MINSUR S.A. MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FIRST QUARTER OF THE YEAR 2017

Lima, April 28, 2017 – 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 2017 ("1Q17"). 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:

- **Production:**
  a. **Tin: 3,580 tons** in 1Q17**, a 18% decrease** compared to 1Q16, in line with the years' production plan.
  b. **Gold: 29,009 ounces** in 1Q17**, a decrease of 13%** compared to 1Q16, in line with the years' production plan.
- **Cash Cost per treated ton**
  a. **San Rafael/Pisco:** Cash cost per treated ton reached **US$ 62** in 1Q17, **47% below** the 1Q16 cash cost. Also, cash cost per ton of tin reached **US$ 10,284,** a 25% increase compared to 1Q16.
  b. **Pucamarca:** Cash cost per treated ton reached **US$ 3.9** in 1Q17, **13% above** the 1Q16 cash cost. Also, cash cost per ounce of gold reached **US$ 253,** a 14% increase compared to 1Q16
- **Metal Prices:**
  a. **Tin:** average metal price in 1Q17 was **US$ 20,043** per ton, a **29% increase** compared to 1Q16.
  b. **Gold:** average metal price in 1Q17 was **US$ 1,219** per ounce, a **3% increase** compared to 1Q16.
- **Net Revenue: US$ 121.4 M** in 1Q17, a **13% increase** compared to 1Q16 and mainly due to higher tin and gold prices during the quarter.
- **Exploration and Project expenses: US$ 5.4 M in 1Q17**, a **48% increase** compared to 1Q16.
- **EBITDA: US$ 55.3 M** in 1Q17, a **5% increase** compared to 1Q16. EBITDA margin in 1Q17 was 46% vs 49% in 1Q16.
- **Net income:** reached **US$ 13.6 M**, a **30% decrease** compared to 1Q16.
- **Adjusted net income[1]**: Excluding results from subsidiaries and associates and exchange difference, adjusted net income reached **US$ 26.2 M**, a **6% increase** compared to 1Q16.

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

Table N° 1: Operating & Financial Highlights

Highlights	Unit	1Q17	1Q16	Var (%)
Production				
Tin (Sn)	t	3,580	4,354	-18%
Gold (Au)	oz	29,009	33,517	-13%
Financial Results				
Net Revenue	US$ M	121.4	107.3	13%
EBITDA	US$ M	55.3	52.8	5%
EBITDA Margin	%	46%	49%	-7%
Net Income	US$ M	13.6	19.4	-30%
Adjusted Net Income	US$ M	26.2	24.8	6%

II. MAIN CONSIDERATIONS:

a. Average metal prices:

Average Tin (Sn) Price in 1Q17 was US$ 20,043 per ton, an increase of 29% compared to the same period of the previous year.

Average Gold (Au) Price in 1Q17 was US$ 1,219 per ounce, an increase of 3% compared to the same period of the previous year.

Table N° 2: Average metal prices

Average Metal Prices	Unit	1Q17	1Q16	Var (%)
Tin	US$/t	20,043	15,555	29%
Gold	US$/oz	1,219	1,182	3%

Source: Bloomberg

b. Exchange rate:

The Peruvian Sol average exchange rate for the 1Q17 was S/. 3.29 per US$ 1, compared to S/. 3.45 per US$ 1 in 1Q16, which represents an appreciation of 5% for the Peruvian Sol.

Table N°3: Exchange Rate

Average Exchange Rate	Unit	1Q17	1Q16	Var (%)
PEN/USD	S/.	3.29	3.45	-5%

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	1Q17	1Q16	Var (%)
Ore Treated	t	491,266	226,759	117%
Treater Ore Grade	%	1.65	2.09	-21%
Tin production (Sn) - San Rafael	t	4,017	4,274	-6%
Tin production (Sn) - Pisco	t	3,580	4,354	-18%
Cash Cost per Treated Ton[2] - San Rafael	US$/t	62	116	-47%
Cash Cost per Ton of Tin[3]	US$/t Sn	10,284	8,239	25%

In 1Q17, tin production reached 3,580 tons, an 18% decrease compared to the same period of the previous year. This is mainly explained by the scheduled maintenance activities that took place during 23 days at the Pisco smelting plant during January 2017, in contrast, and due to the extension of the smelting campaign, the plant functioned continuously during 2016. Also, lower fed grades (1.65% in 1Q17 vs 2.09% in 1Q16) at San Rafael were due to additional volume fed to the ore sorting plant as expected in the mining plan. Nevertheless, refined tin production is in line with the given guidance for the year (16,500 – 17,500 tons).

