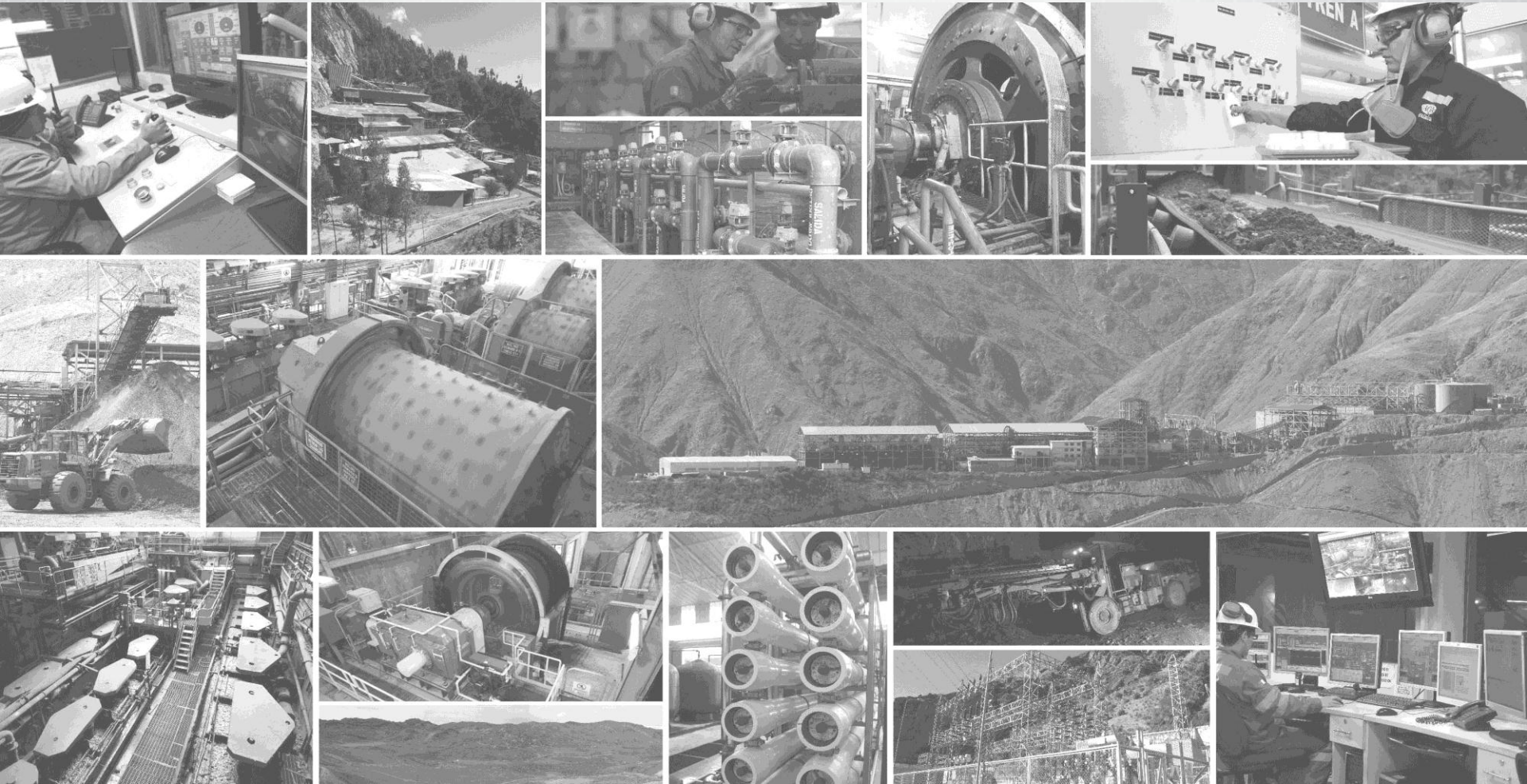


# CORPORATE PRESENTATION

## Lima, August 2015



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# Agenda

1

**Business Strategy**

2

**Results**

3

**Closing Remarks**



# Milpo's 5-pillar corporate strategy continues to be executed focused on value generation

## Pillar I

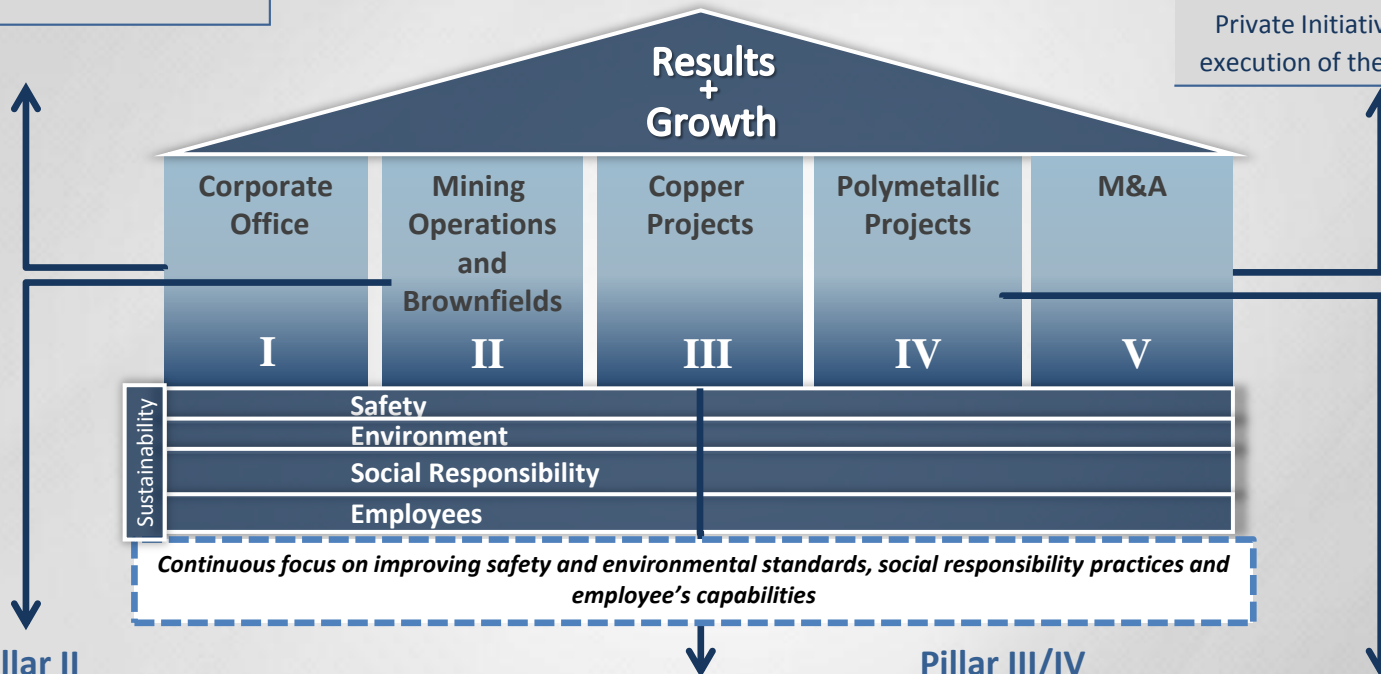
The corporate office continues in its role as a strategic service provider, focusing on its employees development system

