



MANAGEMENT DISCUSSION AND ANALYSIS: INDIVIDUAL RESULTS

MINSUR S.A.
FIRST QUARTER 2021

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I. HIGHLIGHTS AND EXECUTIVE SUMMARY

Table N° 1: Operating & Financial Highlights

Highlights	Unit	1Q21	1Q20	Var (%)
Production				
Tin (Sn)	t	6,336	4,333	46%
Gold (Au)	oz	14,757	19,105	-23%
Financial Results				
Net Revenue	US\$ M	196.1	124.9	57%
EBITDA	US\$ M	118.1	52.5	125%
EBITDA Margin	%	60%	42%	-
Net Income	US\$ M	77.3	-49.1	-
Adjusted Net Income ¹	US\$ M	78.1	-4.8	-

Executive Summary:

a. Prioritization of Health and Safety – Response to COVID -19 Pandemic

All operations are strictly complying with the protocols required in the context of the COVID-19 pandemic to work safely. These protocols continue to represent additional costs for our operations; however, it is essential and a priority to maintain the health and safety of all our employees. On the other hand, the activities of the administrative staff continue to be carried out remotely.

b. Operating Results

In 1Q21, tin production surpassed the one achieved in 1Q20 mainly due to disruptions in operations and construction projects as the Peruvian government declared in 2020 a public health emergency along with many restrictions that affected our operations. Gold production declined 23% vs. 1Q20 driven by the lower mineral grades of the 1Q21 production plan, which is aligned with our current life of mine plan.

c. Financial Results

In 1Q21, we improved our sales and EBITDA by 57% y 125%, respectively. The higher sales in 1Q21 are explained by the increase in sold volume of tin (+3%) and, to a higher extent, to the strong tin prices registered during the period (+56%). On the other hand, gold production volume declined (-6%) while prices increased (+14%). Lastly, net income was US\$ 77.3 MM supported by the strong performances of our investments in subsidiaries and associates compared to the same period of 2020 mainly due to a lower volatility in the brazilian real exchange rate (R\$/US\$) and lower income taxes due to the lower projected annual rate.

¹ Adjusted net income = Net income excluding Loss from Subsidiaries and Associates, exchange rate difference and extraordinary effects

II. MAIN CONSIDERATIONS:

a. Average metal prices

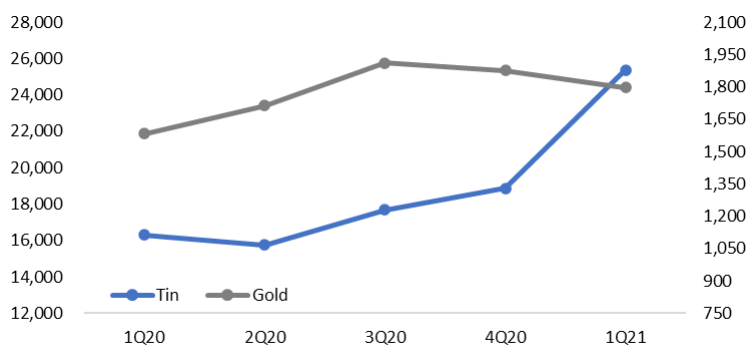
- **Tin:** Average tin price in 1Q21 was US\$ 25,377 per ton, +56% vs 1Q20.
- **Gold:** Average gold price in 1Q21 was US\$ 1,797 per ounce, +14% vs 1Q20.

Table N° 2: Average metal prices

Average Metal Prices	Unit	1Q21	1Q20	Var (%)
Tin	US\$/t	25,377	16,286	56%
Gold	US\$/oz	1,797	1,582	14%

Source: Bloomberg

Figure N° 1: Average metal price quarterly evolution



Source: Bloomberg

b. Exchange Rate:

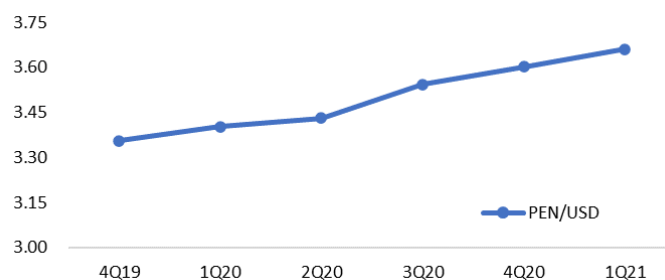
The Peruvian Sol average exchange rate for 1Q21 was S/ 3.66 per US\$ 1, 8% higher than 1Q20 (S/ 3.40 per US\$ 1).

