Measured	0,50	3 892	1,10	0,09	43 000	0,39	6,53
Indicated	0,50	3 721	1,00	0,09	37 000	0,33	7,23
Measured + Indicated	0,50	7 613	1,05	0,09	80 000	0,36	6,87
Inferred	0,50	100	1,31	0,15	1 000	0,51	6,53

Notes:

- Mineral Resources have been estimated using geo-statistical methods.
- Data was obtained through sonic and rotary drilling.
- Data involves 103 boreholes with a total of 2 750 m.
- Mineral Resources have been audited by independent and external auditors, Mining One (Australia), who stated that they meet the JORC Code 2012 provisions.



EXPLORATIONS

Our portfolio of mining concessions extends in 223 000 hectares, out of which 113 650 hectares are exploration mining properties. In 2016 we made progress in exploration in tin projects identified during the 2014-2015 campaigns in southern Peru, as part of our growth strategy.

NAZARETH PROJECT

We obtained satisfactory results in the metallurgical tests required in the additional infill drilling program in a 50 m x 50 m drilling pattern, to turn the current inferred resources into indicated and measured resources by 2017. The second infill campaign of 65 000 meters, using directional diamond drilling will start in February 2017.

Mineral Resources (December 2016)

Classification	Zones	Cut-Off	Tos.	Grades					TMF
				Sn (%)	Mt	Sn %	Zn %	Pb %	
Inferred	V. Nazareth	0,67	4,8	1,52	1,16	0,38	0,66	56,99	73 000
	8 Splits								
Total Inferred	V. Nazareth + 8 Splits	0,67	8,3	1,50	0,73	0,24	0,60	39,65	124 000

SANTO DOMINGO PROJECT



In the Santo Domingo Project we continued with a new diamond drilling campaign of 4 000 meters in 2016. However, based on the results obtained, a program extension was approved as well as its replacement for another one including 22 000 meters of additional traditional and directional diamond in 2017.

We also completed a series of field studies, detailed geological mappings, geophysical studies, geochemical samplings, among others, in the neighboring areas of San Rafael MU and the Nazareth Project, including 13 500 meters of traditional diamond drilling of new targets.

In parallel, we continued with our regional exploration program for assessing mining properties, aiming at clearing and renewing at least 10% of our portfolio per year and identifying new targets for advanced explorations. During this campaign we identified a new sulfide project with unusual tin values to the east of San Rafael MU, thus a

detailed study will be conducted and targets will be identified for diamond drilling in 2017. Furthermore, we have conducted explorations in our copper project Mina Marta, with an intense logging drill core campaign re-logging drill cores of former campaigns, and the design of a new diamond drilling campaign of 15 000 meters for 2017, aiming at turning inferred resources into indicated and measured resources in the central part of the deposit. In addition, we identified additional diamond drilling areas, aiming at increasing the mine's resources.

As of December 31 2016, we have drilled approximately 17 500 meters in the projects located in the neighboring areas of San Rafael MU. The expenditure incurred in these projects amounted to US\$ 10 million.

Towards 2017 we project 107 000 meters of diamond drilling in total in all MINSUR projects and 15 000 meters of additional diamond drilling in Mina Justa.



STANDARDS FOR OUR OPERATIONS AND SUPPLY CHAIN

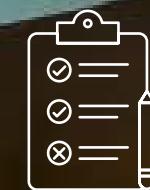
As part of our sustainability policy, and in accordance with market demands, we transferred our standards and good practices to our supply chain. Thus, we ensure that our main suppliers and contractors meet statutory provisions and promote an appropriate and safe environment. This have been prioritized in our management, both at the internal level as well as on the part of our stakeholders, recognizing the significance of the alignment between the company and the suppliers (deemed as strategic partners). **G4-DMA**

- We have clear policies and procurement procedures, in line with our principles and institutional values.
- Our suppliers and contractors have to adhere to our Code of Ethics and adjust to our safety and occupational health and environmental standards.
- During the selection process we use an assessment filter before starting a commercial relationship, promoting good practices and dismissing those not meeting them.

Procurement of goods and services (G4-EC9, G4-12)

Indicator	2016	2015
Number of active suppliers and contractors	1 389	1 401
Total goods and services purchased from suppliers and contractors (US\$)	198 508 000	202 627 932
Goods and services purchased from national suppliers and contractors (US\$)	185 228 544	188 443 977
Goods and services purchased from local suppliers and contractors (US\$)	7 590 253	13 379 522

In 2016, 100% of new suppliers and contractors were assessed in their employment, environmental, safety and occupational health, and social impact practices.



EMPLOYMENT OBLIGATIONS

We asked for information and conducted periodical employment audits to identify our suppliers' good and bad practices. Currently we have more than 130 strategic partners, out of which only 20 percent of them have incurred in any misconduct in 2016. (G4-LA14, G4-LA15)



SAFETY AND OCCUPATIONAL HEALTH STANDARDS

We audited and assessed suppliers to identify sub-standard actions and conditions while delivering the service. In 2016 we have focused on using Personal Protection Equipment (PPE), and addressing high-risk activities and works in substandard conditions.

FIRST MEETING OF STRATEGIC PARTNERS OF THE BRECA MINING DIVISION

In December 2016, the Safety and Occupational Health departments organized a meeting of strategic partners where we shared our company's vision to achieve world-class mining standards.

Furthermore, supplying companies and contractors who proved a good safety performance, in line with MINSUR's policies and values, were awarded

Besides adjusting standards, we focused on reducing costs in our supply chain, by renegotiating commercial and operating conditions of the agreements, and based on a new procedure to assess and approve the services hired, before a third party's job conformity.



ENVIRONMENTAL STANDARDS

In 2016 we included the Environmental Performance Indicators (EPI) for the supply chain. Besides, we assessed 60 contractors: 42% incurred in inappropriate environmental practices. (G4-EN32, G4-EN33)



SOCIAL STANDARDS

In 2016 we determined that three contractors had a negative impact on MINSUR social relations, due to the delay of payment to their employees and local companies, thus we initiated actions to remedy such situation. (G4-SO9, G4-SO10)

OPTIMIZATION OF STANDARDS OF SUPPLIERS AND LOCAL CONTRACTORS G4-EC9

In 2016, we continued promoting an increase in performance standards of local specialized companies that can offer goods and services to the several operating units of MINSUR, thus we:

- Promote competition among community and foreign suppliers.
- Implement service level indicators for services hired from community-based companies.
- Incorporate local companies in employment, environmental and safety and occupational health audits.
- Provide support for the preparation of technical and economic proposals.

We have a policy of “open books” with our main suppliers and local contractors, to review budget allocation when presenting a proposal and identify improvement opportunities.

In San Rafael MU we provided training for 14 canteens and restaurants in Antauta, aiming at improving service quality focusing on subjects such as customer service, food handling, storage, preparation, nutrition and balanced diet. In the short-term we expect to include subjects related to operating costs and administrative management.

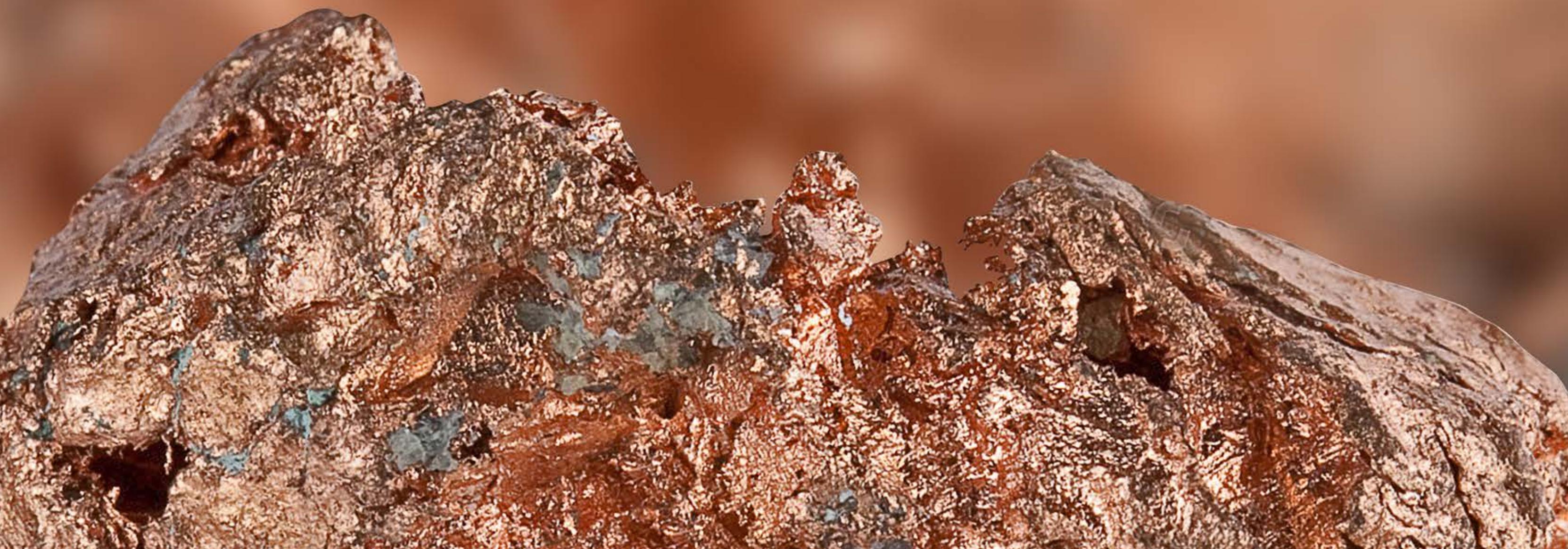
Since 2015 the number of local suppliers of goods and services increased, specially for transportation, housing and other services (stores, shops, gas stations, hardware stores, among others), amounting to more than 30 local companies.

Besides, in 2016 we conducted a census of restaurants and transportation services aiming at updating information on the number of current local companies, their characteristics and the conditions in which they operate. Such census also allowed identifying the quality of services and guiding our management's next steps.



SUSTAINABLE MANAGEMENT

05	Our people	55
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05. OUR PEOPLE



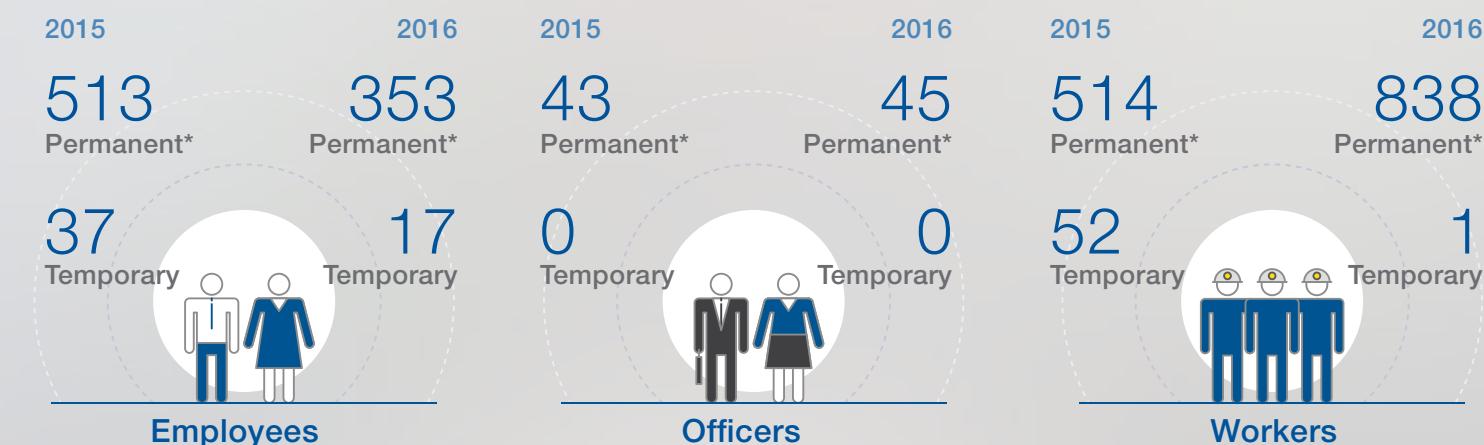
Development of people to retain the best talent

In MINSUR we want to attract and retain the best talent to enhance our corporate value proposal and organizational culture. In 2016, we have strengthened the conditions to ensure a merit-based system and achieve our objectives, through a sound performance management system that includes result calibration. This system has a strong impact on the responsibility of leaders as real people managers. **G4-DMA**

EMPLOYMENT PROFILE

We strengthened our operating cadres in 2016 and reduced the number of temporary work agreements, because we aim at generating spaces to retain the best market talent.

