MANAGEMENT DISCUSSION AND ANALYSIS: INDIVIDUAL RESULTS

MINSUR S.A.
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I. HIGHLIGHTS AND EXECUTIVE SUMMARY

Table N° 1: Operating & Financial Highlights

Highlights	Unit	1Q18	1Q17	Var (%)
Production				
Tin (Sn)	t	3,483	3,580	-3%
Gold (Au)	oz	24,159	29,009	-17%
Financial Results				
Net Revenue	US$ M	124.1	121.4	2%
EBITDA	US$ M	60.3	55.3	9%
EBITDA Margin	%	49%	46%	7%
Net Income	US$ M	23.1	13.6	70%
Adjusted Net Income[1]	US$ M	24.1	26.2	-8%

Executive Summary:

During 1Q18, the company obtained operating results below 1Q17; however, within to our production plan. Tin production in 1Q18 was 3% lower than 1Q17, due to the decrease in slags treatment at the smelter plant. Gold production was also lower than 1Q17 (-17%) mainly due to production registered at the end of 2016 and declared in January 2017.

On the other hand, net income was US$ 23.1 M, 70% above the result obtained in 1Q18. The higher net income is mainly explained by the increase in EBITDA (+9%) and the higher subsidiary's results than 1Q17 mainly due to Taboca.

a. Operating Results

During 1Q18 the company registered a lower gold production (-17%) and tin production (-3%) vs. 1Q17. In both cases, the result was within the production guidance and in line with the mining plan established for each operating unit.

b. Financial Results

During 1Q18, the company´s financial results were above 1Q17. Sales and EBITDA increased by 2% and 9%, respectively. Sales increased due to the higher tin price (+6%) and gold price (+9%) as well as the higher sold volumes of gold (+2%) and despite the lower sold volumes of tin (-7%). The higher EBITDA was a result of the higher sales (+2%) and the lower costs of sales (-3%) compared with 1Q17. Net income was higher (+70%) than 1Q17, mainly due to the higher subsidiary's results explained by a better financial performance at Taboca.

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

II. MAIN CONSIDERATIONS:

a. Average metal prices

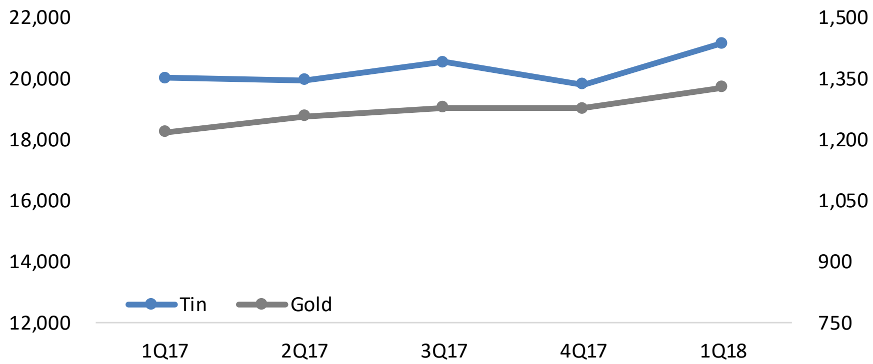
- **Tin:** Average Tin (Sn) Price in 1Q18 was US$ 21,169 per ton, an increase of 6% compared to the same period of the previous year.
- **Gold:** Average Gold (Au) Price in 1Q18 was US$ 1,330 per ounce, 9% above the same period of the previous year.

Table N° 2: Average metal prices

Average Metal Prices	Unit	1Q18	1Q17	Var (%)
Tin	US$/t	21,169	20,043	6%
Gold	US$/oz	1,330	1,219	9%

Source: Bloomberg

Figure N° 1: Average metal price quarterly evolution



Source: Bloomberg

b. Exchange Rate:

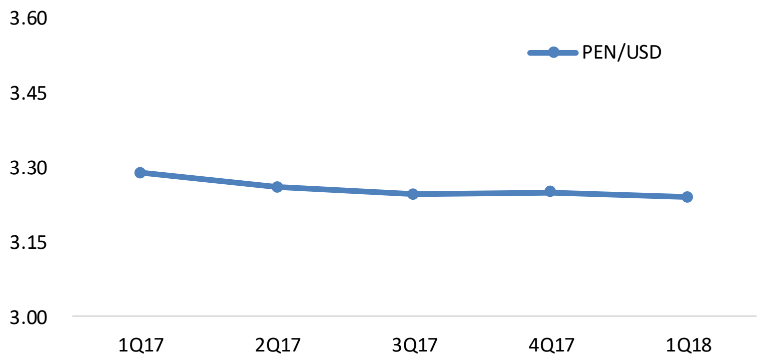
The Peruvian Sol average exchange rate for the 1Q18 was S/. 3.24 per US$ 1, compared to S/. 3.29 per US$ 1 in 1Q17, which represents an apreciation of 2% for the Peruvian Sol. At the end of 2017, exchange rate was S/. 3.24 per US$ 1, while at the end of this period it registered S/. 3.23 per US$ 1.

