



Corporate Presentation

// Lima, March 2017 //

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Agenda

1

Business Strategy

Tito Martins - CEO

2

Operational and Financial Results

Claudia Torres - CFO

3

Closing Remarks

Tito Martins - CEO

Milpo's 5-pillar corporate strategy continues to be executed focused on optimizing its current operations and developing key aspects for its greenfield projects

Pillar I

Pasco Complex Integration (El Porvenir and Atacocha):

- ✓ The 2nd stage (tailing dam) was completed and began operations in early 2016.
- ✓ The 3rd stage (new energy transmission line 138Kv for both processing plants) was completed during the 3Q16 and began operations at the end of 2016.
- ✓ The 4th stage will be El Porvenir's underground integration with Atacocha mine.

Atacocha:

- ✓ Implementation of the open pit San Gerardo.

Cerro Lindo:

- ✓ Project and authorizations to increase capacity to 20k tpd in progress.
- ✓ Negotiations with Chavin rural community to increase project's footprint and execute additional brownfield exploration.

EBITDA: US\$ 283 MM
FCF: US\$ 331 MM
Net debt to EBITDA: -1.43x

Results

Growth

Mining
Operations
and
Brownfields

I

Corporate
Office

II

Copper
Projects

III

Polymetallic
Projects

IV

M&A

V

Sustainability

A) Safety and health

B) Environment

C) Social Responsibility and Reputation

D) People

Continuous focus on improving safety and environmental standards, social responsibility practices and employee's capabilities

Pillar II

Focus on employees development system

Pillar III and IV

Magistral

- ✓ EIA approved (30k tpd)
- ✓ Feasibility study approved (10k tpd) with positive economics using long term prices scenario.

Pillar V

Michiquillay

- ✓ Private offer withdrawn by Milpo

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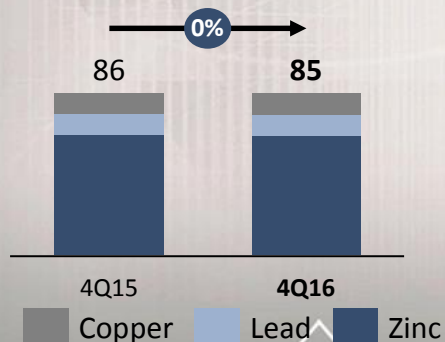
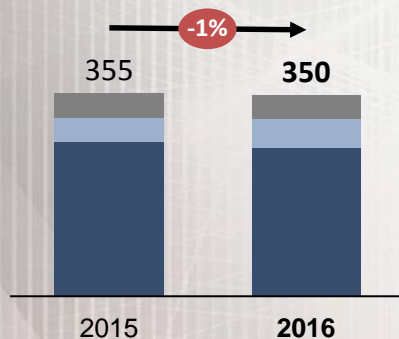
Closing Remarks

Tito Martins - CEO

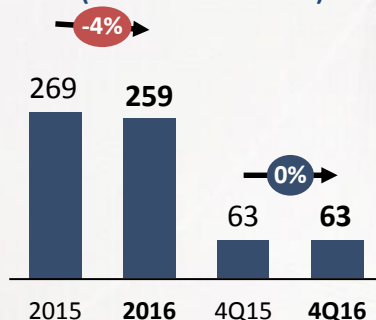
In 2016, higher copper, lead and silver content were produced...

Fine content in concentrates production

Consolidated (thousand of tonnes)

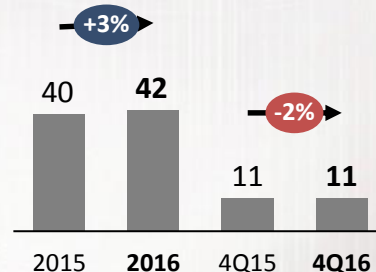


Zinc (thousand of tonnes)

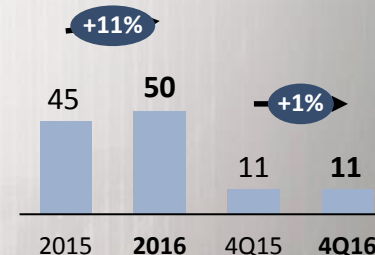


By metal

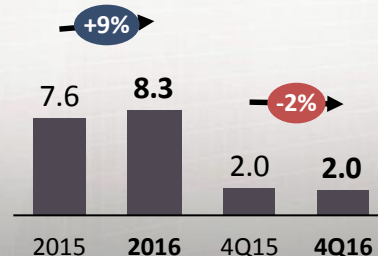
Copper (thousand of tonnes)



