



# CONSOLIDATED RESULTS THIRD QUARTER 2019

## MINSUR S.A. AND SUBSIDIARIES

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# MINSUR S.A. AND SUBSIDIARIES ANNOUNCE CONSOLIDATED RESULTS FOR THIRD QUARTER OF 2019

Lima, November 15, 2019 – MINSUR S.A. and subsidiaries (BVL: MINSUR1) (“the Company” or “Minsur”), a Peruvian mining company dedicated to the exploration, processing and commercialization of tin and other minerals, announced its consolidated results for the third quarter (“3Q19”) and nine months (“9M19”) periods ended September 30, 2019. These results are reported on a consolidated basis and in accordance with International Financial Reporting Standards (IFRS) and are expressed in U.S. dollars (US\$), unless otherwise indicated.

## I. 3Q19 HIGHLIGHTS AND EXECUTIVE SUMMARY

**Table N° 1: Summary of main operating and financial results**

Highlights	Unit	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
<b>Production</b>							
Tin (Sn)	t	7,317	6,515	12%	18,790	18,333	2%
Gold (Au)	oz	25,449	24,405	4%	76,806	74,048	4%
Ferro Niobium and Ferro Tantalum	t	1,059	1,062	0%	2,737	2,942	-7%
<b>Financial Results</b>							
Net Revenue	US\$ M	164.9	164.7	0%	530.7	514.6	3%
EBITDA	US\$ M	54.8	76.0	-28%	193.2	208.7	-7%
EBITDA Margin	%	33%	46%	-	36%	41%	-
Net Income	US\$ M	-10.6	81.2	-	49.1	94.1	-48%
Adjusted Net Income <sup>1</sup>	US\$ M	3.1	6.4	-52%	57.7	30.2	91%

### 3Q19 Executive Summary:

#### a. Operating Results

During 3Q19, the Company reached better operating results compared to 3Q18. Tin and gold production were higher (+12% and +4%, respectively), while production of ferroalloys remained flat compared to 3Q18. Higher tin production was mainly due to higher volume of concentrated fed into the furnace at Pisco and higher recovery. Furthermore, higher gold production was mainly explained by higher ore grade placed in the leaching pad. These results are in line with the mine plan and allow us to increase the production guidance of refined tin at (24,400 – 25,600 tons) and ferroalloy (3,650 – 3,800 tons), and maintain the production guidance of gold (90,000 – 100,000 ounces).

#### b. Financial Results

During 3Q19, financial results were lower compared to 3Q18. Net revenue remained in line with 3Q18, while EBITDA and net income were lower compared to the same period of last year (-US\$ 21.2 M and -US\$ 91.8 M, respectively). Net revenue was similar to 3Q18, due to higher tin and gold volume sold, as well as higher gold price. This fully offset lower tin realized price and lower ferroalloys volume sold. Lower EBITDA was as a result of lower margins compared to 3Q18, mainly due to lower tin realized price and higher costs at Pucamarca (due to work advances) and Taboca

<sup>1</sup> Adjusted net income = Net income excluding financial results from Subsidiaries and Associates - exchange rate difference

(due to lower rainfall, which resulted in a greater use of diesel for power generation, and higher lease costs).

Nevertheless, net income was lower in 3Q19 than 3Q18, mainly due to i) 2018 results were benefited due to a tax refund from the overpayment in 2002, and ii) in 2019 the Company registered higher exchange rate loss. Additionally, adjusted net income, excluding financial results from subsidiaries and associates and exchange rate difference, was lower compared to 3Q18 by US\$ 3.3 M, mainly due to lower realized prices and higher costs as explained above. This was offset by higher tin and gold volume sold.

## MAIN CONSIDERATIONS:

### a. Average metal prices:

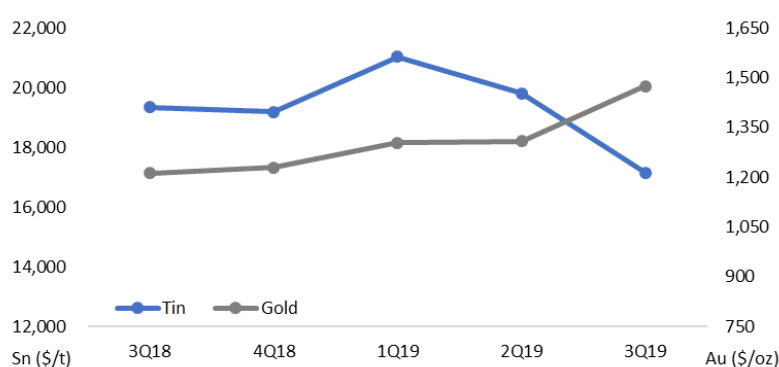
- **Tin:** Average Tin (Sn) Price in 3Q19 was US\$ 17,146 per ton, a 11% decrease compared to 3Q18. In 9M19, average Tin (Sn) Price was US\$ 19,305 per ton, a 6% decrease compared to 9M18.
- **Gold:** Average Gold (Au) Price in 3Q19 was US\$ 1,474 per ounce, an increase of 22% compared to 3Q18. In 9M19, average Gold (Au) Price was US\$ 1,363 per ounce, a 6% increase compared to 9M18.

