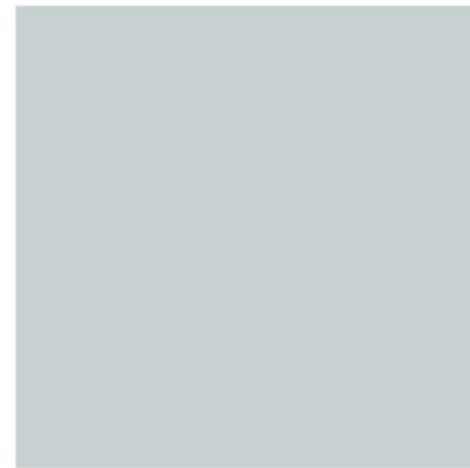
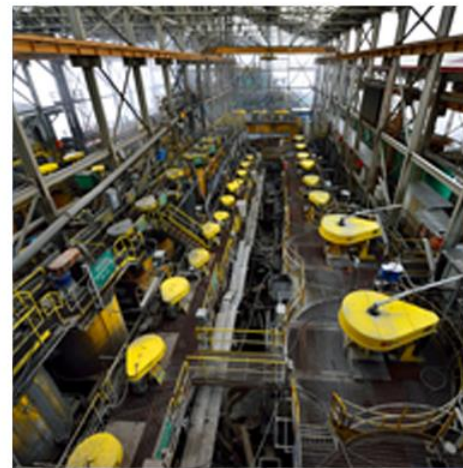
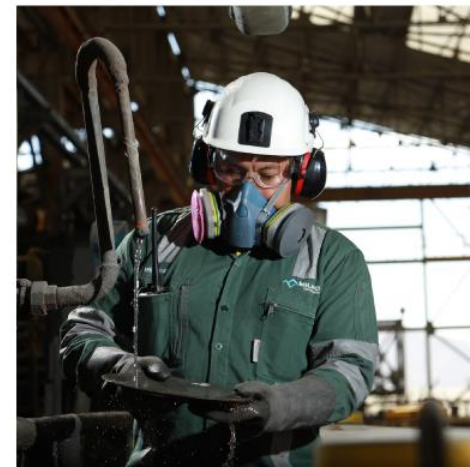


Company part of  **Votorantim**  
Metais



# CORPORATE PRESENTATION

Lima, May 2016



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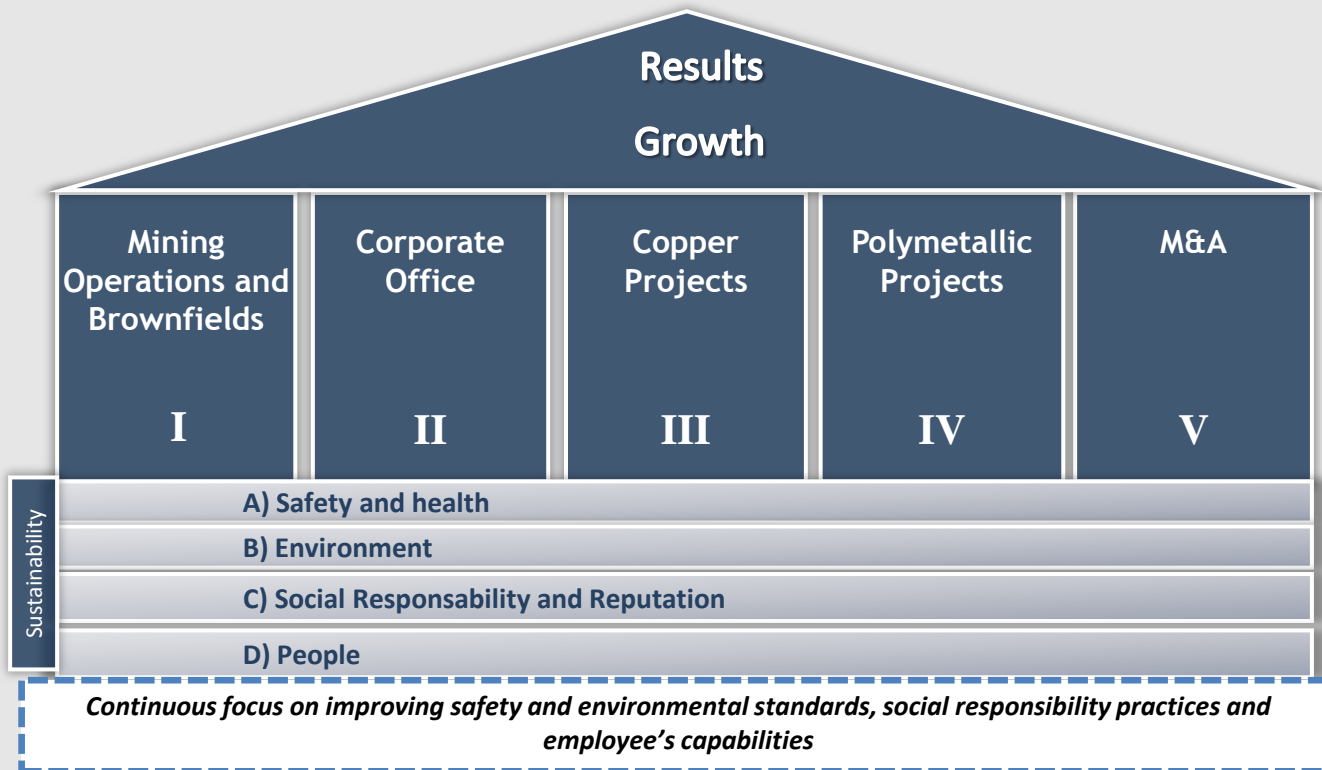
# Business Strategy

Victor Gobitz – CEO





Since 2013, Milpo has been implementing a corporate strategy through the execution of 5 pillars based on 4 sustainability policies



