OFFERING MEMORANDUM **Strictly Confidential**

US$500,000,000

Minsur S.A.
4.500% Senior Notes Due 2031

We are offering US$500,000,000 aggregate principal amount of 4.500% senior notes due 2031. The notes will bear interest at 4.500% per year, payable semi-annually in arrears on April 28 and October 28 of each year, beginning on April 28, 2022. The notes will mature on October 28, 2031.

We may redeem the notes, in whole or in part, at any time prior to the par call date, at a redemption price equal to the greater of par and a make-whole amount plus accrued and unpaid interest and any additional amounts due thereon to the redemption date. We may also redeem the notes, in whole or in part, at any time on or after the par call date (three months prior to the maturity date), at par plus accrued and unpaid interest and any additional amounts due thereon to the redemption date. In addition, we may redeem all the notes, in whole but not in part, at par plus accrued and unpaid interest to the redemption date and any additional amounts in the event of certain tax changes.

The notes will be our unsubordinated unsecured obligations. The notes will rank equally in right of payment with all of our existing and future senior unsecured indebtedness (other than obligations given preferential treatment by Peruvian law).

We will apply to list the notes on the main board of the Singapore Exchange Securities Trading Limited, or the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, opinions expressed or reports contained in this offering memorandum. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the notes or us.

See "Risk Factors" beginning on page 17 for a discussion of certain significant risks that you should consider in connection with an investment in the notes.

Issue Price: 98.028% plus accrued interest, if any, from October 28, 2021.

The notes have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the laws of any jurisdiction. In the United States, we are offering the notes only to qualified institutional buyers under Rule 144A under the Securities Act. Outside the United States, we are offering the notes only to non-U.S. persons in reliance on Regulation S under the Securities Act. For a description of certain restrictions on transfer of the notes, see "Transfer Restrictions."

The notes and the information contained in this offering memorandum have not been and will not be registered with or approved by the Peruvian Securities Markets Superintendency (*Superintendencia del Mercado de Valores*, or "SMV") or the Lima Stock Exchange (*Bolsa de Valores de Lima*). Accordingly, the notes may not be offered or sold in the Republic of Peru except if (i) such notes were previously registered with the SMV, or (ii) such offering is considered a private offering under the securities laws and regulations of the Republic of Peru. The Peruvian securities market law establishes, among other things, that any particular offer may qualify as private if it is directed exclusively to institutional investors (as defined by Peruvian securities laws and regulations). The notes may not be offered or sold in the Republic of Peru or in any other jurisdiction except in compliance with the securities laws thereof. Therefore, in making an investment decision, Peruvian investors must rely on their own examination of the terms of the offering of the notes to determine their ability to invest in them.

We expect that delivery of the notes will be made to investors in book-entry form through The Depository Trust Company on or about October 28, 2021.

Global Coordinator and Joint Bookrunner	*Joint Bookrunner*
BofA Securities	**Santander**

The date of this offering memorandum is October 25, 2021.

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You should assume that the information appearing in this offering memorandum is accurate as of the date on the front cover of this offering memorandum only. Our business, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this offering memorandum nor any sale of notes made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this offering memorandum.

This offering memorandum is personal to the offeree to whom it has been delivered by the initial purchasers and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the notes. Distribution of this offering memorandum to any person other than the offeree and any person retained to advise such offeree is unauthorized, and any disclosure of any of its contents without our prior written consent is prohibited. Each offeree, by accepting delivery of this offering memorandum, agrees to the foregoing and agrees not to make copies of this offering memorandum, in whole or in part.

This offering memorandum is intended solely for the purpose of soliciting indications of interest in the notes from qualified investors and does not purport to summarize all of the terms, conditions, covenants and other provisions relating to the terms of the notes contained in the indenture being entered into in connection with the issuance of the notes. The market information in this offering memorandum has been obtained by us from publicly available sources deemed by us to be reliable. We accept responsibility for correctly extracting and reproducing such information. Notwithstanding any investigation that the initial purchasers may have conducted with respect to the information contained in this offering memorandum, the initial purchasers accept no liability in relation to the information contained in this offering memorandum.

You acknowledge that:

- you had an opportunity to review all financial and other information considered to be necessary to make your investment decision and to verify the accuracy of, or to supplement, the information contained in this offering memorandum;

- you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with your investigation of the accuracy of such information or your investment decision; and

- no person has been authorized to give any information or to make any representation concerning us or the notes other than as set forth in this offering memorandum.

This offering memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any notes in any jurisdiction in which it is unlawful to make an offer or solicitation. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes and you must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we nor any of the initial purchasers will have any responsibility therefor.

The initial purchasers make no representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

Neither we, the initial purchasers nor any of our or their respective affiliates or representatives are making any representation to any offeree or purchaser of the notes offered hereby regarding the legality of any investment by such offeree or purchaser under any applicable law. Each prospective investor should consult with its own advisors as to legal, tax, business, financial and related aspects of a purchase of the notes.

The notes offered through this offering memorandum are subject to restrictions on transferability and resale, and may not be transferred or resold in the United States except as permitted under the Securities Act and applicable U.S. state securities laws pursuant to registration under, or exemption from, such laws. By purchasing the notes, you will be deemed to have made certain acknowledgments, representations and agreements as set forth under "Transfer Restrictions" in this offering memorandum.

You should be aware that you may be required to bear the financial risks of an investment in the notes for an indefinite period of time. In making an investment decision, prospective investors must rely on their examination of us and the terms of this offering, including the merits and risks involved. These notes have not been approved or recommended by any U.S. federal or state securities commission or any other U.S., Peruvian or other regulatory authority. Furthermore, the foregoing authorities have not passed upon or endorsed the merits of the offering or confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

NOTICE TO THE RESIDENTS OF PERU

THE NOTES WILL NOT BE SUBJECT TO A PUBLIC OFFERING IN PERU. THEREFORE, THIS OFFERING MEMORANDUM AND THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH OR APPROVED BY THE SMV OR THE LIMA STOCK EXCHANGE (BOLSA DE VALORES DE LIMA). PERUVIAN SECURITIES LAWS AND REGULATIONS ON PUBLIC OFFERINGS WILL NOT BE APPLICABLE TO THE OFFERING OF THE NOTES AND, THEREFORE, THE DISCLOSURE OBLIGATIONS SET FORTH THEREIN WILL NOT BE APPLICABLE TO THE ISSUER OF THE NOTES BEFORE OR AFTER THEIR ACQUISITION BY PROSPECTIVE INVESTORS.

THIS OFFERING MEMORANDUM AND OTHER OFFERING MATERIALS RELATING TO THE OFFER OF THE NOTES ARE BEING SUPPLIED TO THOSE PERUVIAN INVESTORS WHO HAVE EXPRESSLY REQUESTED THEM. SUCH MATERIALS MAY NOT BE DISTRIBUTED TO ANY PERSON OR ENTITY OTHER THAN THE INTENDED RECIPIENTS. ACCORDINGLY, THE NOTES CANNOT BE OFFERED OR SOLD IN THE REPUBLIC OF PERU, EXCEPT IF (I) SUCH NOTES WERE PREVIOUSLY REGISTERED WITH THE SMV OR (II) SUCH OFFERING IS MADE BY MEANS OF A PRIVATE OFFERING UNDER THE SECURITIES LAWS AND REGULATIONS OF PERU. THE PERUVIAN SECURITIES MARKET LAW ESTABLISHES, AMONG OTHER THINGS, THAT ANY PARTICULAR OFFER MAY QUALIFY AS PRIVATE IF IT IS DIRECTED EXCLUSIVELY TO INSTITUTIONAL INVESTORS (AS DEFINED BY PERUVIAN SECURITIES LAWS AND REGULATIONS).

IN MAKING AN INVESTMENT DECISION, PERUVIAN INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING OF THE NOTES IN ORDER TO DETERMINE THEIR LEGAL ABILITY TO INVEST IN THE NOTES.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended, or MiFID II, (ii) a customer within the meaning of Directive 2016/97/EU, as amended, or the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended, or the PRIIPs Regulation, for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of notes.

PROHIBITION OF SALES TO U.K. RETAIL INVESTORS

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the U.K. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, or the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA, or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA, or the U.K. PRIIPs Regulation, for offering or selling the notes or otherwise making them available to retail investors in the U.K. has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the U.K. may be unlawful under the U.K. PRIIPs Regulation.

