MANAGEMENT DISCUSSION AND ANALYSIS: INDIVIDUAL RESULTS

MINSUR S.A.
SECOND QUARTER 2019

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I. HIGHLIGHTS AND EXECUTIVE SUMMARY

Table N° 1: Operating & Financial Highlights

Highlights	Unit	2Q19	2Q18	Var (%)	6M19	6M18	Var (%)
Production							
Tin (Sn)	t	4,699	5,170	-9%	8,587	8,653	-1%
Gold (Au)	oz	27,087	25,484	6%	51,357	49,643	3%
Financial Results							
Net Revenue	US$ M	135.7	130.0	4%	271.0	254.1	7%
EBITDA	US$ M	60.3	64.6	-7%	129.5	128.1	1%
EBITDA Margin	%	44%	50%	-	48%	50%	-
Net Income	US$ M	14.0	27.3	-49%	60.0	54.2	11%
Adjusted Net Income[1]	US$ M	25.4	9.8	158%	62.3	36.4	71%

Executive Summary:

a. Operating Results

During 2Q19, the company registered mixed operating results compared to the same period of the previous year; tin production was lower (-9%), while gold production was higher (+6%) compared to 2Q18. In both cases, the result was in line with the established mining plan. The lower tin production is explained by a different scheduling in the annual programmed maintenance stoppage; it was carried out between March and April in 2019, while in 2Q18 it started in February, and indeed the smelting plant consumed greater stocks at the end of the quarter. On the other hand, the higher gold production is mainly due to higher head grade placed on the Leeching Pad.

b. Financial Results

During 2Q19, the company´s financial results were lower than in 2Q18, mainly because 2018 results were benefited by the fiscal impact for the sale of 40% of Cumbres Andinas. As a result, EBITDA and Net Income decreased by 7% and 49%, respectively. However, Sales increased 4% due to the higher sold volumes of tin (+13%) and gold (+6%). Excluding extraordinary effects, the exchange difference and gains/loss from subsidiaries and associates, the adjusted net income reached US$ 25.4 M, 158% higher than the same period of the previous year.

[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

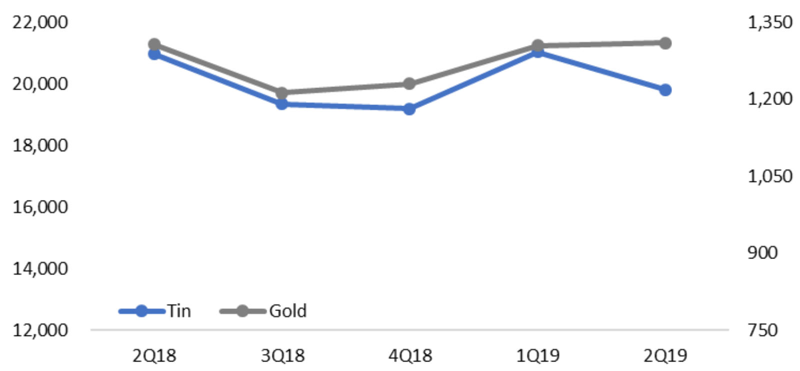
- **Tin:** Average Tin (Sn) Price in 2Q19 was US$ 19,802 per ton, a decrease of 6% compared to the same period of the previous year. During the first half average tin price was US$ 20,410 per ton, also 3% below last year's average.
- **Gold:** Average Gold (Au) Price in 2Q19 was US$ 1,309 per ounce, slightly higher than the same period of the previous year. During the first half average gold price was US$ 1,306 per ounce, a decrease of 1% compared to last year's average.

Table N° 2: Average metal prices

Average Metal Prices	Unit	2Q19	2Q18	Var (%)	6M19	6M18	Var (%)
Tin	US$/t	19,802	20,962	-6%	20,410	21,066	-3%
Gold	US$/oz	1,309	1,306	0%	1,306	1,318	-1%

Source: Bloomberg

Figure N° 1: Average metal price quarterly evolution



b. Exchange Rate:

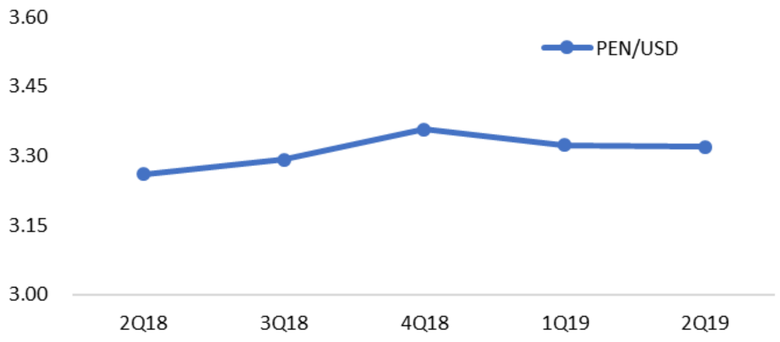
The Peruvian Sol average exchange rate for 2Q19 was S/ 3.32 per US$ 1, 2% higher compared to S/ 3.26 per US$ 1 in 2Q18. At the end of 2018, exchange rate was S/ 3.38 per US$ 1, while at the end of 2Q19 it decreased to S/ 3.29 per US$ 1.

Table N°3: Exchange Rate

Average Exchange Rate	Unit	2Q19	2Q18	Var (%)	6M19	6M18	Var (%)
PEN/USD	S/.	3.32	3.26	2%	3.32	3.25	2%

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

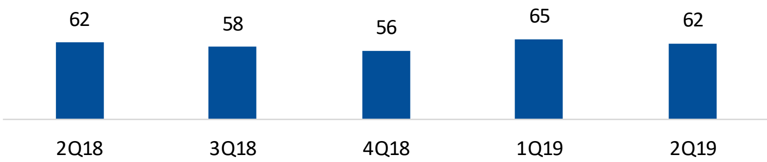
San Rafael - Pisco	Unit	2Q19	2Q18	Var (%)	6M19	6M18	Var (%)
Ore Treated	t	518,572	503,466	3%	983,204	789,045	25%
Head Grade	%	1.82	1.82	0%	1.86	1.73	8%
Tin production (Sn) - San Rafael	t	5,072	4,818	5%	10,117	8,880	14%
Tin production (Sn) - Pisco	t	4,699	5,170	-9%	8,587	8,653	-1%
Cash Cost per Treated Ton[1] - San Rafael	US$/t	62	62	-1%	63	73	-14%
Cash Cost per Ton of Tin[3]	US$/t Sn	8,751	8,623	1%	8,674	8,885	-2%

In 2Q19, tin production in San Rafael reached 5,072 tons, a 5% increase compared to the same period of the previous year, mainly explained by higher volume of ore treated in the concentration ore plant (+3%) and a higher recovery rate (+2%). On the other hand, refined tin production at Pisco reached 4,699 tons, 9% lower than in 2Q18, mainly due to less operating days in 2Q19 and greater stocks consumed last year. In 2018, the annual programmed maintenance stoppage was in February, while in 2019 it started during the second half of March and finished on the first half of April, due to an extension in the Ausmelt´s furnace campaign. Cash cost per treated ton at San Rafael was slightly lower than that of the same period of the previous year (-1%), reaching $ 65, mainly explained by more ore treated (+3%).

During the first half, production was 14% higher than in 2Q18, mainly because the pre-concentration ore sorting plant did not operate during 1Q18 due to maintenance. In Pisco, the refined tin production was 1% lower than that of the same semester of the previous year, mainly due to greater stocks consumed at the end of the 2Q18. Cash cost during the first half was $ 63, 14% below to 1H18's average, mainly explained by lower volume of ore treated during the first quarter of 2018 due to the maintenance works in the pre-concentration ore sorting plant.

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

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



Cash cost per ton of tin[3] in 2Q19 was US$ 8,751, 1% above 2Q18, mainly explained by lower volume of refined tin production in Pisco (-9%). However, the accumulated cash cost per ton of tin reached US$ 8,674, 2% lower compared to the same semester of the previous year.

b. Pucamarca (Perú):

