



# MANAGEMENT DISCUSSION AND ANALYSIS: INDIVIDUAL RESULTS

MINSUR S.A.  
FIRST QUARTER 2024

For further information please contact:

Gabriel Ayllón  
CFO  
Email: [gabriel.ayllon@minsur.com](mailto:gabriel.ayllon@minsur.com)  
Tel: (511) 215-8300 Ext. 8090

Investor Relations  
Email: [contacto\\_IR@minsur.com](mailto:contacto_IR@minsur.com)

## I. FOURTH QUARTER HIGHLIGHTS AND EXECUTIVE SUMMARY

Table N° 1: Operating & Financial Highlights

Highlights	Unit	1Q24	1Q23	Var (%)
<b>Production</b>				
Tin (Sn)	t	6,388	2,716	135%
Gold (Au)	oz	15,335	18,841	-19%
<b>Financial Results</b>				
Net Revenue	US\$ MM	197.1	103.0	91%
EBITDA	US\$ MM	104.5	18.4	469%
EBITDA Margin	%	53%	18%	35 pp
Net Income	US\$ MM	71.1	61.8	15%
Adjusted Net Income <sup>1</sup>	US\$ MM	42.8	-14.2	-

### Fourth Quarter Executive Summary:

#### a. Operating Results

In 1Q24, tin production was higher than in 1Q23 due to lower days of operations in 1Q23, explained by a temporary stoppage related to the social/political context. In this regard, tin concentrate production in San Rafael and B2 amounted to 6,150 tons (+323% vs. 1Q23) and 1,971 tons (+189% vs. 1Q23), respectively. Additionally, refined tin production in Pisco reached 6,388 tons (+135% vs. 1Q23), mainly explained by the increased concentrate feed (+177% vs. 4Q22). On the contrary, gold production was 19% lower than in the previous period, attributed to the reduced ore placed on the leach pad, which was in line with the production plan.

#### b. Financial Results

In 1Q24, financial results were higher than in 1Q23. Sales were +91% above 1Q23, mainly due to the higher volume of tin sold (+166%) and a higher gold price, partially offset by a lower volume of gold sold (-16%). EBITDA was US\$ 104.5 MM, +US\$ 86.2 MM above 1Q23 due to more days of operations as a result of social protests. The net profit for the period was US\$ 71.1 MM (vs. US\$ 61.8 MM in 1Q23), explained by the higher operating result obtained, partially offset by the lower results in subsidiaries and associates, as well as lower financial income.

<sup>1</sup> Adjusted Net Profit excludes results from Subsidiaries and Associates, exchange rate differences, and extraordinary effects.

## II. MAIN CONSIDERATIONS:

### a. Average Metal Prices:

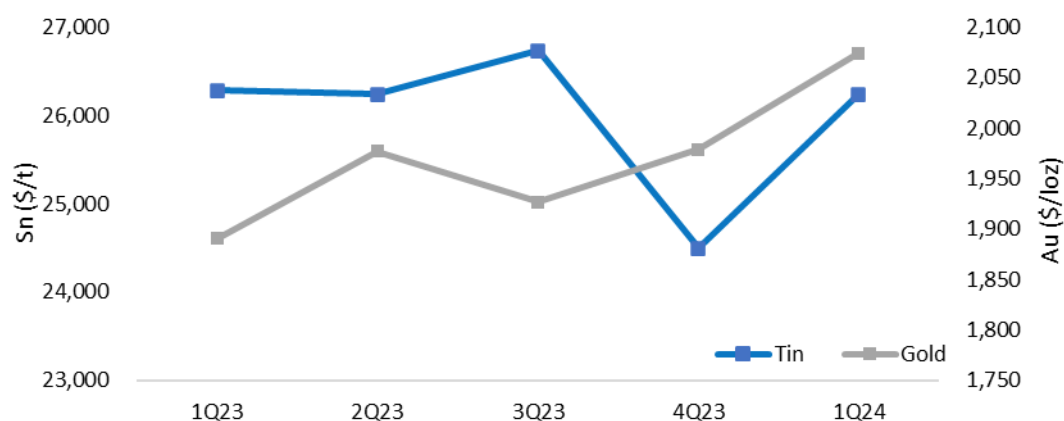
- **Tin:** The average tin price in 1Q24 was US\$ 26,241 per ton, +1% higher than in 1Q23.
- **Gold:** The average gold price in 1Q24 was US\$ 2,074 per ounce, +14% higher than in 1Q23.