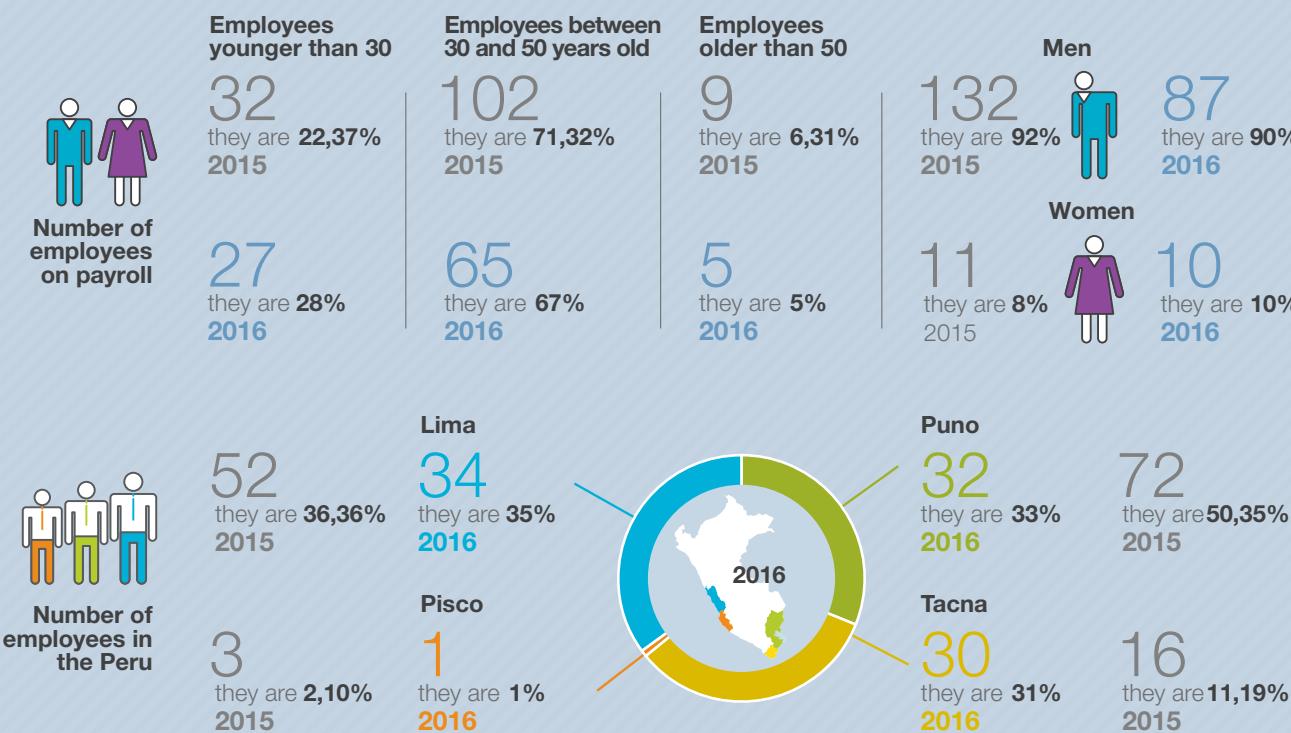
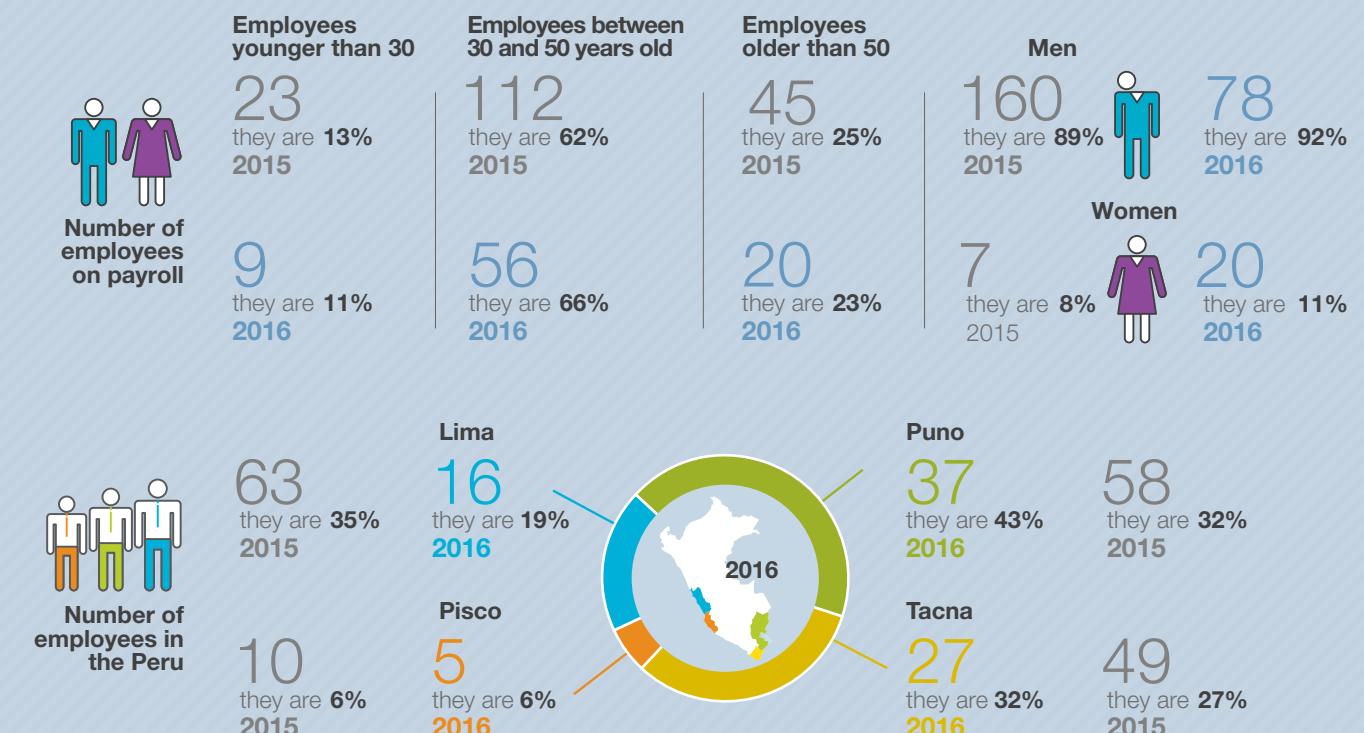
MINSUR staff composition G4-9 G4-10



*Variations in the number of permanent employees and workers from 2015 to 2016 are the result of changes in our statistical records derived from their update.

The rate of female turnover was lower than in 2015, which reflects that we are still within the mining industry's standards. Likewise, our youngest talents are rotating less every time, which is encouraging in our search to retain this group, which is permanently searching for challenges and professional development.

Total Collaborators
2015
1 159
Collaborators
2016
1 254
Collaborators

Recruitment G4-LA1**Turnover number and rate G4-LA1**

Though 100% of our workforce¹⁰ receive the corresponding legal benefits, we also provide a number of additional benefits. Thus, all our employees have a "Vida Ley life insurance since the first day of work¹¹; an individual health insurance through a private Health Care Provider (100% covered); and a cancer insurance, both for the employee and his/her dependents. For supervisor and manager levels there is a preferential insurance plan and a parking space in our facilities¹².



We also offer a meal program in our mining units, loans for emergency situations and social benefits that include work-family balance activities, support for education and health services, etc. G4-LA2

¹⁰ All our employees are full-time employees.

¹¹ It is mandatory, pursuant to the law, after the employee has been working for four years.

¹² We also provide transportation services for our employees working in the mining units.

HUMAN MANAGEMENT INITIATIVES IN OUR MINING UNITS IN 2016

SAN RAFAEL MINING UNIT

- The “Liderando” project (Leading), which strengthens leadership skills, trained 23 heads, supervisors and managers. The initiative had three steps: Diagnosis, Team Building and a Development Program, with four courses conducted in six months.

PUCAMARCA MINING UNIT

- “ADN-Aliados”, to become closer to the unit’s working areas.
- “Ideas de oro” (Golden ideas), which promoted innovation and continuous improvement in operating and supporting processes through the employees’ original ideas.

PISCO SMELTING PLANT AND REFINERY

- Implementation of the “Supérate” (Advance your career) program continued. It was launched by MINSUR for the company’s technical and operating staff. All the participants were trained, delivering 97% of the contents.



TALENT: ATTRACTION, TRAINING AND ASSESSMENT

We have in place two programs together with our current employees to attract profiles that may adapt to our culture and values:

- **Moving opportunities**, fosters internal promotion when a job position opens up: 63 promotions in the year.
- **Talent attracts Talent**, focused on recruiting people referred by our own employees in open recruitment process: 101 new hires through this system in 2016.

We also have complementary development programs aiming at boosting the best of every profile and retain them. **G4-LA10**

- **For our operating staff**, we started with the training for the “Supérate” project, technical training provided by Tecsup¹³, which conducted 85 courses for 689 employees. There was a significant increase of training hours for this program as compared to 2015.

Furthermore, we have outplacement programs for those leaving our company and, if necessary, we provide legal advisory for those retiring.

Average man/hours in training G4-LA9

Type	2016		2015	
	Category	Man/hours (average)	Category	Man/hours (average)
By gender	Men	108,4	Men	67,14
	Women	61,2	Women	64,94
	Officers	66,81	Officers	36,7
By job category	Employees	92,37	Employees	71,98
	Workers	126,9	Workers	62,29

On the other hand, we have improved our performance assessment process, which enabled us to continue consolidating our merit-based management and better managing our employees' skills and personal development.

Employees who received performance assessment G4-LA11

Type	2016		2015	
	Category	Percentage	Men	Percentage
Breakdown by gender	Men	23%	Men	24%
	Women	74%	Women	81%
Breakdown by job category	Officers	83%	Officers	9%
	Employees	78%	Employees	91%
	Workers	0%	Workers	0%

For the first time, we conducted a comprehensive assessment, known as 360-degree assessment for supervisors, managers and directors. Each assessed person received feedback and improvement plans to close the gaps identified.

06. SAFETY AND HEALTH MANAGEMENT



Reducing risks in our operations and mining infrastructures

In 2016, we prioritized physical risk management in our open-pit, underground mining and smelter operations, which include critical and complex infrastructure with a potential impact on safety and health.

Such prioritization is based on the emphasis we made on mitigating risks inherent to our operations, in which we manage tailings disposal sites treated with chemicals; pads (leach heaps) forming slopes and affecting land vulnerability; concentrating and crushing plants of major proportions; tunnels – in the case of underground mining – through which

our staff moves; or, vibrating or blasting systems affecting surface firmness. **G4-DMA**

MINSUR's sustainability policy, approved in 2016, includes Safety and Occupational Health guidelines, gathers the good safety and health practices of world-class mining companies, and the requirements of OHSAS 18001 standard on Safety and Occupational Health Management.

In 2016 Burea Veritas conducted the monitoring audits of OHSAS 18001:2007 certification to San Rafael MU, Pucamarca MU and SPR of Pisco verifying that the requirements are met.

SAFETY PERFORMANCE

Our main strength is promoting safe behaviors and providing a work environment free of risk for our employees and strategic partners.

Thus, we have implemented policies, standards, regulations, procedures, instructions, programs, training modules and safety and health initiatives to raise awareness, prevent and control hazards and risks in activities performed within and outside our facilities during the whole year.

In 2016, we developed the First Safety and Health Meeting of strategic partners, led by our General Manager, which gathered more than 30 leaders from contracting companies. In that event, the key aspects of the safety and health management system were reviewed, together with its historical performance, the strategic plan and safety and health goals and objectives. In addition, the contracting companies and strategic partners with the best safety and health performance were publicly awarded.

On the other hand, in 2016 we implemented the corporate safety and health audit with the support of external auditors. This process allows us verifying the implementation of management

and operating standards and a health program (hearing and breathing protection) in all mining units.

For the seventh consecutive year there were no fatal accidents, but we had five accidents resulting in loss of workdays with a frequency rate of 0,68. We recorded twenty accidents with recordable injuries, with a frequency rate of 2,71. On the other hand, Pucamarca MU had –for the fourth consecutive year– zero accidents resulting in loss of workdays, achieving the first position in the open-pit mining category in Peru's mining industry.

In April 2016, San Rafael and Pucamarca MUs were awarded because of their excellent safety performance in 2016, and received the Safety Trophy from the Mining Safety Institute for having obtained the first position in the underground and the open-pit categories, correspondingly.

Furthermore, in June 2016 we received the Excellence in Safety Award from La Positiva Vida insurance company, because of our excellent safety performance in 2015.