# In terms of Pillars I and II, Milpo has achieved consistent positive results in spite of metal prices downward trend

## Financial Performance

YEAR			2013	2014	2015	1Q16
Prices	Zinc	(US\$/t)	1,910	2,162	1,933	1,676
	Copper	(US\$/t)	7,326	6,860	5,502	4,669
	Lead	(US\$/t)	2,142	2,096	1,786	1,742
	Silver	(US\$/oz)	23.8	19.1	15.7	14.8
Revenues (US\$ MM)			720	758	626	154
EBITDA (US\$ MM)			257	266	179	55
Net Debt (US\$ MM)			38	-75	-88	-79
Net Debt / EBITDA (x times)			0.15	-0.28	-0.50	-0.42

*In spite of prices volatility, good financial results have been achieved with high liquidity and low indebtedness*

## Pillar I: Mining Operations and Brownfields performance

YEAR			2013	2014	2015	1Q16
LOM* (years)	Reserves		5	7	8	8
	Reserves + Resources*		10	12	14	14
ROM (Mt)			8.8	9.6	10.3	2.7
Fine Metal production	Zinc	(000 fmt)	261	270	269	67
	Copper	(000 fmt)	37	42	40	10
	Lead	(000 fmt)	36	42	45	12
	Silver	(MM oz)	6.0	6.8	7.6	2.0
	Gold	(M oz)	11.4	13.2	17.9	5.4
Cash Cost (US\$/t rom)			35.0	35.5	33.3	32.4
Cash Cost US\$/t Zinc equivalent			1,153	1,090	1,136	1,084

*Since 2013, the focus on optimizing current mining units and executing brownfield projects has allowed Milpo to increase its life of mine in spite of higher production and to decrease cash costs through costs reduction initiatives*

## Pillar II: Corporate Office

YEAR	2013 (July)	2014	2015	1Q16
Headcount	300	144	131	106

*Leaner organization functioning as a strategic services provider, with initiatives such as implementing SAP and a Shared Services Center (CSC)*

In terms of Pillars III, IV and V, Milpo's strategy is executed as planned, having optimized its Brownfield projects and developed key engineering and environmental aspects for its greenfields, with also a non-organic growth perspective

## 2013

### CERRO LINDO

- 15ktpd capacity
- 11 years of LOM

### EL PORVENIR

- 12 years of LOM

### ATACOCHA

- 6 years of LOM

*Development of the Pasco Mining Complex Integration concept (4 phases)*

### MAGISTRAL

- Prefeasibility study for a 30k tpd capacity

### PUKAQAQA

- Prefeasibility study for a 30k tpd capacity

### HILARION

- Scoping study for a 10k tpd capacity, considering an underground processing plant

*Development of the modular growth concept for the Greenfield projects*



Mining Units & Brownfields

Greenfield Copper Projects

Greenfield Polymetallic Projects

## 2015

### CERRO LINDO

- 18ktpd capacity and studies for an increase to 20ktpd
- 13 years of LOM

### PASCO COMPLEX

- 16 years of LOM for EP and 13 years of LOM for ATA
- Integration's two first phases have already been concluded (administrative and tailing dam disposal). 3rd phase in progress
- Implementation of the *San Gerardo* small open pit in Atacocha which allow access to mineral with higher contents and lower costs

### MAGISTRAL

- Feasibility study for a 10k tpd capacity submitted to PROINVERSION
- EIA for a 30k tpd capacity submitted to the Ministry of Energy and Mines

### PUKAQAQA

- Scoping study for a 10k tpd capacity
- EIA approved for a 30k tpd capacity

### HILARION

- Design of a 5Ktpd capacity operation, with a surface processing plant

### M&A activities

#### ARIPUANA (7.7%) Acquisition 2014

- Engineering study for a 5ktpd capacity in progress
- EIA submitted for approval

#### SHALIPAYCO (75%) Acquisition 2015/2016

- Prefeasibility for a 3k tpd capacity
- Study of different alternatives to initiate production sooner (tolling)

#### BONGARA (70%) Acquisition 2014

- Road Construction in progress

#### MICHÍQUILLAY

- Self-sustained Initiative presented to PROINVERSION by mid 2015

# Operational and Financial Results 1Q16 vs. 1Q15

Claudia Torres – CFO



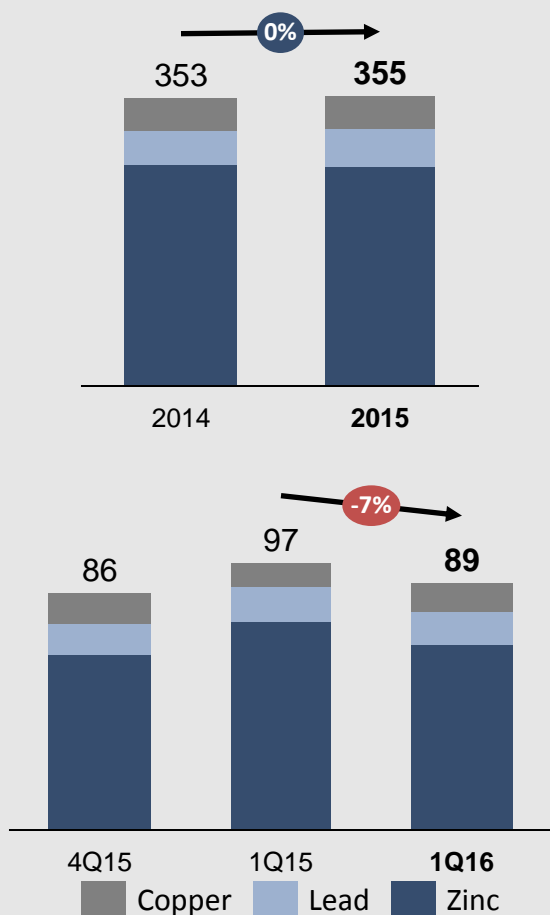


# Higher lead, copper and silver fine metal content production partially compensated negative price effect during 1Q16



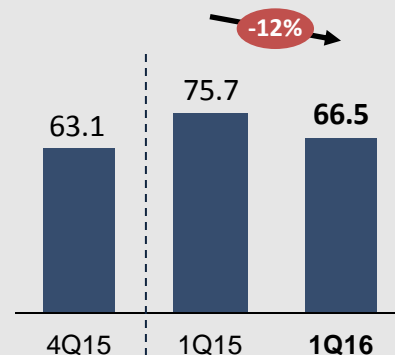
## Fine content in concentrates production (thousand of tonnes)

