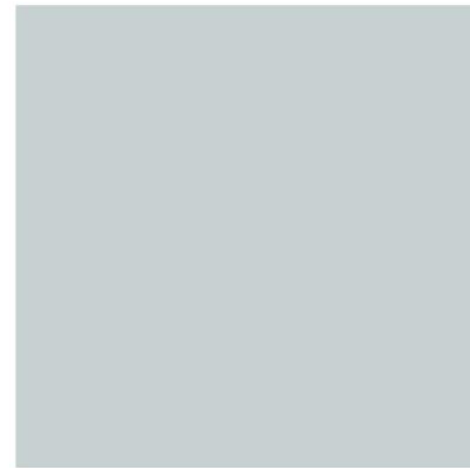
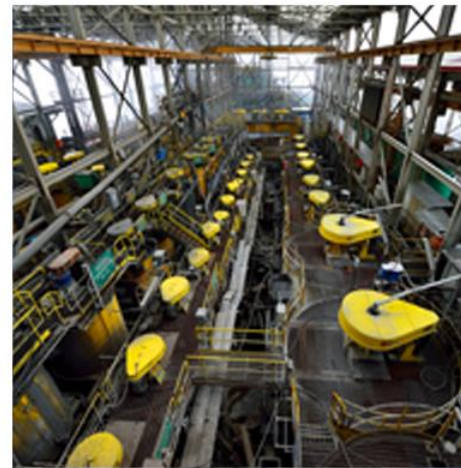
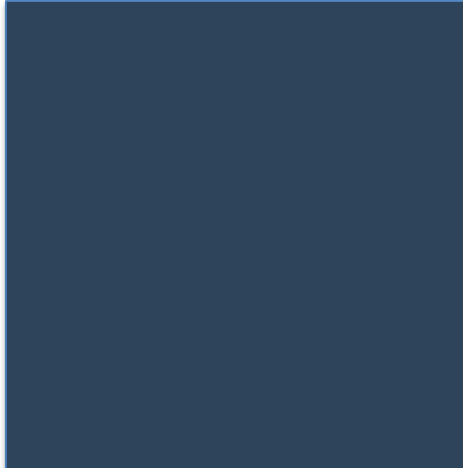


**MILPO**

Company part of  **Votorantim**  
Metais



# CORPORATE PRESENTATION

Lima, November 2016



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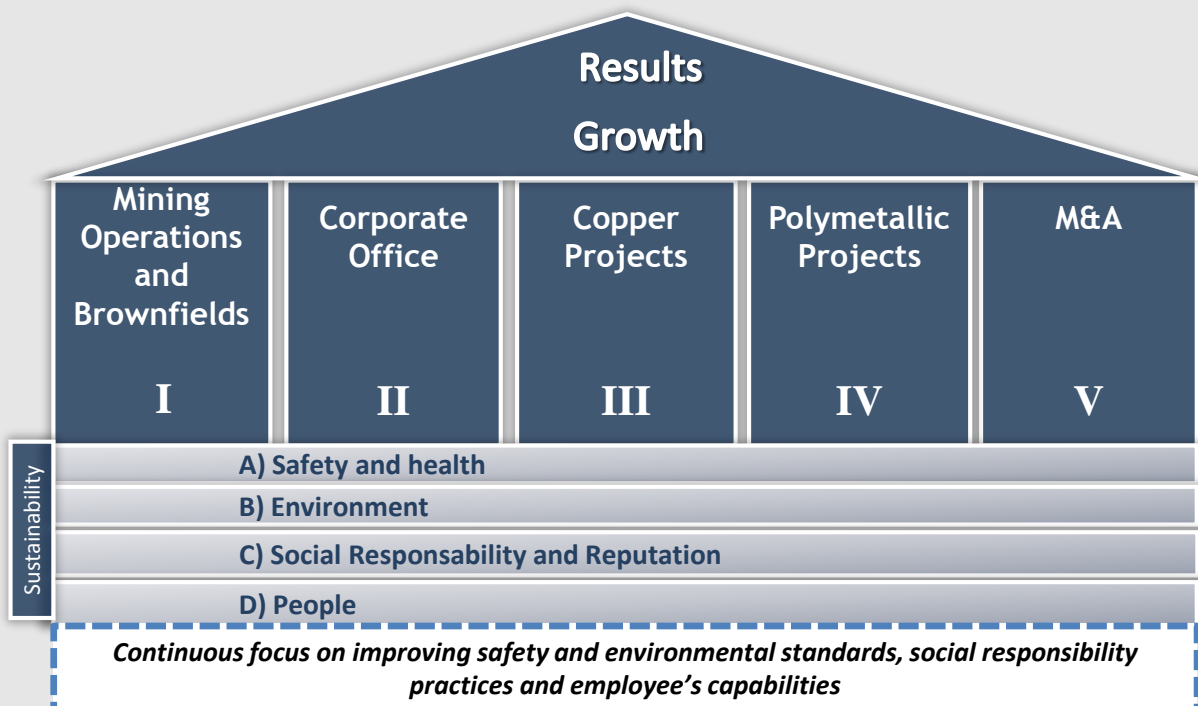
# Business Strategy

Victor Gobitz – CEO





# Milpo 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 (El Porvenir and Atacocha):

- ✓ The 3<sup>rd</sup> stage (new energy transmission line 138Kv for both processing plants) has been completed and its operation is expected to begin in the following days.
- ✓ The 4<sup>th</sup> stage will be El Porvenir's underground mine deepening.

### Atacocha:

- ✓ Implementation of the small open pit San Gerardo continues.
- ✓ Atacocha's processing plant maintenance scheduled for August 2016.