Safety Indicators per operational unit in MINSUR G4-LA6

Operation	Mining unit	Lost-time injuries		LTIFR*	
		2016	2015	2016	2015
Open-pit mine	Pucamarca	0	0	0	0
Smelting and refining plant	Pisco	1	0	1,38	0
Underground mine	San Rafael	4	1	0,72	0,19
Total		5	1	0,68	0,14

*Lost-Time Injury Frequency Rate.

SAFETY AND HEALTH INITIATIVES AND GOOD PRACTICES

- Implementation of the GPS system for monitoring vehicles for staff transportation, speed limits in specific sections and night traffic restrictions.
- Development of the first workshop for auditors on LOWLOSE standards for health and safety.
- Implementation of a thunderstorm detector system.
- Implementation of the Committee of Carriers transporting ore concentrate.
- Development of fatigue and/or drowsiness detection systems.
- Prevention safety shutdowns to address repeating high-potential events.
- Implementation of specific plans to control high-potential events and accidents resulting in loss of workdays.
- Permanent campaigns with workshops raising awareness to prevent finger and hand injuries.
- Education and training on safety and health related issues, according to Peruvian legal requirements and dissemination of the 19 safety and health operating standards to control critical risks.
- Dissemination of the Initiative "Rules for Life", the campaign on the "Right to say No", the campaigns to promote a work environment free of alcohol and drugs, and of the Safety Observer Program "Miners protecting miners", achieving an increase in the percentage of safe behaviors.
- Dissemination of Flash Reports, as well as of the newsletters on lessons learned from high-potential events and accidents resulting in loss of workdays.



SAFE CULTURE IN OUR UNITS



SAN RAFAEL MU

Quarterly meetings with the contractors' safety managers were held



PUCAMARCA MU

A plan to control exposure to mercury was developed. Moreover, drivers were awarded for their good driving behavior.



SPR OF PISCO

The employees' families were engaged in preventive safety training



OCCUPATIONAL HEALTH PERFORMANCE

Occupational health remained being a priority for our risk management in 2016, due to the impact of both job profiles and job environments that are part of the design of our infrastructures.

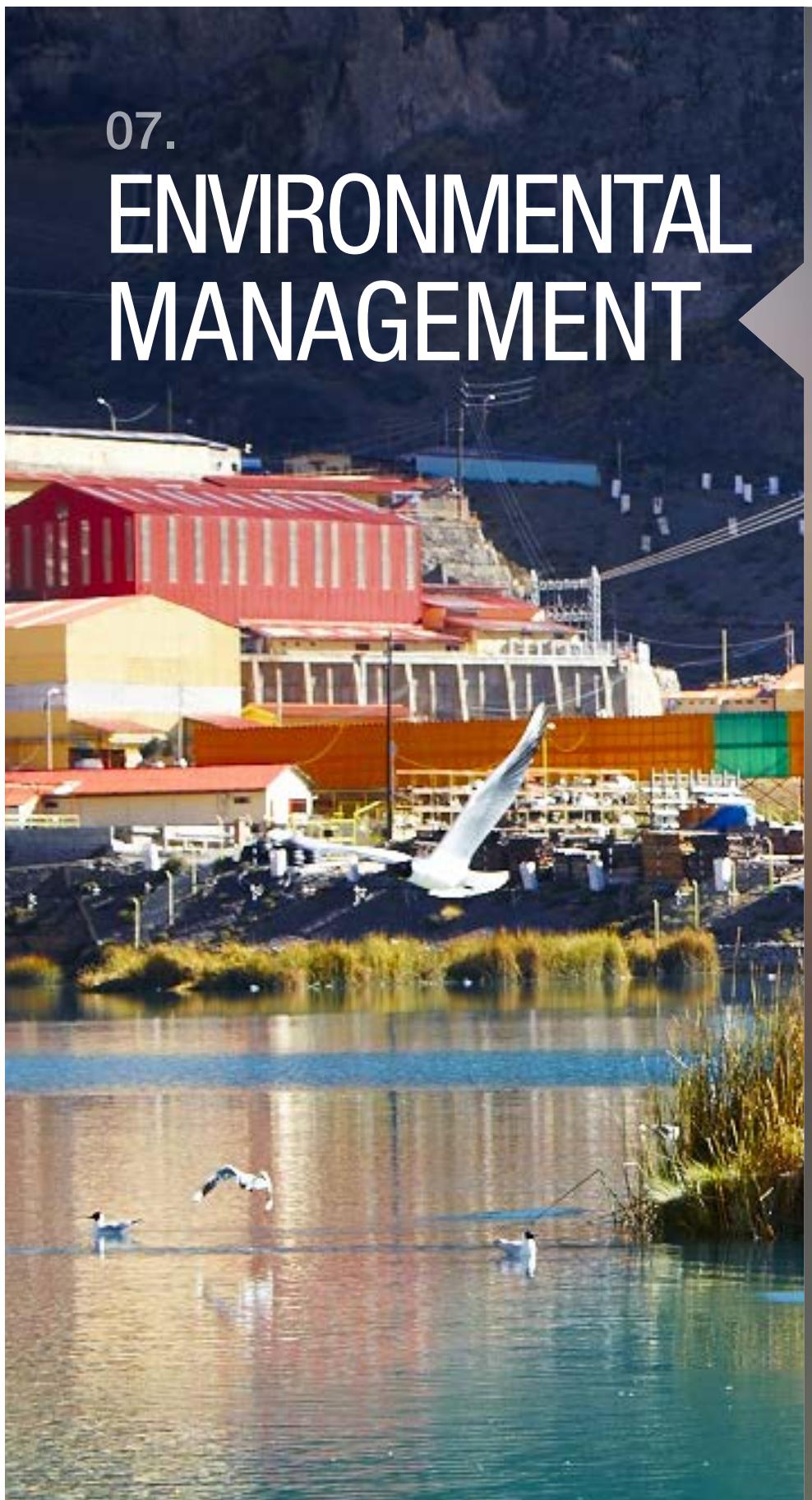
In our units, occupational diseases representing a higher risk are pneumoconiosis¹⁴ and noise-induced hearing loss¹⁵ because our employees are frequently exposed to dust, noise and metals. Thus, in 2016 we developed the following actions to diagnose and monitor occupational health:

- We developed the first audit on breathing and hearing protection standards.
- We supervised the health of workers exposed to metals.
- We implemented a fatigue and drowsiness standard and a Study on the quality of sleep of heavy machinery operators.
- We designed a plan to mitigate potential epidemic breakouts in our units.

¹⁴ Group of lung diseases produced by dust inhalation and, more frequently, the consequent settling of solid inorganic residues.

¹⁵ Partial loss of hearing capacity.

07. ENVIRONMENTAL MANAGEMENT



Comprehensive management of environmental risks and impacts

In 2016, together with our practice of assessing our potential environmental impacts, our environmental actions were in line with statutory compliance, with a constant attention to water resource management and with the prevention of impacts derived from hazardous input management, aspects that are also prioritized by our stakeholders.



ENVIRONMENTAL MANAGEMENT APPROACH G4-DMA

Our environmental sustainability is built from our processes, procedures and initiatives, reflected in our EMS Corporate Manual and Environmental Performance Indicators (EPIs) with which we assess our environmental protection efficiency.

Our mining units have received the ISO 140001:2004 certification, which validates our EMS and in 2016 the monitoring audits concluded satisfactorily and without observations. On the other hand, the SPR of Pisco was rectified this year.

Furthermore, we continued working on our Corporate Manual of Environmental Management Standards and updated procedures and tutorials in our mining units.

Moreover, as every year, we carried out our participatory environmental monitoring, fulfilling our commitments. In San Rafael MU monitoring was conducted in the Ramis River basin, together with the local Water Authority, while in Pucamarca MU four monitoring actions were conducted, including presentation of results and informative campaigns in the communities. G4-SO1

Environmental management approach



REGULATORY COMPLIANCE

We obtained 18 environmental licenses for our operating units in 2016, seven for San Rafael MU, eight for Pucamarca MU and three for the SPR of Pisco.

Over the years we have been audited by the Agency for Environmental Assessment and Enforcement (OEFA) without any observation. During that period of time no fines or monetary penalties were received based on environmental infractions or complaints. G4-EN29 G4-EN34

Environmental regulatory compliance in our units (G4-SO1)

Approvals received in 2016	
San Rafael MU	<ul style="list-style-type: none"> Licenses to operate in the B4 zone within the framework of the Amendment to the Environmental Impact Assessment (AEIA) of the tailings dam B2. The Supporting Technical Report (STR) to modify the tailings dam B3 and the potable water treatment plant. Authorization for wastewater discharge.
Pucamarca MU	<ul style="list-style-type: none"> The AEIA and the STR to expand the heap leach pad, treatment capacity, pit and life of mine, among others, which gave place to new socio-environmental commitments.
PFR of Pisco	<ul style="list-style-type: none"> The STR to expand the electrolytic plant. Authorization to operate the potable water treatment plant.

Compliance with closure plan (MM10) Approvals received in 2016		
	San Rafael MU	Approval of the Third Amendment to the Closure Plan, which changed the progressive and final schedule of closure activities.
	Pucamarca MU	Compliance with the progressive closure of 2,81 hectares.
	SPR of Pisco	A STR is being prepared to increase the slag storage area and relocate the air quality monitoring point.

Environmental investment in 2016 G4-EN31

Source	Operating units			
	San Rafael MU	Pucamarca MU	PFR of Pisco	
	Waste and emission treatment and rehabilitation costs ¹	343,02	213,71	38,90
	Prevention and environmental management costs ²	816,48	905,47	96,90
Total	1 159,50	1 119,18	135,80	

1 It comprises waste treatment and disposal, emission treatment, investment in maintenance, in compliance with the environmental management plan, among others.

2 These are related to environmental education and training, research and development, external certification of management systems, among others.

WATER RESOURCE MANAGEMENT

We have the necessary licenses to obtain water supply from local sources, respecting its different uses to contribute to the communities in our area of influence with efficient water management, through the initiatives of our units' Water Committees, which in 2016 did not allow any water source to be located in any protected areas, thus preventing any significant impact on them. **G4-EN9**



Water management in operating units		
Relevant facts in 2016		
 San Rafael MU <ul style="list-style-type: none"> Balance and study on comprehensive water management to optimize recirculation were prepared. 	 Pucamarca MU <ul style="list-style-type: none"> Reuse of 90% of water treated in the Timpure wastewater treatment plant. Automation of irrigation system in the heap leach pad. Use of a dust suppression system in the roads. Covering irrigated ore to prevent evaporation of cyanide solution, with 89% of water reused in the system. Update of hydrogeological study on the Azufre river sub-basin. Zero discharges to the environment. Development of the participatory monitoring program with Tacna communities and authorities. 	 SPR of Pisco <ul style="list-style-type: none"> Optimization of the smelter's gas-cooling process. 100% of water for human consumption used was treated and reused to irrigate living fences. Update of hydrogeological study. Zero discharges to the environment. Orientation towards water efficiency (use reduction).

Withdrawal from water sources in 2016 G4-EN8

Source	Volume (thousands of m³/year)		
	Operating units	San Rafael MU	Pucamarca MU
 Surface water		2 196,33	N.A.
 Underground water		2 365,20	445,60
Total		4 561,53	445,60
N.A. Not applicable.			
			267,20

Reused water in 2016 G4-EN10



1 400,00 m³
volume of reused water
(thousands of m³/year)

31 %
percentage of reused water
in relation to withdrawn water



369,80 m³
volume of reused water
(thousands of m³/year)

83 %
percentage of reused water
in relation to withdrawn water



56,10 m³
volume of reused water
(thousands of m³/year)

21 %
percentage of reused water
in relation to withdrawn water

CONTROL OF ENVIRONMENTAL IMPACTS

In line with our environmental management plans, we carried out multiple activities to control, mitigate and remediate our environmental impacts, without disturbing the environment significantly.

We meet high environmental standards and permanently monitor our operations' effluents, pursuant to our environmental management plans and the maximum permissible limits (MPL) and meeting current environmental quality standards (EQS).



Effluent and waste management in our units

Relevant facts in 2016



San Rafael MU

- Approval of license to increase wastewater discharge from 28 l/s to 348 l/s.
- Implementation of 23 waste minimization plans for our supply chain, monthly assessed.
- Application of solid waste indicators per produced fine ore tons.



Pucamarca MU

- Maintaining zero discharges to the environment.
- Joint work with a company in the area of influence to dispose waste to companies authorized by DIGESA
- Septic tank was replaced with a sludge wastewater treatment plant in Pucamarca camp.
- Activities engaging citizens (communities of Vilavilani, Palca and Ataspaca) encouraging appropriate waste management.



SPR of Pisco

- Maintaining zero discharges to the environment.
- Purchase of materials and inputs in bulk to reduce wastewater disposal costs.
- Training our employees and contractors on solid waste management procedures.
- Paper consumption fell 4% due to paper reuse for photocopiers and printers.
- Purchase of inputs decreased 5% (Big Bag, pallets, belts).

