

# ANNUAL INTEGRATED REPORT 2015

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 2015. Notwithstanding the responsibility of the issuer, the signatories are liable for its content pursuant to applicable statutory provisions.

**Juan Luis Kruger Sayán**

General Manager



**Fortunato Brescia Moreyra**

President of the Board of Directors



LETTER FROM  
THE PRESIDENT  
OF THE BOARD OF  
DIRECTORS



## DEAR SHAREHOLDERS

It is a pleasure to present, for the first time, the Annual Integrated Report 2015: Corporate Management and Sustainability, as well as the Audited Financial Statements, which jointly summarize the most outstanding facts in the company's management during the last year, pursuant to the requirements of the Superintendency of Securities, and in accordance to the "core" option of the Global Reporting Initiative (GRI) guidelines for sustainability reporting.

The global economic downturn and political uncertainty were some of the main aspects affecting business performance in 2015. GDP grew 3,0%, mainly due to the deteriorated international environment for the fourth year in a row –the worst since the 2009 financial crisis– and the limited fiscal stimulus. Specifically, the industrial slowdown in China weakened the global demand for industrial commodities and, thus, the prices of metals we export fell significantly.

Two years ago we started an important process of change in Minsur, aiming at implementing a strategy allowing us to maximize the value of our operations and to grow in the future, while dealing with a transition in San Rafael mining activities from streaks to bodies. Consequently, we started a process of change in the company's management; which resulted in the definition of a strategy focused on:

- Maximizing the value of our current operations focusing on maximizing productivity, optimizing scale economies and on a strict control of costs and expenses
- Investing in growth, mainly in extending the life-of-mine in our current operations, expanding explorations in areas surrounding our current operations, and moving forward in an organized and efficient manner in our expansion and diversification projects (Marcobre and expansions in Taboca)
- Keeping a cautious financial policy, ensuring the necessary resources to finance our needs in the future and providing maximum protection to our cash position and capacity

Focusing on this strategy and its efficient implementation has prepared us to address an adverse price scenario. Thus, despite the fall of over 25% in tin prices (MINSUR flagship product) in 2015, our operational units have continued showing a high capacity to generate positive cash flows, with EBITDA amounting to US\$ 227 million at the Individual Minsur level.

To address the fall in the prices of commodities in general, we assessed the capacity to generate future cash flows of all our operations and projects, which led us to conclude that all our operations maintain a future cash flow generation capacity that exceeds their carrying



value. However, in the Marcobre project we concluded that, though it has a future positive cash flow generation expectation and a positive net present value, it is lower than its carrying value, therefore –following our principles of good corporate management, the Management and the Board of Directors decided to adjust the financial statements in a timely manner in the fourth quarter of 2015, which led us to record a net loss of US\$ 421,8 million in 2015 at Minsur Individual level, versus a net income of US\$ 84,9 million in 2014.

Within the framework of MINSUR commitment to sustainability, these results have been accompanied by a management focused on material aspects that reflect the company's significant economic, environmental and social impacts, covering the information expectations of its main stakeholders.

Consolidating MINSUR as the unquestioned leader in the tin market, and a sustainable and diversified producer in the long term, shall remain its main challenge in the coming years, supported by a world-class management.

All these achievements have been supported by the commitment, efforts and dedication of each one of the company collaborators, which not only allowed us to endure the difficult price context in 2015, but they also

have strengthened MINSUR as a solid company that is ready to address the challenges of 2016. The invaluable contribution of our shareholders, customers, suppliers, neighboring communities to the areas where we operate and, in general, all our stakeholders has been essential to support the company's management in 2015 and to put their confidence and provide their collaboration to the Board of Directors and the management officers.

**Fortunato Brescia Moreyra**

President of the Board  
of Directors

# MESSAGE FROM THE GENERAL MANAGER



## MESSAGE FROM THE GENERAL MANAGER

2015 has been an important transition year for MINSUR. We have achieved important operational progress in the implementation of the strategy prepared two years ago, oriented towards maximizing the value of current operations, making progress with our expansion and growth plan by extending the life of current operations, exploring neighboring areas to our operations and continuing with our growth and diversification projects, which has positioned us to deal with a scenario of low commodity prices.

In 2015, we made significant progress in the implementation of our operation optimization strategy, which has been an essential part of the company's management. Our focus on productivity, cost and expense savings, and on generating larger scale economies enabled us to significantly reduce production costs in all operational units, and also to reach the production record in Pucamarca and Taboca. Among the actions worth highlighting, two stand out in San Rafael Mining Unit: the start-up of production cores to optimize infrastructure, and the completion of the study and design for a pioneer implementation of the Ore Sorting technology to be applied for the first time in Peru, which will allow maximizing the value of low-grade stockpiles. In the Pucamarca Mining Unit results have been exceptional: besides setting a new safety record since the beginning of operations, it has also set a gold production record, consolidating its plant capacity in 21 000 tpd.

For its part, our operations in Brazil through Mineração Taboca benefitted from the implementation of almost all the projects to remove bottlenecks from the Pitinga Mining Unit. Furthermore, we developed two new products (ferroniobium and ferrotantalum) to diversify our portfolio and open new markets. For Taboca management restructuring we formed and sent a "transformation" team, comprised by prominent MINSUR collaborators.

In 2015 we had to deal with a scenario of adverse commodity prices. Tin price dropped 27% and gold price dropped 8%. Moreover, we suffered an unexpected problem with the energy supply of our operation in Taboca, which affected our results for the period, but did not affect the implementation of our strategy.

As a result of the downturn in the commodity prices, we reviewed the appraisal of all operational units and projects, and we found that, though all our operational units still have a higher value than their carrying value, this is not the case for Marcobre project. Marcobre, a project in the pre-feasibility study stage, maintains positive business results even in this scenario of lower commodity prices, though their value is lower than its carrying value.

Therefore, in line with our commitment to good corporate governance practices, we decided to make an accounting adjustment of US\$ 641 million in Marcobre's value, (US\$ 481 million net of deferred income tax). As a consequence, our financial results were strongly affected recording a loss of US\$ 375 million, net of deferred income tax, at MINSUR Individual level; however, we managed to significantly support our operations' capacity to generate positive cash flows, with EBITDA amounting to US\$ 207 million in the FY, which represents an EBITDA margin of 42%, including an investment of approximately US\$ 48 million in growth.

Measures implemented in the year, in line with a strategy to maximize our operations' value, strongly emphasizing productivity, cost and expense savings, and protection of MINSUR cash generation capacity, allowed closing December 2015 with US\$ 581.9 million in cash.

Our financial soundness and focused strategy has been confirmed internationally by Standard & Poor's and Fitch, which ratified our credit risk with an investment grade rating. Moody's, however, lowered our debt instruments' rating to three levels below the investment grade.

2015 has been an important year, since we have continued with our efforts to consolidate as one of the safest mining operations in the sector, and we have made significant progress to consolidate our position and to become a

benchmark for sustainable mining production. Thus, in 2014 we made important endeavors to document and appropriately disseminate the material aspects of our sustainable management among our stakeholders.

Under our sustainability approach, in 2015, the process to update the aspects identified the previous year ended up with the validation of eight material aspects of our management: productivity and organizational optimization; innovation and technology; strengthening of the relationship with our customers and development of new markets; excellence in safety; strategic talent management; investment in long-term growth; high standards of environmental compliance; and harmonious relationship with and contribution to the social environment.

From the sustainability perspective, these are cross-cutting aspects of our management, which has been also recognized by the community since MINSUR has been awarded as the safest mining company of 2014 at the Mining Safety Institute (ISEM) and has received the Sustainable Development Award granted by the National Society of Mining, Petroleum and Energy. In 2015, MINSUR was also considered in the ranking of the top-10 mining companies with the best reputation according to Merco.

Concerning trade-related issues, safety provided to our customers by directly selling 100% traceable ore –at all production stages– has supported a strategy called “Sustainable Tin” (SusTINable), accepted by our final customers, tin consumers mainly for the electronic and welding industry.

During the next years we will implement innovation projects to continue improving our mining units’ productivity and to add value to the company. In San Rafael Mining Unit there are two great projects directly influencing its productivity: the Ore Sorting Project or Pre Concentration Project, described above, which will position San Rafael as the second mine applying this technology in the world, and the first doing it with tin. Furthermore, we will continue developing the Tailing Reuse Project B2, which potential will contribute with 5000 to 6000 tons of fine tin per year. In Taboca, the removal of bottlenecks in Pitinga mine to rise the volume of tin processing and production will add to the expansion of the niobate flotation plant, which aims at doubling niobium and tantalum production, and to slag processing in Pirapora smelting plant, with a potential to contribute with 1000 tons of refined tin at a very low cost starting in 2016.

Our work in 2016 will focus on building on the pillars that the company has consolidated in 2015. In addition to all enhancement initiatives and projects, we will focus on i) continue improving safety in our operations, ii) continue reducing operational costs and administrative expenses, iii) searching and obtaining productivity improvements, and iv) reaching production objectives set by each unit.

2016 will not be easy, and it poses a great challenge for us. The international situation in relation to metal prices will continue to be complicated and extremely volatile. In addition, we shall implement key projects to achieve our objectives. To address this context, we need to work more firmly accompanied by

our stakeholders to make their expectations ours and give them timely, trustworthy and responsible answers to ensure economic sustainability of our business in the mid and long term.

**Juan Luis Kruger**

General Manager

# 1 A TRAJECTORY OF VALUES

Our business profile



We are part of the Breca Group, a Peruvian business conglomerate established at the end of the XIX century, and one of the main economic groups in Peru. We are the world's fourth refined tin producer company, after companies located in China, Indonesia and Malaysia, and the most important in South America. Since 2013, we entered the gold market, and we are the main shareholder of Mineração Taboca, owner of the Pitinga mine, located in the State of Amazonas, Brazil. We have an ongoing vocation for exploring new deposits in Peru and Latin America.

We are currently exploring and assessing a cooper deposit to define if it is feasible to build and operate a mine (Mina Justa Project). G4-3, G4-4 In our trajectory we stand out for our strong commitment with social corporate responsibility, environmental protection and the country's development.

We aim at becoming a global benchmark for corporate responsibility, and thus we structured and plan our operational activities under a sustainability approach. We trade low risk products, guaranteeing the supply of "conflict-free" inputs. We respect and observe the Universal Declaration of Human Rights, we reject forced and child labor, as well as any type of discrimination. All of this within a framework of demanding socio-environmental management standards.

## SUSTAINABILITY STATEMENT MINSUR

- 1 We protect the environment responsibly managing natural and productive resources, with high environmental standards, meeting regulations and implementing eco-friendly technologies.
- 2 We work with excellence management standards that allow us optimizing production costs, being internationally competitive and providing a product that satisfies the quality required by our customers in a timely manner.
- 3 We ensure compliance with our social responsibility policy in our value and supply chains.
- 4 We promote trust relationships and mutual respect with the surrounding communities, based on a commitment to sustainable development and transparent dialogue.
- 5 We reaffirm our commitment with Peru, aware of our mining activity's role in the country's development.

# 1.1 HISTORICAL OVERVIEW

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.

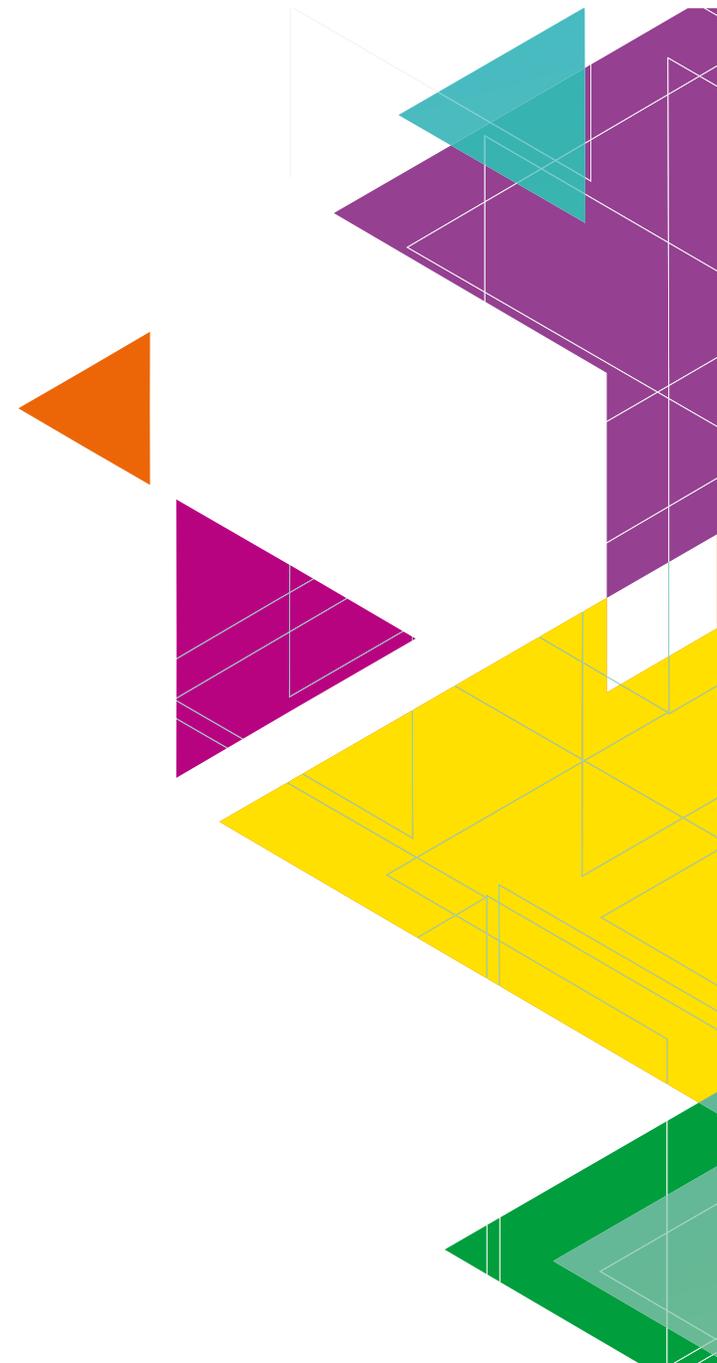
In 2008, we started a geographical diversification process. Through Minera Latinoamericana S.A.C. –in which we are the majority shareholders– we became the main shareholder of Mineração Taboca S.A., company operating Pitinga mine in Brazil, from which tin, niobium and tantalum are mined. Taboca is also 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.

Furthermore, we are majority shareholder of Cumbres Andinas S.A., which owns through subsidiaries –and since 2012– 70% of Marcobre SAC shares, a company developing copper ore project called Mina Justa, located in the district of San Juan de Marcona, in Ica. It is worth mentioning that Cumbres Andinas S.A. is the main shareholder of Compañía Minera Barbastro S.A.C., which has 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.

The company's headquarters are located in Lima, Peru. **G4-5**



# MILESTONES IN OUR TIMELINE

1977



MINSUR S.A. is established after MINSUR Partnership Limited (Bahamas) branch transformation.

1992



Tin becomes the only metal produced in San Rafael MU.

1997



The SPR in Pisco started operating, becoming the first to use submerged lance technology worldwide, for tin concentrate processing.

2008



MINSUR acquired Taboca, located in Brazil.

2012

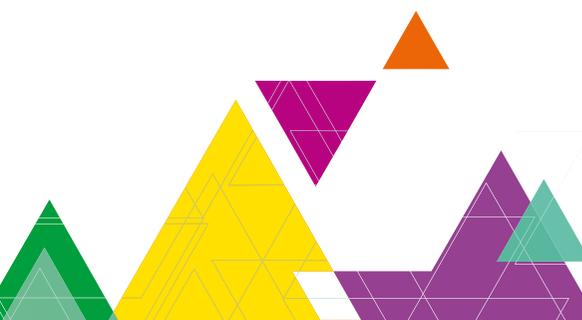


MINSUR acquired 70% of Marcobre and its copper mine, Mina Justa.

2013



Operations of Pucamarca MU start in Tacna, entering the gold market.



# 1.2 OUR CORPORATE GOVERNANCE PRACTICES

Our highest executive body, the Board of Directors, is formed by a President, a Vice-President and other four Directors, one of which is independent. Furthermore, we have two Alternate Directors. Their professional career is outstanding and, in most cases, it is based on their experience in the mining industry. Their different specializations and skills favor a plurality of approaches and opinions. It is worth mentioning that the President of the Board of Directors does not have the casting vote.

Proposals to form the Board of Directors come straight from the Board of Shareholders, allowing the election of Alternate Directors. Currently, the Alternate Directors are Mr. Jaime Araoz Medanic and Mr. Miguel Ángel Salmón Jacobs.

A Strategy and Performance Management Committee has been formed inside the Board of Directors. Furthermore, there is a Corporate Risk and Audit Committee at the level of Breca Group, comprised by four members of MINSUR Board of Directors. In the Management area we have established a Crisis Management Committee and a Compliance Committee.

## MINSUR BOARD OF DIRECTORS

### **PRESIDENT**

FORTUNATO BRESCIA  
MOREYRA

### **VICE PRESIDENT**

ALEX FORT BRESCIA

### **DIRECTORS**

ROSA BRESCIA DE FORT

MARIO BRESCIA MOREYRA

PEDRO BRESCIA MOREYRA

MIGUEL ARAMBURÚ ÁLVAREZ-CALDERÓN

# COMMITTEES OF THE BOARD OF DIRECTORS

G4-46

## STRATEGY AND PERFORMANCE MANAGEMENT COMMITTEE

### STRATEGY

- Reviewing and guiding the Management strategy proposal.
- Validating the progress of strategic projects.

### PERFORMANCE MANAGEMENT

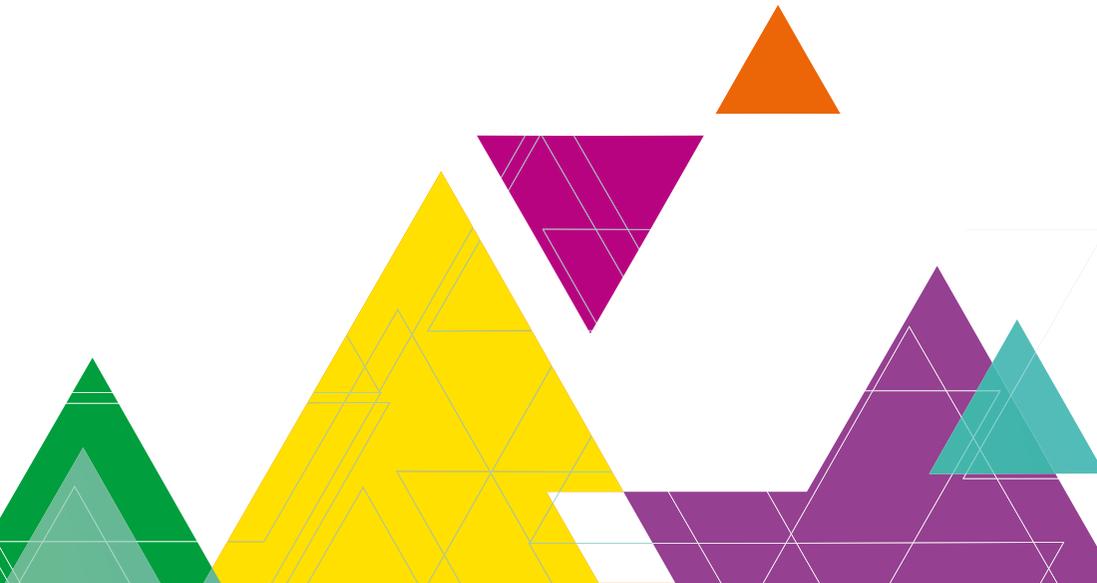
- Monitoring performance of each business division, understanding their main value drivers.
- Monitoring competitive environment, market trends and potential disruptions in each business division.

## CORPORATE RISK AND AUDIT COMMITTEE<sup>2/</sup>

- Supervising the appropriate functioning of the company's internal control system and compliance with the established policies.
- 
- Monitoring that timely and appropriate measures are taken on identified and informed risks within the Committee.
- 
- Getting information on issues, situations and potential risks to propose reviews and/or actions.
- 
- Assess the performance, result and compensation of the company's general Auditor.

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<sup>2/</sup> Formed at the level of Breca Group.



On the other hand, our Management is led by a General Manager, seven corporate directors and one internal auditor, independent enough as to develop his/her duties, within the framework of policies and guidelines defined by the Board of Directors.

## OUR ORGANIZATIONAL STRUCTURE

### BOARD OF DIRECTORS

**INTERNAL AUDITOR** Rafael Salazar Tafur

**GENERAL MANAGER** Juan Luis Kruger Sayán

#### DIRECTOR DE PROJECTS

Enrique Rodríguez Cerdeña

#### DIRECTOR OF OPERATIONS

Luis Argüelles Macedo

#### DIRECTOR OF CORPORATE AFFAIRS

Gonzalo Quijandría Fernández

#### DIRECTOR OF FINANCES

Gianflavio Carrozzi Keller

#### DIRECTOR OF SUPPLY AND SYSTEMS

Ralph Alosilla-Velazco

#### DIRECTOR OF HUMAN RESOURCES

Álvaro Escalante Ruiz

#### DIRECTOR PRESIDENT TABOCA

Itamar Resende

Our management has formed 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.

In the “Corporate Information” chapter you may find a summary of the professional trajectory of the members of the Board of Directors and Management.

# 1.3 OUR CULTURE

G4-56

We grow as a mining company reference in good practices, using cutting-edge technology, ensuring safety at work, respect for the environment and a commitment to hosting populations. We are well recognized, locally and internationally, always providing high-quality products that contribute to improve the life quality of thousands of people. All that is reflected in our mission, vision and institutional values.

## 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, socio-environmental responsibility and people development.

# VALUES

1 Safety  
Safely at all times.

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

3 Integrity  
Acting with honesty, solidarity and transparency.

4 Commitment  
We stick to our commitments; we are determined.

5 Excellence  
Doing things better, always.

6 Trust  
Developing honest, open and respectful relationships.

# OUR VALUE DRIVES

1 Reset / increment Resources and Reserves

2 Training project implementation ( studies & Construction )

3 operational efficiency (productivity / scale / cost )

4 Human Talent

5 social responsibility and environmental / Government Relations

6 inorganic growth

## POLICIES

We work with clear policies leading our company's actions, as well as the actions of our employees, contractors, suppliers and other stakeholders with whom we interact, which allow us to guarantee the quality and safety of our operations. We apply several policies when carrying out our activities, for instance, the Safety, Health, Environment and Social Responsibility Policy (SHESR), the Performance Management Policy and the Asset Laundering Policy. Furthermore, we are subject to the Control Policy of the Business Alliance for Secure Commerce (BASC) and the Conflict Minerals Policy.

**G4-15** It is worth highlighting that, in 2015, we have approved a new Human Rights Policy.

# HUMAN RIGHTS POLICY

We recognize the State's obligation to respect, guarantee and protect Human Rights. We value life and people integrity and we aim at respecting the fundamental rights stated in the International Charter of Human Rights, as well as those established in the International Labor Organization (ILO) Declaration. We state that we shall not tolerate nor contribute to:

- Any form of torture, cruelty, inhuman treatment and/or forced labor.
- Harassment and sexual harassment.
- Any discrimination based on race, religion, color, sexual orientation, or any other type.
- Indiscriminate use of force.
- Child labor.
- Any type of corruption, favor or actions directly affecting the company's transparency with relation to the origin of minerals, taxes, royalties or others.

We explicitly recognize people's right to association, not to be arbitrarily deprived of their property. Likewise, we recognize the role of public and private security in our operations and their obligation to abide by the Law, including protection to human rights. In the event that we hire companies providing private security services, we are committed to make them abide by human rights regulations and voluntary principles, which shall be duly informed and monitored.

On the other hand, as a member of ITRI, our company has adopted the ITRI Code of Conduct Statement of Values at which we aim jointly with other ITRI members. G4-15 These are<sup>2</sup> :

- Enforcement of national laws and regulations and implementation of the best social and environmental management practices of the tin industry, which shall be extended to suppliers and contractors, when possible.
- Safe and healthy work conditions, as well as the adoption of appropriate measures to ensure safe management and disposal of relevant materials and waste.
- Power consumption, and greenhouse gas emissions measuring and management together with a responsible water management approach.
- Development of positive relationships with neighboring communities to our operations.
- Closure, dismantling and rehabilitation focused on the positive use of soil in the future and habitat restoration.
- Progressive improvement in responsible sourcing.
- Avoiding direct or indirect support to conflicts and human rights abuses.

## PRESENTATION OF OUR SUSTAINABILITY REPORT 2014

In 2015 we presented our Sustainability Report 2014 to several stakeholder groups in Lima, Puno and Tacna, aiming at sharing our comprehensive management and at strengthening our corporate reputation. This initiative aimed at promoting the significance of social responsibility in the country and at promoting working together with civil society.

In Lima we had the collaboration of the Pacific University and the Institute of mining engineers to call an audience related to the academic field and the mining sector, correspondingly. In Puno, we developed several events organized by the SNMPE, with authorities, teachers and university representatives. Moreover, in Tacna we conducted two presentations, one before the Participatory Environmental Monitoring and Supervising Committee, with approximately 60 participants, and another one in the Miculla Auditorium, with the participation of more than 20 students.

## CORPORATE CODE OF ETHICS AND CONDUCT G4-41

We have a Corporate Code of Ethics and Conduct, which guides the behavior of our employees, contractors and suppliers. The Compliance Committee is in charge of promoting ethical behavior in our company, as well as evaluating and making decisions to address cases of violations to the Code. It is comprised by five members: the General Manager, the Director of Human Resources, the Director of Corporate Affairs, the corporate Legal manager and the General Auditor. Those in a supervision position, or with employees reporting to them or holding a position of trust, are especially responsible of leading with integrity.

If anyone has a question or concern, or if anyone considers that an employee is not complying with

the Corporate Code of Ethic and Conduct, it is the staff's duty to i) talk with the immediate supervisor or line manager; ii) consulting with any member of MINSUR's Compliance Committee; and iii) reporting it through the Integrity Channel. G4-49

Our Integrity Channel is a confidential and private tool, through which employees may report, in an anonymous and responsible way, their concerns regarding actions they consider contrary to our Corporate Code of Ethics and Conduct. G4-57, G4-58 The channel is operated by an independent and specialized company, which reports the received information to the Compliance Committee. Nine reports have been received through the Integrity Channel in 2015.