Table N° 2: Average metal prices

Average Metal Prices	Unit	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
Tin	US\$/t	17,146	19,335	-11%	19,305	20,489	-6%
Gold	US\$/oz	1,474	1,212	22%	1,363	1,283	6%

Source: Bloomberg

Graph N° 1: Average metal prices trend



Source: Bloomberg

**b. Exchange rate:**

The average exchange rate for the Peruvian Sol during 3Q19 was S/ 3.34 per US\$ 1, an increase of 2% compared to 3Q18 (S/ 3.29 per US\$ 1). Furthermore, at the close of 2018, the average exchange rate was S/. 3.38 per US\$ 1, while at the close of 3Q19 it increased to S/. 3.39 per US\$ 1.

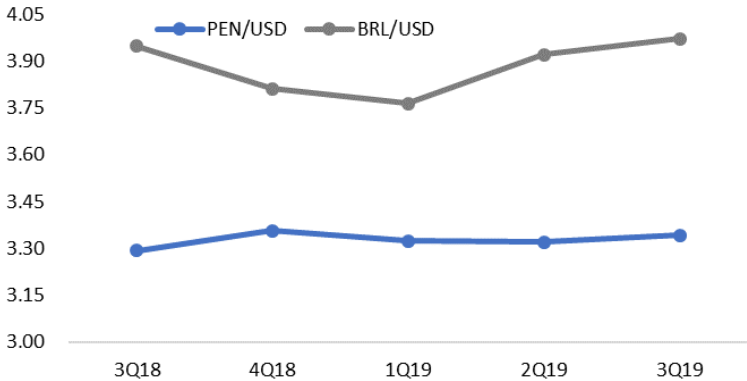
The average exchange rate for the Brazilian Real during 3Q19 was R\$ 3.97 per US\$ 1, which represented a 1% depreciation compared to the average exchange rate during 3Q18 (R\$ 3.95 per US\$ 1).

**Table N° 3: Exchange Rate**

Average Exchange Rate	Unit	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
PEN/USD	S/	3.34	3.29	2%	3.33	3.26	2%
BRL/USD	R\$	3.97	3.95	1%	3.89	3.60	8%

Fuente: Banco Central de Reserva del Perú, Banco Central do Brasil

**Graph N° 2: Average exchange rate trend**



### III. OPERATING MINING RESULTS:

#### a. San Rafael – Pisco (Peru):

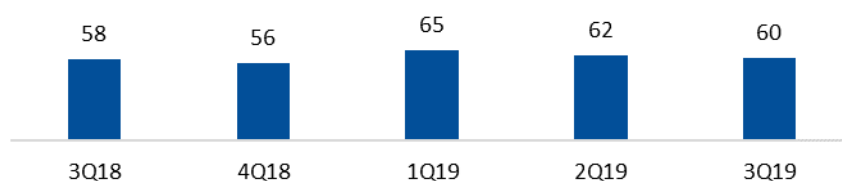
**Table N° 4: San Rafael - Pisco Operating Results**

San Rafael - Pisco	Unit	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
Ore Treated	t	552,661	542,944	2%	1,535,865	1,331,989	15%
Head Grade	%	1.85	1.77	4%	1.86	1.74	7%
Tin production (Sn) - San Rafael	t	5,107	4,877	5%	15,225	13,758	11%
Tin production (Sn) - Pisco	t	5,720	4,801	19%	14,307	13,454	6%
Cash Cost per Treated Ton <sup>2</sup> - San Rafael	US\$/t	60	58	2%	62	67	-8%
Cash Cost per Ton of Tin <sup>3</sup>	US\$/t Sn	8,338	8,608	-3%	8,518	8,786	-3%

In 3Q19, concentrated tin production at San Rafael reached 5,107 tons, representing a 5% increase compared to the same period the previous year. This was mainly a result of a higher output of ore volume at the concentrator plant (+2%) with higher ore grade (+4%). Furthermore, refined tin production at Pisco was 5,720 tons, an increase of 19% compared to 3Q18, mainly due to higher volume of concentrate fed and higher recovery (+1%). Cash Cost per treated ton was US\$ 60, higher than 3Q18 (+2%), mainly explained by further linear progress at the mine.