NOTICE TO PROSPECTIVE INVESTORS IN SINGAPORE

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore, or the MAS. The MAS assumes no responsibility for the contents of this offering memorandum. The MAS has not, in any way, considered the merits of the notes being offered hereby. Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore), or the SFA, we have determined, and hereby notify all relevant persons (as defined in 309A of the SFA), that the notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

ADDITIONAL INFORMATION

We have agreed that while any notes remain outstanding and are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, we will make available, upon request, to any holder or prospective purchaser of notes the information required pursuant to Rule 144A(d)(4) under the Securities Act with respect to us during any period in which we are not subject to Section 13 or 15(d) of the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or exempt by virtue of Rule 12g3 2(b) thereunder. Any such request should be directed to us at our principal office at Jr. Lorenzo Bernini 149, San Borja, Lima 27, Perú.

Our non-voting investment shares (*acciones de inversión*) are registered with the Peruvian Public Registry of the Securities Market (*Registro Público del Mercado de Valores*) of the SMV and listed on the Lima Stock Exchange. Accordingly, we are currently required to file certain information in Spanish with the SMV and the Lima Stock Exchange such as quarterly and annual reports and notices of material events (*hechos de importancia*). All such reports and notices are available at www.smv.gob.pe and www.bvl.com.pe. The documents filed with the SMV and the Lima Stock Exchange are not a part of this offering memorandum and are not incorporated by reference herein.

ENFORCEMENT OF CIVIL LIABILITIES

We are a corporation (*sociedad anónima*) organized under the laws of Peru. Substantially all of our directors and officers reside in Peru or elsewhere outside the United States and a substantial portion of their assets may be, and substantially all of our assets are, located in Peru or elsewhere outside the United States. As a result, it may not be possible for investors to effect service of process within the United States or elsewhere outside Peru upon any of our directors or officers or to enforce judgments against them or against us in courts outside Peru. In addition, there is doubt as to whether the courts of Peru would enforce an action predicated solely upon the civil liability provisions of the U.S. federal securities laws (or other laws of the United States or any state thereof) or other foreign regulations.

We have been advised by Rodrigo, Elías & Medrano Abogados, our Peruvian counsel, that any final and conclusive judgment for a fixed and definitive sum obtained against us in any foreign court having jurisdiction in respect of any suit, action or proceeding against us for the enforcement of any of our obligations assumed in connection with this offering or under the notes would, upon request, be deemed valid and enforceable in Peru through an exequatur judiciary proceeding (which does not involve the reopening of the case) provided that the following conditions and requirements are met: (i) the judgment does not resolve matters under the exclusive jurisdiction of Peruvian courts (and the matters contemplated by this offering memorandum or the notes are not matters under the exclusive jurisdiction of Peruvian courts); (ii) the relevant foreign court had jurisdiction under its own conflicts of law rules and under general principles of international procedural jurisdiction; (iii) the defendant (A) was served in accordance with the laws of the place where the proceeding took place, (B) was granted a reasonable opportunity to appear before such foreign court, and (C) was guaranteed due process rights; (iv) the judgment has the status of *res judicata* as defined in the jurisdiction of the court rendering such judgment; (v) there is no pending litigation in Peru between the same parties for the same dispute, which shall have been initiated before the commencement of the proceeding that concluded with the foreign judgment; (vi) the foreign judgment is not incompatible with another judgment that fulfills the requirements of recognition and enforceability established by Peruvian law, unless such foreign judgment was rendered first; (vii) the foreign judgment is not contrary to Peruvian public policy (*orden público*) or good morals; (viii) the foreign judgment has been (A) duly apostilled by the competent authority of the jurisdiction of the issuing court, in case of jurisdictions that are parties of the Hague Apostille Convention, or (B) certified by (x) a notary public, the Ministry of Foreign Affairs or other corresponding entity of the relevant jurisdiction, and (y) Peruvian consular authorities and before the Peruvian Ministry of Foreign Affairs (*Ministerio de Relaciones Exteriores del Perú*), in case of jurisdictions that are not part of the Hague Apostille Convention, and is accompanied by a certified, sworn translation of such judgment in Spanish made by a duly authorized public translator in Peru; (ix) the applicable court taxes, filing and other relevant fees have been paid; and (x) there is in effect a treaty between the country where such foreign court sits and Peru regarding the recognition and enforcement of foreign judgments, or, in the absence of such a treaty, the principle of reciprocity applies (such reciprocity being presumed), pursuant to which a judgment rendered by a foreign court is admissible in Peruvian courts and will be enforced thereby except if (A) judgments rendered by Peruvian courts are not admissible or enforceable in the courts of such foreign country or (B) judgments rendered by Peruvian courts are subject to re-examination of the merits thereof by the courts of such foreign country.

We have no reason to believe that any of our obligations relating to the notes would be contrary to Peruvian public policy, good morals or international treaties binding upon Peru or generally accepted principles of international law. No treaty exists between the United States and Peru for the reciprocal enforcement of foreign judgments.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains statements that constitute estimates and forward-looking statements, including but not limited to the sections "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry Overview" and "Business." The words "believe," "will," "may," "may have," "would," "estimate," "continues," "anticipates," "intends," "plans," "expects," and similar words or phrases are intended to identify estimates and forward-looking statements. These statements include statements regarding our current intent, belief or expectations. Without limiting the generality of the foregoing, forward-looking statements in this offering memorandum may include statements regarding required capital investments, expected commencement dates of future metal production operations, planned production capacity, projected quantities of future metal production, anticipated production rates and estimated operating efficiencies. Forward-looking statements are not guarantees of future performance. Actual results may be substantially different from the expectations described in the forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

We have based these forward-looking statements on current expectations and assumptions about future events. While we consider these expectations and assumptions to be reasonable, they are inherently subject to significant risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. The risks and uncertainties that may affect our forward-looking statements include, among others, the following:

- the risks and uncertainties relating to Peruvian, Brazilian and global economic, political and social conditions;
- the impact of the ongoing COVID-19 pandemic on the Peruvian, Brazilian and global economies and on our business, and our ability to timely and effectively implement measures to address this impact;
- political developments in Peru or Brazil, including developments relating to the new administration in Peru, political instability, and changes in policies and regulations;
- the volatile and cyclical prices of the metals we produce;
- potential substitutions by our customers of the metals we produce;
- competition;
- mining operational risks, such as operator errors, mechanical failures and other accidents;
- material variations from estimates of reserves and resources;
- the performance of our Mina Justa copper mine, which began commercial operations in August 2021;
- the ability to replenish reserves and maintain production levels through our exploration activities;
- our ability to successfully complete expansion projects, including feasibility studies, obtaining required permits, operational delays and cost overruns;
- our ability to undertake future acquisitions;
- our ability to finance capital expenditures;
- the availability and costs of energy, water, equipment and services;
- environmental and health and safety compliance costs, remediation costs and potential liabilities;

- problems with the communities in the vicinity of our operations and the procedures required for their prior consultation;
- currency exchange rate fluctuations and inflation in the countries where we operate;
- new taxes and/or mining royalties;
- the occurrence of natural disasters or unusual severe weather;
- labor disputes;
- ability to retain key managers and employees; and
- the other risks set forth under “Risk Factors.”

Forward-looking statements refer only to the date when they were made, and neither we nor the initial purchasers undertake any obligation to update or revise any estimate or forward-looking statement due to new information, future events or otherwise.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Definitions

References to "we," "us," "our" and "our company" in this offering memorandum are to Minsur S.A. ("Minsur"), a corporation organized under the laws of Peru, and, unless otherwise indicated or the context requires otherwise, its consolidated subsidiaries, including Mineração Taboca S.A. ("Taboca"), a corporation organized under the laws of Brazil, and Marcobre S.A.C. ("Marcobre"), a corporation organized under the laws of Peru. References to "Breca" in this offering memorandum are to Breca Minería S.A.C., a corporation organized under the laws of Peru, which is our controlling shareholder. Unless otherwise indicated or the context requires otherwise, references to "Melón" in this offering memorandum are to Melón S.A., a corporation organized under the laws of Chile in which we have an equity investment.

The term "U.S. dollar" and the symbol "US$" refer to the legal currency of the United States, our functional currency. The term "Peruvian sol" or "sol" and the symbol "S/" refer to the legal currency of Peru. The term "real" and the symbol "R$" refer to the legal currency of Brazil. The term "UIT" refers to a Peruvian tax unit (*Unidad Impositiva Tributaria*), which is equivalent to S/4,400 in 2021.