Effluents in 2016 G4-EN22

Source	San Rafael MU	Pucamarca MU	SPR of Pisco	Total
Industrial effluents	7 938,80	0	0	7 938,80
Domestic effluents	26,22	0	8,20	34,42

No significant spills of any kind were reported in our operating units in 2016; nonetheless, we have contingency and emergency plans to address any type of environmental incident. G4-EN24

We focus on searching alternatives in our processes to reduce energy consumption and greenhouse-gas emissions.

Energy and emission management in our units G4-EN6-EN19

Relevant facts in 2016



San Rafael
MU

- Electric-power saving campaign for domestic consumption.
- Replacement of mercury vapor, sodium and fluorescent light bulbs for LED light bulbs.
- Reduction of main ventilation fans' revolutions per minute during shift changes.



Pucamarca
MU

- Monitoring of minor vehicle emissions and maintenance tasks to those needing it.



SPR of Pisco

- Replacement of diesel-fueled power generators for natural gas-fueled generators.
- Optimization of the smelter's gas-cooling system to reduce water consumption and vapor emissions.
- Replacement of filters of dust collecting systems to improve resistance, lifetime and efficiency.

Energy consumption G4-EN3

(thousand of kWh)



12 035,25
Annual average



San Rafael
MU

1 700,00
Annual average



Pucamarca
MU

2 815,00
Annual average

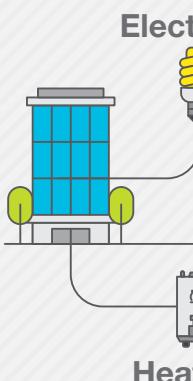


SPR of
Pisco

16 550,25
total

Consumption of purchased energy G4-EN3

(thousands of kWh)



144 423,02
annual average



496,80
annual average

19 642,00
annual average



98,00
annual average

27 250,00
annual average



0
annual average

436 565,02
total

594,80
total

Fuel from non-renewable sources G4-EN3



Diesel 2

1 478,46
thousand of gl



0
thousand of m³

1 069,20
thousand of gl



0
thousand of m³

0,24
thousand of gl



7 177,00
thousand of m³

2 547,90
thousand of gl in total

7 177,00
thousand of m³ in total

Emissions of SPR of Pisco are controlled through a baghouse filter system located in the three existing chimneys in the smelting, refining and by-product areas. Thus, dust accumulation generated by filtered gases is monitored. **G4-EN19**

Regarding direct greenhouse-gas emissions, 144 vapor tons were reported in 2016. **G4-EN15** It is worth adding that our operations do not emit ozone-depleting substances (ODS), NOx, SOx or any other significant air emissions. (**G4-EN20, G4-EN21**)

Air emissions recorded in the SPR of Pisco **G4-EN21**

Emissions	Level
Nitrogen oxide (NOX)	0
Sulfur oxide (SOX)	0,02 TM/day
Persistent organic polluters	None
Volatile organic compounds	None
Hazardous air polluters	None
Particulate matter	11,9 mg/m ³



San Rafael MU



Pucamarca MU



SPR of Pisco

We protect and monitor biodiversity in our operations' areas of influence. We have management plans approved by the competent authority. (**MM2, G4-SO1**)

Lands disturbed and rehabilitated in 2016 (Ha) **MM1**

Description	Operating units		
	San Rafael MU	Pucamarca MU	SPR of Pisco
Disturbed	-	49,13	-
Rehabilitated	-	2,81	-

Biodiversity management

Relevant facts in 2016

- Biannual hydrobiological monitoring of flora and fauna.

- Raising awareness to prevent illegal hunting and to respect the animal right of way.
- Lectures on respect to biodiversity.
- Afforestation with native species within the MU.

- Development of afforestation projects with native plants such as the huarango.
- Continuation of olive farming project that produces extra-virgin olive oil.
- Waste management plan that keeps forested areas clean.
- Vehicle and freight transport activities take place during daytime, with special care during bird and amphibian peak hours.



WASTE MANAGEMENT, MATERIALS AND TRANSPORT OF CHEMICAL INPUTS

We have contingency and emergency plans to address any contingency, as of strict controls on traffic flow and vehicle traffic requirements from and to our mining units.

Regarding hazardous, non-hazardous and mining waste management, we have specific guidelines for its transportation and disposal.

Non-hazardous waste in 2016 G4-EN23

Source	Weight (t/year)			Total	
	Operating units				
	San Rafael MU	Pucamarca MU	SPR of Pisco		
Reuse	41,37	N.A.	14,05	55,42	
Recycling	N.A.	105 718,00	255,59	105 973,59	
Composting	N.A.	22,00	87,80	109,80	
Landfill outside the unit	N.A.	105 723,00	111,33	105 834,33	
Landfill inside the unit	333,94	N.A.	295,20	629,14	
Others	N.A.	N.A.	N.A.	N.A.	

N.A. Not applicable.

Hazardous waste in 2016 G4-EN23

Source	Weight (t/year)			
	Operating units			Total
	San Rafael MU	Pucamarca MU	SPR of Pisco	
Reuse	N.A.	N.A.	N.A.	N.A.
Recycling	88,84	46,07	6,68	141,59
Final disposal in security landfill	454,60	42,13	28,75	525,48
Total	N.A.	N.A.	N.A.	N.A.

N.A. Not applicable.

Mining waste in 2016 MM3

Type of mining waste (t)	Operating units			Total
	San Rafael MU	Pucamarca MU	SPR of Pisco	
Discarded ore or rock	771 196,00	3 417 585,00	-	4 188 781,00
Tailings	1 007 042,00	N.A.	-	1 007 042,00

N.A. Not applicable.

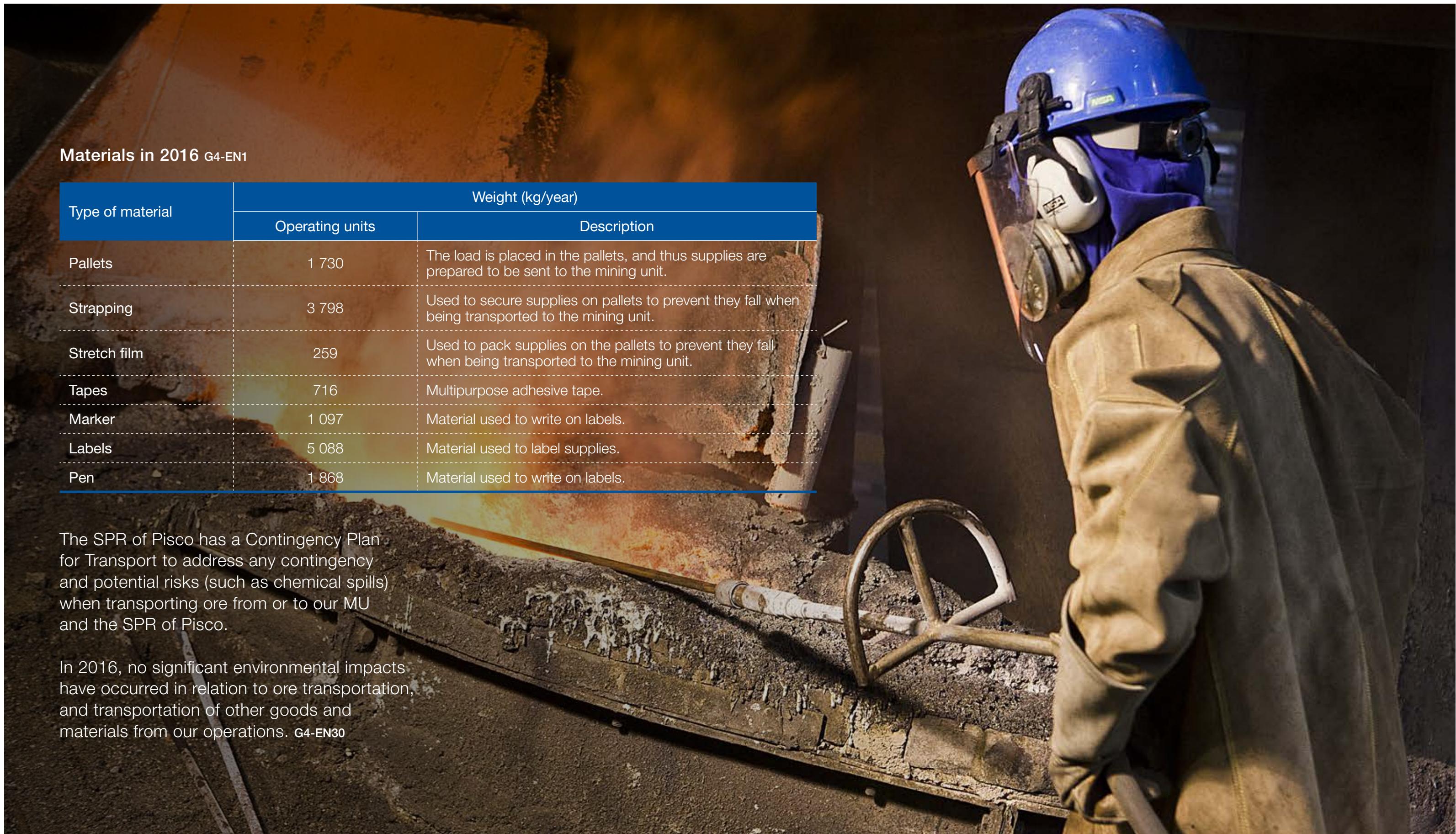
On the other hand, we endeavor to purchase renewable materials to pack our main products, to the extent possible, considering their technical, economic and environmental suitability.

Materials in 2016 G4-EN1

Type of material	Weight (kg/year)	
	Operating units	Description
Pallets	1 730	The load is placed in the pallets, and thus supplies are prepared to be sent to the mining unit.
Strapping	3 798	Used to secure supplies on pallets to prevent they fall when being transported to the mining unit.
Stretch film	259	Used to pack supplies on the pallets to prevent they fall when being transported to the mining unit.
Tapes	716	Multipurpose adhesive tape.
Marker	1 097	Material used to write on labels.
Labels	5 088	Material used to label supplies.
Pen	1 868	Material used to write on labels.

The SPR of Pisco has a Contingency Plan for Transport to address any contingency and potential risks (such as chemical spills) when transporting ore from or to our MU and the SPR of Pisco.

In 2016, no significant environmental impacts have occurred in relation to ore transportation, and transportation of other goods and materials from our operations. G4-EN30



08. CAPACITIES FOR OUR COMMUNITY



Building relationships and contributing to local development

Our social management is based on our commitment to develop and strengthen relationships of mutual trust with the local population, aiming at generating value for the company and society. All our social initiatives are shaped by our institutional policies, values and procedures, and they are also in line with the best practices observed globally.

SOCIAL MANAGEMENT APPROACH

Our social approach has been nurtured by our Sustainability Policy and our long-standing experience, aiming at fulfilling the social commitments assumed, and at contributing to the development of people in our areas of influence, by becoming facilitators of such process.

Social management principles

Trust

Effective relationship-building

Integration with the community through constructive dialogue and mutual respect, with a permanent and close communication with our local stakeholders.

Viability Social

Social risk management

Constant monitoring with a preventive approach and timely response to our stakeholders' concerns.

Development sustainable

Social investment

Contribution to the sustainable development of neighboring communities, with a participatory approach.

Efficiency

Resource optimization

Development of public and private strategic partnerships.

Values - Code of Ethics and Conduct
Effective communication
International Standards

OUR RELATIONSHIP WITH THE COMMUNITY

(G4-SO1, G4-SO2, MM5)

Our relationship-building approach towards the community is based on the promotion of transparent dialogue spaces with an active participation of our stakeholders. Furthermore, we comply with MINSUR's Corporate Code of Ethics and Conduct, which provides for responsible behaviors and for the creation of fair and open relationships.

We endeavor to be good neighbors of the communities where our operations are located, both in San Rafael MU and in Pucamarca MU¹⁶, appreciating their historical legacy as their ways of life. We participate in their festivities and local traditions considering them as significant spaces to build relationships and as an opportunity to show our respect for the local culture.

Relationship-building initiatives in 2016

SAN RAFAEL MINING UNIT

Sn

- Re-establishing relationships with the population of Larimayo and San Juan, setting up spaces for coordination and with a permanent office for livestock farming projects.
- Construction of a Storage Center for alpaca fiber with a storing capacity of 1 000 quintals, within the framework of the commitment assumed in the Round Table dialogue held in Ajoyani District.

PISCO SMELTING PLANT AND REFINERY

Sn

- Implementation of several campaigns, engaging the population, on healthcare issues and socio-economic entrepreneurship with vulnerable groups.
- Tours to the SPR.