Table N°3: Exchange Rate

Average Exchange Rate	Unit	1Q18	1Q17	Var (%)
PEN/USD	S/.	3.24	3.29	-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	1Q18	1Q17	Var (%)
Ore Treated	t	285,579	491,266	-42%
Head Grade	%	1.63	1.65	-1%
Tin production (Sn) - San Rafael	t	4,062	4,017	1%
Tin production (Sn) - Pisco	t	3,483	3,580	-3%
Cash Cost per Treated Ton[1] - San Rafael	US$/t	93	62	50%
Cash Cost per Ton of Tin[3]	US$/t Sn	9,268	10,284	-10%

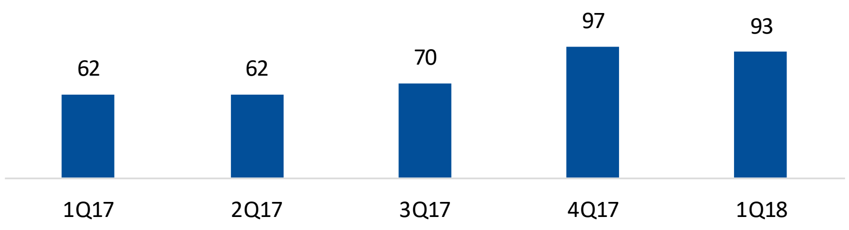
In 1Q18, tin production reached 3,483 tons, a 3% decrease compared to the same period of the previous year. This is mainly due to lower grades in tin concentrate produced at the mine, which postponed slags treatment at the smelter plant. It is important to note this gap will be recovered in the following months. Tin production at mine and plant is within the expected plan.

Cash cost per treated ton[2] at San Rafael in 1Q18 was US$ 93 vs. US$ 62 in 1Q17, an increase of 50%. It is important to highlight that excluding the effect of treated tons from the pre-concetration Ore Sorting plant, cash cost would be $97 in 1Q18 vs $107 during 1Q17, mainly due to an optimization of the mining plan.

[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 1Q18 was US$ 9,268 vs. US$ 10,284 in 1Q17, a 10% decrease, mainly due to lower production costs in San Rafael during the period (-13%).

Finally, it is important to note that a drilling campaign to replenish resources at San Rafael is being currently held. During the quarter, 350 kt of ore containing 6.7 kt of tin were identified.

b. Pucamarca (Perú):

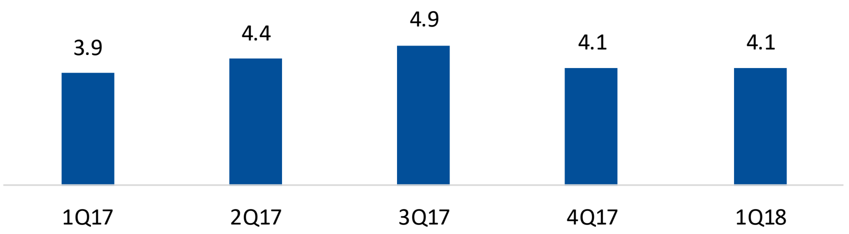
Table N°5. Pucamarca Operating Results

Pucamarca	Unit	1Q18	1Q17	Var (%)
Ore Treated	t	1,916,488	1,876,212	2%
Head Grade	g/t	0.49	0.52	-5%
Gold production (Au)	oz	24,159	29,009	-17%
Cash Cost per Treated Ton	US$/t	4.1	3.9	3%
Cash Cost per Ounce of Gold[4]	US$/oz Au	322	253	27%

In 1Q18, gold production reached 24,159 ounces, a 17% decrease compared to the same period of the previous year. This decrease in gold production is mainly due to the lower head grades of ore treated (-5%). It is important to note that 1Q17 production had been positively impacted by ounces produced in december 2016 but declared in January 2017.

Cash cost per treated ton at Pucamarca was US$ 4.1 in 1Q18 vs. US$ 3.9 in 1Q17, a 3% increase, mainly because of higher production costs during the quarter (+6%), partially offset by a higher volume of ore treated (+2%).

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



Cash cost per ounce of gold[4] in 1Q18 was US$ 322, a increase of 27% compared to 1Q17. This increase is explained by the lower gold production (-17%) and the higher cash cost per treated ton (+3%).

