



AUTLAN[®]

A N N U A L
R E P O R T

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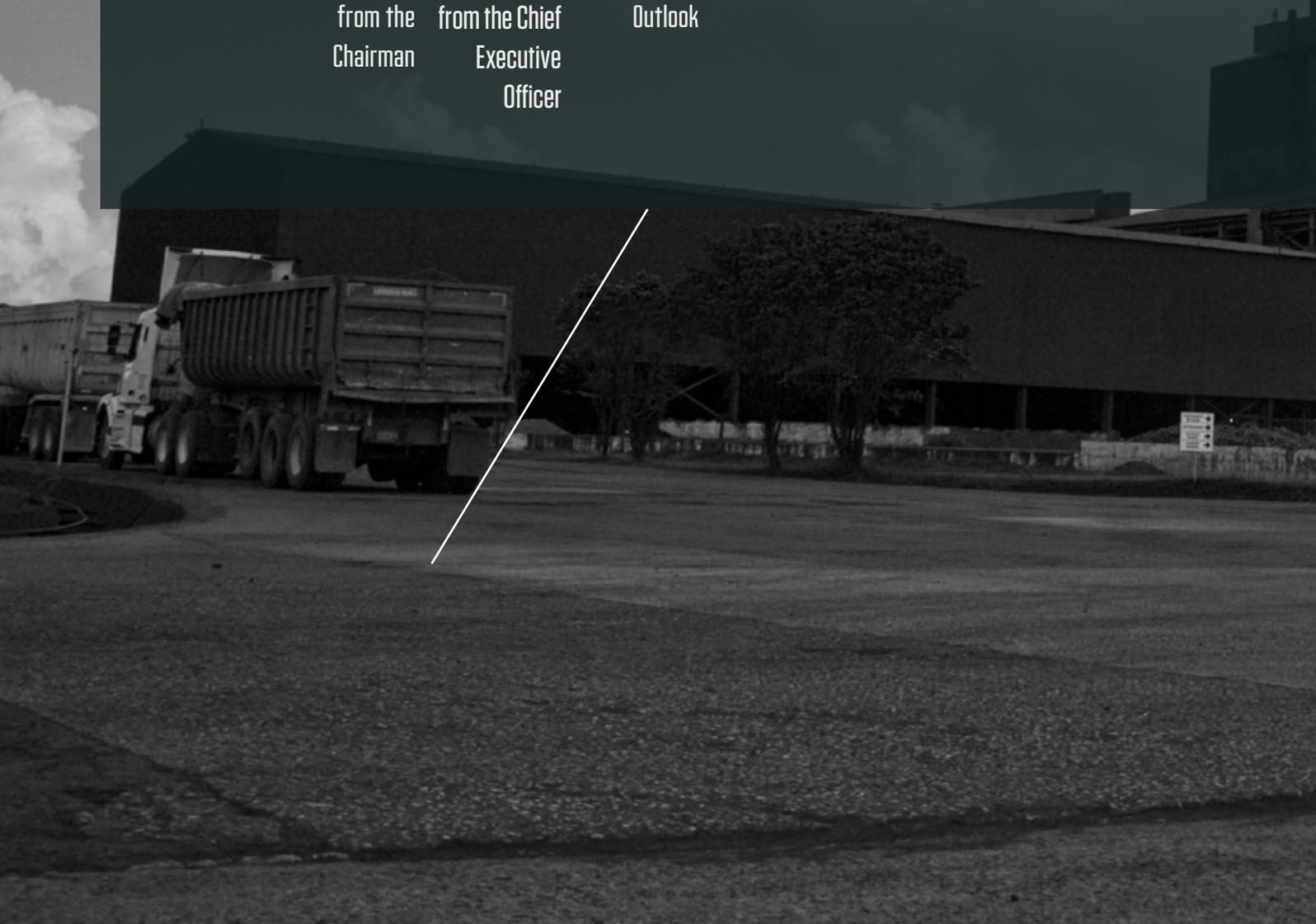
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S F I G U R E S A L I E N T

(millions of pesos)

DECEMBER 31

Results

| | 2014 | 2015 |
|--------------------|---------|---------|
| Net sales | 4,486.2 | 4,220.4 |
| Costs and expenses | 4,159.1 | 4,003.6 |
| Operating income | 327.1 | 216.8 |
| Operating margin | 7.3% | 5.1% |
| Net revenues/loss | 52.5 | 60.1 |
| Net margin | 1.2% | 1.4% |

| | | |
|--|-------|-------|
| EBITDA | 665.9 | 652.9 |
| (operating income+depreciation and amortization) | | |
| EBITDA margin | 14.8% | 15.5% |

Balance

| | | |
|------------------------------|---------|---------|
| Current assets | 1,783.7 | 2,100.0 |
| Total assets | 8,000.4 | 9,134.1 |
| Debt with cost | 2,116.1 | 2,260.2 |
| Net debt | 1,775.5 | 1,717.9 |
| Total liabilities | 4,343.2 | 4,792.4 |
| Equity | 3,657.2 | 4,341.7 |
| Total liabilities and equity | 8,000.4 | 9,134.1 |

M E S S A G E F R O M T H E C H A I R M A N

A distinguishing feature of 2015 was a marked transformation of Mexican society, which will have a decisive impact on defining the future direction of our country. One of the main changes was the approval of structural reforms that seek to drive economic and social activity.

It is commonly thought that an understanding of competitiveness is of interest solely to corporate groups, given their powers of intervention and influence in the business world. However, this is not true; many years of experience have shown that a partnership between the public sector and private initiative is vital for a nation's planning and development.

In Mexico, the recent reforms undeniably serve as instruments that facilitate the nation's progress towards becoming an increasingly modern society and global benchmark for other nations. At Autlán, we are aware that 2015 marked only the beginning of our journey towards the implementation of these long-awaited changes; we know that there is still a very long road ahead before we can reap their rewards. Nevertheless, this is a turning point that encourages us to view the future with optimism.

For the company, the reforms mean that our business operations in Mexico will be conducted in a more coherent environment and in synchrony with the new world order. As we will explain later, Autlán is in the process of expanding on new exploration and diversification activities. We are also working on several projects related to renewable energy generation that will translate into lower operating costs. Therefore, a modern regulatory framework that is sensitive to the pressing need for competitiveness in the country is indispensable. Over the next few years, it will be up to us to orchestrate the benefits of the reforms across the company, without losing sight of the existing context and situation.

Thus, 2015 was a year of great contrasts and challenges. In some areas, the company's performance fell short of expectations, while extraordinary progress was made in others, resulting in gratifying transformations for the company and for its entire corporate management model.

As stated on other occasions, Autlán can define itself as a proactive enterprise that knows how to face the challenges that are beyond its control. Although at times these threats have directly or indirectly eroded our operations, we have always used our creativity to overcome them.

Rapid changes in the manganese industry, and the grave situation faced by the global economy were just some of the trials that adversely affected the performance of the mining and iron and steel industries in 2015. These challenges endangered the sustainability of numerous companies and even, in some cases, brought production lines to a standstill.

The sector behavior was marked by a growing doubt about market forecasts. During the first half of the year, deciphering the immediate future of steel products was extremely complicated. Consequently, we were faced with very different opinions, with some forecasters presenting optimistic scenarios and others exceedingly complicated settings.

In the global context, world steel production continued to face a complex environment, caused by the economic collapse at the end of 2014 and China's intense and unfair trade practices in the industry.

International manganese ferroalloy prices also fell during the year, with oversupply, unfair trade practices and





the recent steel slowdown simultaneously leading to an unfortunate decline during the second half of the year. At the same time, during 2015, international manganese ore prices contracted significantly, dropping to historic minimum levels.