Financial Statements

Our consolidated financial statements included in this offering memorandum present our financial condition as of December 31, 2018, 2019, 2020 and June 30, 2021 and our results of operations for each of the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021. Our annual consolidated financial statements included in this offering memorandum have been audited by Tanaka, Valdivia & Asociados Sociedad Civil de Responsabilidad Limitada, a member firm of Ernst & Young Global ("Ernst & Young").

Our annual consolidated financial statements included in this offering memorandum have been prepared in U.S. dollars in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") as in effect on the date of this offering memorandum. Our unaudited interim consolidated financial statements have been prepared and presented in accordance with IAS 34 - Interim Financial Information, as issued by the IASB.

Segment Information

For accounting purposes, we organize our business activities into the following operating segments: (1) production and marketing of tin extracted from Peru; (2) production and marketing of tin extracted from Brazil; (3) production and marketing of gold extracted from Peru; and (4) other mining exploration and development activities in Peru and Chile. We have commenced commercial operations at Mina Justa, and we expect to include the results of operations from Mina Justa in a new operating segment for production and marketing of copper in Peru in our consolidated financial statements for the third quarter of 2021.

For information on our results of operations per operating segment, see note 34 to our annual consolidated financial statements.

We own a 73.9% indirect interest in Melón, a cement producer in Chile. Pursuant to a shareholders' agreement entered into between our subsidiary Minera Latinoamericana S.A.C. and Breca Cementos S.A.C. in 2015, the latter has directed all relevant activities of Melón. As a result, since that date we have ceased to consolidate Melón in our financial statements and instead reflect the results of Melón under the line item "Profit (loss) from investment in associates, net". See note 3.1(e) to our annual consolidated financial statements.

Non-IFRS Information

This offering memorandum contains non-IFRS financial measures. Non-IFRS financial measures are metrics that contain adjustments that include or exclude amounts, as the case may be, from measures calculated and presented in accordance with IFRS in our consolidated financial statements.

Adjusted EBITDA. We define Adjusted EBITDA as net profit plus or minus, as applicable, income tax, financial cost, finance income, profit (loss) from investment in associates, financial assets held at fair value through profit or loss, dividends income, exchange difference, net and depreciation and amortization. Our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures used by other companies. Adjusted EBITDA should not be considered as an alternative to profit as an indicator of our operating performance, or as an alternative to cash flow from operating activities as an indicator of our liquidity. We present Adjusted EBITDA because we believe it provides the reader with a supplemental measure of the financial performance of our core operations that facilitates period-to-period comparisons on a consistent basis. For a reconciliation of Adjusted EBITDA to the most directly comparable IFRS financial measure, see "Selected Financial Data."

Net financial debt. We define net financial debt as current financial obligations plus non-current financial obligations minus Adjusted liquidity (as defined below). Our presentation of net financial debt may not be comparable to other similarly titled measures used by other companies. Net financial debt is presented as a supplemental measure of our financial position, and should not be considered as an alternative to financial obligations as an indicator of our financial position. For a reconciliation of net financial debt to financial obligations, see "Selected Financial Data."

Adjusted liquidity. We define Adjusted liquidity as cash and cash equivalents plus other financial assets, commercial papers and certificates of deposit. For more information on other financial assets, see note 6 to our annual consolidated financial statements. Our presentation of Adjusted liquidity may not be comparable to other similarly titled measures used by other companies. For a reconciliation of Adjusted liquidity to cash and cash equivalents, see "Selected Financial Data."

Capital expenditures. We define capital expenditures as the sum of additions to property, plant, and equipment, excluding costs for mine closures, plus the additions to intangible assets during a given period. Our presentation of capital expenditures may not be comparable to other similarly titled measures used by other companies.

Cash cost. As used in this offering memorandum, "cash cost" is presented on a per product basis and is calculated using methodologies published by (i) in the case of tin, the International Tin Association ("ITA") based on the model created by Greenfields Research Ltd (UK) ("Greenfields"), (ii) in the case of gold, Wood Mackenzie Limited ("Wood Mackenzie") and (iii) in the case of copper, the American Institute of Steel Construction ("AISC"). Cash cost, as defined by the ITA, includes the cost of mining and processing ore, plus realization costs and royalties, net of by-product revenue (i.e., what in effect amounts to the cost of operating the mine), where realization costs for custom miners include marketing, freight and a treatment charge paid to smelters, while realization costs for integrated miners (such as us) include the cost of smelting the concentrate, refining and a small amount of freight. It excludes provisions, amortization, depreciation, interest charges and all other indirect costs (e.g., regional exploration, corporate overhead, strike costs, etc.). Cash cost (C1), as defined by Wood Mackenzie, includes the direct cash cost through to refined gold, after allowing for by-product revenue. It excludes provisions, depreciation, interest charges, royalties and all other indirect costs (e.g., regional exploration, corporate overhead, strike costs, etc.). Cash cost, as defined by the AISC, includes operating costs, transportation costs and treatment and refining charges, net of by-product revenue. Cash cost figures are given as nominal U.S. dollar amounts, expressed as U.S. dollars per metric ton or ounce of treated mineral. Cash cost is presented because it is a widely used measure of costs, although it is not a financial measure recognized under IFRS. Our use of cash cost may not be comparable to other similarly titled measures used by other companies. We believe that cash cost, while providing useful information, should not be considered in isolation or as a substitute for costs of sales, administrative expenses and selling expenses, or as an indicator of costs of operations.

Market Information

This offering memorandum contains information and statistics regarding, among other things, Peru and Brazil and the markets of the metals and other products we produce. This data was obtained from independent public sources, including publications and materials from participants in the industry, such as the ITA, Greenfields, Wood Mackenzie, the World Gold Council, GFMS Ltd., The London Metal Exchange, The London Bullion Market Association, Argus Media, and from governmental entities, such as the SBS (*Superintendencia de Banca, Seguros y AFP*), the Central Reserve Bank of Peru (*Banco Central de Reserva del Perú*), the Peruvian Ministry of Economy and Finance (*Ministerio de Economía y Finanzas*), the Peruvian Ministry of Energy and Mines (*Ministerio de Energía y Minas*), the Peruvian National Institute of Statistics and Information Processing (*Instituto Nacional de Estadística e Informática*, or "INEI") and the Central Bank of Brazil (*Banco Central do Brasil*). Some data is also based on our estimates, which are derived from our review of internal reports, as well as independent sources. Although we believe that these external sources are reliable, we have not independently verified, and do not make any representation as to the accuracy and completeness of, the information contained therein.

Measurements

All tonnage information in this offering memorandum is expressed in metric tons and all references to ounces are to troy ounces, unless otherwise specified. A metric ton is equivalent to 2,204.6 pounds. A troy ounce is equivalent to 31.1035 grams. References to "g/t" are to grams per metric ton.

Reserves and Resources Information

In this offering memorandum, we present our holdings in, or rights to, mineral deposits in two categories: (i) mineral resources (referred to as "resources") and (ii) ore reserves (referred to as "reserves"), as is standard in the mining industry. The information on reserves and resources included in this offering memorandum has been estimated following the intent of the definitions and guidelines established by the Joint Ore Reserves Committee of Australia ("JORC") Code of 2012. This information has been prepared by our internal team of engineers under the supervision of our Corporate Geological Manager in Peru and of Julian Micsecwiz, our former Corporate Geological Manager and currently an independent consultant and industry expert, acting as Competent Person. In accordance with the JORC Code of 2012, a "Competent Person" is a minerals industry professional who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a "Recognised Professional Organisation" (ROPO), and must have a minimum of five years relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking; if the Competent Person is estimating or supervising the estimation of mineral resources, the relevant experience must be in the estimation, assessment and evaluation of mineral resources. The reserve and resource information for 2019 included in this offering memorandum has not been subject to audit by independent external experts. The reserve and resource information for 2018 and 2020 included in this offering memorandum, other than the reserve and resource information relating to our Mina Marta and Nazareth projects, has been subject to audit by Stantec Perú S.A., independent external experts.

We present reserves and resources information in this offering memorandum as of December 31, 2018, 2019 and 2020.

Resources refer to a concentration or occurrence of material of intrinsic economic value in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a resource are known or estimated from specific geological evidence, sampling and knowledge interpreted from an appropriately constrained and portrayed geological model. Resources are categorized and reported in order of increasing confidence in respect of geoscientific evidence into inferred, indicated and measured categories. Resources covers in-situ mineralization as well as dumps or tailings that have been identified and estimated through exploration assessment and sampling within which reserves may be derived by the application of modifying factors.

A reserve is the economically mineable material derived from a measured and/or indicated resource. It includes diluting and contaminating materials and allows for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by

realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Reserves are subdivided in order of increasing confidence into probable reserves and proved reserves.