In 9M19, refined tin production at San Rafael was 11% higher than in 9M18, mainly due to the ore sorting pre-concentration plant maintenance work was undertaken in 1Q18. At Pisco, refined tin production was 6% higher than in 9M18, as a result of higher volume of concentrate fed. Cash cost per treated ton was US\$ 62 in 9M19, an 8% decline compared to 9M18, as a result of lower ore treated volume in 1Q18, due to the ore sorting pre-concentration plant maintenance work. With these results, the Company increased the annual production guidance at 18,500 – 19,500 tons of refined tin, while the annual cash cost per treated ton guidance at US\$ 65 – US\$ 70.

**Graph N° 3: Cash Cost per treated ton trend - San Rafael**



<sup>2</sup>Cash Cost per treated ton = San Rafael production cost / ore treated (ore mine to concentrator plant + low-grade ore to ore sorting pre-concentration plant)

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

Cash cost per ton of tin was US\$ 8,338 in 3Q19, a 3% decline vs 3Q18, mainly explained by higher refined tin volume produced at Pisco plant (+19%). In 9M19, cash cost per ton of tin was US\$ 8,518, a decrease of 3% compared to 9M18.

## b. Pucamarca (Peru):

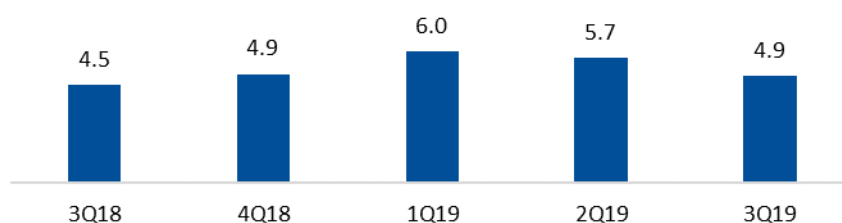
**Table N° 5. Pucamarca Operating Results**

Pucamarca	Unit	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
Ore Treated	t	2,222,547	1,946,773	14%	6,061,617	5,953,756	2%
Head Grade	g/t	0.61	0.69	-11%	0.60	0.55	9%
Gold production (Au)	oz	25,449	24,405	4%	76,806	74,048	4%
Cash Cost per Treated Ton	US\$/t	4.9	4.5	9%	5.5	4.3	28%
Cash Cost per Ounce of Gold <sup>4</sup>	US\$/oz Au	424	357	19%	432	343	26%

In 3Q19, gold production reached 25,449 ounces, 4% higher than in 3Q18, mainly due to higher ore volume placed in the leaching pad (+14%). This was partially offset by lower ore grade (-11%). Cash cost per treated ton was US\$ 4.9/t in 3Q19, 9% higher than in 3Q18, mainly due to work advances of land clearance in order to optimize the Company's geotechnical parameters. It is important to highlight that production, as well as cash costs, are in line with the mine plan.

In 9M19, gold production was 76,806 ounces, 4% higher than 9M18, while cash cost per treated ton was US\$ 5.5/t, 28% higher than 9M18. Higher production was mainly due to higher volume (+2%) and ore grade (+9%) placed in the leaching pad, as well as higher costs related to work advances for land clearance. With these results, annual production guidance remains at 90,000 – 100,000 ounces of gold, while the annual cash cost per treated ton expected is between US\$ 5.0 – US\$ 6.0.

**Graph N° 4: Cash Cost per treated ton trend – Pucamarca**



Cash cost per gold ounce<sup>4</sup> in 3Q19 was US\$ 424, which is 19% higher compared to 3Q18, mainly due to higher production cost as explained above. For 9M19, cash cost per ounce of gold was US\$ 432, an increase of 26% compared to 9M18.