# 1.4 OUR STAKEHOLDERS

Our stakeholders have been identified according to four predominant groups:

## **G4-25**

- 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 G4-27

- Diversidad, igualdad de oportunidades y respeto.
- Ambiente seguro y saludable.



### With our employees

### With our customers, suppliers and competitors

- Integrity in the market.
- We honor our promises, agreements, contracts and commitments.
- We develop relationships based on trust, truthfulness, mutual respect and with a long-term vision.
- We deliver quality products and services; we are transparent at revealing relevant information.
- We are truthful, fair and careful in our negotiation, selection and exchange processes.

## OUR STAKEHOLDERS

- Responsible use of delegated authority.
- Integrity of financial and operational reports.
- Protection of confidential information and intellectual property.
- Transparency and integrity in our actions.
- Responsibly representing the company and strengthening its reputation.

### With our shareholders



With the community, the  
environment, the State  
and the media



- Good relationships and investments in our communities.
- Good relationships with the State.
- Protection to the environment.
- Compliance with the law and regulations.
- Ethical relationships with officers and political contributions.
- Establishing a professional relationship with the media.

## OUR CHANNELS FOR TRANSPARENCY AND ACCOUNTABILITY WITH OUR STAKEHOLDERS G4-24, G4-27



1/ National Superintendency for Labor Oversight.

2/ Good Employers Association

3/ Agency for Environmental Assessment and Oversight, Regional Health Direction, Local Water Authority.

# 1.5 OUR OPERATIONS AND PROJECTS

We have three production units within the national territory:

## **San Rafael MU:**

It is the world's largest tin mine. It processes cassiterite through the gravimetric and flotation method. It handles (mines and processes) cassiterite ore (SNO<sub>2</sub>) at a ratio of 2,900 MTD, with an average tin head grade of 2,05% Sn. It is located in the Antauta district, Melgar province, Puno department.

## **SPR in Pisco:**

Eco-efficient plant and first smelter in the world using the submerged lance technology to process tin concentrates (Sirosmelt) submerged bath. It is located in Pisco district and Pisco province, Ica Department.

It produces refined tin of the highest purity in four presentations (ingot, granules, billet and jumbo bar), besides five qualities based on tin's chemical composition, from 99,9% to 99,99% of tin purity.

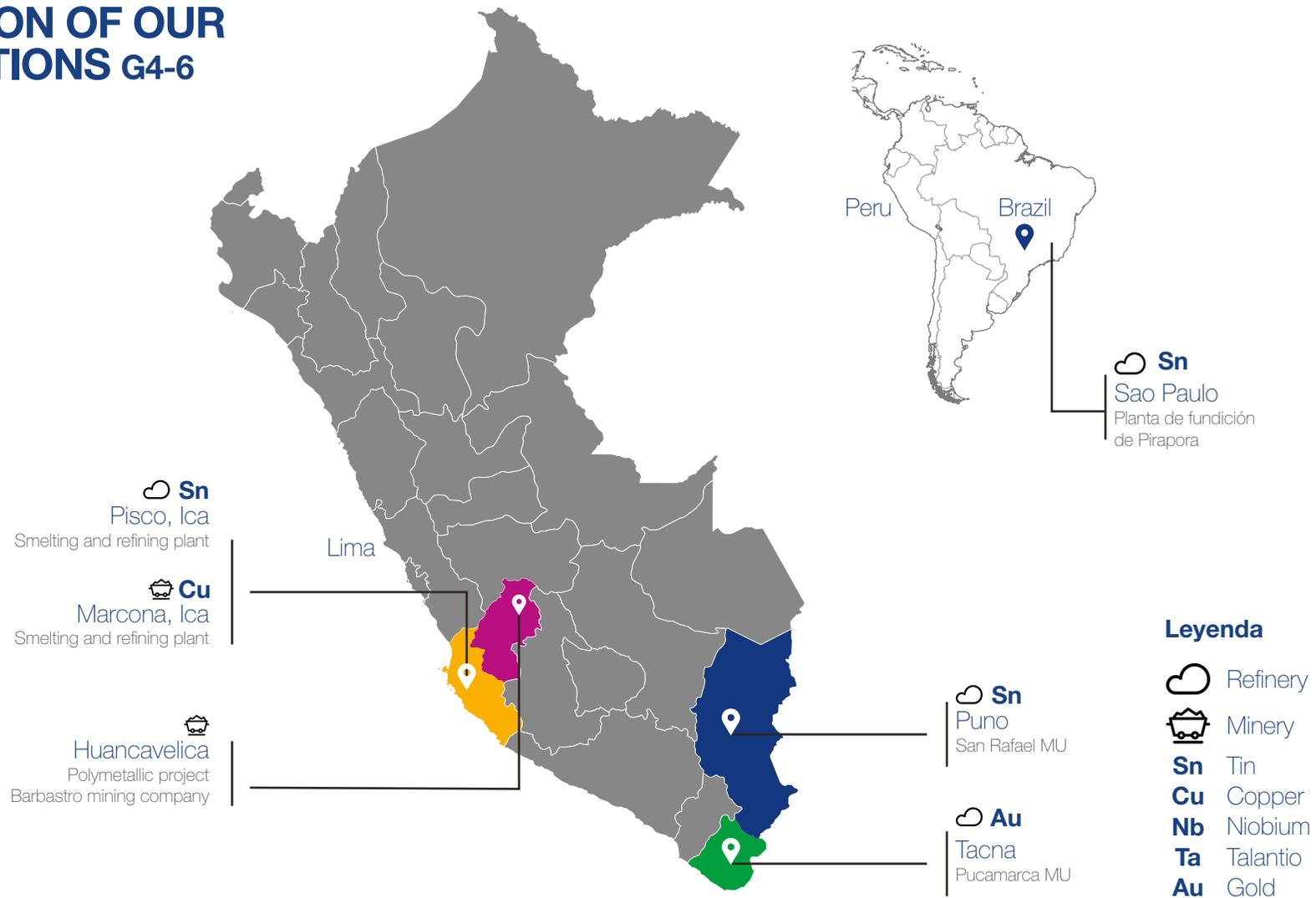
Depending on our customers' business nature or needs, we supply tin in the following presentations: 25 kilo ingots; granules in bags of 0.5 to 1 ton; jumbo bar or ingots of 1 ton; and billets or bars of 70 cm x 10 cm. Our distribution is mainly maritime to Europe, United States, Canada, Asia, the Middle East and Latin America. G4-8

## **Pucamarca MU:**

This gold open pit mine represents a modern mining industry with the highest international standards for operation management. It uses the leaching method for mineral processing. Its initial processing level was 14 000 MTD, reaching to date 21 000 MTD, with average head grade of 0,67%. It is located in Palca district, Palca province, and Tacna Department.

All our gold sales have the United States as a destination. G4-8

# LOCATION OF OUR OPERATIONS G4-6



In addition, through Minera Latinoamericana, we are the majority shareholder of Mineração Taboca with which we carry out the following operations:

#### **Pitinga MU:**

Located in the State of Amazonas, Brazil, it mines cassiterite and columbite. Cassiterite is processed in the Pirapora Smelting Plant to produce refined tin. Columbite is processed in the metallurgical plant of Pitinga to produce niobium and tantalum alloys. Its operations are developed in an open-pit with an actual production capacity of approximately 17 000 m per day. The average grade is 0,18% Sn and 0,22% (Nb Ta).

SPR of Pirapora. Plant located in São Paulo, where tin concentrates produced in Pitinga MU are processed to turn them into refined tin of a very high quality. Its 99,97% purity, which exceeds our customers' requirements, provides this ore with great competitive advantages in the international market.

Currently, we have a portfolio of expansion projects, among which the following stand out:

Tailing Reuse Project (B2): It belongs to San Rafael MU and it proposes recovering tin from the already existing tailings dam B2. The capability to re-process tailings that are 20 years old, with a 7,6 m capacity and with an average tin grade of 1,05%, turn B2 Project into an economically attractive alternative and position it as a world class deposit.

#### **Mina Justa Project:**

Located in Ica Department, it is a copper Project developed by Marcobre S.A.C., joint venture in which MINSUR owns –through Cumbres Andinas S.A.<sup>3</sup>- 70% of shares, and Korea Resources Corporation (Kores) and LS-Nikko Copper Inc. the remaining 30%.

Mina Justa is a Project that has two types of minerals: a superficial layer of copper oxide, which will be processed in a solvent extraction plant, and electrowinning producing copper cathodes; a deep layer of copper sulphides, which will be processed in a conventional concentrator plant; and an intermediate layer of transitional material. Though the main metal is copper, with an average grade of 1%, we have found that the site also has lower amounts of silver and traces of gold.

3 / A MINSUR subsidiary that invests in mining activities, related to basic and precious metals, in several parts of Peru.



# 1.6 ECONOMIC AND SECTORAL CONTEXT IN 2015

## ECONOMIC ENVIRONMENT

The international economic downturn, political uncertainty and El Niño phenomenon were some of the main aspects affecting business performance in 2015. The GDP grew 3,0%, mainly due to the deteriorated international environment for its fourth consecutive year – the most adverse since the financial crisis in 2009- and the limited tax stimulus –reduction of income tax, among others-. In particular, the industrial slowdown of China weakened the global demand for industrial commodities, and thus prices of metals exported by the country dropped 15%.

In the United States, another significant business partner of the country, expectations of an increase in the monetary policy interest rate of the Federal Reserve –due to the US recovery- increased the expected returns on dollar-denominated assets, which depreciated the nuevo sol in relation to the US Dollar.

All this, plus the 6% adjustment of the volumes of non-traditional shipments, caused Peruvian exports to reach US\$ 34 000 million in 2015, i.e. US\$ 5000 million less than in 2014 and US\$ 13 000 million less than the peak reached in 2012. Thus, the balance of trade deficit reached 1,5% of the GDP, the highest since 1998.

Public investment fell 8%, adding to that the impacts of El Niño phenomenon on fishing and agriculture activities. Tax revenue fell from 22% of the GDP in 2014 to 20% of the GDP in 2015. Public expenditure has stagnated in real terms and regional and municipal government expenditures fell 7%, since new authorities -who took office in 2015- deferred many decisions related to the implementation of projects. Fiscal deficit amounted to 2,1% of the GDP, the highest since 2002.

## Main macroeconomic indicators

		AVERAGE 2010- 2012	2013	2014	2015
1	REAL SECOR <sup>1/</sup>				
	PBI (Var. %)	7.0	5.8	2.4	3.0
	Internal demand (Var%)	10.0	6.9	2.2	2.5
	Urban formal employment (Var%) <sup>2/</sup>	4.5	2.9	1.9	1.0
	Per capita GDP (US\$)	5727	6623	6557	6150
2	Macroeconomic balances (% del PBI)				
	Taxes workout	1.4	0.9	-0.3	-2.1
	Current account	-2.3	-4.2	-2.0	-3.8
3	Monetary sector				
	Annual inflation, IPC (%)	2.9	2.9	3.2	4.4
	Exchange rate (soles per dollar) <sup>3/</sup>	2.69	2.8	2.98	3.41

1/ Estimado para el 2015

2/ Empleo en empresa de 10 a más trabajadores

3/ Fin de periodo

Rising food prices and the depreciation of the nuevo sol by 14%, had an impact on inflation, which ended the year at 4.4%, well above the target range of the Central Reserve Bank (BCR) (between 1% and 3%). A characteristic of the monetary policy in 2015 was the increase in the reference rate twice during the second half of the year, from 3.25% to 3.75%, aiming at anchoring inflation expectations, in a context of a weakened internal demand. Furthermore, the BCR carried out direct sales of dollars and placed Re-Adjustable Depositary Certificates and swaps; implemented limits to certain financial operations; and set de-dollarization goals for both household and corporate credits.

On the other hand, companies continued with cost-adjustment processes aiming at maintaining their profit margin, in a climate of slower growth or lower returns. Labor cost were reduced, as well as supply chain costs, and some investment plans were deferred, which affected employment –which only grew 1%- and private investment, which fell for the second consecutive year (-5%). Households were affected by the labor market downturn and

the relatively high inflation, which resulted in a smaller consumption growth, and part of this was financed with indebtedness.

GDP of the mining sector grew 15%. Such two-digit growth responded mainly to production at full capacity in two new copper operations: Toromocho and Constancia. Besides, Antamina increased its production.

The plunging price of a barrel of oil also contributed to reduced energy costs for companies, which resulted, in part, in a lower fuel price. Such cost reduction allowed Peruvian companies to increase their savings and external indebtedness to grow at smaller rates than previous years. This resulted in slower dynamics of bond issuance and corporate credits abroad.

National production by the non-primary sector dropped for the second consecutive year, mainly due to the smaller demand of South America, which affected export-oriented sectors, such as the textile sector, and due to the fall of investments affecting the sectors most closely related to construction.

#### GDP BY ECONOMIC SECTOR (Var% actual)

	2013	2014	2015
Agriculture and livestock	1.6	1.5	3.7
Fishing	24.1	-27.5	5.6
Metal mining	4.3	-2.1	15.5
Non-primary industry	3.7	-1.0	-2.6
Construcción	8.9	1.7	-5.9
Trade	5.9	4.4	3.9
Services	6.4	5.9	5.1
GDP	5.8	2.4	3.3

Source: BCR, APOYO Consultoría

So, though the Peruvian GDP growth (3%) was moderate in 2015, the country remained as one of the Latin American economies that grew the most, together with Colombia, which growth rate was similar, and above Mexico (2,5%) and Chile (2,1%), which have not been affected that much by climate events (El Niño phenomenon) and had a positive contribution of public expenditures.

Peru also achieved one of the lowest inflation rates in the region, and one of the lowest fiscal deficits.

## SECTORAL ENVIRONMENT

### FALL IN METAL PRICES

In 2015, prices of metals produced in Peru dropped for the fourth consecutive year. Copper price fell 20% due to China's smaller growth rate, which is the main source of demand of copper. Reduced gold and silver prices resulted from the strengthened US Dollar, and from an increase of the interest rate of the US Federal Reserve (the demand of gold as financial asset decreased). Zinc, lead and tin prices fell due to the expectations of a slower growth of the global demand for these metals.

#### International Metals quote

Gold (US\$ per onza)	1266	1160	-8	1061
Silver (US\$ por onza)	19	16	-18	14
Copper (¢US\$ por libra)	311	250	-20	213
Zinc (¢US\$ por libra)	98	88	-10	73
Lead (¢US\$ por libra)	95	81	-15	82
Tin (¢US\$ por libra)	994	728	-27	662

## LARGER MINING PRODUCTION

In 2015, mining production grew 15,5%, mainly due to an increase in copper mining activities. Toromocho (Chinalco) and Constancia (Hudbay Minerals) reached full plant capacity; expansion of Antapaccay (Glencore) operations; expansion of Cerro Verde (Freeport), which started operations in September; and the recovery of Antamina production levels. Gold production grew slightly due to the larger volume mined in Yanacocha (Newmont and Buenaventura) and Lagunas Norte (Barrick).

### Mining production 2015 (var. %)

Metal	Var. %
Copper	23.5
Gold	3.5
Silver	8.9
Zinc	8.1
Lead	13.9
Molybdenum	18.4
Steel	1.8
Tin	-15.6

Source: Mem

*Reduced mining investment in new projects and explorations and greater investment in operation and maintenance.*

In 2015, total mining investment amounted to US\$ 7459 million, 16% less than in 2014. This is mainly due to a reduced investment in new projects or expansions, since Las Bambas and Cerro Verde expansion works were in their final construction stages. Investment in mining exploration continued dropping in 2015 (-30%) due to the fall in metal prices. Investment in operation and maintenance grew almost 8% because of Toromocho and Constancia.



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# 2 OPERATIONAL EXCELLENCE AND MAXIMUM PRODUCTIVITY

Performance of our operations

One of our management value drivers is certainly operational efficiency. Safety, the quality of our assets (grade), cost-efficiency (productivity), the technical capacity and quality of our operations, low capital intensity, optimization of production capacity, and knowledge management associated to our management model, are aspects comprising such efficiency.

In addition, we have a second value driver related to the replenishment and increase of resources and reserves of our operations, and supported by the new geological discoveries and findings, the expansion and knowledge of current ore deposits (quality of measured and indicated resources versus inferred resources), and transformation of resources in reserves.

Thus, we are a Peruvian mining company focused on maximizing the productivity of its operations, working safely and in a sustainable manner in all places where we operate. We have profitable assets despite the price situation in 2015, which together with our strong financial position enables us to continue investing in long-term exploration and growth projects.

In 2015, we established three fronts of

actions to increase productivity and reduce costs and Capex in our operations. We have negotiated with our suppliers and contractors in our operational units to obtain savings, which allowed us to reduce the cash cost per treated ton.

Furthermore, we have increased productivity and achieved cost-efficiency. At the corporate level, we optimized the headcount and saved in corporate expenses and achieved efficiency in using services through potential savings identification. Regarding explorations and projects, we prioritized the most relevant ones, looking for efficiency in consumption of projects' Capex, and optimizing spending in explorations.

Implemented operational improvements have resulted in a cash cost reduction and have allowed preserving the margins forecasted for the year, as well as keeping a solid cash position in order to continue investing in explorations and in long-term growth projects.

Application of the cost reduction strategy in the different performance scopes of all our operational units also modeled the endeavors of our corporate office in Lima, thus prioritizing employees' efficiency.



# 2.1 PERFORMANCE OF OUR OPERATIONS

## SAN RAFAEL MU

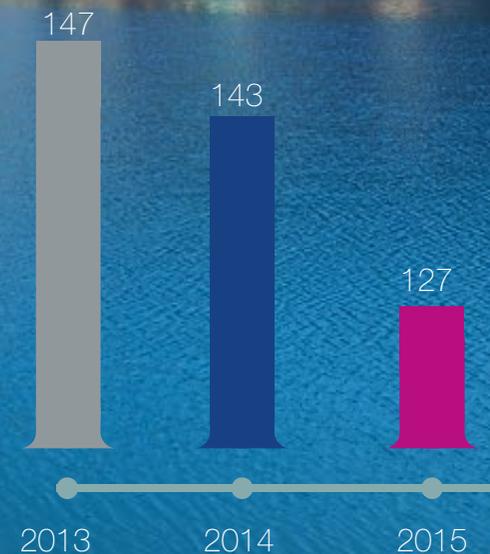
San Rafael is the world's largest underground mine and richest ore grade tin (~2%) mine and it is responsible of around 6% of the world's production. San Rafael MU is vertically integrated with the SPR of Pisco, enabling us to sell refined tin, a higher added value product.

In 2015, we met and exceeded our objectives in terms of productivity, cost savings and resource allocation. Regarding productivity, we started implementing production cores that allow optimizing infrastructure and underground mine development; we completed the study and design for the pioneer implementation of the Ore Sorting technology, which will lead to maximizing the value of low-grade stockpiles; we reinterpreted the mine's

geological structures thus we got to calculate the volume of a significant amount of resources through crosscuts; and completed the studies to fill the Great Cavity which will allow us mining high-grade ore currently inaccessible.

The increased productivity together with implemented direct cost reduction measures, such as the renegotiation of contractors' fees and prices and the reduction of material, fuel and explosive prices, allowed significantly reducing the cost per ton treated in San Rafael MU, which amounted to US\$ 127/tt in 2015.

San Rafael MU: Cash-cost per ton treated (US\$/tt)



Regarding the calculation of resource volume, in 2015 30 498 tons of fine tin were found in 1,4 million tons of ore with an average tin grade of 2,19%, thus it was possible to replenish the ore consumed in the year and add another half year of life-of-mine.

### San Rafael MU: Output indicators

Category	Indicator	Unit	2015	2014
Mina	Extracted mineral	T (kt)	912 888	1 154 405
	Extracted ore grade	% Sn	2,13	2,35
	Progress	m (km)	33 697	32 372
Plant	Treated mineral	T (kt)	1 047 145	1 032 255
	Treated ore grade	% Sn	2,05	2,48

Category	Indicador	Unidad	2015	2014
	Total recovery	%	90,81	90,36
	Fine Tin	T (kt)	19 511	23 105
Mine unit	Plant utilization	%	98,11	96,16
	Cost per ton treated	US\$/TT	127	143

Indicator	Unit	2015	2014
Diamond drilling	M	46 253	61 332
Resources volume			
Calculated tonnage	T	1 389 882	3 032 230
Calculated Sn grade	%	2,19	1,73
Calculated fine Sn	T	30 498	52 452
Total concentrate produced	T	39 051	42 718
Total concentrate grade	%	49,96	55,8



In 2015, we mined 912 888 tons of ore with tin grade of 2.13 and we processed 1 047 145 tons with tin grade of 2,05% in San Rafael plant, obtaining a total of 19 511 tons of tin contained in tin concentrate. We maintained our operations in 2900 MTD.

2016 will be a key for San Rafael MU. With lower head grades and an old mine, the challenge increases progressively and it requires us to continue thinking of creative ways to maximize asset values. Thus, in 2016 we shall (i) ensure a successful implementation of Ore Sorting, which will allow us increasing the ore grade before processing it in the plant, thus achieving a larger production at a lower cost; (ii) fill the Great Gap or Cavity so that we can mine high grade ore in currently inaccessible areas; (iii) complete implementation of the six production cores that will allow us carrying out mining activities more efficiently, reducing the cost per ton treated to get better results; (iv) complete pre-feasibility studies of Project B2 and starting the feasibility stage; and (v) continue calculating volumes of mineral to keep increasing the life of the mine.

## RESOURCES AND RESERVES OF SAN RAFAEL MU

### Headline indicators

Following our strategy, investment in exploration and innovation has been one of our main pillars in 2015, aiming at generating value and increasing the life of the mine. These investments have resulted in an extended life of mine from 5,7 years in 2013 to 10 years in 2015, considering its resources.

### San Rafael MU: Mineral Resources

Classification	Tons (Mt)			Grade (% Sn)			Tin metal (FMT)		
	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13
Measured	4,257	2,543	1,799	2,80	3,21	4,39	119 166	81 605	79 023
Indicated	2,931	3,147	2,619	1,80	2,23	3,70	52 834	70 256	96 937
Measured + Indicated	7,188	5,691	4,418	2,39	2,67	3,98	172 000	151 861	175 960
Inferred	1,441	1,941	1,298	1,82	1,97	3,09	26 264	38 299	40 112
Surface Stockpile	1,555	1,548	-	0,67	0,76	-	10 450	11 768	-
Total	10,184	9,179	5,716	205	2,20	3,78	208 714	201 928	216 072

Notes:

- Mineral Resources are defined using a cut-off grade of 0,3% Sn for measured, indicated and inferred and total resources, and of 0,15% Sn for Surface Stockpile.
- Mineral Resources are calculated using US\$ 20 500/t Sn. (US\$ 24 450/t Sn in December 2014).
- The US\$ 20 500/t tin price includes a US\$ 500/t premium received by San Rafael for every ton of refined tin metal above the tin selling price.
- Mineral Resources are inclusive of Ore Reserves.
- In December 2015, Mineral Resources have been audited by an independent external auditor, and they meet JORC Code provisions (2012).

## San Rafael MU: Ore Reserves

Classification	Tons (Mt)			Grade (% Sn)			Tin Metal (FMT)		
	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13
Proven	2,599	1,813	1,705	2,13	1,96	1,71	119 166	35 581	46 676
Probable	2,135	2,346	2,797	1,97	1,74	2,80	52 834	40 775	54 214
Proven + Probable	4,734	4,159	1,840	2,05	1,84	2,24	97 286	76 356	100 889
Surface Stockpile	1,046	1,548	-	0,71	0,71	-	7 412	11 768	-
Total	5,780	5,707	-	1,81	1,81	-	104 698	88 124	-

### Notes:

- Ore Reserves are defined using a cut-off grade of 0,77% Sn for proven, probable and total ore, and of 0,16% Sn for Surface Stockpile.
- Ore Reserves are calculated using US\$ 18 000/t Sn. (US\$ 22 000/t Sn in December 2014).
- Modifying factors include use of appropriate recovery and dilution factors.
- In December 2015, Ore Reserves have been audited by an independent external auditor and they meet JORC Code provisions (2012).



## PFR OF PISCO

### SPR of Pisco: Output indicators

Category	Indicator	Unidad	2015	2014
Plant	Tin Concentrate fed	Kt	40 503	45 543
	Sn grade in concentrate	%	50,2	54,3
	Marginal slag fed	Kt	39 082	37 045
	Sn grade in marginal slag fed	%	1,30	1,34
	Rotary furnace slag fed	Kt	2 560	3 073
	Sn grade in rotary furnace slag	%	15,77	15,81
	Refined tin production	Kt	20 224	24 223
	Recovery	%	98,41	96,78
	Tin grade waste slag	%	0,63	0,59
	Smelter utilization	%	97,46	93,26
	Refinery utilization	%	47,35	57,64

Refined tin production in SPR of Pisco in 2015 amounted to 20 224 tons, exceeding San Rafael MU output, since concentrate stocks of the previous year were used. Recovery reached 98.5%, thanks to an optimized management of recirculating balls, obtaining a cash cost of US\$ 295 per treated ton, 9.7% lower as compared to 2014.

One of the main initiatives for optimizing human resources was the Supervisor Training Program, which aims at updating knowledge and promoting expected behavior among heads and supervisors of the SPR of Pisco, to achieve a performance according to the corporate skills and job requirements. We addressed technical skills, such as safety regulations and standards, planning and organization, as well monitoring issues; as well as soft skills, leadership, stress-management, and communication. In addition, we promoted quality circles, encouraging the different departments of the SPR of Pisco to present topics for production and operation improvement.

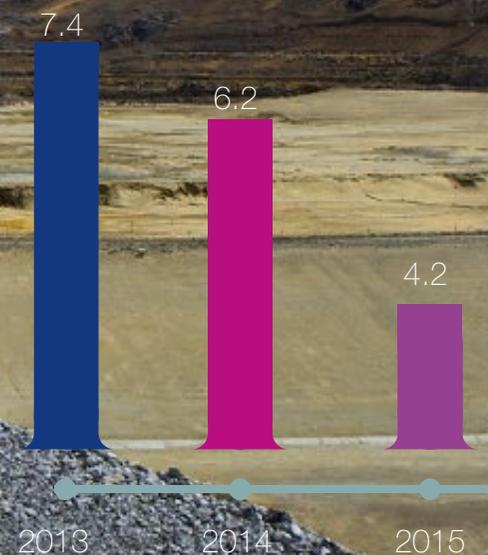
## PUCAMARCA UM

It is one of the world's most profitable gold mines, due to its low production cost and operational efficiency. It has proven our capacity to develop, grow and operate a new mine efficiently and meeting world-class standards. Currently, Pucamarca MU has a life of mine of ten years with resources and reserves for one million ounces of fine gold. Since it started operations, Pucamarca MU has had no accidents resulting in loss of days.

