MANAGEMENT DISCUSSION AND ANALYSIS: INDIVIDUAL RESULTS

MINSUR S.A.
SECOND QUARTER 2018

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I. HIGHLIGHTS AND EXECUTIVE SUMMARY

Table N° 1: Operating & Financial Highlights

Highlights	Unit	2Q18	2Q17	Var (%)	6M18	6M17	Var (%)
Production							
Tin (Sn)	t	5,170	4,727	9%	8,653	8,307	4%
Gold (Au)	oz	25,484	23,295	9%	49,643	52,304	-5%
Financial Results							
Net Revenue	US$ M	130.0	121.6	7%	254.1	242.8	5%
EBITDA	US$ M	67.8	59.3	14%	128.1	114.7	12%
EBITDA Margin	%	52%	49%	7%	50%	47%	7%
Net Income	US$ M	31.1	10.2	205%	54.2	23.6	130%
Adjusted Net Income[1]	US$ M	52.1	27.3	91%	76.2	53.4	43%

Executive Summary:

During 2Q18, the company recorded better operating and financial results than 2Q17. Tin and gold production in 2Q18 were both 9% above 2Q17. Tin production increased due to higher production in San Rafael (+1%) and higher volume of ore treated at the Pisco Smelter (+14%). Gold production increased by higher ore treated (+7%) with better gold head grade (+11%) than 2Q17. These results put the company in a comfortable position to reach the production guidance of 16,500 – 17,500 tons of tin and 90,000 – 100,000 ounces of gold.

In terms of cash cost, the second quarter was also remarkable. At San Rafael, cash cost per treated ton in 2Q18 was US$ 62, in line with the same period of the previous year. At Pucamarca the company achieved savings of 4% compared to the last year, registering a cash cost per treated ton of US$ 4.3. Our cost guidance remains at US$ 65-75/tt in San Rafael and US$ 4.5-5.0/tt in Pucamarca.

In terms of financial results, it is important to mention that since this quarter, Minsur is reflecting the implementation of IFRS 9, 15 and 16 in both periods, 2018 and 2017. Thus, in 2Q18 EBITDA reached US$ 67.8M, 13% above 2Q17. The main variation is explained by higher tin and gold prices (+5% and +4% respectively), and higher volume of gold (+7%) and tin (+1%) sold. With these results, Minsur recorded an EBITDA of US$ 128.1M in the first half of 2018, 10% higher than the same period of 2017.

Net income during 2Q18 was US$ 31.1M, US$ 20.9M above 2Q17; during the first half of 2018, Minsur registered a net income of US$ 54.2M, US$ 30.6M higher than the same period last year. It is important to mention that this quarter results are positively impacted by lower provision of income taxes (US$ 29.9M) and an adjustment of workers profit sharing (US$ 8.8M) both recognized due to the tributary loss registered after the sale of 40% of Cumbres Andinas stocks to Alxar Internacional Spa (“Alxar”).

On the other hand, other extraordinary adjustments affected this period results: (i) the liquidation of our financial investments in Blackrock funds, which generated a higher provision of income taxes

[1] Adjusted net income = Net income excluding Loss from Subsidiaries and Associates and exchange rate difference

for US$ 4.1M and (ii) the implementation of the IFRS 9, 15 and 16, which affected net income in US$ 2.9M.

Excluding subsidiaries and associates results, and the difference in exchange rate, adjusted net income was US$ 52.1M in 2Q18, while in 2Q17 was US$ 27.3M. During the first half of the year, Minsur recorded an adjusted net income of US$ 76.2M vs US$ 53.4M in the same period of 2017.

a. Operating Results

In 2Q18 the company registered a higher gold production (+9%) and tin production (+9%) vs. 2Q17. In both cases, the result was within the production guidance and in line with the mining plan established for each operating unit. During the first half of 2018 our tin production reached 8,653 tons, (+4%) above the same period last year, while our gold production was 49,643 ounces, (-5%) below the first half of 2017.