### Consolidated

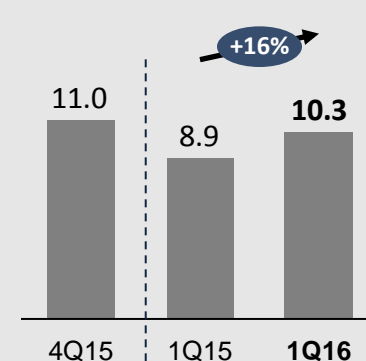


### By metal

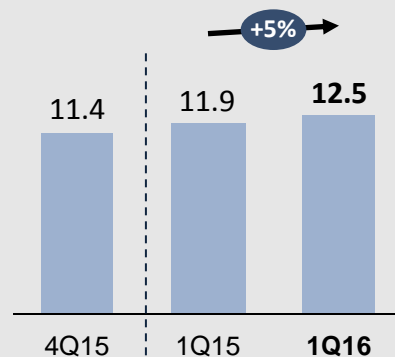
#### Zinc (thousand of tonnes)



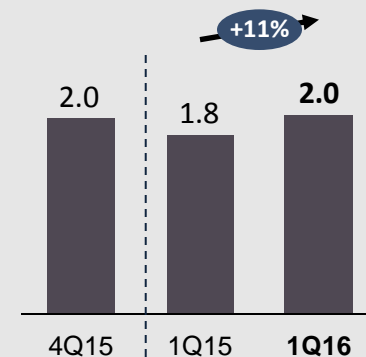
#### Copper (thousand of tonnes)



#### Lead (thousand of tonnes)



#### Silver (million of ounces)

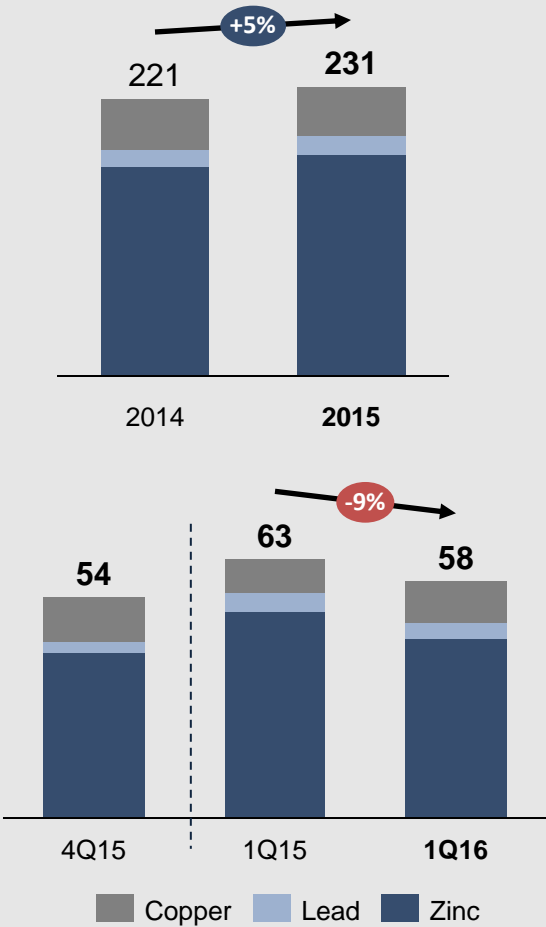




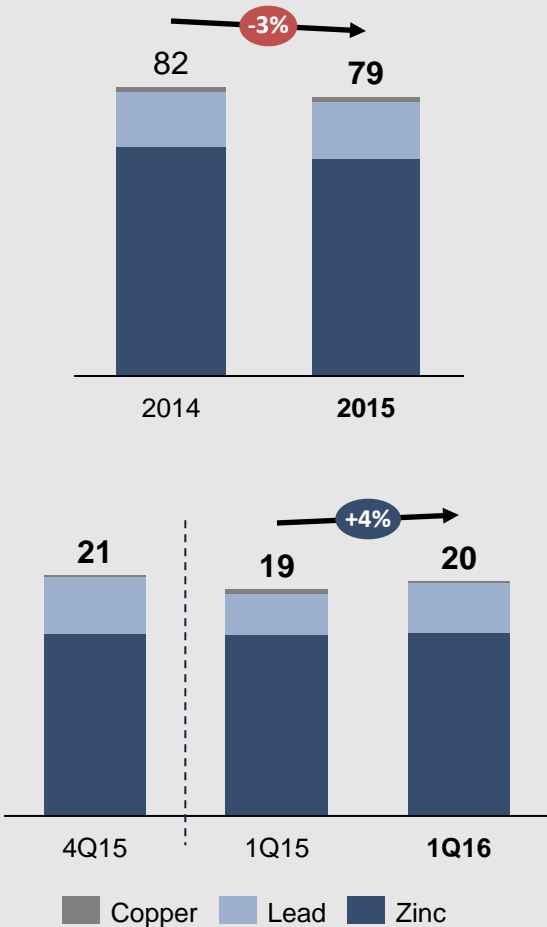


Fine content in concentrates production  
(thousand of tonnes)