Against this background, we worked closely with CANACERO (the Mexican Chamber of the Iron and Steel Industry) in order to explain the grave situation suffered by the steel industry to the authorities, who appeared to be sympathetic.

In contrast, a hugely relevant achievement was the incorporation of new projects in 2015. As of October 1st, Autlán has an investment option in GFM Minería (which owns Minera Columbia's precious metal mine in Sonora) and in a non-metallic ore mine in Coahuila. It is important to note that these investments will not be executed until creditors give their approval.

Such actions confirm our commitment to transforming Autlán into a model of success focused on market diversification and growth.

To this end, 2015 was key in continuing with the development of science and technology projects that seek to enhance, even further, the qualities of our manganese ore. The initiatives will improve our market position, constituting a new supply alternative, and, of course, expanding our client portfolio.

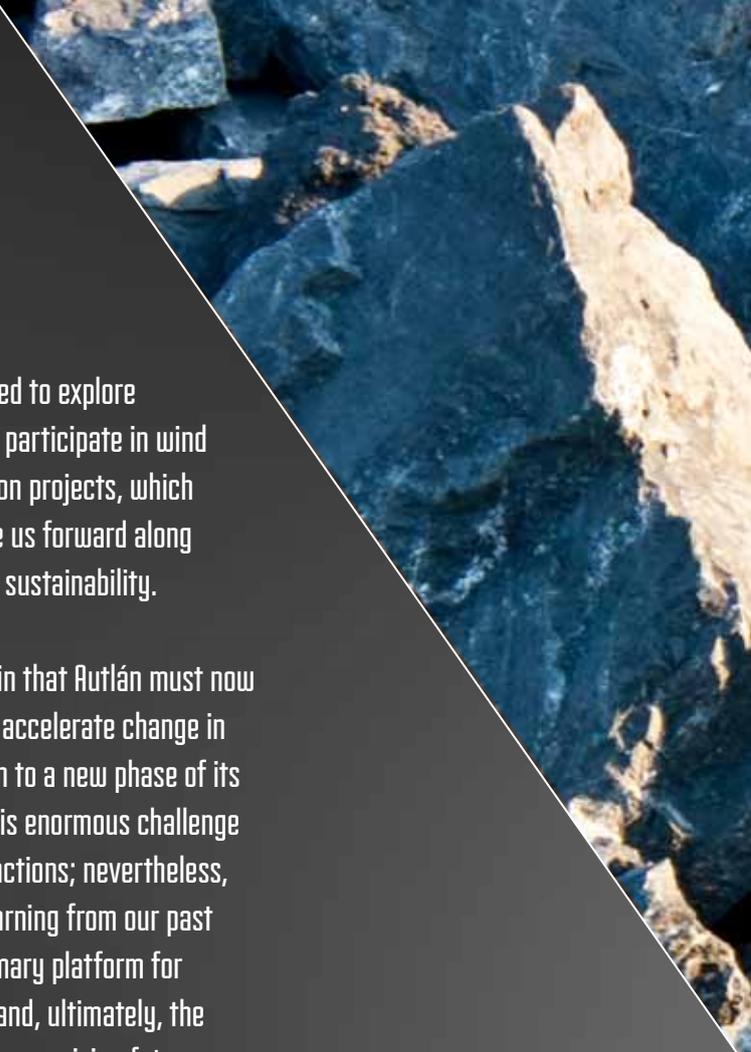
In addition to these ambitious investments, I would also like to mention that in

2015 we continued to explore opportunities to participate in wind energy generation projects, which will help to drive us forward along the path toward sustainability.

I am quite certain that Autlán must now consolidate and accelerate change in order to move on to a new phase of its development. This enormous challenge warrants clear actions; nevertheless, I believe that learning from our past must be the primary platform for transformation and, ultimately, the construction of a promising future.

As chairman of this company, I can see that Autlán's immediate future depends primordially on two factors. The first is the human factor and, beyond the excellence that characterizes our workforce, I must emphasize that the Autlán people are truly committed and always ready to go the extra mile for the good of the company. Moreover, our professionals, apart from analyzing the issues surrounding us, are highly qualified to propose solutions, without neglecting our operational priorities.

The second factor, linked to the company's current transformation mentioned at the beginning of this message, consists of the market pressures we are currently facing.





However, we are taking the necessary measures to mitigate their possible impact once and for all.

Undoubtedly, 2015 was a year of enormous trials for our industry, and 2016 will probably be little different. Nevertheless, as a company, we will continue to be active and committed to further consolidating Autlán's position. Above all, I think that the main challenges that arise from our reflections are to put our plans into practice, convert the words written here into precise actions, effectively promote participation in profitable projects and face head on anything that threatens the company's position. These actions must be the drivers of our success.

We must define the company to which we aspire and, to do so, it is important to face the future with determination, seeking partnership schemes, efficiently structuring the company's operations and offering improved products for our clients and markets. I am sure that this will imply throwing open the doors to a new corporate thinking, in other words, a new Autlán philosophy.

Finally, I would like to express my sincerest gratitude to the employees, workers, board members, stockholders, suppliers, customers and financial institutions who have all contributed to building the history of Autlán. More than 60 years of experience would not have been possible without their invaluable initiative and cooperation.

José Antonio Rivero
Chairman of the Board
April, 2016

M E S S A G E F R O M T H E CHIEF EXECUTIVE OFFICER

Given the difficult conditions in both domestic and global markets, in 2015, Autlán had to muster all its efforts to face a panorama that was set to be complicated right from the beginning of the year.

The rapid downturn in international oil prices, the decline in China's growth and global financial volatility were just some of the challenges we had to face during the year, driving us to improve our business model.

At the same time, the manganese industry in particular faced an adverse environment. Oversupply and China's reduced demand resulted in a drop in the reference prices of manganese ore to historic lows. These events meant that the company would be dealing with a challenging year, which was exacerbated by an acute crisis in the steel industry across the country and the world.

Meanwhile, international manganese ferroalloy prices continued under pressure throughout the year, especially as a result of the unfair competition from several players and the decline in steel production in the USA, Asia and Europe. By the end of 2015, prices had reached levels not seen since the 2009 financial crisis. In

Mexico, national raw steel production fell almost 4% during the year, depressing manganese ferroalloy demand and directly affecting our production and shipping levels. Consequently, in 2015, our sales volumes fell, resulting in annual revenues 20% below our business plan. Despite the adverse conditions in which we were operating, our operating cash flow (EBITDA) as a percent of sales missed the planned amount by just two percentage points. Given this situation, Autlán made every effort to reduce costs and expenses, enhance liquidity and meet its operating and financial commitments.

During the year, we implemented a set of specific measures to offset at least part of Autlán's vulnerability in face of factors that are beyond the company's control.

For example, the company was forced to prolong the suspension of activities at the Gómez Palacio Ferroalloy Plant in Durango until the fourth quarter of the year. Operations had been suspended in July for routine scheduled maintenance.

Across a 62-year track record of operations, Autlán has been a key player in the manganese ferroalloy industry and, on several occasions, has faced

extraordinarily challenging market conditions. We have always managed to move on undeterred and stronger, to continue as a strategic supplier of alloys and manganese ore for each and every one of our clients, while improving our production processes and technology to maintain and increase Autlán's profitability and efficiency.

As part of the enhancement of internal change processes, as of March, Autlán adopted a new corporate identity. Focusing on the values of innovation and modernization, the company was able to develop an updated and dynamic image in accordance with its market leadership and interactions with stakeholders. During the year, we took the necessary steps to institutionalize our new name and logo at all our plants and offices. This change was accompanied by the renovation of the company's website, making user access and the search for information on our products and services easier.

2015 was also a year of great progress, in which we forged better commercial relations with all our clients. This was reflected in the excellent results

obtained in the satisfaction and quality surveys answered by our manganese ferroalloy and manganese derivatives clients worldwide. Moreover, we administered, for the first time, satisfaction surveys aimed at South American ferroalloy markets and international manganese nodule clients.