PUCAMARCA MINING UNIT

Au

- Development of participatory environmental monitoring four times (one each quarter) with the participation of the Social Monitoring and Oversight Committee, to assess water quality in the area of operations. Results were communicated to the public through open workshops with the participation of the Committee, the media and the population concerned.
- Organization of a school recycling contest in Palca, Vilavilani and Ataspaca schools, called "Recycling in action", based on the manufacturing of products with recycled materials.



¹⁶ In San Rafael MU, we are neighbors of the communities of Ajoyani, Alto de la Alianza, Antauta and Queracucho; while in Pucamarca MU we are neighbors of the peasant communities of Palca and Vilavilani. MM5



Furthermore, we identified and monitored potential social risks, periodically updating socio-economic, political and cultural information of our area of influence. No significant negative social impacts occurred in 2016 because of our activities. **G4-SO2**

To address any type of social dispute we have a Complaint and Grievance Management

Procedure, which is a formal mechanism for our stakeholders to report their concerns. This way, we gather the information received from them as feedback for our social programs, aiming at enhancing them. During this period there were three social complaints – two of them in San Rafael MU and one in Pucamarca MU- directly related to local employment requirements.

- A Local Employment Committee was established in **San Rafael MU** to monitor the MU recruitment procedures, and two job positions were offered in MINSUR. Moreover, the number of local registered suppliers was increased.
- In **Pucamarca MU** we work based on the Social Support and Sustainable Development Agreement entered into in 2010 with the peasant community of Vilavilani, offering 30 job positions, all covered, and the peasant community of Palca with 29 job positions, out of which 27 are covered. (**G4-LA16, G4-SO11**)

It is worth indicating that no complaints were filed in 2016 in relation to the use of land or violation to customary rights of local communities. **MM6, MM7** No human rights complaints were filed either. **G4-HR12**



SOCIAL INVESTMENT (G4-SO1, G4-EC7, G4-EC8)

In 2016 our social investment was focused on socio-economic sustainability initiatives, related to infrastructure, health and nutrition, education and productive project initiatives. Our working approach is participatory, consultative and “multi-actor”, involving our different stakeholders of local relevance:

State, company and community. We also aim at leveraging resources from other sources such as NGO's and other investors.

In this period, we invested US\$ 2,69 million in social investment programs and projects in our three operating units.

Social lines of investment

Lines of investment	Description
Infrastructure	We developed public-private partnerships to conduct significant infrastructure works or we resorted to Work for Tax mechanisms.
Health and nutrition	We have programs that allow treating endemic diseases affecting vulnerable populations.
Education	We aim at improving educational skills of the population, as well as to improve their competitiveness.
Sustainable productive projects	We created projects with an impact on income generation, and improving employability of the population in our area of influence.



Investment in infrastructure and access roads G4-EC7

SAN RAFAEL MINING UNIT

Sn

- Maintenance and irrigation of Antauta-San Rafael access road.
- Preparation of proposals to apply for public funding offered by MINANCAF (Public Investment to Strengthen Environmental and Social Management of Indirect Impacts of the South Inter-Oceanic Corridor) and Fondoempleo to implement an Animal Husbandry Center in the peasant community of Queracucho and to build a dairy plant in the Larimayo basin, respectively, which will generate a S/ 2 million Soles investment.
- Enhancement of the Peña Azul – Los troncos water system, in the Palca community, with funds derived from Social Support Agreements.

PUCAMARCA MINING UNIT

Au

- Improvement and maintenance of access road to Vilavilani peasant community.
- Improvement of access road to Huanuni settlement of the Palca peasant community.



WORK FOR TAX MECHANISMS

In 2016 we started our first work under the Work for Tax mechanism in Orurillo, Melgar province (Puno), hand in hand with the District Municipality.

Likewise, we continued coordinating with other local and regional governments, and national authorities, aiming at implementing other projects under the same mechanism.



Work for Tax: Implemented works and works in progress G4-EC7

The first work financed under this mechanism is the project “Installation of potable water service and latrines in Surputira, Central, Huertuyo, Anccoccota, Choqueruyo and Cruz Unca sectors, of the Cuchupujio peasant community, Orurillo district, Melgar province, Puno.

Wok for Tax projects G4-EC7

SAN RAFAEL MINING UNIT

Sn

- The project “Improvement and Expansion of Basic Sanitation Services in Antauta”, Antauta District, Melgar province, Puno; with over S/ 11 million of investment was prioritized by the Ministry of Housing. Works shall be implemented in 10 months and will benefit 3 686 people.¹⁷

PISCO SMEILING PLANT AND REFINERY

Sn

- The Project “Improvement of Potable Water and Sewage system of the Vilavilani peasant community”, Palca district, Tacna. The counterpart is the District Municipality of Palca.

PUCAMARCA MINING UNIT

Au

- The project “Improvement of Educational Services of the school I.E.N° 22716 Carlos Noriega Jiménez” in Santa Cruz settlement, Paracas District, Pisco Province, Ica Department; with an investment of over S/ 14 million. It will benefit 6 955 people and its construction will take 13 months.

*IEP N° 72630 and IEI N° 1524610.

¹⁷ We shall mention that, at the moment we were finishing this report, the Ministry of Housing, Construction and Sanitation awarded the project to MINSUR, as a financer. Works are expected to start in April 2017.

Our social programs and projects are framed within previously established lines of investment, aiming at sustainability for local residents and considering their expectations and primary needs.

2016 SOCIAL PROGRAMS AND PROJECTS IN

SAN RAFAEL MU G4/S01

SUSTAINABLE PRODUCTIVE PROJECT

Livestock fences project

- Installation of livestock fences to improve livestock and pasture management conditions, through paddocks or boundaries between lands in the 11 sectors of the Antauta basin, with 354 beneficiary families.

Water and fodder management project

- Consolidation and expansion of operations of family reservoirs to improve pasture irrigation and livestock diet.
- Introduction of millers or grinders for fodder oats and training on how to prepare balanced food for cattle. Both activities were conducted within the framework of the Pro Ganadero (Pro-farmer) Project, with 534 beneficiary families from Larimayo and San Juan basins in the Antauta district.

“Fibra Emprendedora” project (Fiber entrepreneurship) (Kani)

- Training and organizing women to make yarn from alpaca fiber.
- Renewal of contacts and business agreements with national and foreign customers, with 100 women beneficiaries from Queracucho, Antauta and Ajoyani peasant communities.

EDUCATION

Scholarship program

- Comprehensive scholarships have been granted to pursue higher technical studies in Senati Juliaca (24 students), Escuela de Prácticos Agropecuarios of the Universidad Nacional del Altiplano in Puno (ten students), and Cetemin (7 students).
- Organization of two certification courses with Cetemin (36 participants). In addition, an internship program has been developed in our company, exclusively targeting young people from Antauta and Ajoyani (7 interns every six months).

HEALTH AND NUTRITION

Early childhood care (SUMBI)

- Inter-institutional coordination to articulate early childhood care interventions.
- Workshops on child nutrition and early stimulation with groups of parents from the area of influence, as well as workshops to empower local authorities on early child development and implementing two playgrounds in Ajoyani and Antauta.



2016 SOCIAL PROGRAMS AND PROJECTS IN PUCAMARCA MU G4-SO1

SUSTAINABLE PRODUCTIVE PROJECTS

Improvement of Peña Azul-Los Troncos water system

- Improvement of water channeling and distribution for irrigation of lands, with a 2,5 km pipeline in the Palca peasant community.

Strengthening of the capacities for guinea pig breeding and management

- Strengthening technical skills of 30 beneficiaries from the Club de Madres de Vilavilani (Association of Mothers), throughout the guinea pig breeding production chain.

HEALTH AND NUTRITION

Improvement of child nutritional levels

- Consolidation of an agreement between Diresa, the Palca District Municipality and MINSUR to develop a Child Nutrition Plan in Palca District.



2016 SOCIAL PROGRAMS AND PROJECTS IN THE SPR OF PISCO G4-SO1

EDUCATION

Multisectoral Committee against Violence against Women

- Co-participation in activities led by the Committee: participation in quarterly meetings, in the march "Speak up, silence kills" and in a billboard with the same slogan.

Workshops for vulnerable populations

- Workshops on gender equality, rights and people with special skills, etc.



DIRECT AND INDIRECT EMPLOYMENT

From MINSUR, we contribute to foster direct and indirect local employment through several initiatives, projects and programs facilitating the participation of local people, in line with our social management approach and sustainability objectives for our stakeholders.



Our contribution to local direct and indirect employment

SAN RAFAEL MINING UNIT

PISCO SMELTING PLANT AND REFINERY

PUCAMARCA MINING UNIT

Sn

Sn

Au

- 500 local jobs generated since 2014 in Antauta and Ajoyani through the Local Employment Promotion Plan.
- 45 local companies provide services to MINSUR and its contractors, with sales exceeding S/ 15 million.
- Local Employment Committees in Ajoyani and Antauta to monitor local employment procedures, collect complaints and be transparent with the population in the recruitment process.
- Preparation of a baseline of canteens or restaurants, lodging and transport companies.

10 skill improvement workshops
with local business carried out by the Pisco unit.

4 community companies
provide services and generate local employment in Pucamarca's influence zone.

Sn

Sn

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- 58 local jobs were created in MINSUR and 12 indirect jobs were generated to work for our contractors.
- Four community companies provide services and generate local employment.
- Training programs to Vilavilani residents in the González Vigil Institute on technical agriculture, informatics and digital technology.

CORPORATE GOVERNANCE

09 Corporate information 82



09.

CORPORATE INFORMATION



General information of our company

CORPORATE NAME

The name of the company is MINSUR S.A. Its administrative offices are located in Lima, Jirón Giovanni Batista Lorenzo Bernini 149, Office 501 – A, San Borja. Its phone number is (511) 215-8330.

It has three production units: New Mining Unit Quenamari San Rafael, located in the Antaura district, province of Melgar, Puno region; the Smelter Plant and Refinery of Pisco, located in Paracas district, province of Pisco, Ica region; and Pucamarca mining unit, located in Palca district, province of Tacna, Tacna region.

CORPORATE PURPOSE AND TERM

MINSUR S.A. activity is classified under code 1320 in Review 3.1, and code 0729 in Review 4 of the International Standard Industrial Classification (ISIC). It specifically exploits tin and gold ore.

According to its Bylaws, the corporate purpose of MINSUR S.A. allows to carry out all activities involving the mining industry, particularly the

exploration and exploitation of mineral deposits, processing their products, processing plants, mineral refining, as well as all related operations for these purposes. In addition, it may conduct any actions and enter into any agreement related to the mining business, as well as purchasing property, real estate and securities, and all those permitted by the law. Under its Bylaws, the company is organized for an unlimited duration.

INCORPORATION AND REGISTRATION IN THE PUBLIC REGISTRY

MINSUR S.A. was incorporated and began operations in October 6, 1977 by transforming the Peru branch of MINSUR Partnership Limited of Bahamas, called MINSUR SL, which had been operating in Peru since 1966, as per Deed certified by the Public Notary of Lima, Dr. Ricardo Fernandini Arana, registered in the folio 8, page 183 of Volume 17 of the Book of Corporations and other Legal Entities, of the Public Mining Registry of Lima.

HISTORICAL OVERVIEW G4-7

Our origin dates back to the beginning of the XX century, when Lampa Mining Company was the only mining company in the Puno region. Decades later, MINSUR Sociedad Limitada was established from this company. It was the Peruvian branch of MINSUR Partnership Limited in Bahamas, which was acquired by the Breca Group in 1977 to transform it in MINSUR S.A., a 100% Peruvian company.