During the first half of 2018, higher tin production is explained by an optimization of the volume of ore produced in San Rafael, obtaining higher recovery rates while producing a lower grade concentrate, without affecting our smelting plant recoveries at Pisco. On the other hand, lower gold production was explained by positively impacted 2017's first half with a 7,083 ounces batch from the last days of 2016 which was considered as final product in January 2017.

b. Financial Results

During 2Q18, the company´s financial results were above 2Q17. Sales and EBITDA increased by 7% and 13%, respectively. Sales increased due to the higher tin price (+5%) and gold price (+4%) as well as the higher sold volumes of tin (+1%) and gold (+7%). The higher EBITDA (+$7.6M) of the quarter is mainly explained by higher sales (+$8.4M).

In the first half of 2018, sales reached $254.1M, +$11.3M above the same period last year, mainly explained by tin and gold prices (+5% and +6% respectively). EBITDA was $128.1M, +$11.7M above last year, also mainly due to higher sales ($11.3M), and lower workers profit sharing ($4.2M), partially offset by higher administrative expenses ($1.4M) and selling expenses ($0.9M).

II. MAIN CONSIDERATIONS:

a. Average metal prices

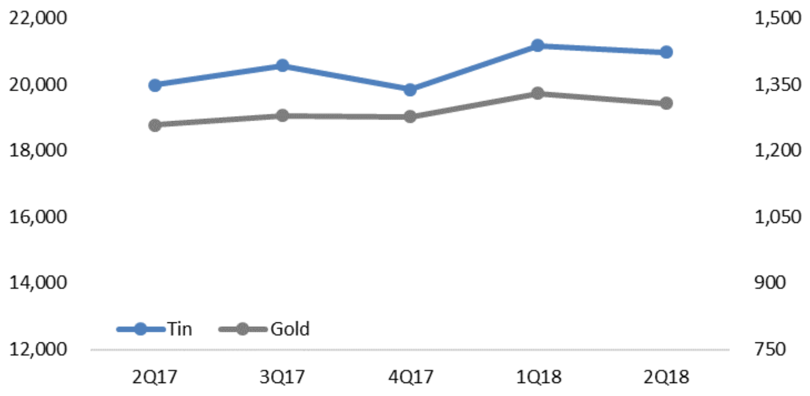
- **Tin:** Average Tin (Sn) Price in 2Q18 was US$ 20,962 per ton, an increase of 5% compared to the same period of the previous year. During the first half average tin price was US$ 21,066 per ton, also 5% above last year.
- **Gold:** Average Gold (Au) Price in 2Q18 was US$ 1,306 per ounce, 4% above the same period of the previous year. During the first half average gold price was US$ 1,318 per ounce, 6% above last year.

Table N° 2: Average metal prices

Average Metal Prices	Unit	2Q18	2Q17	Var (%)	6M18	6M17	Var (%)
Tin	US$/t	20,962	19,969	5%	21,066	20,006	5%
Gold	US$/oz	1,306	1,258	4%	1,318	1,239	6%

Source: Bloomberg

Figure N° 1: Average metal price quarterly evolution



Source: Bloomberg

b. Exchange Rate: 6

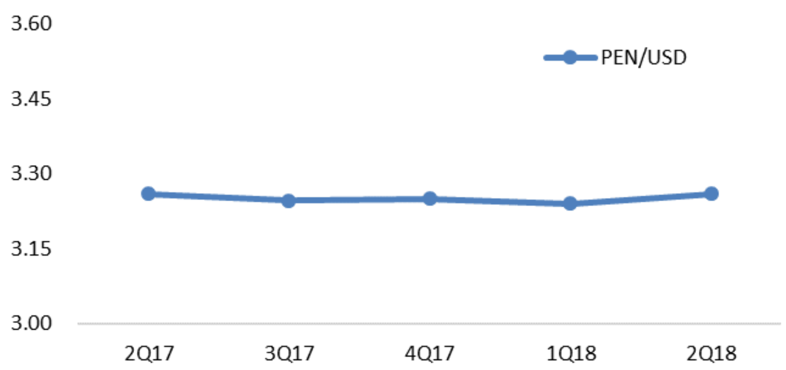
The Peruvian Sol average exchange rate for the 2Q18 was S/. 3.26 per US$ 1, in line compared to S/. 3.26 per US$ 1 in 2Q17. At the end of 2017, exchange rate was S/. 3.24 per US$ 1, while at the end of this period it registered S/. 3.29 per US$ 1.