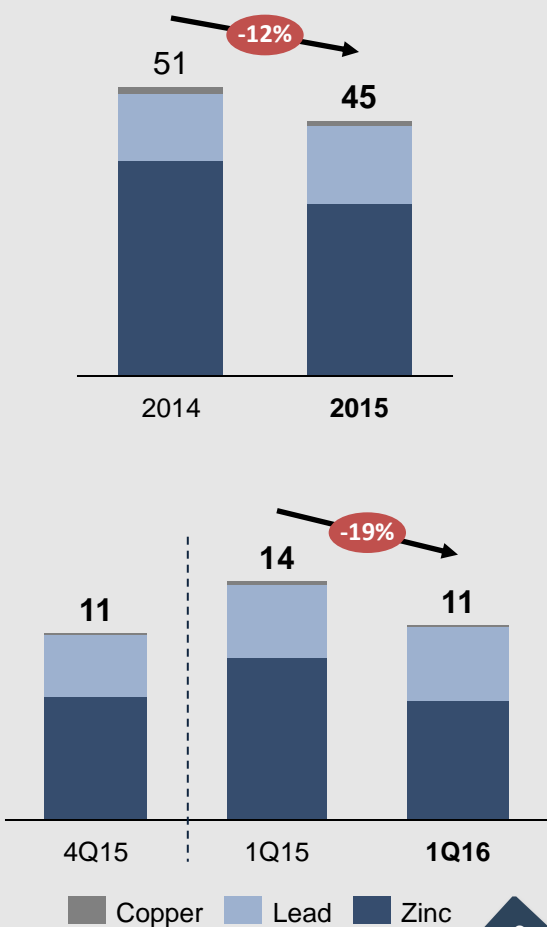
CERRO LINDO



EL PORVENIR



ATACOCHA



# Lower consolidated cash costs also helped mitigate negative price effect

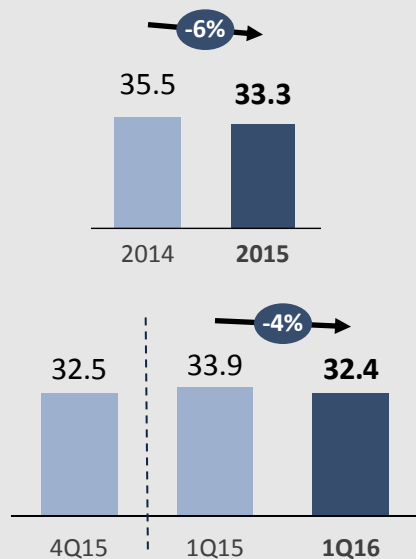


## Cash Cost US\$/t Zinc equivalent 1Q16

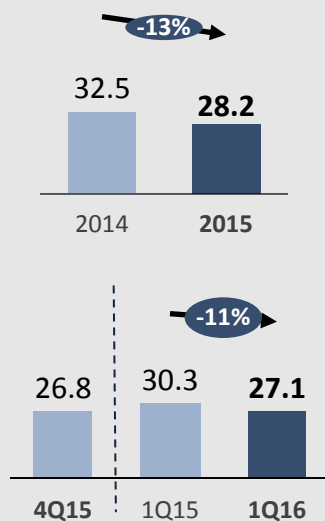


## Cash Cost US\$/t rom

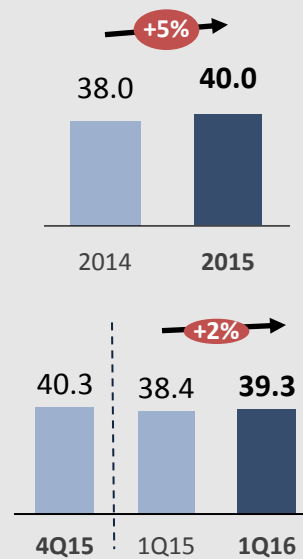
### CONSOLIDATED



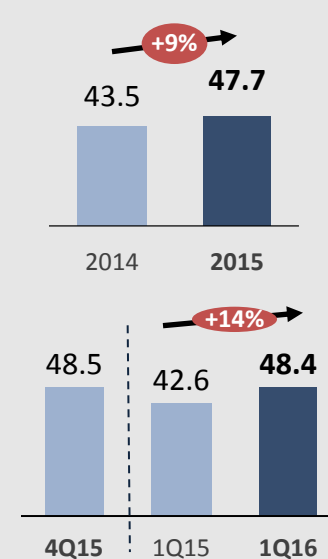
### CERRO LINDO



### EL PORVENIR



### ATACOCHA

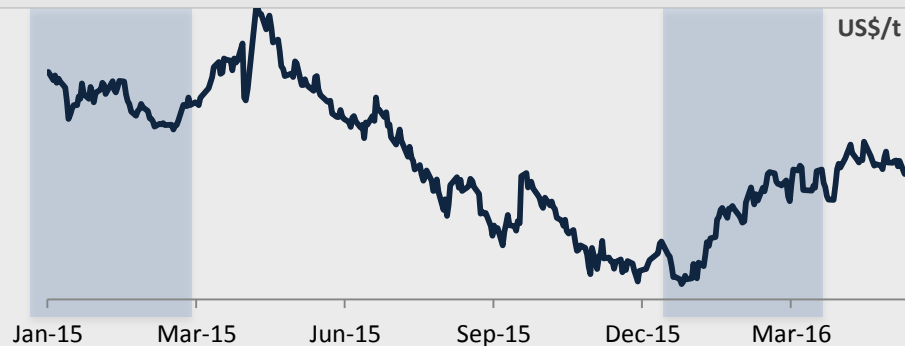


During 1Q16, metal prices showed a slight recovery, but continued at lower levels in comparison to those of 1Q15