In 2015, we exceeded our fine gold production goals, as well as our cost-saving and resource calculation objectives during the year. In terms of productivity, we reached and consolidated a plant capacity of 21,000 tons per day, which allowed Pucamarca MU to reach a new

production record of 120,924 gold ounces produced in the year. Moreover, a new activated carbon reactivation furnace was installed, which will improve ore processing and, thus ore metallurgical recovery. Regarding production-cost savings, the cash cost per treated ton was US\$ 4.2, 32,3% lower, as compared to 2014, and cash cost per gold ounce was only US\$ 280. Such reductions were essentially a consequence of the cost-reduction strategy applied to all our operational units in general, and specifically to the larger volume of ore processed in Pucamarca MU, due to an increase that reached 21, 000 MTD; and of initiatives to increase productivity, such as lower auxiliary costs.

**Pucamarca MU: Cash cost per treated ton (US\$/tt)**



In terms of calculation of ore volumes to be extracted, our reserves grew approximately 30 000 gold ounces in neighboring areas to the current pit.

### Pucamarca MU: Production indicators

Category	Indicator	Unit	2015	2014
Mine	Treated mineral	t	7 839 602	5 933 665
	Extracted ore grade	g/t	0,59	0,67
PAD	In-PAD ore	t	7 970 675	6 088 442
	In-PAD ore grade	g/t	0,60	0,70
Plant	Gold ounces produced	Oz	120 924	105 939
	Historical recovery	%	72,3	69,4
	ADR plant utilization	%	98,0	97,5
Mining Unit	Cost per treated ton	US\$/TT	4,2	6,2

In 2015, we placed eight million tons of ore in the PAD, with a grade of 0,6 grams per ton, thus reaching a new historical record of gold production with 120 924 ounces produced, exceeding expectation by 20%. The latter is due to a combination of a larger tonnage treated caused by a previously observed increase in the plant's processing capacity from 17 500 MTD to 21 000 MTD –without an additional significant investment- and a higher metallurgical recovery.

The main investments in 2015 focused on the overhaul of almost the entire mining transport fleet and on automatizing the crushing process when processing ore to support production at a processing capacity of 21 000 MTD. The investment for these improvements reached US\$ 6,6 million.

Pucamarca MU challenge towards the future is finding new sources of water allowing us to maintain a stable production of 21 000 MTD. In addition, we shall increase our endeavors to calculate larger volumes of resources that will increase the life of mine in the coming years. Moreover, cost-reduction shall remain a constant challenge in the unit to maximize asset profitability.

## RESOURCES AND RESERVES OF PUCAMARCA MU

In terms of Resources, we have been able to maintain a 9-year mine life estimation, despite the significant increase of production capacity in the last three years. This was possible, due to our emphasis in maximizing the value of our operational units. In terms of Reserves, we increased the volume in tons, and maintained a 6-year mine life estimation.

### Pucamarca MU: Unconstrained Mineral resources

Classification	Tons (Mt)			Grade (g/t Au)			Gold content (Moz)		
	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13
Measured	29,83	31,23	24,41	0,49	0,53	0,55	0,467	0,585	0,402
Indicated	55,60	49,57	35,86	0,39	0,43	0,50	0,700	0,677	0,573
Measured + Indicated	85,43	80,80	60,27	0,42	0,49	0,50	1,167	1,262	0,975
Inferred	51,04	41,72	26,67	0,25	0,32	0,47	0,402	0,424	0,405

#### Notes:

- Mineral Resources are defined using a cut-off grade of 0,12 g/t Au for measured, indicated and inferred resources.
- Mineral resources are unconstrained by any pit limit.
- Mineral resources have been calculated using US\$ 1300/oz Au and US\$ 19/oz Ag. (US\$ 1300/oz Au and US\$ 25/oz Ag in December 2014).
- Morrenas has a higher cut-off grade (0,16 g/t Au) since they have a lower recovery (54,2%).
- Total mineral resources of Pucamarca are the sum of two resource models (Checocollo-Morrenas and Caldero).

### Pucamarca MU: Pit constrained Mineral Resources

Classification	Tons (Mt)			Grade (g/t Au)			Gold content (Moz)		
	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13
Measured	26,82	29,73	22,40	0,52	0,59	0,50	0,446	0,565	0,360
Indicated	34,49	29,73	28,86	0,46	0,47	0,53	0,511	0,542	0,494
Measured + Indicated	61,31	65,70	51,25	0,49	0,52	0,52	0,957	1,107	0,854
Inferred	10,09	20,62	15,35	0,36	0,36	0,59	0,120	0,240	0,290
Total	71,41	86,32	66,60	0,47	0,49	0,53	1,074	1,347	1,144

#### Notes:

- Mineral Resources are defined using a cut-off grade of 0,12 g/t Au for measured, indicated, inferred and total resources.
- Mineral Resources are expressed within pit shell limits.
- Mineral Resources are inclusive of what may be converted to ore reserves.
- Mineral Resources are calculated using US\$ 1300/oz Au and US\$ 19/oz Ag. (US\$ 1300/oz Au and US\$ 25/oz Ag in December 2014).
- Morrenas has a higher cut-off grade (0,16 g/t Au) since they have a lower recovery (54,2%).
- In 2015, the average grade of Ag in measured and indicated mineral resources was 5,84 g/A Ag.

## Pucamarca MU: Ore Reserves

Classification	Tons (Mt)			Grade (g/t Au)			Gold content (Moz)		
	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13
Proven	24,53	27,09	20,69	0,53	0,59	0,50	0,418	0,514	0,334
Probable	26,71	25,78	25,78	0,48	0,48	0,55	0,411	0,343	0,453
Proven + Probable	51,24	49,44	46,47	0,50	0,54	0,53	0,829	0,857	0,854

### Notes:

- Ore Reserves are defined using a cut-off grade of 0,13% g/t Au for proven and probable ore.
- Ore Reserves are defined using a cut-off grade of 0,13 g/t Au for proven and probable ore.
- Ore Reserves are calculated using US\$ 1150/oz Au and US\$ 16/oz Ag. (US\$ 1150/oz Au and US\$ 17/oz Ag in December 2014).
- Morrenas has a higher cut-off grade (0,18 g/t Au) since it has a lower recovery (54,2%).
- Modifying factors include the appropriate use of recovery and dilution factors.
- In 2015, the average grade of silver in proven and probable reserves was 5,99 g/A Ag.
- Ore have been based on Checocollo-Morrenas and Caldero.
- Ore Reserves as of December 2015 have been audited by independent external auditors, and they meet the JORC Code (2012) provisions.



## MINERAÇÃO TABOCA

Pitinga MU is the world's largest deposit of tin content, but it has an average grade of 0,13% and a life of mine of over 28 years. Besides having tin, Pitinga MU has niobium and tantalum as secondary products. The mining unit is vertically integrated to the SRP of Pirapora, which processes all tin concentrate from Pitinga MU.

2015 has been a year of significant achievements for this unit. In terms of productivity, we implemented almost all bottleneck removal projects, increasing tin processing and production volumes, and we started producing tin from Pirapora SPR slag, which potentially would contribute with 1000 T of refined tin per year starting in 2016, a t a very low cost. Furthermore, we implemented a management reorganization project, creating and sending a "transformation" team comprised by our best employees.

In 2015, we made the decision to expand our product portfolio, and because of that, we will be producing FeNb with 50% or more niobium

content, and an alloy of Nb and Ta with a larger participation of tantalum in relation to niobium (FeTa) as compared to the current alloy. Both products shall replace the alloy we currently produce, and they will allow us participating in a much wider market, in the niobium case, and offering a more attractive value proposal for customers who appreciate our alloy due its tantalum content. With this initiative, we will reach our maximum market potential in the niobium and tantalum business, after increasing production capacity in 2016, thus increasing revenues and improving margins.

In terms of costs, despite the accident suffered by the hydroelectric power plant –which forced us to generate over-costs due to diesel consumption for power generators-, the cash cost per treated ton was only US\$ 18.1, mainly a result of cost-saving initiatives and devaluation of the Brazilian Real against the US Dollar.

Mineracao Taboca: Cash-cost per treated ton (US\$/tt)



## Mineracao Taboca: Output Indicators

Category	Indicator	Unit	2015	2014
Mina	Extracted mineral	T	5 205 409	5 649 724
	Sn grade in extracted mineral	%	0,21	0,21
	(NbTa) 205 grade in extracted mineral	%	0,23	0,26
Plant (concentration)	Ore treated in concentration	T	5 399 044	5 647 982
	Ley Sn en mineral tratado en concentración	%	0,20	0,20
	Sn grade in ore treated in concentration en concentración	%	0,24	0,25
Plant (tin flotation)	Cassiterite	T	12 258	12 446
	Sn grade	%	46,86	48,81
	Tin content	T	5 744	6 075
Planta (metallurgy)	Columbite concentrate	T	5 283	7 718
	(NbTa) 205 grade	%	35,52	31,42
	FeNbTa (t)	T	2 170	2 719
	Ley NbTa	%	49,99	47,10
Production	Pitinga – NbTa produced	T	1 085	1 281
	Pirapora – refined tin	T	5 525	5 010
	Cost per treated ton	US\$/TT	18,1	22,7

Taboca production in 2015 reached 5525 tons of fine tin, setting a historical production record since it was acquired. Moreover, in Pitinga MU production of ferroalloys reached 2170 tons, mainly affected by the accident in the hydroelectric power plant.

In Pitinga MU, the main investments of the period focused on increasing the capacity of the tailings dam for the short and long-term, as well as on improving infrastructure in the camps and in the tin flotation plant.

2016 will be the transformation year for Taboca, once the ongoing projects are completed: (i) Repair works at the hydroelectric power plant shall eliminate the current costs caused by diesel consumption for power generations; (ii) expansion of niobates flotation plant will allow doubling current production of ferroalloys, thus enabling us to develop new markets and a greater diversification; (iii) the total removal of bottlenecks will allow increasing tin production in Pitinga MU at a lower cost per ton.

## RESOURCES AND RESERVES OF MINERAÇÃO TABOCA

Pitinga MU is an old mining operation with more than 35 years, but with low ore grades characterized by a low ore recovery, and marginal economy. It has the world's largest tin and tantalum resources, and it's ranked as "average" in terms of niobium resources. Besides tin, niobium and tantalum the Pitinga MU is rich in rare earth elements, uranium and thorium ore. However, the volume of these secondary resources has not been determined and they are still being considered for the future.

### Pitinga MU: Unconstrained Mineral Resources (ore tons and grades)

Classification	Tons (Mt)			Grade (%Sn)			Grade (%Nb2O5)			Grade (%Ta2O5)		
	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13
Measured	119,55	121,60	58,10	0,167	0,171	0,180	0,206	0,207	0,203	0,028	0,028	0,023
Indicated	211,30	189,62	154,60	0,116	0,128	0,160	0,195	0,198	0,195	0,028	0,027	0,020
MMeasured + Indicated	330,85	311,22	212,70	0,134	0,145	0,170	1,167	0,202	0,197	0,027	0,028	0,021
Inferred	207,96	203,69	50,80	0,085	0,097	0,140	0,402	0,193	0,193	0,193	0,027	0,031

Notas:

- Los Recursos Minerales son definidos a una ley de corte de 9,05 NSR \$/t para medido, indicado e inferido.
- Los Recursos Minerales han sido calculados usando US\$ 20 500/t Sn y US\$ 20 598/t FeNbTa aleación de Liga. (US\$ 24 000/t Sn y US\$ 22 500/t FeNbTa aleación de liga en diciembre de 2014).
- La aleación de liga contiene 50% Fe y 50% NbTa de contenido de metal.
- Desde el 2016 se producen FeTa y FeNb separados.
- NSR (\$/t) método de corte fue introducido en diciembre de 2014.

## Pitinga MU: Unconstrained Mineral Resources (Ore tons and metal tons)

Classification	Tons (Mt)			Tin (FMT)			Niobium (FMT)			Tantalum (FMT)		
	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13
Measured	119,55	121,60	58,10	200 237	207 936	104 526	246 490	251,712	117,882	33,694	34,048	13 356
Indicated	211,30	189,62	154,60	244 060	242 714	247 435	411 961	375 448	301,562	59,551	51,197	30 929
Measured + Indi- cated	330,85	311,22	212,70	444 297	451 269	361 619	658 471	628 664	419,052	90,509	87,142	44 671
Inferred	207,96	203,69	50,80	176 706	0,097	361 619	390 241	393 122	98,090	54,358	54,996	8 640

### Notes:

- Mineral Resources are defined using a cut-off grade of 9,05 NSR \$/t for measured, indicated and inferred resources.
- Mineral Resources have been calculated using US\$ 24 000/t Sn and US\$ 22 500/t FeNbTa liga alloy. (US\$ 23 000/t Sn and US\$ 22 500/t FeNbTa liga alloy in December 2013).
- Liga alloy comprises 50% Fe and 50% NbTa by metal content.
- The NSR (\$/t) cut-off method was introduced in December 2014.



### Pitinga MU: Pit constrained Mineral Resources (Ore tons and Grades)

Classification	Tons (Mt)			Tin (FMT)			Niobio (TMF)			Tantalum (FMT)		
	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13
Measured	113,52	113,52	117,16	52,69	0,173	0,175	0,184	0,208	0,208	0,206	0,028	0,024
Indicated	211,30	161,76	128,79	0,125	0,137	0,174	0,198	0,201	0,198	0,027	0,028	0,021
Measured + Indicated	330,85	311,22	278,92	181,48	0,144	0,153	0,177	0,202	0,204	0,200	0,028	0,022
Inferred	207,96	203,69	21,83	0,108	0,122	0,157	0,194	0,197	0,197	0,027	0,027	0,019

#### Notes:

- Mineral Resources are defined using a cut-off grade of 9,05 NSR \$/t for measured, indicated and inferred resources.
- Mineral Resources have been calculated using US\$ 24 000/t Sn and US\$ 22 500/t FeNbTa liga alloy. (US\$ 23 000/t Sn and US\$ 22 500/t FeNbTa liga alloy in December 2013).
- Liga alloy comprises 50% Fe and 50% NbTa by metal content.
- The NSR (\$/t) cut-off method was introduced in December 2014.

### Pitinga MU: Pit constrained Mineral Resources (Ore tons and Grades)

Classification	Tons (Mt)			Grade (%Sn)			Niobio (TMF)			Grade (%Ta2O5)		
	dic-15	dic-15	dic-14	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13
Indicated	121,56	109,89	-	190 606	197 804	-	223 262	219 782	-	30 481	32 967	-
Measured + Indicated	121,56	111,33	-	169 523	166 991	-	239 489	222 654	-	194 248	33 398	-
Inferred	230,98	221,22	-	360 130	364 794	-	462 751	442 436	-	224 729	66 365	-

#### Notes:

- Mineral Resources are defined using a cut-off grade of 9,05 NSR \$/t for measured, indicated and inferred resources.
- Pit constrained mineral Resources.
- Mineral Resources are inclusive of what might be converted to ore reserves.
- Mineral Resources are calculated using US\$ 20 500/t Sn and US\$ 20 598/t FeNbTa liga alloy. (US\$ 24 000/t Sn and US\$ 22 500/t FeNbTa liga alloy in December 2014).
- Liga alloy comprises 50% Fe and 50% NbTa by metal content.
- The NSR (\$/t) cut-off method was introduced in December 2014.
- In 2015, Resources and Reserves have been audited by an independent external auditor and meet the JORC (2012) Code provisions.



# 2.2 STANDARDS FOR OUR OPERATIONS AND SUPPLY CHAIN

In our operations we actively promote the creation of safe and healthy work environments, and we contribute to the enforcement of applicable legal requirements, we improve the staff performance and, in general, safety performance. This is also required from our suppliers and contractors, so that our entire value chain meets the international standards followed by MINSUR.



## STANDARDS MET BY OUR OPERATIONS IN PERU MINSUR INDICATOR

### San Rafael MUL

It is OHSAS 18001 certified, international certification of the Occupational Health and Safety Management System received in 2008, and its EMS is ISO 14001 certified since 2006. It assesses and audits its reserves and resources pursuant to the JORC code.

In 2015 it received ISO 9001:2008 certification and was audited under ISO 140001 and OHSAS 18001.

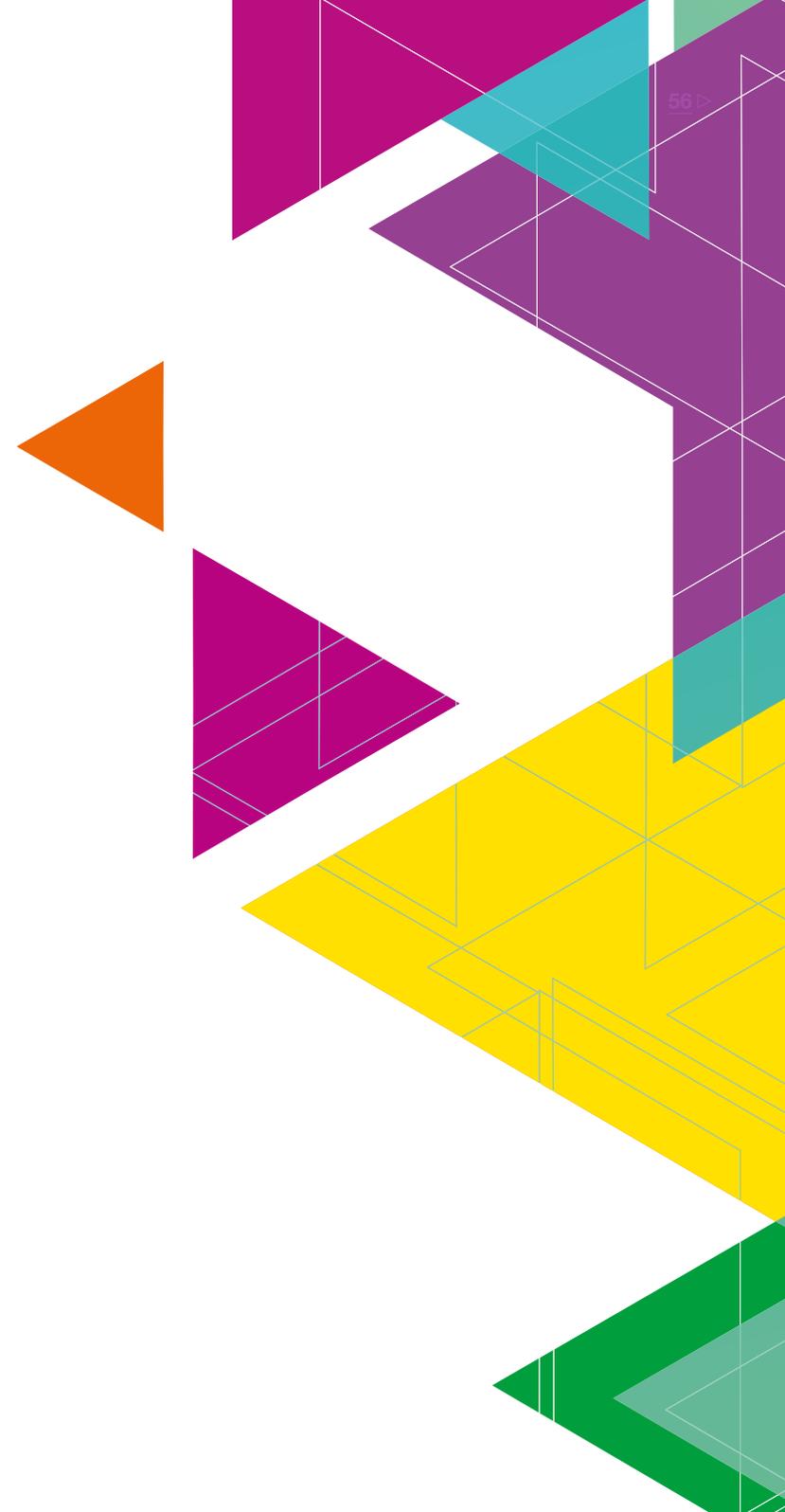
### Pucamarca MU

The unit's management systems are 100% implemented under OSHAS 18001 and ISO 14001 safety and environmental standards, correspondingly. It assesses and audits its reserves and resources pursuant to the JORC Code.

### SPR of Pisco

It has a Comprehensive Management System that meets ISO 9001 standards on Quality Management, ISO 14001 standards on Environmental Management and OHSAS 18001 standards on Safety and Health Management.

In 2015, it received ISO 14001 recertification.





Our objectives based on the best practices are supported by frequent reviews and audits carried out by independent experts to ensure that data validity and quality control meet such practices. In addition, we invite independent expert consultants to audit our declaration of mineral resources and ore reserves.

In particular, to prepare the report on mineral resources and ore reserves we follow the requirements of the Lima Stock Exchange (BVL), which adopts reporting principles in line with the guidelines outlined in the JORC code, which establishes a mineral classification system, using specific standards of geological, technical and economic knowledge. It allows providing certain information to our investors and their Boards of Directors. G4-15

On the other hand, since we supply the electronic industry, we are part of a strict value chain, that makes us subject to audits by international organizations, and which supervision –from the mine to the final customer- allows us guaranteeing a tin supply of the highest purity from conflict-free sources. Therefore, regarding our suppliers, we ask for their standards to meet our institutional values, such as excellence, integrity, safety and responsibility.

In order to meet the high standards and operating requirements characterizing us, we have been careful to apply formal policies for sourcing and procurement, within the framework of a responsible value chain. The group of processes ensuring the supply of those goods and services necessary for conducting our activities has to be in line with our principles of equality, transparency and competitiveness.

In 2015, we have conducted assessments and audits to ensure that contractors and sub-contractors, who have employees operating in our facilities, comply with their labor obligations. Results in terms of good practices have been positive. Specially, in the first monthly assessments conducted between February and April of 2015, to 2358 collaborators who work for

25 of our contractors (about 800 employees assessed every month), we verified that 78% of them had a “satisfactory” level in terms of compliance with their labor practices and only 6% had an “unsatisfactory” level (16% of them were “out of the assessment scope”). G4-LA15 After this validation process, the assessing company issues a Certificate of Compliance with Labor Obligations and Complementary Services, in which the status of such obligations is indicated (satisfactory or unsatisfactory).

Furthermore, this year the assessment made emphasis on safety-related aspects, having identified that our suppliers significantly meet our standards. Likewise, significant, real or potential negative environmental impacts have not been reported in our supply chain. G4-EN33

Supply chain has also been incorporated in the cost reduction strategy implemented in 2015, both regarding unit prices as well as regarding the use of goods and services acquired by the operational units. This responds to the fact

that sustainable value generation in the supply chain derives both from actions related to the prices paid, as well as from use practices.

Thus, we adopted a particular strategy regarding negotiation processes with suppliers, which started with a communication to all suppliers and contractors, letting them know about the adverse price situation that was affecting our results, which gave place to an invitation for our suppliers to work together with MINSUR contributing to the cost-reduction process.

The strategy included, for instance, implementation of rapid sourcing processes for transactional suppliers, through which tenders were organized –inviting suppliers to bid by e-mail or phone calls- with very good results. In other cases, some strategic suppliers were invited to work meetings to assess the evolution of consumption of their products and services, in order to agree to more favorable conditions, aiming at establishing longer-term relationships, as compared to the current ones.





# 3 INNOVATION FOR LONG-TERM GROWTH

New projects and explorations





For three years we have been focusing on value generation by searching for new geological resources and increasing productivity in our mining operations, also betting on the development and implementation of new innovation and growth projects.

In line with the quest for increasing resources and reserves in our operations, we have prioritized the most relevant projects for MINSUR in 2015, with project CAPEX efficiency and an optimized exploration expenditure. All this, thanks to an exhaustive review of resource utilization in growth projects.

## 3.1 EXPANSION PROJECTS

In recent years we have invested resources in expansion projects oriented towards value generation in line with our objectives and strategies, so that they follow a structured methodology ensuring feasible investments, appropriately managing risk, and following the best management practices, within the framework of what we call the "MINSUR WAY".

Since 2014 we have a Corporate Project Department, created in 2014 in order to ensure that capital investment in expansion projects is focused on value generation in line with MINSUR objectives and strategies.

### MINA JUSTA PROJECT

As mentioned above, Mina Justa is an essentially copper project, deemed as a world-class and long-life project.

Currently, it is in the pre-feasibility study stage. It is expected to be an open pit mine.

As of December 2015, resources of copper oxides and sulfides amounted to 388,3 MT with an average grade of 0,71% Cu.

## Resources and Reserves of Marcobre Mina Justa

### HEADLINE INDICATORS

In 2012, MINSUR acquired a 70% interest in the Marcobre Project. Marcobre S.A.C is an independent company managed by shareholders agreement, where MINSUR holds the majority of shares.

Extensive drilling has been conducted in the project to define mineral resources. As a result, confidence in mineral resources has significantly increased. Measured mineral resources are 53% of the total mineral resources reported as of December 2015.

At the end of 2015, exploration drilling conducted to investigate Mina Justa deposit amounted to 226 293 meters of reverse circular drilling and to 169 657 meters of diamond drilling.

Conversion of mineral resources to ore reserves is subject to an assessment on the most appropriate mining method for resource exploitation. Mina Justa project is currently in the second stage (selection stage) of a pre-feasibility study.

Mina Justa has an approved environmental impact assessment.

