



# MANAGEMENT DISCUSSION AND ANALYSIS: INDIVIDUAL RESULTS

MINSUR S.A.  
SECOND 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. SECOND QUARTER HIGHLIGHTS AND EXECUTIVE SUMMARY

Table N° 1: Operating & Financial Highlights

Highlights	Unit	2Q24	2Q23	Var (%)	6M24	6M23	Var (%)
<b>Production</b>							
Tin (Sn)	t	7,143	7,223	-1%	13,531	9,939	36%
Gold (Au)	oz	14,368	13,711	5%	29,703	32,553	-9%
<b>Financial Results</b>							
Net Revenue	US\$ MM	257.3	201.6	28%	454.5	304.6	49%
EBITDA	US\$ MM	154.3	107.1	44%	258.8	125.4	106%
EBITDA Margin	%	60%	53%	7 pp	57%	41%	16 pp
Net Income	US\$ MM	104.6	126.0	-17%	175.7	187.8	-6%
Adjusted Net Income <sup>1</sup>	US\$ MM	68.8	41.9	64%	111.5	27.7	303%

### Second Quarter Executive Summary:

#### a. Operating Results

In 2Q24, tin production was lower than in 2Q23 due to fewer days of operation at the Pisco refinery to perform furnace maintenance. In San Rafael and B2, production reached 6,300 tons (+3% vs. 2Q23) and 1,905 tons (+32% vs. 2Q23), mainly explained by higher feed grades. On the other hand, gold production was 5% above the previous period due to higher gold grades (+17% vs. 2Q23) associated to higher extraction at the “Morrenas” pit.

#### b. Financial Results

Financial results in 2Q24 were higher than in 2Q23. Sales were +28% above 2Q23, mainly due to the higher prices of tin (+23% vs. 2Q23) and gold (+18% vs. 2Q23), as per higher sold volume for both metals (+3% and +52% respectively). It is important to note that the difference in sold volume arises from the temporary accumulation of inventory in 2Q23, which were sold at the beginning of the 3Q23.

EBITDA was US\$ 154.3 MM, +US\$ 47.2 MM above 2Q23 due higher sales, as explained before. The net profit for the period was US\$ 104.6 MM (vs. US\$ 126.0 MM in 2Q23), explained by the higher operating result obtained, offset by the lower results in subsidiaries and associates, as per a higher tax.

<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:

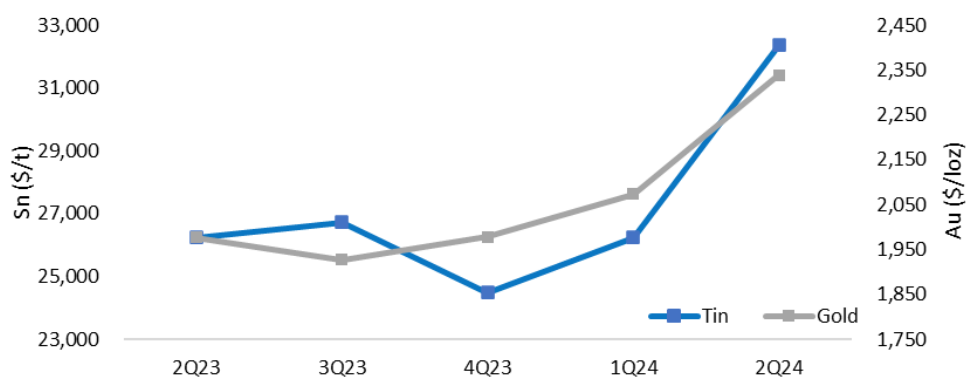
- **Tin:** The average tin price in 2Q24 was US\$ 32,353 per ton, +23% higher than in 2Q23.
- **Gold:** The average gold price in 2Q24 was US\$ 2,338 per ounce, +18% higher than in 2Q23.