<sup>4</sup> Cash cost per ounce of gold = (Pucamarca production cost + selling expenses, excluding workers profit shares, depreciation and amortization)/ (gold production in ounces)

### c. Pitinga – Pirapora (Brazil):

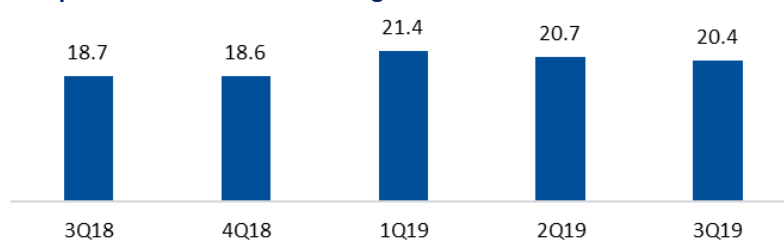
**Table N°6. Pitinga – Pirapora Operating Results**

Pitinga - Pirapora	Unit	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
Ore Treated	t	1,584,833	1,487,287	7%	4,541,537	4,530,822	0%
Head Grade - Sn	%	0.19	0.20	-1%	0.20	0.20	-4%
Head Grade - NbTa	%	0.24	0.26	-4%	0.25	0.26	-4%
Tin production (Sn) - Pitinga	t	1,694	1,606	5%	4,962	5,087	-2%
Tin production (Sn) - Pirapora	t	1,597	1,714	-7%	4,483	4,879	-8%
Niobium and tantalum alloy production	t	1,059	1,062	0%	2,737	2,942	-7%
Cash Cost per Treated Ton	US\$/t	20.4	18.7	9%	20.8	20.7	0%
By-product credits Cash Cost per Ton of Tin <sup>5</sup>	US\$/t Sn	11,001	5,786	90%	10,928	8,924	22%

In 3Q19, refined tin production at Pitinga-Pirapora reached 1,694 tons, an increase of 5% compared to 3Q18, mainly due to higher ore treated. This was partially offset by lower tin ore grade fed. At Pirapora, refined tin production reached 1,597 tons, a decrease of 7% compared to 3Q18, mainly due to in 2018 the furnace was fed by a stock of old smelting process waste. Furthermore, production of ferroalloys reached 1,059 tons in 3Q19, similar to 3Q18. In 9M19, refined tin production at Pitinga-Pirapora was 8% lower than 9M18, mainly due to lower availability of mine equipment. It important to highlight that starting in September, the new equipment fleet had arrived at Pitinga, which will allow the Company to optimize production levels for the next period.

Cash cost per treated ton at Pitinga was US\$ 20.4 in 3Q19, a 9% higher than 3Q18, mainly due to: i) lower rainfall, which negatively impacted the operations of the hydroelectric power plant resulted in a greater use of diesel vs. 3Q18, and ii) higher mine equipment leases. Despite this, during 9M19 the cash cost per treated ton reached US\$ 20.8, similar to 9M18, mainly due to a lower cost in US dollars resulting from the devaluation to the Brazilian Real. The Company expects to conclude the year with an annual production of refined tin of between 6,000 – 6,300 tons, production of alloys of between 3,650 – 3,800 tons and a cash cost per treated ton of between US\$ 19.0 – US\$ 20.0.

**Graph N°5: Cash Cost per treated ton trend – Pitinga**



Furthermore, by-product<sup>5</sup> cash cost, which recognizes the production of by-products value as a credit, was US\$ 11,001 per ton in 3Q19, a 90% higher compared to 3Q18. The higher by-product cash cost reached during the period was due to higher costs as explained above and lower ferroalloy realized price.

<sup>5</sup> By-product credit cash cost per ton of tin = (Pitinga production cost + production value of ferroalloys, excluding workers profit shares, depreciation and amortization)/ (tin production in tons)

## IV. CAPEX AND EXPANSION:

Table N°7. CAPEX

CAPEX	Unit	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
San Rafael - Pisco	US\$ M	9.5	2.6	264%	14.5	9.3	56%
Pucamarca	US\$ M	0.9	9.7	-91%	4.4	17.7	-75%
Pitinga - Pirapora	US\$ M	5.0	1.4	261%	13.3	8.8	50%
Pitinga - Pirapora	US\$ M	1.9	0.0	0%	1.9	0.0	0%
<b>Capex Sostenimiento</b>	<b>US\$ M</b>	<b>17.3</b>	<b>13.7</b>	<b>26%</b>	<b>34.1</b>	<b>35.9</b>	<b>-5%</b>
B2	US\$ M	36.4	11.2	226%	84.6	31.7	167%
Marcobre	US\$ M	250.8	54.6	359%	571.3	125.9	354%
<b>Capex Expansión</b>	<b>US\$ M</b>	<b>287.2</b>	<b>65.8</b>	<b>336%</b>	<b>655.8</b>	<b>157.5</b>	<b>316%</b>
<b>Total Capex</b>	<b>US\$ M</b>	<b>304.5</b>	<b>79.5</b>	<b>283%</b>	<b>690.0</b>	<b>193.4</b>	<b>257%</b>