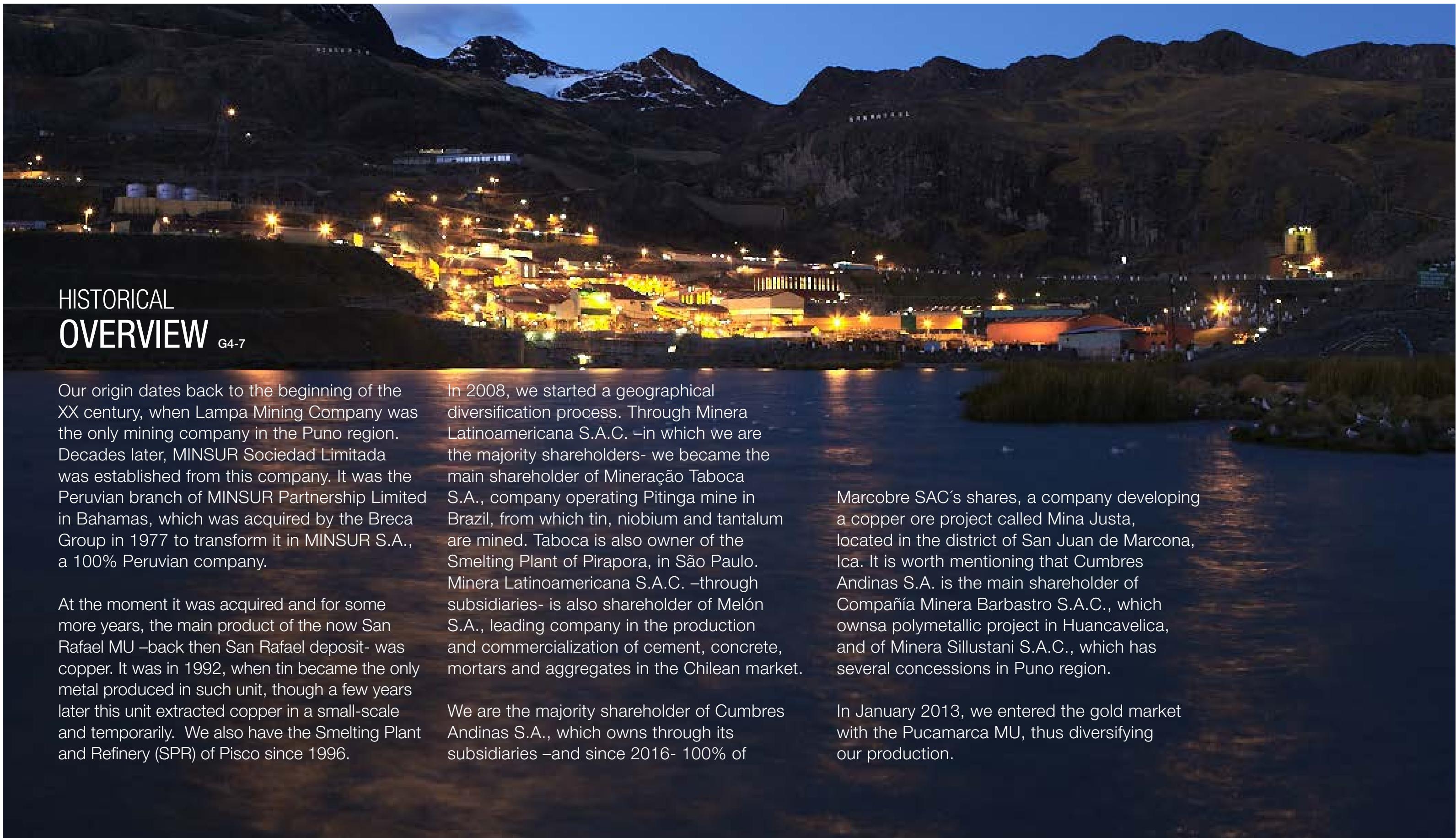
At the moment it was acquired and for some more years, the main product of the now San Rafael MU –back then San Rafael deposit- was copper. It was in 1992, when tin became the only metal produced in such unit, though a few years later this unit extracted copper in a small-scale and temporarily. We also have the Smelting Plant and Refinery (SPR) of Pisco since 1996.

In 2008, we started a geographical diversification process. Through Minera Latinoamericana S.A.C. –in which we are the majority shareholders- we became the main shareholder of Mineração Taboca S.A., company operating Pitinga mine in Brazil, from which tin, niobium and tantalum are mined. Taboca is also owner of the Smelting Plant of Pirapora, in São Paulo. Minera Latinoamericana S.A.C. –through subsidiaries- is also shareholder of Melón S.A., leading company in the production and commercialization of cement, concrete, mortars and aggregates in the Chilean market.

We are the majority shareholder of Cumbres Andinas S.A., which owns through its subsidiaries –and since 2016- 100% of

Marcobre SAC's shares, a company developing a copper ore project called Mina Justa, located in the district of San Juan de Marcona, Ica. It is worth mentioning that Cumbres Andinas S.A. is the main shareholder of Compañía Minera Barbastro S.A.C., which owns a polymetallic project in Huancavelica, and of Minera Sillustani S.A.C., which has several concessions in Puno region.

In January 2013, we entered the gold market with the Pucamarca MU, thus diversifying our production.



ECONOMIC GROUP

MINSUR S.A. is part of the economic group authorized by CONASEV (currently, the Peruvian securities regulator – SMV, in Spanish) and the Lima Stock Exchange (BVL, in Spanish), and Inversiones Nacionales de Turismo S.A., pursuant to CONASEV Resolution N° 090-2005-EF-94.10.

The abovementioned business group has investments in various economic sectors, such as: agriculture, construction, industry, real estate, mining, fishing, petrochemicals, health, financial services and insurance, tourism, as well as other activities and specialized services.

The main companies of this economic group are: AESA Infraestructura y Minería, Agrícola Hoja Redonda, Bodegas Viñas de Oro, Centria, Clínica Internacional, Comelven, Constructora AESA, CPPQ, Urbanova Exsa,

Intursa, Melón, Megriweld, MINSUR, Raura, Rímac EPS, Soldexa, Taboca, Tasa, Westfargo. In partnership with the Spanish group BBVA, it shares ownership of BBVA Continental; and together with Sigdo Koppers de Chile, it shares ownership of Nitratos del Perú.

SHARE CAPITAL, NUMBER AND NOMINAL VALUE OF SHARES

Since 2010, the share capital remained S/ 1 922 001 500, represented by 19 220 015 common registered shares with a nominal value of S/ 1,00 each, all fully subscribed and fully paid.

The abovementioned share capital was agreed at the Shareholder's Meeting, held on November 26, 2010, and specified in a Deed certified by the Notary Dr. Ricardo Fernandini

Barreda, on December 2, 2010, agreement that was registered in entry B 00006 of the Electronic Record N° 01141929 of the Legal Entities Registry of Lima and Callao. All MINSUR S.A. shares confer their holders the right to vote.

TYPES OF SHARES AND SHAREHOLDING STRUCTURE

MINSUR S.A. has no shares in the portfolio of own issuance or repurchased by the company, nor have the Shareholders – during the general meeting- delegated its powers to the Board to approve the rise of capital.

At the end of FY 2016, the company only had two common shareholders, out of which only one has a larger participation than 5%.



MINSUR shareholders

Shareholders	Participation(%)	Nationality	Economic group
Inversiones Breca S.A.	99,99995	Peruvian	(*)
Another shareholders	0,00005	Peruvian	(*)
Total	100,00	-	-

(*)Economic group presented to CONASEV (currently SMV-Peruvian securities regulator) by Inversiones Nacionales de Turismo S.A. on March 1, 2007 pursuant to Conasev Resolution N° 090-2005-EF-94.10.



Common shares

Ownership	Number of shareholders	Percentage of participation
Less than 1%	1	0,00005%
Between 1% - 5%	0	--
Between 5% -10%	0	--
More than 10%	1	99,99995%
Total	2	100,00000%

Equity stocks are registered in the Securities Public Registry, and are the only securities issued by MINSUR S.A. listed on the stock market.

As of December 31, 2016, the stocks issued by the company amounted to 960'999,163 shares of a nominal value of S/. 1 each.

Equity stocks

Ownership	Number of shareholders	Percentage of participation
Less than 1%	3 295	22,6606%
Between 1% - 5%	7	18,0519%
Between 5% -10%	4	28,4101%
More than 10%	2	30,8774%
Total	3 308	100,0000%

Mr. Emilio Alfageme Rodríguez Larraín, Attorney with CAL (Lima Bar Association) number 18694, who serves as Chief Legal Manager of the company is responsible for the Securities Department.

EVOLUTION OF STOCK PRICE

MINSUR S.A. Variable income

Code ISIN	Nemonic	Year - Month	Quotes 2016				Price
			Opening	Closing	Maximum	Minimum	
			S/	S/	S/	S/	S/
PEP622005002	MINSLI1	2016-01	0.500	0.500	0520	0.450	0.476
PEP622005002	MINSLI1	2016-02	0.500	0760	0.760	0.490	0.656
PEP622005002	MINSLI1	2016-03	0.760	1.030	1.100	0.760	0.897
PEP622005002	MINSLI1	2016-04	0.990	1.290	1.300	0.800	1.186
PEP622005002	MINSLI1	2016-05	1.290	1.220	1.370	1.140	1.221
PEP622005002	MINSLI1	2016-06	1.220	1.180	1.310	1.160	1.209
PEP622005002	MINSLI1	2016-07	1.230	1.330	1.370	1.180	1.246
PEP622005002	MINSLI1	2016-08	1.330	1.230	1.370	1.230	1.277
PEP622005002	MINSLI1	2016-09	1.270	1.300	1.350	1.230	1.285
PEP622005002	MINSLI1	2016-10	1.290	1.330	1.350	1.270	1.306
PEP622005002	MINSLI1	2016-11	1.310	1.440	1.520	1.300	1.413
PEP622005002	MINSLI1	2016-12	1.440	1.450	1.510	1.400	1.455

TAX TREATMENT

The company is governed by the Peruvian tax regime. As of December 31, 2016, the income tax rate is 28%. Furthermore, as of December 31, 2016, non-domiciled persons and natural persons are levied with

an additional dividend tax at a 6,8% rate. As of January 1, 2015, the Law 30296 entered into force introducing amendments to the Income Tax Law. The more relevant aspects were amendments to the income tax rate





and to the dividends withholding tax rates applicable to non-domiciled legal persons and natural persons in Peru. The amended tax rates are below:

	Income tax	Withholding tax rate on dividends
FY 2015 and 2016	28%	6,8%
FY 2017 and 2018	27%	8%
FY 2019 onwards	26%	9,3%

The Law also provides that, profit accumulated or other items that may generate dividends subject to tax, received as of December 31, 2014, and that are part of dividend distribution or of any other form of profit distribution, shall be subject to a 4,1% tax rate.

AMENDMENTS TO INCOME TAX LAW IN 2016

By Legislative Decree N° 1261 published on December 10, 2016, the Peruvian

government introduced amendments to the Income Tax Law, which will enter into force on January 1, 2017.

MARCOBRE S.A.C. LEGAL STABILITY AGREEMENT

On December 9, 2016, Marcobre S.A.C. entered into a Legal Stability Agreement with the Private Investment Promotion Agency (Proinversión), through which it undertakes to issue shares in favor of its Holding company for US\$ 135 300 000 within no more than two years, in order to expand the company's production capacity, and as a result the income tax and employment regimes -into force at the moment the Agreement was signed- remain stable.

This Agreement shall be in force for ten years since the moment it was signed by the Parties.

JUDICIAL, ADMINISTRATIVE OR ARBITRATION PROCEEDINGS

As a result of the review of the Income Tax returns of FY 2000 to 2010, the Company has been notified that it failed to pay S/ 129 182 000 (equivalent to US\$ 37 850 000) for Income Tax and Sales Tax. The Company has appealed such Resolutions, on the ground that they failed to abide by the Peruvian laws. To date these appeals are pending resolutions.

On the other hand, regarding the abovementioned appeals, for years the Company has been paying under protest the abovementioned sums, without waiving its right to complain or appeal before SUNAT, or to appeal before the Tax Court, as it may correspond. As of December 31, 2016 the balance paid under protest amounts to US\$ 25 922 000. The company has recognized the contingency as account receivables, considering its collection possibilities.

In the appeal filed by the Company for the FY 2002, the Company included a complaint for tax overpaid in that year amounting to S/. 104 708 000 (equivalent to US\$ 30 679 000). Such amount corresponds to a mistake that resulted in declaring an excessive capital gain in our tax returns, related to the sale of 9 847 142 stocks of Unión de Cervecerías Peruanas Backus y Johnston S.A.A. in July 2002. The Company shall recognize the asset related to this complaint when the Tax Administration reimburses the undue payment. The Management and its legal advisors consider that this appeal shall be favorably resolved for the company.

As of December 31, 2016, ten sanctioning administrative procedures have been initiated by (i) the Supervising Agency of the Investments in Energy and Mining (Osinergmin), (ii) the Agency for Environmental Assessment and Enforcement

(OEFA), (iii) the Ministry of Production (Produce), (iv) the National Water Authority (ANA) and (v) the Superintendency of Ground transportations for Passengers and Cargo (Sutran) against Minsur S.A., which could translate into fines adding up to no more than 13 550,00 Tax Units (UIT, in Spanish)¹⁸ that promote investment in the country, as well as the company's corrective measures and voluntary remediation, and the solid arguments –both legal and technical– presented by it, MINSUR will obtain favorable results that will considerably reduce such amount.

At the end of FY 2016, MINSUR S.A. had no other litigation, claim, liability or contingency, which according to our opinion and the one of our legal advisors, could have a significant impact on the company's financial statement. Likewise, during that FY no process has been concluded with a significant impact on the company's financial situation.

¹⁸ The value of a Tax Unit (UIT) in 2016 was S/ 3,950,00. However, the applicable UIT, as the case may be, shall be the one valid at the moment the administrative file is issued.