We are not required to strictly adhere to all the documentation and reporting requirements of companies listed on the Australian Stock Exchange. In addition, estimates of reserves and resources included in this offering memorandum are not measurements under SEC Industry Guide 7 and are not comparable with estimates prepared in accordance with standards established by the SEC. In addition, some of our estimates of resources presented in this offering memorandum include inferred resources, which, by definition, are estimates that are made with a low level of confidence.

For additional information on our reserves and resources, see "Business—Reserves and Resources" and "Risk Factors—Risks Relating to Our Business—Our estimates of reserves and resources may be inaccurate and materially different from mineral quantities we actually recover."

GLOSSARY OF CERTAIN MINING TERMS

ADR plant: A hydrometallurgical plant housing circuits for adsorption, desorption and refining.

Alloy: A mixture composed of two or more metals.

Au: The symbol for gold on the periodic table.

Breccia: A rock composed of broken fragments of minerals or rock cemented together that can be either similar to or different from the composition of the fragments.

By-product: A secondary metal or mineral product recovered in the milling process.

Concentrate: A fine, powdery product containing a high percentage of valuable metal.

Concentrate plant: A plant where concentration takes place.

Concentration: The process by which crushed and ground ore is separated into metal concentrates and reject material through processes such as flotation.

Crosscut: A horizontal opening driven from a shaft to the strike of a vein or other orebody.

Crushing and grinding: The processes by which ore is broken into small pieces to prepare it for further processing.

Development: Activities related to the building of infrastructure and the stripping and opening of mineral deposits, commencing when economically recoverable reserves can reasonably be estimated to exist and generally continuing until commercial production begins.

Diamond drilling: The process used in the mining industry to probe the contents of known ore deposits and potential sites. By withdrawing a small diameter core of rock from the ore deposit, geologists can analyze the core by chemical assay and conduct structural and mineralogical studies of the rock.

Doré: Doré bullion is an impure alloy of gold and silver and is generally the final product of the mining and processing of gold. The doré bullion is normally transported to be refined to a high purity metal.

Exploration: Activities associated with ascertaining the existence, location, extent or quality of a mineral deposit.

Feasibility study: An economic study assessing whether a mineral deposit can be mined profitably, by estimating the capital and operating costs of the mine and the potential revenues from production.

Flotation: A milling process in which valuable mineral particles are induced to become attached to bubbles and float as others sink.

Leaching: The process of extracting a soluble metallic compound from an ore by selectively dissolving it in a suitable solvent.

Mill: A machine used to grind ore to the consistency of powder or (in wet grinding) slurry.

Milling: A treatment process in which ore is ground into a fine powder.

Mine: The source of mineral-bearing material found near the surface or deep in the ground.

Mineral deposit or mineralized material: A mineralized underground body that has been probed by a sufficient number of closely-spaced drill holes and/or underground sampling measurements to support an estimate of sufficient tonnage and ore grade to warrant further exploration or development. Mineral deposits or mineralized materials do not qualify as commercially minable ore reserves (i.e., probable reserves or proven reserves), as prescribed under standards of the U.S. Bureau of Mines Circular 831 of 1980, until a final and comprehensive economic, technical, and legal feasibility study based upon the test results has been concluded.

Mineralization: A deposit of rock containing one or more minerals for which the economics of recovery have not yet been established.

Nb: The symbol for niobium in the periodic table.

Open-pit: A mine that is entirely on the surface.

Ore: A mineral or aggregate of minerals from which metal can be economically mined or extracted.

Orebody: A natural concentration of a valuable mineral or minerals that can be extracted and sold at a profit.

Ore deposit: Category including all resources and reserves.

Ore grade: The average amount of metal expressed as a percentage or in ounces per metric ton.

Ore sorting: The separation of the lumps of mixed ore and veinstone into different piles according to the visible richness in real ore of the various fragments.

Porphyry: Any igneous rock in which relatively large crystals, called phenocrysts, are set in a fine-grained groundmass.

Reclamation: The process of restoring mined land to a condition established by applicable law. Reclamation standards vary widely, but usually address issues of ground and surface water, topsoil, final slope gradients, overburden and revegetation.

Refining: The purification of crude metallic substances.

Tailings: Finely ground rock from which valuable minerals have been extracted by concentration.

Sintering: The process of fusing particles together into one solid mass by using a combination of pressure and heat without melting the materials.

Slag: The vitreous mass separated from the fused metals in the smelting process.

Sn: The symbol for tin in the periodic table.

Stripping ratio: The ratio of metric tons removed as waste to the number of metric tons of ore removed from an open-pit mine.

Ta: The symbol for tantalum in the periodic table.

SUMMARY

This summary highlights certain information contained in this offering memorandum and may not include all of the information that is important to you. For a more complete understanding of our company and this offering, you should read this entire offering memorandum, including the information contained in the sections entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and our consolidated financial statements.

Overview

We are a leading Peruvian mining company and one of the world's largest integrated producers of tin. With more than 43 years of operating experience, we are the largest producer of tin in the Western Hemisphere, and the third largest globally, producing approximately 7% of the world's supply in 2020, according to the ITA. We currently produce refined tin in Peru and Brazil, gold in Peru and ferroniobium and tantalum alloys in Brazil. We completed the construction of our Mina Justa project in Peru and began commercial production of copper in August 2021. Mina Justa is a large open pit copper mine which has been developed by Marcobre, in which we own a 60% interest, with the remaining 40% owned by Alxar International SpA, an affiliate of the Chilean conglomerate Empresas Copec S.A.

We believe Mina Justa will be a transformational development for our company, significantly expanding and diversifying our mineral production and revenue sources. We have also expanded the mining life and capacity of our flagship San Rafael tin mine, including by adding our new B2 tailings reprocessing facility. As a result of these significant development initiatives, we believe we are well positioned in two global commodities which play an indispensable role in modern technologies: tin and copper. We also believe that this transformational development in our company is taking place at a favorable time in the commodities cycle, as the global economy recovers from the COVID-19 pandemic.

For 2020, on a consolidated basis, we had net sales of US$649.2 million, net loss of US$2.3 million (largely related to non-cash impacts of currency devaluations in our Brazilian subsidiary) and Adjusted EBITDA of US$267.5 million, with an Adjusted EBITDA margin of 41%. For the six months ended June 30, 2021, we had net sales of US$476.2 million, net income of US$132.9 million and Adjusted EBITDA of US$258.3 million, with an Adjusted EBITDA margin of 54%. As of June 30, 2021, we had US$1,614.1 million of consolidated financial debt (including all of the debt of Marcobre in an amount of US$939.4 million) and US$1,365.7 million of consolidated net financial debt, which represents a net leverage ratio (i.e., net debt to last twelve months Adjusted EBITDA) of 3.2x. We expect the contribution to our Adjusted EBITDA of Mina Justa, which began commercial operations in August 2021, will enable us to rapidly lower our consolidated leverage.

Our company is owned by Breca Mineria S.A.C., part of the Breca economic group, which owns 68.8% of our total stock and 100.0% of our voting common shares. The group currently has significant investments in ten large business segments across three Latin American countries, including, in addition to our company: a 50/50 joint venture in Holding Continental S.A., which owns 92.08% of BBVA Perú S.A., Peru's second largest commercial bank in terms of deposits and loans, according to the SBS; a majority stake in Rimac Seguros y Reaseguros S.A., one of the country's leading insurance companies, with a market share of approximately 30% in 2020, according to the SBS; and all the capital stock of Tecnológica de Alimentos S.A., one of the world's largest fishmeal producers.