## Marcobre Mina Justa: Mineral Resources

Classification	Cut-off grade (%)		Tons (Mt)		Grade (% CuT)		Copper content (MlbCu)	
	dic-15	dic-14	dic-15	dic-14	dic-15	dic-14	dic-15	dic-14
<b>Category 1: Oxide Mineral Resources at 0.2% CuAS cut-off grade (Oxide resources deemed suitable for open pit mining)</b>								
	% CuAS	% CuAS						
Measured	0,2	0,2	124,7	134,8	0,56	0,57	1548	1682
Indicated	0,2	0,2	52,1	52,8	0,52	0,50	598	578
Measured + Indicated	0,2	0,2	176,8	187,6	0,55	0,55	2146	2260
Inferred	0,2	0,2	2,8	7,3	0,40	0,45	24	72
<b>Category 2: Sulphide Mineral Resources at 0.2% CuT cut-off grade (Sulphide resources deemed suitable for open pit mining)</b>								
	% CuT	% CuT						
Measured	0,2	0,2	73,6	60,8	1,16	1,15	1888	1546
Indicated	0,2	0,2	94,9	91,5	0,76	0,69	1589	387
Measured + Indicated	0,2	0,2	168,5	152,3	0,93	0,87	3477	2933
Inferred	0,2	0,2	13,4	9,9	0,63	0,42	186	92
<b>Category 3: Sulfide Mineral Resources at 0.55 CuT cut-off grade (Sulphide resources for underground mining)</b>								
	% CuT	% CuT						
Measured	0,55	0,55	7,9	7,5	1,54	1,63	268	269
Indicated	0,55	0,55	12,5	5,2	1,31	1,30	360	149
Measured + Indicated	0,55	0,55	20,4	12,7	1,40	1,49	628	418
Inferred	0,55	0,55	6,4	4,6	1,11	1,23	158	125
<b>Category 4: Total oxide + sulphide resources (open pit and underground mining)</b>								
Measured	Variable	Variable	206,2	203,1	0,81	0,78	3704	3497
Indicated			159,5	149,5	0,72	0,64	2547	2114
Measured + Indicated			365,7	352,6	0,77	0,72	6251	5611
Inferred			22,6	21,8	0,74	0,60	368	289

### Notes:

- Estimation of 2013 Mineral Resources has been prepared by Snowden Mining Consultants (Ltd.).
- Estimation of 2014 Mineral Resources has been prepared by AMC Mining Consultants (Canada) Ltd.
- Estimation of 2015 Mineral Resources has been prepared by AMC Mining Consultants (Canada) Ltd.
- Mineral resources limits have been defined by optimized pit shell and underground stope shapes.
- CuAS = Acid soluble copper analysis; CuT = Total copper analysis.
- Mineral Resources calculated using US\$ 3.40/lb Cu
- Appropriate recovery, cost and dilution factors have been used in the pit optimization process.
- Transitional (mixed) Sulphide ore has been included as part of the total sulphide ore.
- Mineral Resources and Ore Reserves as of December 2014 and as of December 2015 have been audited by an independent external auditor and they meet the JORC Code (2012) provisions.

## TAILING REUSE PROJECT (B2)

The B2 Project shall be a new component in the current operation of San Rafael MU, incorporating a Tailings reuse plant in the old B2 tailings dam. ITRI has considered it among the world's ten most outstanding unexploited deposits. It is estimated to have approximately 7,6 million tons of tailings with a 1,05% grade. The project has a potential to contribute with 5000 to 6000 tons of fine tin per year.

### B2 Project Characteristics

#### ESTIMATED RESOURCES

80 000  
tons of Sn content

#### PRODUCCIÓN ESTIMADA

6000  
of fine tin per year, starting  
in the last quarter of 2018

#### USEFUL LIFE (LOM)

8  
Years



Currently the B2 Project is in the prefeasibility stage and it is estimated that the feasibility stage will be completed at the beginning of 2017. Therefore, if the project feasibility is confirmed, and relevant licenses and approvals are obtained, the implementation stage should start in the second quarter of 2017. Operations should start in 2018.

### Resources and Reserves of B2 Project

Classification	Cut-off grade (% Sn)			Tons (Mt)			Grade (% Sn)			Tin Metal (FMT)		
	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13	dic-15	dic-14	dic-13
Measured	0,50	0,50	0,50	3 892	3 892	3 892	1,10	1,10	1,10	42 870	42 870	42 870
Indicated	0,50	0,50	0,50	3 721	3 721	3 721	1,00	1,00	1,00	37 254	37 254	37 254
Measured + Indicated	0,50	0,50	0,50	7 613	7 613	7 613	1,05	1,05	1,05	80 127	80 127	80 127
Inferred	0,50	0,50	0,50	0,1	0,1	0,1	1,31	1,31	1,31	1 314	1 314	1 314

Notes:

- Mineral Resources volumes are determined by the tailings dam topographic surfaces.
- Mineral Resources have been estimated using traditional geo-statistical methods.
- Mineral Resources calculations are based on core samples obtained by Sonic and Rotary drilling.
- The resource estimate is based on a total of 103 boreholes (2750 m).
- Mineral Resources have been audited by independent external auditors and meet the JORC code (2012) provisions.



## 3.2 INNOVATION PROJECTS AND NEW TECHNOLOGIES

Our company has the capacity and is committed to continue investing, both in current projects and in new projects, while conducting exploration works. In particular, our operational units continue showing a high capacity to produce positive results in a context of low prices.

In 2015, we emphasized on innovation. We changed our commercial model, as further elaborated in the next chapter, but we also introduced new technologies (the Ore Sorting technology in San Rafael MU, as mentioned above) and developed new products (ferro niobium and ferrotantalum in Taboca).

During the next year, we will implement innovation projects which foundations have already been set in 2015, as reflected in our operations' performance in the previous chapter. The objective shall be continuing improving productivity of our mining units and adding value to the company

In San Rafael MU, our flagship operation, besides the already mentioned B2 Project, in 2015 we implemented the Ore Sorting or Pre Concentration Project, which innovative technology to be applied for the first time in Peru, will turn low grade ore into high grade ore, enabling its exploitation. Through this project we will use ore sorter equipment to sort ore. The project shall contribute with approximately

3000 tons of fine tin per year, processing stock ore of low grade accumulated in the mine. It shall start being used in the second half of 2016, and it will position San Rafael MU as the second mine applying this technology worldwide, and the first one to do it with tin.

Similarly, in Taboca, our operation in Brazil, we set the foundations in 2015 to turn in into a profitable operation with significant margin generation, through three projects highly focused on improving productivity:

- Removal of bottlenecks in Pitinga mine, increasing volumes of tin produced and treated.
- Expansion of the niobate flotation plant aiming at doubling niobium and tantalum production (very important sources of income).
- Slag treatment in the SPR of Pirapora, with a potential to contribute with 1000 T of refined tin per year at a very low cost, starting in 2016.

In general, we have been far-sighted at diversifying our mineral portfolio, since currently approximately 70% of our revenues are generated by tin, while 30% come from gold, niobium and tantalum, and we expect Mina Justa of Marcobre Project development to expand diversification to copper towards 2020.



## 3.3 EXPLORATIONS

Our portfolio of mining concessions extends in about 260 000 hectares, out of which 200 000 hectares are exploration mining properties.

In 2015 we intensified exploration activities as part of our growth strategy. Thus, we continued with brownfields exploration programs.

In the same year we also completed a series of field studies, detailed geological mappings, geophysical studies, geochemical sampling, among others, which allowed continuing several still ongoing diamond drilling programs. As of December 31, 2015 we had drilled approximately 54 000 meters in projects located in neighboring areas to our main operations located in Puno department. These projects' expenditure reached US\$ 16 million, approximately.

However, we are focused on deepening our studies even more, as well as on expanding implementation of these programs, which are oriented to identify new mineralization areas. In this regard, at the end of 2014, we started applying for the corresponding permits to guarantee the extension of these exploration plans, which were implemented in the second half of 2015.

In particular, extensive works have been conducted in Nazareth deposit, located in the Quenamari exploration area, 5 km north-east from San Rafael MU, which presents the following inferred mineral resources:

### Nazareth: Mineral Resources

Classification	Cut-off grade (% Sn)	Tons (Mt)	Grade (% Cu)	Ley (% Cu)	Grade (% Zn)	Tin metal (FMT)
Measured	--	--	--	--	--	--
Indicated	--	--	--	--	--	--
Measured + Indicated	--	--	--	--	--	--
Inferred	0,80	3,01	1,53	0,56	1,25	46 131

#### Notas:

- Estimated resources are based on 66 drillings (51 439 m).
- Mineral Resources have been audited by independent external auditors and meet the JORC code (2012) provisions.



Explorations are an essential pillar of our company's growth strategy. Our objectives for 2016 have been established and aim at calculating new resources explored in 2015, and defining new mineralization potential, both completely in line with our growth strategy.

# 4 FINANCIAL SOUNDNESS FOR NEW MARKET DEVELOPMENT

Business management and financial  
results





In 2015, to address the low prices scenario, we focused on protecting our margins and our cash position, making great efforts to control costs and expenses, and to improve productivity. As a result, at the end of the year we had a sound financial position with US\$ 581.9 million in cash to continue investing in explorations and long-term growth projects.

In the business scope, in a price-sensitive market, our financial strength enables us to tackle low-price cycles that force many producers to stop exporting and invest in growth. Customers expect to be supplied by a reliable supply source, such as ours, which includes effective customer service and an exploration-oriented investment strategy.



## 4.1 LONG-TERM-BUSINESS RELATIONSHIP STRATEGY

As a part of our diversification strategy, in recent years we have been widening our product portfolio. Towards the end of 2012, 100% of our revenues came from tin. As mentioned in the chapter above, currently 70% of our revenues come from tin, while 20% come from gold, and 10% from niobium and tantalum. The latter is the result of an active effort to develop new markets and increase our value sources in our ongoing operations.

In 2015 we have strengthened our business strategy, specially regarding the relationship with our customers, to incorporate new ones and get to better know the entire value chain.

## Customer satisfaction survey **G4-PR5**

As part of our quality-control system to measure our performance, we conduct customer satisfaction surveys every year, focused on the tin market. Based on the answers received, we aimed at improving such development.

The survey is sent by e-mail to our customers, which then reply sending their answers before the limit date. The subjects considered in the survey are:

**PRODUCT QUALITY.**

**DOCUMENTS AND  
CUSTOMER SERVICE.**

**PRICES**

**CONCERNS ON MINSUR  
QUALITY AS A SUPPLIER OF  
CONFLICT FREE PRODUCTS.**

**OBSERVATIONS AND  
SUGGESTIONS**



In our search for ways to differentiate, we have conveyed our customers we practice the highest sustainability standards in all our supply chain exceeding national and international standards, which differentiates us from other producers. Throughout 2015, we prepared a brochure and a video showing the relationship between our business strategy and our sustainability approach. Moreover, we were admitted in the Low Risk Audit Program promoted by the Conflict-Free Smelter Initiative (CFSI), and thus instead of annual audits, audits shall be carried out every three years G4-PR6

Since it was build, in 1996, the SPR of Pisco only processes tin from the San Rafael MU, which guarantees that CFSI parameters are met and allows us to commercialize a 100% traceable ore. This, together with our world-class standards and our social management approach, helped us position our product as the most sustainable product in the industry, under a concept we call SusTINable (Sustainable Tin), which is appreciated by our final costumers, tin ore consumers specially in the electronic and welding industry. So, aiming

at showing the value of our sustainability as a differential factor of our product, SusTINable constitutes the beginning for the development of a tin brand strategy.

Regarding our tin products, we also apply information and labeling procedures to convey the source of their components, their content and safety instructions for the corresponding product or service. G4-PR1

It is worth highlighting, that despite the low price cycle, MINSUR has not stopped investing in sustainability, maintaining production standards that ensure a SusTINable production.

On the other hand, in April 2016, Peru will host the National Tin Conference organized by ITRI, which will contribute to further advertising our operations among our customers, within the framework of our interest in encouraging them to confirm that our standards exceed those of other producers. For the first time Peru will be the official host of this event.

# 4.2 OUR MARKET PERFORMANCE

## THE TIN MARKET

In 2015, the average refined tin price was  $\phi$ US\$ 728 per pound, 27% lower, as compared to 2014, due to the falling global tin demand and despite the lower production.

### LOWER GLOBAL CONSUMPTION.

The global tin demand amounted to 364 000 tons, 4% less, compared to 2014. Consumption fall was due to (i) a weaker demand from China, main tin consumer, due to an investment adjustment and (ii) strengthened exchange rates that make the metal price in other currencies more expensive.

### FALL OF TIN PRODUCTION

Global refined tin production amounted to 355 000 tons, 7% less than in 2014. Two factors explain such fall: (i) China's lower output, main tin producer; and (ii) a fall in MINSUR tin production, one of the main producers worldwide, in its mines of Peru and Brazil.

### FALL IN THE PRICE DESPITE A SLIGHTLY EXCESSIVE DEMAND.

The tin market recorded a slight excess demand of 9000 tons. However, tin consumption growth perspectives for the following years are not positive, which was reflected in lower tin prices.

### international price of tin

US\$ per libra



Fuente: BCR, Bloomberg.

## THE GOLD MARKET

In 2015, the average gold price was US\$ 1160 per ounce, 8% lower as compared to 2014. The fall was due to a lower demand from the jewelry sector and the expectation for the US Federal Reserve to increase the reference interest rate in the United States (higher interest rates reduce gold demand as a financial asset).

### LOWER GLOBAL DEMAND FOR GOLD

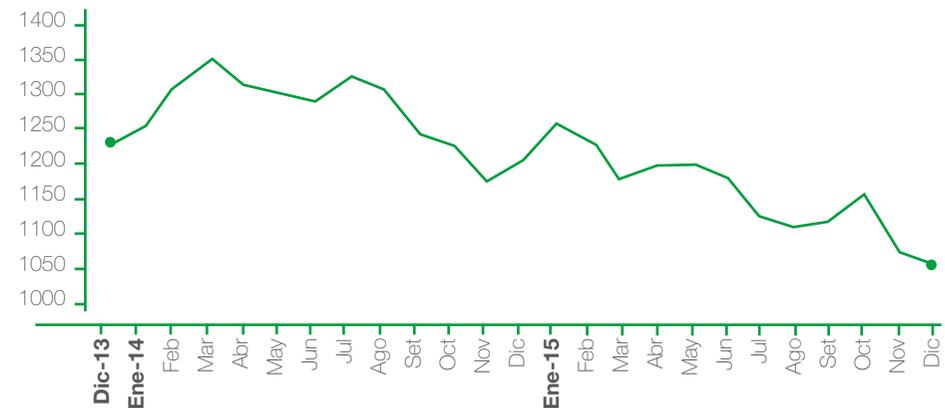
Global gold demand fell 0,3% as compared to 2014. This was due to the fall of gold demand from the jewelry sector by 3% and the fall of gold demand for technology purposes (-5%). Moreover, the expectation of a lower demand for gold as a financial asset, because of the potential increase of the US Federal Reserve interest rate also influenced this result. An increase of this interest rate would mean higher interest rates for other financial assets (such as the US treasury bonds), resulting in a lower interest for investors to invest in gold.

### FALL OF GLOBAL GOLD PRODUCTION.

Global gold production fell by 4% and it reached its lowest level in five years. This was due to (i) the lower output of some of the main gold mines, such as Grasberg (Freeport, Indonesia); and (ii) a fall in recycled gold production (-7%) due to its lower price.

### International price of gold

US\$ per ounce



Source: BCR, Bloomberg.

## 4.3 FINANCIAL RESULTS <sup>4</sup>

In 2015, our achievements at the operational level have been accompanied by a scenario of adverse prices, which together with the impact of a material adjustment to the carrying value of Mina Justa Project, significantly affected FY results.

### Profits and losses

	Unidad	2015	2014	Var (%)
Net Sales	US\$ MM	487,3	760,2	-36%
Cost of sales	US\$ MM	-278,7	-354,4	-21%
Gross profit	US\$ MM	208,7	405,8	-49%
Selling expenses	US\$ MM	-6,3	-10,5	-40%
Administrative expenses	US\$ MM	-28,9	-35,0	-10%
Exploration and project expenses	US\$ MM	-26,3	-28,6	-8%
Other operational expenses, net	US\$ MM	-4,9	-10,2	-52%
Operating profit	US\$ MM	142,3	321,5	-56%
Financial income and (expenses) and others, net	US\$ MM	-27,8	-27,5	-1%
Financial income and (expenses) and others, net	US\$ MM	-484,3	-84,4	--
Exchange difference, net	US\$ MM	-2,4	-6,0	-60%
Results of subsidiaries and associated companies	US\$ MM	-372,2	203,7	--
Exchange difference, net	US\$ MM	-421,8	-118,8	-58%
Income tax	US\$ MM	-421,8	84,9	--
EBITDA	%	-87%	11%	--
Income tax	US\$ MM	2070	383,7	-46%
EBTIDA margin	%	42%	50%	-16%
Net income adjusted	US\$ MM	64,9	175,2	-63%

4 / Referred only to MINSRU S.A. individual financial results, i.e. the results of our tin and gold operations in Peru (San Rafael MU, SPR of Pisco and Pucamarca MU). Results of our subsidiaries, which comprise the consolidated financial statements and which also include our operations in Brazil (Pitinga MU and SPR of 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

The volume of MINSUR tin sales dropped by 23% in 2015, as compared to 2014, reaching 21 056 tons. Sales to Europe, which represent nearly 50% of total sales, fell 25,2%. Similarly, sales to the United States, which represent nearly 40% fell 15,8%. Furthermore, sales to Asia and South America also dropped by 47% and 15%, respectively.

Lower tin sales in 2015 (-44%) responded to two negative impacts; on the one hand, a sharp drop in tin prices, which fell 27% in 2015, and on the other hand, the lower volume of tin sales (-23%) as compared to 2014, when our stock was cleaned out.

Regarding gold sales, the volume of MINSUR sales grew 9% as compared to 2014, reaching 119 649 ounces. 100% of gold sales had the United States as their destination.

### Sales volume per product line

Sale detail	Unit	2015	2014	Var (%)
Tin	t	21 056	27 443	-23
Gold	oz	119 649	109 607	9%

## EBITDA

EBITDA were 46% lower as compared to 2014, as a result of lower sales caused by the fall in tin and gold prices. The Sharp drop in prices was partially offset by lower exploration and project expenses (-8%), as well as by lower administrative expenses (-18%), as well as by the abovementioned cost-savings.

Cost reduction allowed preserving the expected EBITDA margins, despite the lower prices, and reach a 42% level. This reflects the financial soundness of assets owned by our company in Peru.

## NET LOSS AND NET ADJUSTED INCOME

Net loss in 2015 amounted to US\$ 421,8 million versus a net income of US\$ 84,9 million in 2014. Such result was strongly impacted by impaired assets of Marcobre subsidiary, which –considering the drop in copper price, and following our good corporate governance principles- decided to incorporate a timely adjustment in the financial statements in the fourth quarter of 2015.

It is worth indicating that, if we excluded the results of the Subsidiaries, and the impact of Exchange losses in Brazil, MINSUR would have a net income of US\$ 64,9 million in FY 2015.

## Accounting adjustment in Marcobre value in 2015

When conducting the impairment test of Mina Justa project of our subsidiary Marcobre, we concluded that currently the expected value in terms of future cash generation is lower than the carrying value, which forced us to record an adjustment for asset impairment in the fourth quarter of 2015.

MINSUR investments in Marcobre at 2015 year-end had a carrying value of US\$ 840 million, which corresponded to 100% of Marcobre value. Currently, the value of the project, which is in its pre-feasibility stage and under an optimization process- is estimated in US\$ 200 million, which has resulted in the need to make an impairment adjustment for US\$ 640 million (for 100% of Marcobre value).

Currently, we are finishing Marcobre pre-feasibility studies, which consider several scenarios to optimize the project's value in relation to international prices.



A photograph of two miners in full personal protective equipment (PPE) shaking hands. The miner on the left wears a white hard hat, safety glasses, a respirator with pink filters, and a high-visibility orange and navy blue jacket. The miner on the right wears a blue hard hat, safety glasses, a respirator with pink filters, and a navy blue jacket with reflective stripes. A name tag on the right miner's jacket reads "minsur" and "2011-II". They are standing in an industrial setting with a large white bag in front of them and a hilly landscape in the background.

## LIQUIDITY

At the end of 2015, the cash balance and cash equivalents amounted to US\$ 581.9 million (including available-for-sale financial assets for US\$ 192 million, as well as financial assets at fair value for 6 million), 0.77% lower as compared to the end of 2014 (US\$ 586.4 million).

Operational enhancements applied during the year, allowed reducing costs per ton of all mining units, facilitating margin consolidation and preservation of cash necessary to continue investing in growth projects for the future

## Cash flow

Cash flow	Unit	2015	2014
Initial balance	US\$ MM	388,7	199,5
Operation activities	US\$ MM	118,1	289,9
Investment activities	US\$ MM	-73,5	-287,5
Financing activities	US\$ MM	-50,4	186,8
Final Balance	US\$ MM	383,0	388,7

## CAPITAL AND FUNDING

The total financial debt reached US\$ 439.4 million at the end of 2015, in line with the total financial debt at the end of 2014, which amounted to US\$ 439.3 million. As a result, net leverage ratio reached -0.6x at the end of 2015 versus -0.4x at the end of 2014.

## Net Debt

Net Debt	UNIT	2015	2014
Financial obligations	US\$ MM	439,4	439,3
Cash	US\$ MM	581,9	586,4
Net debt	US\$ MM	-136,1	-139,0
Debt / EBITDA	x	2,1x	1,1x
Net debt / EBITDA	x	-0,6x	-04x

## OFFICERS RESPONSIBLE FOR PREPARING THE FINANCIAL STATEMENTS

In FY 2015, the accounting officer responsible for preparing the Financial Statements was Mrs. Indira Trujillo Ramírez, certified public accountant with registration N° 1545.

Paredes, Zaldivar, Burga & Asociados S.C.R.L., a firm of the Ernst & Young Group has been our external auditor, issuing a clean audit report on MINSUR S.A.

In a situation of adverse international prices, and after thoroughly reviewing our operational units' asset value, all operational units, as well as all other MINSUR projects, have a higher value than the carrying value. Therefore, we are capable of continuing generating value and distribute it.

In terms of the direct economic value we generated, our income in 2015 came mainly from net sales which fell by US\$ 273 million (36%) as compared to 2014, mainly due to the fall in tin and gold prices. Such impact was partially offset by the larger volume of gold sales. In 2015, tin price dropped 27%, from an average price of US\$ 21 894 per ton to an average price of US\$ 16069 per ton in 2015. Similarly, gold price fell by 8%.

Regarding the economic value we distributed, our operational expenses dropped 23% in 2015 as compared to 2014, as a result of the implementation of operating efficiencies and cost-savings promoted throughout the company in response to a scenario of lower prices. More than 50% of the economic value we distributed is oriented to cover our inputs, product components, facilities and acquired services.

Taxes paid to the State occupy the third distributed position (10% of the total). In this regard, the mining canon and royalties paid in Peru have amounted to US\$ 168 million in the last two years, and in 2015 both values exceeded US\$ 49 million. Only San Rafael MU contributes, in average, with 30% of the annual income of the Puno region, where we operate.

Finally, 13% of the economic value we generate is allocated to salaries and compensations paid to our employees, and 15% to dividends paid to our shareholders and interests paid to our creditors.

## 4.4 ECONOMIC VALUE OF OUR OPERATIONS G4-9



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

Value	Componente	2014	2015
		Monto (US\$ miles)	
Direct generated economic value	Net sales	760,160	487,329
	Financial investments <sup>1/</sup>	7,653	4,577
	Asset sale	8,828	51
Distributed economic value	Operating expenses	353,688	273,260
	Salaries and social benefits	92,631	71,734
	Dividends to shareholders and debt interests	80,826	80,604
	Taxes	118,774	49,661
	Voluntary donations and fund investments in the community	3,333	1,732
Retained economic value	Direct generated economic value less distributed economic value	127,389	14,966

<sup>1/</sup> Interests for financial credits, dividends for shareholding, royalties and direct income from assets (ex., property rental).

Regarding the total monetary value of the economic assistance we have received from government agencies, it is worth mentioning that in 2015 we received tax credit for S/. 132.3 million.

Contributions to Pension Funds Administrators (PFA) and the mining retirement fund are responsibility of our employees. Under such premise, half of them (payroll) contribute 14,8% and 13%, if they belong to the private pension system or to the social security regime (ONP), respectively, while the other half contributes 12,8% and 13%, to each regime, respectively.



# 5 OPERATING WORLD-CLASS ASSETS

The corporate value of occupational health and safety

In 2015 we have been working to consolidate our safety performance, since it is a key to achieve results. We have a strengthened Corporate Health and Safety Management system (HSMS) implemented in 2014, and we have received the OHSAS 18001:2007 certification, and we have a solid culture of safety. All these aspects, together, have allowed us to reduce the Lost-Time Injury Rate (LTIR) by 80% in 2015.

Furthermore, in 2015 we worked monitoring that the standards and provisions on which our HSMS is based are met. Following national requirements, we created an Occupational Health and Safety Committee (CSST, in Spanish) which operates at the highest management level of each unit and it is 100% representative of the management and the employees of our units. Coordinated work within the CSST has replaced any need to include these issues in any type of formal agreement with the unions. G4-LA8

### Safety indicators per operational unit in MINSUR G4-LA6

Operation	Mining unit	Lost-time injuries		LTIFR <sup>1/</sup>	
		2014	2015	2014	2015
Open-pit mine	Pucamarca	0	0	0	0
Smelting and refining plant	Pisco	0	0	0	0
Underground mine	San Rafael	5	1	0,9	0,19
<b>Total</b>		<b>5</b>	<b>1</b>	<b>0,6</b>	<b>0,13</b>

1/Lost-time Injury Frequency Rate

## 5.1 OUR SAFETY PERFORMANCE

In 2015 the LTIR fell 0,13 as compared to the previous year. Though there were no fatal accidents, 20 injuries were recorded<sup>5</sup> in a total of 7 164 553 worked man-hours (WMH).