Cash cost per treated ton[2] at San Rafael in 1Q17 was US$ 62 vs. US$ 116 in 1Q16, a reduction of 47%. It is relevant to note that this period cash cost per ton includes, unlike the first quarter of 2016, the low grade ore fed to the pre-concentration Ore Sorting plant (279,036 tons), in addition to 212,230 tons treated at the main concentration plant fed directly from the mine. This effect is temporary because the low grade ore stockpiled at “Cancha 35” that is processed at the Ore Sorting plant will be consumed by 2017. Cash cost per treated ton remains in line with guidance of $70 to $80 per ton treated.

Cash cost per ton of tin[3] in 1Q17 was US$ 10,284 vs. US$ 8,239 in 1Q16, a 25% increase compared to 1Q16, mainly due to lower tin production levels (-18%) and partially offset by cost per treated ton reductions in the mine.

[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)

b. **Pucamarca (Perú)**

Table N°5. Pucamarca Operating Results

Pucamarca	Unit	1Q17	1Q16	Var (%)
Ore dumped on Leach Pad	t	1,876,212	2,159,538	-13%
Head Grade	g/t	0.52	0.46	12%
Gold production (Au)	oz	29,009	33,517	-13%
Cash Cost per Treated Ton	US$/t	3.9	3.5	13%
Cash Cost per Ounce of Gold[4]	US$/oz Au	253	223	14%

In 1Q17, gold production reached 29,009 ounces, a 13% decrease compared to the same period of the previous year and in line with the given guidance for the year (90,000 – 10,000 oz). This decrease in production is mainly due to a higher stock of product in process at the end of 2015, which impacted positively production in 1Q16. It its relevant to note that head grade in 1Q17 was 0.52 g/t in 1Q17, a 12% increase vs 1Q16, this higher grade was offset by lower dumped ore volumes in the period.

Cash cost per treated ton at Pucamarca was US$ 3.9 in 1Q17 vs. US$ 3.5 in 1Q16, a 13 % increase, mainly because of a lower volume of treated ore, in line to reach the guidance of $4.5 - $5.0 per ton treated in 2017.

Cash cost per ounce of gold[4] in 1Q17 was US$ 253, an increase of 14% compared to 1Q16. These increase is explained by the lower gold production and the higher cash cost per treated ton.

IV. CAPEX:

Table N°6. CAPEX

CAPEX	Unit	1Q17	1Q16	Var (%)
San Rafael	US$ M	7.3	6.0	21%
Pisco	US$ M	0.8	0.0	-
Pucamarca	US$ M	2.1	1.6	34%
Other	US$ M	0.0	1.0	-97%
Total Capex	**US$ M**	**10.3**	**8.6**	**20%**

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

In 1Q17, capex was US$ 10.3 M, an increase of US$ 1.7 M compared to the same period of the previous year. The major investments in the quarter were:

- San Rafael: Filling program necessary to sustain and maintain geomechanical stability in the mine.
- Pucamarca: Leach pad expansion, required to sustain the mine capacity over time.

V. FINANCIAL RESULTS:

Table N°7. Financial Statements

Financial Statements	Unit	1Q17	1Q16	Var (%)
Net Revenue	US$ M	121.4	107.3	13%
Cost of Sales	US$ M	-60.9	-53.7	14%
Gross Profit	**US$ M**	**60.5**	**53.7**	**13%**
Selling Expenses	US$ M	-0.9	-1.2	-23%
Administrative Expenses	US$ M	-7.7	-5.8	33%
Exploration & Project Expenses	US$ M	-5.4	-3.7	48%
Other Operating Expenses, net	US$ M	-2.3	-0.9	166%
Operating Income	**US$ M**	**44.1**	**42.1**	**5%**
Finance Income (Expenses) and Others, net	US$ M	-5.3	-7.4	-29%
Results from Subsidiaries and Associates	US$ M	-11.5	-5.9	94%
Exchange Difference, net	US$ M	-1.1	0.5	-
Profit before Income Tax	**US$ M**	**26.3**	**29.3**	**-10%**
Income Tax Expense	US$ M	-12.7	-9.9	27%
Net Income	**US$ M**	**13.6**	**19.4**	**-30%**
Net Income Margin	%	11%	18%	-38%
EBITDA	**US$ M**	**55.3**	**52.8**	**5%**
EBITDA Margin	%	46%	49%	-7%
Adjusted Net Income	**US$ M**	**26.2**	**24.8**	**6%**

a. Net revenue:

In 1Q17, net revenue reached US$ 121.5 M, an increase of 13% (+US$ 14.1 M) compared to 1Q16. This increase is mainly explained by higher tin and gold prices (+29% and +3%, respectively), partially offset by lower sold volumes of tin (-3%) and gold (-10%).