Our Core Tin Operations in Peru

Since 1977, we own and operate our flagship San Rafael tin mine, located in the region of Puno in Peru, in the eastern range of the Andes. San Rafael, an underground mine, is the world's largest tin mine in terms of tin concentrate production, based on 2020 production, according to the ITA. We began operations of our new B2 processing plant at San Rafael which reprocesses deposits of high-grade tailings during the fourth quarter of 2019, with further ramping up of production during 2020, allowing us to increase our production of tin concentrate. As part of our integrated tin operations, we also own and operate the Pisco smelter and refining plant, located in the department of Ica in Peru, on the southern coast. The Pisco smelter and refining plant, with an installed capacity of 65,000 metric tons of concentrate per year and high recovery rate of approximately 94.8% in 2020 and 96.4% in the six months ended June 30, 2021, processes the totality of the ore mined at San Rafael and processed at our B2 plant,

which enables us to sell refined tin, a higher value-added product. We believe that the Pisco plant is one of the largest and most efficient tin plants in the world. In 2020, San Rafael mined 972,152 metric tons of mineral with an average grade ore deposit of approximately 1.90%, our B2 plant processed 644,553 metric tons of mineral with an average grade ore deposit of approximately 0.82%, and our Pisco smelter and refining plant produced 19,592 metric tons of refined tin with a purity of approximately 99.95%. For 2020, our cash cost at San Rafael (including the B2 plant and the Pisco smelter and refining plant) was US$8,472 per metric ton. For 2020, our San Rafael, B2 and Pisco operations represented 56.2% of our consolidated net sales. For the six months ended June 30, 2021, San Rafael mined 586,356 metric tons of mineral with an average grade ore deposit of approximately 2.07%, our B2 plant processed 437,668 metric tons of mineral with an average grade ore deposit of approximately 0.85%, and our Pisco smelter and refining plant produced 11,659 metric tons of refined tin with a purity of approximately 99.95%. For the six months ended June 30, 2021, our cash cost at San Rafael (including the B2 plant and the Pisco smelter and refining plant) was US$9,700 per metric ton. For the six months ended June 30, 2021, our San Rafael, B2 and Pisco operations represented 65.6% of our consolidated net sales.

We regularly undertake exploration and expansion activities to increase the mineral reserves and resources at the San Rafael mine and its surrounding areas. As a result of these efforts, we have increased production levels and extended San Rafael's mine life. As of December 31, 2020, San Rafael had (i) proved and probable reserves of 131,500 metric tons of contained tin, at an average ore grade of 2.14%, and (ii) measured and indicated resources of 194,100 metric tons of contained tin, at an average ore grade of 2.35%, and inferred resources of 74,500 metric tons of contained tin, at an average ore grade of 2.57%. As of such date, San Rafael had an average mine life of approximately 8 years, comprised of approximately 67% of proved and probable reserves and approximately 33% of inferred resources, based on a mill throughput of 2,950 metric tons of mineral per day. In addition, as of December 31, 2020, we also had in our B2 tailings deposits located at San Rafael (i) proved and probable reserves of 72,400 metric tons of contained tin, at an average ore grade of 1.07%, and (ii) measured and indicated resources of 74,900 metric tons of contained tin, at an average ore grade of 1.07%, and inferred resources of 1,300 metric tons of contained tin, at an average ore grade of 1.32%. As of such date, our B2 tailings deposits had have an average life cycle of approximately 8 years, comprised of proved and probable reserves, based on an installed capacity of 2,500 metric tons of mineral per day.

Our Tin Operations in Brazil

We also own and operate through our Taboca subsidiary, the Pitinga mine and Pirapora smelter and refining plant in Brazil, which we acquired in 2008, as part of our plan to consolidate our position as one of the leading suppliers of tin worldwide and to diversify our operations geographically. Taboca, founded in 1969, is currently the largest refined tin producer in Brazil, according to the ITA, and also produces niobium and tantalum as by-products. The Pitinga mine, located in the Amazonas state in the north of Brazil, has the world's largest tin deposits in terms of contained tin resources as of December 31, 2020, according to the ITA. The Pirapora plant, located in the São Paulo state in the southeast of Brazil, has an installed capacity of approximately 16,000 metric tons of concentrate per year and processes the totality of the tin ore mined at Pitinga. As of December 31, 2020, Pitinga had (i) proved and probable reserves of 321,900 metric tons of contained tin, at an average ore grade of 0.15%, and (ii) measured and indicated resources of 419,400 metric tons of contained tin, at an average ore grade of 0.13%, and inferred resources of 166,300 metric tons of contained tin, at an average ore grade of 0.09%. As of such date, Pitinga had an average mine life of approximately 30 years, comprised of approximately 83% of proved and probable reserves and approximately 17% of inferred resources, based on a mill throughput of 900 metric tons of mineral per hour.

Since our acquisition of Taboca, we have successfully implemented significant initiatives to turn around the operation by improving the performance of the Pitinga mine. With improved recovery rates and higher throughput, despite a net loss, mainly due to the non-cash impact of currency adjustments, Taboca has achieved positive Adjusted EBITDA since 2017. In 2020, we mined approximately 6,000,000 metric tons of mineral at the Pitinga mine with an average grade ore deposit of approximately 0.20% in the case of tin and 0.26% in the case of niobium and tantalum, and we produced 5,480 metric tons of refined tin with a purity of approximately 99.97% and 3,484 metric tons of ferroniobium and tantalum alloys with a purity of approximately 58% of niobium and 6% of tantalum. For 2020, our cash cost for tin at Pitinga (including the Pirapora smelter and refining plant) was US$11,493 per metric ton. For 2020, Taboca represented 22.7% of our consolidated net sales. For the six months ended June 30, 2021, we mined 3,273,365 metric tons of mineral at the Pitinga mine with an average grade ore deposit of 0.19% in

the case of tin and 0.25% in the case of niobium and tantalum, and we produced 2,969 metric tons of refined tin with a purity of 99.97% and 2,059 metric tons of ferroniobium and tantalum alloys with a purity of approximately 58% of niobium and 6% of tantalum. For the six months ended June 30, 2021, our cash cost for tin at Pitinga (including the Pirapora smelter and refining plant) was US$11,617 per metric ton. For the six months ended June 30, 2021, Taboca represented 22.2% of our consolidated net sales. We believe we can continue to optimize and expand Taboca's operations, and we plan to make investments over the coming years to further ramp up production levels, subject to feasibility studies.

Our Gold Operations in Peru

Pucamarca is an open-pit mine located in the department of Tacna in Peru, near the southern border with Chile. We fully developed the mine and have been operating Pucamarca since 2013. For 2020, our cash cost at Pucamarca was US$531 per ounce. For 2020, gold represented 21.1% of our consolidated net sales. For the six months ended June 30, 2021, our cash cost at Pucamarca was US$667 per ounce. For the six months ended June 30, 2021, gold represented 12.1% of our consolidated net sales. As of December 31, 2020, Pucamarca had (i) proved and probable reserves of 356,800 ounces of gold, at an average ore grade of 0.39 grams per metric ton of mineral, and (ii) measured and indicated resources of 559,100 ounces of gold, at an average ore grade of 0.32 grams per metric ton of mineral, and inferred resources of 29,700 ounces of gold, at an average ore grade of 0.23 grams per metric ton of mineral. As of such date, Pucamarca had has an average mine life of approximately 6 years, comprised of approximately 92% of proved and probable reserves and approximately 7% of inferred resources, based on a crusher throughput of 21,000 metric tons of mineral per day. We currently expect to cease mining the pit in 2024, with continued production to the end of the expected mine life in 2026.

Our New Copper Operations in Peru

We recently finalized the development of our Mina Justa project in Peru following a capital investment of approximately US$1.8 billion over 4 years, together with our joint venture partner. Mina Justa is a large copper mine located in San Juan de Marcona in the province of Nazca, region of Ica, 500 kilometers south of Lima. The mine is situated in a prime location for mining operations, given the area's developed infrastructure, its proximity to the Pan-American highway and the Peruvian ports of Pisco, Matarani and Callao, and the limited surrounding population. The mine is owned and operated by Marcobre, in which we own a 60% interest, with the remaining 40% owned by Alxar International SpA, an affiliate of the Chilean conglomerate Empresas Copec S.A. Construction of the mine was undertaken by Ausenco Perú S.A.C. We began commercial operations in Mina Justa in August 2021.

Mina Justa is an open pit copper mine made up of two types of resources: a surface layer of copper oxide and a massive and deep body of copper sulphides. Mining is carried out at two open-pits involving drill-load-blast-haul operations. We may in the long term also undertake underground mining to access deep ore bodies. The ore from each of these resources will be processed separately to produce copper cathodes and concentrate. The ore processing infrastructure includes a 6 million metric ton per annum copper sulphide concentrator for treating sulphide ore and a 12 million metric ton per annum vat leach solvent extraction and electro winning facility to treat oxide ore. As of December 31, 2020, Mina Justa had (i) proved and probable reserves of 4,110 million pounds of copper, at an average ore grade of 0.70% per pound, and (ii) measured and indicated resources of 6,421 million pounds of copper, at an average ore grade of 0.68% per pound, and inferred resources of 871 million pounds of copper, at an average ore grade of 0.78% per pound. Mina Justa is expected to have an average mine life of approximately 16 years, comprised of 100% of proved and probable reserves, based on an estimated mine throughput of approximately 33,000 metric tons of copper oxides and approximately 16,000 metric tons of copper sulphides per day. According to our estimates, which have been subject to an independent review carried out by external technical experts in 2018, total production is expected to be approximately 1,472,000 metric tons (equivalent to 3,245 million pounds) of copper, and cash cost is expected to average between US$1.35 and US$1.44 per pound, in each case during the projected life of the mine. We have entered into long-term agreements with private off-takers under which we have commitments to sell 70% of Mina Justa's annual expected copper concentrate production and 30% of Mina Justa's expected copper cathode production at Mina Justa over the next 10 years.