Milpo's shareholders approved a possible shares' buy back, delegating on the Board faculties to decide its execution

## Pillar V

Acquisition of the Aripuana (7.7%), Bongara (70%) and Shalipayco (50%-75%) zinc projects completed

Private Initiative presented for the execution of the **Michiquillay** Project



## Pillar II

**EP – ATA:** The 2<sup>nd</sup> stage of the integration (one tailing deposit for both mines) was completed and will start operations in the coming months and the 3<sup>rd</sup> stage, will be completed in 2016 (mines and plants integration)

**CL:** Stabilization and full treatment at 18ktpd capacity during the semester

## Pillar III/IV

EIA for **Magistral** submitted for approval (30ktpd). Feasibility level expected in 4Q15 (10 -30ktpd)

EIA for **Pukaqaqa** already approved. Design of a modular approach in progress (10 – 30 ktpd)

Definition continues for **Ivan & Chapi**

Feasibility for **Aripuana** expected in 2016. Public audience to be held in August

Road construction to improve access to **Bongara** to be completed soon and oxides/sulphides definition

Prefeasibility for **Shalipayco** already concluded considering potential synergies with El Porvenir

Definition continues for **Hilarion**

# Agenda



1

Business Strategy

2

Results

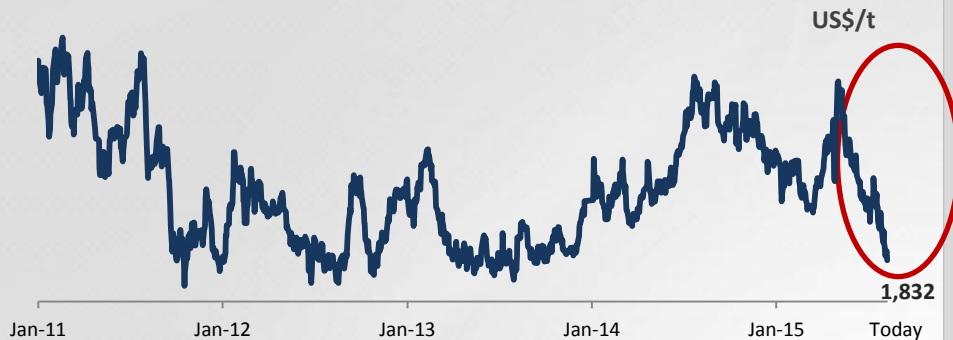
3

Closing Remarks

# Metal prices have characterized by high volatility in the last months and are currently reaching minimum levels

## Price Evolution

ZINC



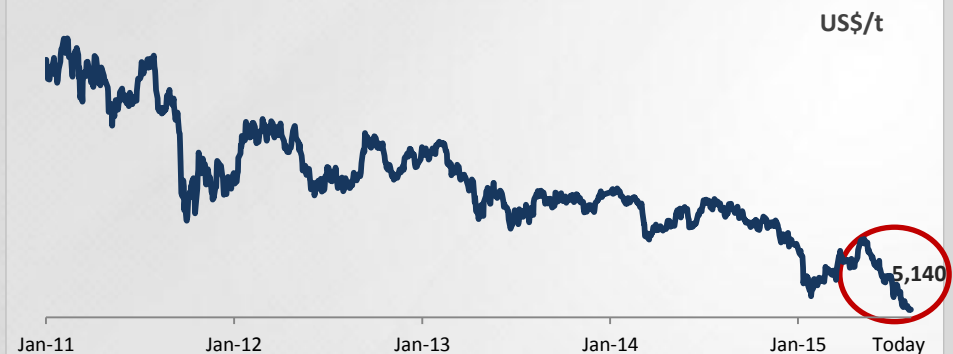
## Trading

	US\$/t			US\$/t		
	1S14	1S15	Var %	2Q14	2Q15	Var %
Zinc	2,051	2,138	4%	2,073	2,195	6%

Historical Price  
Data – Since 2011

Max : 2,546 - 02/2011  
Min : 1,750 - 10/2011  
Current : 1,832 - 08/21/15

COPPER



	US\$/t			US\$/t		
	1S14	1S15	Var %	2Q14	2Q15	Var %
Copper	6,913	5,934	-14%	6,787	6,054	-11%

Historical Price  
Data – Since 2011

Max : 10,148 - 02/2011  
Min : 5,136 - 08/2015  
Current : 5,140 - 08/2015

SILVER



	US\$/oz			US\$/oz		
	1S14	1S15	Var %	2Q14	2Q15	Var %
Silver	20.1	16.6	-17%	19.6	16.4	-16%

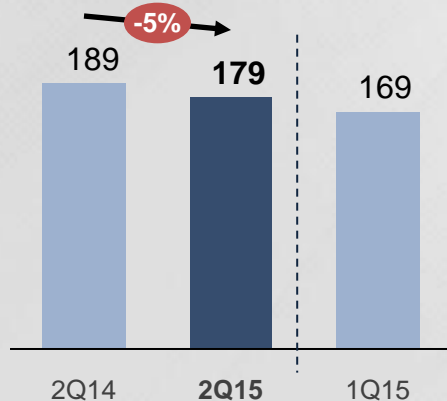
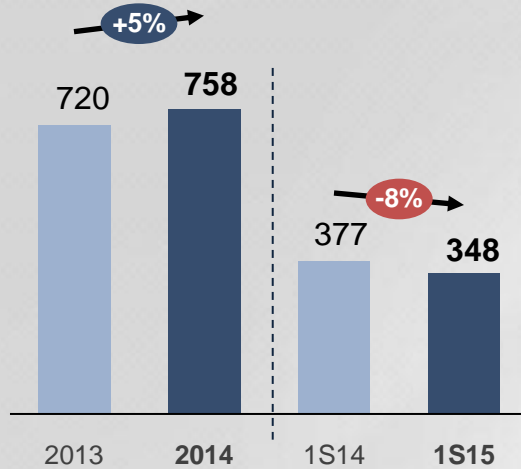
Historical Price  
Data – Since 2011