Table N° 2: Average metal prices

Average Metal Prices	Unit	1Q24	1Q23	Var (%)
Tin	US\$/t	26,241	26,496	-1%
Gold	US\$/oz	2,074	1,878	10%

Source: Bloomberg

Figure N° 1: Average metal price quarterly evolution



Source: Bloomberg

### b. Exchange Rate:

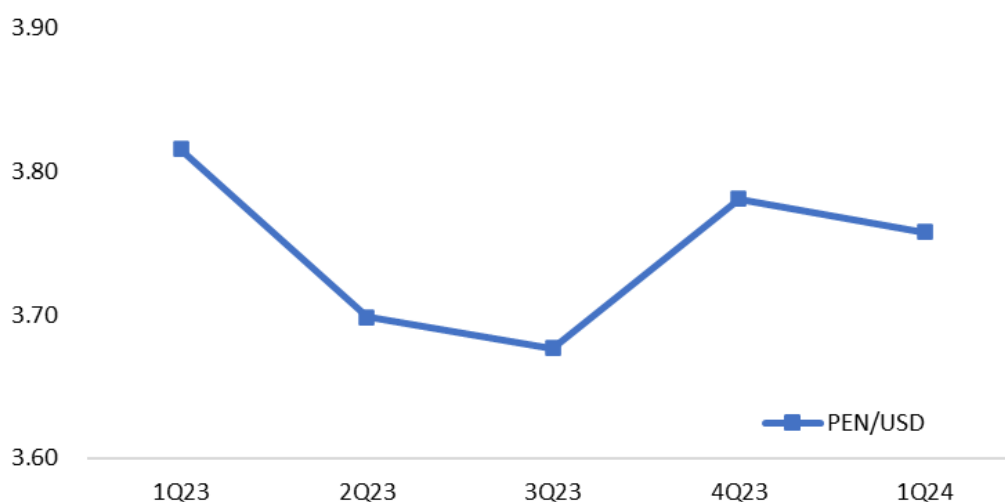
The Peruvian Sol average exchange rate in 1Q24 was S/ 3.76 per US\$ 1, -2% vs. 1Q23 (S/ 3.82 per US\$ 1).

Table N°3: Exchange rate

Average Exchange Rate	Unit	1Q24	1Q23	Var (%)
PEN/USD	S/	3.76	3.82	-2%

Source: Banco Central de Reserva del Perú

**Figure N° 2: Exchange rate quarterly evolution**



Source: Banco Central de Reserva del Perú

### III. OPERATING MINING RESULTS:

#### a. San Rafael – Pisco (Peru):

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

San Rafael - Pisco	Unit	1Q24	1Q23	Var (%)
Ore Treated	t	354,674	72,297	391%
Head Grade	%	2.51	2.10	19%
Tin production (Sn) - San Rafael	t	6,150	1,455	323%
Tin production (Sn) - B2	t	1,971	682	189%
Tin production (Sn) - Pisco	t	6,388	2,716	135%
Cash Cost per Treated Ton <sup>2</sup> - San Rafael	US\$/t	134	134	0%
Cash Cost per Ton of Tin <sup>3</sup>	US\$/t Sn	10,955	7,074	55%

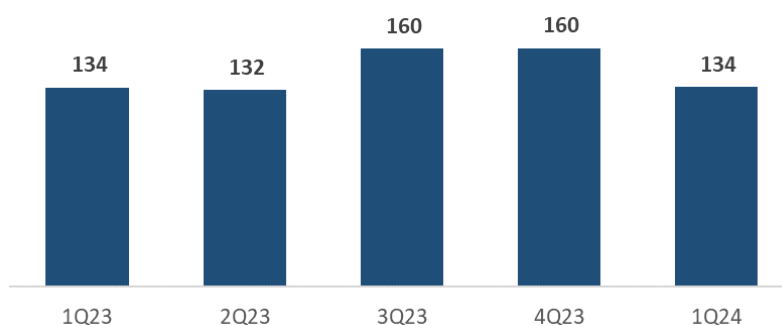
In 1Q24, San Rafael and B2 tin-containing production reached 6,150 tons (+323% vs. 1Q23) and 1,971 tons (+189% vs. 1Q23), respectively. This is mainly explained by a lower comparison base associated with the temporary shutdown of operations during 1Q23, and higher ore grades during the period. In this regard, refined tin production in Pisco reached 6,388 tons (+135% vs. 1Q23).