Mina Justa has limited operating history, which makes its future performance difficult to predict. We cannot assure you that Mina Justa will be able to produce copper at the volumes and cash cost we expect. For more

information on Mina Justa, see "Forward Looking Statements" and "Risk Factors—Risks Relating to Our Mining Business—Our Mina Justa project has limited operating history, which makes our future performance difficult to predict."

Competitive Strengths

We believe that the following competitive strengths will provide us with a significant advantage as we execute our business strategy.

Major Global Integrated Tin Producer with World Class Assets and Long Operating History

With more than 42 years of operating experience, we are one of the world's largest integrated producers of tin. We are the third largest producer of tin globally and the largest in the Western Hemisphere, producing approximately 7% of the world's supply in 2020. We own and operate world class mining assets; in Peru, our flagship San Rafael mine is the world's largest tin mine in terms of tin concentrate, based on 2020 production, and in Brazil, our Pitinga mine contains the world's largest tin deposits in terms of contained tin resources, as of December 31, 2020.

We believe that our relative size and proven ability to deliver large volumes of refined tin, particularly in a global market characterized by approximately 20% artisanal and small scale production, according to the ITA, makes us a significant and reliable long-term supplier to our end-customers, primarily manufacturers in North America and Europe with whom we maintain long-standing relationships. As a result, we believe we are a supplier of choice. We believe demand for tin will continue to be strong as a result of the development of new tin applications for manufactured products; tin is currently used in a wide range of products, such as personal computers, consumer electronics, 5G technology, packaging and construction products, and automobiles. We believe that current trends associated with increased remote work arrangements and increased use of electronics resulting from the COVID-19 pandemic will generate robust global tin demand.

Transformational Development with the Start of Operations at our Mina Justa Copper Mine, Expected to Significantly Increase Our Scale and Diversification

We began commercial operations of our Mina Justa copper mine in August 2021. The mine is situated at a prime location for mining operations, given the area's developed infrastructure, its proximity to major highways and ports, and the limited surrounding population. As of December 31, 2020, Mina Justa had proved and probable reserves of 4,110 million pounds of copper, at an average ore grade of 0.70% per pound. We believe Mina Justa will be a transformational development for our company, significantly expanding and diversifying our mineral production and revenue source.

Low-Cost Mining Operations

We believe that the quality and richness of our core tin and gold ore deposits and the efficiency of our operations makes us a low cost metal producer globally. Our gold operations in Pucamarca are in the first quartile of the global cash cost curve and our tin operations in Peru are in the second quartile, based on data published by Wood Mackenzie and the ITA, respectively. For 2020, our cash cost was US$531 per ounce in the case of gold produced in Peru and US$8,472 per metric ton in the case of tin produced in Peru. For the six months ended June 30, 2021, our cash cost was US$667 per ounce in the case of gold produced in Peru and US$9,700 per metric ton in the case of tin produced in Peru. Based on our estimates, which have been subject to an independent review carried out by external technical experts in 2018, our copper operations in Mina Justa are expected to be in the second quartile of the global cash cost curve, with a cash cost expected to average between US$1.35 and US$1.44 per pound during the projected life of the mine. As a result of our low-cost operations, we have been able to consistently achieve high levels of profitability, despite industry cycles.

A Leading Mining Company in Attractive Mining Jurisdictions

Our mining concessions are located primarily in Peru and, to a lesser extent, Brazil, countries with long histories in the mining industry. In Latin America, Peru is the largest producer of tin, gold, zinc and lead, and the second largest producer of copper and silver, among others, and, globally, it is the fourth largest producer of tin, the third largest producer of lead and the second largest producer of copper, silver and zinc, in each case according to the Peruvian Ministry of Energy and Mines in 2019. Moreover, mining is of critical importance to Peru, representing 60% of total exports, according to the Peruvian Ministry of Energy and Mines in 2019. As a result, we believe Peruvian mining regulation is largely supportive of investments in the sector. We believe that as a leading mining company in Peru we are well-positioned to continue benefitting from the performance of the mining industry and to take advantage of new opportunities in the sector.

Strong Cash Flow and Profitability, with Expected Deleveraging

Our financial strength has given us the ability to fund our operations through commodity price cycles as well as the flexibility to undertake exploration activities and make capital investments for our expansion projects. For 2020, we had cash flow from operations of US$141.2 million, net loss of US$2.3 million (largely related to non-cash impacts of currency devaluations in our Brazilian subsidiary), and Adjusted EBITDA of US$267.5 million, with an Adjusted EBITDA margin of 41%. For the six months ended June 30, 2021, we had cash flow from operations of US$69.7 million, net income of US$132.9 million, and Adjusted EBITDA of US$258.3 million, with an Adjusted EBITDA margin of 54%. As of June 30, 2021, we had US$1,365.7 million of net financial debt, representing a net leverage ratio based on last twelve months Adjusted EBITDA of 3.2x (including 100% of Marcobre's debt) and of 2.4x (based on our 60% ownership of Marcobre). We expect that the beginning of commercial operations at Mina Justa will increase our Adjusted EBITDA generation and provide liquidity to repay short-term debt.

Attractive Development Projects with Track Record of Developing Large Mining Assets

We are developing projects to grow and diversify our operations, both through exploration activities at our existing mines and surrounding areas as well as expansion projects. We have a total of 256,614 hectares of mining concessions, which we believe have high geological potential and a substantial part of which remains unexploited. We have undertaken regular exploration activities over the last five years, primarily focusing on areas in, or in the vicinity of, our San Rafael mine, in places we believe could have similar geological characteristics as our existing operation. We are currently also in the feasibility stage of an expansion project to increase production capacity at our Pitinga mine and in the pre-feasibility stage of an expansion project to improve the quality of the niobium and tantalum produced at this mining unit. We believe our expertise and experience in developing large projects in-house, evidenced by our success in completing the construction of our Mina Justa copper mine despite challenges presented by the COVID-19 pandemic, and the quality of our assets, will enable us to further expand the mining life of our existing operations, sustain our leading position in tin production and further diversify our mineral production base.

Operational Excellence, with High Safety and Environmental Standards and Strong Labor and Community Relations

We place significant importance and expend considerable efforts on maintaining our operational excellence. We have achieved world class safety and environmental certifications through long-standing initiatives, including, among others, regular training programs for our employees, and we continuously monitor our controls through regular internal audits. In addition, we believe our strong relationship with our employees is a fundamental part of our success. We undertake recruiting efforts aimed at attracting talented recent university graduates as well as development and motivational activities for our employees. Moreover, we place a high priority on maintaining strong relationships with surrounding communities and local governments. We work closely with the communities in the vicinity of our operations, through constant dialogue and our "good neighbor" policies. We also support these communities by providing employment opportunities, fueling consumption for local businesses, and investing in community development programs such as programs aimed at improving local health, education, infrastructure and living conditions generally.

Professional and Experienced Management and Workforce

Our management team has extensive experience in the mining industry and a proven track record of successfully developing and operating mines. Our senior management team consists of industry professionals with experience in leading local and global companies. We believe that the extensive experience of our management team gives us the ability to manage our operations efficiently, maintain profitability through commodity price cycles and develop new mining projects. We also benefit from an experienced board of directors, which includes members of the Brescia family and two independent directors that are former chief executive officers of leading companies in the mining sector in Peru and Chile. In addition, as a public company registered with the SMV in Peru, our management team complies with periodic reporting requirements and high corporate governance standards.

Business Strategy

Our vision is to own and operate high-quality mining assets in Peru and other countries; with a focus on asset quality, profitability, operational excellence, long mining life and high standards of health, safety, and environmental and social responsibility.