Table N°3: Exchange Rate

Average Exchange Rate	Unit	1Q21	1Q20	Var (%)
PEN/USD	S/.	3.66	3.40	8%

Source: Banco Central de Reserva del Perú

Figure N° 2: Exchange rate quarterly evolution



III. OPERATING MINING RESULTS:

a. San Rafael – Pisco (Perú):

Table N° 4: San Rafael - Pisco Operating Results

San Rafael - Pisco	Unit	1Q21	1Q20	Var (%)
Ore Treated	t	297,893	270,603	10%
Head Grade	%	2.00	1.95	3%
Tin production (Sn) - San Rafael	t	5,195	4,365	19%
Tin production (Sn) - B2	t	1,240	613	102%
Tin production (Sn) - Pisco	t	6,336	4,333	46%
Cash Cost per Treated Ton ² - San Rafael	US\$/t	119	98	21%
Cash Cost per Ton of Tin ³	US\$/t Sn	8,254	8,846	-7%

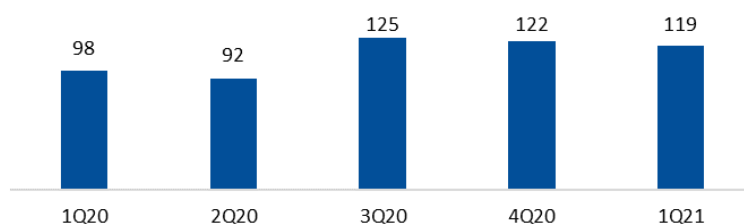
During the 1Q21, tin production in San Rafael reached 5,195 tons, 19% above 1Q20. Tin production in B2 plant registered 1,240 tons, 102% vs. 1Q20. Furthermore, tin production in Pisco was 6,336 tons, 46% vs. 1Q20. Both production improvements were mainly triggered by the suspension of activities of 2020 due to COVID-19 (restrictions started on March 18th, 2020).

Cash cost per treated ton at San Rafael was US\$ 119, 21% above 1Q20, mainly due to the higher cost related to COVID-19 safety protocols and restrictions.

² Cash Cost per treated ton = San Rafael production costs / (Tons of Ore treated at Concentration + Tons of Ore treated at Pre-Concentration)

³ Cash Cost per ton of tin = (San Rafael and Pisco production costs + selling expenses + change in tin concentrates inventory, excluding employee profit sharing, depreciation and amortization) / (Tin Production, in tons)

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



Cash cost per ton of tin in 1Q21 was US\$ 8,254, 7% lower than 1Q20, mainly explained by the higher refined tin production at Pisco (+46%) due to continuous production throughout the quarter and the higher contribution from plant B2, which in comparison to 1Q20 is operating at full capacity. This lower cost due to higher volume has been partially offset by higher production costs related to COVID-19 safety protocols.

b. Pucamarca (Perú):

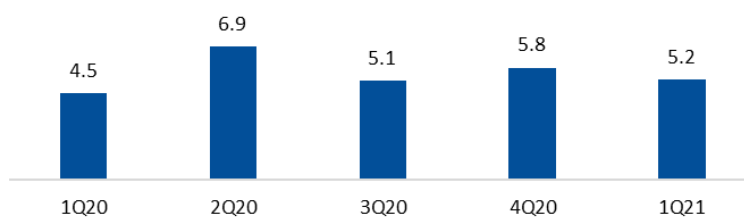
Table N°5. Pucamarca Operating Results

Pucamarca	Unit	1Q21	1Q20	Var (%)
Ore Treated	t	1,952,604	1,847,206	6%
Head Grade	g/t	0.49	0.53	-8%
Gold production (Au)	oz	14,757	19,105	-23%
Cash Cost per Treated Ton	US\$/t	5.2	4.5	15%
Cash Cost per Ounce of Gold ⁴	US\$/oz Au	703	449	56%

In 1Q21, gold production reached 14,757 ounces, a 23% decline vs. 1Q20 due to the lower mineral grades (-8%) and in line with the expected levels in accordance with the long-term production plan and the mine depletion.