We are proud to announce that TERNIUM, one of our clients, gave Autlán an award for excellence as a strategic ferroalloy supplier, reflecting the world-class quality and service standards for which we have always been distinguished.

During the year, our three mining units maintained good levels of extraction activity with valuable results. A new crushing station was installed at the underground Coyoles mine in the Molango Unit. This project improved safety conditions for our personnel and will make it possible to recover an additional one million tons from our extensive manganese ore reserves.

A new record was set at the Naopa Unit in the annual production of manganese carbonates. The Nonoalco Unit, as an integral part of its quality and customer service strategy, was recertified in the European FAMI-QS (Quality Standard for Feed Additives and Pre-Mixtures), by fully meeting the guidelines and requirements established by the European Federation of Animal Feed Additive Manufacturers.

In the Ferroalloy Division, in 2015, we focused our efforts on optimizing efficiency, quality and costs. The production capacity of the Teziutlán Plant in Puebla was increased, giving the company modern, competitive infrastructure to meet the demands of the domestic market. Meanwhile, the Tamós Plant in Veracruz operated normally year-round, producing a broad range of manganese ferroalloys that Autlán traditionally supplies to both Mexican and export markets.

With regard to capital expenditures, considerable improvements were consolidated at the Tamós Plant with, in particular, the replacement of old dust collectors in furnaces 12 and 13 with premium-range, environmentally-friendly equipment. It is important to note with regard to this plant that the effective operating times of its five furnaces improved significantly in 2015, by 103%.

All the crucibles of furnaces 5, 6 and 7 were restored at the Teziutlán Plant. In addition, the installation of a new transformer increased the production capacity of furnace 6.

Although total sales volumes decreased compared to 2014, it gives Autlán great satisfaction to report

that the company continued to serve the domestic steel market efficiently and even exported to several regions of North and South America, and Europe.

Nevertheless, the domestic ferroalloy market was seriously affected by the presence of unfair trade practices. In response, the company took immediate action by initiating two new antidumping investigations filed with the Mexican government's International Trade Practices Unit (UPCI). In September, the UPCI published an Initial Ruling for one of the cases and, to date, significant progress has been made in the proceedings for the second case.

Despite the current complex circumstances, I believe that Mexico has an enormous potential for growth and development, driven by the abundance of mineral and natural resources found in the nation.

Mexico's copious natural riches have been put to good use by our Hydroelectric Plant in Atexcaco, Puebla. This strategic clean and renewable energy integration project, launched in 2011, represents a key input for the competitiveness of our operations and forms part of our Energy Division.

In 2015, the Atexcaco Hydroelectric Plant generated 250 GW/h of electricity, thus covering, in an environmentally-friendly and efficient manner, 31% of Autlán's total energy requirements. Moreover, equipment maintenance

and modernization actions were undertaken during the year at this, the most important private hydroelectric plant in the country.

Autlán continues to be a company that is committed to the environment and, as a result, we have generated and implemented an authentic culture of social responsibility. The success of the company's environmental protection initiatives is reflected in the ISO 14001 certification of each and every one of our facilities. Moreover, we are permanently investing substantially in order to mitigate our environmental impact and protect the areas and communities in which we operate.

The combination of these actions allowed Autlán, in 2015, to achieve its sixth consecutive accreditation as a Socially Responsible Company, making it a benchmark within the mining, steel and energy sectors.

In challenging times like 2015, we believe that fostering development programs for our Human Capital is of utmost importance. Continuation of the High-Performance Work Teams Program, initiated in 2014, was of particular note during the year, with an 80% advancement in its implementation among unionized personnel at all our mining units and ferroalloy plants. In addition, significant progress has been made with continuous improvement projects at managerial and employee levels with the application of lean

manufacturing tools. In this way, we are reiterating our long-term commitment to empowering the company's most important asset: its workers and employees.

The history of Autlán has been built on the diligence of thousands of employees and workers who, with their tenacity and dedication, have managed to position the company as one of the most profitable and robust firms in the global manganese industry. We respond to adversity with improvements to our management model as a public company enjoying the invaluable support of clients, suppliers, financial institutions and stockholders. I would like to acknowledge all the employees and workers who founded this great company, those who today are contributing to its success, and those who will be building its history in the future.

2016 is expected to bring new challenges, including ongoing weakness in the growth of the leading economies and the impact of this on the global steel industry. However, in the medium and long term, the outlook is still encouraging and filled with opportunities. In face of potentially difficult scenarios, we would like to confirm our resolve and commitment to move forward and do everything we possibly can to assure the comprehensive and robust development of the company and its people.

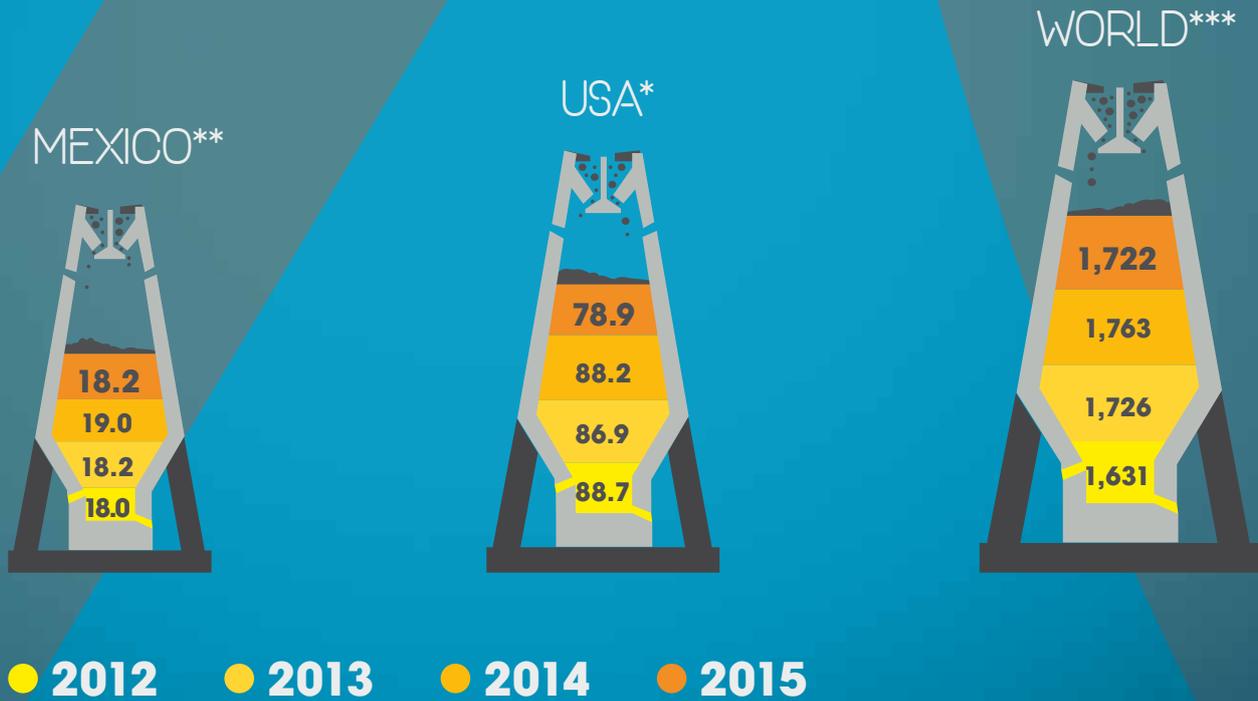
Oscar Maldonado
CEO
April, 2016



E C O N O M I C O U T L O O K

STEEL PRODUCTION

MILLIONS OF METRIC TONS



SOURCES: *WORLD STEEL ASSOCIATION **CANACERO ***CRU

2015 offered a challenging panorama with a marked general global economic slowdown and great uncertainty in international markets.