In San Rafael, the cost per treated ton was 134 US\$/t, in line with 1Q23. It's worth mentioning that the indirect fixed costs not absorbed by production during 1Q23 were classified directly under the cost of sales (IAS 2).

<sup>2</sup> Cash Cost per treated ton = Production cost of San Rafael / Treated Ore (Ore from Mine to Concentrator Plant + Low-Grade Ore to Pre-Concentration Plant)

<sup>3</sup> Cash Cost per ton of tin = (Production cost of San Rafael, B2, and Pisco + selling expenses + tin concentrate movement, excluding employee participation, depreciation, and amortization) / (Tin production in tons)

**Figure N°3: Cash Cost per treated ton evolution - San Rafael (US\$/t)**



The cash cost per ton of tin was US\$ 10,955 in 1Q24 (+55% vs. 1Q23), explained by the costs not absorbed by production that were reclassified to cost of sales and the production of refined tin through concentrate stocks that were already available in the plant after the mine shut down, both temporary and extraordinary effects in 1Q23.

**b. Pucamarca (Perú):**

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

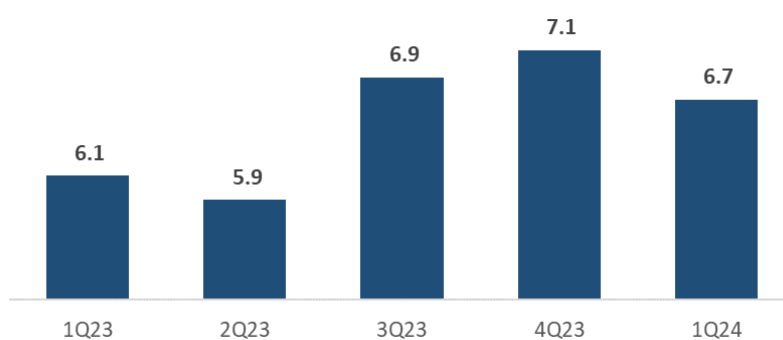
Pucamarca	Unit	1Q24	1Q23	Var (%)
Ore Treated	t	1,492,233	1,801,225	-17%
Head Grade	g/t	0.33	0.30	10%
Gold production (Au)	oz	15,335	18,841	-19%
Cash Cost per Treated Ton	US\$/t	6.7	6.1	9%
Cash Cost per Ounce of Gold <sup>4</sup>	US\$/oz Au	664	598	10.9%

In 1Q24, gold production recorded 15,335 ounces (-19% vs. 1Q23), explained by the lower ore placed on the leaching PAD, partially offset by a higher grade, in line with our mining plan and mine depletion.

The cash cost per treated ton was 6.7 US\$/t in 1Q24 (+9% vs. 1Q23), explained by the lower ore placed on the leaching PAD.

<sup>4</sup> Cash cost per ounce of gold = (Production cost of Pucamarca + selling expenses, excluding employee participation, depreciation, and amortization) / Gold production in ounces

**Figure N°4: Cash Cost per treated ton evolution – Pucamarca (US\$/t)**



The cost per ounce of gold in 1Q24 was US\$ 664, +11% compared to 1Q23, due to the lower production explained above.

#### **IV. CAPEX:**

**Table N°6. Executed Capex**

	Unit	1Q24	1Q23	Var (%)
San Rafael - Pisco	US\$ MM	17.2	7.5	130%
B2	US\$ MM	0.3	0.3	16%
Pucamarca	US\$ MM	3.5	1.0	258%
Others	US\$ MM	0.2	0.2	0%
<b>Total Capex</b>	<b>US\$ MM</b>	<b>21.3</b>	<b>8.9</b>	<b>139%</b>

In 1Q24, CAPEX was US\$ 21.3 MM, 139% vs. 1Q23. CAPEX execution in San Rafael mainly corresponds to the construction of the B4 tailings dam, and the water treatment system. These schedules were updated due to the delays caused by the safety shutdown in 1Q23. Regarding Pucamarca, during the first quarter, we executed the construction of PAD 5A.