Max : 48.7 - 04/2011  
Min : 14.5 - 08/2015  
Current : 15.3 - 08/2015

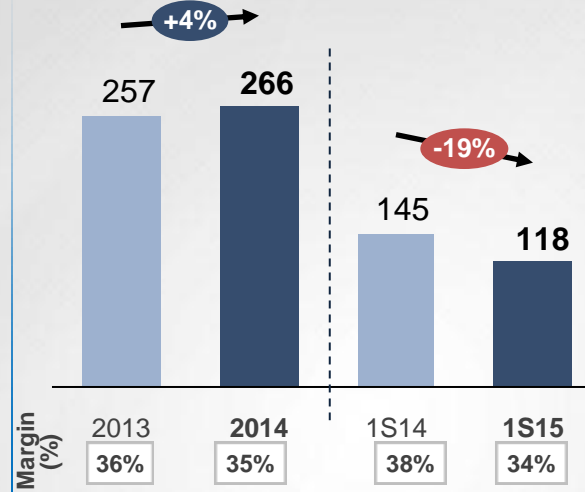
# In 1S15, lower prices impacted Milpo's revenues and EBITDA. This negative effect was partially compensated by higher volumes and lower costs and expenses



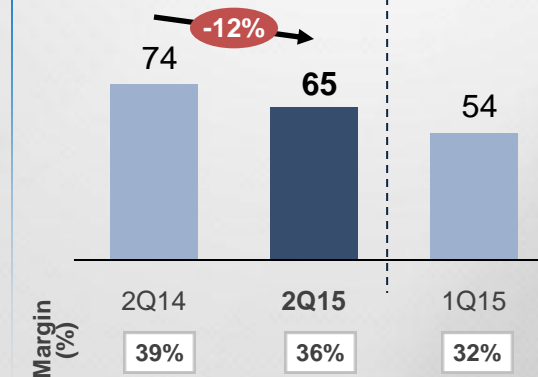
## Revenues (US\$ million)



## EBITDA (US\$ million)



Margin (%)



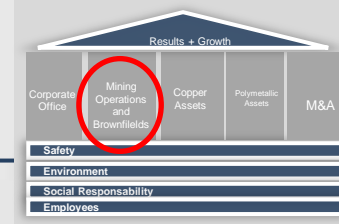
Margin (%)



## Highlights 1S15 vs. 1S14

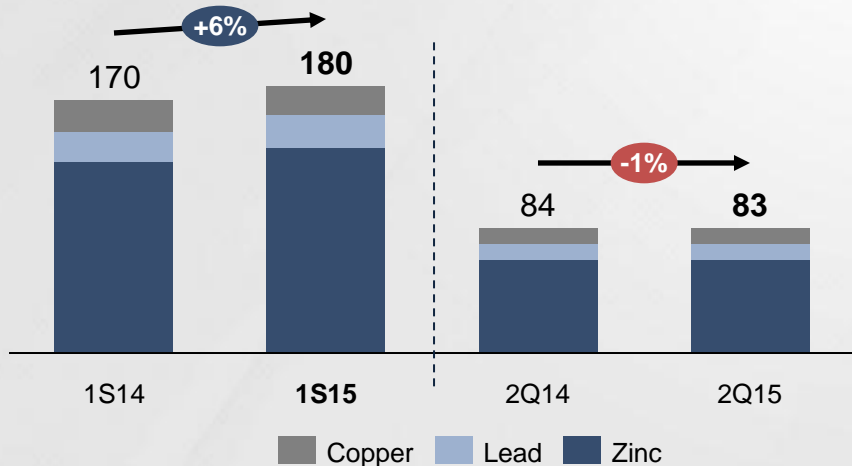
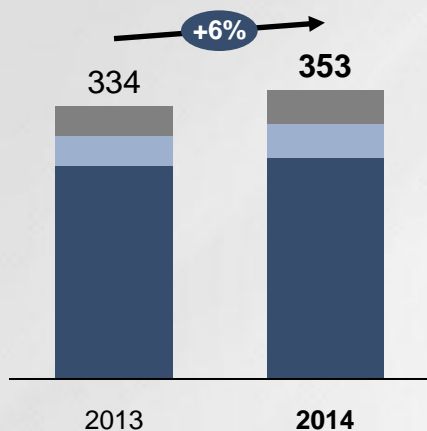
- Revenues of US\$ 348 million, 8% decrease due to lower metal prices and in spite of higher fine content in concentrates production.
- EBITDA of US\$ 118 million, 19% decrease due to lower revenues and in spite of lower costs and expenses.
- 2Q15 EBITDA was higher in comparison to that of 1Q15 due to higher revenues, lower cash costs and expenses optimization.

# Increased zinc, lead and silver fine content in concentrates production partially compensated negative price effect



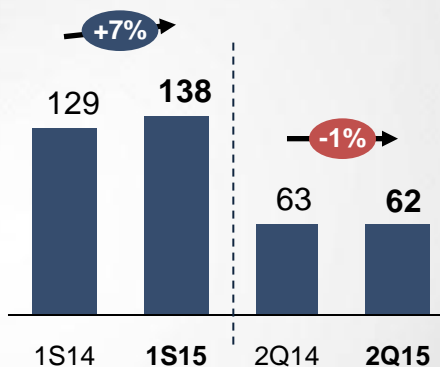
## Fine content in concentrates production (thousand of tonnes)