## Price Evolution

ZINC



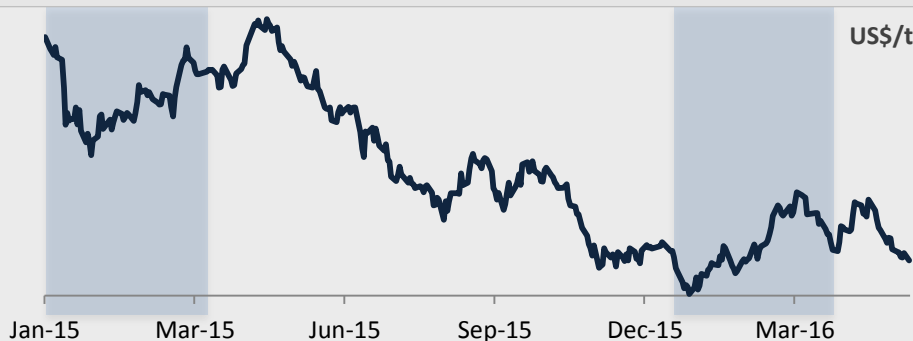
## Trading

	2014	2015	Var %	1Q15	1Q16	Var %
Zinc	2,162	1,933	-11%	2,081	1,676	-20%

Historical Price  
Data  
2015 - today

Max : 2,405 - 05/2015  
Min : 1,454 - 01/2016  
Today : 1,832 - 05/2016

COPPER

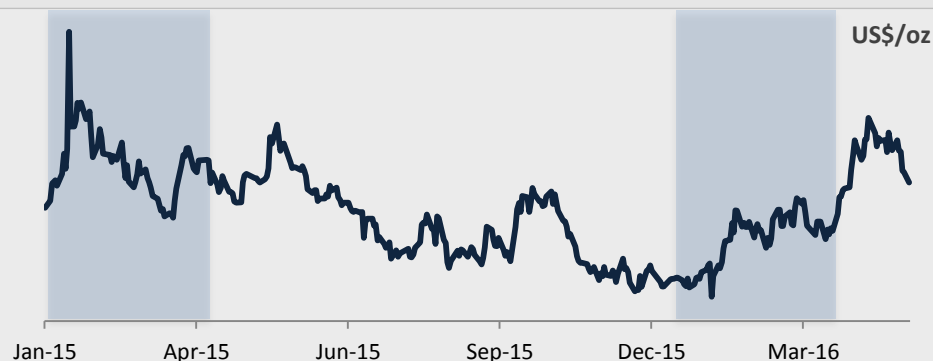


	2014	2015	Var %	1Q15	1Q16	Var %
Copper	6,860	5,502	-20%	5,814	4,669	-20%

Historical Price  
Data  
2015 - today

Max : 6,448 - 05/2015  
Min : 4,311 - 01/2016  
Today : 4,572 - 05/2016

SILVER



	2014	2015	Var %	1Q15	1Q16	Var %
Silver	19.1	15.7	-18%	16.7	14.8	-11%

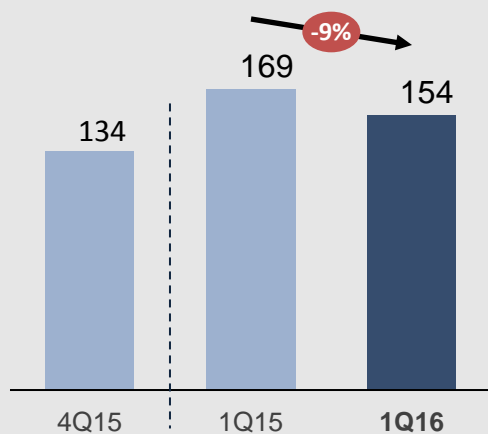
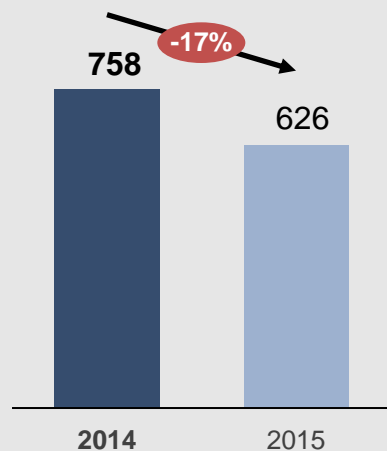
Historical Price  
Data  
2015 - today

Max : 19.9 - 01/2015  
Min : 13.6 - 01/2016  
Today : 16.3 - 05/2016

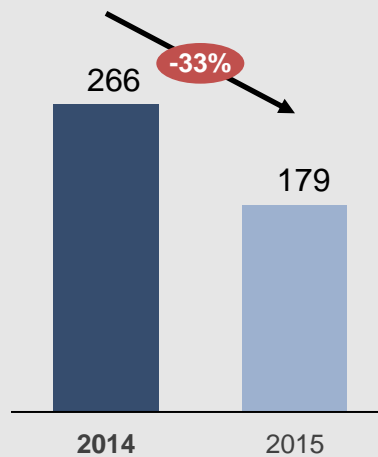
EBITDA Margin 1Q16 rose to 35%, higher than that of 1Q15 due to lower operating costs and expenses and in spite of lower metal prices



## REVENUES (US\$ million)



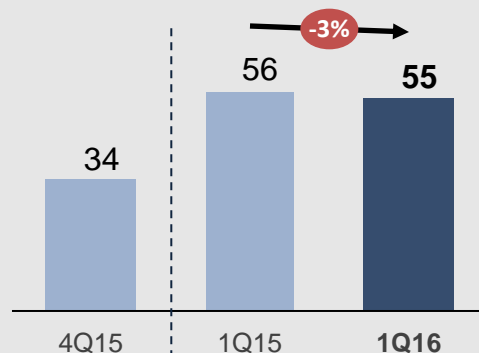
## EBITDA (US\$ million)



Margin (%)

35%

29%



Margin (%)

25%

33%

35%



## Highlights 1Q15 vs. 1Q16

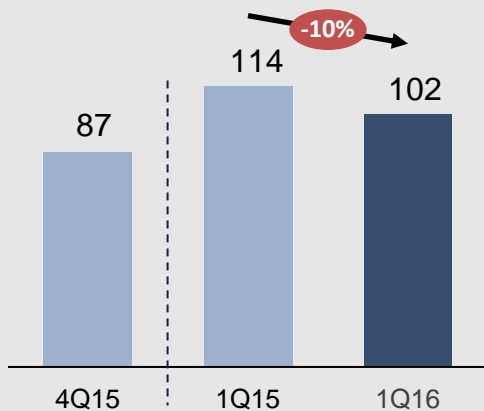
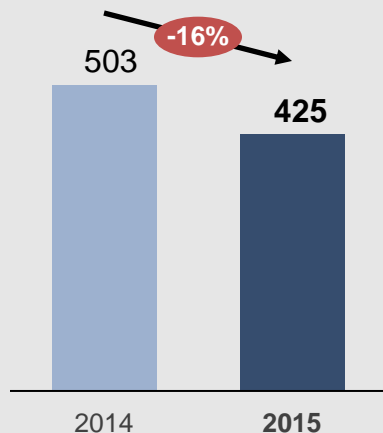
- Revenues of US\$ 154 million, 9% decrease due to lower metal prices.
- EBITDA of US\$ 55 million, 3% decrease due to lower revenues and in spite of lower costs and expenses.