Adjusted Net Income = Net income excluding Results from Subsidiaries and Associates and Exchange Difference, net

Table N°8. Net revenue Volume by product

Net Revenue Volume	Unit	1Q17	1Q16	Var (%)
Tin	t	4,496	4,631	-3%
Gold	oz	24,308	26,949	-10%

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

Net Revenue in US$	Unit	1Q17	1Q16	Var (%)
Tin	US$ M	91.3	75.7	21%
Gold	US$ M	30.1	31.6	-5%
TOTAL	**US$ M**	**121.5**	**107.3**	**13%**

b. Gross Profit:

Gross profit during 1Q17 reached US$ 60.5 M, a 13% increase (US$ 6.8 M) compared to the same period of the previous year. This increase is mainly due to higher sales, partially offset by higher production costs.

c. Administrative Expenses:

Administrative expenses in 1Q17 were US$ 7.7 M, US$ 1.9 M higher than 1Q16 mainly due to the higher headcount for our B2 project among other positions (US$ 0.9 M) and higher workers profit sharing accrual (US$ 0.4 M) compared to the same period of last year. Excluding this last effect, administrative expenses would have been US$ 7.3 M in 1Q16.

d. Exploration & Project Expenses:

In 1Q17, exploration & project expenses totaled US$ 5.4 M, an increase of 48% (US$ 1.8 M) compared to 1Q16, mainly due to higher investments in exploration programs at San Rafael and Pucamarca surrounding areas.

e. Other operating expenses

Accrued expenses regarding potential contingencies with regulating agencies were registered in 1Q17, this accrual represents US$ 0.9 M for San Rafael and US$ 0.4 M for Pisco. It is important to note that no accruals for this concept were made in 2016.

f. EBITDA:

EBITDA in 1Q17 amounted to US$ 55.3 M, an increase of 5% (US$ 2.5 M) compared to 1Q16. This was mainly due to higher tin and gold prices in the period, partially offset by lower volumes sold and higher administrative, project and exploration expenses. Despite the rise in prices, EBITDA margin in the period reached 46%, which represents a 6% decrease compared the same period of last year.

g. Results from Subsidiaries and Associates:

Results from subsidiaries and associates have negatively impacted Minsur's individual results in US$ 11.5 M in 1Q17, due to the losses recorded in our associate companies and subsidiaries during the quarter. Our subsidiary in Brazil (Taboca) registered a net loss of US$ 9.5 M in 1Q17, mainly due to higher operating costs and a lower profit from exchange difference. Our associates recorded a net impact on Minsur individual statements of -$2.0 M in the quarter.

h. Net Income and Adjusted Net Income:

Net income in 1Q17 reached US$ 13.6 M, a decrease of US$ 5.7 M compared to 1Q16, mainly due to a higher impact from the results of subsidiaries and associates and higher operative expenses. The adjusted net income reached US$ 26.2 M, a 6% increase vs 1Q16.

VI. LIQUIDITY:

As of March 31, 2017, cash and cash equivalents totaled US$ 514.5 M, a 2% increase compared to the US$ 506.8 M at the end of 2016. This cash increase is explained by the positive results obtained by the company during the quarter, which were directed towards financing exploration and expansion projects. Regarding the debt level, total financial debt reached US$ 440.3 M, in line with the total debt recorded by the end of 2016. The net leverage ratio reached -0.3x a 10% decrease compared to December 2016.

Table N°10. Total Debt

Financial Ratios	Unit	mar-17	dic-16	Var (%)
Total Debt	US$ M	440.3	440.1	0%
Cash	US$ M	514.5	506.8	2%
Net Debt	US$ M	-74.2	-66.7	11%
Total Debt / EBITDA	x	1.8x	1.8x	-1%
Net Debt / EBITDA	x	-0.3x	-0.3x	-10%