### Cerro Lindo:

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

## Pillar II

Focus on employees development system

## Pillar III/IV

### Magistral

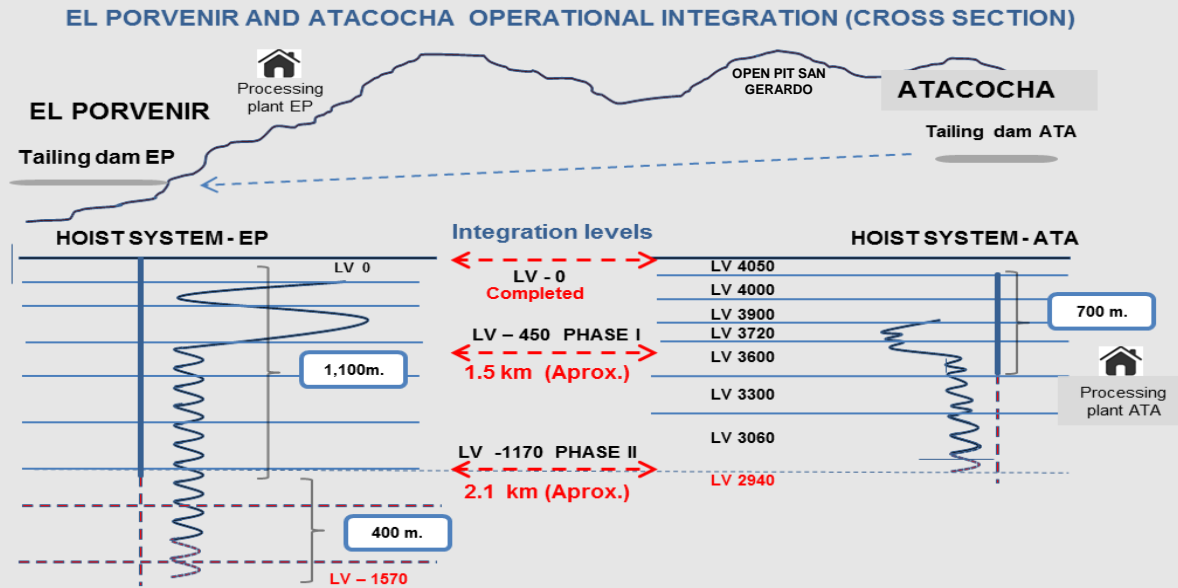
- ✓ Final phase of the EIA's approval (30k tpd)
- ✓ Feasibility study approved (10k tpd) with positive economics using long term prices scenario.

## Pillar V

### Michiquillay

- ✓ Definition of next steps in progress.

# In terms of its operating units, the operational integration between the Pasco Units continues as planned



## 1<sup>st</sup> stage Administrative integration

- One administrative team for both plants.

## 2<sup>nd</sup> stage Tailing dam integration

- One tailings deposit for both processing plants (An innovative technical development in Perú).

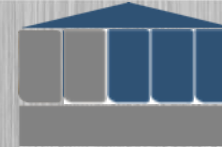
## 3<sup>rd</sup> stage Energy transmission line integration

- One new energy line for both processing plants.

## 4<sup>th</sup> stage Mine's integration

- One hoist system for both mines.
- Possibility to access reserves and resources in Atacocha's deepest zones, through El Porvenir's infrastructure.
- Possibility to add ore resources in the integration area (between both mines).

# In terms of its Greenfield projects, Milpo continues focused on developing key engineering and environmental aspects



## MAGISTRAL

- Prefeasibility study for a 30k tpd capacity

## 2014/2015

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

## 9M16

- Feasibility study approved by PROINVERSION for a 10k tpd capacity
- EIA approved by the Ministry of Energy and Mines for a 30k tpd capacity
- Capex optimization in progress

## PUKAQAQA

- Prefeasibility study for a 30k tpd capacity
- Footprint in 4 communities

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

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

## CHAPI

- Operations suspended
- Care and maintenance

- Care and maintenance

- Project's redefinition as a copper underground mine with presence of gold mineralization
- EIA for a 3k tpd capacity submitted for approval by the Ministry of Energy and Mines

## HILARION

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

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

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

## M&A activities

### SHALIPAYCO (75%) Acquisition 2015

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

- Prefeasibility for a 3k tpd capacity
- Study of different alternatives to initiate production sooner (tolling)
- Participation consolidated at 75%

### ARIPUANA (7.7%) Acquisition 2014

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

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

### BONGARA (70%) Acquisition 2014

- Road Construction in progress

- Road Construction in progress

### MICHQUILLAY

- Self-sustained Initiative presented to PROINVERSION by mid 2015

- Definition of next steps in progress

# Operational and Financial Results 3Q16 vs. 3Q15

Claudia Torres – CFO

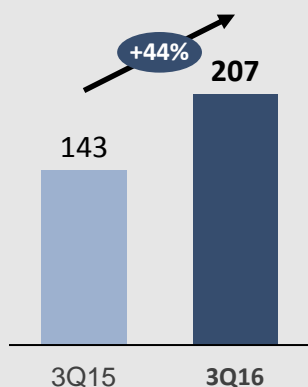
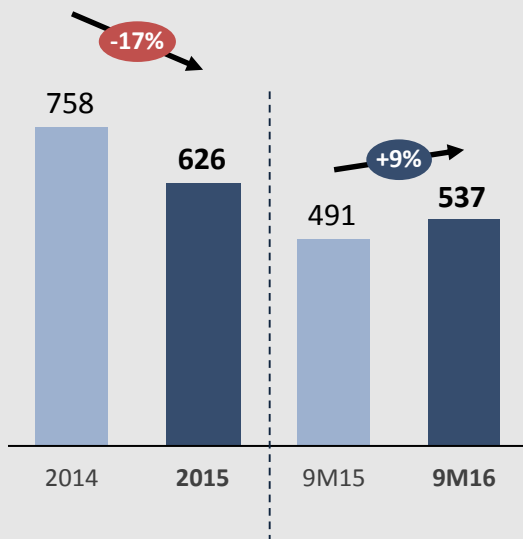