The difficult environment in the world steel industry was a result of a mixture of factors that had a negative effect on the sector's productivity and profitability, in particular the decline in oil prices, which checked numerous intensive steel consumption projects and contributed to decreasing global demand.

In addition, the steel market's performance was adversely affected by the slow growth of the world economy, a significant

market oversupply and low steel prices, which were pressured by China's global exports and the unfair practices of this Asian giant. China is currently responsible for over half the global oversupply, a trend that was exacerbated in 2015.

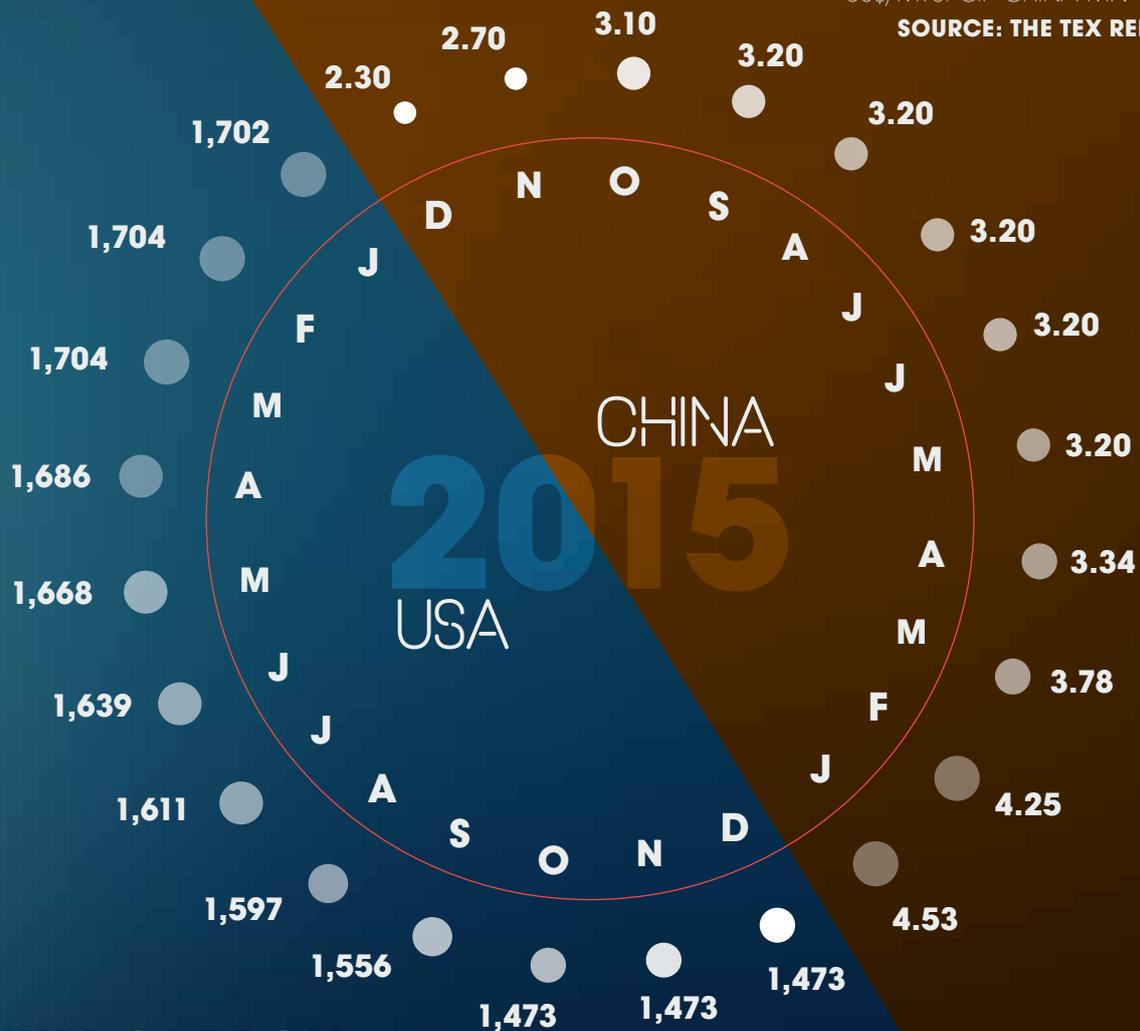
The problems in the international steel sector also affected Mexico, which experienced an almost 4% drop in domestic raw steel production. The marked increase in steel imports, especially from countries with dumping prices, and a significant reduction in exports largely explain the decrease in production. Similarly, in the USA, 2015 saw a 10% contraction in the country's steel production.

MANGANESE ORE

BENCHMARK PRICES

US\$/MTU. CIF CHINA MN ORE 46%

SOURCE: THE TEX REPORT



MEDIUM CARBON FERROMANGANESE SPOT PRICES

US\$/MT

SOURCE: RYAN'S NOTES

Because of China's economic downturn and consequently a decline in its internal consumption, the price of a number of raw materials plunged on a global level, and that of manganese ore was no exception. The benchmark and spot prices of manganese reached historically low levels in 2015 as a result of China's decreased consumption and the notable oversupply.

Manganese ferroalloy spot prices were also under pressure and fell substantially during 2015.

As a consequence of this grave situation, major global manganese and ferroalloy suppliers announced cuts in

their production levels during the final stages of the year. The measure seeks to offset the losses caused by the acute decline in prices; however, most of these cutbacks will not come into effect until 2016.

In the specific case of Mexico, the scenario became increasingly complex given the extreme unfair trade practices, particularly from some Asian countries, which generated significant distortions in the stability of the domestic ferroalloy market.

In the international arena, diverse regions of the planet were also affected by unfair ferroalloy trading practices. Several antidumping proceedings have already been initiated.

MINING

IN 2015, WE FOCUSED OUR EFFORTS ON OPTIMIZING THE PERFORMANCE AND OPERATION OF OUR THREE MINING UNITS. DESPITE THE DIFFICULT ENVIRONMENT, EXCELLENT RESULTS WERE ACHIEVED, GENERATING POSITIVE CHANGE FOR THE COMPANY.

MOLANGO UNIT

In spite of the significant manganese market contraction during fourth quarter 2015, the Molango Unit reaped important benefits in production, achieving its second-best year, with 464 thousand tons of manganese nodules. This led to a considerable increase in nodule export levels, with the unit setting a new record.

These efforts were made possible by the commitment of all members of our workforce, who were dedicated to preparing themselves throughout the year. In 2015, 44 High-performance Teams in the different operating and service areas were trained. This will enable us to improve productivity and

strengthen workers' capacity for continuous improvement.

In the area of operations, the recently-begun infrastructure project for a new crushing station will improve safety conditions for our personnel and make it possible to productively exploit approximately one million tons adjacent to the current crushing station and Coyoles tunnel. Moreover, since safety is one of our top priorities, a mine refuge chamber was installed at the underground mine to protect workers in the event of a mine collapse.

The implementation of Datamine software was completed during the year. This important geological, planning and mining tool

will help us to expedite the technical and economic assessment of diverse possible scenarios for our different projects and, consequently, optimize decision-making processes.

As part of our continuous improvement strategy, the company formulated the Tetlaxco Block IV Project, using the SLC method, which will provide a highly productive, economical block in underground mining production in 2016. Additionally, during the year, a new motor-generator was installed in the power house, which restored the reliability of electricity supply at the Molango Unit and also reduced diesel and gas consumption.

NONOALCO UNIT

The Nonoalco Unit posted good results in 2015 and its operations were further improved by the repair and startup of a spiral circuit to capture fine concentrates from crushed ore. Laboratory trial runs of high-purity manganous oxide were completed, proving the feasibility of pilot tests and pre-feasibility at an industrial level with a potential market of 500 tons/year.