Table N° 2: Average metal prices

Average Metal Prices	Unit	2Q24	2Q23	Var (%)	6M24	6M23	Var (%)
Tin	US\$/t	32,353	26,238	23%	29,297	26,259	12%
Gold	US\$/oz	2,338	1,977	18%	2,206	1,934	14%

Source: Bloomberg

Figure N° 1: Average metal price quarterly evolution



Source: Bloomberg

### b. Exchange Rate:

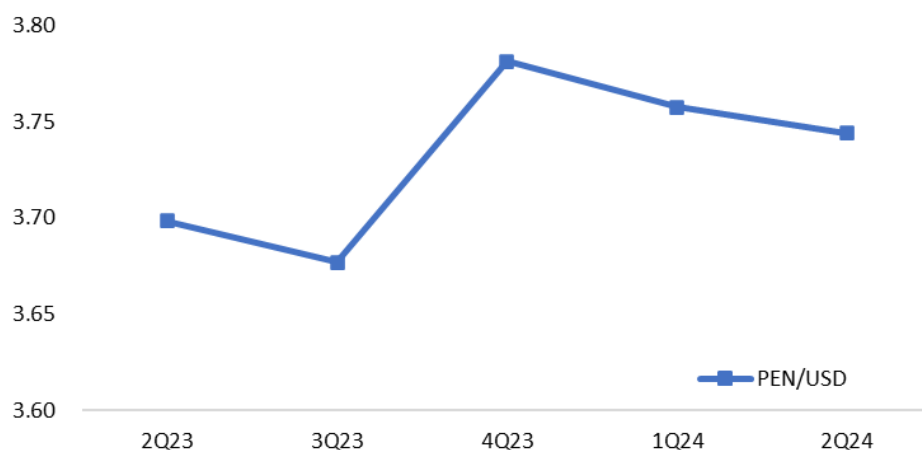
The Peruvian Sol average exchange rate in 2Q24 was S/ 3.74 per US\$ 1, +1%, compared to 2Q23 (S/ 3.70 per US\$ 1).

Table N°3: Exchange rate

Average Exchange Rate	Unit	2Q24	2Q23	Var (%)	6M24	6M23	Var (%)
PEN/USD	S/	3.74	3.70	1%	3.75	3.76	0%

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	2Q24	2Q23	Var (%)	6M24	6M23	Var (%)
Ore Treated	t	351,734	342,732	3%	685,511	415,029	65%
Head Grade	%	2.49	2.28	9%	2.50	2.25	11%
Tin production (Sn) - San Rafael	t	6,300	6,101	3%	12,450	7,556	65%
Tin production (Sn) - B2	t	1,905	1,440	32%	3,876	2,123	83%
Tin production (Sn) - Pisco	t	7,143	7,223	-1%	13,531	9,939	36%
Cash Cost per Treated Ton <sup>2</sup> - San Rafael	US\$/t	135	132	2%	139	132	5%
Cash Cost per Ton of Tin <sup>3</sup>	US\$/t Sn	9,864	9,456	4%	10,379	8,805	18%

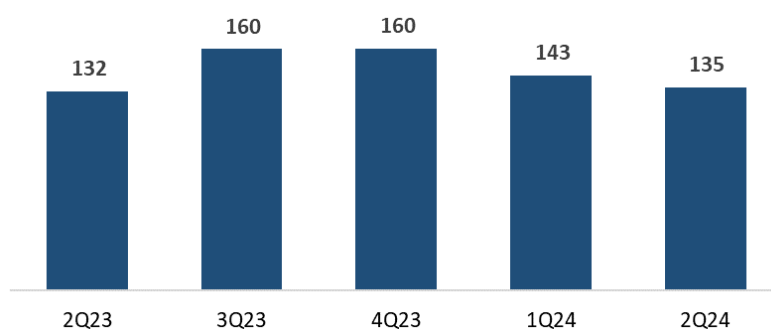
In 2Q24, San Rafael and B2 tin-containing production reached 6,300 tons (+3% vs. 2Q23) and 1,905 tons (+32% vs. 2Q23) respectively, mainly explained by higher ore grades during the period (+9% vs. 2Q23). Conversely, tin production at Pisco was 7,143 tons (-1% vs. 2Q23) due to fewer operating days due to furnace maintenance, offset by the higher volume of tin content fed.