Moreover, we have experienced one lost-time or disabling injury in our San Rafael MU<sup>6</sup> related to falling objects. It is worth mentioning that between April 2015 and the end of January 2016, in that

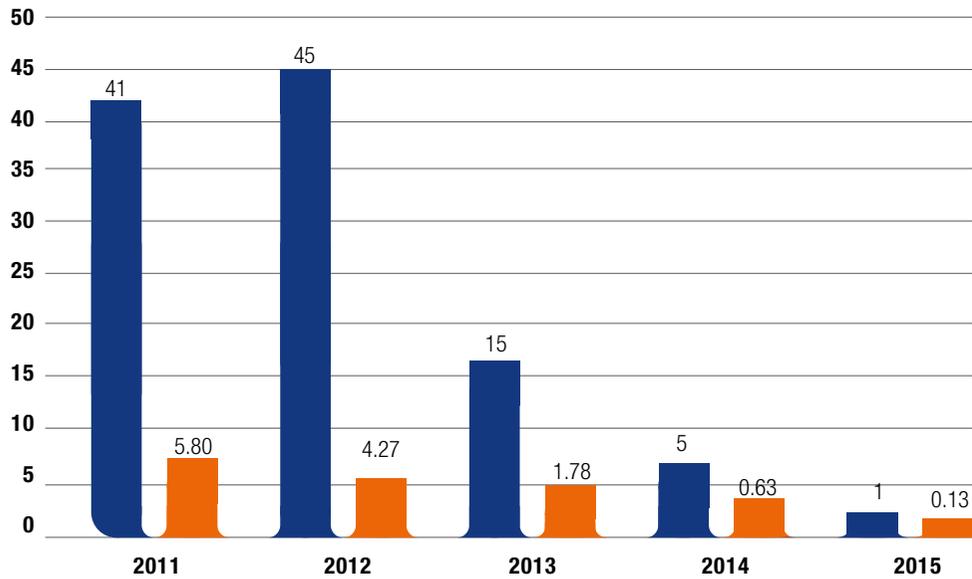
same unit, 4 079 073 WMH were recorded with no lost-time injuries.

Pucamarca MU, on the other hand, has accumulated 5 830 278 WMH with no lost-time injuries, period in which it started its operations. The SPR of Pisco has already recorded 1 856 261 WMH with no lost-time injuries since September 2013 to date.

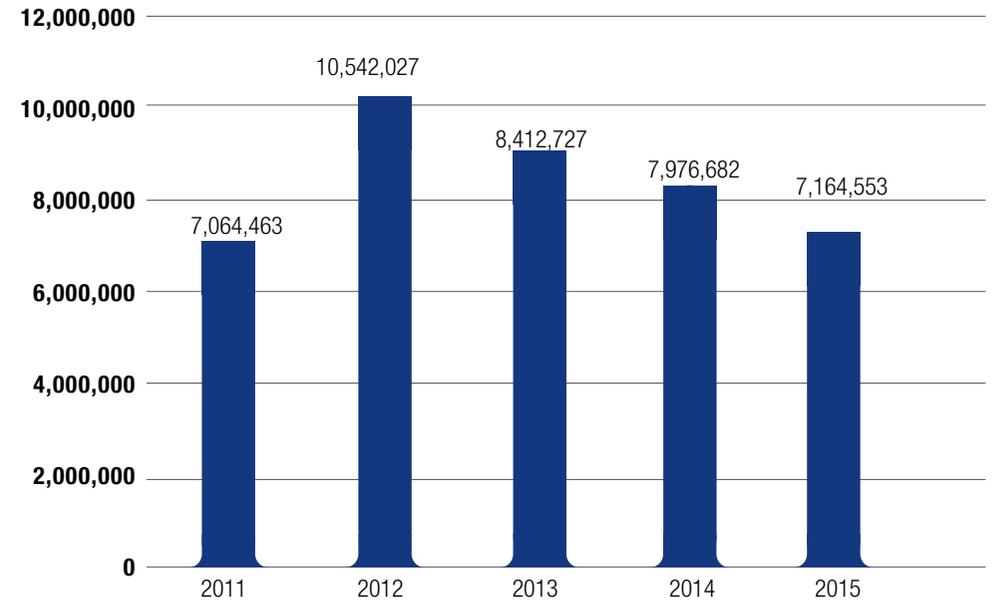
<sup>5</sup> Out of these, 14 were recorded in San Rafael MU. Besides, the largest part affected fingers and hands, or involved handling materials.

<sup>6</sup> In Mineração Taboca four disabling or lost-time injuries were recorded.

### Safety indicators MINSUR



### Man - hours worked



## THE FOLLOWING ACTIONS AND INITIATIVES INFLUENCED THE SAFETY PERFORMANCE DESCRIBED ABOVE:

- 1 Review of the ten most important risks in each unit, with the immediate and effective implementation of controls to address them.
- 2 Leading plan for health and safety training and coaching, as one of the pillars of our health and safety management. Coaching has been designed to spread knowledge and training to our employees, complying with the laws into force.
- 3 Implementation of a road safety committee, created to prepare a preventive plan for road safety in the mining unit, monitor it and investigate traffic-related accidents.
- 4 Strengthening of the campaign for the prevention of accidents caused by fatigue and sleepiness.
- 5 Implementation of the so-called "Moment of Safety" every 15 days (messages of safety-related issues directed to our own staff, and our contractors' employees).
- 6 Monthly safety committee, to agree on commitments and initiatives to strengthen safety leadership.

## 5.2 SAFETY PRACTICES

### PROCESS FOR RECORDING AND COMMUNICATING ACCIDENTS AND INCIDENTS G4-LA6

We investigate all incidents produced in our units or corporate offices. A Flash Report is prepared and then it is sent to the Corporate Health and Safety Management. With this, the action plan of the incident's investigation is reviewed in Lima premises, with the participation of the Unit Manager, the Corporate Health and Safety Manager, and the Operation Manager.

The Mining Unit's Health and Safety Department is in charge of monitoring the action plan and, at the end of each quarter, the Corporate Health and Safety Manager and the Operation Manager review the action plans of high-potential incidents to verify that established actions are complied with.



These actions have complemented those that had already been conducted since 2014 in all our units, such as the implementation of Rules for Life; the Campaign to prevent injuries to fingers and hands; the Right to say “No”; the campaigns to promote a work environment free of alcohol and drugs; the report and investigation of high-potential events (HPE); among others.

Another initiative we kept working in is the Safety Observers Program, which has trained 267 employees as safety observers, based on the characteristics of each unit and the type of risks activities found in them. By the end of 2015, 87% of safe behaviors have been achieved.

At the unit level, while Pucamarca MU maintains an outstanding record in terms of having not recorded any lost-time injuries since it started operating, San Rafael MU stood out in 2015 for having developed and implemented the Centinela computer system for safety management and for implementing the self-protection technique “Eyes and mind on the task”, as part of the Safestar program. Furthermore, in April 2015, the SPR of Pisco was recognized by the Institute of Mine Safety (ISEM) as the country’s safest smelter during the previous FY.

## 5.3 OCCUPATIONAL HEALTH PERFORMANCE

Occupational health addresses potential health risks of the tasks carried out by our employees. The more widespread risks in our operations are the pneumoconiosis<sup>7</sup> and the noise-induced hearing loss<sup>8</sup>.

Employees with a higher risk –in terms of occupational health- are those carrying out underground tasks, and those exposed to noises above 85 decibels. G4-LA7 These are followed by loading machine operators, plant operators, heavy and light vehicle operators, multifunctional operators, as well as assistants or helpers of these positions, who deserve special attention from occupational health management.

### Professional activities with higher impact of risk of specific diseases G4-LA7

MU / Contractor	Job	Number
<b>San Rafael MU</b>		<b>745</b>
MINSUR	<b>TOTAL</b>	<b>232</b>
	Blaster	43
	Heavy machinery operator	86
	Plant operator	78
	Welder	9
	Electrician and powerhouse operator	16
AESA <sup>1/</sup>	<b>TOTAL</b>	<b>442</b>
	Electricians	20
	Welders	5
	Driller and helper	246
	Broiler Operators	2
	Scoop operator and helper	55
	Jumbo operator and helper	81
	Mechanic / technician and helper	33
Explomin <sup>2/</sup>	<b>TOTAL</b>	<b>12</b>

<sup>7</sup> It is a group of lung diseases produced by dust inhalation and, more frequently, the consequent settling of solid inorganic residues.

<sup>8</sup> Partial loss of hearing capacity.

MU / Contractor	Job	Number
	Diamond driller Diamond driller helper	3 9
OPEMIP <sup>3/</sup>	<b>TOTAL</b> Light and heavy vehicle operator Floor staff, watchers controllers Heavy machinery operator	<b>59</b> 50 6 3
<b>Pucamarca MU</b>		<b>204</b>
	Multifunctional mine operators (MINSUR S.A.) Multifunctional plant technicians (MINSUR S.A.)	46 46
	Chemical lab technicians (SGS) Metallurgical lab technicians (EMC) Surveillance staff in ADR plant (JV Resguardo) Welders (MINSUR S.A.) Maintenance mechanical technicians (MINSUR S.A.) Blasting staff (EXSA) Heavy equipment maintenance staff (Ferreyros) Tire maintenance staff (NEUMA Perú)	15 10 9 6 45 9 12 6
<b>SPR of Pisco</b>		<b>124</b>
	Smelter operators Refinery operators PSP Operators Mechanics Electricians	28 28 28 22 18

1/ Company specialized in providing mine site exploration, development, preparation and exploitation services, as well as managing mining operations.

2/ Company mainly providing drilling and geotechnical services.

3/ Company devoted to construction and maintenance in the mining field, among others.



THE FOLLOWING ARE AMONG  
THE OCCUPATIONAL-HEALTH-  
RELATED INITIATIVES AND ACTIONS  
IMPLEMENTED IN 2015:

- 1 Implementation of hearing, breathing and skin protection programs, alcohol and/or drug monitoring, and biological monitoring of heavy metals.
- 2 Three occupational medical examinations per employee (incorporation, annually and termination).
- 3 Medical campaigns and awareness campaigns on health related issues and on healthy life-styles.
- 4 Permanent training on the correct use of personal protection equipment, first aids and Protocols to care for victims of poisoning with hazardous chemical substances.







**6 A SHARED  
RESPONSIBILITY**  
*Strategic talent management*



Human talent is also a part of our value drivers. MINSUR has continued strengthening corporate value proposal, and it requires the necessary talent to do it. Talent management in 2015, thus, aimed at attracting, retaining and strengthening professionals who will implement our corporate value proposal and organizational culture to maintain global standards and generate business sustainability.

The talent incorporation process is fully integrated in our management: responsibilities have been established both for the Human Resources department and for the specific hiring departments, thus talent incorporation is a shared responsibility within the company.

These aspects are so relevant for our comprehensive performance that one of our seven strategic objectives as a company –“consolidating the organization”- is mainly based on human factor components: talent management, leadership and team work.

# 6.1 OUR WORK PROFILE

The number of employees is very similar to the former year's number. MINSUR has 1159 employees, 4,6% less than in 2014; 1070 work with us under a permanent work contract<sup>9</sup>. Regarding the members of the Board of Directors (6), four are between 33 and 55 years old, one is between 55 and 65, and one is older than 65. Out of the six members, one is a woman. G4-LA12

## MINSUR staff composition G4-LA1

Category	2015		2014	
	Permanent	Temporary	Permanent	Temporary
<b>Employees</b>	513	37	492	98
<b>Officers</b>	43	0	46	0
<b>Workers</b>	514	52	440	139
<b>Subtotal</b>	1070	89	978	237
<b>TOTAL</b>	<b>1159</b>		<b>1215</b>	



Turnover indicators evidence that 62% of employees who rotated in 2015 are between 30 and 50 years old, and they are mainly from our corporate headquarters in Lima and from San Rafael MU, (35% and 32%, correspondingly). 89% of employees who rotated were women.

### Total employees by age group and gender G4-LA12

Group	2014		2015	
	Number of employees	Percentage	Number of employees	Percentage
Employees younger than 30	146	12%	106	9%
Employees between 30 and 50 years old	839	69%	795	69%
Employees older than 50	243	20%	258	22%
Male	1143	94%	1099	95%
Female	73	6%	60	5%
<b>Total</b>	<b>1215</b>	<b>100%</b>	<b>1159</b>	<b>100%</b>



## New recruits G4-LA1

Group	2014		2015	
	Number of employees	Percentage	Number of employees	Percentage
Employees younger than 30	37	25%	32	22%
Employees between 30 and 50 years old	95	64,2%	102	71%
Employees older than 50	16	10,8%	9	6%
Male	130	88%	132	92%
Female	18	12%	11	8%
Puno	38	26%	72	39%
Tacna	44	30%	60	32%
Pisco	6	4%	3	2%
Lima	60	40%	52	28%
<b>Total</b>	<b>148</b>	<b>100%</b>	<b>143</b>	<b>100%</b>

## Turnover number and rate G4-LA1

Age range	2014		2015	
	Number of employees	Percentage	Number of employees	Percentage
Employees younger than 30	16	14%	23	13%
Employees between 30 and 50	73	63%	112	62%
Employees older than 50	26	23%	45	25%
Male	107	93%	160	11%
Female	8	7%	20	89%
Puno	33	29%	58	32%
Tacna	38	33%	49	27%
Pisco	5	4%	10	6%
Lima	39	34%	63	35%
<b>Total</b>	<b>115</b>	<b>100%</b>	<b>180</b>	<b>100%</b>



Regarding wage aspects, and considering that the minimum wage in Peru is S/. 750 pursuant to law, we pay competitive salaries and compensations in the labor market. We offer an initial wage that exceeds the national minimum wage by 2,74 times, en this ratio is higher for our female employees, depending on their job positions. G4-EC5

Though 100% of our labor force<sup>10</sup> receives the corresponding legal benefits, we also provide a group of additional benefits. Furthermore, 100% of our employees have a Vida Ley life insurance since the first day of work, even though it is not a legal requirement<sup>11</sup>; an individual health insurance through a private Health Care Provider (HCP) (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 facilities.<sup>12</sup>. G4-LA2

We have a social program that incorporates health, education and work-family balance issues. No strikes or significant labor conflicts have been recorded.

## HUMAN MANAGEMENT INITIATIVES IN OUR MINING UNITS

- 1 In San Rafael MU, the “Liderando” project (Leading) has been launched to strengthen leadership skills of managers and supervisors.
- 2 In Pucamarca MU, social programs have included infrastructure investment: gym equipment, installing a cell phone antenna in the camp, WiFi system, sport activities and improvements of the living conditions in the camps.
- 3 In the SPR of Pisco the SUPÉRATE program (Advance your career) was launched, designed to close existing gaps between the employees' technical skills. In 2015, information on competency profiles was gathered with Tecsup, and after that all employees were assessed, through a written survey and a personal interview. As a result the existing gaps were detected, and a curricula was designed to close such gaps in 2016.

<sup>10</sup> All our employees are full-time employees.

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

<sup>12</sup> We also provide transportation services for our employees working in the mining units.

## 6.2 TALENT ATTRACTION AND RETENTION

We attract and retain talent with two programs: "Moving Opportunities" and "Talent attracts Talent". The first one fosters internal promotion and career lines, so that any employee may apply to a job position under equal opportunities. In 2015 this program resulted in 60 promotions.

"Talent attracts Talent", on the other hand, is focused on attracting external talent, through our own employees. In 2015, out of all new recruitments, 110 were conducted through this mechanism (in 2014 only 21 were conducted through this mechanism). Currently, this program is our company's main recruitment source (almost 44% of total recruitments).



# 6.3 TRAINING AND DEVELOPMENT G4-LA10

We have annual training plans that set the norm of our training and development strategies:

## LEADERSHIP

oriented to exploit the skills of our unit's leaders.

## TECHNICAL AND MANAGEMENT

to generate capacities related to the employees' tasks and duties and to continuously improve their areas of work.

## CROSS-CUTTING

trainings on issues interesting to all our employees.

Technical and safety training are important pillars for the optimal development of our activities. But, besides, it is necessary to have strong leadership and management

training programs, aiming at having leaders committed to safety who are in line with our organizational culture.

In 2015 we completed 83 thousand man/hours in training, which meant a 36,5% reduction as compared to the previous year, since this year we have focused on a gap analysis that will allow us implementing our training programs more efficiently in 2016. The average man/hours in training per employee amounted to 66,04 man/hours



### Employees who received performance assessment in 2015 G4-LA11

Type	2014		2015	
	Category	Porcentaje	Category	Porcentaje
Breakdown by gender	Men	113,5	Men	67,14
	Women	96,94	Women	64,94
Breakdown by job category	Officers	117,06	Officers	36,7
	Employees	111,15	Employees	71,98
	Workers	84,01	Workers	62,29

In our mining units we have invested in supervisor and operational staff training. The program implemented with Tecsup stands out. It has evaluated all our technical employees and operators, designing an ad hoc training program for each person aiming at closing the existing gaps in their specific training.

Moreover, we are interested in potential negative impacts of termination of the employment relationships, thus we have outplacement programs and, in some cases, legal advisory programs for the retirement process.



## 6.4 PERFORMANCE ASSESSMENT

One of the important tools to consolidate our talent management is the strengthening of a merit-based system, of a competency model, as well as of a skill identification system. That is why it is important to have performance assessment mechanisms, which are being applied to a specific group of employees, such as professionals. Therefore, at the end of 2015, 27% of our employees have been subject to performance assessments.

In 2015 objectives were defined under the SMART methodology. For that purpose we trained 100% of our employees on objective definition, and we audited the goals set for a sample that included 20% of employees distributed in all areas. We included four organizational skills for all professionals in our performance management model: if he/she achieves results, if he/she develops talent; and if he/she produces operational excellence or cultivates relationships with his/her environment. Each of these skills was associated to expected behaviors from each job category.

For the assessment, objectives were considered to have more weight than the skills, making distinctions in accordance to the employee's level of responsibility: for those who lead a specific duty or are heads or chiefs, objectives weigh 60% and skills 40%; whereas for those who lead or supervise other employees or those who have autonomy, objectives weigh 80% and skills 20%.

Then, two formal feedback sessions were defined: the first one in mid-year, with 96% of compliance, and the second one for delivering the final results to each employee. Our performance assessment process was strengthened by 16 formal calibration sessions, for which Committees were formed to audit the quality of objectives, they adjusted the way to achieve them and they validated their relative significance to ensure the concept of meritocracy in the process. This process applied to all levels of the organization.

### Employees who received performance assessment in 2015 G4-LA11

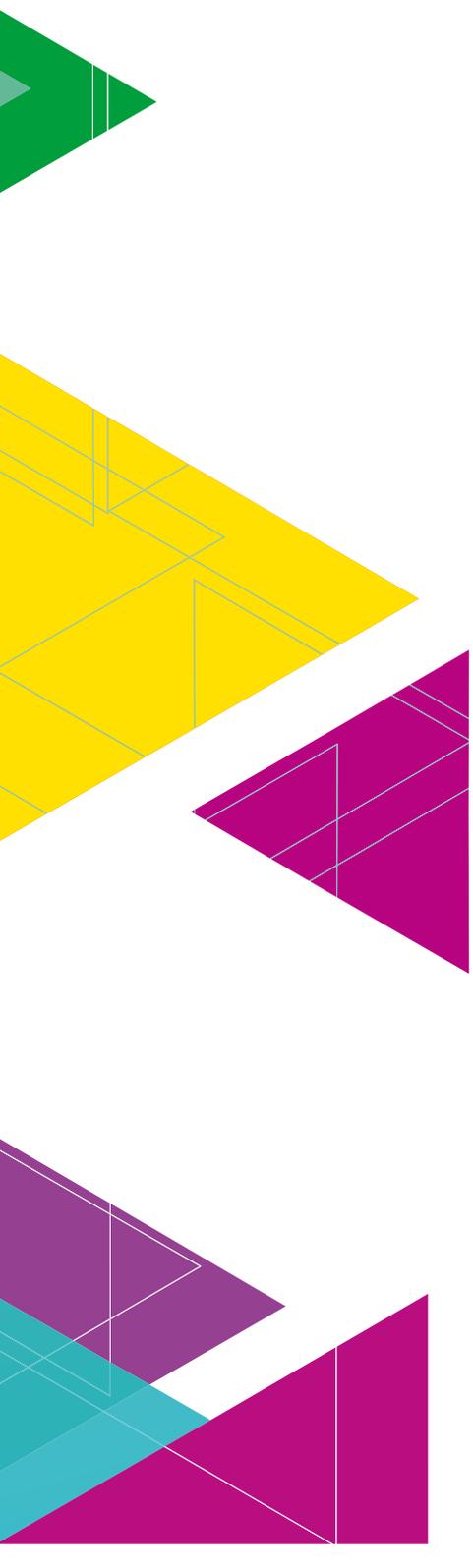
Tipo	2014		2015	
	Categoría	Porcentaje	Categoría	Porcentaje
Desglose por género	Hombres	49,3%	Hombres	24%
	Mujeres	47,3%	Mujeres	81%
Desglose por categoría laboral	Funcionarios	57,28%	Funcionarios	9%
	Empleados	96,83%	Empleados	91%
	Obreros	16,89%	Obreros	0%





# 7 A DRIVE FOR COMPLIANCE

Our environmental responsibility



In MINSUR we have an Environmental Management System (EMS), which standards back our operational excellence and support our environmental responsibility as one of our value drivers, pursuant to domestic and international environmental laws and regulations into force.

We ensure compliance with the commitments assumed with our stakeholders, and those proposed in the approved environmental management instruments. Our environmental management approach is conveyed both to our employees, as well as to the people living in areas surrounding our operations, prioritizing our concern for environmental protection.

## 7.1 ENVIRONMENTAL MANAGEMENT APPROACH

Our operational strategy considers our units' environmental sustainability as a cross-cutting issue for all our procedures, activities and productive initiatives.

We adjust our planning activities to the SHESR policy, which guides our corporate practices towards sustainable development, and to the Corporate Manual of EMS, which guidelines set our operational and management environmental standards. Internally, we have Environmental Performance Indicators (EPIs) that allow building the company's environmental objectives, establishing prevention, mitigation and control procedures to address environmental impacts, and identifying improvement opportunities

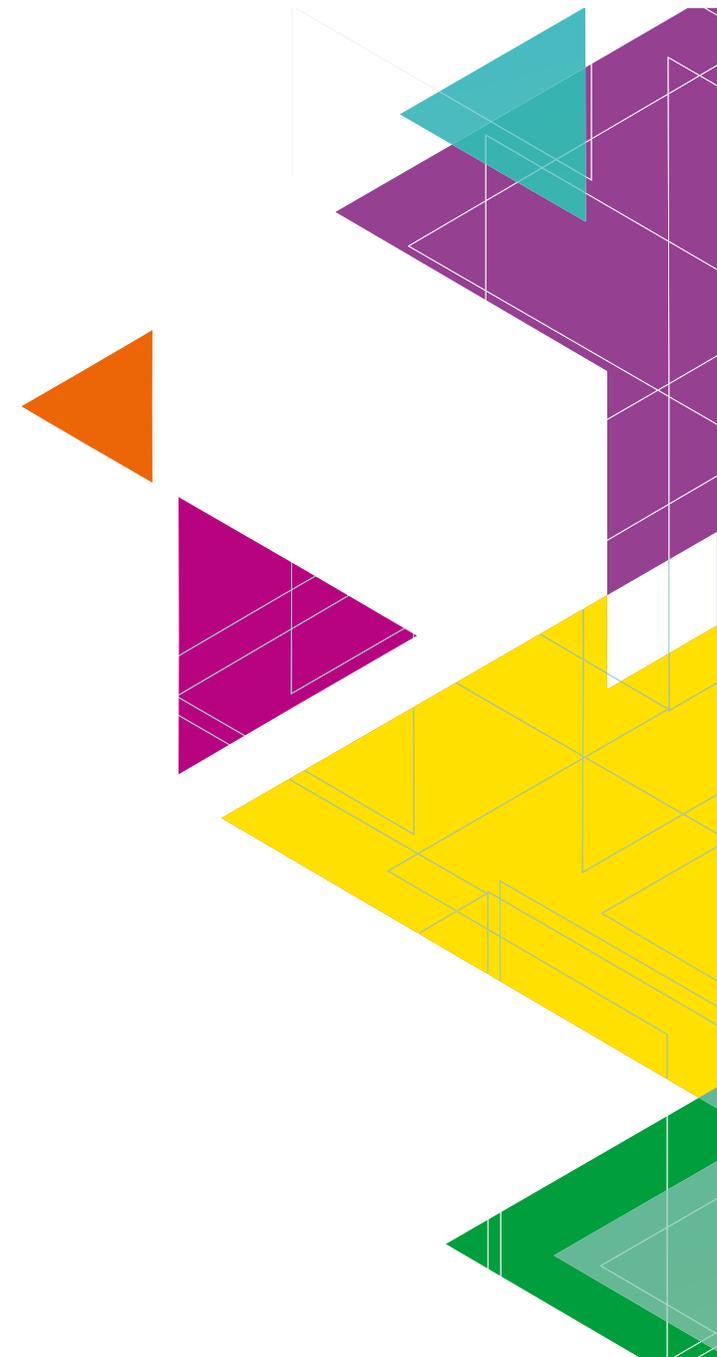
Our operations have received the ISO 14001:2004 certification, which validates our EMS. It has been recertified in 2015.



## Environmental certifications

Operational Unit	Initial Certification	Validity
San Rafael MU	2006	To 2016
Pucamarca MU	2014	To 2017
SPR of Pisco	2002	To 2017

It is worth mentioning that we optimize the implementation of our operations' environmental management plans, after reassessing our procedures and guidelines, which will allow a better reaction to control environmental impacts. We prepare environmental monitoring plans in effluents, emissions and waste, and we submit quarterly reports on water quality, air quality and emissions, as well as the corresponding Reports on hazardous waste management to the General Direction of Environmental Mining Affairs (DGAAM) of the Ministry of Energy and Mining (Minem). Moreover, we focus on reparation of environmental damages.



# 7.2 COMPLIANCE

Our EMS is in line with the environmental laws into force. In 2015 we received 24 licenses granted by State agencies for our units, and other 18 licenses to continue carrying out exploratory activities and to modify our output capacity.