We continued to post significant progress in product quality initiatives during the year. The Unit successfully completed FAMI-QS recertification and began training sessions for the 2015 version of ISO 9000 and ISO 14000 certification.



NAOPA UNIT

In 2015, the Naopa Unit broke the manganese carbonate production record with 456 thousand tons, surpassing the estimated manganese content and achieving costs well below the annual forecast.

This achievement reflects the efficiency of the production process and the invaluable contribution of all the unit's employees and workers. Remarkably, nine High-performance Teams were created during the year, with excellent results.

In addition, work relations with the union were strengthened and the company's image was improved substantially, reflecting activities organized with the region's inhabitants and schoolchildren, such as reforestation campaigns and the annual Environment Day Event, which is fast becoming a regional tradition.



F E R R O A

During the course of the year, the Ferroalloy Division responded to the contraction of the steel industry efficiently; with great flexibility by adjusting its production program to the reduced demand. Nevertheless, we were able to satisfy the demand for ferroalloys in both domestic and international markets.

TAMÓS PLANT

Throughout 2015, the Tamós Plant made major changes in its operating practices and use of raw materials, adjusting production plans according to each client's requirements.

During the year, the plant produced

over 85 thousand tons of sinter and implemented technical changes that led to a considerable increase in production capacity to 120 thousand tons per year.

In the area of maintenance, furnace-operating times improved by a remarkable 103%, after the overall restoration of the crucibles in furnaces 11 and 12. Even though 2015 was a year in which part of our manganese ferroalloy operations was interrupted in response to market conditions, we achieved positive results in labor-related matters. The Tamós Plant's High-performance Teams performed

particularly well, thus helping the company to make important progress. Additionally, 2015 was the best year in history in the area of security, with efforts focused on applying operating and occupational safety measures. For productivity purposes, the plant made changes to its infrastructure, improving the application of internal combustion equipment and personnel performance.

As part of the company's environmental strategy, the old dust collectors in furnaces 12 and 13 were replaced with more efficient, modern aspersion systems to mitigate dust in the finished-product preparation



L L O Y S

areas. This new high-tech initiative reflects our commitment to the ongoing promotion of efficient solutions that improve the quality of our environment and encourages us to continue enhancing our environmental conservation and protection efforts.

TEZIUTLÁN PLANT

The production capacity of furnace number 6 at the Teziutlán Plant was increased by a noteworthy 33% during the year, through the installation of a new transformer and improvements to the electrode equipment.

The 115kV line which connects the Teziutlán Plant to the CFE (government-

owned electric company) substation began operating, thus fully completing the plant's electric substation modernization project.

All of the crucibles in furnaces 5, 6 and 7 were refurbished after 20 years of service, ensuring their reliable operation for many years to come.

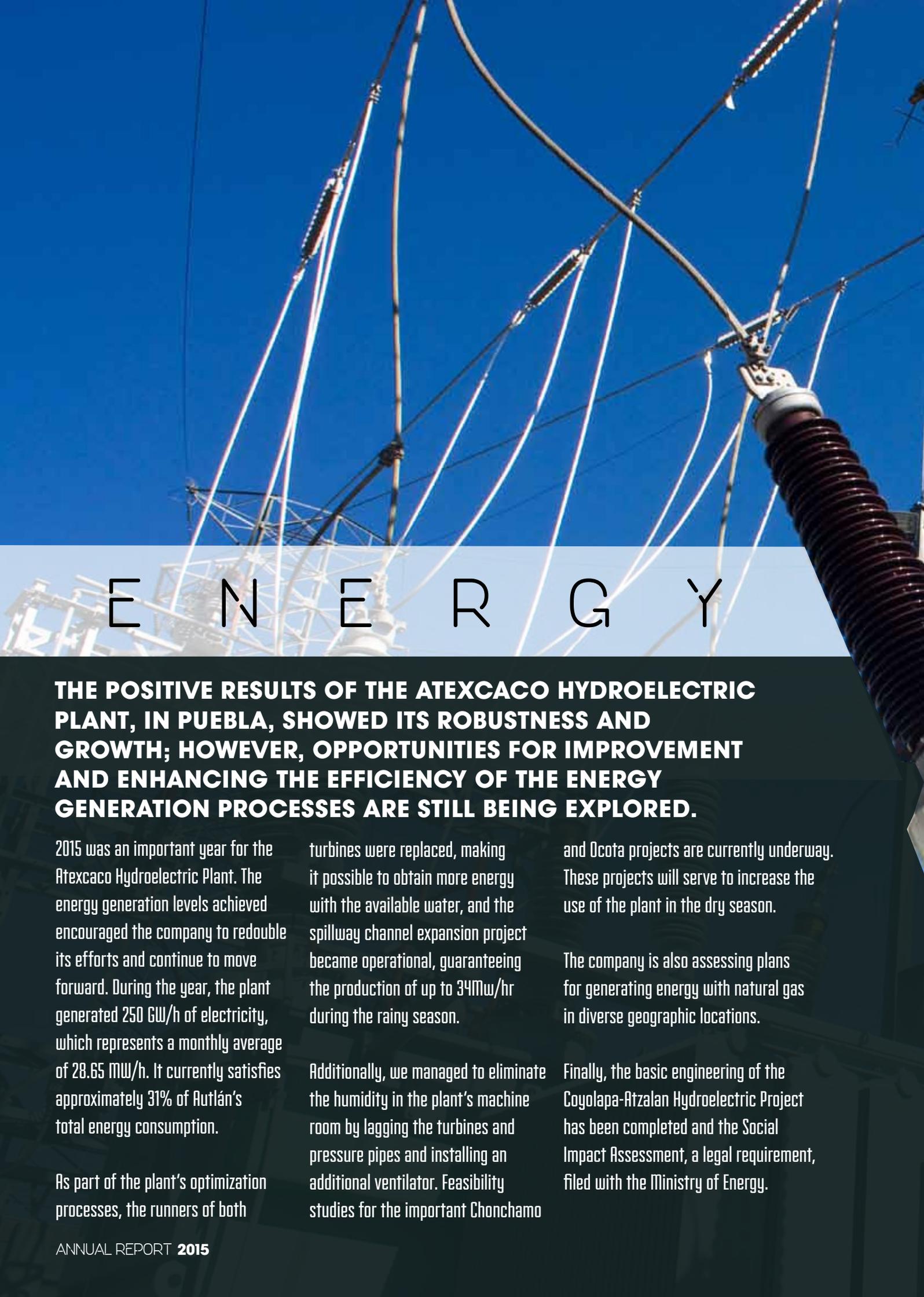
The Teziutlán Plant maintained the Clean Industry certification, which was granted by the Mexican Environmental Protection Agency (PROFEPA). We also continued to operate the nursery which produces endemic tree species that are

donated to members of the community, thereby contributing to the region's reforestation.

GÓMEZ PALACIO PLANT

Even though the Gómez Palacio Plant's production, maintenance and environmental efforts were outstanding, the situation of the steel market and the volatile economic setting forced the plant to suspend operations as of July.

During the second half of the year, we began an overall maintenance process for its furnaces, peripheral equipment and main substation in preparation for the plant's future startup.



E N E R G Y

THE POSITIVE RESULTS OF THE ATEXCACO HYDROELECTRIC PLANT, IN PUEBLA, SHOWED ITS ROBUSTNESS AND GROWTH; HOWEVER, OPPORTUNITIES FOR IMPROVEMENT AND ENHANCING THE EFFICIENCY OF THE ENERGY GENERATION PROCESSES ARE STILL BEING EXPLORED.