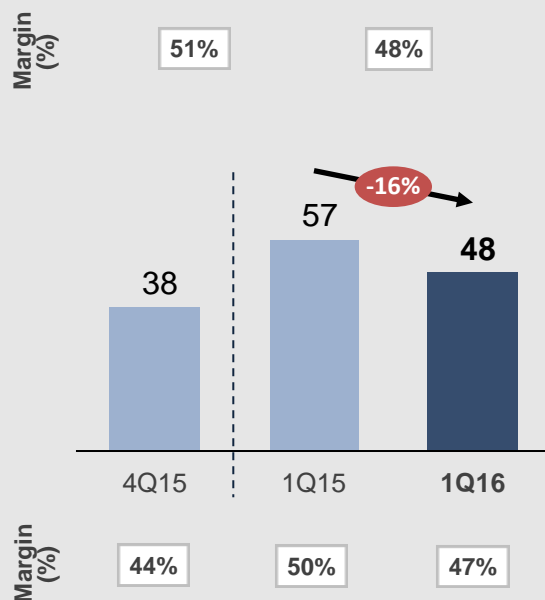
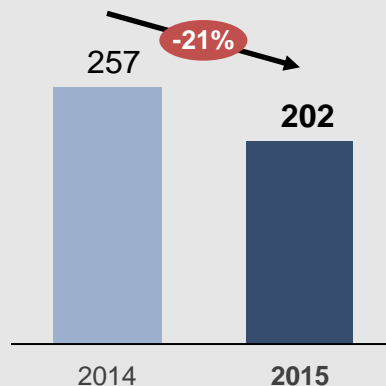
# Cerro Lindo's financial performance (66% of Milpo's 1Q16 revenues)



## REVENUES (US\$ million)



## EBITDA (US\$ million)



## Highlights 1Q15 vs. 1Q16

- Lower zinc and lead fine content in concentrates production compensated by the increase in copper and silver contents:

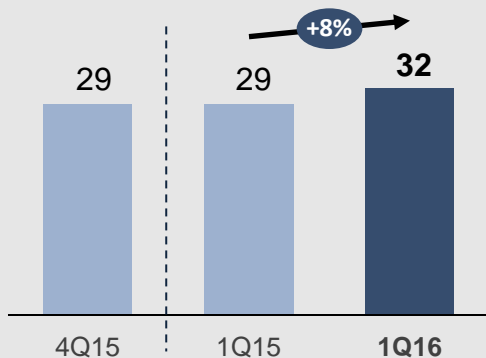
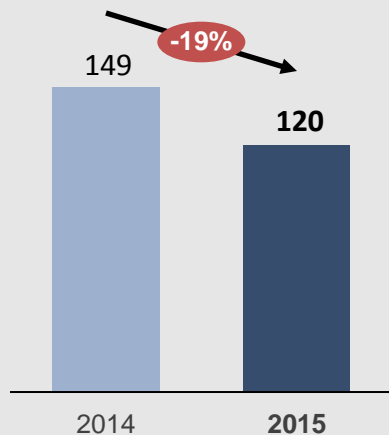
		1Q16
ZINC	↓	-13%
LEAD	↓	-8%
COPPER	↑	21%
SILVER	↑	2%

- Revenues of US\$ 102 million, 10% decrease due to lower metals prices.
- EBITDA of US\$ 48 million, 16% decrease due to lower revenues and in spite of lower cash costs (US\$/t 30.3 vs US\$/t 27.1).

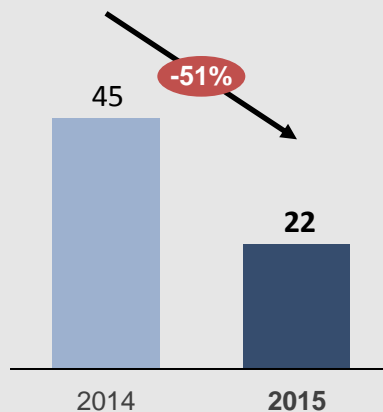
# El Porvenir's financial performance (20% of Milpo's 1Q16 revenues)



## REVENUES (US\$ million)



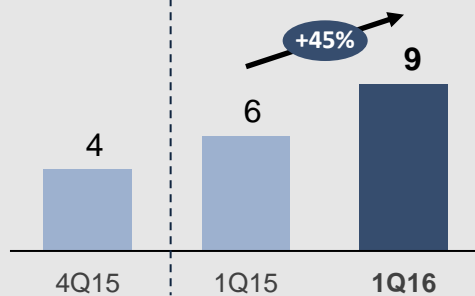
## EBITDA (US\$ million)



Margin (%)

30%

18%



Margin (%)

15%

21%

28%

## Highlights 1Q15 vs. 1Q16

- Higher zinc, lead and silver fine content in concentrates production

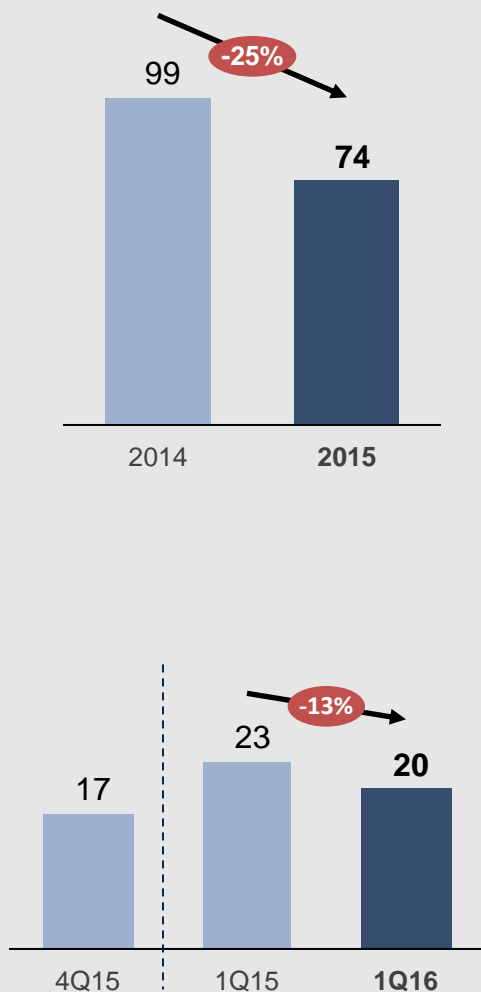
		<u>1Q16</u>
ZINC	↑	1%
LEAD	↑	21%
COPPER	↓	-44%
SILVER	↑	21%

- Revenues of US\$ 32 million, 8% increase due to higher lead, zinc and silver fine content in concentrates production.
- EBITDA of US\$ 9 million, 45% increase due to higher revenues and lower costs and expenses.