### Consolidated

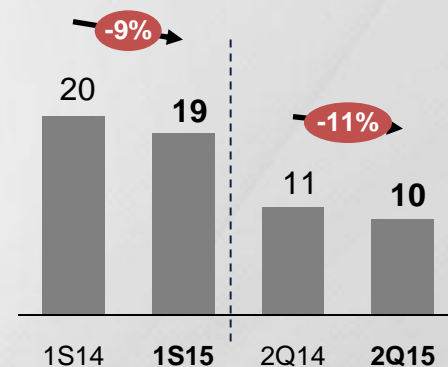


### By metal

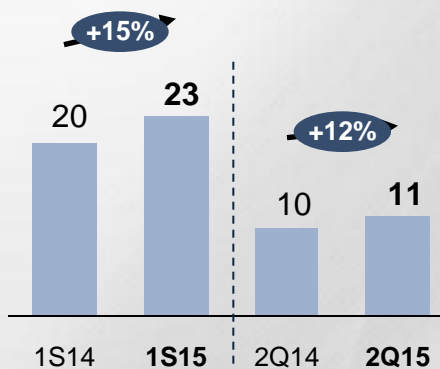
#### Zinc (thousand of tonnes)



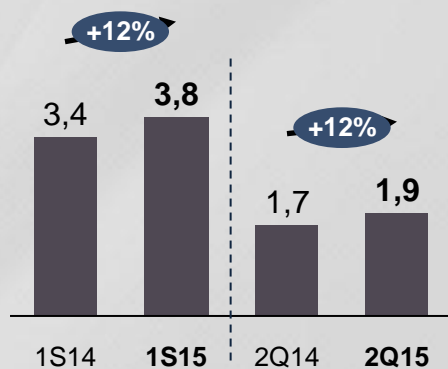
#### Copper (thousand of tonnes)



#### Lead (thousand of tonnes)



#### Silver (million of ounces)



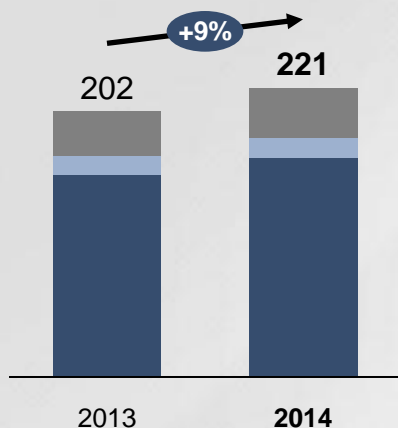


# Operational performance by mining unit

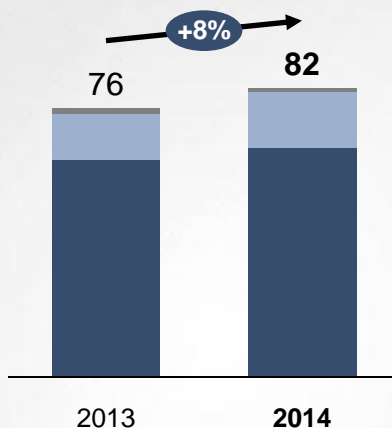


## Fine content in concentrates production (thousand of tonnes)

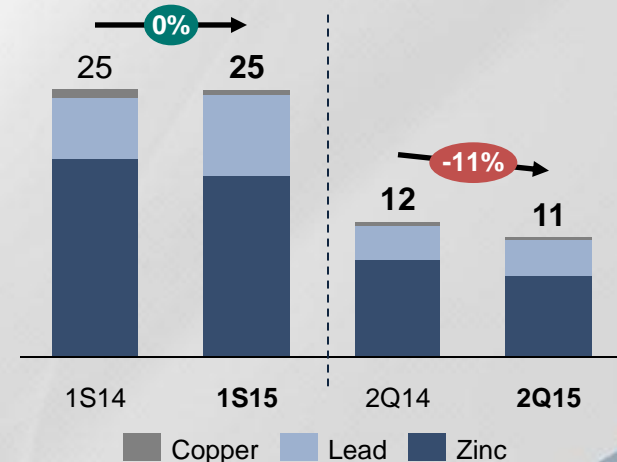
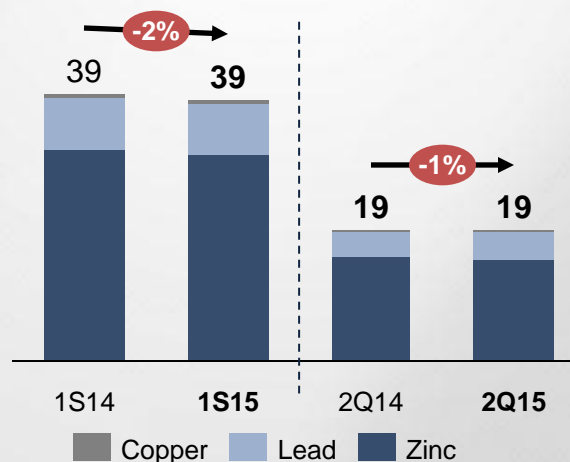
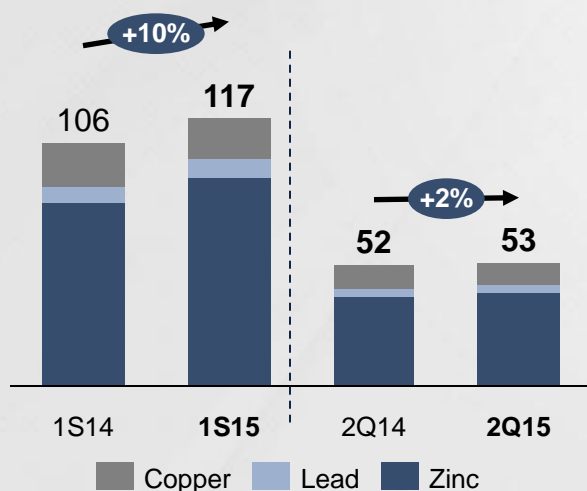
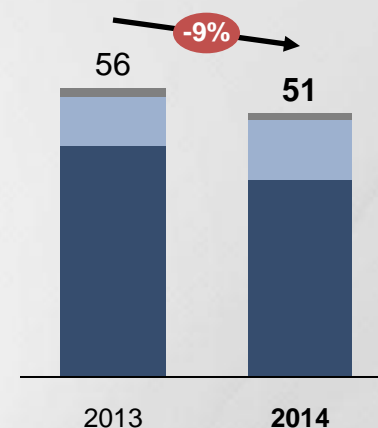
### CERRO LINDO