### a. CAPEX – Current Investments

In 3Q19, CAPEX was US\$ 304.5 M, an increase of 283% compared to 3Q18, mainly due to the increase of capital expenditure to execute the B2 and Marcobre projects. The major investments during the period were:

- **San Rafael - Pisco:** Tailings dam
- **Pucamarca:** Equipment renewal
- **Taboca:** Equipment renewal
- **B2:** Execution phase of the project
- **Marcobre:** Execution phase of the project

### b. Expansion Projects

Table N°8. Key Drivers expansion projects

Key Aspect	B2	Marcobre
Objective	Treat and recover tin contained in the inactive tailings deposit know as B2	Mine, treat and recover copper from the deposit known as Mina Justa
Location	Inside San Rafael MU, Puno	San Juan de Marcona, Ica
Resources	Measured Resource: 7.6 Mt @ 1.05% Sn	Measured Resource: 374 Mt @ 0.71% Cu
Production	~50 Kt of Sn contained in concentrates	~640 Kt of Cu in cathods ~828 Kt of Cu in concentrates
Life of Mine	9 years	16 years
Capex	US\$ 200 Million	~US\$ 1,600 Million
Cash Cost	~US\$ 5,500/ fine ton	~US\$ 1.38/ fine pound
Current Status	Construction 98% - ramp-up in progress	Progress 55%



## V. FINANCIAL RESULTS:

Table N°9. Financial Statements

Financial Statements	Unit	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
Net Revenue	US\$ M	164.9	164.7	0%	530.7	514.6	3%
Cost of Sales	US\$ M	-110.1	-97.4	13%	-332.6	-299.8	11%
<b>Gross Profit</b>	<b>US\$ M</b>	<b>54.8</b>	<b>67.3</b>	<b>-19%</b>	<b>198.1</b>	<b>214.8</b>	<b>-8%</b>
Selling Expenses	US\$ M	-2.0	-1.8	13%	-5.9	-5.6	6%
Administrative Expenses	US\$ M	-13.3	-12.5	7%	-38.4	-41.0	-6%
Exploration & Project Expenses	US\$ M	-10.9	-9.4	16%	-31.6	-27.6	15%
Other Operating Expenses, net	US\$ M	0.1	2.5	-94%	-0.1	-1.3	-93%
<b>Operating Income</b>	<b>US\$ M</b>	<b>28.7</b>	<b>46.1</b>	<b>-38%</b>	<b>122.1</b>	<b>139.3</b>	<b>-12%</b>
Finance Income (Expenses) and Others, net	US\$ M	-6.7	33.7	-120%	-15.8	15.8	-200%
Results from Subsidiaries and Associates	US\$ M	-0.2	0.7	-137%	0.5	10.1	-95%
Exchange Difference, net	US\$ M	-13.5	-3.4	-	-9.2	-23.7	-
<b>Profit before Income Tax</b>	<b>US\$ M</b>	<b>8.2</b>	<b>77.0</b>	<b>-89%</b>	<b>97.6</b>	<b>141.5</b>	<b>-31%</b>
Income Tax Expense	US\$ M	-18.8	4.2	-552%	-48.5	-47.4	2%
<b>Net Income</b>	<b>US\$ M</b>	<b>-10.6</b>	<b>81.2</b>	<b>-113%</b>	<b>49.1</b>	<b>94.1</b>	<b>-48%</b>
Net Income Margin	%	-6%	49%	-	9%	18%	-
<b>EBITDA</b>	<b>US\$ M</b>	<b>54.8</b>	<b>76.0</b>	<b>-28%</b>	<b>193.2</b>	<b>208.7</b>	<b>-7%</b>
EBITDA Margin	%	33%	46%	-28%	36%	41%	-10%
<b>Adjusted Net Income</b>	<b>US\$ M</b>	<b>3.1</b>	<b>6.4</b>	<b>-52%</b>	<b>57.7</b>	<b>30.2</b>	<b>91%</b>

### a. Net Revenue:

In 3Q19, net revenue reached US\$ 164.9 M, remaining flat compared to the same period of the previous year. During the quarter, the Company recorded higher sales volume of tin and gold (+12% and +4%, respectively), as well as higher sales realized price of gold (+22%). However, this result was offset by lower tin prices (-11%) and lower sales volume of ferroalloys (-10%). In 9M19, net revenue reached US\$ 530.7 M, US\$16.2 M above 9M18, mainly due to higher sales volume of tin and gold (+10% and +4%, respectively), as well as higher sales realized price of gold (+6%), which was partially offset by lower sales price for tin (-6%) and lower sales volume of ferroalloys sold (-10%).

