MINSUR S.A. : MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FIRST QUARTER OF THE YEAR 2015

Lima, April 30th, 2015 – MINSUR S.A. (BVL: MINSURI1) ("the Company" or "Minsur") a Peruvian mining Company, dedicated to the exploration, processing and commercialization of tin and other minerals, announced its individual results for the first quarter of 2015 ("1Q15"). These results are reported in accordance with International Financial Reporting Standards (IFRS) and are expressed in U.S. dollars (US$), unless otherwise mentioned.

I. OPERATING RESULTS AND FINANCIAL HIGHLIGHTS:

- **Metal Price:**
  - a. **Tin:** average metal price in 1Q15 was **US$ 18,392** per ton, **19%** below 1Q14.
  - b. **Oro:** average metal price in 1Q15 was **US$ 1,220** per ounce, **6%** below 1Q14.
- **Production:**
  - a. **Tin:** in 1Q15 reached **4,776 tons,** a **31%** decrease compared to 1Q14, nevertheless, is in line with expected production to reach annual guidance.
  - b. **Gold:** in 1Q15 reached **28,778 ounces, an increase of 1%** compared to 1Q15 and is in line with expected production to reach annual guidance.
- **Net revenue:** reached **US$ 133.5 MM** in 1Q15, **39%** below that in 1Q14.
- **Exploration and project expenses:** reached **US$ 4.6 MM** in 1Q15, **an increase of 85%** compared to 1Q14.
- **EBITDA:** reached **US$ 62.5 MM** in the 1Q15, **50%** below the EBITDA in 1Q14.
- **Net income:** reached **-US$ 12.8 MM** in 1Q15, **125%** below that in 1Q14.
- **Adjusted net income[1]**: in 2014 the company adopted the return of equity method to record its investments in subsidiaries and associates in Minsur non-consolidated financial statements. The results in these investments were -US$ 31.5 MM in 1Q15 and -US$ 14.5 MM in 1Q14 (non-cash effect). Excluding the previous figures, adjusted net income would have reached **US$ 18.8 MM**, **72%** below 1Q14.

Table N° 1: Operating & Financial Highlights

Highlights	Unit	1Q15	1Q14	Var (%)
Production				
Tin (Sn)	t	4,776	6,968	-31%
Gold (Au)	oz	28,778	28,398	1%
Financial Results				
Net Revenue	US$ MM	133.5	218.0	-39%
EBITDA	US$ MM	62.5	124.2	-50%
EBITDA Margin	%	47%	57%	-18%
Net Income	US$ MM	-12.8	51.9	-125%
Adjusted Net Income[1]	US$ MM	18.8	66.4	-72%

[1] Adjusted net profit = Net Profit excluding Loss from Subsidiaries and Associates

II. MAIN CONSIDERATIONS:

a. Average metal prices:

Average Tin (Sn) Price in 1Q15 was US$ 18,392 per ton, which represents an decrease of 19% compared to the same period of the year 2014.

Average Gold (Au) Price in the 1Q15 was US$1,220 per ounce, a 6% decrease compared to the same period of the previous year.

Table N° 2: Average metal prices

Average Metal Prices	Unit	1Q15	1Q14	Var (%)
Tin	US$/t	18,392	22,648	-19%
Gold	US$/oz	1,220	1,294	-6%

Source: Bloomberg

b. Exchange rate:

The Peruvian Sol average exchange rate for the 1Q15 was S/. 3.06 per US$1, compared to S/. 2.81 per US$1 in 1Q14, which represents a depreciation of 9% for the Peruvian Sol.

Table N°3: Exchange Rate

Average Exchange Rate	Unit	1Q15	1Q14	Var (%)
PEN/USD	S/.	3.06	2.81	9%

Source: Banco Central de Reserva del Perú

III. OPERATING MINING RESULTS:

a. San Rafael – Pisco (Perú):

Table N° 4: San Rafael - Pisco Operating Results

San Rafael - Pisco	Unit	1Q15	1Q14	Var (%)
Treated Ore	t	235,459	245,950	-4%
Head Grade	%	2.16	2.61	-17%
Tin production (Sn)	t	4,776	6,968	-31%
Cash Cost per Treated Ton[2] - San Rafael	US$/t	146.39	125.97	16%
Cash Cost per Ton of Tin[3]	US$/t Sn	8,910	7,449	20%

In 1Q15, tin production reached 4,776 tons, which represents a decrease of 31% compared to the same period of the previous year. This was mainly explained by i) a decrease in ore head grade, from 2.61% in 1Q14 to 2.16% 1Q15, ii) the execution of a tin concentrate stocks optimization plan in 1Q14, and iii) lower treated ore caused by scheduled plant maintenance in 1Q15. Nevertheless, tin production is in line with plan to reach annual guidance.