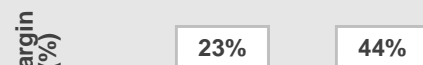
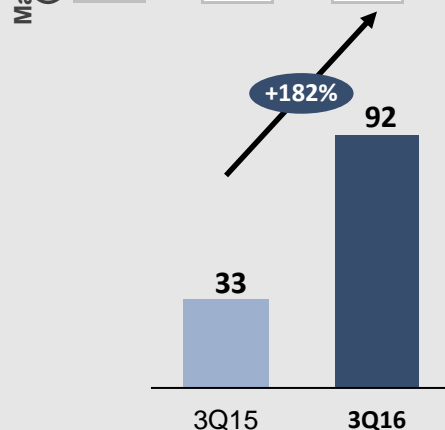
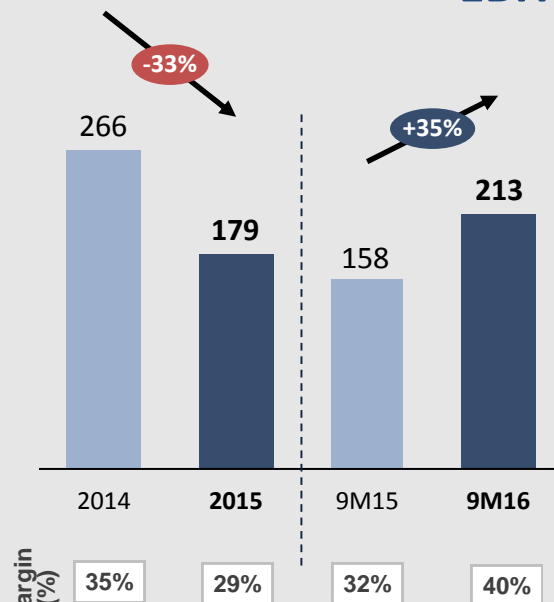
# 9M16 EBITDA Margin rose to 40%, higher to that of 9M15 due to higher revenues and lower expenses



## REVENUES (US\$ million)



## EBITDA (US\$ million)



## Highlights 9M15 vs. 9M16

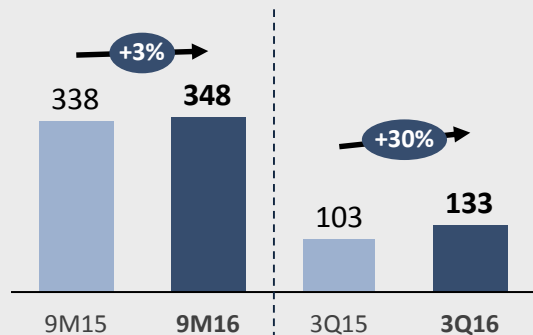
- Revenues of US\$ 537 million, 9% increase due to higher production of lead and copper.
- EBITDA of US\$ 213 million, 35% increase due to higher revenues and lower expenses.





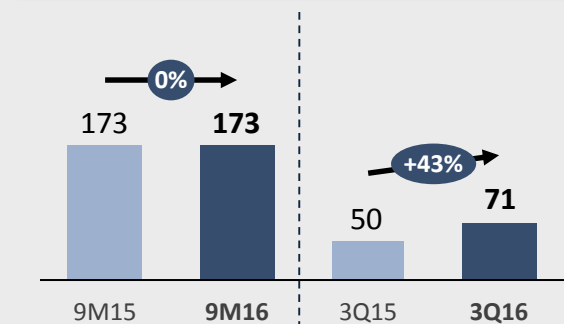
## CERRO LINDO

### REVENUES (US\$ million)



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

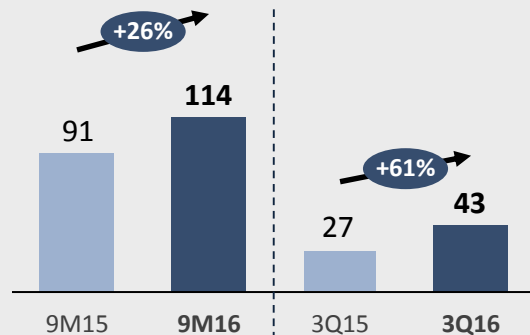
### EBITDA (US\$ million)



Margin (%)  
51%    50%    48%    53%

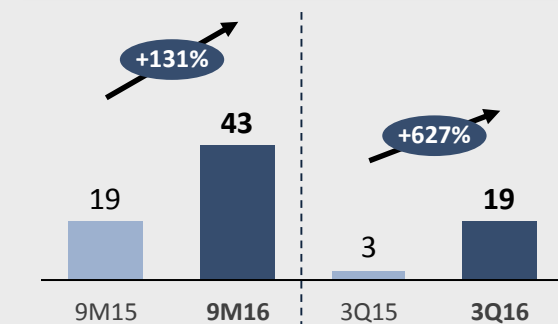
## EL PORVENIR

### REVENUES (US\$ million)



ZINC: +5% ↑    COPPER: -47% ↓  
LEAD: +13% ↑    SILVER: +12% ↑

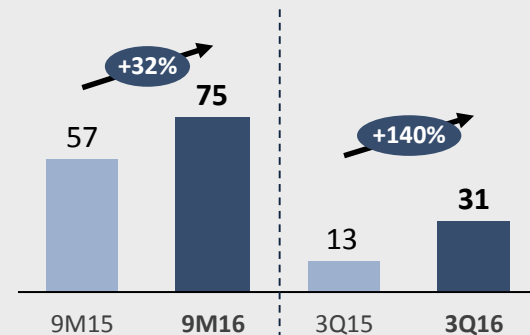
### EBITDA (US\$ million)