## Licenses per operational unit in 2015

Operational Unit	Number of licenses
San Rafael MU	12
Pucamarca MU	11
SPR of Pisco	1
<b>TOTAL</b>	<b>24</b>

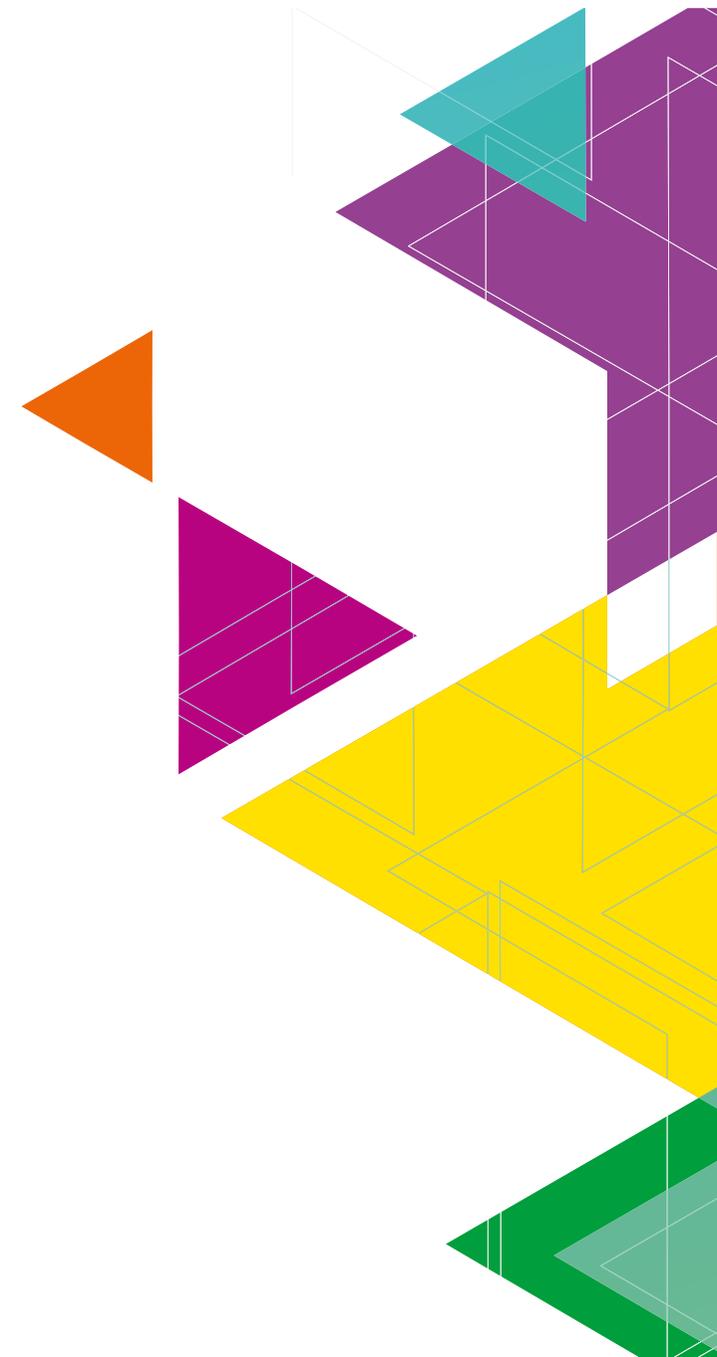
In this period, we achieved our environmental management goals, and had positive results in the annual environmental audits on our productive processes.

We implemented environmental management plans in all our mining units, as well as cross-inspections, hand in hand with contracting companies. In San Rafael MU, such implementation comprised 23 environmental

plans. Furthermore, in Pucamarca MU, the Committee for Participatory Monitoring and Environmental Surveillance monitored water quality successfully four times in the year, with the participation of representative institutions of Tachna society, and of the peasant communities of Palca, Vilavilani and Ataspaca. Environmental parameters found met the standards. Besides, an internship was organized for monitoring committees to Exchange experiences in Orcopampa.

In the SPR of Pisco, we co-participated in activities to preserve native species of the area, in the donation of water tanks, and in the promotion of works to rescue 32 endangered huarangos, with the advise of specialized biologists. Moreover, we engaged in projects for reusing materials and we promoted guided tours to our unit, with the participation of 215 people, who also got to know our good environmental practices.

Moreover, in this period, we developed and presented several Environmental Management Instruments (EMI) to improve our production and optimize our infrastructure to the DGAAM of Minem.



The main EMIs approved for San Rafael MU were related to the construction and operation of the ore sorting plant to improve the tin concentrate grade, to the use of marginal ore in Stockpile 35, and to increase the useful life of the tailings dam, among others.

In Pucamarca MU, the EMIs were related to the increase of the unit's output capacity to 21 000 MTD, the license to use underground water in its operations, and to the water treatment plant in Timpure Camp. In the SPR of Pisco the development of EMIs was not applicable.

In 2015, the Agency for Environmental Assessment and Enforcement (OEFA) conducted the environmental supervision of our operations, identifying six findings in total, which were appropriately and timely taken care of according to our environmental management plans. Based on such findings, we have re-planned and restructured specific procedures and practices, adopting timely corrective measures. In 2015, we paid S/. 2,916.38 in environmental fines. G4-EN29 Notwithstanding the abovementioned, our SPR of Pisco was incorporated to the OEFA Best Environmental Practices Record.

Source	Operational Units (thousands of US\$)		
	San Rafael MU	Pucamarca MU	SPR of Pisco
Waste and emission treatment and rehabilitation costs <sup>1</sup>	200,06	209,39	43,1
Prevention and environmental management costs <sup>2</sup>	773,10	759,57	91,4
<b>TOTAL</b>	<b>973,16</b>	<b>968,96</b>	<b>134,5</b>

1/ It comprises waste treatment and disposal, emission treatment, investments in maintenance, in implementation of the environmental management plan, among others.

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

### Status of findings of environmental supervision by OEFA

Operational Unit	Number of findings	Status
San Rafael MU	3	Absueltos
Pucamarca MU	2	Absueltos
SPR of Pisco	1	Por informe OEFA

On the other hand, in the same period there were no environmental complaints, in any of our operational units, and those filed in 2014 were solved. G4-EN34.

# 7.3 WATER RESOURCES MANAGEMENT

Our EMS is focused on searching water efficiency and respecting water sources for domestic consumption and those that are especially significant for the population.

Within this framework, it is worth mentioning that we are duly authorized to use all water sources we use, and none of them is located in a protected area, nor have they been significantly affected by the withdrawal of water for our operations. G4-EN9.

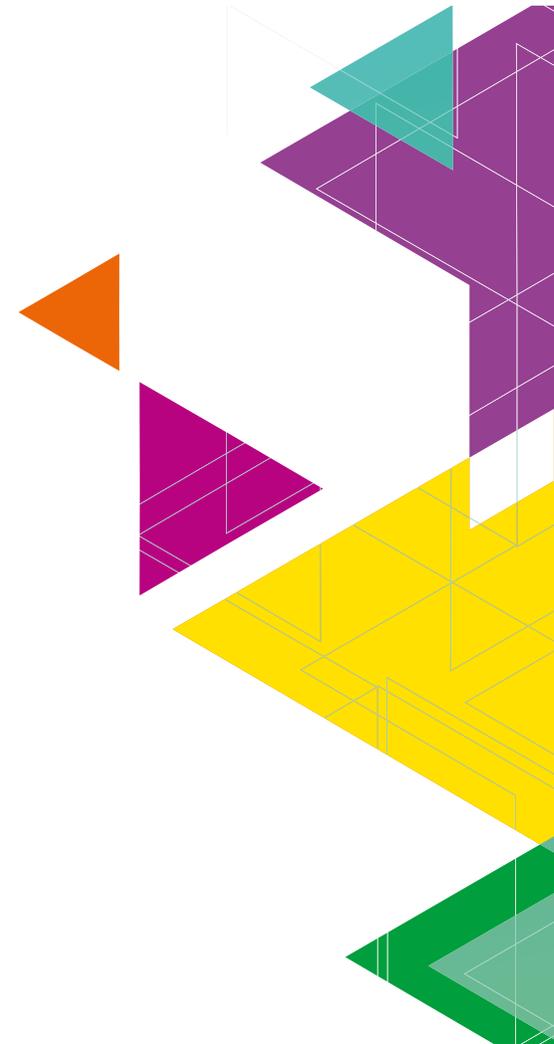
San Rafael MU withdraws surface water from filtrations of the Larancota stream, using a larger amount of re-circulated water. On the other hand, Pucamarca MU is characterized for using only underground water from the Azufre River sub-basin. Underground water used is not suitable for human consumption, or for irrigation of farming lands; besides, the unit does not use water from Uchusuma canal, or from water sources of the Caplina basin. On its part, the SPR of Pisco obtains its water supply from wells located in its facilities.

In 2015, we provided periodical maintenance to existing dams, as well as to their distribution networks, assessing how they work. Specifically, San Rafael

MU has five dammed lakes -Chicacocha, Suytococha, Suyrococha, Estancococha and Yanacocha- in which a topographic survey was conducted, as well as a dam assessment, in 2015.

Regarding the Water Committee per unit, the main initiatives were focused on identifying new sources of water and optimizing operational consumption. In San Rafael MU, flow meters were installed in the water consumption sites, aiming at knowing the volume of industrial and domestic water used. Pucamarca MU generated water consumption efficiencies by applying stabilizers in the roads, thus we did not need that much water for dust control purposes. In SPR of Pisco, we reduced water consumption thanks to the replacement of filter bags for Teflon filter bags, which allows working with higher temperatures and makes it unnecessary to use that much water to cool gases down.

Our main challenges for the future are directly related to our aim to increase the percentage of water reused in comparison to the water withdrew, as well as to the continuous assessment of water availability.



### Withdrawal from water sources G4-EN8

Source	Volume (thousands of m <sup>3</sup> /year)		
	San Rafael MU	Pucamarca MU	SPR of Pisco
Surface water	2196,33	N.A.	N.A.
Underground water	2365,20	360,14	245,51
<b>TOTAL</b>	<b>4561,53</b>	<b>360,14</b>	<b>245,51</b>

N.A. Not applicable.

### Reused water G4-EN10

Source	Operational units		
	San Rafael MU	Pucamarca MU	SPR of Pisco
Volume of reused water (thousand of m <sup>3</sup> /year)	2600,07	291,45	36,82
Percentage of reused water in relation to withdrew water	57%	81%	15%



# 7.4 EFFLUENT AND WASTE MANAGEMENT

Our effluent and waste management is included in the Environmental Management Plan corresponding to each one of our operational units. To treat the remains of our processes we abide by the most demanding environmental standards and we monitor them until their final disposal. We meet maximum allowable limits (MAL) and environmental quality standards (EQS) pursuant to the law.

Regarding effluents, this year industrial water effluents reached 6,6 million m<sup>3</sup>, while domestic water effluents only reached 48 000 m<sup>3</sup>.

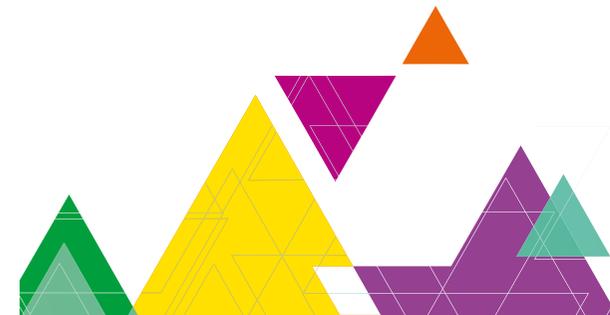
In 2015, San Rafael MU put its wastewater treatment plant –located in Cumani Camp- in full operation, and it built a contingency pond, daily controlling discharges and monitoring effluent quality. Furthermore, the domestic wastewater plant of Pucamarca MU, in the Timpure Camp, which also started operating in 2014, is still recycling 100% of the water used in its productive processes, with the available closed circuit, and thus it has become an essential example nationwide. In the SPR of Pisco, there are no industrial effluents, since wastewater are recycled to

the production processes, with zero effluents as in Pucamarca MU. Domestic wastewater is treated and then used for irrigation of forested areas, as well as for irrigation of internal farming projects' areas.

## Effluents G4-EN22

Source	Volume (thousand of m <sup>3</sup> /year)			
	San Rafael MU	Pucamarca MU	SPR of Pisco	TOTAL
Industrial effluents	6672,67	0	0	<b>6672,67</b>
Domestic effluents	40,43	0	8,10	<b>48,53</b>

1/ Domestic treated water of Timpure Camp is used to irrigate the camp's green areas and replanting areas.



Regarding waste management, we prioritized reusing and recycling several materials, while the rest of them go through a series of procedures established in our EMS and environmental management plans, which provide for their appropriate and safe disposal, observing the laws into force. In 2015, San Rafael MU standardized the storage facilities for hydrocarbon contaminated waste and hazardous waste. Pucamarca MU changed mineral oil for synthetic oil, thus increasing its useful life, reducing this type of waste; it also retreaded tires for large and small equipment, increasing its useful life by up to 300%, and timber was distributed in the communities to be reused. In the SPR of Pisco, a playground was built for the "Parque de los Peques" using recycled materials, and timber was donated to build fences in parks and gardens.

There were no significant spills of any type in our units during 2015; notwithstanding, we have contingency and emergency plans that would allow us to control and mitigate any environmental contingency. G4-EN24

### Hazardous waste G4-EN23

Source	Weight (t/year)			
	San Rafael MU	Pucamarca MU	SPR of Pisco	TOTAL
Reuse	N.A.	N.A.	N.A.	<b>N.A.</b>
Recycling	106,47	46,06	7,88	<b>160,41</b>
Final disposal in security landfill	455,78	54,95	29,17	<b>539,90</b>
Others	N.A.	N.A.	N.A.	<b>N.A.</b>

N.A. Not applicable.

### Hazardous waste G4-EN23

Source	Weight (t/year)			TOTAL
	San Rafael MU	Pucamarca MU	SPR of Pisco	
Reuse	N.A.	N.A.	N.A.	<b>N.A.</b>
Recycling	106,47	46,06	7,88	<b>160,41</b>
Final disposal in security landfill	455,78	54,95	29,17	539,90
Others	N.A.	N.A.	N.A.	N.A.

N.A. No aplicable

### Non hazardous waste G4-EN23

Source	Weight (t/year)			TOTAL
	San Rafael MU	Pucamarca MU	SPR of Pisco	
Reuse	14,05	N.A.	N.A.	<b>87,80</b>
Recycling	N.A.	255,14	0,45	<b>111,33</b>
Composting	N.A.	87,80	N.A.	<b>295,20</b>
Landfill outside the unit	N.A.	101,67	9,66	<b>N.A.</b>
Landfill inside the unit	295,20	N.A.	N.A.	<b>N.A.</b>
Others	N.A.	N.A.	N.A.	<b>N.A.</b>

N.A. No aplicable

In 2015, there were no significant spills in any of our three operational units. G4-EN24



# 7.5 MATERIALS MANAGEMENT

In MINSUR, we aim at increasing the use of materials that stand out for its sustainability, making endeavors to consume renewable materials. Within this framework, materials procurement considers several aspects, mainly technical, economic and environmental. Once used, their disposal abides by our environmental management plans and meet the existing environmental standards.

## Materials G4-EN1

Type of material	Weight (kg/year)	
	Operational Units	Description
Pallets	467	The load is placed in the pallets, and thus supplies are prepared to be sent to the mining unit.
Strapping	49	Used to secure supplies on pallets to prevent they fall when being transported to the mining unit.
Stretch film	143	Used to pack supplies on the pallets to prevent they fall when being transported to the mining unit.
Tapes	61	Multipurpose adhesive tape.
Marker	89	Material used to write on labels.
Labels	4 500	Material used to label supplies
Pen	24	Material used to write on labels.

# 7.6 ENERGY AND EMISSION MANAGEMENT

Our environmental approach responds to a continuous planning and the aim towards reducing energy consumption and greenhouse gas emissions. Both are priorities in our EMS, and thus we continuously reassess our operational processes aiming at having positive results in this field.

In Pucamarca MU we used energy efficiently, reducing consumption from 3,68 kWh / treated ton in 2014 to 2,65 kWh / treated ton in 2015.

In the SPR of Pisco, we continued increasing the use of LED lamps, and magnetic induction, which resulted in significant energy-savings. G4-EN6

## Energy consumption (G4-EN3)

Type of energy	Annual (thousand of kWh)			TOTAL
	San Rafael MU	Pucamarca MU	SPR of Pisco	
Direct energy	12 000,73	1654	2072	<b>33 920,73</b>

## Types of energy consumed G4-EN3

Type of energy	Annual average (thousand of kWh)			TOTAL
	San Rafael MU	Pucamarca MU	SPR of Pisco	
Electric power consumption	144 008,82	19 754	24 874	<b>188 736,82</b>
Heating consumption	432	94	0	<b>526</b>

## Fuel from non-renewable sources G4-EN3

Type of non-renewable source	Operational unit			TOTAL
	San Rafael UM	Pucamarca MU	SPR of Pisco	
Diesel 2 (thousand of gl)	100,78	954,11	3,60	<b>1058,49</b>
Natural gas (thousand of m <sup>3</sup> )	0	0	7010	<b>7010</b>

1/ Levels of fuel used only for electric power generation.

We measured atmosphere emissions of the SPR of Pisco, which are controlled by a baghouse system, used in the three chimneys located in the smelting, refining and by-product areas, respectively. Such system allows capturing dust from processes in which filtered gases are involved. Besides, we periodically monitor our operational processes and continuously provide maintenance to our machinery, chimneys and vehicles. We also have meters to monitor SO<sub>2</sub> and particulate matter, which allow verifying air quality. G4-EN19

### 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	Ninguno
Volatile organic compounds	Ninguno
Hazardous air polluters	Ninguno
Particulate matter	8,8 mg/m <sup>3</sup>
Others	

## OPTIMIZATION OF ORE TRANSPORTATION TO THE SPR OF PISCO G4-EN30

In the SPR of Pisco we continue applying our Contingency Plan for Transport, which covers several situations and potential risks for ore transportation from San Rafael MU (Tacna) and Pucamarca MU (Puno) to the SPR of Pisco. Such plan applies to our employees and suppliers, in line with our EM and with the road safety procedures established by the company and the State.

As a result, no significant environmental impacts have occurred, in relation to ore transportation, and transportation of other goods and materials from our operations.

Furthermore, we abide by the Regulations for Land Transportation of Hazardous Materials and Residues, meeting the requirements pursuant to law, both for vehicles and drivers.



A photograph of two men shaking hands in a field with sheep. The man on the left is wearing a white hard hat, safety glasses, and a high-visibility yellow and orange vest over a maroon shirt. The man on the right is wearing a blue baseball cap, safety glasses, and a light-colored jacket. The background shows a field of sheep under a clear blue sky. The image is overlaid with a geometric pattern of white lines forming triangles and a colorful abstract shape in shades of pink, yellow, orange, and green.

# CAPACITIES FOR OUR COMMUNITY

Building relationships and  
contributing to local development



The aim for an appropriate social management is one of the fundamental features of our operations, thus we maintain close, transparent and trust-based relationships with our stakeholders and we invest in programs and projects for the sustainable development of our areas of influence. Our initiatives are shaped by our values, policies and institutional principles, and they are in line with recognized international practices.

We aim at building trust relationships based on respect, dialogue, information transparency and expectation management, fostering an environment of harmony suitable to generate conditions for the mutual development with our stakeholders.

# 8.1 SOCIAL MANAGEMENT APPROACH

Our social management approach is supported on our SHESR policy, which frames our social commitments:

Promoting transparent dialogue with stakeholders of our areas of influence, respecting their traditions and customs, maintaining a permanent relationship of mutual respect and trust.

Contributing to sustainable development of communities in our areas of influence, as development managers and facilitators.

Within this framework, we have a participatory social investment model, engaging neighboring communities in the prioritization of the most urgent needs. Besides, we take advantage of strategic partnerships with public institutions and private entities, thus creating synergies to work towards the same goal.

## Our social strategy

Lines of investments	Description
Infrastructure	We develop public-private alliances to conduct significant infrastructure works or within the framework of the 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 of our area of influence.



# 8.2 OUR RELATIONSHIP WITH THE COMMUNITY

MINSUR Corporate Code of Ethics and Conduct recognizes our responsibility and our active positive role at supporting a fair, decent and sustainable society, as well as the promotion of open business, labor and human relationships with all social actors, both individual and organized, in our areas of influence. In general, we act in a socially responsible way, within the scope of the law, customs and traditions of the areas where we operate, contributing to their sustainable development, and recognizing our supplementary role to the State as development promoting agents.

Furthermore, we promote preservation and appreciation of local traditions and festivities, recognizing the cultural legacy of the communities and participating in the events organized by the population. We also participate in specific annual festivities, to which we have been invited. G4-SO1

Considering all these factors, we can state that our operations have not produced any significant negative impact, real or potential, to the local communities. G4-SO2

## FROM SAN RAFAEL MU

In 2015 we maintained open dialogue spaces in Antauta and Ajoyani district. In the first district, we implemented installation of boundary and management fences, the plan on animal health campaigns and the plan on technical training and scholarships for technical careers, based on the needs identified in the social diagnosis made in 2014. Furthermore, we continued working in the Project for Improvement and Expansion of Basic Sanitation Services in Antauta district, having obtained an investment commitment from the Ministry of Housing, Construction and Sanitation for almost S/. 10 million. On the other hand, in Ajoyani district, we established a Committee for Monitoring Development Agreement, according to the Round Table discussions of 2014.

It is worth mentioning that in 2015 we have invested in 32 computers that have been distributed in two Internet cafes offering telephone and high-speed Internet services, benefitting more than 2000 people in Antauta.

## COMMITMENTS ASSUMED IN 2014 AND FULFILLED IN 2015 IN AJOYANI

1

We have provided training and certification courses.

2

We provided employment for local population.

3

We developed productive projects, for instance the “Fibra Emprendedora” Project (fiber entrepreneurship).

4

We completed the last part of the Greenhouse Project, implementing 100 greenhouses for agricultural products.

5

We implemented a Nutrition Pilot Project “Buen Vivir” (Good Living), which received public recognition from part of the District authorities.



## FROM PUCAMARCA MU

We continued with the Environmental Monitoring and Oversight Committee works, established in the EIA as part of the Participatory Environmental Monitoring Program, assessing surface water quality in five specific sites, with the participation of our local stakeholders. Such monitoring is conducted every three months and its results are presented in a quarterly report. Through it we aim at reducing people concerns regarding potential water pollution.

In 2015, the Social Management Committee -established the former year- implemented initiatives for Vilvavani and Palca communities.

### COMMUNICATION AND RELATIONSHIP PLAN

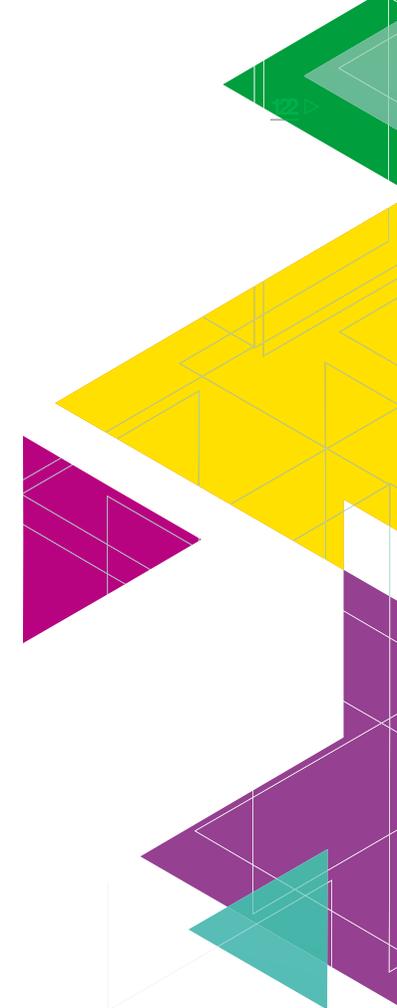
We generate spaces for dialogue and interaction with the people in our area of influence, from informative workshops to direct interaction.

One of the main examples is the Participatory Environmental Monitoring and Oversight Committee of Tacna, which conducts environmental monitoring in Pucamarca MU's area of influence. Resources are presented to its members and the community in general, including the media, searching a fluent, continuous and transparent dialogue.

## FROM THE SPR OF PISCO MU

We maintain a continuous and active participation in multi-sectoral events we have been invited to, also integrating supporting committees against violence towards children, with the Regional Coordinator of DEMUNAS (Municipal entities defending the right of children and adolescents). It is worth highlighting the technical bijouterie training provided to the Sumaq Maqui Association, which currently stands out as a potential local entrepreneurship with a vision towards the future.

We also promoted the engagement of our employees and the community in environmental protection and care, thus having launched the Program for the Promotion and Strengthening of Good Environmental Practices. Through this program we provide monthly training on issues related to the respect of local ecosystems and our stakeholders' way of living.





## SCHOOL PROJECT "TINIS" – LAND OF CHILDREN AND THE MAGICAL FOREST OF SANTA CRUZ

In 2015, the SPR of Pisco continued participating in this environmental project promoted by the NGO Ania and the School Carlos Noriega Jiménez, empowering and educating children so that they become citizen committed to the environment, using a sustainable development methodology, which won the National Award "Good Teaching Practices" in 2014".

## 8.3 COMPLAINT AND GRIEVANCES PROCEDURES

We have a Complaint and Grievance Management Procedure, which is a formal mechanism for any person or group to report any concern through our several information channels. Collecting these complaints allow us to know what issues are causing concerns so that we can work on them, improving the situation.

Complaints and grievances shall be filed, either orally or in writing, to the members of our social management team. We generate a registration code, and once the Complaint and Grievance Registration form is filled, it is reported and the procedure guidelines are applied in order to reach an appropriate and early solution.

In 2015, there was only one complaint based on social impact issues, which involved San Rafael MU, and it had to do with a signing request for a Framework Agreement related to local employment, which is promoted by group of local residents.