Table N°3: Exchange Rate

Average Exchange Rate	Unit	2Q18	2Q17	Var (%)	6M18	6M17	Var (%)
PEN/USD	S/.	3.26	3.26	0%	3.25	3.28	-1%

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	2Q18	2Q17	Var (%)	6M18	6M17	Var (%)
Ore Treated	t	503,466	491,126	3%	551,853	541,213	2%
Head Grade	%	1.82	1.87	-3%	1.73	1.76	-2%
Tin production (Sn) - San Rafael	t	4,818	4,794	1%	8,880	8,811	1%
Tin production (Sn) - Pisco	t	5,170	4,727	9%	8,653	8,307	4%
Cash Cost per Treated Ton[1] - San Rafael	US$/t	62	62	0%	73	62	18%
Cash Cost per Ton of Tin[3]	US$/t Sn	8,623	8,409	3%	8,885	9,249	-4%

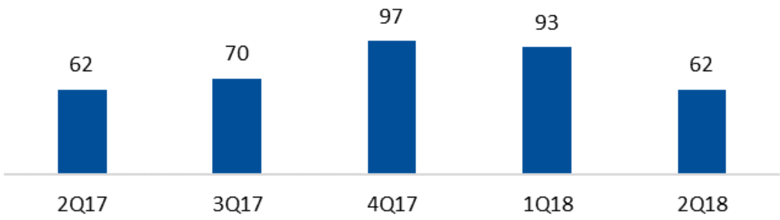
In 2Q18, tin production reached 5,170 tons, a 9% increase compared to the same period of the previous year. Although mine was only 1% above last year, higher refined tin production is explained by higher volume fed to the smelting plant (+14%) due to greater stocks consumed at the end of the quarter. Tin production at mine and plant is within the expected plan. Cash cost per treated ton[2] at San Rafael in 2Q18 was US$ 62, in line with 2Q17; ore treated was 3% above last year but was totally offset by an increase in production cost of 3%.

During the first half, production was 4% higher than the same period of the previous year, mainly due to an optimization of the volume of ore produced in San Rafael. Grade of concentrate produced was decreased from 48% to 38% but we achieved to increase our mine average recovery rates from 90% to 93%, without affecting our smelting plant recovery rates. Cash cost during the first half was $73, 18% above 2017, mainly because the pre-concentration ore sorting plant did not operated during 1Q18 due to maintenance works. These results remain in line with our annual guidance of 16,500 – 17,500 tons of refined tin and $65 - $75 of cash cost per treated ton.

[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, excluding the tons recovered when treating Pitinga's concentrate at Pisco)

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



Cash cost per ton of tin[3] in 2Q18 was US$ 8,623 vs. US$ 8,409 in 2Q17, a 3% increase, mainly explained by higher production costs in the smelting plant (+18%) compared to the same period last year, due to higher supplies requirements to process lower concentrate grades from San Rafael.

Finally, it is important to note that a drilling campaign to replenish resources at San Rafael is being currently held. During the quarter, 374 kt of ore containing 6.7 kt of tin were identified, amounting 724 kt of ore and 13.6 kt of tin contained for the first six months of 2018.