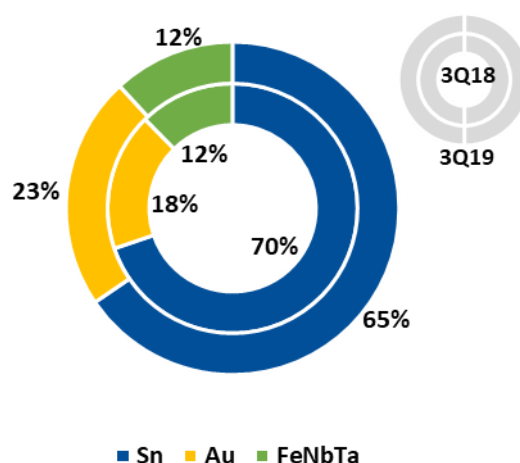
Table N°10. Net revenue Volume by product

Net Revenue Volume	Unit	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
Tin	t	6,488	5,779	12%	19,264	17,435	10%
San Rafael - Pisco	t	4,918	4,000	23%	14,685	12,703	16%
Pitinga - Pirapora	t	1,570	1,779	-12%	4,579	4,732	-3%
Gold	oz	24,840	23,778	4%	76,688	73,987	4%
Niobium and Tantalum Alloy	t	941	1,046	-10%	2,734	3,040	-10%

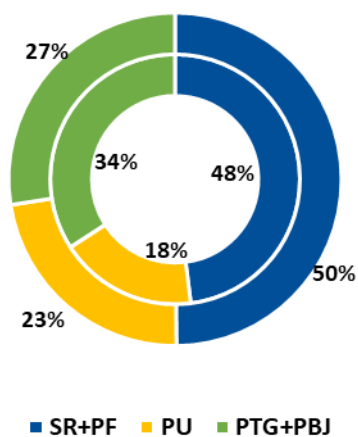
Table N°11. Net revenue in US\$ by product

Net Revenue by Metal	Unit	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
Tin	US\$ M	108.1	114.9	-6%	372.9	364.7	2%
San Rafael - Pisco	US\$ M	82.4	79.0	4%	284.7	265.8	7%
Pitinga - Pirapora	US\$ M	25.8	35.9	-28%	88.2	98.9	-11%
Gold	US\$ M	37.4	29.4	27%	106.1	96.8	10%
Niobium and Tantalum Alloy	US\$ M	19.6	20.3	-4%	51.9	53.1	-2%
<b>TOTAL</b>	<b>US\$ M</b>	<b>165.2</b>	<b>164.7</b>	<b>0%</b>	<b>531.0</b>	<b>514.6</b>	<b>3%</b>

Graph N°6: Net Sales in US\$ by Product



Graph N°7: Net Sales in US\$ by Mining Unit



## b. Cost of Sales:

Table N°12. Cost of Sales breakdown

Cost of Sales	Unit	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
Production Cost	US\$ M	85.1	77.0	11%	251.1	236.5	6%
Depreciation	US\$ M	25.5	23.7	8%	69.9	67.5	4%
Workers profit share	US\$ M	2.0	1.2	62%	9.8	8.6	14%
Variation of stocks and others	US\$ M	-2.3	-4.5	-48%	2.0	-12.9	-
<b>TOTAL</b>	<b>US\$ M</b>	<b>110.4</b>	<b>97.4</b>	<b>13%</b>	<b>332.9</b>	<b>299.8</b>	<b>11%</b>

In 3Q19, cost of sales reached US\$ 110.4 M, up 13%, compared to the cost of sales reported in 3Q18, mainly due to higher sales volume of tin and gold. Likewise, in 9M19, cost of sales reached US\$ 332.9 M, up 11% compared to 9M18, mainly due to higher sales volume of tin and gold.

**c. Gross Profit:**

Gross profit during 3Q19 was US\$ 54.8 M, a 19% decrease compared to the same period of 2018, mainly due to lower sales realized prices. Gross margin went from 41% in 3Q18 to 33% in 3Q19. In 9M19, gross profit reached US\$ 198.1 M, an 8% decline versus 9M18.

**d. Administrative Expenses:**

Administrative expenses in 3Q19 were US\$ 13.3 M, an increase of 7% (US\$ 0.9 M) compared to the same period of last year. This increase was primarily due to higher consulting fees. In 9M19, administrative expenses reached US\$ 38.4 M, a 6% decline compared to 9M18.