In San Rafael, the cost per treated ton was 135 US\$/t (+2% vs. 2Q23), mainly explained by higher mine costs associated with mining works; however, it continues to decline compared to previous quarters.

<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\$ 9,864 in 2Q24 (+4% vs. 2Q23), explained by lower refined tin production (-1% vs. 2Q23), higher mine cost and furnace maintenance.

**b. Pucamarca (Perú):**

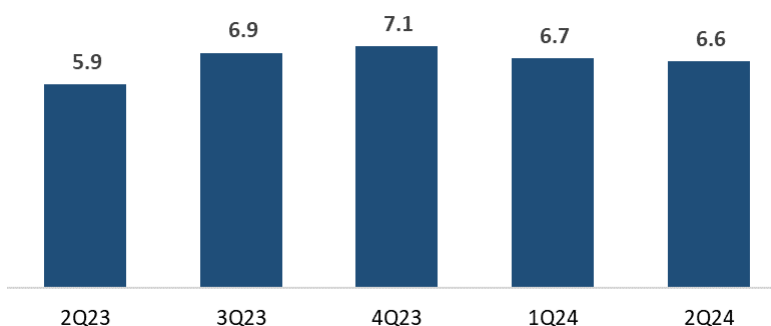
**Table N°5. Pucamarca Operating Results**

Pucamarca	Unit	2Q24	2Q23	Var (%)	6M24	6M23	Var (%)
Ore Treated	t	1,563,582	1,983,146	-21%	3,055,815	3,784,370	-19%
Head Grade	g/t	0.40	0.34	17%	0.36	0.32	14%
Gold production (Au)	oz	14,368	13,711	5%	29,703	32,553	-9%
Cash Cost per Treated Ton	US\$/t	6.6	5.9	11%	6.7	6.0	10%
Cash Cost per Ounce of Gold <sup>4</sup>	US\$/oz Au	730	873	-16%	696	714	-3%

In 2Q24, gold production recorded 14,368 ounces (+5% vs. 2Q23), explained by higher grade, which climbed +17% with respect to 2Q23 due to the mining of higher-grade zones (Morrenas pit). However, this increase was partially offset by less ore placed in the leaching PAD, aligned with our mining plan.

The cash cost per treated ton was 6.6 US\$/t in 2Q24 (+11% vs. 2Q23), explained by the lower ore placed on the leaching PAD.

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



<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

The cost per ounce of gold in 2Q24 was US\$ 730, -16% compared to 2Q23, due to the higher production explained above.

## IV. CAPEX:

Table N°6. Executed Capex

CAPEX	Unit	2Q24	2Q23	Var (%)	6M24	6M23	Var (%)
San Rafael + B2	US\$ MM	13.8	23.9	-42%	30.9	31.0	0%
Pisco	US\$ MM	1.0	2.0	-51%	1.3	2.2	-42%
Pucamarca	US\$ MM	7.0	1.0	572%	10.6	2.0	419%
Others	US\$ MM	0.4	0.0	0%	0.6	0.2	269%
<b>Total Capex</b>	<b>US\$ MM</b>	<b>22.2</b>	<b>26.9</b>	<b>-18%</b>	<b>43.5</b>	<b>35.5</b>	<b>23%</b>

In 2Q24, CAPEX was US\$ 22.2 MM, -18% vs. 2Q23. CAPEX execution in San Rafael mainly corresponds to the construction of the B4 tailings dam, the San German ventilation system and the water treatment system. Regarding Pucamarca, during the second quarter, construction of PAD 5A continued.