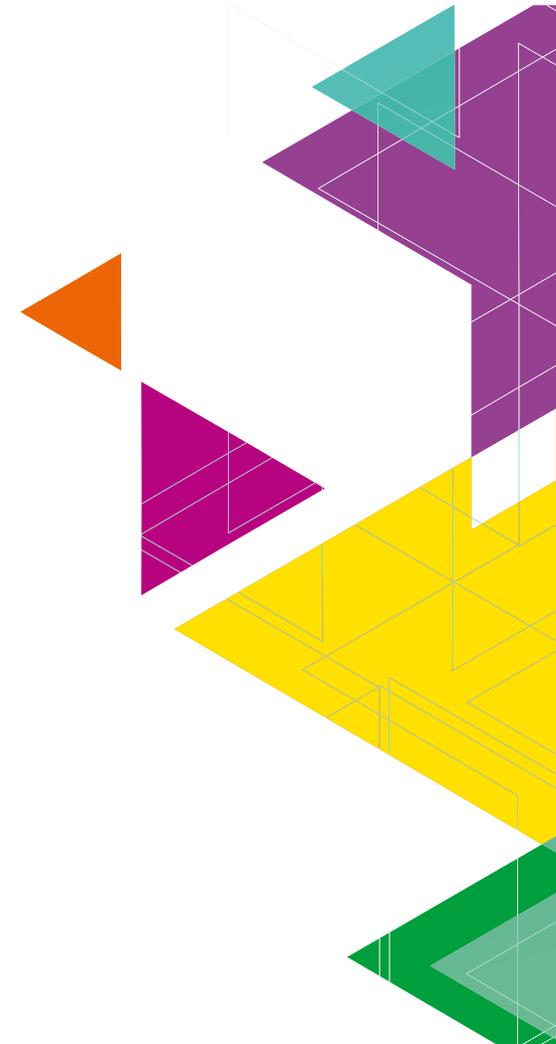
It is worth indicating that the abovementioned procedure may also be used to solve potential

disputes related to the use of land use and customary rights of local communities. In 2015, none of our operations has reported significant disputes with local communities related to these aspects. MM6, MM7. Besides, there were no complaints related to human rights issues G4-HR12.

## 8.4 SOCIAL INVESTMENT G4-SO1, G4-EC7, G4-EC8

Our social investment is destined to initiatives that generate value in our areas of influence, preparing programs and projects with a participatory, consultative and multi-actor approach, engaging the company, the State and the community. We aim at enforcing a shared vision of sustainable development, directly addressing the main needs of the population, prioritizing basic needs.

During 2015 we invested US\$ 2.2 million in our three operational units. This sum does not include the investment made in San Rafael MU with the balance of the Voluntary Contribution Fund.



## MINSUR SOCIAL INVESTMENT IN 2015 (S/.) Contribution to local economy

Besides our efforts to consolidate social relationships, we promote invigoration of local economy, not only through productive training for the population, but also providing employment to people who meet the company's requirements, whenever we ask for applications.

An example of it is found in San Rafael MU, where out of 550 employees, 354 were local residents, which is more than 50% of total employees. In addition, in the SPR of Pisco, out of 330 employees, 264 belong to the local population, which also represent more than 50% of total employees. G4-EC9

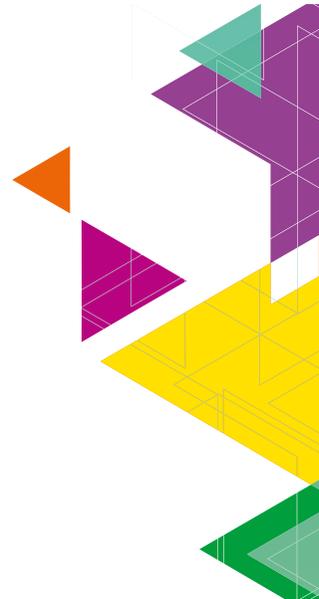
This is a benefit both for the employees, and also for his/her family, since MINSUR initial wage is above the national minimum wage, as mentioned in our human management chapter.

## 8.5 SOCIAL PROGRAMS IN 8.5 SAN RAFAEL MU

The main requirements made by local stakeholders are related to technical-productive initiatives that will expand the job spectrum of the population, and will allow them entering into new markets. Thus, our programs have focused on economic and employment issues, without disregarding other projects and/or programs related to education, health and nutrition issues.

One of the most outstanding programs is Livestock development Program "Pro Ganadero" (Pro-farmer) implemented in Antauta and Ajoyani districts, in the Peasant Community of Queracucho since 2012 with more than 2000 beneficiary families from the area of influence of San Rafael MU. For its development we have the support of Desco, and MINSUR invested S/. 6,5 million in it.

The main objective was boosting the productive capacity and competitiveness of livestock breeders, focusing on adding value, improving the local marketing system, and articulating with local and regional institutions.



## Social Programs in San Rafael MU in 2015 G4-S01

Line of investment	Program	Description
Sustainable productive projects	Livestock fences project	A new project for installation of livestock fences has been initiated. It contributes to the maintenance of natural and cultivated pastures in 11 sectors and 3 communities. In 2015 the two first participant sectors were benefitted.
	Livestock Development Project PRO GANADERO (Pro-Farmer)	Within the framework of the improvement of livestock practices, a complementary intervention was implemented, installing 6 micro dams, 30 family reservoirs, 5 water intakes, and 250 hectares of oat and cultivated pastures. Artificial insemination of cattle continued. For planning purposes, a Plan for Technical assistance and permanent support in the field was prepared.
	"Fibra Emprendedora" Program (Fiber entrepreneurship) (Klaud-BSD)	Aiming at adding value to textile activities and local handcrafts, we grouped 100 women of Antauta, Ajoyani and the Peasant Community of Queracucho, to transform alpaca fiber in original design thread to be offered in the market. This has resulted in commercial orders, and currently the project is being reorganized to boost productive capacity and its commercial scope.
Education	Scholarship Program	In 2015, 24 scholarships were granted to pursue higher technical studies in Cetemin and Senati.
Health and nutrition	Pilot Projects "Buen Vivir" (Good Living) and "Chacra Productiva" (Productive Farm)	Aiming at reducing the levels of chronic malnutrition, and childhood anemia, we strengthened family productive capacities and established 20 healthy homes in Ajoyani district.

# 8.6 SOCIAL PROGRAMS IN PUCAMARCA MU G4-S01

Communities of the areas of influence of the Pucamarca MU participate mainly in projects and/or programs developing new skills or strengthening productive farming capacities. Furthermore, they value initiatives aiming at improving community management and commercialization of products.

Moreover, annual health campaigns are still

being implemented in these areas, allowing the population to Access specialized services. It is worth indicating that, in 2015, we contributed with an update of the technical profile for the Sanitation Project in the Vilavilani Peasant Community, aiming at developing this project in the future benefitting the community according to our infrastructure investment line.

## Social Programs in Pucamarca MU in 2015 G4-S01

Line of investment	Program	Description
Sustainable productive projects	Plan for concerted development of Palca Peasant Community	The joint preparation of the Plan for concerted development continued, benefitting 120 community members. Such plan will allow community investment planning, identifying prioritized projects for the future.
	Strengthening Oregano Production Chain	We continued promoting oregano production, strengthening productive and organizational skills of 80 farmers in Vilavilani. We provided technical assistance for crop management, harvest and post-harvest.
Health and nutrition	Health campaigns	We conducted health campaigns for local residents to get specialized services, such as dental care, eye care, and general health care, benefitting more than 300 people in Ataspaca, Palca and Vilavilani communities.

## PROGRAM FOR LEADERSHIP STRENGTHENING IN PALCA, VILAVILANI AND ATASPACA

The MIM Initiative (Improving Municipal investment Initiative) in Tacna is an initiative that gathers institutions from civil society, including MINSUR, aiming at promoting good municipal governance in local governments that receive significant resources from the canon and over canon of mining royalties, encouraging dialogue and informing the citizens and municipal authorities, in order to contribute to an appropriate public investment for local development.

For this program, the MIM Tacna carried out field visits to prepare a diagnosis in Palca, Vilavilani and Ataspaca, identifying subjects of interests and local issues. Through these activities it was determined that people know almost nothing about canon issues, municipal investment and spaces for citizen participation. To address this issue, we organized training on these subjects, starting in 2014 and finishing in 2015.

Three workshops were organized, with the participation of 123 people, on "Municipal public investment", "Citizen Participation and access to public information" and "Investment prioritization: Plan for concerted development and participatory budget".

Travelling "citizens' discussions" were conducted as part of the MIM in each community. 410 people participated. The discussions addressed the following issues: "mining canon and municipal investment", "Citizen Participation and access to information" and "Participatory budget and plan for concerted development".

In these visits, we also aimed at strengthening the knowledge acquired in other spaces of dialogue, so that the tools provided were properly understood.

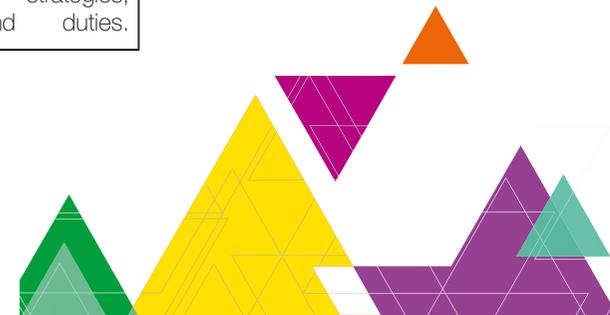


## 8.7 SOCIAL PROGRAMS IN THE SPR OF PISCO G4-S01

We launched several programs focused on different subjects, mainly productive and family-related subjects. Our priority is the promotion of employment and teaching healthy and appropriate parenting strategies.

### Social programs of the SPR of Pisco in 2015 G4-S01

Line of investment	Program	Description
Socio Economic Development Project for vulnerable populations	Handicraft workshop "Sumaq Maqui" for Vulnerable Populations	We provided technical and social promotion training to 23 people with different skills, specifically workshops on bijouterie, painting techniques, and informatics.
	Adonai Educational Project	We aim at reinforcing leadership skills of 33 students, complementing academic development through participatory methods.
Employment	Promotion of Local Employment	We monitored the workforce of the SPR of Pisco, to ensure benefitting an optimal percentage of local residents. Besides, we trained workers in basic welding, providing new knowledge to the participants.
Education	Training to parents	520 parents from the School Carlos Noriega Jimenez participated. They received training on parenting strategies, emotional intelligence, and children rights and duties.



# 8.8 LOCAL PROCUREMENT

In 2015, we were able to understand what is a local supplier. The concept comprises more than only suppliers from the direct area of influence. We have adopted a more flexible definition, which expands the possibilities for the procurement of goods and services at the local level.

We have tried to identify the existing supply by visiting neighboring areas to our operations, aiming at reaching potential commercial agreements. Though these activities still have had a limited scope in 2015, they are expected to achieve a more structured approach in 2016, based on the market knowledge we already have.

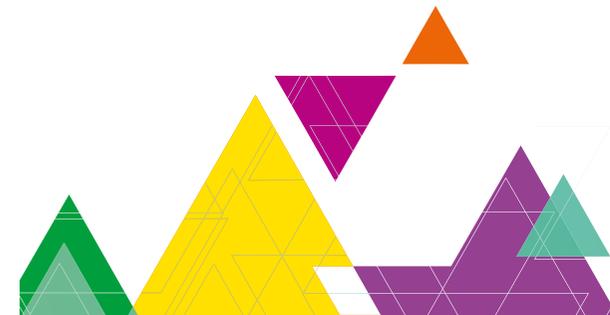
Regarding our interest in progressively hiring a larger percentage of employees in the direct area of influence in a monitored way, as we did in 2014, in 2015 local suppliers actively participated in San Rafael MU's procurement; in Pucamarca MU, 3% of the total budget was destined to local suppliers, and in the SPR of Pisco, this percentage still reaches 40%.

## Procurement numbers in MINSUR in 2015 G4-EC9

Indicator	Value
Number of active suppliers and contractors	1401
Total goods and services purchased from suppliers and contractors (US\$)	202 627 932
Goods and services purchased from national suppliers and contractors (US\$)	188 443 977 <sup>1/</sup>
Goods and services purchased from local suppliers and contractors (US\$)	13 379 522 <sup>2/</sup>

1/ 93% of total procurement.

2/ 7,1% of procurement from national sources.





**MINSUR**

**9 CORPORATE  
INFORMATION**  
General information

## 9.1 CORPORATE NAME

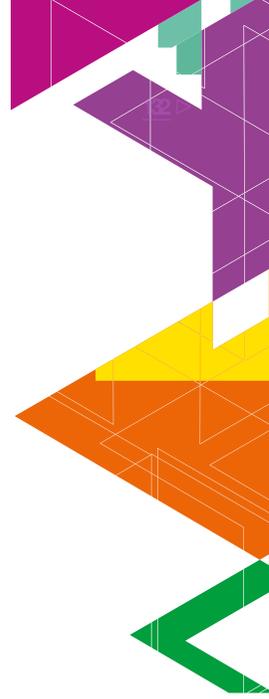
The name of the company is MINSUR S.A. Its administrative offices are located in Lima, in Calle Las Begonias 441, Office No. 338, San Isidro. Its phone number is (511) 215-8330.

It has three production units: New Mining Unit Quenamari San Rafael, located in the Antauta 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.

## 9.2 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.



## 9.3 INCORPORATION AND REGISTRATION IN THE PUBLIC REGISTRY

MINSUR S.A. se constituyó e inició sus operaciones el 06 de octubre de 1977, mediante la transformación de la sucursal en el Perú de MINSUR Partnership Limited de Bahamas denominada MINSUR Sociedad Limitada la que, a su vez, venía operando en el Perú desde 1966 conforme consta de la Escritura Pública extendida por ante Notario Público de Lima, Dr. Ricardo Fernandini Arana, que corre inscrita en el asiento 8 a fojas 183 del Tomo 17 del Libro de Sociedades Contractuales y Otras Personas Jurídicas del Registro Público de Minería de Lima.

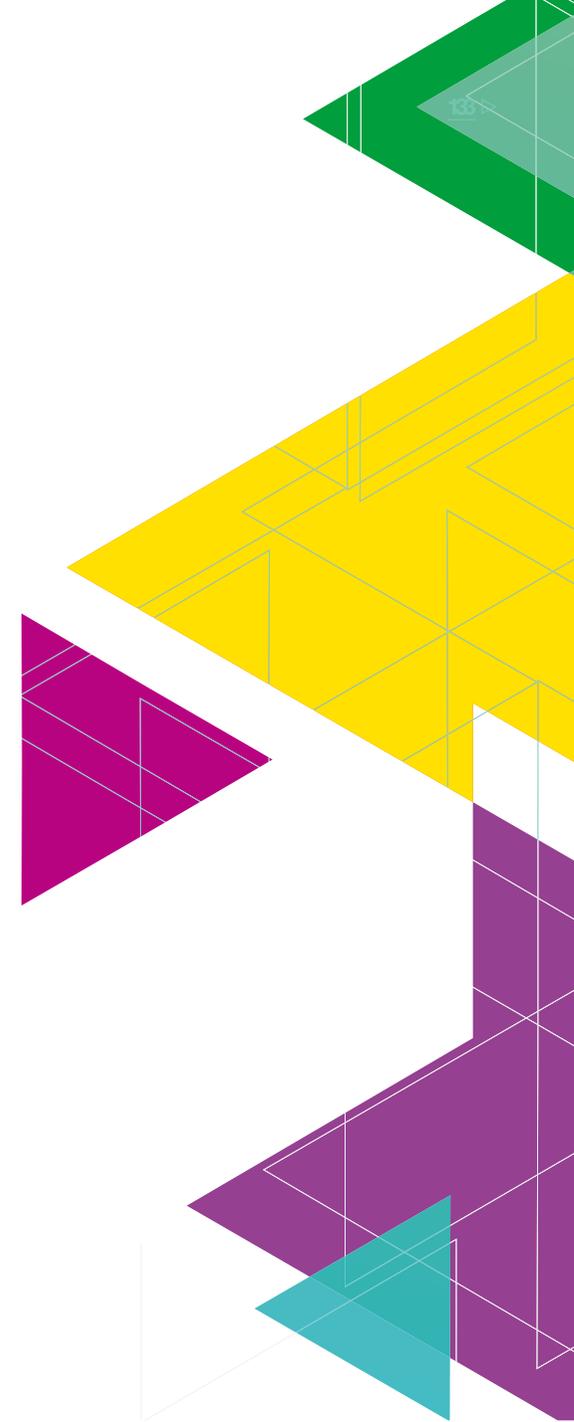
## 9.4 ECONOMIC GROUP

MINSUR S.A. is part of the economic group authorized by CONASEV (currently, the Superintendency of Securities Market – 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, Cúbica, Exsa, Intursa, Melón, Megriweld, MINSUR, Raura, Rimac EPS, Soldexa, Taboca, Tasa, Westfarco. 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.



# 9.5 SHARE CAPITAL, NUMBER AND NOMINAL VALUE OF SHARES

In 2015, the share capital remained 1,922'001,500, represented by 19'220,015 common registered shares with a nominal value of S/.100 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.

## MINSUR shareholders

Shareholders	Participación (%)	Nationality	Economic Group
Inversiones Breca S.A.	99,99995	Peruvian	(*)
Another shareholder	0,00005	Peruvian	(*)
<b>TOTAL</b>	<b>100</b>		(*)

(\*) Economic group presented to CONASEV (currently Superintendency of Securities Market) by Inversiones Nacionales de Turismo S.A. on March 1, 2007 pursuant to Conasev Resolution N° 090-2005-EF-94.10.

# 9.6 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 2015, the company only had two common shareholders, out of which only one has a larger participation than 5%.



## Common shares

Ownership	Number of shareholders	Percentage of participation
Less than 1%	1	0,00005%
Between 1% and 5%	0	Peruana
Between 5% and 10%	0	
More than 10%	1	99,99995%
<b>Total</b>	<b>2</b>	<b>100%</b>

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, 2015, 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%	3,460	24.58934%
Between 1% and 5%	7	21.10364%
Between 5% and 10%	3	23.24298%
More than 10% <sup>1</sup>	2	31.06404%
<b>TOTAL</b>	<b>3,472</b>	<b>100%</b>

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.

# 9.7 EVOLUTION OF STOCK PRICE

## equities

Code I SIN	Neomónico	year- month	Open S/.	Close S/.	Max S/.	Min S/.	Average price S/.
PEP622005002	MINSURI 1	2015-01	1.80	1.75	1.80	1.58	1.69
PEP622005002	MINSURI 1	2015-02	1.75	1.50	1.75	1.50	1.63
PEP622005002	MINSURI 1	2015-03	1.50	1.29	1.52	1.26	1.33
PEP622005002	MINSURI 1	2015-04	1.30	1.31	1.42	1.30	1.37
PEP622005002	MINSURI 1	2015-05	1.31	1.20	1.31	1.14	1.19
PEP622005002	MINSURI 1	2015-06	1.20	1.30	1.34	1.19	1.32
PEP622005002	MINSURI 1	2015-07	1.30	1.19	1.34	1.19	1.32
PEP622005002	MINSURI 1	2015-08	1.17	0.91	1.17	0.71	0.95
PEP622005002	MINSURI 1	2015-09	0.90	0.75	0.90	0.70	0.80
PEP622005002	MINSURI 1	2015-10	0.78	0.72	0.88	0.72	0.83
PEP622005002	MINSURI 1	2015-11	0.65	0.65	0.65	0.51	0.54
PEP622005002	MINSURI 1	2015-12	0.65	0.50	0.65	0.50	0.59



# 9.8 TAX TREATMENT

The law No.30296, "Law promoting Economic Reactivation" (hereinafter, the Law) entered into force on January 1, 2015. The following aspects of the law are among the most relevant:

Reduction of the Income tax rate of the third category

A gradual reduction of the Income Tax rate (currently 30%) is established, which will be applied according to the following schedule:

## REDUCTION OF THE INCOME TAX RATE OF THE THIRD CATEGORY

A gradual reduction of the Income Tax rate (currently 30%) is established, which will be applied according to the following schedule:

TAX YEAR	RATE
2015-2016	28%
2017-2018	27%
2019 onwards	26%

In addition, it has been provided that the companies with tax stability, in order to have access to the Income Tax rate reduction, shall waive their tax stability as investment-receiving companies (30%) and also their shareholders shall waive their own tax stability (4.1%).

## ADVANCE PAYMENTS OF INCOME TAX OF THIRD CATEGORY

It is provided that, in order to determine the advance payments of income tax of third category for 2015 FY, the coefficient would have to be multiplied by 0.9333.

## PROGRESSIVE INCREASE OF INCOME TAX ON DIVIDENDS

It is provided that the applicable rate to the dividends tax (currently 4.1%) will be progressively increased, according to the following schedule:

TAX YEAR	RATE
2015-2016	6,8%
2017-2018	8,0%
2019 en adelante	9,3%

The rates shall apply to dividend distributions, and other types of profit distribution declared or paid in cash or in kind, whichever occurs first, starting on January 1, 2015.

Note that the joint effect of gradually reducing the corporate Income Tax rate, and gradually increasing the Dividends Tax rate is that the combined tax burden is still 33%.



## **THE 4.1% RATE REMAINS APPLICABLE TO RETAINED EARNINGS AS OF DECEMBER 31, 2014**

It has been established that the 4.1% tax rate shall apply to retained earnings or other equity items earned until December 31, 2014, which are part of dividends distribution or any other type of profit distribution.

## **EXTENT OF TAX STABILITY – REFERENCE TO ECONOMIC ADMINISTRATIVE UNITS (UEAS, IN SPANISH)**

Aiming at defining the projects that would be able to enter into tax stability agreements, the reference to one or more UEAs is incorporated, thus not limiting the extent of stability to investments in one mining concession, since mining projects could be comprised by mining concessions or UEAs.

## **PARTIAL ELECTRONIC SUPERVISION**

A new partial electronic supervision procedure is created for inconsistencies found in the taxpayers' or third parties' statements presented to the Tax Administration, when determining the tax amount.

Such procedure shall also apply to Tax Administration duties related to the payment of mining royalties and special mining taxes.

## **INDIVIDUAL QUERIES**

Taxpayers have now the possibility to ask questions individually to the Tax Administration on the tax implications of specific facts, situations or operations that they are planning to implement, without having to ask them through a representative or industry-related association. This regime shall be progressively implemented.

# 9.9 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/. 132 046 000 (equivalent to US\$ 38 689 000) for Income Tax and Sales Tax. The Company has appealed such Resolutions, issued by the Tax Administration, for considering them against the law. To date, these appeals are pending resolutions. The Management and its legal advisors consider that these appeals shall be favorably resolved for the company.

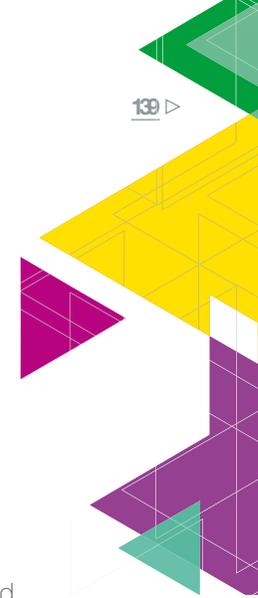
On the other hand, for years, the Company has been paying under protest several obligations as determined by SUNAT, but it has still exercised its right to complain or appeal before the tax authority, or to appeal before the Tax Court, as it may correspond. As of December 31, 2015 the balance paid under protest amounts to US\$ 23 678 000 (US\$ 27 087 000 as of December 31, 2014). The Company shall recognize these contingencies as account receivables, whenever they are subject to collection.

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, 2015, de Osinergmin and OEFA have initiated nine sanctioning administrative proceedings against MINSUR S.A., which could translate into a fine of up to 45 487,25 Tax Units (UIT, in Spanish) . Nevertheless, considering the regulations 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 2015, 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.



# 9.10 PROFESSIONAL TRAJECTORY OF DIRECTORS

## FORTUNATO BRESCIA MOREYRA

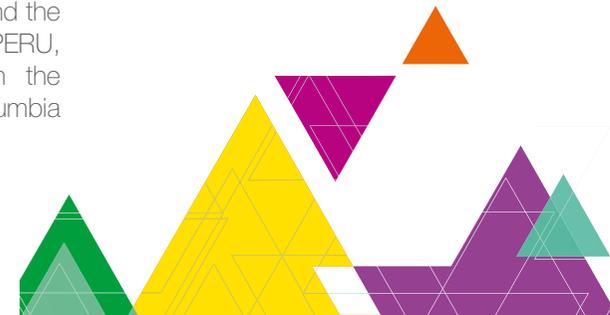
### **President of the Board**

He is President of the Board of Directors of MINSUR since May 2013. He is also, Vice-President of Breca and member of its steering committee, CEO of Marcobre and Compañía Minera Raura, and Vice-President of the Board of Directors of Agrícola Hoja Redonda, EXSA and TASA. He is a member of the Board of real estate companies owned by Breca, Rimac Seguros, Intursa, BBVA Continental, Corporación Peruana de Productos Químicos and Melon (Chile), as well as of other companies owned by Breca in various sectors. Furthermore, he is President of the Board of Directors of Aporta, a non-profit organization created by Breca companies to promote sustainable development programs. He studied mining engineering, graduated from Colorado School of Mines, Colorado, USA, 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, and member of the steering committee of Breca. He is also President of the Board of BBVA Continental, of Rimac Seguros and of Melon (Chile). Moreover, he is Vice-President of Inmuebles Limatambo and of Corporación Peruana de Productos Químicos. Furthermore, he is a member of the Board of TASA, Intursa, Agrícola Hoja Redonda, Compañía Minera Raura and EXSA, as well as other companies owned by Breca. He is also a Director of UCP Backus y Johnston, subsidiary of SAB Miller. He is a member of non-profit associations, such as Consejo Iberoamericano para la Productividad y Competitividad (Ibero-American Council for Productivity and Competitiveness) (Madrid, Spain), Endeavor Perú (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). He graduated in Economics from the Williams College (USA), has an MBA from Columbia University (USA).