Table N°5. Pucamarca Operating Results

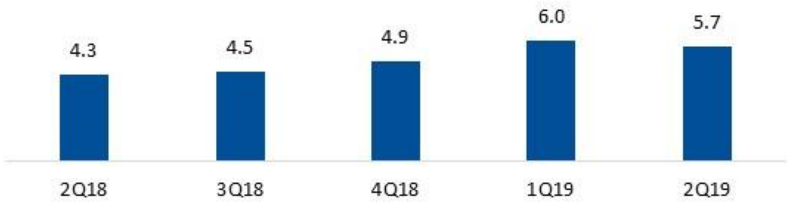
Pucamarca	Unit	2Q19	2Q18	Var (%)	6M19	6M18	Var (%)
Ore Treated	t	1,932,950	2,090,495	-8%	3,839,071	4,006,983	-4%
Head Grade	g/t	0.60	0.49	22%	0.60	0.49	23%
Gold production (Au)	oz	27,087	25,484	6%	51,357	49,643	3%
Cash Cost per Treated Ton	US$/t	5.7	4.3	34%	5.8	4.2	40%
Cash Cost per Ounce of Gold[4]	US$/oz Au	406	349	16%	436	336	30%

In 2Q19, gold production reached 27,087 ounces, 6% higher than the same period of the previous year, mainly explained by higher gold head grade placed on the Leeching Pad (+22%), partially offset by a lower volume fed to the Pad (-8%). Cash cost per treated ton at Pucamarca was US$ 5.7 in 2Q19, 34% higher than 2Q18, mainly due to the advancement of dismount works, in order to optimize our geotechnical parameters. It is important to mention that production and costs remain in line with the established mining plan.

During the first half, production was 51,357 ounces of gold, 3% above the same period of the previous year. Cash cost per treated ton for the first half was US$ 5.8, 40% higher compared to the first semester of the previous year. Deviations of the first half have the same explanations as those of the second quarter: (i) higher production explained by higher gold head grade placed on the Leeching Pad (+23%), and (ii) higher costs for the advancement of dismount works.

[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°4: Cash Cost per treated ton evolution – Pucamarca



Cash cost per ounce of gold[4] in 2Q19 was US$ 406, an increase of 16% compared to 2Q18, mainly explained by higher production cost. The cash cost per ounce of gold for the first half was US$ 436, 30% higher than that of 1H18.

IV. CAPEX:

Table N°6. Executed CAPEX

Capex	Unit	2Q19	2Q18	Var (%)	6M19	6M18	Var (%)
San Rafael	US$ M	3.3	2.4	37%	4.5	6.6	-32%
B2	US$ M	26.1	12.2	114%	48.2	20.5	135%
Pisco	US$ M	0.3	0.1	-	0.5	0.1	-
Pucamarca	US$ M	2.3	4.3	-48%	3.6	8.1	-56%
Others	US$ M	0.2	0.9	-81%	0.5	1.0	-48%
Total Capex	**US$ M**	**32.1**	**19.9**	**61%**	**57.3**	**36.3**	**58%**

In 2Q19, Capex was US$ 32.1 M, an increase of 61% compared to the same period of the previous year. The major investment in the quarter was the B2 project (which required an investment of US$ 26.1 M during the quarter). The major investment in our operating units was in sustaining Capex.

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

V. FINANCIAL RESULTS:

Table N°7. Financial Statements

Financial Statements	Unit	2Q19	2Q18	Var (%)	6M19	6M18	Var (%)
Net Revenue	US$ M	135.7	130.0	4%	271.0	254.1	7%
Cost of Sales	US$ M	-74.9	-59.7	25%	-141.1	-118.6	19%
Gross Profit	**US$ M**	**60.8**	**70.3**	**-14%**	**130.0**	**135.5**	**-4%**
Selling Expenses	US$ M	-1.8	-1.3	36%	-2.9	-2.3	29%
Administrative Expenses	US$ M	-9.2	-7.3	27%	-18.8	-15.8	19%
Exploration & Project Expenses	US$ M	-6.9	-7.2	-5%	-11.5	-13.7	-16%
Other Operating Expenses, net	US$ M	0.7	-3.2	-	0.9	-3.9	-
Operating Income	**US$ M**	**43.6**	**51.3**	**-15%**	**97.6**	**100.0**	**-2%**
Financial Income (Expenses) and Others, net	US$ M	-1.4	-6.0	-76%	-0.1	-11.8	-
Results from Subsidiaries and Associates	US$ M	-9.9	-22.1	-55%	-4.0	-21.3	-81%
Exchange Difference, net	US$ M	-1.4	-0.2	-	1.8	-0.8	-
Profit before Income Tax	**US$ M**	**30.8**	**22.9**	**34%**	**95.3**	**66.1**	**44%**
Income Tax Expense	US$ M	-16.8	4.3	-	-35.2	-11.9	195%
Net Income	**US$ M**	**14.0**	**27.3**	**-49%**	**60.0**	**54.2**	**11%**
Net Income Margin	%	10%	21%	-	22%	21%	-
EBITDA	**US$ M**	**60.3**	**64.6**	**-7%**	**129.5**	**128.1**	**1%**
EBITDA Margin	%	44%	50%	-	48%	50%	-
Adjusted Net Income[5]	**US$ M**	**25.4**	**9.8**	**158%**	**62.3**	**36.4**	**71%**

a. Net Revenue:

In 2Q19, net sales reached US$ 135.7 M, an increase of 4% (+US$ 5.6 M) compared to 2Q18. This increase is mainly explained by the higher sold volumes of tin (+13%) and gold (+6%), partially offset by lower tin price (-6%).

Table N°8. Net revenue Volume by product

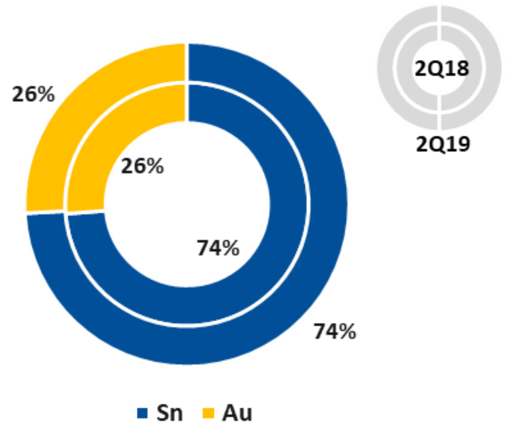
Net Revenue Volume	Unit	2Q19	2Q18	Var (%)	6M19	6M18	Var (%)
Tin	t	5,136	4,535	13%	9,767	8,703	12%
Gold	oz	26,875	25,334	6%	51,847	50,209	3%

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

Net Revenue by Metal	Unit	2Q19	2Q18	Var (%)	6M19	6M18	Var (%)
Tin	US$ M	100.0	96.3	4%	202.3	186.8	8%
Gold	US$ M	35.6	33.7	6%	68.7	67.4	2%
TOTAL	**US$ M**	**135.7**	**130.0**	**4%**	**271.0**	**254.1**	**7%**

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

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



b. Cost of Sales:

Table N°10. Cost of sales detail

Cost of Sales	Unit	2Q19	2Q18	Var (%)	6M19	6M18	Var (%)
Production Cost	US$ M	52.2	48.7	7%	101.8	90.5	13%
Depreciation	US$ M	15.2	15.5	-2%	29.0	26.9	8%
Workers profit share	US$ M	3.8	-2.1	-	7.8	1.1	639%
Stocks Variation and Others	US$ M	3.7	-2.4	-	2.4	0.2	-
TOTAL	**US$ M**	**74.9**	**59.7**	**25%**	**141.1**	**118.6**	**19%**

Cost of sales in 2Q19 reached US$ 74.9 M, an increase of 25% compared to the same period of last year. This effect is due to higher production cost in Pucamarca mainly by costs for the progress of work in the waste rock dump and a higher variation of inventories due to the higher sold volumes of tin and gold.

c. Gross Profit:

Gross profit during 2Q19 reached US$ 60.8 M, a US$9.6 M decrease compared to the same period of the previous year, mainly due to an increase in the cost of sales in greater proportion than the sales. Gross margin of the quarter was 45% vs 54% during 2Q18.

d. Selling expenses:

Selling expenses in 2Q19 were US$ 1.8 M, US$ 0.5 M higher than the previous year, mainly because export freight was considered part of the cost of sales in 2018.

e. Administrative expenses:

Administrative expenses in 2Q19 were US$ 9.2 M, 27% higher than the same period of last year.