Pucamarca (Perú):

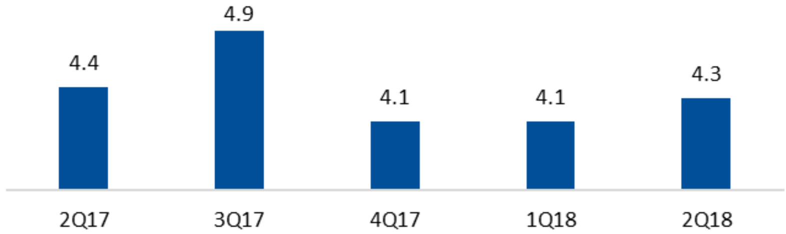
Table N°5. Pucamarca Operating Results

Pucamarca	Unit	2Q18	2Q17	Var (%)	6M18	6M17	Var (%)
Ore Treated	t	2,090,495	1,948,762	7%	4,006,983	3,824,973	5%
Head Grade	g/t	0.49	0.44	11%	0.49	0.48	2%
Gold production (Au)	oz	25,484	23,295	9%	49,643	52,304	-5%
Cash Cost per Treated Ton	US$/t	4.3	4.4	-4%	4.2	4.2	0%
Cash Cost per Ounce of Gold[4]	US$/oz Au	349	370	-6%	336	305	10%

In 2Q18, gold production reached 25,484 ounces, a 9% increase compared to the same period of the previous year. This increase in gold production is mainly due to higher volume of ore treated (+7%) and higher gold head grade (+11%). Cash cost per treated ton at Pucamarca was US$ 4.3 in 2Q18 vs. US$ 4.4 in 2Q17, a 4% decrease, mainly because of higher volume of ore treated, partially offset by higher production costs during the quarter (+3%).

During the first half, production was 49,643 ounces of gold, 5% below last year, which had been positively impacted by ounces produced in December 2016 but declared in January 2017. Cash cost per treated ton for the first half was US$ 4.2, in line with the same period last year. These results remain in line with the annual production guidance of 90,000 – 100,000 ounces of gold and cash cost of US$ 4.5 -5.0 per treated ton.

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



Cash cost per ounce of gold[4] in 2Q18 was US$ 349, a decrease of 6% compared to 2Q17, mainly explained by higher gold production (+9%).

IV. CAPEX:

Table N°6. Executed CAPEX

CAPEX	Unit	2Q18	2Q17	Var (%)	6M18	6M17	Var (%)
San Rafael	US$ M	2.4	5.2	-54%	6.6	12.4	-47%
B2	US$ M	12.2	0.0	0%	20.5	0.0	0%
Pisco	US$ M	0.1	0.4	-74%	0.1	1.2	-92%
Pucamarca	US$ M	4.3	6.4	-33%	8.1	8.5	-5%
Others	US$ M	0.9	0.0	0%	1.0	0.0	2793%
Total Capex	**US$ M**	**19.9**	**12.0**	**67%**	**36.3**	**22.2**	**63%**

In 2Q18, capex was US$ 19.9 M, an increase of 67% compared to the same period of the previous year. The major investments in the quarter were: B2 project (which required an investment of US$ 12.2 M during the quarter), and the expansion of Pucamarca's leeching Pad.

[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	2Q18	2Q17	Var (%)	6M18	6M17	Var (%)
Net Revenue	US$ M	130.0	121.6	7%	254.1	242.8	5%
Cost of Sales	US$ M	-59.8	-57.0	5%	-118.6	-117.9	1%
Gross Profit	**US$ M**	**70.2**	**64.7**	**9%**	**135.5**	**125.0**	**8%**
Selling Expenses	US$ M	-1.1	-0.7	58%	-2.3	-1.3	71%
Administrative Expenses	US$ M	-7.3	-6.6	10%	-15.8	-14.3	10%
Exploration & Project Expenses	US$ M	-7.2	-5.5	30%	-13.7	-13.3	3%
Other Operating Expenses, net	US$ M	-2.9	-3.8	-25%	-3.9	-3.8	2%
Operating Income	**US$ M**	**51.7**	**48.0**	**8%**	**100.0**	**92.2**	**8%**
Financial Income (Expenses) and Others, net	US$ M	-3.0	-5.5	-46%	-11.8	-10.9	9%
Results from Subsidiaries and Associates	US$ M	-20.8	-17.1	21%	-21.3	-28.6	-26%
Exchange Difference, net	US$ M	-0.2	0.1	-	-0.8	-1.1	-32%
Profit before Income Tax	**US$ M**	**27.7**	**25.5**	**9%**	**66.1**	**51.6**	**28%**
Income Tax Expense	US$ M	3.3	-15.3	-	-11.9	-28.0	-57%
Net Income	**US$ M**	**31.1**	**10.2**	**205%**	**54.2**	**23.6**	**130%**
Net Income Margin	%	24%	8%	185%	21%	10%	119%
EBITDA	**US$ M**	**67.8**	**60.2**	**13%**	**128.1**	**116.4**	**10%**
EBITDA Margin	%	52%	49%	5%	50%	48%	5%
Depreciation	US$ M	16.0	12.2	32%	28.1	24.2	16%
Adjusted Net Income	**US$ M**	**52.1**	**27.3**	**91%**	**76.2**	**53.4**	**43%**