Pucamarca's cash cost per treated ton was US\$ 5.2 in 1Q21, 15% higher than 1Q20, affected mainly by the implementation of COVID-19 safety protocols.

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



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

The cash cost per ounce of gold in 1Q21 was US\$ 703, 56% higher than 1Q21 due to the impacts on lower production and higher costs mentioned above.

IV. CAPEX:

Table N°6. Executed CAPEX

Capex	Unit	1Q21	1Q20	Var (%)
San Rafael + B2	US\$ M	8.4	6.0	41%
Pisco	US\$ M	0.5	0.4	26%
Pucamarca	US\$ M	8.2	0.8	926%
Others	US\$ M	0.0	0.2	-100%
Total Capex	US\$ M	17.2	7.3	134%

In 1Q21, Capex increased 134% vs. 1Q20 to US\$ 17.2 MM. Among the principals projects are our sustaining projects, such as the construction of the tailings dam B4 in San Rafael & B2 and the leaching PAD Phase-4 in Pucamarca. Values are in line with our last annual guidance and our quarterly execution plan.

V. FINANCIAL RESULTS:

Table N°7. Separated Statement of profit or loss

Financial Statements	Unit	1Q21	1Q20	Var (%)
Net Revenue	US\$ M	196.1	124.9	57%
Cost of Sales	US\$ M	-88.0	-79.5	11%
Gross Profit	US\$ M	108.1	45.4	138%
Selling Expenses	US\$ M	-1.5	-1.4	10%
Administrative Expenses	US\$ M	-11.8	-9.3	27%
Exploration & Project Expenses	US\$ M	-2.1	-2.2	-7%
Other Operating Expenses, net	US\$ M	3.8	-0.1	-
Operating Income	US\$ M	96.6	32.4	198%
Financial Income (Expenses) and Others, net	US\$ M	-7.6	-6.5	17%
Results from Subsidiaries and Associates	US\$ M	-0.9	-44.9	98%
Exchange Difference, net	US\$ M	0.0	0.6	-97%
Profit before Income Tax	US\$ M	88.1	-18.4	-579%
Income Tax Expense	US\$ M	-10.8	-30.7	-65%
Net Income	US\$ M	77.3	-49.1	-
Net Income Margin	%	39%	-39%	-
EBITDA	US\$ M	118.1	52.5	125%
EBITDA Margin	%	60%	42%	-
Depreciation	US\$ M	21.6	20.1	7%
Adjusted Net Income⁵	US\$ M	78.1	-4.8	-

For comparative purposes, as a result of the accounting evaluation of the income tax calculation methodology in accordance with IAS 34 "Interim Financial Reporting" and the evaluation of the value of investments in subsidiaries and associates, our interim financial statements for the first quarter 2020 have been restated, for which they present different values with respect to the reported in 1Q20. However, they will not generate variation in the annual comparison because the variations will only occur in intermediate financial statements.

a. Net Revenue:

In 1Q21, net sales reached US\$ 196.1 MM (+US\$ 71.3 MM vs. 1Q20) due to: i) higher tin prices (+56%), ii) higher sold volume of tin (+3%), iii) higher gold prices (+14%) and despite the less sold volume of gold (-6%).

Table N°8. Net revenue Volume by product

Net Revenue Volume	Unit	1Q21	1Q20	Var (%)
Tin	t	6,259	6,096	3%
Gold	oz	16,085	17,047	-6%

⁵ Adjusted net income = Net income excluding Loss from Subsidiaries and Associates, exchange rate difference and extraordinary effects

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

Net Revenue by Metal	Unit	1Q21	1Q20	Var (%)
Tin	US\$ M	169.6	97.3	74%
Gold	US\$ M	26.5	27.5	-4%
TOTAL	US\$ M	196.1	124.9	57%