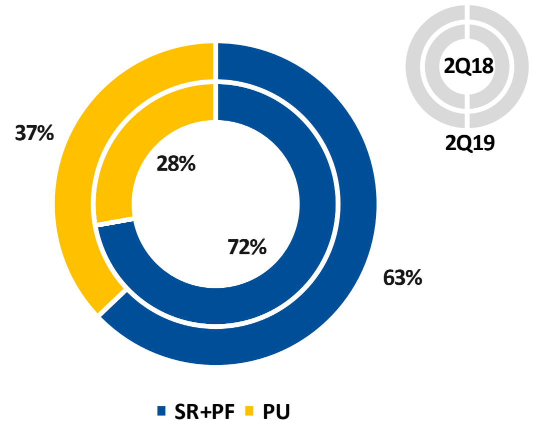
f. Exploration and Project Expenses:

In 2Q19, exploration and project expenses totaled US$ 6.9 M, US$ 0.3 lower than 2Q18, mainly explained by a postponement of the beginning of the exploration program.

g. EBITDA:

EBITDA in 2Q19 amounted to US$ 60.3 M, a decrease of US$ 4.4 M compared to 2Q18, mainly because the results of 2018 contain the tax benefits generated for the sale of 40% of Cumbres Andinas. EBITDA margin in the period was 44% vs 50% during 2Q18.

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



h. Income tax expense:

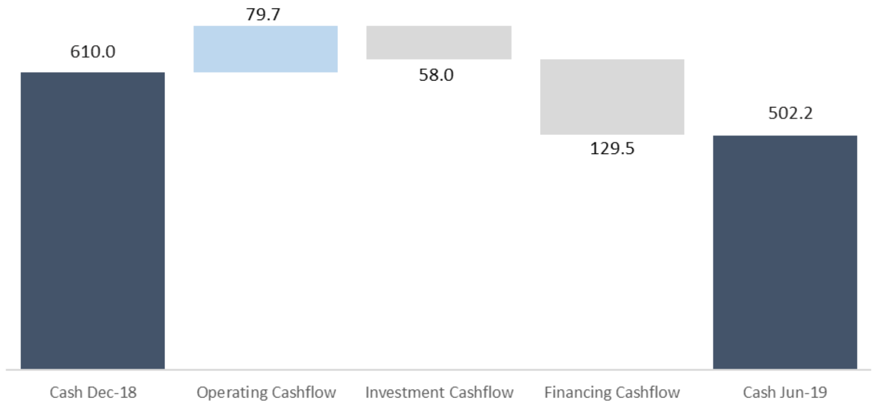
In 2Q19, Minsur accrued US$ 16.8 M on income tax expense, US$ 21.1 M above 2Q18, mainly due to the fiscal impact of the sale of 40% of Cumbres Andinas in 2018.

i. Net income and Adjusted net income:

In 2Q19, the company registered a net income of US$ 14.0 M, a decrease of US$ 13.3 M vs. 2Q18. This increase is explained by a lower EBITDA and higher income taxes, partially offset by a higher result of subsidiaries and associates. Excluding (i) extraordinary effects, (ii) loss from subsidiaries and associates and (ii) exchange difference, adjusted net income reached US$ 25.4 M in 2Q19, US$ 15.5 M above that of 2Q18, mainly explained by higher sold volumes.

VI. LIQUIDITY:

As of June 30th, 2019, the company´s cash balance reached US$ 502.5 M, 18% lower than the closing balance of 2018 (US$ 610.0 M). This decrease is explained by an operating cash flow of US$ 79.7 M, offset by a financing cash flow of US$ 130.0 M and investment cash flow of US$ 58.0 M.
The financing cash flow considers the dividends payment for US$ 66.0 M and capital contributions to our subsidiaries for US$ 63.5 M: US$ 10.9 to Barbastro and Sillustani, and US$ 52.6 M to Marcobre.



As of June 30th, 2019, the company´s financial liabilities reached US$ 442.7 M, slightly above the level shown in 2018 (US$ 442.1 M). The financial debt is explained by the corporate bond, with expiration date of 2024. The net leverage ratio reached -0.2x as of June 30th, 2019.

Table N°12. Debt Summary

Financial Ratios	Unit	Jun-19	Dec-18	Var (%)
Total Debt	US$ M	442.7	442.1	0%
Long Term - Minsur 2024 Bond	US$ M	442.7	442.1	0%
Cash	US$ M	502.2	610.0	-18%
Cash and Equivalents	US$ M	133.8	200.1	-33%
Fixed term deposits	US$ M	287.9	309.7	-7%
Certificates without public quotation	US$ M	0.0	40.6	-100%
Comercial papers	US$ M	80.5	59.6	35%
Net Debt	US$ M	-59.5	-168.0	65%
Total Debt / EBITDA	x	1.8x	1.8x	0%
Net Debt / EBITDA	x	-0.2x	-0.7x	65%