## V. FINANCIAL RESULTS:

Table N°7. Financial Statements

Financial Statements	Unit	2Q24	2Q23	Var (%)	6M24	6M23	Var (%)
Net Revenue	US\$ M	257.3	201.6	28%	454.5	304.6	49%
Cost of Sales	US\$ M	-102.2	-98.2	4%	-197.0	-185.5	6%
<b>Gross Profit</b>	<b>US\$ M</b>	<b>155.1</b>	<b>103.5</b>	<b>50%</b>	<b>257.5</b>	<b>119.1</b>	<b>116%</b>
Selling Expenses	US\$ M	-1.6	-1.8	-13%	-2.9	-3.4	-14%
Administrative Expenses	US\$ M	-21.4	-16.5	30%	-35.6	-29.1	22%
Exploration & Project Expenses	US\$ M	-9.3	-4.7	100%	-15.9	-6.4	149%
Other Operating Expenses, net	US\$ M	-0.9	-3.8	-75%	-3.1	-4.1	-24%
<b>Operating Income</b>	<b>US\$ M</b>	<b>121.9</b>	<b>76.7</b>	<b>-</b>	<b>199.9</b>	<b>76.1</b>	<b>163%</b>
Finance Income (Expenses) and Others, net	US\$ M	-3.1	-5.1	-40%	-8.4	-11.3	-26%
Results from Associates	US\$ M	36.9	84.1	-56%	65.1	160.4	-59%
Exchange Difference, net	US\$ M	-1.1	0.0	-	-1.0	-0.3	275%
<b>Profit before Income Tax</b>	<b>US\$ M</b>	<b>154.6</b>	<b>155.7</b>	<b>-1%</b>	<b>255.7</b>	<b>224.9</b>	<b>14%</b>
Tax Expense	US\$ MM	-50.0	-29.7	69%	-79.9	-37.1	116%
<b>Net (Loss) Income</b>	<b>US\$ M</b>	<b>104.6</b>	<b>126.0</b>	<b>-17%</b>	<b>175.7</b>	<b>187.8</b>	<b>-6%</b>
Net Income Margin	%	41%	62%	-22 pp	39%	62%	-23 pp
<b>EBITDA</b>	<b>US\$ M</b>	<b>154.3</b>	<b>107.1</b>	<b>44%</b>	<b>258.8</b>	<b>125.4</b>	<b>106%</b>
EBITDA Margin	%	60%	53%	7 pp	57%	41%	16 pp
<b>Adjusted Net Income<sup>5</sup></b>	<b>US\$ M</b>	<b>68.8</b>	<b>41.9</b>	<b>64%</b>	<b>111.5</b>	<b>27.7</b>	<b>303%</b>

### a. Net Sales:

In 2Q24, sales reached US\$ 257.3 MM (+28% vs. 2Q23), mainly explained by higher prices of tin (+23% vs. 2Q23) and gold (+18% vs. 2Q23). Additionally, a higher volume of sales of these metals was registered, with increments of 3% in tin and 52% in gold.

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

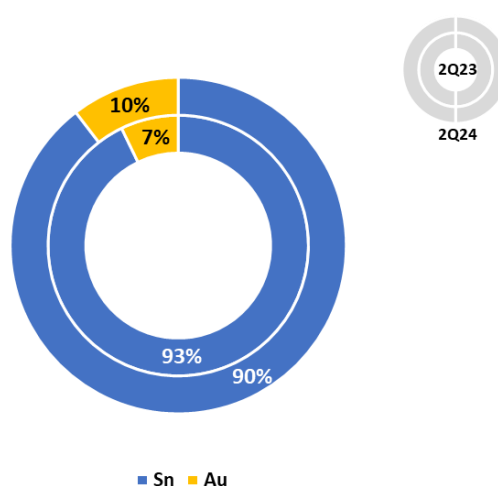
**Table N°8. Net Revenue Volume by Product**