## V. FINANCIAL RESULTS:

Table N°7. Financial Statements

Financial Statements	Unit	1Q24	1Q23	Var (%)
Net Revenue	US\$ M	197.1	103.0	91%
Cost of Sales	US\$ M	-94.8	-87.3	8%
<b>Gross Profit</b>	<b>US\$ M</b>	<b>102.4</b>	<b>15.7</b>	<b>554%</b>
Selling Expenses	US\$ M	-1.3	-1.6	-15%
Administrative Expenses	US\$ M	-14.2	-12.7	12%
Exploration & Project Expenses	US\$ M	-6.6	-1.7	278%
Other Operating Expenses, net	US\$ M	-2.2	-0.3	550%
<b>Operating Income</b>	<b>US\$ M</b>	<b>78.0</b>	<b>-0.6</b>	<b>-</b>
Finance Income (Expenses) and Others, net	US\$ M	-5.4	-6.2	-13%
Results from Associates	US\$ M	28.2	76.3	-63%
Exchange Difference, net	US\$ M	0.1	-0.2	-
<b>Profit before Income Tax</b>	<b>US\$ M</b>	<b>101.0</b>	<b>69.2</b>	<b>46%</b>
Tax Expense	US\$ MM	-29.9	-7.4	304%
<b>Net (Loss) Income</b>	<b>US\$ M</b>	<b>71.1</b>	<b>61.8</b>	<b>15%</b>
Net Income Margin	%	36%	60%	-24 pp
<b>EBITDA</b>	<b>US\$ M</b>	<b>104.5</b>	<b>18.4</b>	<b>469%</b>
EBITDA Margin	%	53%	18%	35 pp
<b>Adjusted Net Income<sup>5</sup></b>	<b>US\$ M</b>	<b>42.8</b>	<b>-14.2</b>	<b>-</b>

### a. Net Sales:

In 1Q24, sales reached US\$ 197.1 MM (+91% vs. 1Q23), mainly explained by the higher volume of tin sold (+166%) due to the higher number of operating days compared to the first quarter of the previous year and the higher gold price, partially offset by a lower volume of gold sold (-16%).

Table N°8. Net Revenue Volume by Product

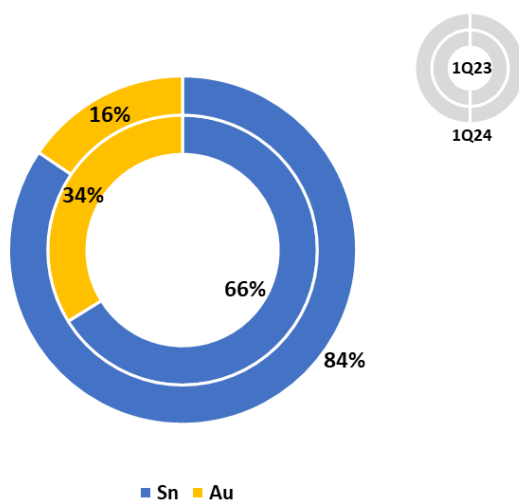
Net Revenue Volume	Unidad	1Q24	1Q23	Var (%)
Tin	t	6,198	2,334	166%
Gold	oz	15,784	18,835	-16%

Table N°9. Net Revenue in US\$ by Product

Net Revenue by Metal	Unidad	1Q24	1Q23	Var (%)
Tin	US\$ MM	166.6	68.1	144%
Gold	US\$ MM	30.6	34.9	-12%
<b>Total</b>	<b>US\$ MM</b>	<b>197.1</b>	<b>103.0</b>	<b>91%</b>

<sup>5</sup> Adjusted Net Profit = Net Profit - Results from Subsidiaries and Associates - Exchange Rate Differences - Extraordinary Effects