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

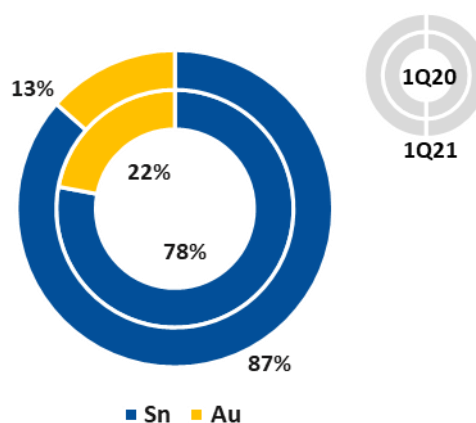


Table N°10. Cost of sales detail

Cost of Sales	Unit	1Q21	1Q20	Var (%)
Production Cost	US\$ M	59.4	41.8	42%
Depreciation	US\$ M	22.8	22.2	3%
Workers profit share	US\$ M	5.0	2.0	155%
Stocks Variation and Others	US\$ M	0.8	13.5	-94%
TOTAL	US\$ M	88.0	79.5	11%

b. Cost of Sales:

The cost of sales in 1Q21 was US\$ 88.0 MM, an increase of 11% vs. 1Q20. The main drivers behind the increase were: i) new COVID-19 health and safety protocols implemented in our operations and ii) higher workers profit share that were partially offset by the sale of final stock in 1Q20, mainly of refined tin.

c. Gross Profit:

Gross Profit in 1Q21 increased by US\$ 62.7 MM vs. 1Q20 reaching US\$ 108.1 MM supported by a surge in sales of 57%. Gross margin was 55% in 1Q21 vs. 36% in 1T20.

d. Selling expenses:

Selling expense in 1Q21 were US\$ 1.5 MM, US\$ 0.1 MM above 1Q20 given the higher sold volume of tin.

e. Administrative expenses:

Administrative expenses in 1Q21 were US\$ 11.8 MM, +27% vs 1Q20 due to the higher workers profit share and the deferral of administrative expenses in 1Q20.

f. Exploration and Project Expenses:

In 1Q21, Exploration and Project Expenses amounted to US\$ 2.1 MM, in line with the reported in 1Q20.

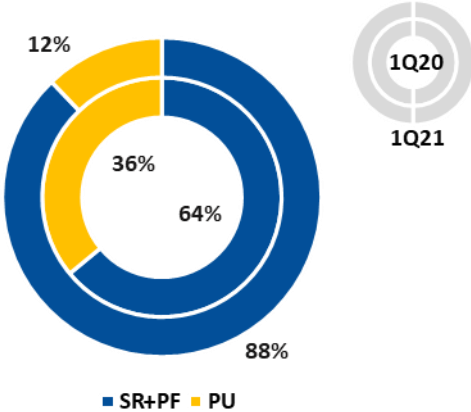
g. Other Operating Income (expenses), net:

In 1Q21, other operating income (expenses) net was US\$ 3.8 MM mainly as a result of the sale of non-core assets.

h. EBITDA:

EBITDA in 1Q21 totaled US\$ 118.1 MM, an increase of US\$ 65.6 MM vs. 1Q20 given the higher gross profit (already explained above). The 1Q21 EBITDA margin was 60%, +18% vs. 1Q20.

Figure N°6: EBITDA share in US\$ by Operating Unit ⁴



i. Net financial expenses

Net financial expenses of US\$ 7.6 MM in 1Q21 vs. US\$ 6.5 MM in 1Q20. The difference is explained by the lower interest obtained on the company’s cash deposits in 1Q20 due to the decrease in interest rates in the international market.

⁴ 1Q21 includes SR + FR + B2

j. Results from Subsidiaries and Associates

The results from subsidiaries and associates in 1Q21 were -US\$ 0.9 MM vs. -US\$ 44.9 MM in 1Q20. This difference is explained by the lower financial losses from exchange differences in our subsidiary Taboca. In fact, the volatility of the real vs. dollar was 8.7% in 1Q21 vs. 29.4% in 1Q20. Additionally, our subsidiaries and associates had a better operational performance in 1Q21 than 1Q20.

k. Income tax expense:

In 1Q21, income tax expense amounted to US\$ 10.8 MM (vs. US\$ 30.7 MM in 1Q20) due to the differences in the projections of the effective annual accounting rates of income tax applied to the results before taxes of both quarters. The projection of 2021 annual results includes the effect of Marcobre's future production.