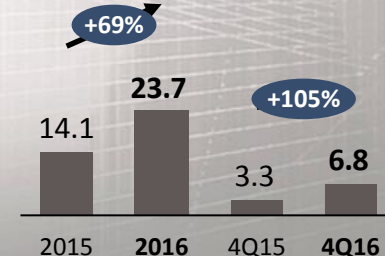
Lead (thousand of tonnes)



Silver (million of ounces)



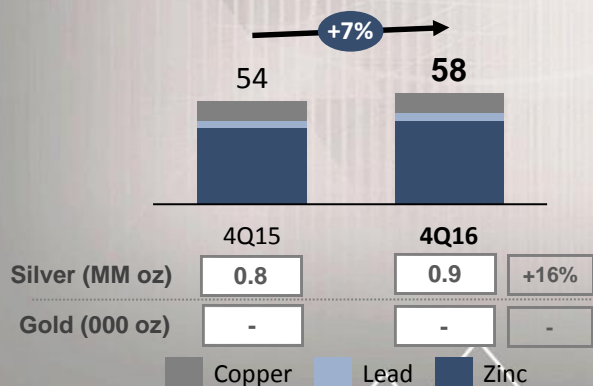
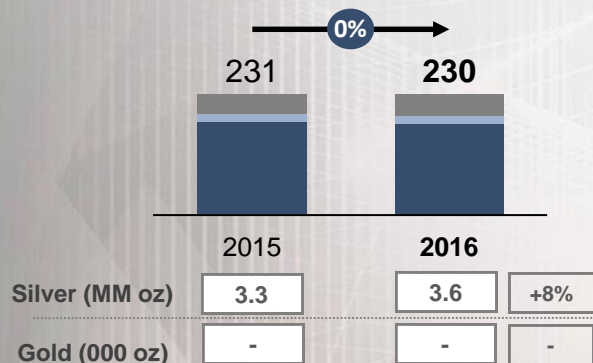
Gold (Pasco Units) (thousand of ounces)



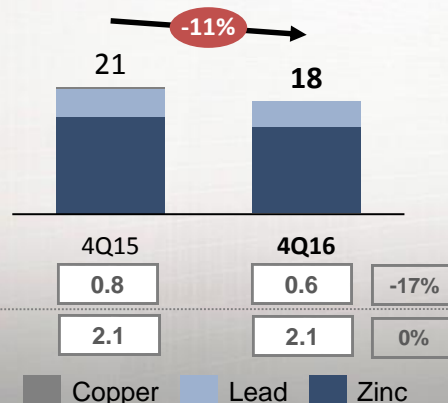
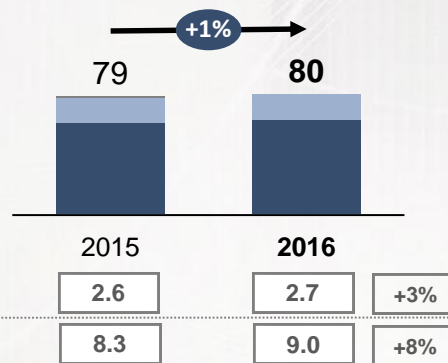
Operational performance by mining unit

Fine content in concentrates production (thousand of tonnes)

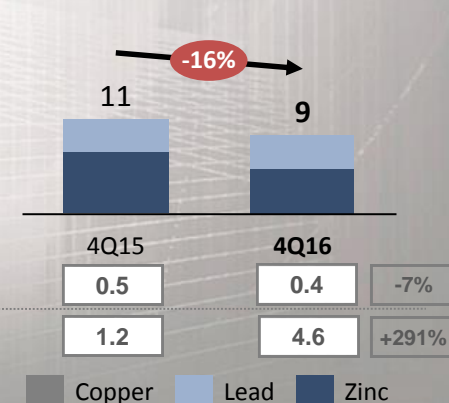
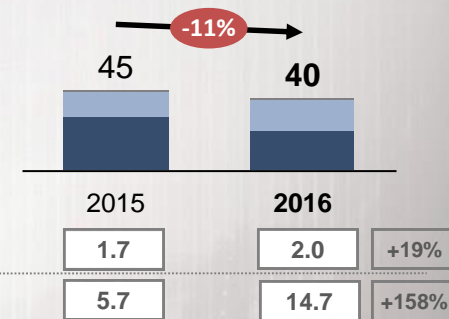
CERRO LINDO