**e. Exploration and Project Expenses:**

In 3Q19, exploration & project expenses totaled US\$ 10.9 M, a 16% increase compared to the same period of last year, due to the strengthening of the Company's exploration program in the vicinity of San Rafael and Pucamarca, which will allow continuity to Minsur's operations.

**f. EBITDA:**

3Q19 EBITDA reached US\$ 54.8 M, a 28% decrease (US\$ 21.2 M) compared to the same period of the last year, mainly explained by a lower gross profit margins (33% vs 46% in 3Q18), mainly derived from lower tin prices and higher expenses. In 9M19, EBITDA reached US\$ 193.2 M, a 7% decrease compared to the same period of last year, mainly due to lower realized price of tin.

**g. Results from Subsidiaries and Associates:**

In 3Q19, results from subsidiaries and associates reached -US\$ 0.2 M, a US\$ 0.9 M decrease versus last year, mainly due to lower results from Inversiones Cordillera del Sur.

**h. Income Tax:**

In 3Q19, income tax reached -US\$ 18.8 M, compared to +US\$4.2 M in 3Q18. This result was due to the tax refund registered in 2018 derived from the overpayment made in 2002. For this reason, in 9M19 the income tax grew 2% compared to the same period of the previous year.

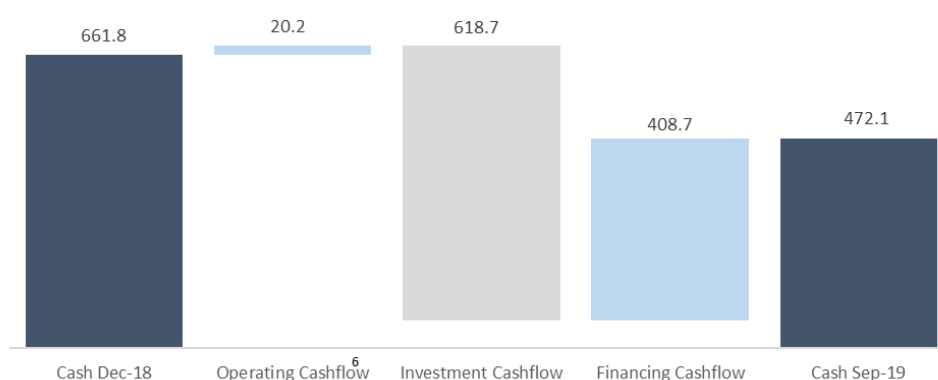
**i. Net Income and Adjusted Net Income:**

Net income in 3Q19 was -US\$ 10.6 M, a decline of US\$ 91.8 M compared to 3Q18, mainly explained by: i) 2018 was positively impacted by the tax refund derived from the excess payment made in 2002, and ii) a higher exchange rate loss. Adjusted net income, which excludes results from subsidiaries and associates and the exchange rate variation, reached US\$ 3.1 M in 3Q19, a decrease of US\$ 3.3 M versus 3Q18, mainly due to lower EBITDA, as explained above.

## VI. LIQUIDITY:

As of September 30, 2019, cash and cash equivalents totaled US\$ 472.1 M, a 29% decreased compared to December 2018 (US\$ 661.8 M). This was mainly due to investment cash flow of US\$ 618.7 M, which was partially offset by operating<sup>6</sup> cash flow of US\$ 20.2 M and financial cash flow of US\$ 408.7 M, including US\$ 394.1 M from the Mina Justa project financing, US\$ 80.6 M contributions from Alxar and dividend payments in Minsur for US\$ 66.0 M. It is worth mentioning that the operating cash flow includes a tax payment of US\$ 66.7 M in Mina Justa, which will be recovered through the Special Regime for General Sales Tax Early Recovery.

**Graph N°8: Cash Flow Reconciliation**



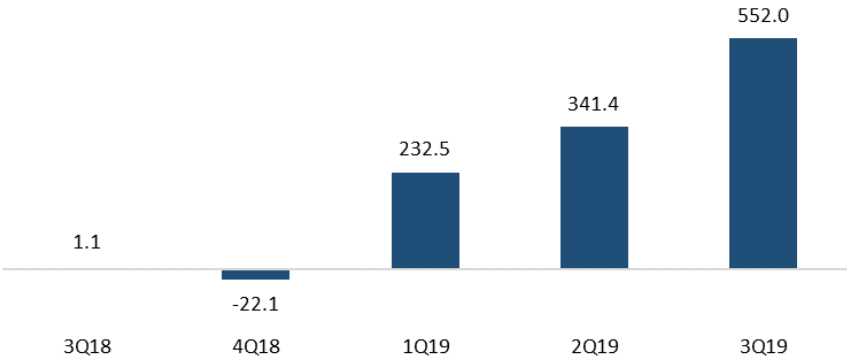
In terms of debt, total financial debt as of September 30, 2019 reached US\$ 1,024.0 M, 60% higher than the total debt reported at the end of 2018 (US\$ 639.6 M), mainly due to the Mina Justa project financing. Net leverage ratio reached 2.3x as of September 30, 2019, vs. -0.1x at the end of 2018.