a. Net Revenue:

In 2Q18, net sales reached US$ 130.0 M, an increase of 7% (+US$ 8.2 M) compared to 2Q17. This increase is mainly explained by higher tin and gold prices (+5% and +4%, respectively), and the higher sold volumes of gold (+7%) and tin (+1%).

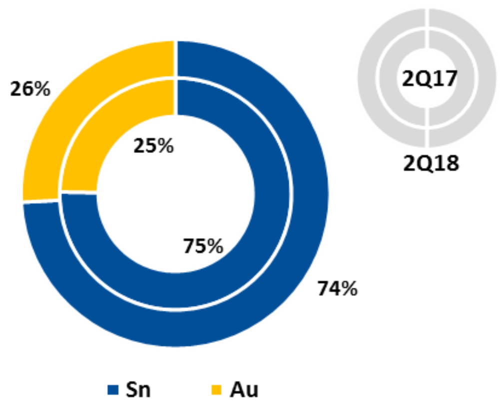
Table N°8. Net revenue Volume by product

Net Revenue Volume	Unit	2Q18	2Q17	Var (%)	6M18	6M17	Var (%)
Tin	t	4,535	4,477	1%	8,703	8,972	-3%
Gold	oz	25,334	23,570	7%	50,209	47,877	5%

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

Net Revenue by Metal	Unit	2Q18	2Q17	Var (%)	6M18	6M17	Var (%)
Tin	US$ M	96.4	91.7	5%	186.8	183.0	2%
Gold	US$ M	33.6	30.1	12%	67.3	60.2	12%
TOTAL	**US$ M**	**130.0**	**121.9**	**7%**	**254.1**	**243.3**	**4%**

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	2Q18	2Q17	Var (%)	6M18	6M17	Var (%)
Production Cost	US$ M	48.7	46.5	5%	90.5	91.8	-1%
Depreciation	US$ M	15.5	11.0	41%	26.9	22.0	23%
Workers profit share	US$ M	-2.1	3.1	-	1.1	5.3	-80%
Stocks Variation and Others	US$ M	-2.3	-3.6	-37%	0.2	-1.1	-115%
TOTAL	**US$ M**	**59.8**	**57.0**	**5%**	**118.6**	**117.9**	**1%**

Cost of sales in 2Q18 reached US$ 59.8 M, an increase of 5% compared to the same period of last year. This effect is due to: (i) higher productions costs in Pucamarca (+3%), San Rafael (+3%) and Pisco (+18%), (ii) an accounting adjustment for the application of IFRS 16, which increased depreciation in $1.6M, (iii) depreciation of the expansion of Pucamarca's leeching Pad, (iv) and the return of workers profit share due to the tax loss by the sale of 40% of the Mina Justa project.