EL PORVENIR

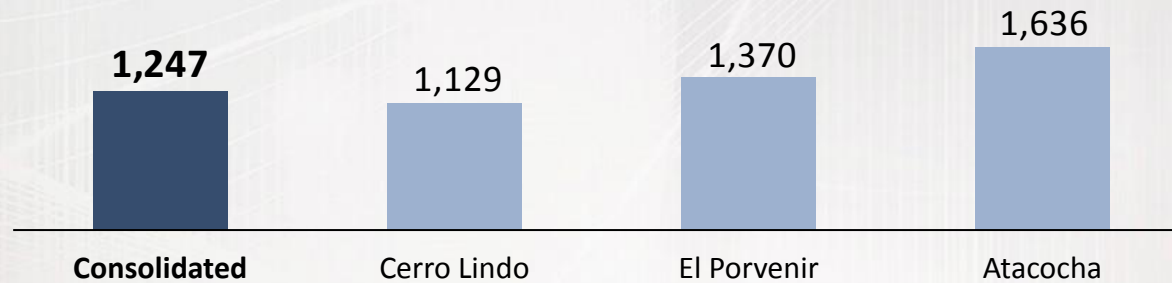


ATACOCHA

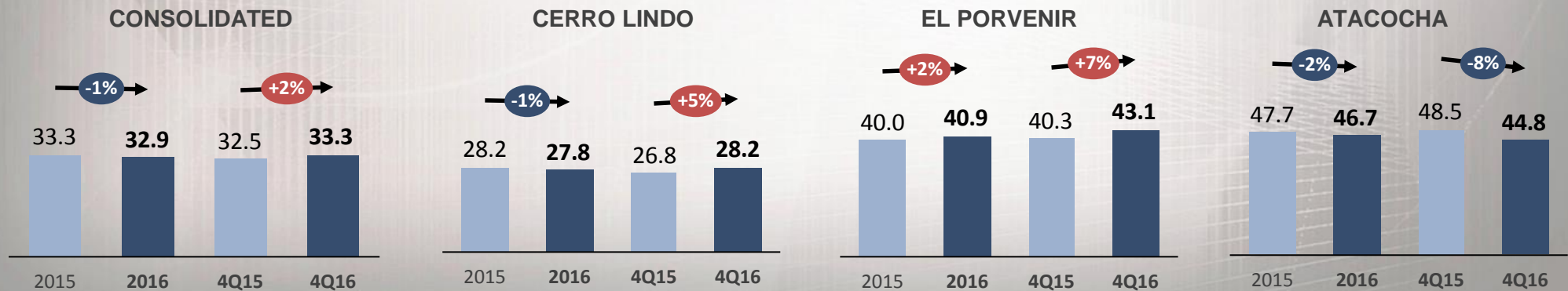


... at still lower consolidated cash costs

Cash Cost US\$/t Zinc equivalent 2016



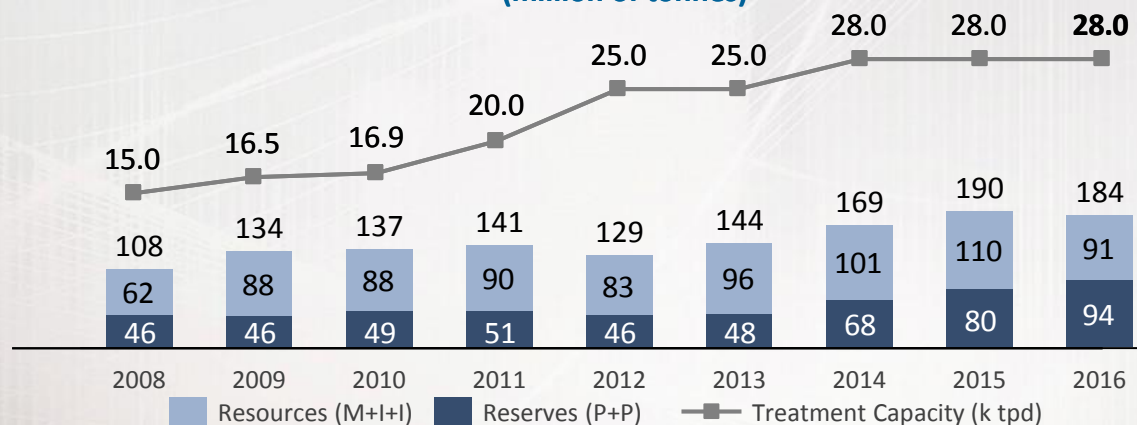
Cash Cost US\$/t rom



Milpo continues confirming its track record as a mining company with an extended life of mine: up to 13 years