To implement our strategy, we intend to execute the following key initiatives:

Continue our Focus on Efficiency and Commitment to Operational Excellence

We are focused on unlocking the full potential of our mining assets and maintaining the low-cost nature of our mining operations by continuing to improve our operating practices. Among other initiatives, we have adopted "Lingo", a lean management business model, centered on operating efficiency, continuous improvement and standardization of practices, as well as personal growth of our employees. We have successfully implemented these techniques at our Pisco smelter and refining plant, resulting in operational improvements and an increase in efficiency levels during 2020, and are currently beginning implementation at our San Rafael mine. In addition, as a new member of the International Council on Mining and Metals ("ICMM"), we are committed to world class industry practices in the areas of health, safety and environment, and to maintaining strong relations with our employees and with the communities that surround our operations and local governments. As we continue to expand our operations, including with the commercial operations of the Mina Justa copper mine since August 2021, we intend to continue to focus on these practices.

Strengthen our Balance Sheet and Leverage Profile

We intend to improve on our strong balance sheet and achieve low leverage with ample liquidity, which will help us manage volatility through future commodity cycles. We plan to continue our conservative financial policies, reducing leverage ratios post investment cycles, and taking a measured approach to investments in new projects and prospects. We also expect the start of commercial operations at Mina Justa to increase our Adjusted EBITDA generation and provide liquidity to repay debt, which will contribute significantly to our rapid deleveraging.

Undertake our Disciplined Growth Initiatives and Continue our Exploration Activities

We plan to continue to grow and diversify our mining operations in a conservative manner, primarily in base metals with strong fundamentals (i.e., tin and copper) and, to a lesser extent, in precious metals (i.e., gold) as well as in terms of mine locations both in Peru and elsewhere. We are currently engaged in several projects in different stages of development. We intend to implement a measured approach with respect to these projects, expecting to undertake capital investments based, in large part, on our generation of cash from operating activities.

We are currently exploiting only approximately 20% and exploring approximately 18% of our 256,614 hectares of mining concessions. We routinely undertake exploration efforts, primarily focused on where we have existing mining operations and surrounding areas, particularly at or near San Rafael, as well as in other parts of our concession areas. We regularly invest to replenish our ore reserves for our long-term viability. Over the last three

years, our capital expenditures for exploration activities (which we record primarily as operating costs in our consolidated financial statements) have averaged US$30.6 million per year.

Pursue Profitable Growth Opportunities

We have historically grown our business through a series of organic and inorganic initiatives. Our management team has significant operating and management experience and we believe our team is well-qualified to identify growth opportunities. We have a rigorous and financially disciplined process for evaluating, executing and integrating acquisitions. We intend to evaluate strategic acquisition opportunities, primarily in tin, copper and gold, as well as potential profitable divestiture opportunities to recycle our capital and focus on core opportunities. Our long-term growth strategy focuses on developing a geographically diversified portfolio of high-quality mining assets.

Strive for Sustainable Growth and Close Collaboration with Our Surrounding Communities

We are committed to seeking positive returns in a sustainable way. Our management handles our business and operations taking into account the long-term impacts on society and the environment. We are focused on generating a positive impact in the surrounding communities where we operate, identifying and preventing potential negative environmental impacts and ensuring the health and safety of our workers. We are committed to upholding our tradition of building and developing strong relationships with local communities by providing employment and demand for local products and services and investing in community development programs.

Recent Developments

Recent Tender Offer

On May 19, 2021, we launched a cash tender offer to purchase a portion of our outstanding 6.250% Senior Notes due 2024 (the "2024 Notes") for an aggregate purchase price up to US$300 million pursuant to the terms of, and subject to the conditions set forth in, an offer to purchase dated as of May 19, 2021 and related documentation. On July 2, 2021 we announced the completion of the tender offer, with US$263,577,000 aggregate principal amount, or approximately 58.57%, of our outstanding 6.250% Senior Notes due 2024 validly tendered and accepted for purchase.

Credit Agreement

In connection with the tender offer for the 2024 Notes, on June 24, 2021, we entered into a new credit agreement for an aggregate amount of US$300 million (the "Credit Agreement"), which was disbursed on July 1, 2021. The proceeds from the Credit Agreement were used to pay for the tender offer, and related expenses.

A portion of the net proceeds from this offering will be used to repay the outstanding borrowings under the Credit Agreement in full. See "Use of Proceeds." Affiliates of each of BofA Securities, Inc. and Santander Investment Securities Inc., initial purchasers in this offering, are the lenders under the Credit Agreement.

Preliminary Third Quarter 2021 Results

Under Peruvian regulation issued by the SMV, we are required to publicly file with the SMV our consolidated financial statements for the third quarter no later than November 15, 2021.

Our financial results for the third quarter of 2021 were positively impacted by the commencement of commercial operations at Mina Justa in August and the continuing increase in mineral prices, particularly the price of tin.

Although as of the date of this offering memorandum we are not aware of factors that could have a material adverse effect on our financial results for the third quarter of 2021, the procedures necessary to finalize our consolidated financial statements are still ongoing. Accordingly, our financial results for the third quarter of 2021 may change from our current expectations.

Set forth below are certain key factors affecting our financial results in the third quarter of 2021.

Metal Prices. Our third quarter 2021 financial performance has been positively affected by the market prices of refined tin, copper, niobium and tantalum. The following table sets forth the average published market prices for our metals for the periods indicated.

Average Market Prices

	Three months ended September 30,		
	2021	2020	% Change
Tin (US$/metric ton) [1]	34,816	17,689	97%
Copper (US$/lb) [2]	4.3	3.0	43%
Gold (US$/ounce) [3]	1,790	1,911	(6)%
Tantalum (basis 25% Ta2O5) (US$/lb) [4]	89	61	45%
Ferro-niobium (mIn 65% Nb du Rotterdam) (US$/kilogram Nb)[4]	47	35	35%

(1) Source: London Metal Exchange
(2) Source: London Metal Exchange
(3) Source: London Bullion Market Association
(4) Source: Argus Media
(5) Source: Argus Media

Production Volumes, Ore Grade and Metal Mix. The volume of treated minerals extracted from our mines, the grade of the ore, the volume of metal produced and the mix of metals in our product portfolio significantly affect our financial performance.

Our refined tin production increased 18% in the third quarter 2021 as compared to the third quarter 2020, primarily due to greater treatment capacity and the higher concentrate grades of our production. Our refined niobium and tantalum alloy production decreased 15% in the third quarter 2021 as compared to the third quarter 2020, primarily due to a maintenance period in the metallurgy plant during the third quarter 2021. Our gold production increased 21% in the third quarter 2021 as compared to the third quarter 2020, primarily due to the higher mineral grades of our third quarter 2021 production plan. Additionally, we started commercial operations in Mina Justa in August 2021 and our copper production was 30,649 metric tons during the third quarter 2021.

The following tables set forth our treated mineral, average ore grade and metal produced for the periods indicated.

Treated Mineral

	Three months ended September 30,		
	2021	2020	% Change
	(in metric tons)		
San Rafael Mine	318,892	251,674	27%
San Rafael B2 Processing Plant	222,593	220,280	1%
Mina Justa	2,390,125	N/A	N/A
Pitinga	1,643,896	1,601,517	3%
Pucamarca	1,963,855	2,281,527	(14)%

Average Ore Grade

	Three months ended September 30,		
	2021	2020	% Change
	(percentages and, in the case of gold, grams per tons)		
Tin			
San Rafael Mine	2.14	1.93	11%
San Rafael B2 Processing Plant	0.86	0.81	6%
Pitinga	0.20	0.19	5%
Copper	1.53	N/A	N/A
Gold	0.48	0.45	7%
Niobium and Tantalum Alloy	0.25	0.26	(4)%

Metal Produced

	Three months ended September 30,		
	2021	2020	% Change
	(in metric tons, and ounces in the case of gold)		
Tin			
San Rafael / B2 / Pisco	7,613	5,699	34%
Pitinga / Pirapora	1,282	1,871	(31)%
Copper	30,649	N/A	N/A
Gold	19,766	16,323	21%
Niobium and Tantalum Alloy	887	1,042	(15)%

Costs and Expenses. The following table sets forth our cash costs of tin and gold for the periods indicated:

	Three months ended September 30,		
	2021	2020	% Change
	(U.S. dollars per metric ton in the case of tin, per ounce in the case of gold and per pound in the case of copper)		
Cash Cost Per Product			
Tin			
San Rafael / B2 / Pisco	7,662	8,535	(10)%
Pitinga	15,384	7,333	110%
Copper	0.94	N/A	N/A
Gold	548	737	(26)%

Concurrent Tender Offer

Concurrently with the offering of the notes, we commenced a concurrent cash tender offer (the "Tender Offer") for any and all of our US$186,423,000 outstanding principal amount of the 2024 Notes pursuant to the terms of, and subject to the conditions set forth in, an offer to purchase dated October 18, 2021 and related documents (the "Tender Offer Documents"). This offering memorandum does not constitute an offer to purchase 2024 Notes pursuant to the Tender Offer. An offer to purchase the 2024 Notes was made solely on the terms and subject to the conditions set forth in the Tender Offer Documents that were directed to holders of the 2024 Notes. The Tender Offer expired on October 25, 2021. According to information provided by the information and tender agent for the Tender Offer, US$46,474,000 aggregate principal amount, or 24.93%, of the total 2024 Notes outstanding was validly tendered. The settlement of the Tender Offer is expected to be made on October 29, 2021.