Net Revenue Volume	Unidad	2Q24	2Q23	Var (%)	6M24	6M23	Var (%)
Tin	t	7,051	6,878	3%	13,249	9,212	44%
Gold	oz	13,368	8,814	52%	29,152	27,648	5%

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

Net Revenue by Metal	Unidad	2Q24	2Q23	Var (%)	6M24	6M23	Var (%)
Tin	US\$ MM	230.4	187.2	23%	397.0	255.3	55%
Gold	US\$ MM	26.9	14.4	86%	57.5	49.3	17%
<b>Total</b>	<b>US\$ MM</b>	<b>257.3</b>	<b>201.6</b>	<b>28%</b>	<b>454.5</b>	<b>304.6</b>	<b>49%</b>

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



**Table N°10. Cost of Sales Detail**

Cost of Sales	Unidad	2Q24	2Q23	Var (%)	6M24	6M23	Var (%)
Production Cost	US\$ MM	79.6	78.8	1%	158.6	107.9	47%
Depreciation	US\$ MM	32.0	29.9	7%	58.1	43.2	34%
Workers profit share	US\$ MM	6.3	5.3	18%	10.2	5.8	76%
Variation of stocks and others	US\$ MM	-15.7	-15.8	-1%	-29.9	28.7	-204%
<b>Total</b>	<b>US\$ MM</b>	<b>102.2</b>	<b>98.2</b>	<b>4%</b>	<b>197.0</b>	<b>185.5</b>	<b>6%</b>

**b. Cost of Sales:**

Cost of sales in 2Q24 amounted to US\$ 102.2 MM (+4% vs. 2Q23), primarily explained by higher depreciation associated with the capitalization of the B4 tailings dam, the water treatment system, the higher participation in line with better operational results and higher production costs.

**c. Gross Profit:**

Gross profit in 2Q24 was US\$ 155.1 MM (+50% vs. 2Q23), primarily explained by the higher sales (+28% vs. 2Q23) for the period, partially offset by higher cost of sales (+4% vs. 2Q23) associated with the higher sales volume of tin and gold. Gross margin was 60% in 2Q24 vs. the 51% reached in 2Q23.

**d. Selling Expenses:**

Selling expenses in 2Q24 were -US\$ 1.6 MM, 13% lower than in 2Q23, explained by lower freight expenses incurred in the period.

**e. Administrative Expenses:**

Administrative expenses in 2Q24 were US\$ 21.4 MM (vs. US\$ 16.5 MM in 2Q23), explained by higher personnel expenses due to profit-sharing provisions, given the better operational results for the quarter.

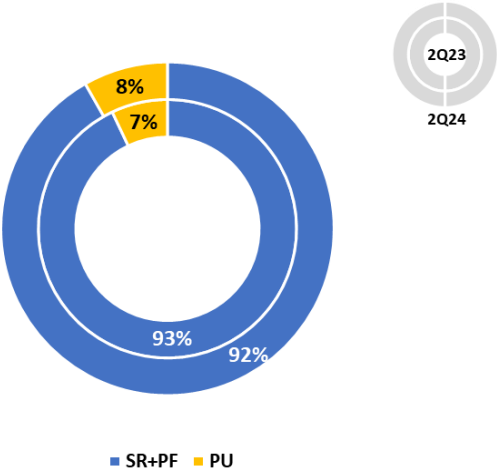
**f. Exploration and Project Expenses:**

In 2Q24, exploration and project expenses amounted to US\$ 9.3 MM (vs. US\$ 4.7 MM in 2Q23), explained by higher explorations in greenfield projects and the low comparison base, as exploration activities were postponed in 2Q23 as a mitigation measure due to lower production in the 1Q23 related to social protests that forced us to close the San Rafael mine temporarily.

**g. EBITDA:**

EBITDA in 2Q24 was US\$ 154.3 MM, significantly higher than the US\$107.1 MM of 2Q23, mainly due to the higher gross profit generated and partially offset by higher administrative and exploration expenses. EBITDA margin in 2Q24 was 60% compared to the 53% obtained in 2Q23.