Cash cost per treated ton[2] of San Rafael in 1Q15 was US$ 146.39 vs. US$ 125.97 in 1Q14, resulting in an increase of 16%, mainly due to optimization studies expenses and lower treated ore caused by scheduled plant maintenance in 1Q15. Nevertheless, cash cost per treated ton is in line with plan to reach annual guidance.

Cash cost per ton of tin[3] in 1Q15 was US$ 8,910 vs. US$ 7,449 in 1Q14, a 20% increase when compared to 1Q14, mainly due to lower tin production in the period explained by a lower head grade and lower treated ore caused by scheduled plant maintenance in 1Q15.

Pucamarca (Perú):

Table N°5. Pucamarca Operating Results

Pucamarca	Unit	1Q15	1Q14	Var (%)
Treated Ore	t	1,778,813	1,326,591	34%
Head Grade	g/t	0.64	0.76	-16%
Gold production (Au)	oz	28,778	28,398	1%
Cash Cost per Treated Ton	US$/t	4.43	6.72	-34%
Cash Cost per Ounce of Gold[4]	US$/oz Au	274	314	-13%

In 1Q15, gold production reached 28,778 ounces, which represents a 1% increase when compared to the same period of the previous year and is in line with expected production to reach annual guidance. In accordance with Pucamarca's geological and mine plan model, head grade was 0.64 g/t in 1Q15, 16% below 1Q14. To offset lower head grade in the period, plant daily capacity was increased from 14,000 tons in 1Q14 to 17,500 tons in 1Q15, which result in 34% higher treated ore in 1Q15.

Cash cost per treated ore of Pucamarca was US$ 4.43 in 1Q15 vs. US$ 6.72 in 1Q14, which represented a decreased of 34%, mainly due to higher treated ore explained by an increase in plant daily capacity and lower incurred cost in the period.

Cash cost per ounce of gold[4] in 1Q15 was US$ 274, which represented a decrease of 13% when compared to 1Q14. This decrease was explained by lower incurred costs in the period due to higher productivity.

[2] Cash Cost per treated ore = San Rafael production costs / Treated Ore

[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)

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

IV. CAPEX:

Table N°6. CAPEX

CAPEX	Unit	1Q15	1Q14	Var (%)
San Rafael	US$ MM	1.6	0.9	72%
Pisco	US$ MM	0.0	0.1	-37%
Pucamarca	US$ MM	-0.1	1.2	-109%
Other	US$ MM	0.0	0.1	-64%
Total Capex	**US$ MM**	**1.6**	**2.4**	**-32%**

In 1Q15, capex was US$ 1.6 MM, a decrease of 32% compared with the same period of the previous year. In 1Q15 the major investments were:

- San Rafael: waste dump capacity expansion, in line with the mine short and mid-term sustaining plan.
- Pucamarca: in 1Q15 there was a refund corresponding to claims to contractors by the company.

V. FINANCIAL RESULTS:

Table N°7. Financial Statements

Financial Statements	Unit	1Q15	1Q14	Var (%)
Net Revenue	US$ MM	133.5	218.0	-39%
Cost of Sales	US$ MM	-73.3	-92.4	-21%
Gross Profit	**US$ MM**	**60.2**	**125.6**	**-52%**
Selling Expenses	US$ MM	-1.7	-1.9	-13%
Administrative Expenses	US$ MM	-7.7	-7.6	1%
Exploration & Project Expenses	US$ MM	-4.6	-2.5	85%
Other Operating Expenses, net	US$ MM	-1.7	-1.6	8%
Operating Income	**US$ MM**	**44.5**	**112.0**	**-60%**
Finance Income (Expenses) and Others, net	US$ MM	-5.4	-4.5	21%
Loss from Subsidiaries and Associates[5]	US$ MM	-31.5	-14.5	118%
Profit before Income Tax	**US$ MM**	**7.6**	**93.0**	**-92%**
Income Tax Expense	US$ MM	-20.4	-41.1	-50%
Net Income	**US$ MM**	**-12.8**	**51.9**	**-125%**
Net Income Margin	%	-10%	24%	-140%
EBITDA	**US$ MM**	**62.5**	**124.2**	**-50%**
EBITDA Margin	%	47%	57%	-18%
Adjusted Net Income	US$ MM	18.8	66.4	-72%

a. Net revenue:

In 1Q15, net revenue reached US$ 133.5 million, a decrease of 39% (-US$ 84.5 million), compared to 1Q14. This decrease was mainly explained by lower tons of tin and lower ounces of gold sold (29% and 7%, respectively) and lower tin and gold average metal prices (19% and 6%, respectively).