CORPORATE GOVERNANCE AND MANAGEMENT STRUCTURE

The Board of Directors is the highest executive body of corporate governance. It is comprised by a President, a Vice-President and five Directors, one of which is independent. Furthermore, we have one Alternate Director. Their professional career is outstanding and in most cases it is based on their experience in the mining industry.

The members of the Board of Directors have different specializations and skills favoring a plurality of approaches and opinions. It is worth mentioning that the President of the Board of Directors does not have the casting vote.

MINSUR Board of Directors G4-34

President	Fortunato Brescia Moreyra
Vice President	Alex Fort Brescia
Directors	Rosa Brescia de Fort
	Mario Brescia Moreyra
	Pedro Brescia Moreyra
	Jaime Araoz Medanic
	Miguel Aramburú Álvarez-Calderón

Proposals to form the Board of Directors come straight from the Board of Shareholders, allowing the election of Alternate Directors. Currently, the Alternate Director is Miguel Ángel Salmón Jacobs. A Strategy and Performance Management Committee has been formed inside the Board of Directors, in charge of reviewing and orienting the Management strategy proposal, validate the progress of strategic projects, monitoring the performance of each business division, understanding their main value drivers and monitoring the competitive environment, market trends and potential disruptions in each business division.

Furthermore, at the level of the Breca Group, there is a Corporate Risk and Audit Committee integrated by one member of MINSUR Board of Directors. This Group supervises that the company's internal control system works properly

and that the established policies are complied with, it monitors that timely and appropriate measures are taken to address identified and reported risks within the Committee, searches for information on issues, situations and potential risks to propose reviews and/or actions; and assesses the performance, result and compensation of the company's Internal Auditor.

On the other hand, our Management is led by a General Manager and eight corporate directors. Within this framework we have established a Compliance Committee to safeguard our Code of Ethics and Conduct, and a Crisis Management Committee to prioritize the protection of health, life, the environment, communities, corporate image/reputation, infrastructure, processes and/or equipment, in the event of a situation significantly affecting our operations.



PROFESSIONAL TRAJECTORY OF DIRECTORS

FORTUNATO BRESCIA MOREYRA

PRESIDENT OF THE BOARD

He is President of the Board of Directors of MINSUR since May 2013. Furthermore, he is Director of Breca, CEO of Marcobre and Compañía Minera Raura; he is also Vide-President of the Board of Directors of Agrícola Hoja Redonda, EXSA y TASA. He is a member of the Board of real estate companies owned by Breca, Rímac Seguros, Intursa, BBVA Continental, Corporación Peruana de Productos Químicos and Melón (Chile). Moreover, he is President of the Board of Directors of Aporta, a non-profit association created by Breca companies to promote sustainable development programs. He studied mining engineering, graduated from Colorado School of Mines, Colorado, USA y and the National Engineering University, Lima, Peru.

ALEX FORT BRESCIA

VICE-PRESIDENT

He is the Vice-President of the Board of Directors of MINSUR since May 2013. He is Co-President of Breca, President of the Board of Directors of the BBVA Continental, of Rímac Seguros and of Melón (Chile). Furthermore,

he is Vice-President of real estate companies owned by Breca and of Corporación Peruana de Productos Químicos. Moreover, he is a member of the Board of TASA, Intursa, Agrícola Hoja Redonda, Compañía Minera Raura and EXSA. He is a member of non-profit associations, such as Consejo Iberoamericano para la Productividad y Competitividad (Madrid, Spain), Endeavor Peru (Director), International Patronage of the Friends of the Prado Museum Foundation (Madrid, Spain), Patronage of the Arts of the Museum of Art of Lima, G-50 (Washington, D.C.), Council of the Americas and Americas Society (Nueva York), Latin America Business Council (CEAL), Advisory Council of the Center of Public Studies (CEP) in Chile and the Foreign Commerce Society of Peru (COMEXPERU, Director) and of the Board of Directors of Aporta. He graduated in Economics from the Williams College (USA), has an MBA from Columbia University (USA).

ROSA BRESCIA CAFFERATA WIDOW OF FORT

DIRECTOR

She is a member of the Board of Directors of MINSUR since 2014. Furthermore, she is member of the Board of Directors of Breca and its subsidiaries. She is also President of

the Board of Directors of the Peruvian Center for Hearing, Language and Learning (CPAL), non-profit institution devoted to education and rehabilitation of children, adolescents and adults. As a founder and Director of the Research group on xerophytes, she has published the book "Jardines verdes con poco agua" (Green Gardens with little water) (Lima 2005 – First edition, Lima 2010 – Second edition and Lima 2016 – Third edition), aiming at promoting crops of urban sustainable plants in the Peruvian coast. In 2010 she was awarded by the Congress with the Medal of Honor in the Rank of "Officer" for her contribution to rehabilitation and special education of people with hearing impairments. In 2009, she received the "Order of Merit for Distinguished Services" in the rank of "Commander", in recognition of her education work in CPAL and her contribution to research and promotion of xerophytes.

MARIO BRESCIA MOREYRA

DIRECTOR

He is Director of MINSUR since 2001 and Director of Breca. He is also the President of the Board of TASA, of EXSA and of Agrícola Hoja Redonda. He is also Vice-President of

Melon (Chile) and Intursa. He is a member of the Board of Directors of Rimac Seguros, of the real estate companies of Breca, BBVA Continental, Compañía Minera Raura and Corporación Peruana de Productos Químicos. Furthermore, he is a member of the Board of the National Fisheries Society in Peru, and Vice-President of the Board of Aporta. He graduated in Business Administration from the Ricardo Palma University (Lima, Peru).

PEDRO BRESCIA MOREYRA DIRECTOR

He is Director of MINSUR since 2011. Furthermore, he is Co-President of Breca. He is also President of the Board of Directors of Corporación Peruana de Productos Químicos, of the real estate companies of Breca and of Intursa. He is also Vice-President of Rímac Seguros and BBVA Continental, and member of the Board of TASA, EXSA, Minera Raura and Melón (Chile). Likewise, he is a member of the Board of Aporta. He graduated in Economics, with a specialization in Business Administration, from Boston University (United States).

MIGUEL ARAMBURÚ ÁLVAREZ-CALDERÓN DIRECTOR

Independent Director of MINSUR from September 13, 2012. He is President of the Board of Directors of Fenix Power, Director of Andino Investment Holdings, of Neptunia, of Graña y Montero, of Stracon GyM, of IFB-Certus and of Enfoca Investments. Former member of the Board of Castrovirreyerna Compañía Minera S.A., of Maestro Perú and of Pacífico Vida. He worked in Hochschild Mining PLC for 15 years, until March 2010, where his most recent position was CEO. He teaches postgraduate courses in the School of Senior Management (PAD) of the University of Piura. Industrial Engineer graduated from the Pontifical Catholic University. He has an MBA from the Graduate School of Business of Stanford University.

JAIME ARAOZ MEDANIC DIRECTOR

Director of MINSUR since March 2016. He is General Manager of Inversiones Breca, Estratégica (Breca's corporate center) and Holding Continental. He is member of the Board of Directors of Agrícola Hoja Redonda,

Clínica Internacional, Corporación Peruana de Productos Químicos, EXSA, the real estate companies of Breca, Intursa, Melón (Chile), Compañía Minera Raura, Rimac Seguros and TASA, as well as alternate Director of BBVA Continental. He is also member of the Board of Aporta and Director of the Instituto Peruano de Economía (Peruvian Institute of Economics). He graduated in Business Administration from the Lima University and has an MBA from Kellogg Graduate School of Management (United States).

MIGUEL ÁNGEL SALMÓN JACOBS ALTERNATE DIRECTOR

Alternate Director of the Board of Directors of MINSUR since March 2013. Currently he is also Alternate Director of BBVA Continental, Rímac Seguros, and of real estate companies of the Group, Agrícola Hoja Redonda, CPPQ, Exsa, Intursa, Raura and TASA. Furthermore, he is the Legal Corporate Manager of Estratégica (Corporate Center of Breca). He worked as Legal Manager in Armco Perú and in Sider Perú, and was Corporate Legal Manager of El Comercio Group. He graduated in law and political sciences from the Lima University.

OTHER ASPECT RELATED TO THE BOARD OF DIRECTORS

A Strategy and Performance Management Committee, a Crisis Management Committee and a Compliance Committee have been created within MINSUR S.A. Board of Directors.

Directors Fortunato Brescia Moreyra, Mario Brescia Moreyra and Pedro Brescia Moreyra are blood relatives in second degree of collateral line. They are also blood relatives in third degree of the collateral line with Director Rosa Brescia Cafferata. Likewise, they are blood relatives in fourth degree of the collateral line with Director Alex Fort Brescia. Director Alex Fort Brescia is blood relative in the first degree of the direct line with Mrs. Rosa Brescia Cafferata.

REMUNERATION OF THE BOARDS OF DIRECTORS

Remuneration of the Board of Directors in FY 2016, excluding the independent Director, represents el 0,00086%, and the one corresponding to the latter represents 0,014% of MINSUR S.A. gross revenues.

PROFESSIONAL TRAJECTORY OF MANAGERS

MINSUR structure adapts to the process of growth and diversification of its mining operations. The organization promotes a dynamic and horizontal way of working, in line with modern management.

Its departments are under the leadership of the best professionals. Each manager has been selected based on his/her talent, career, and values, contributing to the company's management with their experience, professionalism and commitment.

JUAN LUIS KRUGER SAYÁN GENERAL MANAGER

He is General Manager of MINSUR since March 2013. For over 10 years, he has been in Senior Management positions in multinational companies of the mining, finance, telecommunications and consumer goods industries in several countries of South America, and has experience as a consultant in strategic management in McKinsey. Former Executive Vice President of Gold Fields Ltd. for South America and General Manager of Gold Fields La Cima S.A.A. He also was the CEO of LAN Perú S.A. and CFO of Glencore for the regional operations. Graduated in Business Administration from the Pacific University, Peru. He has a Master in Business Administration from Harvard University, USA.

ENRIQUE RODRÍGUEZ CERDEÑA DIRECTOR OF PROJECTS

He is Director of Projects of MINSUR since May 2015. He has 30 years of experience in project development, 21 of which have been devoted to the mining industry. Furthermore, he has been Vice-President of Projects in Antamina; Director of Projects in Anglo America for Michiquillay and Quellaveco projects; and Project Manager of Pan Pacific Copper in Peru and of Newmont Mining Corp, in Peru and Ghana, Africa. He graduated as a civil engineer from the Pontifical Catholic University of Peru, with management studies in the University of Piura, as well as several studies on advanced social management with Cambridge and Queensland Universities, and on Project management with IPA, Crestcom and other specialized institutions.

LUIS ARGÜELLES MACEDO
DIRECTOR OF OPERATIONS

He is Director of Operations of MINSUR since December 2012. He has 25 years of experience in the mining industry, serving in senior management positions. Civil engineer, graduated from the Pontifical Catholic University of Peru, with Senior Management studies from the University of Piura (Lima premises), as well as various studies at Berkeley University, Crestcom and other institutions.

GONZALO QUIJANDRÍA FERNÁNDEZ
DIRECTOR OF CORPORATE AFFAIRS

He is the Director of Corporate Affairs of Minsur since September 2013. Formerly, he served as Director of Corporate Affairs of Barrick Misquichilca and was the Manager of Corporate Affairs of Compañía Minera Antamina. Attorney, graduated from the Pontifical Catholic University of Peru, was a Fellow of the Nieman Foundation at Harvard University. He has a specialization in mining management from the Pontifical Catholic University of Chile and has taken communication courses in the Theodore Haus Academie of Gummerbach, Germany, and Community Relations courses in Orissa, India. He participated in the Advanced Management Program of the School of Senior Management (PAD) of the University of Piura.

GIANFLAVIO CARROZZI KELLER
DIRECTOR OF FINANCES

He is Director of Finances since January 2015. Formerly he was Corporate Chief Financial Officer from September 2013 to December 2014. Before that, he held management positions in the financial departments of Hochschild Mining Plc and General Motors in New York. He has more than 10 years of experience in the mining sector. Economist, graduated from the Pacific University. Postgraduate studies in Business Administration, with a specialization in Finance, from the University of Michigan.

RALPH ALOSILLA-VELAZCO
DIRECTOR OF LOGISTICS AND
INFORMATION TECHNOLOGY

He is Director of Logistics and Information Technology of MINSUR since November 2015. Formerly he was Vice-President of Logistics and Marketing at Gold Fields La Cima S.A. and he had several management positions in companies of the Glencore Group and Southern Perú Copper. He has more than 20 years of experience in the mining sector. Industrial engineer graduated from the Lima University. He has a Master in Global Business Administration from the Business School of the Pontifical Catholic University of Peru, and also an MBA from Tulane University.