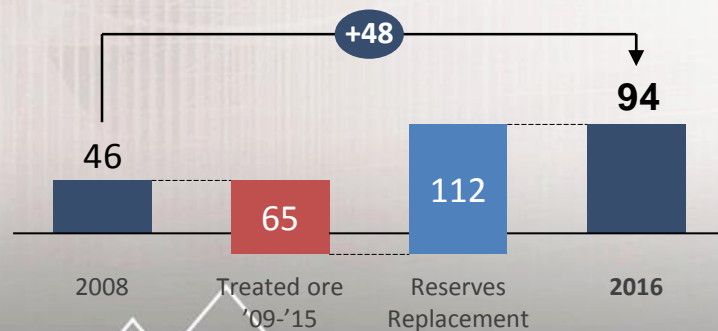
Consolidated Reserves and Resources Growth

(million of tonnes)



Reserves Replacement

(million of tonnes)

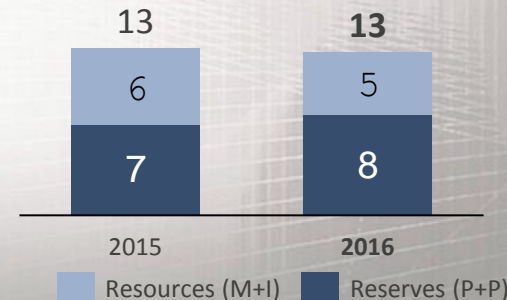


Increase in 2016 reserves due to: (i) activities that allowed access to new ore bodies and (ii) the contribution of the Glory Hole San Gerardo.

Higher reserves allowed to maintain the LOM

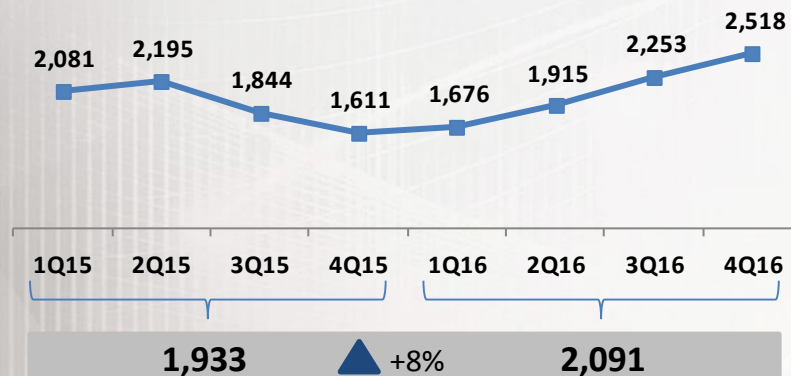
Consolidated Life of Mine (LOM)

(based on 2016 production without inferred resources)

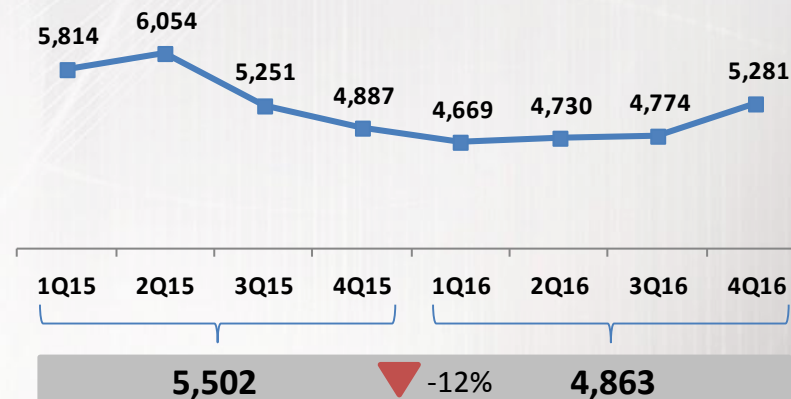


The recovery of metal prices, along with the higher production and lower costs, explained the positive financial results registered in 2016 and 4Q16