Margin (%)  
20%    38%    10%    44%

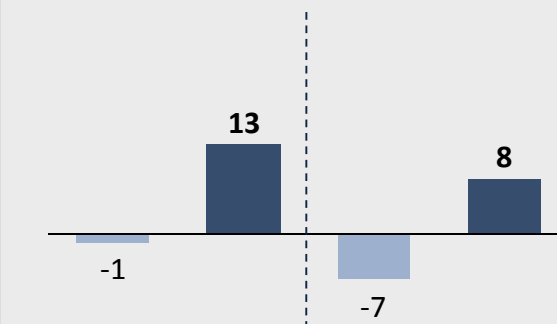
## ATACOCHA

### REVENUES (US\$ million)



ZINC: -26% ↓    COPPER: -57% ↓  
LEAD: +32% ↑    SILVER: +29% ↑  
GOLD: +123% ↑

### EBITDA (US\$ million)

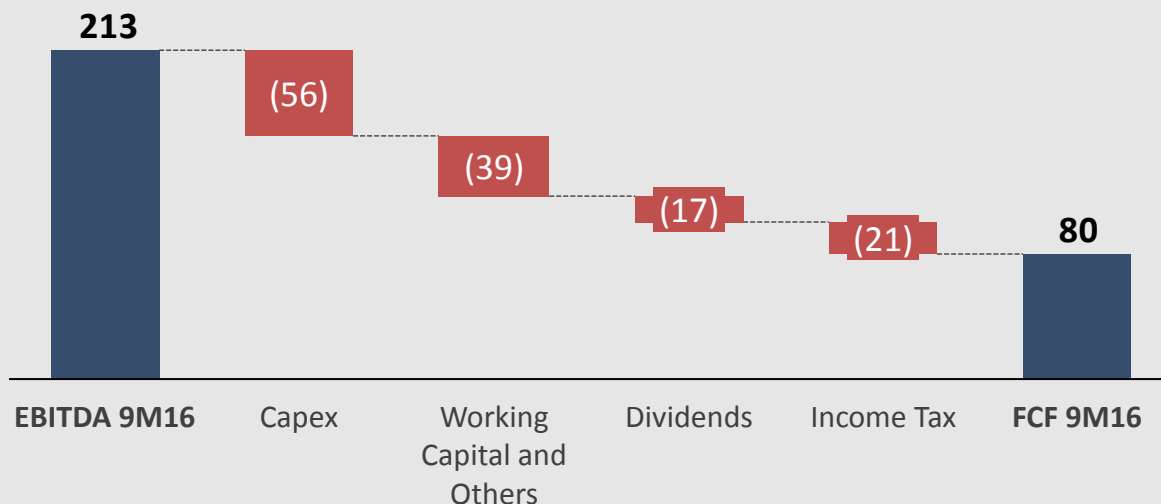


Margin (%)  
-3%    17%    -52%    27%

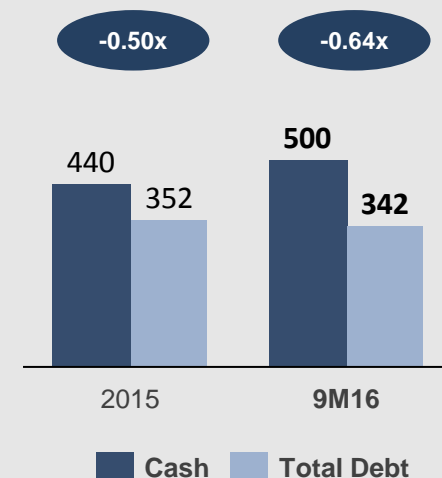
EBITDA generation allowed a positive free cash flow in 9M16, maintaining a high liquidity and low indebtedness position



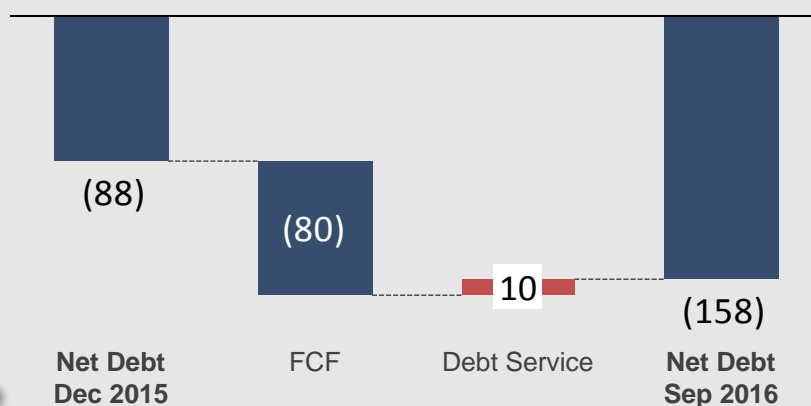
### 9M16 Free Cash Flow Generation (US\$ million)