**Figure N°5: Net Revenue Breakdown in US\$ by Metal**



**Table N°10. Cost of Sales Detail**

Cost of Sales	Unidad	1Q24	1Q23	Var (%)
Production Cost	US\$ MM	79.0	29.1	172%
Depreciation	US\$ MM	26.0	13.3	95%
Workers profit share	US\$ MM	3.9	0.5	698%
Variation of stocks and others	US\$ MM	-14.2	44.4	-
<b>Total</b>	<b>US\$ MM</b>	<b>94.8</b>	<b>87.3</b>	<b>8%</b>

**b. Cost of Sales:**

Cost of sales in 1Q24 amounted to US\$ 94.8 MM (+8% vs. 1Q23), primarily explained by the increased operating days, resulting in higher production costs, higher profit-sharing related to better results in the quarter, and increased depreciation associated with higher executed capex. This was partially offset by lower utilization of work in process related to the plant shutdown in Pisco and the indirect fixed costs of the tin line in 1Q23, which were not absorbed in production during the shutdown period and were recorded under the category of "Variation of stocks and others."

**c. Gross Profit:**

Gross profit in 1Q24 was US\$ 102.4MM (+554% vs. 1Q23), primarily explained by the higher sales (+91% vs. 1Q23) for the period. Gross margin was 52% in 1Q24 vs. the 15% reached in 1Q23.

**d. Selling Expenses:**

Selling expenses in 1Q24 were -US\$ 1.3 MM, 15% lower than in 1Q23, explained by the unexecuted accounting provisions due to the absence of sales during 1Q23, which was partially offset by the higher volume sold in 1Q24.



**e. Administrative Expenses:**

Administrative expenses in 1Q24 were US\$ 14.2 MM (vs. US\$ 12.7 MM in 1Q23), explained by higher personnel expenses due to profit-sharing provisions, given the better operational results for the quarter.

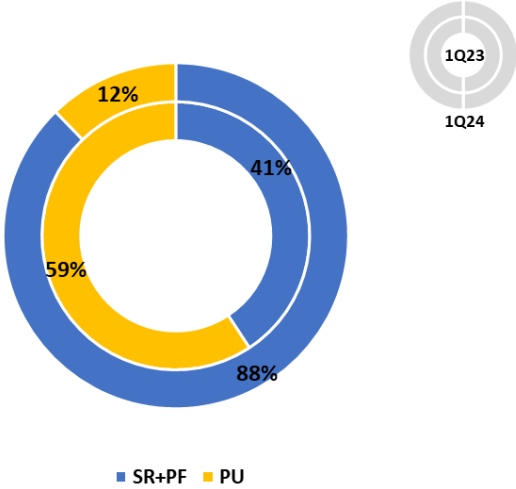
**f. Exploration and Project Expenses:**

In 1Q24, exploration and project expenses amounted to US\$ 6.6 MM (vs. US\$ 1.7 MM in 1Q23), explained by higher explorations in greenfield projects and the low comparison base, as exploration activities were postponed in 1Q23 as a mitigation measure due to lower production.

**g. EBITDA:**

EBITDA in 1Q24 was US\$ 104.5 MM, significantly higher than the US\$18.4 MM of 1Q23, mainly due to the higher gross profit generated and partially offset by higher administrative and exploration expenses, as well as increased donation expenses in line with the projects scheduled for 2024. EBITDA margin in 1Q24 was 53% compared to the 18% obtained in 1Q23.

**Figure N°6: EBITDA Share in US\$ by Operating Unit<sup>6</sup>**



**h. Net Financial Expenses:**

Net financial expenses in 1Q24 were -US\$ 5.4 MM compared to -US\$ 6.2 MM in 1Q23, explained by higher financial interests generated in the period.

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

In 1Q24 results in subsidiaries and associates were US\$ 28.2 MM, -63% vs. 1Q23. The difference is mainly explained by a lower net income from our subsidiary Cumbres Andinas.