### EL PORVENIR



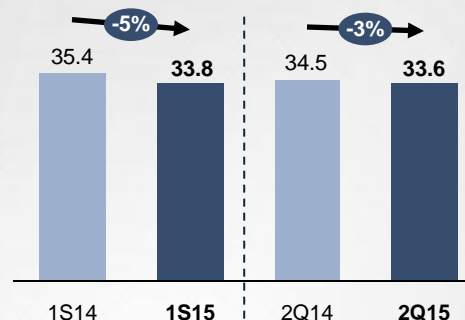
### ATACOCHA



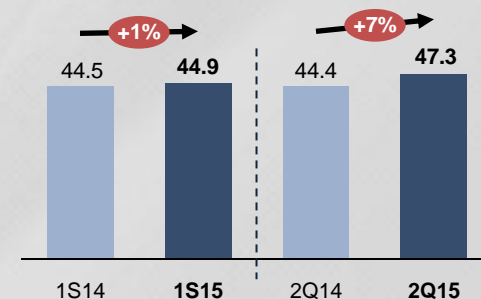
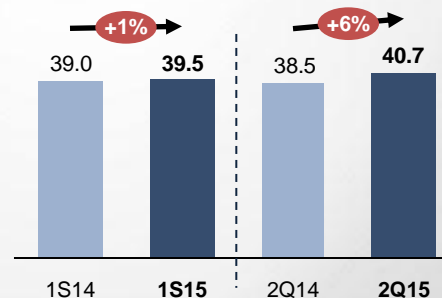
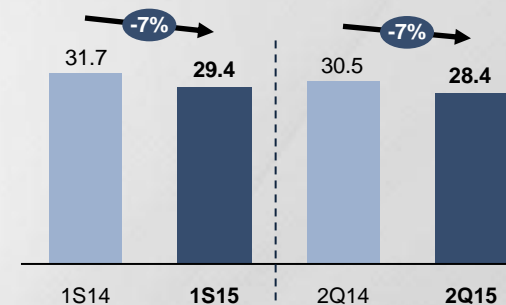
# Lower consolidated cash costs also helped mitigate the negative price effect



Cash Cost US\$/t Zinc equivalent  
1S15

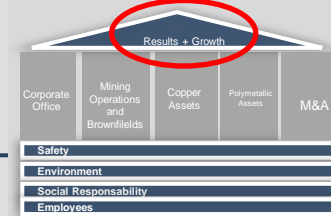


Cash Cost US\$/t rom

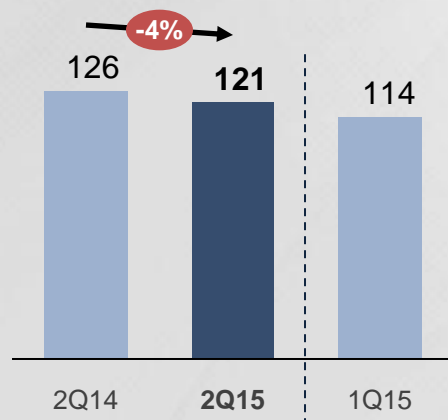
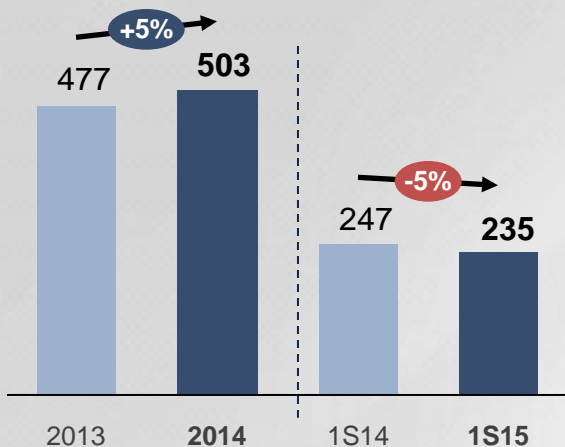


Milpo maintains its position as a low-cost mining producer

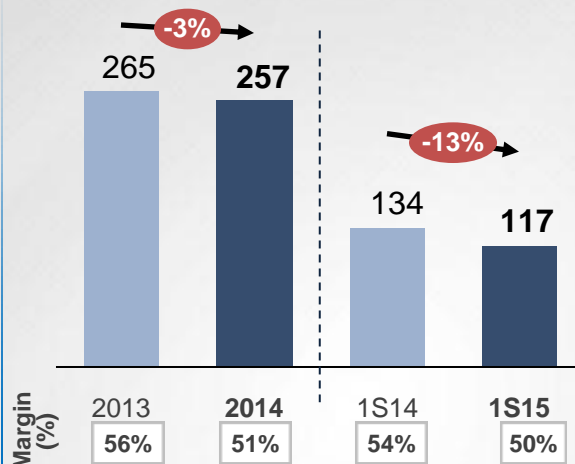
# Cerro Lindo's financial performance (68% of Milpo's 1S15 revenues)



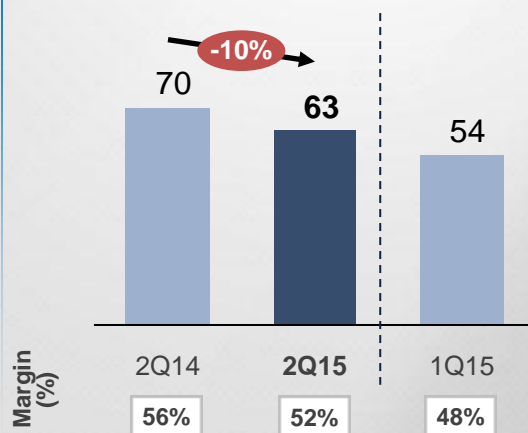
Revenues (US\$ million)



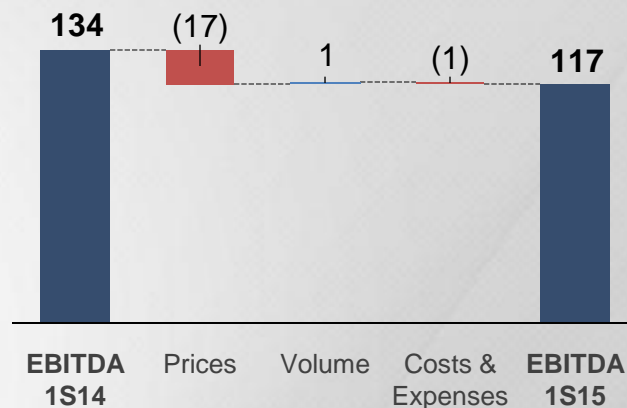
EBITDA (US\$ million)