### Net Debt/EBITDA (x times)



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



### Global Credit Ratings

**Fitch Ratings**

(BBB-) Negative

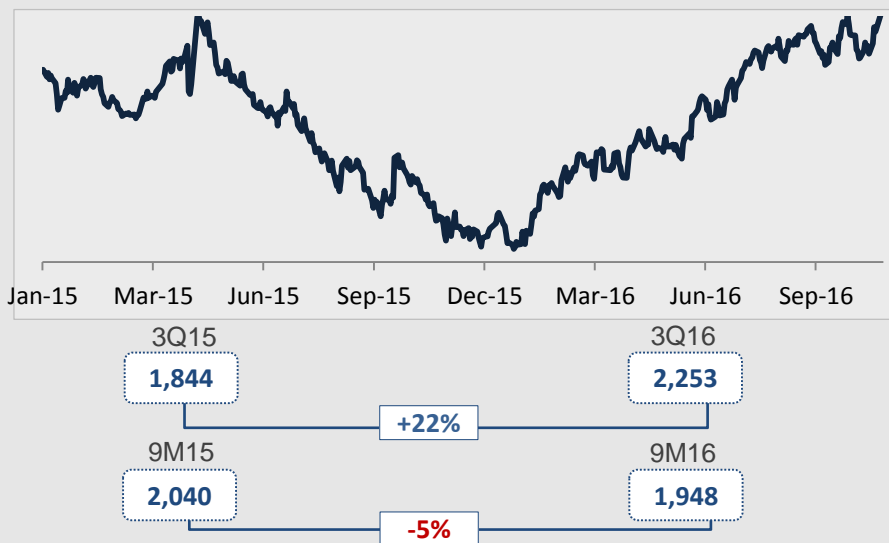
**STANDARD & POOR'S**

(BB) Stable

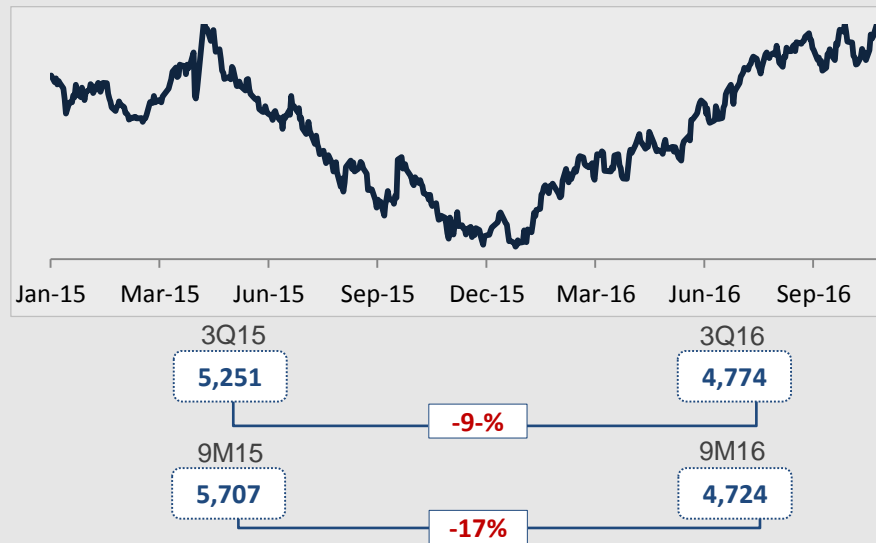
The positive financial results registered in 9M16 and 3Q16 were obtained due to the recovery of metal prices mainly of zinc, lead and silver



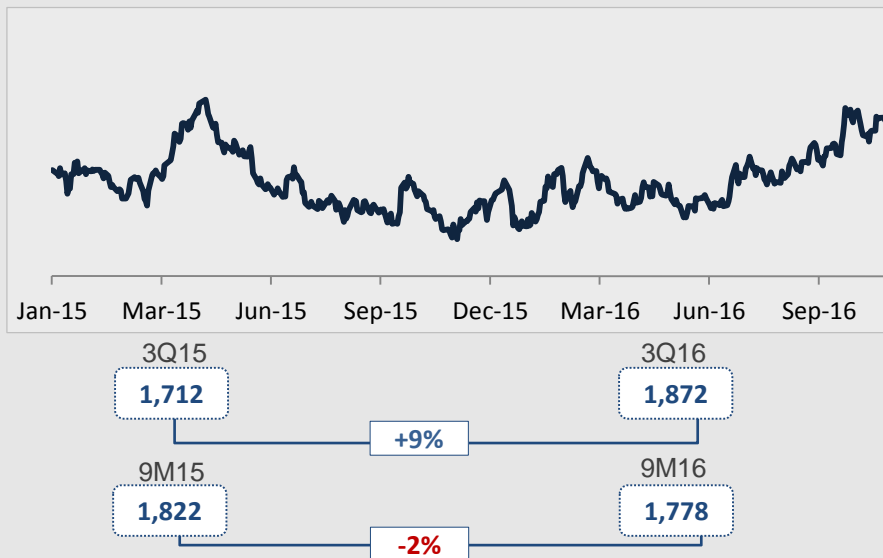
### ZINC (US\$ / t)



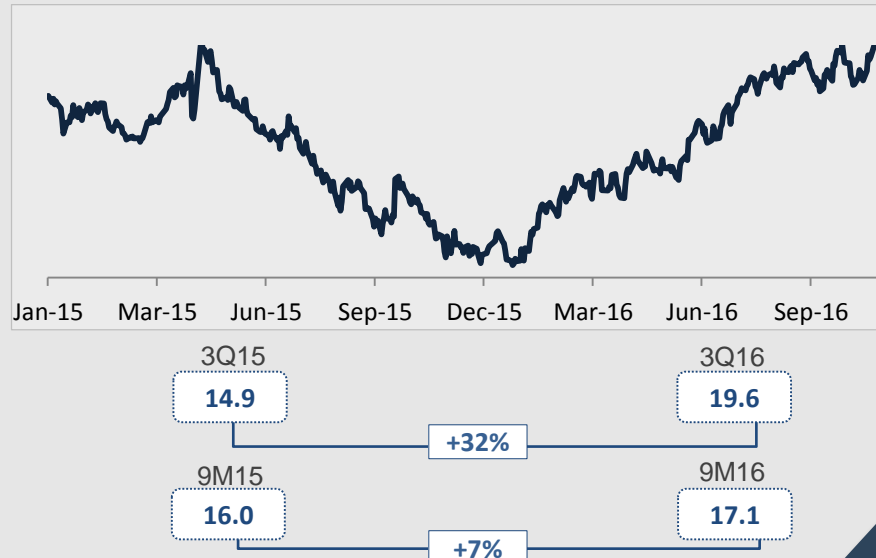
### COPPER (US\$ / t)