2015 was an important year for the Atexcaco Hydroelectric Plant. The energy generation levels achieved encouraged the company to redouble its efforts and continue to move forward. During the year, the plant generated 250 GWh of electricity, which represents a monthly average of 28.65 MW/h. It currently satisfies approximately 31% of Autlán's total energy consumption.

As part of the plant's optimization processes, the runners of both

turbines were replaced, making it possible to obtain more energy with the available water, and the spillway channel expansion project became operational, guaranteeing the production of up to 34Mw/hr during the rainy season.

Additionally, we managed to eliminate the humidity in the plant's machine room by lagging the turbines and pressure pipes and installing an additional ventilator. Feasibility studies for the important Chonchamo

and Ocota projects are currently underway. These projects will serve to increase the use of the plant in the dry season.

The company is also assessing plans for generating energy with natural gas in diverse geographic locations.

Finally, the basic engineering of the Coyolapa-Atzalan Hydroelectric Project has been completed and the Social Impact Assessment, a legal requirement, filed with the Ministry of Energy.





C O M M E R C I A L

2015 was a particularly complex year for the company's Commercial Division. The economic slowdown and low manganese and ferroalloy prices had a significant impact on results. Sales volumes and revenues from total sales were lower than those of the previous year. Nevertheless, despite the uncertainty in the steel industry, Autlán maintained its position in the domestic market and even exported to different countries.

During the year, we reinforced the technical service given to our clients and strengthened our commercial relations with each and every one.

Total ferroalloy sales failed to surpass last year's figures, reflecting the production cuts in Mexico's steel industry that resulted from the price decreases and growing

imports throughout 2015. The U.S. market was depressed for the same reasons. The company confronted this panorama by exploring new markets, such as South America, to improve its position.

Sales volumes in the Mining Division were only slightly below those of 2014, which was a significant achievement given the constant decline in international manganese ore prices.

The Trading Division managed to increase its silicon and chromium ferroalloy market share, achieving sales volumes that surpassed last year's figures by 7.4%.

Manganese derivative sales rose significantly in 2015, particularly as a result of the sustained increase in battery- and ceramic-grade natural manganese dioxide demand.

H U M A N C A P I T A L

The company's efforts over the past few years in the area of human capital have focused on developing an organization in which its people are more committed, ready to take on challenges, develop their capabilities and contribute with increasing effectiveness to the company as well as to their personal growth.

The difficult setting in 2015 put this objective to the test. Changes and challenges have forced us to seek simplicity and coordination, and also to quickly adopt measures that will offset any adverse effects.

These are the circumstances that lead to organizational improvements and new ways of working; they give us the mind and the muscle to move agilely and overcome any obstacles.

Good communication and teamwork have allowed us to implement decisions which, although necessary, have at times been painful. More specifically, during the year talks with the union organization were held in

an atmosphere of understanding and concern for individual rights and equity.

Despite all this, we continued to implement the projects we had already begun. As a result, High-performance Teams are operating across 80% of our production areas at various stages of advancement. In some departments, we are working with suggestions and improvement projects in which workers analyze issues and then propose or even implement solutions themselves.

We are gradually introducing tools to take advantage of our personnel's experience so that they not only control but also improve given processes. Our efforts focus on enhancing efficiency and reducing costs, as well as on promoting developments in safety, environmental protection and job satisfaction, always using specific and observable metrics.

Taking into consideration the diversity of the settings in which we operate, even in our own country, we have explored ways to consolidate

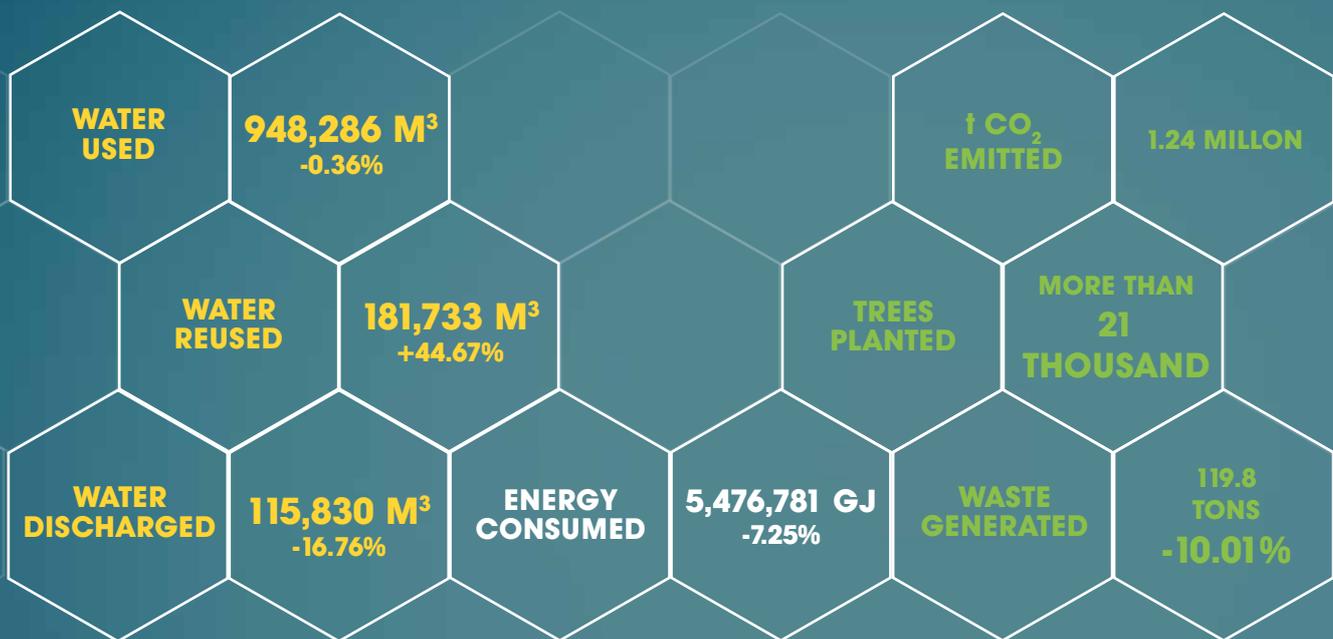
and implement human capital management practices and models to help us make better decisions in the areas of personnel recruitment, selection, development, assessment and recognition, as well as in handling age- and seniority-related transitions.

Our aim is to maintain an optimal mix of experience and willingness to learn, employing people who will grow while overcoming difficulties. In this respect, we are proud of our achievements across the company.

As we all know, the best way to face up to challenges is with well-founded collaborative actions that take resources into consideration. The organization is demonstrating its adaptability, resilience and positive spirit in overcoming obstacles, without losing sight of short-term challenges. In this way, we will continue to make progress through a range of initiatives which will be reflected in a better positioning in the medium and long term.



S U S T A I N A B L E D E V E L O P M E N T A N D S O C I A L R E S P O N S I B I L I T Y



Since sustainability is a fundamental part of our business strategy, we ensure that health, safety, environmental, social and economic factors are included in our decision-making processes.

For Autlán, identifying and managing risks is of utmost importance, guaranteeing for our stakeholders a clean, safe company. We are fully committed, as always, to the responsible use of resources in all our operations and to minimizing our environmental impact.

ENVIRONMENT

A key component of our approach to sustainability is to periodically review our environmental

performance and report our progress. In order to focus our efforts on things that matter, we have set objectives and continuously measure our performance and how the objectives are being promoted, as well as how we are doing in continuous improvement and our use of resources. These objectives were established on the basis of the 2014 fiscal year's performance and, in addition, we defined minimum compulsory performance requirements. Our goals also reflect Autlán's commitment to leadership and continuous improvement in environmental protection, using our performance in 2014 as a reference point. The following tables, on page 29, summarize the achievements and progress with regard to our environmental performance objectives.