<sup>6</sup> Includes SR + FR + B2

**j. Income Tax Expense:**

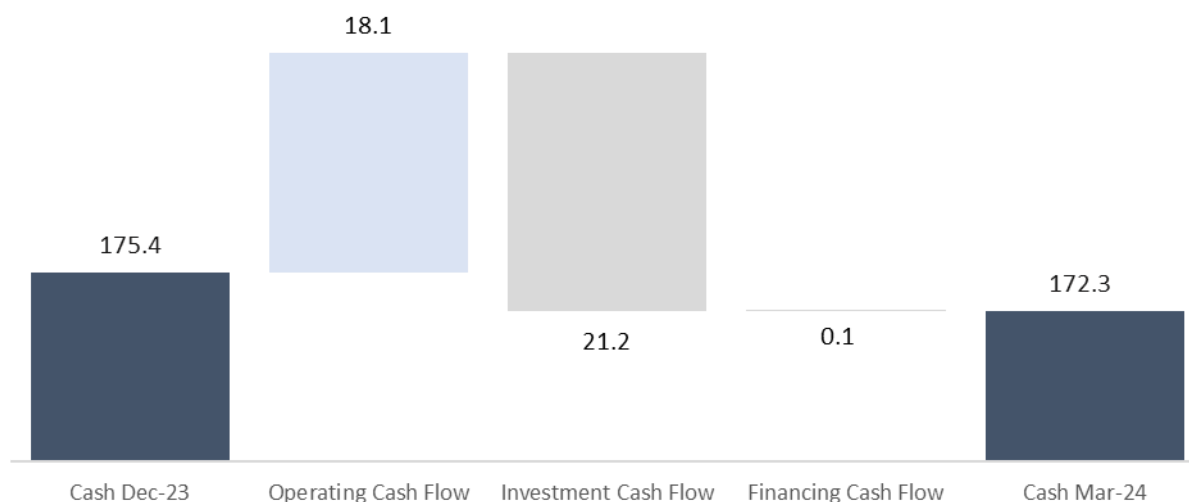
In 1Q24, taxes amounted to US\$ 29.9 MM vs. US\$ 7.4 MM in 1Q23, explained by the higher results of the period.

**k. Net Income and Adjusted Net Income:**

Net profit in 1Q24 was US\$ 71.1 MM, compared to US\$ 61.8 MM in 1Q23 due to the higher operating results. Excluding the results from subsidiaries and associates and the exchange rate difference, adjusted net profit in 1Q24 was US\$ 42.8 MM compared to -US\$ 14.2 MM in 1Q23.

**VI. LIQUIDEZ:**

As of March 2024, the company's cash equivalent balance was US\$ 172.3 MM, vs. US\$ 175.4 MM at the end of 2023. The increase is explained by operating cash flows (+US\$ 18.1 MM), investment cash flows (-US\$ 21.2 MM), and financing cash flow (-US\$ 0.1 MM). Investment cash flow mainly consists of capex execution (-US\$ 21.3 MM) and the sale of property, plant, and equipment (+US\$ 0.1 MM). On the other hand, financing cash flow corresponds mainly to the capital contribution to Taboca (-US\$ 30 MM), offset by the dividends received from our subsidiary Cumbres Andinas (+US\$ 30 MM).



As of March 2024, financial liabilities were US\$ 488.9 MM, corresponding to the senior bond issued, maturing in 2031. The net leverage ratio (Net Debt / EBITDA) decreased from 0.9x by the end of 2023 to 0.7x at the end of 1Q24, explained by higher accumulated EBITDA in the last twelve months.

**Table N°11. Debt Summary**

Financial Ratios	Unit	Mar-24	Dec-23	Var (%)
Total Debt	US\$ MM	488.9	488.6	0%
Long Term - Minsur 2031 Bond	US\$ MM	488.9	488.6	0%
Cash	US\$ MM	172.3	175.4	-2%
Net Debt	US\$ MM	316.6	313.2	1%
Total Debt / EBITDA	x	1.1x	1.4x	-20%
Net Debt / EBITDA	x	0.7x	0.9x	-19%

## VII. RISK MANAGEMENT

The company has a financial controlling area, which permanently validates the financial information to be disclosed to the market according to IFRS and that said information is free from material errors.

The internal controls associated with the risks of the aforementioned function are evaluated and verified by an independent external auditor, who annually issues an opinion on the reasonableness of the Financial Statements and the evaluation of the internal control system to mitigate risks related to integrity and reliability of financial information.

Likewise, periodically, the Internal Auditor reports to the Audit Committee on work progress and deadline compliance regarding the implementation of Internal and External Audit observations in accordance with the audit plan.

Finally, the company has a Risk area, in charge of managing the identified risk matrix, as well as evaluating and monitoring mitigation plan proposals.