### LEAD (US\$ / t)



### SILVER (US\$ / oz)

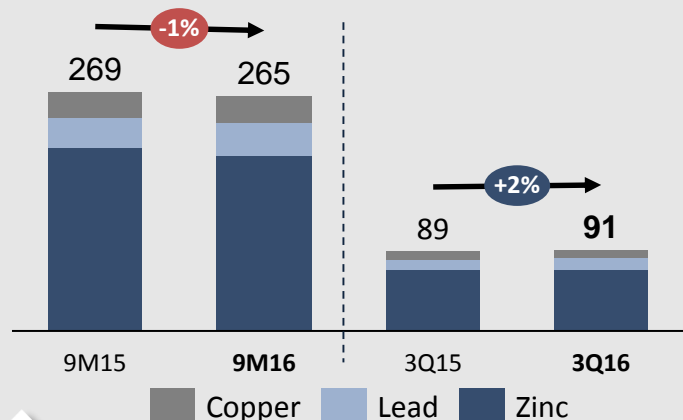
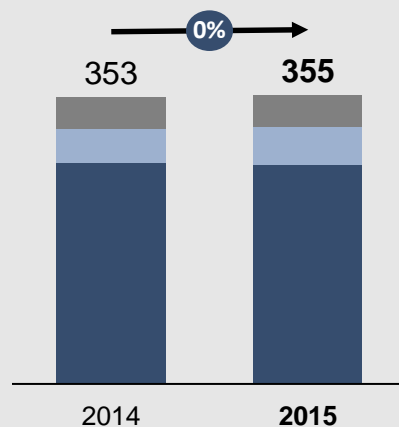


... and were supported by the higher lead and silver content produced ..



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

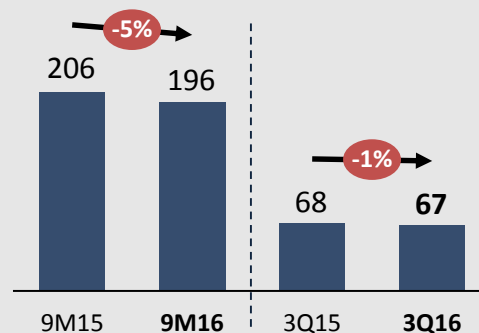
### Consolidated



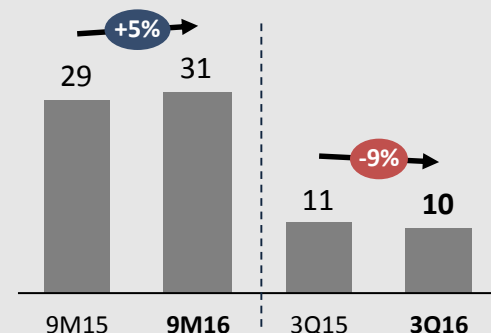
■ Copper ■ Lead ■ Zinc

### By metal

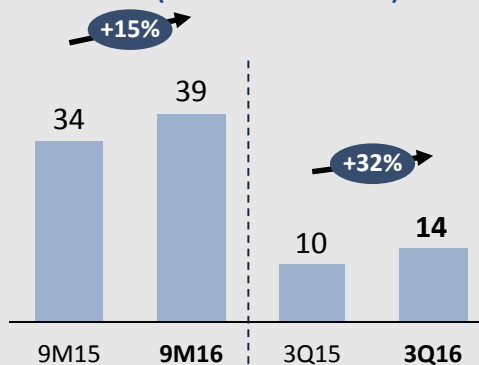
#### Zinc (thousand of tonnes)



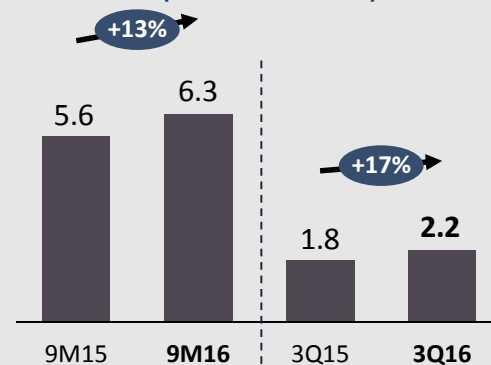
#### Copper (thousand of tonnes)



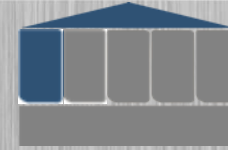
#### Lead (thousand of tonnes)