ÁLVARO ESCALANTE RUIZ
DIRECTOR OF HUMAN RESOURCES

He is Director of Human Resources of MINSUR since October 2014. Bilingual executive with 20 years of management experience in Sales, Marketing, Consultancy and in the last 15 years in Human Resources. He has worked in national and transnational companies of various sectors, such as mass consumption, education, industry and mining. He has been a teacher in the Postgraduate School of the Peruvian University of Applied Sciences (UPC) and of the Andrés Bello University of Chile. He has also been executive coach and is a columnist of Aptitus magazine, edited by Gestión. He graduated in Business Administration from the Pacific University, has an MBA from the Pontifical Catholic University of Chile.

RAFAEL SALAZAR TAFUR
DIRECTOR OF INTERNAL AUDIT

He is Director of Internal Audit of MINSUR since July 2011. He has been a member of the Internal Revenues Service Advisory Committee of SUNAT, of the Tax and Economic Committee from CONFIEP, and a representative of the Committee for Accounting Standards. He is a member of the Institute of Internal Auditors of Peru, certified as a Quality Auditor and also has the Certifications in Risk Management Assurance (CRMA). Certified Public Accountant graduated from the Pontifical Catholic University of Peru.

ANNEXES

On this Report

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GRI Table of Contents

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10. ON THIS REPORT

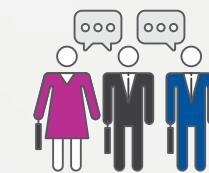


GRI methodology implementation process

The Report hereof gathers information on compliance pursuant to the SMV (Peruvian securities regulator) requirements and the Global Reporting Initiative (GRI) methodology. This is the second report with this characteristic, and it is the third time we use the GRI methodology to prepare our report. **G4-29**

In this Report, we make available information on our environmental, economic, operational, health and occupational safety and social management for our stakeholders. Information provided in the Report hereof comprises the Fiscal Year from January 1 to December 31, 2016. **G4-28** Our reports are issued annually. **G4-30**

Reporting stages **G4-18**



Initial Collection

Meetings with internal specialist and General Management to identify key aspects of our management in 2016.



Workshop on risks and relevant issues

Definition of relevant subjects for the Executive Committee to manage the company, based on risk identification.



Inquiry with stakeholders

Inquiry with stakeholders (shareholders, employees, contractors, media and civil society) on the impact of each relevant subject on them.



Definition of materiality

With our stakeholders' feedback and the information provided by our Executive Committee, we established the priority subjects for MINSUR's management in 2016, which resulted in 10 material issues.



Allocation of GRI indicators

Once we have the material issues, we link them to the corresponding GRI G4 aspects and to the basic specific contents offered by the GRI guidelines.

MATERIAL ASPECTS FOR THE ANNUAL REPORT 2016 AND SCOPE OF REPORTED GRI G4 ASPECTS

G4-18, G4-19, G4-20, G4-23, G4-24, G4-27

Material issues	GRI-G4 related aspects	Scope	Stakeholders related to the GRI aspect
 ① Environmental impact control	Biodiversity	External	Authorities and Communities
	Emissions	External	Authorities and Communities
	Effluents and waste	External	Authorities and Communities
	Regulatory compliance	External	Authorities
 ② Management of chemical inputs	Materials	Internal	Authorities
	Transport	Internal and external	Contractors and suppliers, Authorities, Communities
	Water	Internal and external	Authorities and Communities
 ③ Water supply	Effluents and waste	External	Authorities and Communities
	Sectoral	Internal	Authorities and Communities
	Environmental grievance mechanisms	External	Civil society, Communities
	Local Communities	External	Communities
 ④ Compliance with environmental standards	General	Internal	Authorities
	Social impact complaint mechanisms	External	Communities
	Labor-management relations	Internal	Employees
 ⑤ Social conflict management	Labor practice grievance mechanism	Internal	Employees
	Human rights grievance mechanism	Internal and external	Employees, Contractors and Suppliers, Communities
	Sectoral	Internal	Authorities

G4-18, G4-19, G4-20, G4-23, G4-24, G4-27

Material issues	GRI-G4 related aspects	Scope	Stakeholders related to the GRI aspect
 ⑥ Customer value proposal	Customer health and safety	Internal and external	Employees, Contractors and suppliers
	Product labeling and services	Internal and external	Customers
	Economic performance	Internal and external	Shareholders, Employees, Customers, Contractors and suppliers, Communities, Authorities
	Procurement practices	Internal and external	Contractors and suppliers
 ⑦ Community/local supplier standards	Suppliers' environmental assessment	Internal	Contractors and suppliers
	Assessment of suppliers' employment practices	Internal and external	Contractors and suppliers
	Assessment of suppliers' impacts on society	Internal and external	Contractors and suppliers
 ⑧ Critical infrastructure management	Health and occupational safety	Internal and external	Employees, Contractors and suppliers
 ⑨ Talent attraction and retention	Recruitment	Internal	Employees
	Training and development	Internal	Employees
 ⑩ Mining sites' quality and economic value	Economic performance	Internal and external	Shareholders, Employees, Customers, Contractors and suppliers, Communities, Authorities
	Indirect economic consequences	External	Communities

GRI TABLE OF CONTENTS

In the following table we indicate the indicators reported according to the “Essential” conformity option of the Global Reporting Initiative G4 Guide.



GENERAL BASIC CONTENTS

Contents	Description	Page or direct response	External verification
G4-1	Statement of the main responsible of the organization's decisions on the significance of sustainability for the company.	3-5	No
G4-2	Main impacts, risks and opportunities.	18-23	No
G4-3	Name of the organization/company.	See cover	No
G4-4	Most important brands, products and services.	7	No
G4-5	Address of the organization's headquarters.	81	No
G4-6	Countries where the organization operates.	7, 8	No
G4-7	Nature of the ownership regime and legal form	7, 82	No
G4-8	Markets served by the organization.	29	No
G4-9	Size of the organization, considering number of employees, operations, sales or net income, among others.	26, 28, 54	No
G4-10	Number of employees by employment contract and gender.	54	No
G4-11	Percentage of employees covered by collective bargaining agreements.	38% of the total number of MINSUR employees	No
G4-12	Organization's supply chain.	51	No
G4-13	Significant changes implemented during the period under analysis in the organization's size, structure, shareholding ownership or supply chain.	7	No
G4-14	How the organization addresses the precautionary principle.	24, 30	No
G4-15	Charters, principles, or other external initiatives of an economic, environmental and social nature, which the organization subscribes or has adopted.	24, 30	No
G4-16	National and International promotion associations and organizations, to which the organization belongs.	13, 15	No
G4-17	Entities included in the organization's consolidated financial statements and other equivalent documents.	MINSUR S.A.	No
G4-18	Process followed to determine the report's content and aspect boundaries.	94, 95, 96	No

GENERAL BASIC CONTENTS

Contents	Description	Page or direct response	External verification
G4-19	Material aspects identified in the report's content definition process.	95, 96	No
G4-20	Scope of each material aspect inside the organization.	95	No
G4-21	Limit of material aspects outside the organization.	All identified material aspects apply to our operations in MINSUR S.A. in Peru and our stakeholders.	No
G4-22	Consequences of restatements of information included in previous reports and their reasons.	There are no restatements regarding previous reports.	No
G4-23	Significant changes of the scope and boundaries of each aspect, as compared to previous reports.	There are no significant changes in terms of scope and boundaries. 95, 96	No
G4-24	Stakeholders related to the organization	17, 95, 96	No
G4-25	Basis for selecting stakeholders with whom to engage.	16	No
G4-26	Organization's approach to stakeholder engagement (frequency, engagement in the reporting process, among others).	16, 17	No
G4-27	Key issues and problems arising from stakeholder's engagement.	95, 96	No
G4-28	Reporting period	94	No
G4-29	Date of last report.	94	No
G4-30	Reporting cycle.	94	No
G4-31	Contact person for questions on the report's content.	Analía Calmell del Solar. Direction of Corporate Affairs analia.calmelldelsolar@minsur.com	No
G4-32	Reporting modality	"In accordance - Core"	No
G4-33	Valid policies and practices of the organization regarding the report's external verification.	We do not have valid policies regarding external verification of the report.	No
G4-34	Organization's governance structure.	88	No
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	12	No

SPECIFIC BASIC CONTENTS

GRI-G4 Aspects	GRI-G4 Indicator	Page or direct response	External verification
Economic performance	G4-EC1: Direct economic value generated and distributed.	28	No
Indirect economic consequences	G4-EC7: Development and impact of infrastructure investments and services supported. G4-EC8: Significant indirect economic aspects and their extent.	74, 75, 76 74	No No
Procurement practices	G4-EC9: Percentage of spending on local suppliers at significant locations of operation.	51	No
Employment	G4-LA1: Total number and rates of new employee hires and employee turnover by age group, gender and region. G4-LA2: Additional benefits provided to full time employees that are not available to temporary or part-time employees, according to main business units.	55 55	No No
Occupational health and safety	G4-LA6: Type of injury and rates, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender. G4-LA9: Average hours of training per year per employee by gender, and by employee category.	59 57	No No
Training and education	G4-LA10: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. G4-LA11: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	57 57	No No
Supplier assessment for labor practices.	G4-LA14: Percentage of new suppliers that were screened using labor practices criteria. G4-LA15: Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	51 51	No No
Labor practices grievance mechanisms	G4-LA16: Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms.	73	No
Materials	G4-EN1: Materials used by weight or volume.	70	No
Energy	G4-EN3: Energy consumption within the organization. G4-EN6: Reduction of energy consumption.	67 67	No No

SPECIFIC BASIC CONTENTS

GRI-G4 Aspects	GRI-G4 Indicator	Page or direct response	External verification
Water	G4-EN8: Total water withdrawal by source.	65	No
	G4-EN9: Water sources significantly affected by withdrawal of water.	65	No
	G4-EN10: Percentage and total volume of water recycled and reused.	66	No
Emissions	G4-EN15: Direct Greenhouse Gas emissions.	68	No
	G4-EN19: Reduction of Greenhouse Gas (GHG) emissions.	67, 68	No
	G4-EN20: Emission of ozone-depleting substances.	68	No
Effluents and waste	G4-EN21: NOx, SOx and other significant air emissions.	68	No
	G4-EN22: Total water discharge by type and treatment method.	66	No
	G4-EN23: Total weight of waste by type and treatment method.	69	No
Regulatory compliance	G4-EN24: Total number and volume of significant spills.	67	No
	G4-EN29: Monetary value of significant fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations.	64	No
	G4-EN30: Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting the staff.	70	No
General	G4-EN31: Breakdown of environmental expenditures and investment by type.	64	No
Supplier's environmental assessment	G4-EN32: Percentage of new suppliers that were screened using environmental criteria.	51	No
	G4-EN33: Significant, real and potential negative environmental impacts in the supply chain, and actions taken.	51	No
Environmental grievance mechanism	G4-EN34: Number of environmental grievances filed, addressed and resolved through formal grievance mechanisms.	64	No
Local Communities	G4-SO1: Percentage of operations with implemented local community engagement, impact assessments and development programs.	63, 64, 68, 72, 74, 77 y 78	No
	G4-SO2: Operations with significant actual or potential negative impacts on local communities.	72, 73	No

SPECIFIC BASIC CONTENTS

GRI-G4 Aspects	GRI-G4 Indicator	Page or direct response	External verification
Supplier assessment for impacts on society	G4-SO9: Percentage of new suppliers that were screened using criteria for impacts on society. G4-SO10: Significant actual and potential negative impacts in the supply chain and actions taken.	51 51	No No
Grievance mechanisms for impacts on society	G4-SO11: Number of grievances on social impacts filed, addressed and resolved through formal grievance mechanisms.	73	No
Human Rights grievance mechanism	G4-HR12: Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanism.	73	No
Product and service labeling	G4-PR5: Results of surveys measuring customer satisfaction. MM1: Amount of land disturbed or rehabilitated. MM2: Sites requiring biodiversity management plans. MM3: Total amount of overburden, rock, tailings and sludge, and associated risks. MM4: Number of strikes and lockouts exceeding one week's duration.	29 68 68 69 No strikes were conducted in our units during the reported period.	No No No No No
Indicators of the Mining and Metals Sector Supplement	MM5: Total number of operations taking place in or adjacent to indigenous peoples' territories and number or percentage of operations or sites where there are formal agreements with indigenous peoples' communities. MM6: Number and description of significant disputes related to land use, customary rights of local communities and indigenous peoples. MM7: Utilization of grievance mechanisms to solve disputes related to land use, customary rights of local communities and indigenous peoples. MM10: Number and percentage of operations with closure plans.	72 73 73 64	No No No No



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