Margin (%)



Margin (%)



## Highlights 1S15 vs. 1S14

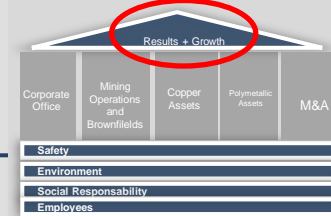
■ Higher fine content in concentrates production due to the stabilization of treatment capacity to 18,000 tpd and better grades:

	1S15
ZINC	↑ 14%
LEAD	↑ 19%
COPPER	↓ -8%
SILVER	↑ 26%

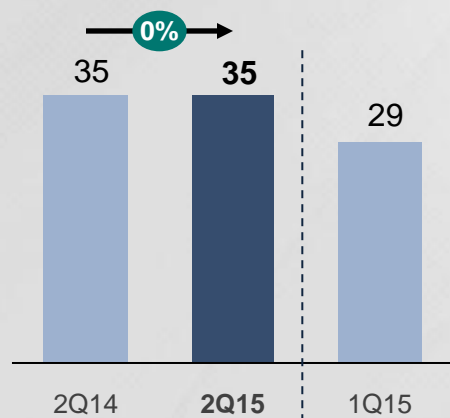
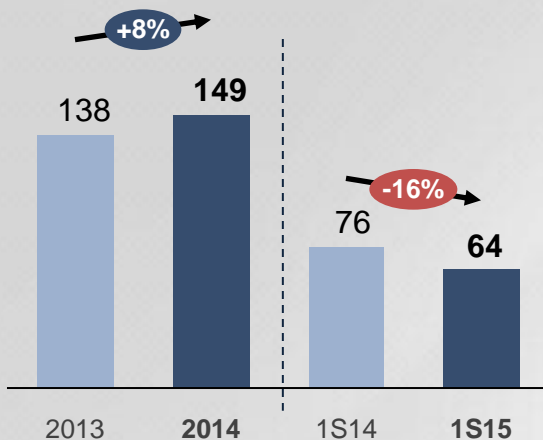
■ Revenues of US\$ 235 million, 5% decrease due to lower metals prices and in spite of higher production.

■ EBITDA of US\$ 117 million, 13% decrease due to lower revenues and in spite of lower cash costs (US\$/t 29.4 vs US\$/t 31.7).

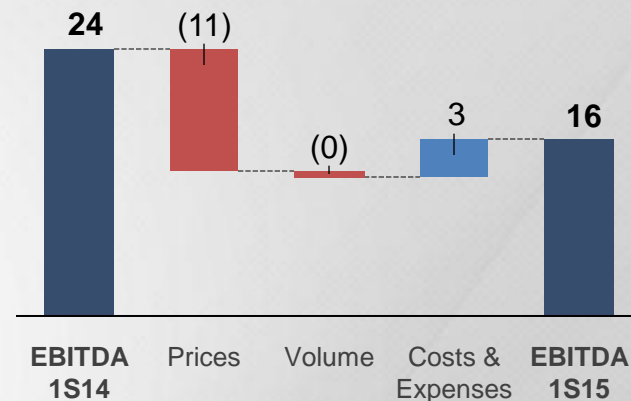
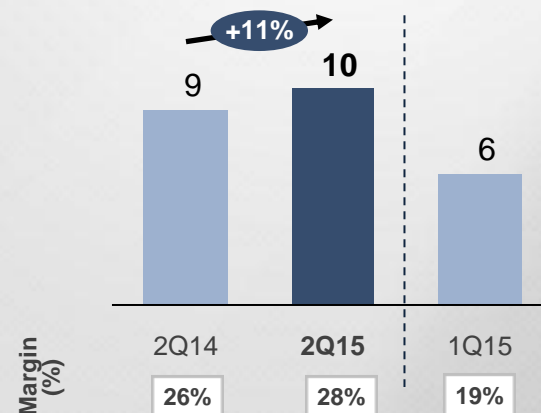
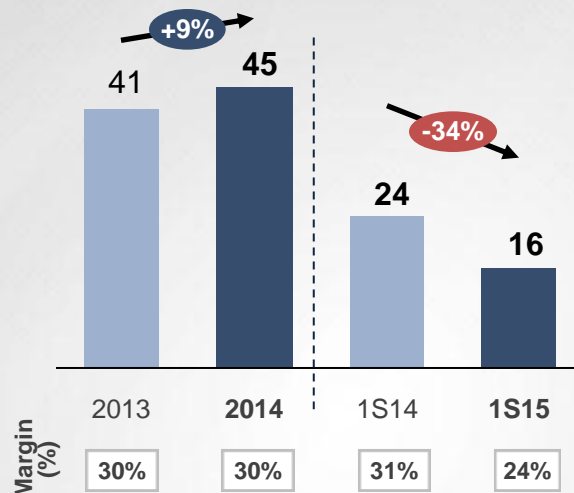
# El Porvenir's financial performance (18% of Milpo's 1S15 revenues)



Revenues (US\$ million)



EBITDA (US\$ million)



## Highlights 1S15 vs. 1S14

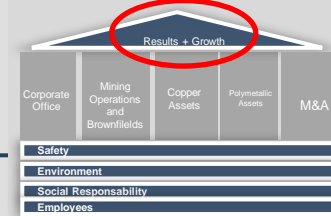
■ Lower fine content in concentrates production compensated by the increase in silver contents:

	1S15
ZINC	↓ -2%
LEAD	↓ -3%
COPPER	↓ -4%
SILVER	↑ 7%

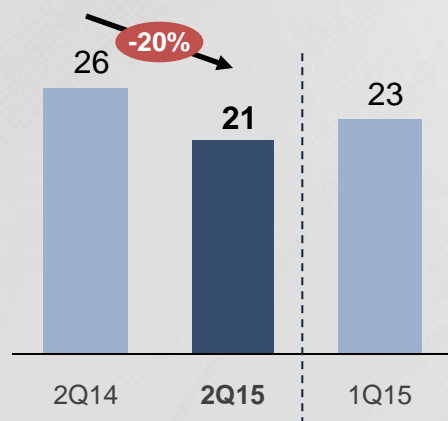
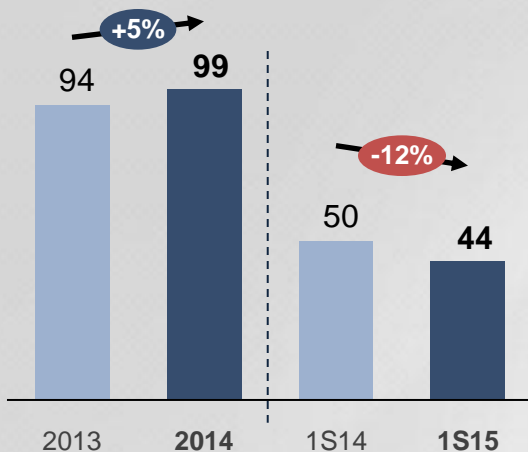
■ Revenues of US\$ 64 million, 16% decrease due to lower metal prices.