M I N I N G
 MOLANGO NAOPA NONOALCO COMMENTS

| | MOLANGO | NAOPA | NONOALCO | COMMENTS |
|-----------------------------|---------|-------|----------|---|
| Water use | | ● | | Changes in the Extracted Ore Law led to a 17% growth in water use, reflecting increases at two of our mining units. However, in 2015 its reuse reached an extraordinary 89,960 m ³ , which is a 40% rise compared with the previous year. This was a result of the implementation of the water-recycling project in Otongo. We also continued to monitor the bodies of water that receive the company's runoff and discharges, thus assuring compliance with recommended health protection guidelines. |
| Global energy index | | ● | | The manganese content of our ore produced an increase in the Global Energy Index (energy consumption / t produced); however, our CO ₂ emissions were lower at all our mines in comparison with 2014. |
| CO ₂ emissions | ● | ● | ● | |
| Number of new trees planted | ● | ● | ● | Our efforts this year focused on planting the same number of trees as in previous years. As a result, more than 21 thousand new trees were planted and we made sure that over 70% of the trees from 2014 and 2015 survived. In Molango, for example, the survival rate was nearly 90%. |
| Survival >70% | ● | ● | ● | |
| Waste | | ● | ● | Overall hazardous waste generation diminished by 11% in the Mining Division. |
| Improvement projects | 99% | 95% | 100% | The Mining Division implemented 15 projects to improve its environmental performance. |
| Goal fulfillment | 92% | 97% | 88% | The Mining Division met 92% on average of its environmental goals. |

F E R R O A L L O Y S
 TAMÓS TEZIUTLÁN GÓMEZ PALACIO COMMENTS

| | TAMÓS | TEZIUTLÁN | GÓMEZ PALACIO | COMMENTS |
|---------------------------|-------|-----------|---------------|---|
| Water use | ● | | ● | The Ferroalloy Division's water use decreased by 76,825 m ³ , or 14%. In addition, the reused water volume increased 54%, from 59,403 m ³ in 2014 to 91,773 m ³ in 2015. Water discharge in this division dropped 20%. |
| Global Energy Index | | ● | ● | The Global Energy Index (MJ/t produced) and greenhouse gas emissions declined 10% and 14% respectively. In addition to the clean energy supplied by our Atexcaco Hydroelectric Plant, the division entered into a contract with a company that boasts a CO ₂ emission factor lower than that of CFE. |
| CO ₂ emissions | ● | ● | ● | |
| Waste | ● | ● | ● | Hazardous waste generation diminished by 28% in volume. |
| Improvement projects | 76% | 41% | 100% | The Ferroalloy Division implemented 10 projects to improve its environmental performance. |
| Goal Fulfillment | 83% | 50% | 89% | The Ferroalloy Division met 75% on average of its environmental goals. |

CONTRIBUTING TO CLIMATE CHANGE PREVENTION

The 13% savings in CO₂ emissions is equivalent to taking 31 thousand cars off the road for an entire year. We decreased our CO₂ generation from 0.95 to 0.84 ton CO₂ / ton of product.

COMMUNITIES

Rutlán makes every effort to form part of the communities in which it operates and to foment long-term meaningful relationships of mutual respect that will create lasting benefits.

In addition to direct social investments, the Mining Division's community development team arranged support for diverse community projects.

WOOD-EFFICIENT STOVES

The company built 31 high-efficiency, wood-burning stoves to benefit 31 families in the Chiconcoac community.

OYSTER MUSHROOM PRODUCTION

The production of oyster mushrooms is an important option for meeting the food requirements of some of our local communities. Apart from using agricultural waste, it provides employment. Moreover, production of these fungi does not require a large initial investment, although they must be well cared for in order to achieve an adequate level of production. This project has been highly successful in Chiconcoac.

COMMUNITY TREE NURSERY

Several members of the Naopa community are currently working on this project managed by Rutlán.

COMPUTER EQUIPMENT DONATION

Rutlán donated computer equipment to schools in the Sierra Alta region in the state of Hidalgo.

SCHOOL TRIPS TO OUR MINES

The company runs a program for students from nearby schools to see the inside of our underground mine and learn about our operations.

MEDICAL CONVOYS

The Hidalgo Institute for the Elderly and Rutlán have partnered to take medical care to adults and children in the company's neighboring communities.

**OVER
11 MILLION PESOS
IN SOCIAL
INVESTMENT**

- MEDICAL SERVICES
- INFRASTRUCTURE
- OTHER ENDEAVOURS
- ROADS
- SAFE DRINKING WATER









P L A N N I N G A N D S E R V I C E S

During 2015, Autlán worked to define its Five-year Strategic Plan, which focuses mainly on enhancing the company's profitability. Throughout the year, we made significant progress that enabled us to realize our objectives and also implemented important changes in organizational structure.

Specifically, the structure of the Department of Planning and Administration was modified to add two additional areas, Supply and Logistics, and Construction and Building. These two areas, together with those of the already existing for Strategic Planning, Sustainable Development and Information Technologies (IT), today comprise the Department of Planning and Administration. The aim of the reorganization was to centralize some of the services offered – currently received by our operations – seeking to improve efficiency levels and leverage the synergies generated across our operations.

In 2015, the Supply and Logistics Area achieved record manganese nodule shipments from the Molango Unit to the Port of Altamira. It is also worth mentioning that in the area of raw materials, we have focused on diversifying our raw material sourcing, thus achieving a supply that will

optimize our investments in working capital, use reliable sources and assure excellence in our operations.

The IT Area focused on the implementation of systems that will streamline the company's operations management. Autlán's executives now have managerial reporting tools that make it easier for them to manage the company's costs, expenses and investments directly with a user-friendly system that is accessible from mobile devices. We have also concentrated on improving our internal systems in order to operate using the dollar as the functional currency with absolute transparency.

The Strategic Planning Area has supported and monitored the company's far-reaching projects. These include the plans for optimizing manganese quality and diverse opportunities for mergers and acquisitions in which our efforts culminated in the formalization of an investment option in precious metals and non-metallic minerals which is subject to creditors' approval.

Finally, the Construction and Building and Sustainable Development Areas have worked on designing projects to maintain the company's operations and assure an adequate balance between project development and the environment.

INSTITUTIONAL RELATIONS

2015 was an intense year of institutional relations with regard to international trade as a result of the unfair practices of some foreign competitors in the domestic market. We have been working with the authorities to review and endeavor to mitigate this behavior.

During the year, the Mexican steel sector and our worldwide manganese derivative clients answered our traditional biennial satisfaction and quality surveys. In addition, and as an innovation, we administered, for the first time ever, new surveys that targeted the global manganese nodule market as well as ferroalloy clients in South America. Results were highly satisfactory and allowed us to reaffirm Autlán's commitment as a reliable supplier for all its clients.

In relation to rebranding, we launched a major campaign to disseminate the company's new identity both internally and externally, achieving an excellent perception and comprehension among our audiences. We also supervised and fulfilled the image change process at our mines, plants and offices, together with

the release of our new corporate videos and website, and the renovation of the intranet.

A new Government Relations System (GRS) was implemented in 2015 to control and monitor the development of government-related matters. This initiative enabled company management to map and achieve a clearer vision of the relevant activities carried out at each of the company's units. In addition, we increased our presence and representation in national and international chambers and associations, participating constantly to protect and promote Autlán's interests.

Finally, in relation to communications, a Crisis Prevention Plan was developed. The company's operations managers were given instructions and training in relation to this plan and monitors and corporate spokespersons were appointed. During the year, six editions of the magazine "Contigo" were produced in order to maintain a communication channel between the company and the communities adjacent to our mining operations. Three "Al Día" magazines were also published as an internal communication instrument.