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



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



**h. Net Financial Expenses:**

Net financial expenses in 2Q24 were -US\$ 3.1 MM compared to -US\$ 5.1 MM in 2Q23, explained by higher financial interests generated in the period associated with a larger cash balance and an increase in interest rates, lower interest expenses related to the cancellation of the short-term loan of US\$ 40 MM in July of 2023, and for dividends received from related companies.

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

In 2Q24, the results for subsidiaries and associates were US\$ 36.9 MM, -56% compared to 2Q23, mainly explained by a lower income from our subsidiary Cumbres Andinas.

**j. Income Tax Expense:**

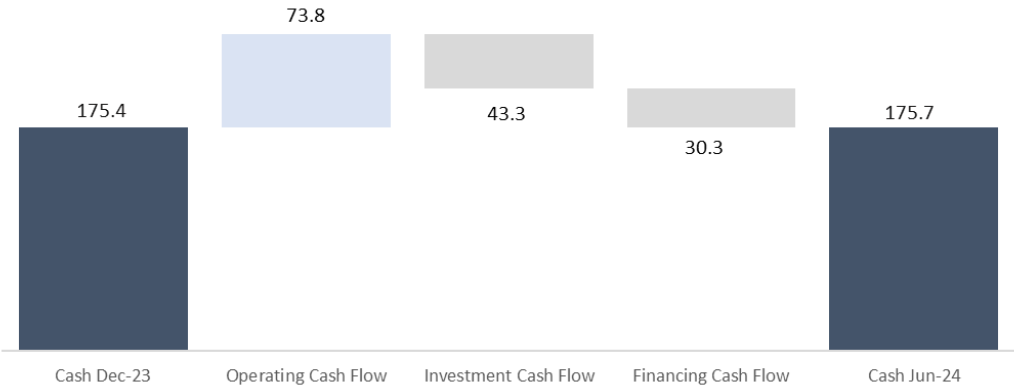
Taxes amounted to US\$ 50.0 MM in 2Q24 compared to US\$ 29.7 MM in 2Q23, which is explained by the period’s higher results.

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

Net profit in 2Q24 was US\$ 104.6 MM, compared to US\$ 126.0 MM in 2Q23 due to the lower results in subsidiaries and associates, partially reversed by higher operational results. Without considering results in subsidiaries and associates and exchange rate differences, adjusted net profit in 2Q24 was US\$ 68.8 MM compared to US\$ 41.9 MM in 2Q23.

**VI. LIQUIDITY:**

As of June 2024, the company’s cash equivalent balance was US\$ 175.7 MM, slightly above the balance at the close of December 2023 of US\$ 175.4 MM. The change is explained by operating cash flows (+US\$ 73.8 MM), investment cash flows (-US\$ 43.3 MM), and financing cash flow (-US\$ 30.3 MM). Investment cash flow mainly consists of capex execution. On the other hand, financing cash flow corresponds mainly to dividends paid (-US\$ 30.0) and capital contributions to Taboca (-US\$ 30 MM) and Cumbres del Sur (-US\$ 2.1 MM) partially offset by the dividends received from our subsidiary Cumbres Andinas (+US\$ 30.0 MM) and related companies (+US\$ 1.8 MM).



As of June 2024, financial liabilities were US\$ 489.2 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 2Q24, explained by higher accumulated EBITDA in the last twelve months.

**Table N°11. Debt Summary**

Financial Ratios	Unit	Jun-24	Dec-23	Var (%)
Total Debt	US\$ MM	489.2	488.6	0%
Long Term - Minsur 2031 Bond	US\$ MM	489.2	488.6	0%
Cash	US\$ MM	175.7	175.4	0%
Net Debt	US\$ MM	313.5	313.2	0%
Total Debt / EBITDA	x	1.0x	1.4x	-28%
Net Debt / EBITDA	x	0.7x	0.9x	-28%

**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.