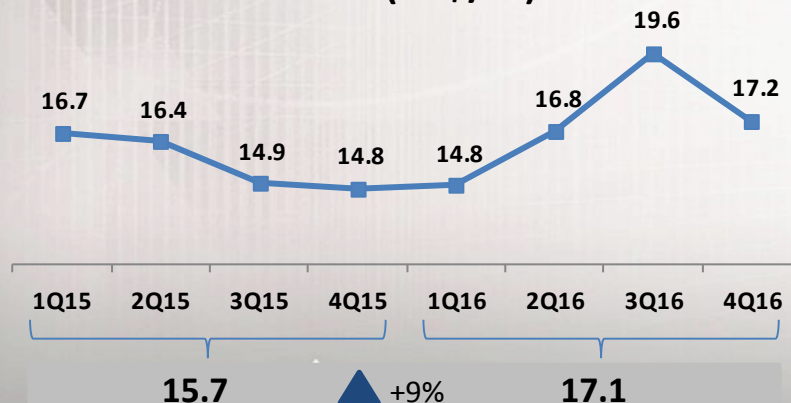
Zinc (US\$/t)



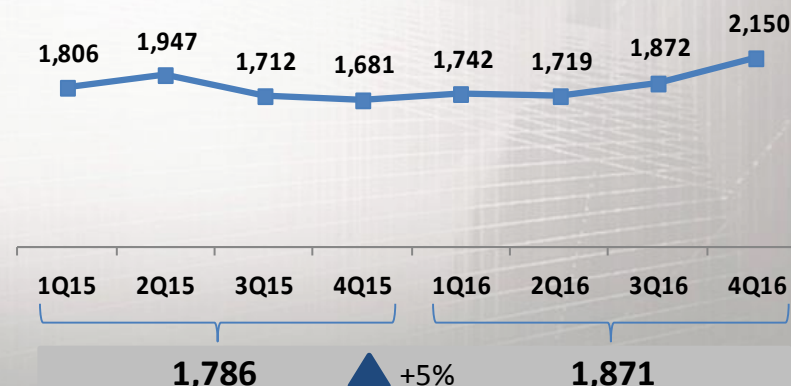
Copper (US\$/t)



Silver (US\$/oz)

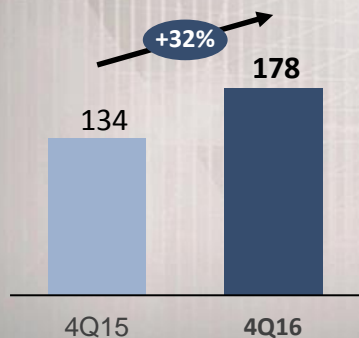
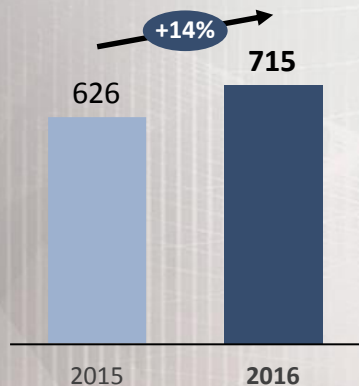


Lead (US\$/t)

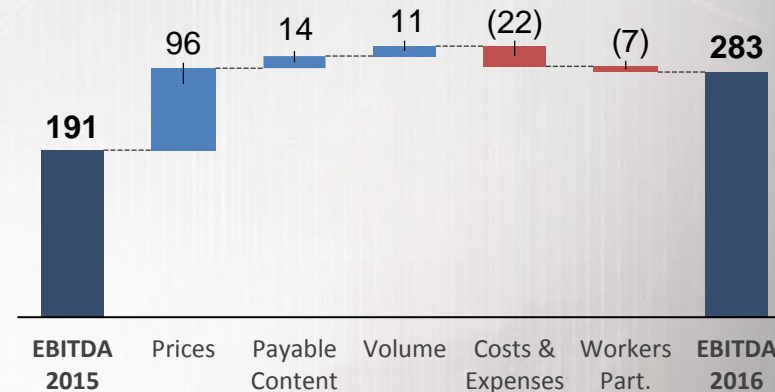
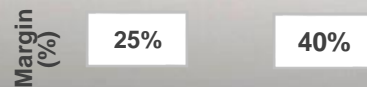
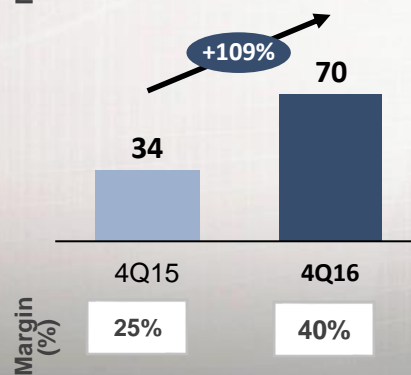
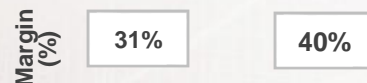
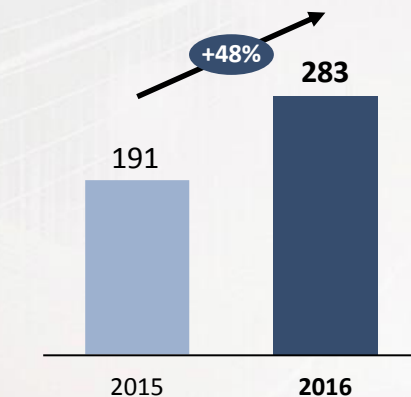