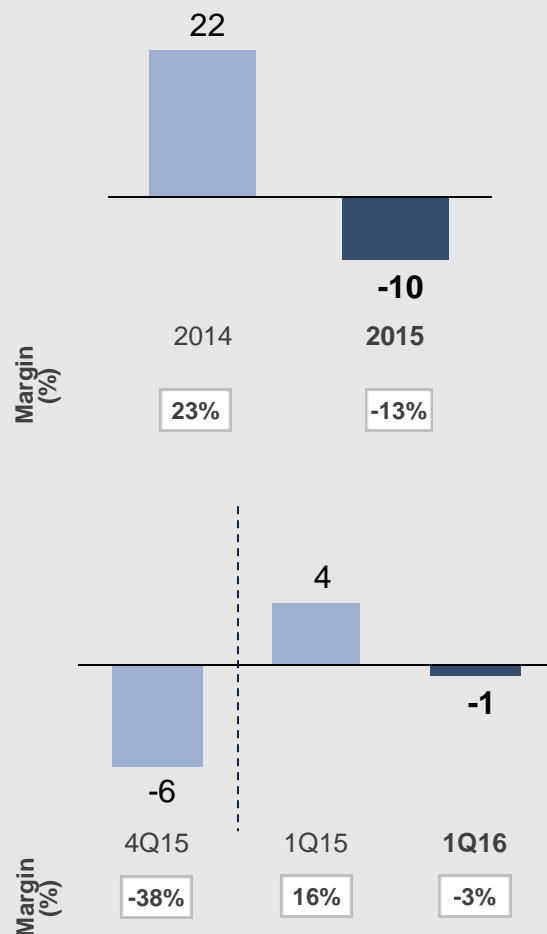
# Atacocha's financial performance (13% of Milpo's 1Q16 revenues)



## REVENUES (US\$ million)



## EBITDA (US\$ million)



## Highlights 1Q15 vs. 1Q16

- Lower zinc and copper fine content in concentrates production partially compensated by higher lead and silver contents:

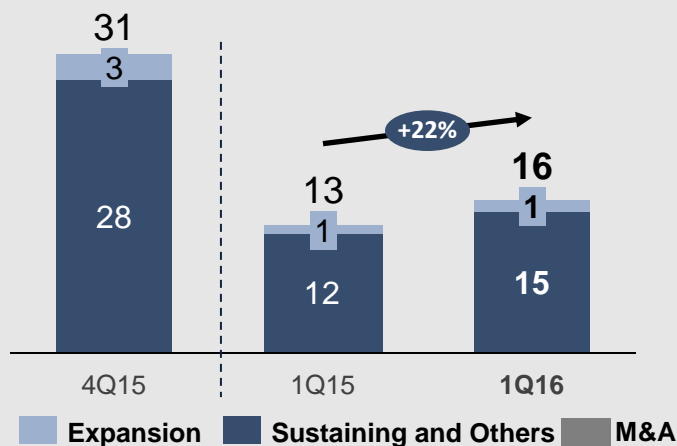
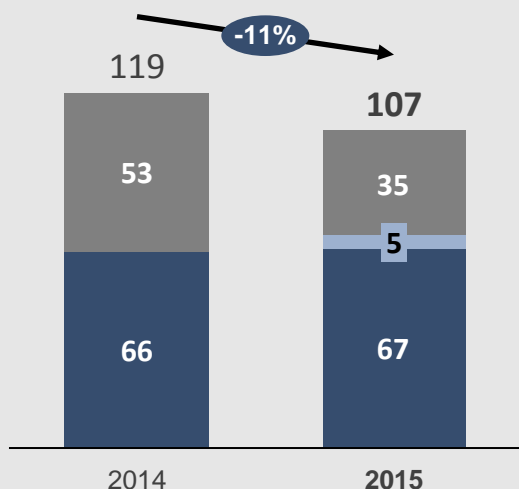
		1Q16
ZINC	↓	-28%
LEAD	↑	4%
COPPER	↓	-66%
SILVER	↑	13%

- Revenues of US\$ 20 million, 13% decrease due to lower metal prices and in spite of higher lead fine content in concentrates production.
- Negative EBITDA due to lower revenues and higher costs.
- During 3Q15, operations in the underground mine were reprogrammed affecting treated ore and cash costs, situation partially reverted by the end of 2015 and during the 1Q16.

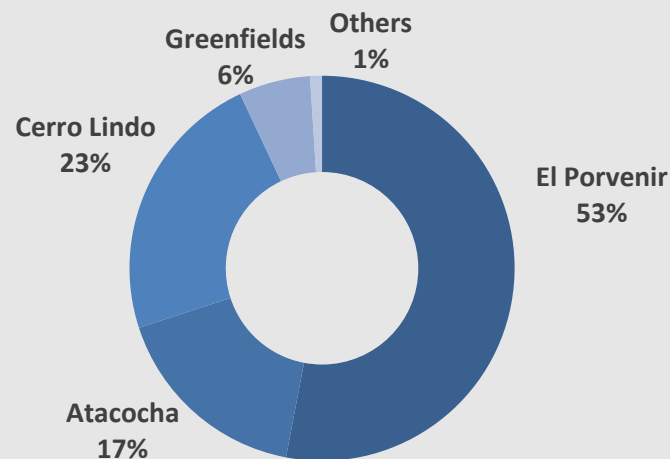
# US\$ 16 million invested in 1Q16 with focus on the Pasco integration