IV. CAPEX:

Table N°6. Executed CAPEX

CAPEX	Unit	1Q18	1Q17	Var (%)
San Rafael	US$ M	4.4	3.9	12%
B2	US$ M	8.1	3.3	143%
Pisco	US$ M	0.0	0.8	-100%
Pucamarca	US$ M	3.8	2.1	76%
Others	US$ M	0.1	0.0	56%
Total Capex	**US$ M**	**16.3**	**10.3**	**59%**

In 1Q18, capex was US$ 16.3 M, an increase of US$ 6.0 M compared to the same period of the previous year. The major investments in the quarter were: B2 project, the expansion of the B3 tailings deposit at San Rafael 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	1Q18	1Q17	Var (%)
Net Revenue	US$ M	124.1	121.4	2%
Cost of Sales	US$ M	-58.8	-60.9	-3%
Gross Profit	**US$ M**	**65.3**	**60.5**	**8%**
Selling Expenses	US$ M	-1.2	-0.9	34%
Administrative Expenses	US$ M	-8.5	-7.7	9%
Exploration & Project Expenses	US$ M	-6.4	-5.4	18%
Other Operating Expenses, net	US$ M	-1.0	-2.3	-
Operating Income	**US$ M**	**48.2**	**44.1**	**9%**
Financial Income (Expenses) and Others, net	US$ M	-8.8	-5.3	68%
Results from Subsidiaries and Associates	US$ M	-0.5	-11.5	-96%
Exchange Difference, net	US$ M	-0.5	-1.1	-52%
Profit before Income Tax	**US$ M**	**38.4**	**26.3**	**46%**
Income Tax Expense	US$ M	-15.3	-12.7	20%
Net Income	**US$ M**	**23.1**	**13.6**	**70%**
Net Income Margin	%	19%	11%	66%
EBITDA	**US$ M**	**60.3**	**55.3**	**9%**
EBITDA Margin	%	49%	46%	7%
Adjusted Net Income	**US$ M**	**24.1**	**26.2**	**-8%**

a. Net Revenue:

In 1Q18, net sales reached US$ 124.1 M, an increase of 2% (+US$ 2.7 M) compared to 1Q17. This increase is mainly explained by higher tin and gold prices (+6% and +9%, respectively), and the higher sold volumes of gold (+2%), partially offset by lower sold volumes of tin (-7%).

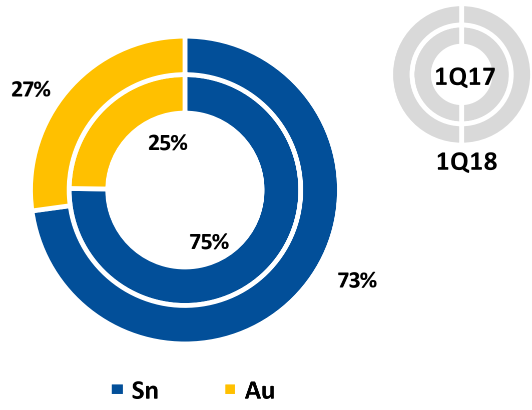
Table N°8. Net revenue Volume by product

Net Revenue Volume	Unit	1Q18	1Q17	Var (%)
Tin	t	4,168	4,496	-7%
Gold	oz	24,875	24,308	2%

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

Net Revenue by Metal	Unit	1Q18	1Q17	Var (%)
Tin	US$ M	90.4	91.3	-1%
Gold	US$ M	33.7	30.1	12%
TOTAL	**US$ M**	**124.1**	**121.4**	**2%**

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	1Q18	1Q17	Var (%)
Production Cost	US$ M	41.8	45.3	-8%
Depreciation	US$ M	11.4	10.9	4%
Workers profit share	US$ M	3.2	2.2	47%
Stocks Variation and Others	US$ M	2.4	2.5	-2%
TOTAL	**US$ M**	**58.8**	**60.9**	**-3%**

Cost of sales in 1Q18 reached US$ 58.8 M, a decrease of 3% compared to the same period of last year. This effect is essentially due to lower productions costs reaching savings for US$ 3.5 M, 8% below 1Q17.

c. Gross Profit:

Gross profit during 1Q18 reached US$ 65.3 M, a US$4.8 M increase compared to the same period of the previous year mainly because of the higher sales (+ US$ 2.7 M) and the lower costs of sales (- US$ 2.1 M).

d. Administrative expenses:

Administrative expenses in 1Q18 were US$ 8.5 M, a 9% increase (US$ 0.7 M) compared to the same period of last year. This increase is mainly due to higher expenses related to provisions of workers profit sharing for US$ 0.4 M due to better results than expected, and other expenses for US$ 0.3 M.