## ROSA BRESCIA CAFFERATA DE FORT

### Director

She is member of the Board of Directors of MINSUR since 2014 and President of the Board of Directors of Inversiones Breca S.A. She is also Director of other companies of Breca Group. 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

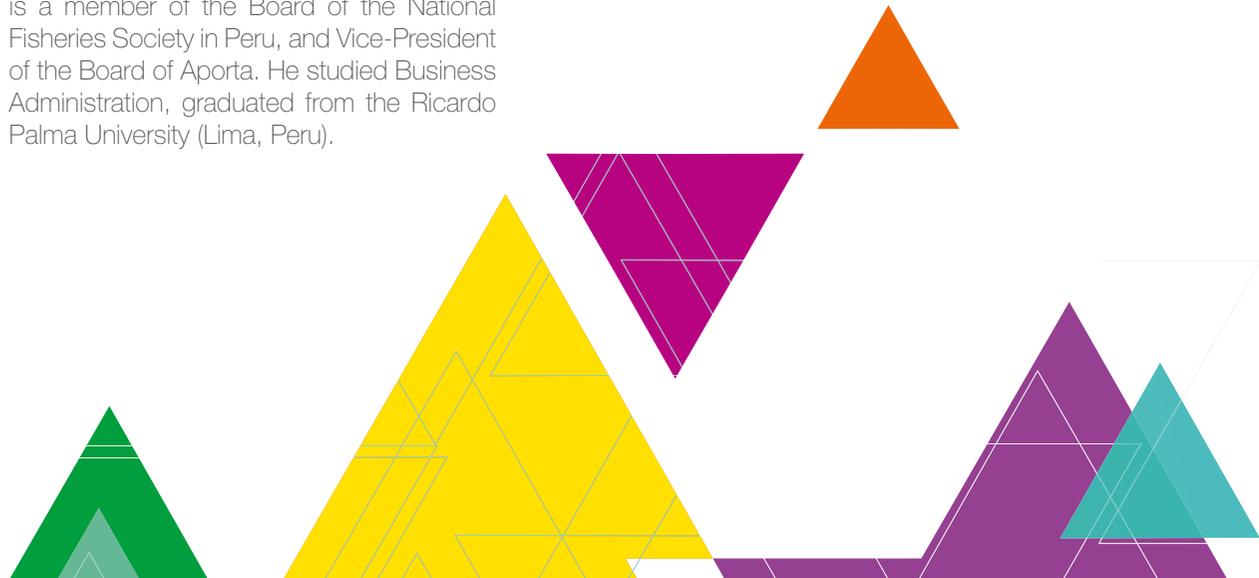
### Director

He is Director of MINSUR since 2001. He is a member of the Board of Directors and the Steering Committee of Breca. He is also the President of the Board of TASA, the world's main producer of fishmeal and oil, of EXSA and of Agrícola Hoja Redonda, the last one dedicated to producing and exporting fruits, mainly to North America and Europe. 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, as well as of other companies of the Breca Group in several industries with operations mainly in Peru, Brazil and Chile. Furthermore, he is a member of the Board of the National Fisheries Society in Peru, and Vice-President of the Board of Aporta. He studied Business Administration, graduated from the Ricardo Palma University (Lima, Peru).

## PEDRO BRESCIA MOREYRA

### Director

He is Director of MINSUR since 2011. He is a member of the Board of Directors and the Steering Committee of Breca. Moreover, he is President of the Board of Corporación Peruana de Productos Químicos and of the real estate companies of the Breca and Intursa. He is also Vice-President of Rimac Seguros and BBVA Continental, and Director of TASA, EXSA, Minera Raura and Melon (Chile), as well as of other companies of the Breca group in several sectors with operations mainly in Peru, Brazil and Chile. Furthermore, 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 Castrovirreyna Compañía Minera S.A. He worked in Hochschild Mining PLC for 15 years, until March 2010, as the 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

### **Alternate Director**

Alternate Director of the Board of Directors of MINSUR. He is member of the Board of Directors of Cementos Melón (Chile), of the Clínica Internacional (International Clinic) and of the Instituto Peruano de Economía (Peruvian Institute of Economics), as well as member of the Board of Aporta. He is also alternate Director of Rímac Seguros, Holding Continental and BBVA Continental, of the real estate companies of the Group, Agrícola Hoja Redonda, Qroma, Exsa, Intursa, Raura and Tasa. He is part of Breca since 2003. He started as Administration Manager in Administración de Empresas S.A., and then he was Corporate Strategy and Business Manager. Since 2010 he is General Manager of Estratégica SAC – Breca Corporate Center. He worked in the holding of Consorcio Minero S.A. (now Trafigura PLC), Serfin, and Investa (Stock agent and Investment banker at that moment). Following his master's studies, he worked in Enron in several positions, in Houston, United States, until March 2003. He graduated in Business Administration from the Lima University and has an MBA from Kellogg Graduate School of Management.

## MIGUEL ÁNGEL SALMÓN JACOBS

### **Alternate Director**

Alternate Director of the Board of Directors of MINSUR. He is currently Alternate Director of Holding Continental and of BBVA Continental, Rímac Seguros, of Real Estate companies of the Group, Agrícola Hoja Redonda, OPPQ, Exsa, Intursa, Raura and Tasa. Furthermore, he is the Legal Corporate Manager of Estratégica, and since 2013 he is Director of the company. 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.

## 9.11 OTHER ASPECTS 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.

## 9.12 REMUNERATION OF THE BOARD OF DIRECTORS

Remuneration of the Board of Directors in FY 2015 represents 0,00086% of MINSUR S.A. revenues.



# 9.13 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 Perú 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.

## MARCO HERRERA RAMÍREZ

### **Director of Projects**

He was Director of Projects of MINSUR since April 2014 to April de 2015. Former Director of Projects of BHP Billiton in Australia and Canada; Regional Director of Projects in South America of Newmont Mining Corporation; and Director of Projects of Southern Peru Copper Corporation. Graduated as Electric engineer, he has postgraduate studies in Systems Engineering and Project Management.

## 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**

Former Corporate Chief Financial Officer, from September 2013 to December 2014. Before that, he served in the financial departments of Hochschild Mining Plc, General Motors in New York, and Nextel del Perú and Telefónica del Perú. Economist, graduated from the Pacific University. Postgraduate studies in Business Administration, with a specialization in Finance, from the University of Michigan. He has been appointed Director of Administration and Finance in January 2015.

## RALPH ALOSILLA- VELAZCO

### **Director of Supply and Systems**

He is Director of Supply Development and Systems of MINSUR since November 2015. Formerly he was Vice-President of Logistics & Commercial 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.

## ITAMAR DUTRA PEREIRA DE RESENDE

### **General Director of Mineração Taboca**

He is the General Director of Mineração Taboca since May 2015. Between 2006 and 2013, he was General Director of London & Scandinavian Metallurgical Co Limited (LSM), a successful manufacturer of metals, alloys and high-specification powders. He had been working for the AMG Group since 1985, in a company associated to LSM, based in Brazil. In 2006, he was appointed General Director of LSM and was in charge of restructuring the LSM Group and reengineering the company. He was also a member of the Board of LSM, its mother company and subsidiaries. He graduated as a metallurgical engineer from the Ouro Preto University – MG and has a Master's degree in Electrometallurgy from the University of Rio de Janeiro (Instituto Alberto Luiz Coimbra de Pós-Graduação e Pesquisa de Engenharia - COPPE).

## GONZALO FREYRE ARMÉSTAR

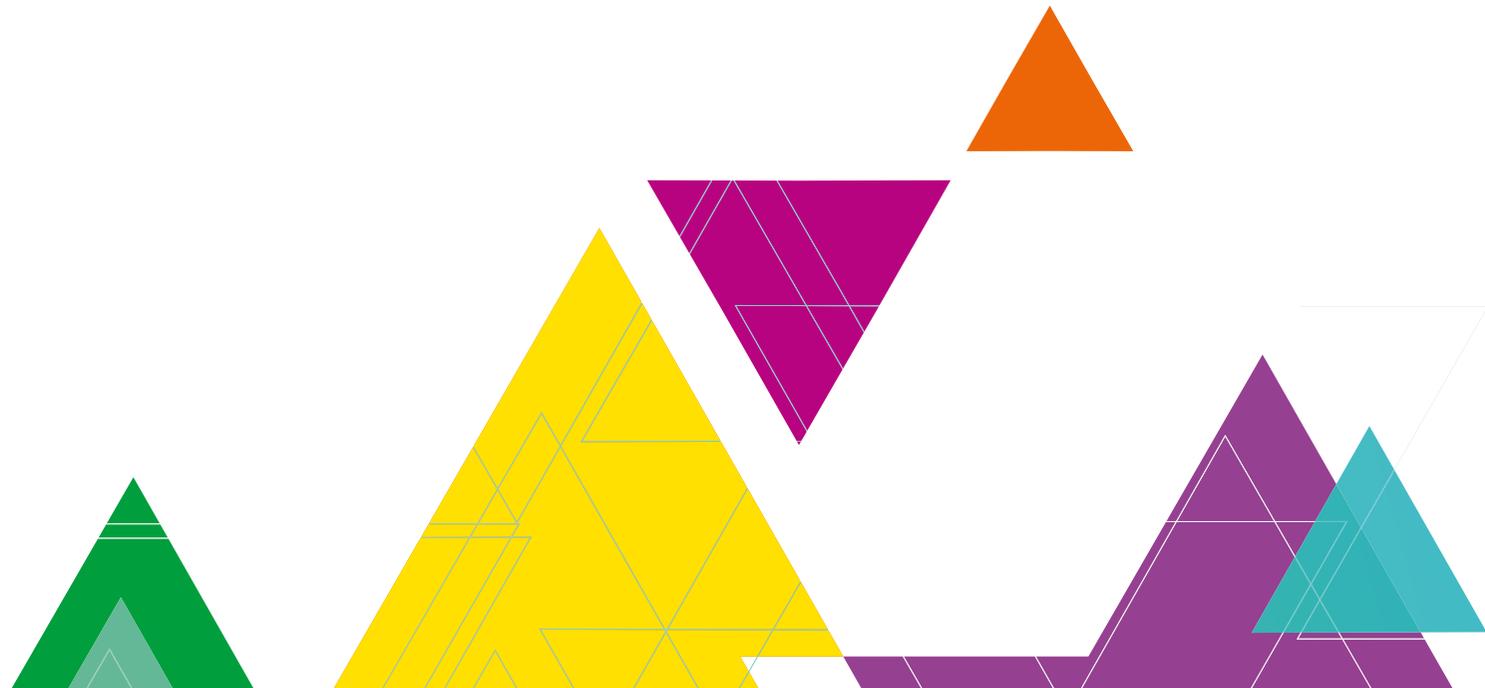
### **Director of New Business Development**

He was the Director of New Business Development of MINSUR since January 2013 to June 2015, when the department was reorganized. Before that, he served in different management positions in Hochschild Mining and Cementos Pacasmayo. Former General Manager of Compañía Minera Raura. Bachelor of Industrial Engineering from the Pontifical Catholic University of Peru, with a Masters in Business Administration from ESAN, he also graduated from the School of Senior Management of the University of Piura.

## RAFAEL SALAZAR TAFUR

### **Internal Auditor**

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







**10 ON THIS REPORT**  
GRI methodology implementation process

It is our interest to make sure that our sustainable management is documented and disseminated among all our stakeholders, within the framework of a methodology able to compare our management with the management of other companies in the sector worldwide, being accepted and recognized. Thus, we have decided to publish a report integrating information on compliance with the Superintendency of Securities Market (SMV) requirements, within the framework of the Global Reporting Initiative (GRI) methodology that we have been implementing since 2014. **G4-30** Therefore, the Annual Integrated Report 2015 hereof includes information of our Annual Report 2015 and of our Sustainability Report 2015 in a single document. **G4-29**

This Report shows our performance in environmental, economic, labor, operational, occupational health and safety, and social terms. Information provided in the document hereof corresponds to our direct activity since January 1 to December 31, 2015. **G4-28** We expect the report to be issued annually. **G4-30**

To prepare this report, we have applied our own tool, in line with the GRI requirements stated in the **GRI G4** Guideline and its Mining and Metals Sector Supplement (MMSS). For that purpose, we have prepared a materiality matrix, base don which we have determined the GRI aspect and indicators to be reported. Such matrix has been built base don our internal management information, obtained

from records compiled in the company, data collection methods, as well as interviews and meetings with key employees of our staff. Complementary to this, we have used secondary information sources to appropriately contextualize our management in the local, national, international and sectoral scope in 2015. **G4-18**

## REPORTING STAGES G4-18



## 1. ANALYSIS OF MATERIALITY OF THE SUSTAINABILITY REPORT 2014

We analyzed the materiality matrix defined in 2014, in order to update it so that it reflects significant and most relevant issues of our sustainability management in 2015.

## 2. UPDATE OF MATERIALITY IN A WORKSHOP WITH THE EXECUTIVE COMMITTEE

Updated material aspects are directly related to significant economic, environmental, and social impacts on our organization in this period of time. Furthermore they search to respond to the expectations of their main stakeholders. Thus, the reader is able to know the organizational strategy in 2015.

In a workshop conducted with our Executive Committee, comprised by the General Manager and the Corporate Directors, we analyzed the main events that shaped our performance in 2015. Besides, regardless of materiality, the issues required by the SMV –Peruvian authority regulating the securities market in which we participate- have also been reported, considering that this year we submit an Integrated Report (Annual Report 2015 + Sustainability Report 2015).

## 3. VALIDATION OF MATERIALITY WITH KEY EMPLOYEES AND INCORPORATION OF INFORMATION FROM OTHER STAKEHOLDERS

We updated and adjusted the materiality matrix for 2015, which evidences our management approach in this period of time, by using collected information and thoroughly analyzing the general context for the mining sector, as well as by incorporating validation information from our employees and other stakeholders collected throughout our management thanks to our communication channels.

Through this process we defined eight material aspects for 2015:

- Productivity and organizational optimization.
- Innovation and technology.
- Strengthening of our relationship with customers and new market development.
- Excellence in safety.
- Consolidation of talent management in line with the company's strategy.
- Investment in exploration to guarantee long-term business sustainability.
- High standards of environmental compliance.
- Harmonious relationship with and contribution to the social environment.



## 4. LINKING MATERIALITY TO THE GRI G4 ASPECTS AND INDICATORS AND ADJUSTMENT TO THE SMV REQUIREMENTS

Based on the eight material aspects mentioned above, we attributed the GRI G4 aspects and Specific Basic Contents that will allow describing them. In order to choose them, we used the GRI G4 Guideline, as well as the Mining and Metals Sector Supplement (MMSS). Only one material aspect, had no GRI indicators related or responding to it, and thus we decided to describe the relevant aspects of this subject.

## 5. COLLECTION OF GRI INDICATORS AND COMPLEMENTARY INFORMATION

Regarding the Specific Basic Contents, they were collected through quantitative and qualitative data collection sheets distributed in all MINSUR departments managing the indicated material aspects.

## 6. PREPARATION OF THE ANNUAL INTEGRATED REPORT 2015

Once we received the filled out data sheets, we processed them and systematized them, using -as a reference- a structure based on the eight material aspects we previously identified. After writing down the Annual Integrated Report 2015, we validated its content with each one of the participating departments, making the necessary adjustments, considering the feedback provided by the Executive Committee of our company.



## Material aspects for the Annual Integrated Report 2015 and scope of the GRI G4 Aspects G4-18, G4-19, G4-20

Material issues for MINSUR	GRI-G4 related aspects	Scope <sup>1/</sup>	Stakeholders related to the GRI Aspect
1.PRODUCTIVITY AND ORGANIZATIONAL OPTIMIZATION	Economic Performance	Internal and external	Shareholders, customers, employees
	Indirect economic consequences	External	Community, Government and society
2.INNOVATION AND TECHNOLOGY	There are no GRI indicators associated to this aspect.	----- ----	----- ----
3 STRENGTHENING OF OUR RELATIONSHIP WITH CUSTOMERS AND NEW MARKET DEVELOPMENT	Customers' health and safety	Internal and external	Customers
	Labeling of products and services	Internal	Customers
	Marketing communication	Internal	Customers
	Indirect economic consequences	External	Community, Government and society
4.EXCELLENCE IN SAFETY	Occupational health and safety	Internal	Environment, employees
5.CONOLIDATION OF TALENT MANAGEMENT IN LINE WITH THE COMPANY'S STRATEGY	Employment	Internal and external	Employees, community
	Relationships between employees and management	Internal	Employees
	Training and education	Internal	Employees
	Assessment of suppliers' work practices	External	Suppliers, community
6.INVESTMENT IN EXPLORATION TO GUARANTEE LONG-TERM BUSINESS SUSTAINABILITY	Indirect economic consequences	Internal and external	Comunidad, Gobierno y sociedad



Material issues for MINSUR	GRI-G4 related aspects	Scope <sup>1/</sup>	Stakeholders related to the GRI Aspect
7. HIGH STANDARDS OF ENVIRONMENTAL COMPLIANCE	Materials	Internal	Environment, employees
	Energy	Internal	Environment
	Emissions	Internal and external	Environment, employees, community
	Effluents and waste	Internal and external	Community, Government and society
	Compliance	Internal and external	Comunidad, Gobierno y sociedad
	Transportation	Internal and external	Environment, community, suppliers, Government and society
	General	Internal and external	Environment, community, Government and society
	Environmental complaint mechanisms	Internal and external	Community
8. HARMONIOUS RELATIONSHIP WITH AND CONTRIBUTION TO THE SOCIAL ENVIRONMENT	Water	Internal and external	Environment, community, Government
	Local communities	External	Community, Government, society
	Indirect Economic consequences	External	Community, Government and society
	Social impact complaint mechanism	Internal and external	Community
	Market presence	Internal and external	Employees, community
	Procurement	Internal and external	Employees, suppliers, community
	Local Communities (Sectoral Supplement)	Internal and external	Community

1/ Our Annual Integrated Report 2015 considers the scope of each GRI G4 aspect that is reported. An «aspect's scope» is the description of where material aspects are making impacts. By establishing each aspect's scope, the organization has to consider both internal and external impacts. Each aspect has its own scope. |



The background image shows a town with colorful buildings, including yellow and red structures, situated on a hillside. In the foreground, there is a pond with several white swans and one dark duck. The water is calm, reflecting the surrounding environment. The scene is bright and sunny, suggesting a clear day. The overall atmosphere is peaceful and scenic.

In the Annual Integrated Report 2015 we are reporting eight material aspects, represented by 25 GRI aspects and a total of 41 GRI performance indicators (Specific Basic Contents), for the “Essential” Sustainability Report hereof. **G4-32**

In addition, two sectoral indicators of the Mining and Metal Sector Supplement are included. Complementarily, we have included information to allow the reader to contextualize the report, thus ensuring a proper understanding of MINSUR sustainability strategy in 2015.



ESPECTROFOTÓMETRO  
DE ABSORCIÓN ATÓMICA  
MODELO AA300

# GRI TABLE OF CONTENTS

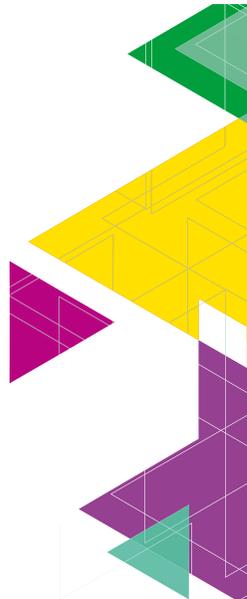
- Materiality
- Disclosures Service
- Organizational Mark

The following table includes the reported indicators based on the “in Accordance-Core” option of the Global Reporting Initiative for the G4 methodology.

Through the specific basic contents, we show which GRI G4 material aspects have been considered by MINSUR management in 2015.

#### GENERAL BASIC GENERAL BASIC CONTENTS

Contents	Description
G4-1	Statement of the main responsible of the organization's decisions on the significance of sustainability for the company.
G4-2	Main impacts, risks and opportunities.
G4-3	Name of the organization/company.
G4-4	Most important brands, products and services.
G4-5	Address of the organization's headquarters.
G4-6	Countries where the organization operates.
G4-7	Nature of the ownership regime and legal form
G4-8	Markets served by the organization.
G4-9	Size of the organization, considering number of employees, operations, sales or net income, among others.
G4-10	Number of employees by employment contract and gender



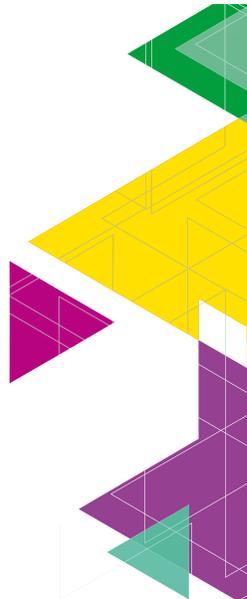
## GENERAL BASIC GENERAL BASIC CONTENTS

Contents	Description	Página	EXTERNAL VERIFICATION
G4-11	Percentage of employees covered by collective bargaining agreements.	47% (calculated over MINSUR's total employees, including those from Pucamarca MU, the only unit where there is no Trade Union)	
G4-12	Organization's supply chain.		
G4-13	Significant changes implemented during the period under analysis in the organization's size, structure, ownership, or supply chain.	There were no significant changes in 2015.	
G4-14	How the organization addresses the precautionary principle.	X	
G4-15	Charters, principles, or other external initiatives of an economic, environmental and social nature, which the organization subscribes or has adopted.		
G4-16	National and International promotion associations and organizations, to which the organization belongs	We are member of the National Society of Mining, Oil and Energy and of the International Tin Research Institute (ITRI)	
G4-17	Entities included in the organization's consolidated financial statements and other equivalent documents.	MINSUR S.A	



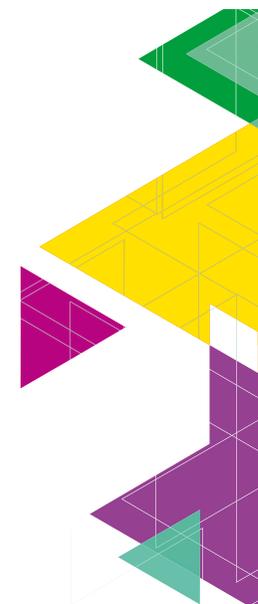
## GENERAL BASIC GENERAL BASIC CONTENTS

Content	Description	Page	External verification
G4-18	Process followed to determine the report's content and aspect boundaries.		
G4-19	Material aspects identified in the report's content definition process.		
G4-20	Scope of each material aspect inside the organization.		
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	
G4-22	Consequences of restatements of information included in previous reports and their reasons.	There are no restatements, since this is our first Integrated Report.	
G4-23	Significant changes of the scope and boundaries of each aspect, as compared to previous reports.	Not applicable. This is our first Integrated Report.	
G4-24	Stakeholders related to the organization		
G4-25	Basis for selecting stakeholders with whom to engage.		
G4-26	Organization's approach to stakeholder engagement (frequency, engagement in the reporting process, among others).		
G4-27	Key issues and problems arising from stakeholder's engagement.		
G4-28	Reporting period		
G4-29	Date of last report.		
G4-30	Reporting cycle.		



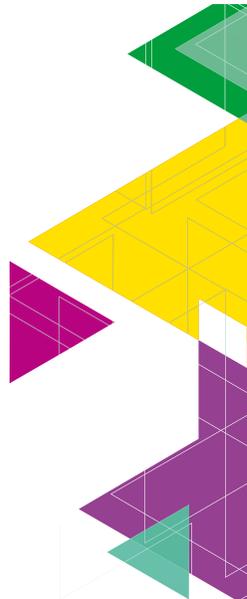
## GENERAL BASIC GENERAL BASIC CONTENTS

Content	Descripción	Page	External verification
G4-31	Contact person for questions on the report's content.	Analia Calmell del Solar. Direction of Corporate Affairs analia.calmelldelsolar@minsur.com	
G4-32	Reporting modality	"In accordance - Core"	
G4-33	Valid policies and practices of the organization regarding the report's external verification.	We do not have valid policies regarding verification of the report.	
G4-34	Organization's governance structure.		
G4-41	Process for the highest governance body to ensure conflicts of interests are prevented and managed.		
G4-46	Highest governance body's role.		
G4-49	Process of communicating critical concerns to the highest governance body		
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.		
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior		
G4-58	Internal and external mechanisms for reporting unethical or unlawful behavior, and matters related to organizational integrity.		



## SPECIFIC BASIC CONTENTS

GRI-G4 Aspects	GRI-G4 Indicator
Economic Performance	G4-EC1: Direct economic value generated and distributed.
	G4-EC3: Coverage of the Organization's defined benefit plan obligations.
Market Presence	G4-EC5: Ratio of standard entry level wage by gender compared to local minimum wage at significant locations of operation.
Indirect Economic consequences	G4-EC7: Development and impact of infrastructure investments and services supported.
	G4-EC8: Significant indirect economic impacts and their extent.
Procurement Practices	G4-EC9: Percentage of spending on local suppliers at significant locations of operation.
Occupational health and safety	G4-LA5: Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs
	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-LA7: Workers with high incidence or high risk of diseases related to their occupation.
	G4-LA8: Health and safety topics covered in formal agreements with trade unions.
Training and education	G4-LA9: Average hours of training per year per employee by gender, and by employee category
	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.
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.
Materials	G4-EN1: Materials used by weight or volume.
Energía	G4-EN3: Energy consumption within the organization.
	G4-EN6: Reduction of energy consumption.
Water	G4-EN8: Total water withdrawal by source.
	G4-EN6: Reduction of energy consumption.
	G4-EN8: Total water withdrawal by source.



## SPECIFIC BASIC CONTENTS

GRI-G4 Aspects	GRI-G4 Indicator
Emissions	G4-EN19: Reduction of Greenhouse gas (GHG) emissions.
	G4-EN21: NOx, SOx and other significant air emissions.
Effluents and waste	G4-EN22: Total water discharge by quality and destination
	G4-EN23: Total weight of waste by type and treatment method.
	G4-EN24: Total number and volume of significant spills.
Regulatory Compliance	G4-EN29: Monetary value of significant fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations.
	G4-EC8: Impactos económicos indirectos significativos y alcance de los mismos.
Regulatory Compliance	Límite de cada aspecto material fuera de la organización.
Transport	G4-EN22: Vertimiento total de aguas, según su calidad y destino.
	G4-EN23: Peso total de los residuos, según tipo y método de tratamiento.
	G4-EN24: Número y volumen total de los derrames significativos.
General	G4-EN29: Valor monetario de las multas significativas y número de sanciones no monetarias por incumplimiento de la legislación y la normativa ambiental.
Suppliers' environmental assessment	G4-EN30: Impactos ambientales significativos del transporte de productos y otros bienes y materiales utilizados para las actividades de la organización, así como del transporte de personal.
Environmental grievance mechanism	G4-EN31: Desglose de los gastos e inversiones ambientales.
Suppliers' environmental assessment	G4-EN33: Impactos ambientales negativos significativos, reales y potenciales, en la cadena de suministro, y medidas al respecto
Grievance mechanisms for impacts on society	G4-HR12: Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanism.
Local Communities (Sectoral supplement)	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.
Customer health and safety	G4-PR1: Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.
Product and service labeling	G4-PR3: Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and service categories subject to such information requirements.
	G4-PR5: Results of surveys measuring customer satisfaction.
Marketing communications	G4-PR6: Sale of banned or disputed products.