## Capex (US\$ million)



## 1Q16 Capex breakdown per unit



## Total US\$ 16MM

### Main Investments during 1Q16:

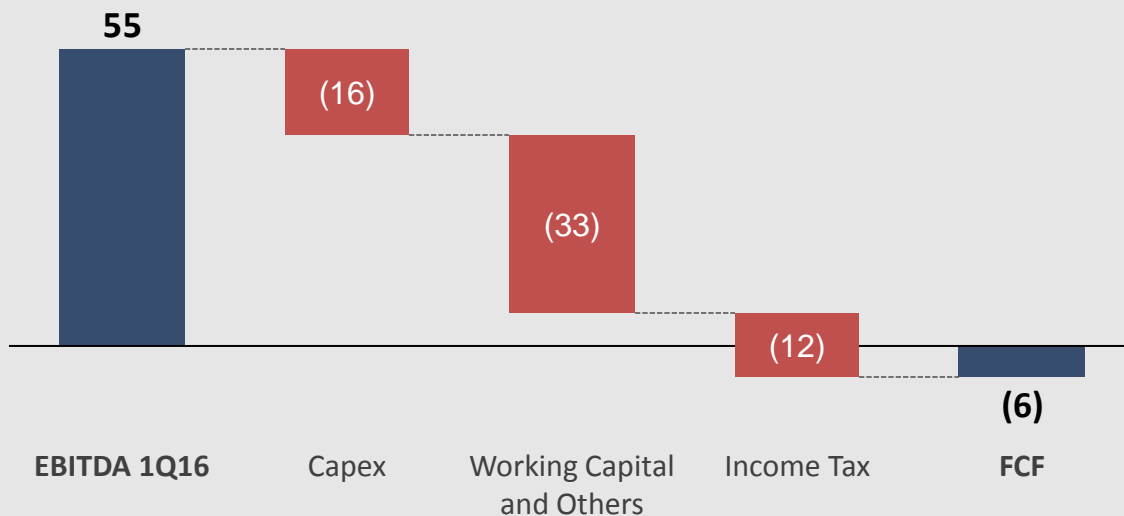
- Tailing dam elevation at El Porvenir, related to the operational integration with Atacocha.
- Electric substation and transmission line related to the operational integration between the Pasco mining units.
- New fresh water line 10" for Cerro Lindo's desalination plant.



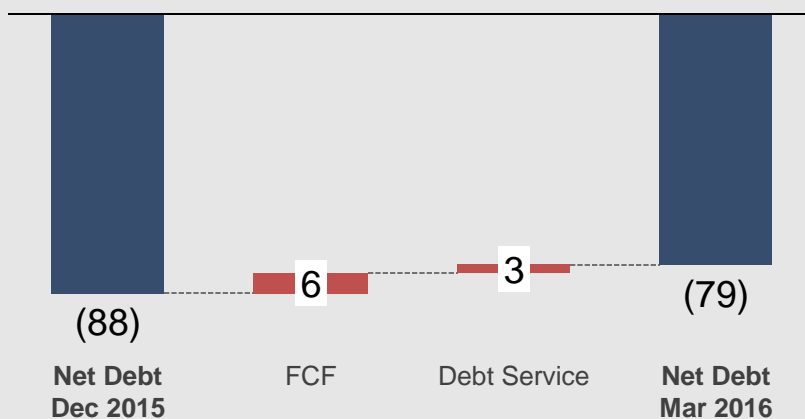
# Milpo continues to maintain its high liquidity and low debt financial position



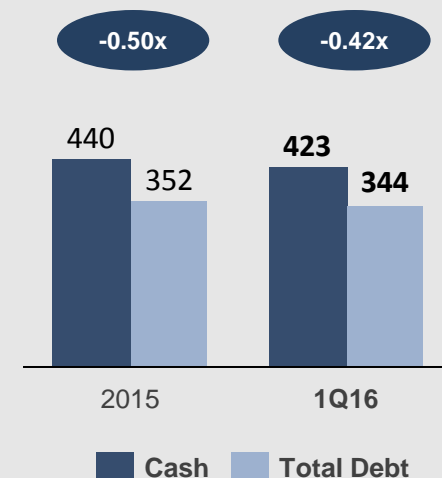
## Free Cash Flow Generation (US\$ million)



## Net Debt Evolution as of March 2016 (US\$ million)



## Net Debt/EBITDA (x times)



## Global Credit Ratings

**Fitch Ratings**

(BBB-) Negative

**STANDARD & POOR'S**

(BB) Stable

# Closing Remarks

Victor Gobitz – CEO



## Closing Remarks

- Milpo's corporate strategy applied to optimize its operating units, through brownfield projects, has allowed them to increase their productivity.
- Greenfield projects' modular approach by stages has also allowed Milpo to decrease the risks of their execution.
- The aforementioned growth drivers have been executed maintaining a robust financial position which has also allowed the development of a non-organic growth in spite of market volatility.

# About Milpo

Compañía Minera Milpo S.A.A. (Milpo) is a Peruvian mining company dedicated to the exploration, extraction, processing and marketing of zinc, copper and lead concentrates, with silver and gold content; it is currently one of the main polymetallic producers in Peru. Milpo develops its operations with a clear social responsibility and environmental commitment.

Since 2010, Milpo is part of Votorantim Metais, the metal and mining company of Votorantim Group, a strong global industrial conglomerate and diversified that has over 90 years of history and presence in key sectors of the economy, in more than 20 countries.

Currently, Milpo maintains three polymetallic underground mining units in operation, Cerro Lindo (Ica), El Porvenir (Pasco) and Atacocha (Pasco). It has also a portfolio of copper and polymetallic Greenfield projects with advanced exploration.

For further information:

Visit our website at: [www.milpo.com](http://www.milpo.com) or [ri.milpo.com](http://ri.milpo.com) or contact: [investorrelations@milpo.com](mailto:investorrelations@milpo.com)