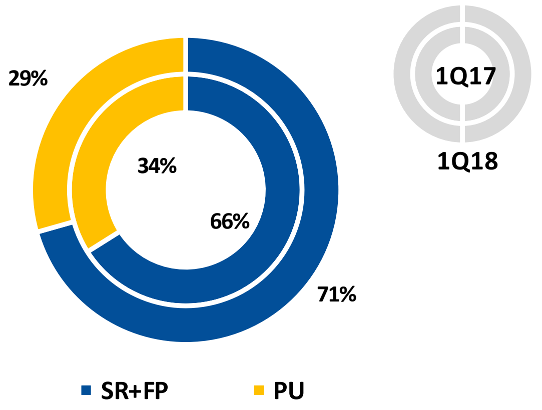
e. Exploration and Project Expenses:

In 1Q18, exploration & project expenses totaled US$ 6.4 M, US$ 1.0 M higher than 1Q17, mainly due to 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 1Q18 amounted to US$ 60.3 M, an increase of 9% (US$ 5.0 M) compared to 1Q17. This was mainly due to a US$ 4.8 M higher gross profit and partially offset by higher project and exploration expenses. EBITDA margin in the period reached 49%, which represents a 3 percental point increase compared to the same period of last year, mainly due to the higher tin and gold prices (+6% and +9%, respectively) which was partially offset higher operating expenses.

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



g. Income tax expense:

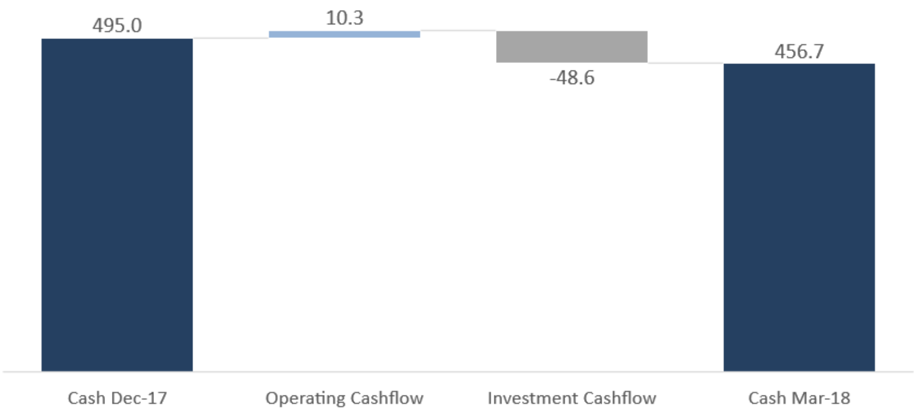
In the 1Q18, the company accrued US$ 15.3 M in tax expenses, US$ 2.6 M above 1Q17 mainly as a result of the higher gross revenue. This higher total income tax is composed by +US$ 3.4 M in income tax, and was partially offset by lower royalties (-US$ 1.4 M) and lower special mining tax (-US$ 0.6 M).

h. Net income and Adjusted net income:

In the 1Q18, the company registered a net income of US$ 23.1 M, an increase of US$ 9.5 M vs. 1Q17. The difference is explained by the higher operating income (US$ 4.1 M) and higher subsidiary's results (US$ 11.0 M), partially offset by the higher income tax expenses. Excluding the results of subsidiaries and the FX rate, the adjusted net income reached US$ 24.1 M in the 1Q18 (US$ 2.1 M lower than 1Q17) mainly explained by a loss in our short term financial assets.

VI. LIQUIDITY:

As of March 31, 2018, the company´s cash balance reached US$ 456.7 M, 11% lower than the closing balance of 2017 (US$ 495.0 M). The difference is explained by an operating cash flow of US$ 10.3 M, offset by capital investments of US$ 91.6 M.



As of March 31st, of 2018, the company´s financial liabilities increased US$ 441.0 M, similar 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 -0.1x as of March 31st, 2018 vs. -0.2x in December 2017.

Table N°12. Debt Summary

Financial Ratios	Unit	Mar-18	Dic-17	Var (%)
Total Debt	US$ M	441.0	440.8	0%
Long Term - Minsur 2024 Bond	US$ M	441.0	440.8	0%
Cash	US$ M	456.7	495.0	-8%
Cash and Equivalents	US$ M	325.1	363.3	-11%
Fixed term deposits	US$ M	0.0	0.0	0%
Mutual Funds and Deposit certificates	US$ M	131.6	131.7	0%
Net Debt	US$ M	-15.7	-54.2	-71%
Total Debt / EBITDA	x	1.7x	1.8x	-2%
Net Debt / EBITDA	x	-0.1x	-0.2x	72%