In this way, 2016 EBITDA Margin rose to 40%, higher than that of 2015 due to higher revenues...

REVENUES (US\$ million)



EBITDA (US\$ million)



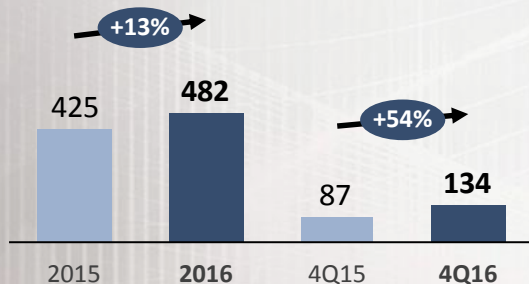
Highlights 2015 vs.2016

- Revenues of US\$ 715 million, 14% increase due to higher production of copper, lead and silver and higher prices.
- EBITDA of US\$ 283 million, 48% increase due to higher revenues.

Financial performance by mining unit

CERRO LINDO

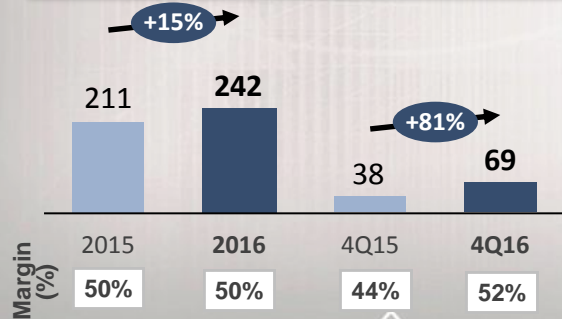
REVENUES (US\$ million)



Fine Content FY 2016:

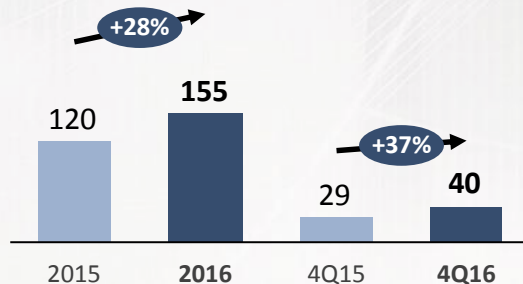
ZINC:	↓ -2%	COPPER:	↑ +5%
LEAD:	↑ +4%	SILVER:	↑ +8%

EBITDA (US\$ million)



EL PORVENIR

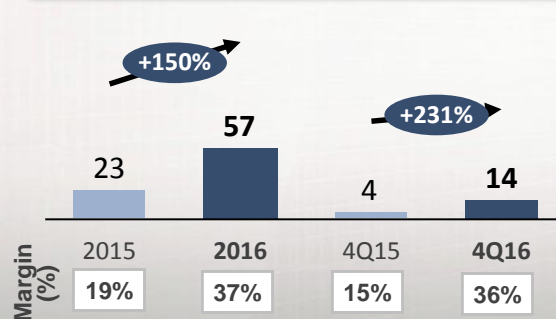
REVENUES (US\$ million)



Fine Content FY 2016:

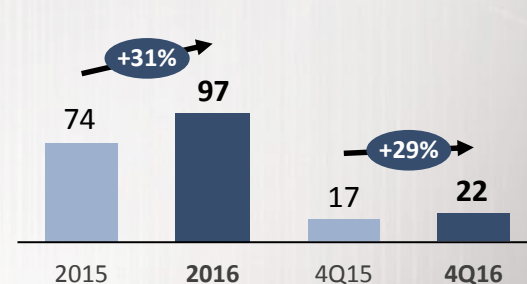
ZINC:	↑ +1%	COPPER:	↓ -46%
LEAD:	↑ +5%	SILVER:	↑ +3%

EBITDA (US\$ million)



ATACOCHA

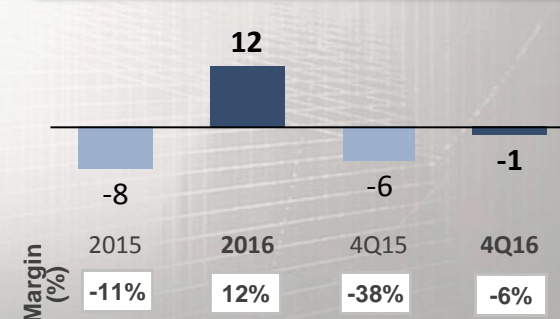
REVENUES (US\$ million)



Fine Content FY 2016:

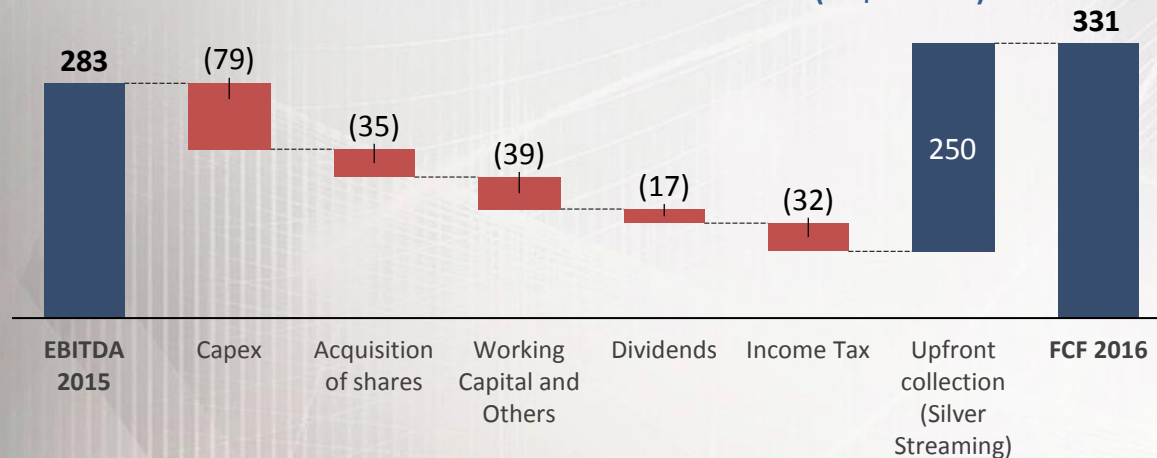
ZINC:	↓ -26%	COPPER:	↓ -55%
LEAD:	↑ +26%	SILVER:	↑ +19%
		GOLD:	↑ +158%

EBITDA (US\$ million)

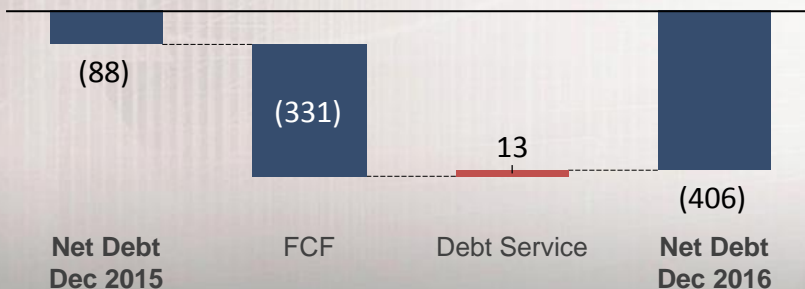


...and this EBITDA generation allowed a positive free cash flow in 2016, maintaining a high liquidity and low indebtedness position