Table N°8. Net revenue Volume by product

Net Revenue Volume	Unit	1Q15	1Q14	Var (%)
Tin	t	5,632	7,927	-29%
Gold	oz	23,275	24,942	-7%

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

Net Revenue in US$	Unit	1Q15	1Q14	Var (%)
Tin	US$ MM	105.2	185.2	-43%
Gold	US$ MM	28.4	32.8	-14%
TOTAL	**US$ MM**	**133.5**	**218.0**	**-39%**

b. Gross Profit:

Gross profit during 1Q15 reached US$ 60.2 MM, a 52% decrease (-US$ 65.4 million) when compared with the same period of the previous year, mainly due to the lower average tin and gold prices in 1Q15 when compared to 1Q14.

c. Administrative Expenses:

Administrative expenses in 1Q15 were US$ 7.7 MM, in line with that reported in 1Q14.

d. Exploration & Project Expenses:

In 1Q15, exploration & project expenses totaled US$ 4.6 MM, which represented an increase of 85% (+US$ 2.1 MM). This increase was mainly due to i) the investments associated to the exploration in areas surrounding San Rafael and Pucamarca, and ii) the advancement of San Rafael's tailing project pre-feasibility study.

e. EBITDA:

[5] In accordance with the IAS 8, the accounting adjustment associated to the implementation of the return of equity method to register the investment in subsidiaries and associated is treated as a change in an accounting policy, and therefore, the balances must be adjusted retroactively in the previous report.

EBITDA in 1Q15 reached US$ 62.5 MM, a decrease of 50% (-US$ 61.7 MM) when compared to 1Q14. This was mainly explained by i) lower volume of tin tons and gold ounces sold in the 1Q15, ii) lower average metal prices of tin and gold, and iii) the increase in exploration and project expenses associated to the investments in exploration activities in the surrounding areas and San Rafael's tailings pre-feasibility study.

f. Results from Subsidiaries and Associates:

In 2014, the company adopted the return of equity method to record its investments in subsidiaries and associates in Minsur non-consolidated financial statements. The results in these investments were -US$ 31.5 MM in 1Q15 and -US$ 14.5 MM in 1Q14 (non-cash effect). The loss recorded in 1Q15 were mainly due to foreign exchange loss recorded in Brazilian subsidiary (Taboca) and expenses related to Mina Justa project (Marcobre). It is important to notice that the foreign exchange loss mentioned before was a non-cash effect due to functional currency registered in Brazilian real, however, debt as of the end of 1Q15 was in US dollars; the fluctuation in the exchange rate is mitigated by the net revenues inflow in US dollars.

g. Net Income and Adjusted Net Income:

Net income in 1Q15 reached -US$ 12.8 MM, 125% below (-US$ 61.5 MM) that reported in the 1Q14. Adjusted net income was US$ 18.8 million, 72% below that reported in 1Q14, mainly due to the lower EBITDA, partially offset by lower income taxes in 1Q15.

VI. LIQUIDITY:

As of March 31st, 2015, cash and cash equivalents totaled US$ 553.9.4 MM, a decrease of 4% compared to US$ 578.3 MM at the end of 2014. As to the financial debt level, total debt reached US$ 443.4 MM, a 2% decrease when compared to the total debt recorded by the end of 2014. The net leverage reached -0.3x at the end of March, 2015 vs. -0.2x at the end of 2014.

Table N°10. Total Debt

Financial Ratios	Unit	mar-15	dec-14	Var (%)
Total Debt	US$ MM	443.4	450.5	-2%
Cash	US$ MM	553.9	578.3	-4%
Net Debt	US$ MM	-110.5	-127.8	-14%
Total Debt / EBITDA	x	1.4x	0.6x	116%
Net Debt / EBITDA	x	-0.3x	-0.2x	90%