■ EBITDA of US\$ 16 million, 34% decrease due to lower revenues.

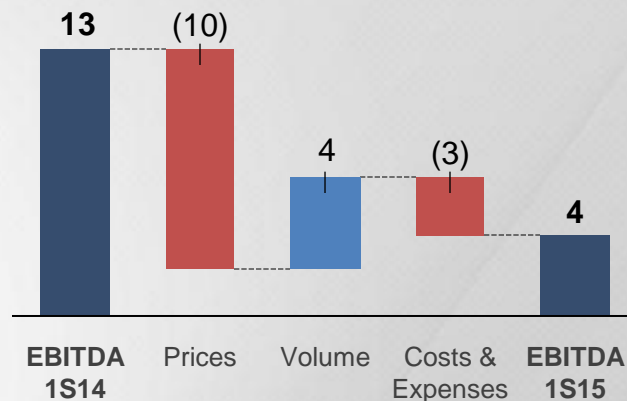
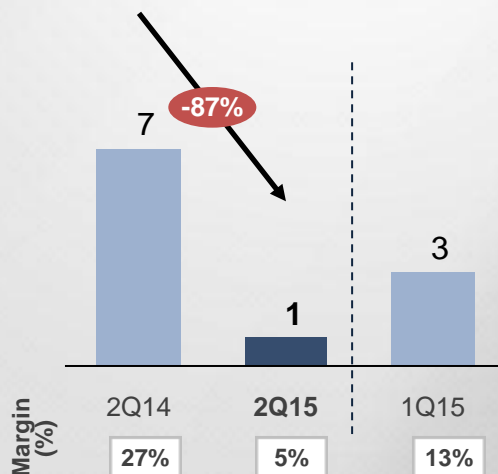
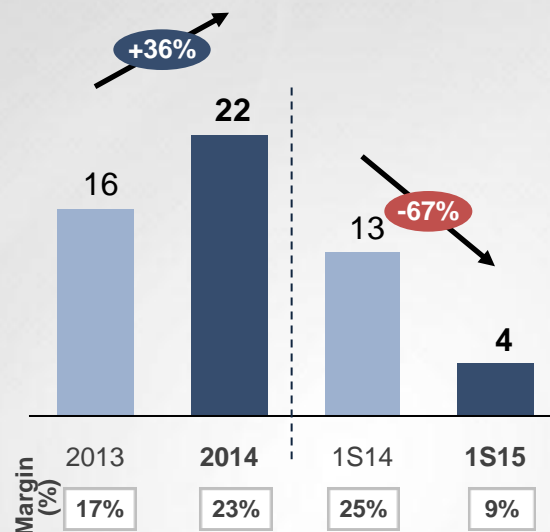
# Atacocha's financial performance (13% of Milpo's 1S15 revenues)



Revenues (US\$ million)



EBITDA (US\$ million)



## Highlights 1S15 vs. 1S14

■ Lower zinc and copper fine content in concentrates production compensated by higher lead fine content:

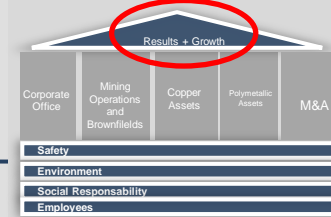
	1S15
ZINC	↓ -9%
LEAD	↑ 36%
COPPER	↓ -43%
SILVER	↓ -4%

■ Revenues of US\$ 44 million, 12% decrease due to lower metal prices and in spite of higher lead fine content in concentrates production.

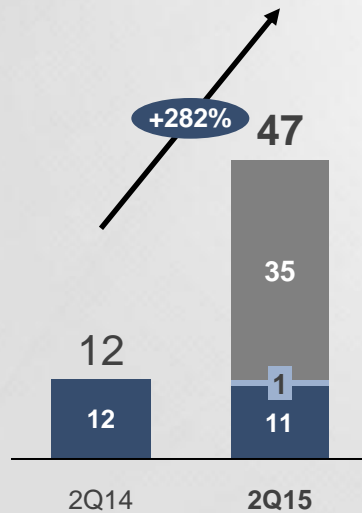
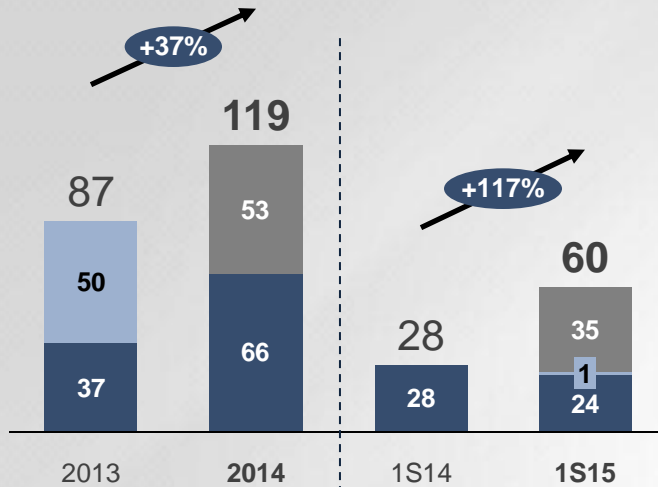
■ EBITDA of US\$ 4 million, 67% decrease due to lower revenues.