**Table N°13. Net Debt Bank**

Financial Ratios	Unit	Jun-19	Dec-18	Var (%)
Total Debt Bank	US\$ M	1,024.0	639.6	60%
Minsur 2024 Bond	US\$ M	443.1	442.1	0%
Taboca	US\$ M	145.6	127.9	14%
Marcobre	US\$ M	435.3	69.7	525%
Cash	US\$ M	472.1	661.8	-29%
Cash and Equivalents	US\$ M	79.3	251.9	-69%
Term deposits with original maturity greater than 9	US\$ M	311.7	309.7	1%
Certificates without public quotation	US\$ M	0.0	40.6	-100%
Comercial papers	US\$ M	81.0	59.6	36%
Net Debt	US\$ M	552.0	-22.1	2592%
Total Debt / EBITDA	x	4.3x	2.5x	70%
Net Debt / EBITDA	x	2.3x	-0.1x	2754%

<sup>6</sup>Operating cash Flow includes a tax payment of US\$ 66.7 M in Mina Justa, which will be recovered through the Special Regime for General Sales Tax Early Recovery

**Graph N°9: Evolution Net Debt Bank**



**Table N°14. Current Credit Ratings**

Rating Agency	Given Rating	Outlook
Fitch Ratings	BBB-	Negative
S&P Global Ratings	BBB-	Negative

## VII. Guidance 2019

Operating Unit	Metric	Guidance	Updated Guidance
San Rafael/Pisco	Refined Tin Production (tons)	17,700 - 18,600	18,500 - 19,500
	Cash Cost per treated ton at San Rafael (US\$)	70 -75	65 -70
	CAPEX (US\$ M)	25-30	25-30
Pucamarca	Gold production (koz)	90 – 100	90 – 100
	Cash Cost per treated ton (US\$)	5.5 – 6.0	5.5 – 6.0
	CAPEX (US\$ M)	5 – 8	5 – 8
Pitinga / Pirapora	Refined tin production (tons)	6,000 – 6,300	6,000 – 6,300
	Ferroalloys production (tons)	3,500 – 3,650	3,650 – 3,800
	Cash Cost per treated ton at Pitinga (US\$)	19.0 - 20.0	19.0 - 20.0
	CAPEX (US\$ M)	35 – 40	28 – 32

## Conference call information

Minsur S.A. cordially invites you to participate to its 3Q19 earnings conference call

### **Date and Time:**

Monday, November 18, 2019

10:00 a.m. (New York time)

10:00 a.m. (Lima time)

### **To participate, please dial:**

1-877-830-2576 from within the U.S

1-785-424-1726 from outside the U.S

**Access code: MINSUR**

## COMPANY DESCRIPTION:

MINSUR was established in 1977, following the transformation of the Peruvian branch of the mining company, MINSUR Partnership Limited de Bahamas, called MINSUR Sociedad Limitada, which operated in Peru since 1966.

Mainly dedicated to exploration, exploitation and treatment of ore deposits, MINSUR is a leader in the international tin market. It entered the gold market through the Pucamarca mine, which initiated operations in February 2013. The other two production units of the Company are the San Rafael mine and the Foundry and Refining Plant of Pisco.

MINSUR is also a majority shareholder of Minera Latinoamericana S.A.C., which is a main shareholder of Mineração Taboca S.A., a company that operates, in the State of Amazonas in Brazil, the Pitinga mine, where tin, Niobium and Tantalum are extracted. Taboca is also owner of the Pirapora Foundry Plant in Sao Paulo.

Through its subsidiaries, Minera Latinoamericana S.A.C., owns the 73.9% of Melón, a leading Company in the production and commercialization of cement, concrete, mortar and aggregates in the Chilean market.

Finally, MINSUR through its subsidiary Cumbres Andinas S.A., owns 60% of the shares of Marcobre S.A.C., which manages a copper ore project called Mina Justa, located in the district of San Juan de Marcona, in Ica.

### **Note on Forward-Looking Statements**

*This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, Company performance and financial results. Also, certain reclassifications have been made to make figures comparable for the periods. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.*