During the first half, cost of sales was US$ 118.6 M, 1% above the first half of 2017, mainly explained by higher depreciation, which was US$ 26.9 M this period vs US$ 22.0 M last year.

c. Gross Profit:

Gross profit during 2Q18 reached US$ 70.2 M, a US$5.5 M increase compared to the same period of the previous year mainly because of the higher sales (US$ 8.2 M) partially offset by higher cost of sales (US$ 2.8 M). Gross margin of the quarter rose to 54% vs 53% during 2Q17.

d. Administrative expenses:

Administrative expenses in 2Q18 were US$ 7.3 M, a 10% increase (US$ 0.7 M) compared to the same period of last year. This increase is mainly due to: (i) higher expenses in consulting services (US$ 0.6 M), (ii) higher payroll cost (US$ 0.5 M), partially offset by lower workers profit share (US$ 1.4 M). It is important to mention that 2Q17 contains a return of fund administration for US$ 0.4 M.

During the first half, administrative expenses rose to US$ 15.8 M, US$ 1.4 M above the previous year, mainly explained by higher payroll cost (US$ 1.5 M) and consulting services (US$ 0.5 M), partially offset by lower workers profit share due to the tax loss for the sale of 40% of the Mina Justa project (US$ 1.1 M).

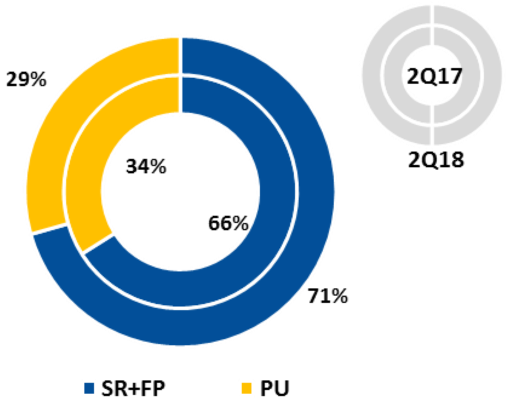
e. Exploration and Project Expenses:

In 2Q18, exploration & project expenses totaled US$ 7.2 M, US$ 1.7 M higher than 2Q17. During the first half we have invested US$ 13.7M, 3% higher than the same period last year. This increase is explained by higher investments in exploration programs at San Rafael and Pucamarca surrounding areas, that aim to extend the life of our mines.

f. EBITDA:

EBITDA in 2Q18 amounted to US$ 67.8 M, an increase of 13% (US$ 7.6 M) compared to 2Q17. This was mainly due to a US$ 5.5 M higher gross profit. EBITDA margin in the period reached 52%, which represents a 3 percental point increase compared to the same period of last year, mainly due to the higher tin and gold prices (+5% and +4%, respectively) which was partially offset higher operating expenses. During the first half of 2018, EBITDA reached US$ 128.1 M, US$ 11.7M higher than 2017, mainly due to higher gross profit (US$ 10.6M) and an accounting adjustment for the application of IFRS 16, which moved (US$ 1.6M) of production cost to depreciation.

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



g. Income tax expense:

In the 2Q18, Minsur registered a positive provision of US$ 3.3 M in tax expenses vs US$ 15.3 M of income tax expense in the previous year. During the first half of 2018 we registered US$ 11.9 M of tax expense compared to US$ 28.0 M in 2017. The large difference is explained by extraordinary effects that affected 2Q18 results: (i) the sale of 40% of Cumbres Andinas stocks to Alxar, and (ii) the liquidation of our investments in Blackrock funds.

The sale of 40% of Cumbres Andinas stocks, generated a lower provision of income taxs for US$ 29.9 M and an adjustment of workers profit shares for the tributary loss of this operation. On the other hand, the liquidation of Blackrock funds, which we had since 2014, that generated a tributary gain due to the depreciation of the Peruvian Sol. Thus, the operation increased current income tax in US$ 4.1M.