AUTLAN

IP 4.5 TON 4.5 TON

VELOCIDAD MAXIMA
ALTO RIESGO
SU VELOCIDAD

FINANCIALS RESULTS

IN 2015, THE COMPANY'S CASH FLOW GENERATION, EXPRESSED AS EBITDA INCREASED 15.5%, COMPARED TO 14.8% IN 2014.

The uncertainty and turbulence that pervaded global financial markets in 2015 posed a significant challenge for Autlán. However, we implemented initiatives to minimize the impact of the external factors that were affecting the company's profitability, successfully controlling and reducing costs and expenses and thereby maintaining the company's liquidity and sources of funding. As a result, we were able to comply with all financial and operating commitments in a timely fashion.

CONSOLIDATED RESULTS

Net sales as of December 31, 2015 totalled \$4,220.4 million pesos, \$265.7 million pesos below 2014, reflecting reduced prices and volumes of ferroalloys and manganese ore. The great volatility in currency markets continued in 2015 and the U.S. dollar strengthened 17% vis-à-vis the Mexican peso, benefitting the company since all Autlán sales are denominated in dollars. This helped to partially offset the price decline during the year.

Despite sales falling 6%, the cost of sales in 2015 was 81% of sales, only one percentage point above the figure of 80% posted in 2014. Total 2015 costs

and expenses amounted to \$4,003.6 million pesos, 4% less than the previous year. The enhanced operating efficiency of our mines and ferroalloy furnaces, the savings resulting from our energy-generating activities and the decline in energy prices over the last months of the year had a significant and positive impact on Autlán's 2015 results but were not sufficient to offset the reduction in manganese ferroalloy prices. In concrete terms, savings in energy costs of \$56 million pesos were achieved during the year, reflecting the excellent performance of the Atexcaco Hydroelectric Plant.

Affected by the reduction in our product prices, operating income totalled \$216.8 million pesos with a margin of 5%, two percentage points below the 7% operating margin of 2014. Despite the difficult business environment, it is important to note that the company's cash flow generation, expressed as EBITDA, was \$652.9 million pesos in 2015, with an EBITDA margin of 15.5%, compared to 14.8% in 2014.

The comprehensive financing cost for the year was \$152.3 million pesos.

Interest expense grew because of the increase in the value of the U.S. dollar vis-à-vis the Mexican peso, and the foreign exchange gain was \$104.0 million pesos below that of 2014.

During 2015, Autlán posted a total of \$12.4 million pesos under the heading of taxes. Despite the challenges of the year, especially during the fourth quarter, 2015 net income rose to \$60.1 million pesos, or 14.5%, year-over-year.

BALANCE SHEET

Certain items in Autlán's balance sheet as of December 31, 2015 show significant variations as a result of the depreciation of the Mexican peso vis-à-vis the U.S. dollar. It is important to note in this respect that the company's functional currency is the U.S. dollar, but the company's financial statements are presented in Mexican pesos.

At yearend 2015, cash and cash equivalents totalled \$542.3 million pesos, an increase of 59% year-over-year. This upswing reflects efficient cash management and the 17% depreciation of the Mexican peso

during the year, which benefitted our dollar-denominated sales.

The balance of accounts receivable was \$415.9 million pesos as of December 31, 2015, with a very healthy make-up. This figure was 18% below that of the previous year because of the reduction in sales compared to 2014.

Inventories grew 20% during the year, largely because of the depreciation of the Mexican peso and the translation of the entirety of dollar-denominated inventories to the currency of the report.

Non-current assets totalled \$7,034.1 million pesos as of December 31, 2015, 13% above 2014, largely reflecting the revaluation of dollar-denominated assets when converting them to Mexican pesos at an increased foreign exchange rate compared to the close of 2014.

Total assets as of December 31, 2015 grew by \$1,133.7 million pesos, or 14%, year-over-year, to \$9,134.1 million pesos.

Autlan's total liabilities as of yearend 2015 totalled \$4,792.4 million pesos,

10% above the previous year because of the strength of the U.S. dollar vis-à-vis the Mexican peso.

However, 97% of the company's debt is denominated in U.S. dollars. In dollar terms, debt fell 9% because of debt repayments made during the year.

In March 2015, Autlán placed a second bond issue of "Certificados Bursátiles" and the first issue was paid punctually at maturity in December 2015.

The company's stockholders' equity as of December 31, 2015 was \$4,341.7 million pesos, 19% above that at yearend 2014.

INVESTMENTS

In order to mitigate the company's exposure to the cycles of the manganese industry and improve its competitive position, Autlán focuses its capital expenditures on cost reduction initiatives, making its operations more efficient, delving deeper into the energy business, protecting the environment, and diversifying into precious metals and other industrial minerals.

AUTLÁN SHARES

Autlán participates in capital and debt markets in Mexico. The company currently quotes on the Mexican Stock Exchange (BMV) under the ticker symbol "AUTLANB." 71.6% of the company stock belongs to the controlling group; the remainder is distributed among BMV investors.

During 2015, the Autlán share was affected by the volatility of the financial markets, declines in all commodity-related sectors and the company's reduced sales, despite the company continuing to be profitable in terms of cash flow. The value of Autlán stock was \$7.91 pesos per share as of December 31, 2015.

Since the end of 2014, Autlán has taken part in the debt market in Mexico through two short-term debt issues, as part of a dual program of revolving short- and long-term bonds known as "Certificados Bursátiles" for a total authorized amount of up to \$1,500 million pesos.

C O R P O R A T E

BOARD OF DIRECTORS

José Antonio Rivero Larrea
Chairman

Esteban Rivero González
Pedro Rivero González
Dionisio Garza Medina
Francisco Garza Zambrano
Everardo Elizondo Almaguer
Fernando Canales Clariond
Antonio Elosúa González
Pedro Reynoso Ennis
Ernesto Ortíz Lambretón
Juan Pablo del Río Benítez
Secretary (Not a Member)

ALTERNATE DIRECTORS

José Antonio Rivero González

María Guadalupe González Martínez
María Elena Rivero González
Dionisio Garza Sada
Adrián Sada Cueva
Ricardo Sada Villareal
Francisco Canales Stelzer
Patricio Morales Sada
Pedro Reynoso de la Garza
Ernesto Ortíz de la Garza
Almaquio Basurto Rosas
Pro-Secretary (Not a Member)

G O V E R N A N C E

AUDIT COMMITTEE

Pedro Reynoso Ennis - Chairman
Ernesto Ortiz Lambretón - Member
Francisco Canales Stelzer - Member
José Antonio Rivero Larrea - Permanent Guest
Oscar Maldonado Charles - Permanent Guest
José Antonio Rivero González - Permanent Guest
Gustavo A. Cárdenas Aguirre - Permanent Guest
Samuel Meléndez Soto - Permanent Guest
Juan Pablo del Río Benítez - Secretary (Not a Member)
Almaquio Basurto Rosas - Pro-Secretary (Not a Member)

CORPORATE PRACTICES COMMITTEE

Ernesto Ortiz Lambretón - Chairman
Pedro Reynoso Ennis - Member
Francisco Canales Stelzer - Member
José Antonio Rivero Larrea - Permanent Guest
Oscar Maldonado Charles - Permanent Guest
José Antonio Rivero González - Permanent Guest
Gustavo A. Cárdenas Aguirre - Permanent Guest
Samuel Melendez Soto - Permanent Guest
Juan Pablo del Río Benítez - Secretary (Not a Member)
Almaquio Basurto Rosas - Pro-Secretary (Not a Member)

This annual report may contain references to the future performance of Autlán, which should only be considered as estimates made in good faith by the Company. The references reflect management's expectations and are based on the assumptions and information available at a given moment in time, so are subject of future events, risks and unknown factors that may affect the Company's results. Design: Israel A. Reséndiz Silva.



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