#### Silver (million of ounces)

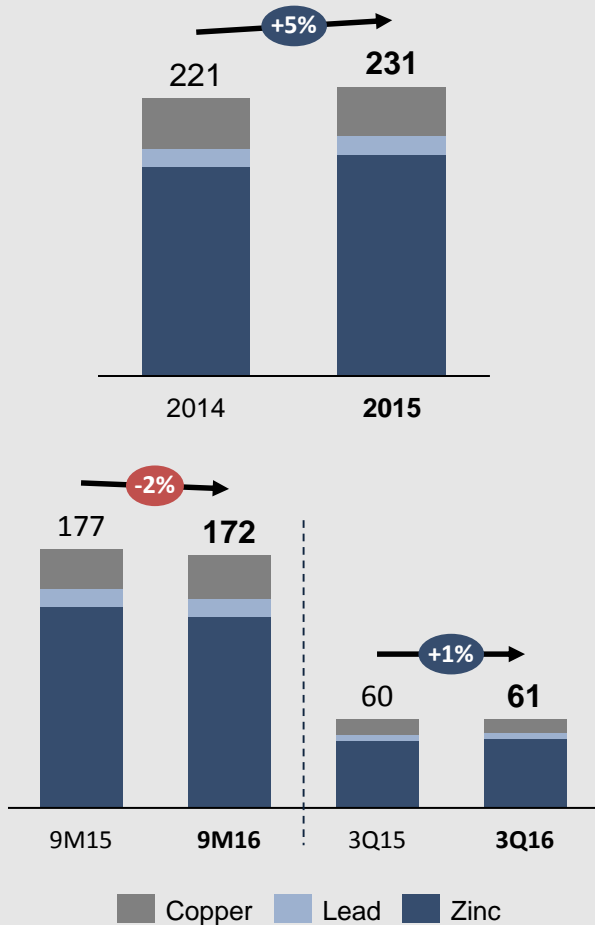




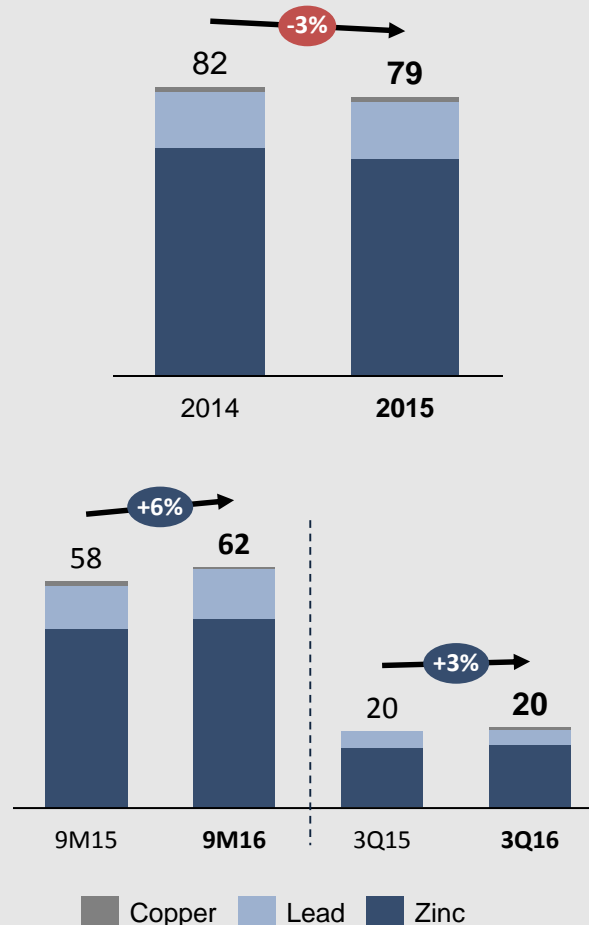


## Fine content in concentrates production (thousand of tonnes)

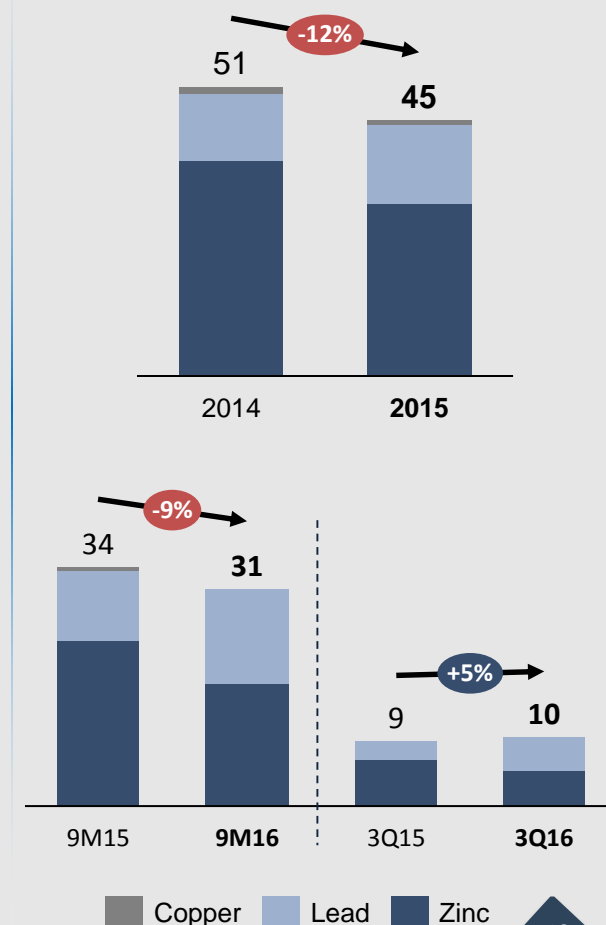
### CERRO LINDO



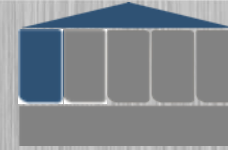
### EL PORVENIR



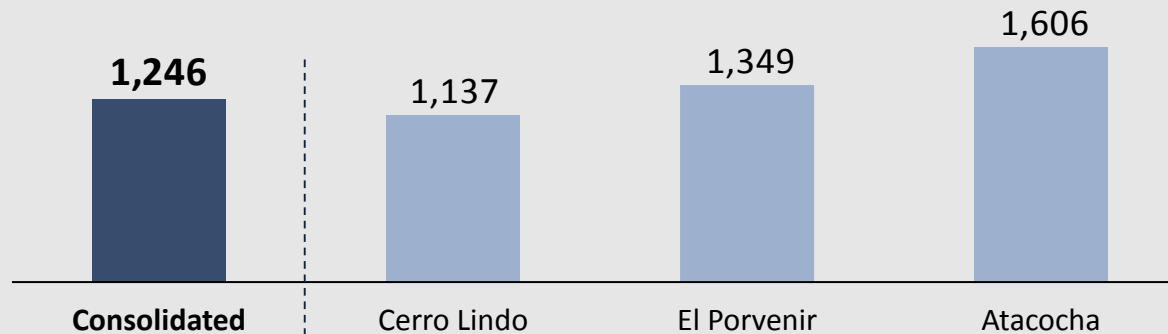
### ATACOCHA



... as well as by the lower consolidated cash costs

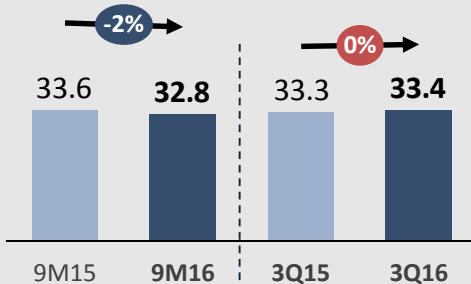


## Cash Cost US\$/t Zinc equivalent 9M16

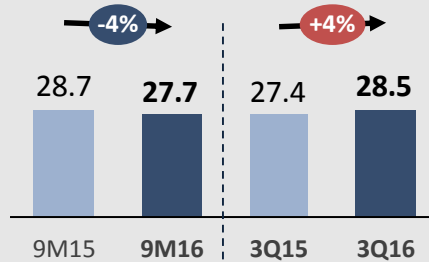


## Cash Cost US\$/t rom

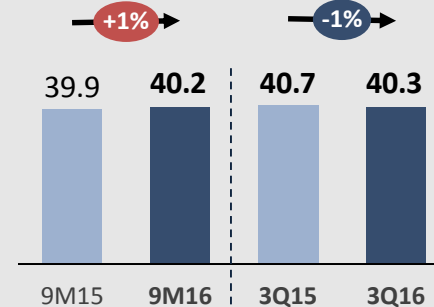
### CONSOLIDATED



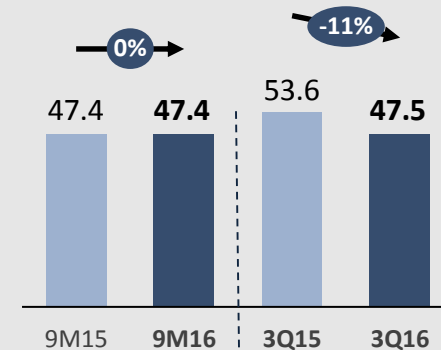
### CERRO LINDO



### EL PORVENIR



### ATACOCHA

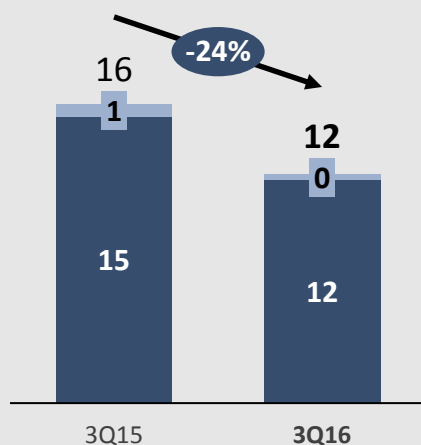
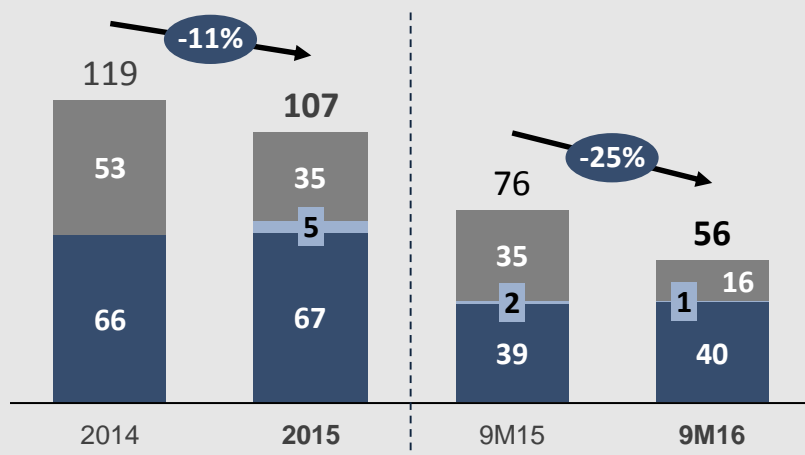


Milpo maintains its position as a low-cost mining producer

## A conservative CAPEX invested in 9M16 also contributed to the cash flow generated in the period

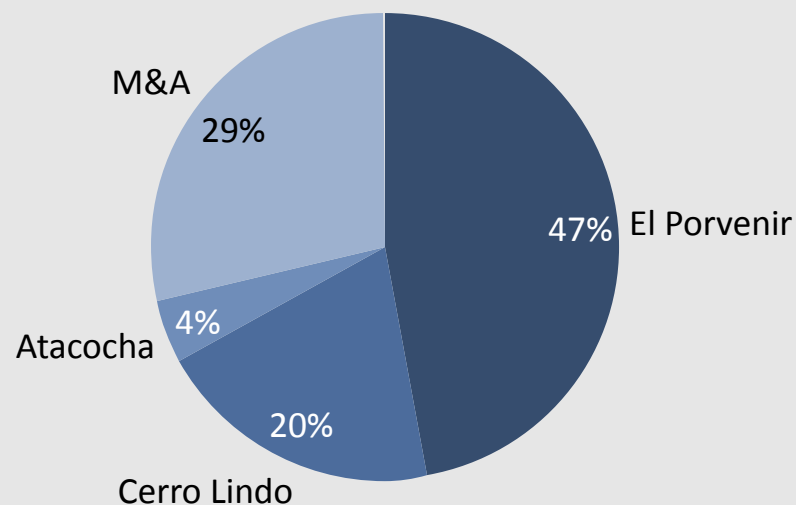


### Capex (US\$ million)



■ M&A ■ Expansion ■ Sustaining and Others

### 9M16 Capex breakdown per unit



**Total US\$ 76MM**

#### Main Investments during 9M16:

- Tailing dam elevation at El Porvenir, related to the operational integration with Atacocha.
- 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.

# Closing Remarks

Victor Gobitz – CEO





# Closing Remarks

- Positive free cash flow generation in 1S16 in spite of lower metal prices due to:
  - ✓ Milpo's corporate strategy applied to optimize its operating units productivity.
  - ✓ Investments focused on prioritizing only the developing of key aspects for the Greenfield projects.
  
- The aforementioned cash flow generation allowed the company to maintain a negative leverage ratio with a high liquidity position which also will allow the development of organic and non-organic drivers to grow.

# 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 Holding (VMH), 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)