# In 1S15, total Capex was of US\$ 60 million

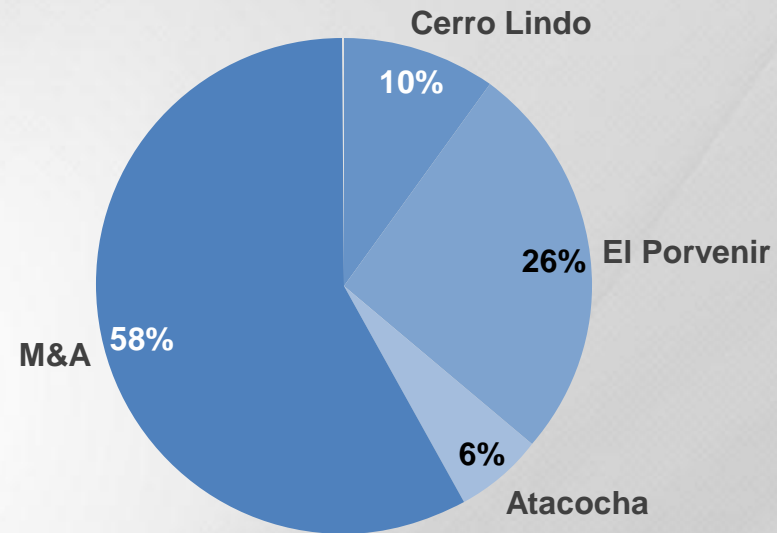


Capex (US\$ million)



M&A Expansion Sustaining and Others

1S15 Capex breakdown per unit

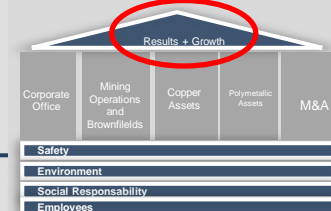


Total US\$ 60MM

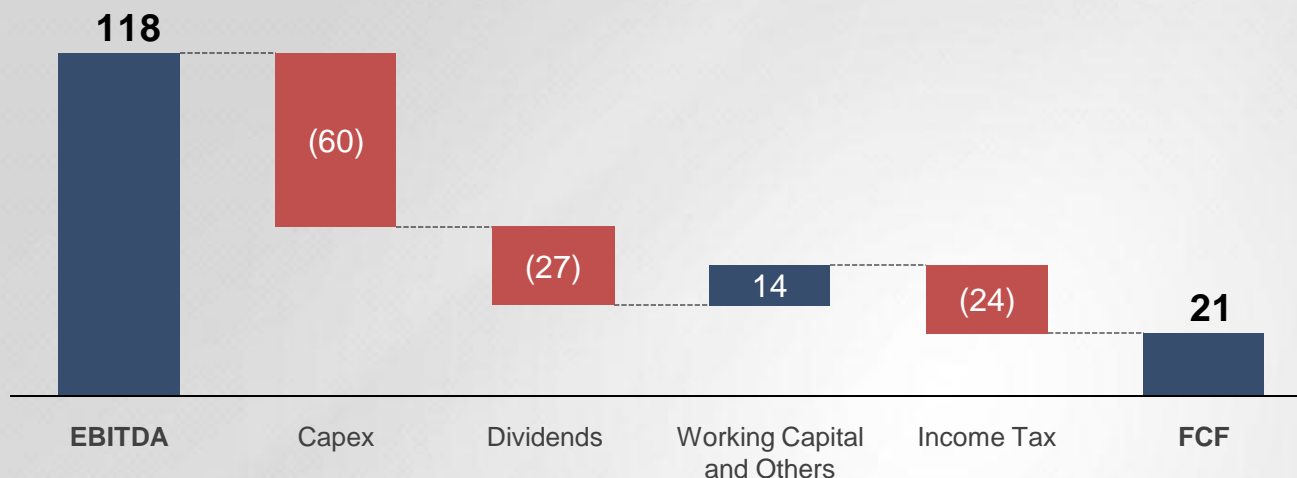
## Main Investments during 1S15:

- Acquisition of a participation in the Shalipayco zinc project.
- Tailing dam elevation at El Porvenir, related to the integration with Atacocha.

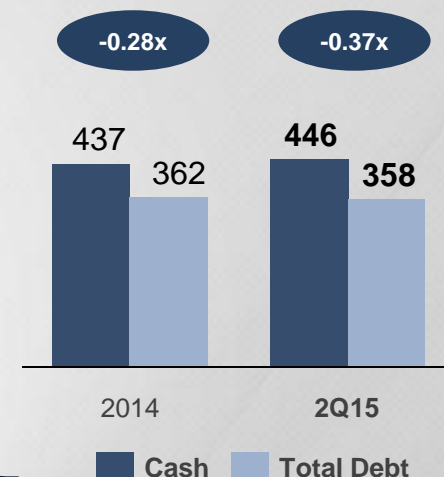
# In spite of the lower EBITDA, Milpo generated a positive cash flow during 1S15, maintaining a strong financial position



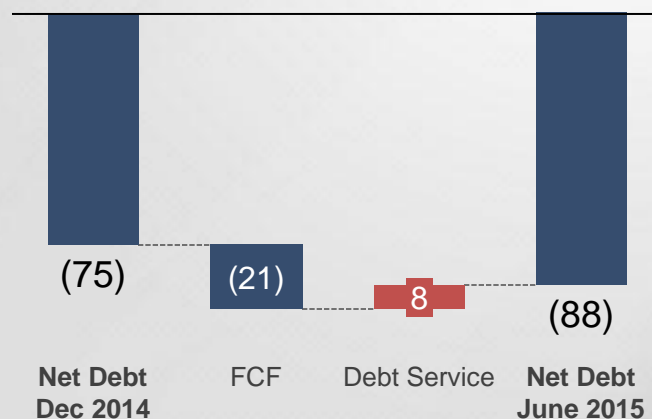
## Cash Flow Generation (US\$ million)



## Net Debt/EBITDA (x times)



## Net Debt Evolution as of June 2015 (US\$ million)



## Investment Grade Status

**Fitch Ratings**

(BBB) Stable

**STANDARD & POOR'S**

(BBB-) Stable

# Agenda

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Closing Remarks

## Closing Remarks

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- Milpo has a robust financial position driven by the five pillar strategy with a focus on productivity, operational synergies, cost reductions and business growth.
- Milpo's track record as a low-cost mining producer, with an extended life of mine, and its flexibility to prioritize its CAPEX allow the Company to respond to LME variations or market volatility efficiently.
- Healthy cash generation has allowed the company to maintain high liquidity levels with a decrease in its leverage ratio, even in the current scenario strongly impacted by the LME prices reduction.
- Milpo's strong and diversified projects portfolio secures its future and disciplined growth.

# Q & A