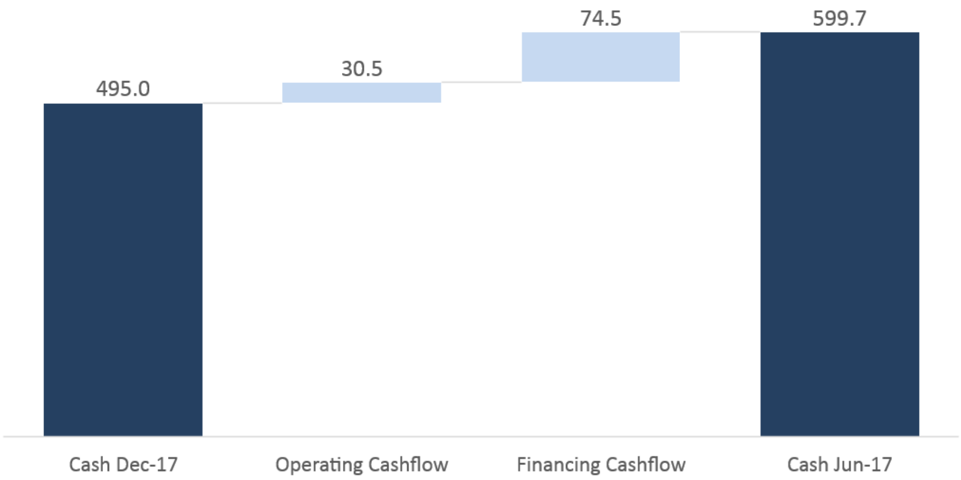
h. Net income and Adjusted net income:

In 2Q18, the company registered a net income of US$ 31.1 M, an increase of US$ 20.9 M vs. 2Q17. This increase is explained by the effects from the sale of 40% of Cumbres Andinas stocks: (i) US$ 29.9 of lower tax provision, and (ii) US$ 8.8 M for lower workers profit sharing. These effects were partially offset by the negative subsidiary's and associates results, which main driver was the impact of Brazilian Real exchange rate for -US$ 18.4M. During the first half net income rose to US$ 52.1 M, US$ 24.8 M above the first half of 2017.

Excluding the results of subsidiaries and associates and the FX rate, the adjusted net income reached US$ 52.1 M in the 2Q18 (US$ 24.8 M higher than 2Q17). In the first half of 2018, adjusted net income would be US$ 76.2 M, US$ 22.9M higher than the same period of the previous year.

VI. LIQUIDITY:

As of June 30, 2018, the company´s cash balance reached US$ 599.7 M, 21% higher than the closing balance of 2017 (US$ 495.0 M). The increase is explained by an operating cash flow of US$ 30.5 M and a financing cash flow of US$ 74.5 M. The financing cash flow considers the income for the sale of 40% of Cumbres Andinas stocks for US$ 182.4 M, expenses of capital investments for US$ 34.3 M and capital contributions to our subsidiaries for US$ 73.7 M, divided in US$ 67.0 M to Marcobre and US$ 6.5 M to Barbastro.



As of June 30, 2018, the company´s financial liabilities increased US$ 441.4 M, slightly higher to the level shown in 2017 (US$ 440.1 M). The financial debt is explained by the corporate bond issued by the company in the past with expiration date of 2024. The net leverage ratio reached -0.6x as of June 30st, 2018 vs. -0.2x in December 2017.

Table N°12. Debt Summary

Financial Ratios	Unit	jun-18	dic-17	Var (%)
Total Debt	US$ M	441.4	440.8	0%
Long Term - Minsur 2024 Bond	US$ M	441.4	440.8	0%
Cash	US$ M	599.7	495.0	21%
Cash and Equivalents	US$ M	148.8	202.9	-27%
Fixed term deposits	US$ M	270.4	160.4	69%
Financial assets at fair value with changes in results	US$ M	81.4	131.7	-38%
Certificates without public quotation	US$ M	40.2	0.0	-
Comercial papers	US$ M	58.9	0.0	-
Net Debt	US$ M	-158.3	-54.2	-192%
Total Debt / EBITDA	x	1.7x	1.8x	-4%
Net Debt / EBITDA	x	-0.6x	-0.2x	-179%