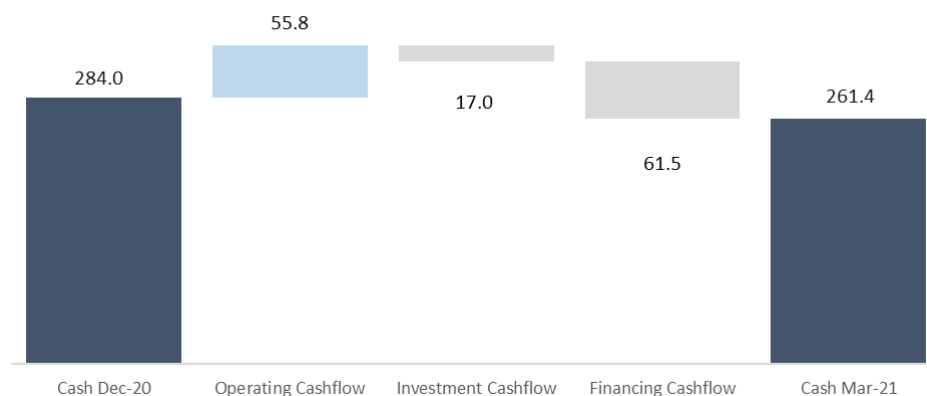
l. Net income and Adjusted net income:

Net income in 1Q21 was US\$ 77.3 MM (vs. -US\$ 49.1 MM in 1Q20). The net income was favored by the better performance from our subsidiaries and associates, as well as by the accounting effects related to the income tax projection that includes the effect of the future production of Marcobre. Excluding (i) extraordinary effects, (ii) the results of subsidiaries and associates, and (iii) the exchange difference, the adjusted net income in 1Q21 would amount to US\$ 78.1 MM (vs. -US\$ 4.8 MM in 1Q20) given the strong EBITDA recorded by the company in 1Q21.

VI. LIQUIDITY:

As of March 31th, 2021, the company's cash balance reached US\$ 261.4 MM, 8% lower than the closing balance of 2020 (US\$ 284.0 MM). The decrease is explained by an operating cash flow of US\$ +55.8 MM, an investment cash flow of -US\$ 17.0 MM and financing cash flow of -US\$ 61.5 MM.

The financing cash flow considers the capital contribution to our subsidiary Marcobre for US\$ 61.5 MM.



As of March 31st, 2021, the company's financial liabilities reached US\$ 445.3 M. The financial debt is explained by the corporate bond, with expiration date of 2024. The net leverage ratio reached 0.6x as of March 31st, 2021 vs. 0.7x by the end of 2020.

Table N°12. Debt Summary

Financial Ratios	Unit	Mar-21	Dec-20	Var (%)
Total Debt	US\$ M	445.3	444.9	0%
Long Term - Minsur 2024 Bond	US\$ M	445.3	444.9	0%
Cash	US\$ M	261.4	284.0	-8%
Cash and Equivalents	US\$ M	190.7	193.4	-1%
Fixed term deposits	US\$ M	70.7	90.6	-22%
Net Debt	US\$ M	183.9	160.9	14%
Total Debt / EBITDA	x	1.5x	1.9x	-22%
Net Debt / EBITDA	x	0.6x	0.7x	-10%

VII. Risk Management

The company has a financial reporting and consolidation area, which permanently validates that the financial information to be disclosed to the market is in accordance with IFRS and free from material errors.

The internal controls associated with the risks of the aforementioned function are evaluated and verified by an independent external auditor, who annually issues an opinion on the reasonableness of the Financial Statements and the evaluation of the internal control system to mitigate risks related to integrity and reliability of financial information.

Likewise, periodically, the Internal Auditor reports to the Audit Committee on work progress and deadlines compliance regarding the implementation of Internal and External Audit observations in accordance with the audit plan.

Finally, the company has a Risk area, in charge of managing the identified risk matrix, as well as evaluating and monitoring mitigation plan proposals.