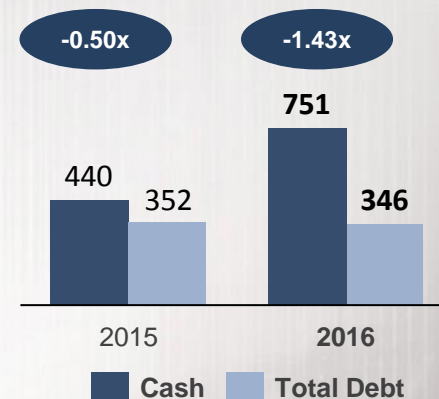
2016 Free Cash Flow Generation (US\$ million)



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



Net Debt/EBITDA (x times)



Global Credit Ratings

Fitch Ratings

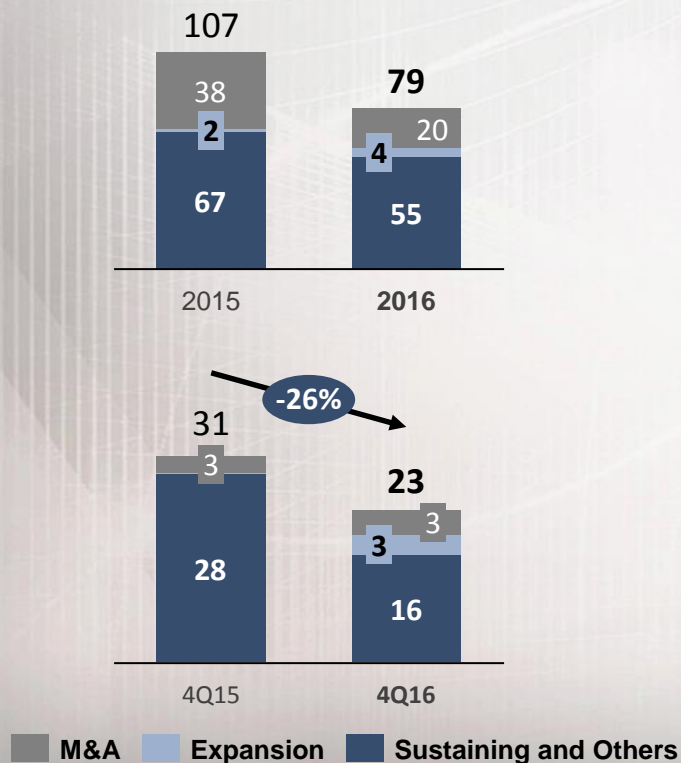
(BBB-) Negative

**STANDARD
& POOR'S**

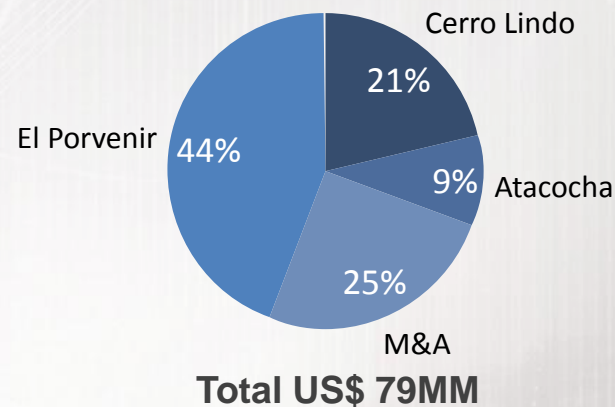
(BB) Stable

A conservative CAPEX invested in 2016 also contributed to the cash flow generated in the period

Capex (US\$ million)



2016 Capex breakdown per unit



Main Investments during 2016:

- Tailing dam elevation at El Porvenir.
- Deepening of the shaft at El Porvenir.
- Electric substation and transmission line related to the operational integration between the Pasco mining units.
- Modernization in the infrastructure of the desalination plant in Cerro Lindo.
- Consolidation of 75% participation in Shalipayco project.

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Claudia Torres - CFO

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Closing Remarks

Tito Martins - CEO

Closing Remarks

- Five pillar strategy helps focus on profitability through cost savings, cash preservation, productivity and disciplined capital allocation.
- Strong long-term fundamentals in spite of short term volatility, due to Milpo's position as a low-cost mining producer, extended life of mine and strong diversified greenfield projects.
- Track record as a mine developer of challenging projects with modular approach (Cerro Lindo) and innovative solutions (El Porvenir and Atacocha integration) in constant communication and support from surrounding rural communities.
- Strong liquidity position, low indebtedness, positive cash flow generation and flexibility to prioritize capex allow the company to respond to current market conditions.

“

Q&A

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