Corporate Information

We are a corporation (*sociedad anónima*) organized under the laws of Peru. Our non-voting investment shares (*acciones de inversión)* are listed on the Lima Stock Exchange under the ticker symbol MINSURI1. Our principal executive office is located at Jr. Bernini 149, 501-A, San Borja, Lima, Peru, and our telephone number is +51-1-215-8330. Our website is www.minsur.com. The information included on our website or which may be accessed through our website is not part of this offering memorandum and is not incorporated by reference herein.

THE OFFERING

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the notes, see "Description of the Notes" in this offering memorandum.

Issuer	Minsur S.A.
Notes	US$500,000,000 aggregate principal amount of 4.500% Senior Notes due 2031
Issue Price	98.028%, plus accrued interest, if any, from October 28, 2021
Maturity	October 28, 2031
Interest	The notes will bear interest at a rate of 4.500% per year. Interest will accrue from the issue date of the notes.
Interest Payment Dates	Interest on the notes will be payable semi-annually in arrears on April 28 and October 28 of each year, beginning on April 28, 2022.
Ranking	The notes will be our unsubordinated unsecured obligations. The notes will rank equally in right of payment with all of our existing and future senior unsecured indebtedness (other than obligations given preferential treatment by Peruvian law). The notes will be effectively subordinated to our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally subordinated to the existing and future indebtedness and other liabilities of our subsidiaries. As of June 30, 2021, our consolidated indebtedness was US$1,614.1 million, of which US$873.4 million is secured indebtedness (including all of the debt of Marcobre in an amount of US$939.4 million). After giving pro forma effect to the issuance of the notes and the use of the gross proceeds of this offering, we would have approximately US$1,661.2 million of consolidated indebtedness, of which US$873.4 million would be secured indebtedness (including all of the debt of Marcobre).
Additional Amounts	All payments by us in respect of the notes, whether of principal or interest, will be made without withholding or deduction for or on account of any relevant taxes and duties, unless required by law, in which case, subject to specified exceptions and limitations, we will pay such additional amounts as may be required so that the net amount received by the holders of the notes in respect of principal, interest or other payments on the notes, after any such withholding or deduction, will not be less than the amount that would have been received in the absence of any such withholding or deduction. See "Description of the Notes—Additional Amounts."
Optional Redemption	*Make-Whole Redemption.* We may redeem the notes, in whole or in part, at any time prior to the par call date, by paying the greater of (1) 100% of the principal amount of the notes to be redeemed and (2) a "make-whole" amount, plus in each case accrued and unpaid interest and any additional amounts due thereon to the

	redemption date, as described under "Description of the Notes—Redemption—Optional Redemption." *Par Redemption*. We may also redeem the notes, in whole or in part, at any time on and after the par call date (three months prior to the maturity) at a redemption price equal to 100% of the outstanding principal amount of the notes to be redeemed plus accrued and unpaid interest due thereon and any additional amounts to the redemption date. *Tax Redemption.* In the event that, as a result of certain changes in relevant tax laws applicable to payments under the notes, we become obligated to pay additional amounts in excess of those currently attributable to a Peruvian withholding tax rate of 4.99% with respect to the notes (see "Description of the Notes—Additional Amounts" and "Taxation"), the notes will be redeemable, in whole but not in part, at our option, at any time upon notice, at 100% of their principal amount plus accrued and unpaid interest to the redemption date and any additional amounts due thereon. See "Description of the Notes—Redemption—Tax Redemption."
Certain Covenants.....	The indenture relating to the notes contains certain covenants, including limitations on liens and limitations on consolidations, mergers, sales or conveyances. All of these limitations and restrictions are subject to a number of significant exceptions and do not apply to our investment in the cement business. See "Description of the Notes—Covenants."
Purchase of Notes Upon a Change of Control Event.....	If we experience a Change of Control that results in a Ratings Decline (each as defined in "Description of the Notes"), we must offer to repurchase the notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the repurchase date. See "Description of the Notes—Purchase of Notes Upon Change of Control Event."
Form of Notes, Clearing and Settlement.....	The notes will be issued in the form of one or more global notes without coupons, registered in the name of a nominee of DTC, as depositary, for the accounts of its direct and indirect participants, including Euroclear and Clearstream. The notes will be issued in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. See "Description of the Notes—Form, Denomination and Title" and "Form of Notes, Clearing and Settlement."
Further Issuances	Subject to the covenants in the indenture governing the notes, we may from time to time, without the consent of the holders of the notes, issue further securities having substantially the same terms and conditions as the notes. Any further issue may be consolidated with, and form a single series with, the notes sold in this offering.
Listing and Trading.....	We will apply to list the notes on the main board of the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, opinions expressed or reports contained in

	this offering memorandum. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the notes or us.
Transfer Restrictions.....	We have not registered the notes under the Securities Act. The notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See "Transfer Restrictions."
Use of Proceeds	We intend to use the net proceeds from the issuance of the notes to: (i) pay the purchase price to holders of our 2024 Notes that are tendered and accepted to be purchased by us pursuant to the terms of the cash tender offer being concurrently conducted by us, (ii) repay in full the outstanding borrowings under our Credit Agreement, and (iii) the remainder, if any, for general corporate purposes. See "Use of Proceeds."
Governing Law	State of New York.
Trustee, Registrar, Paying Agent and Transfer Agent.....	Citibank, N.A.
Risk Factors.....	**You should carefully consider all of the information in this offering memorandum. See "Risk Factors" in this offering memorandum for a description of certain significant risks in connection with an investment in the notes.**

SUMMARY FINANCIAL AND OPERATING DATA

Set forth below is certain financial and operating data as of and for the years ended December 31, 2018, 2019 and 2020 and as of June 30, 2021 and for the six months ended June 30, 2020 and 2021. The financial data set forth below is derived from, and should be read in conjunction with, our consolidated financial statements included in this offering memorandum.

Consolidated Financial Data

	For the years ended December 31,			For the six months ended June 30	
	2018	2019	2020	2020	2021
	(in thousands of U.S. dollars)				
Income Statement Data:					
Net sales	693,773	711,488	649,181	266,146	476,236
Cost of sales	(411,608)	(446,018)	(412,696)	(181,799)	(230,458)
Gross profit	**282,165**	**265,470**	**236,485**	**84,347**	**245,778**
Operating expenses					
Administrative expenses	(51,160)	(54,872)	(43,359)	(20,631)	(29,810)
Selling expenses	(7,663)	(8,214)	(7,236)	(3,138)	(5,477)
Exploration and evaluation expenses	(37,508)	(41,607)	(12,741)	(6,749)	(7,872)
Other expenses, net	(19,342)	(2,685)	(1,764)	3,238	2,200
Total operating expenses	**(115,673)**	**(107,378)**	**(65,100)**	**(27,280)**	**(40,959)**
Operating income	**166,492**	**158,092**	**171,385**	**57,067**	**204,819**
Other (expenses) income					
Finance income	70,393	21,564	9,266	7,115	2,998
Finance costs	(53,336)	(50,482)	(67,103)	(31,471)	(25,677)
Profit (loss) from investment in associates, net	11,935	(8,218)	5,160	360	7,848
Profit from financial assets at fair value through profit or loss	489	—	—	—	—
Dividends income	415	1,705	132	132	781
Exchange difference, net	(23,701)	(2,602)	(38,398)	(44,043)	(4,042)
Total other expenses, net	**6,195**	**(38,033)**	**(90,943)**	**(67,907)**	**(18,092)**
Profit before income tax	**172,687**	**120,059**	**80,442**	**(10,840)**	**186,727**
Current income tax	(51,767)	(79,733)	(53,608)	(15,649)	(70,363)
Deferred income tax	(12,741)	22,509	(29,125)	11,526	16,530
Net (loss) profit	**108,179**	**62,835**	**(2,291)**	**(14,963)**	**132,894**

	As of December 31,			As of June 30,
	2018	2019	2020	2021
	(in thousands of U.S. dollars)			
Balance Sheet Data:				
Assets				
Current assets				
Cash and cash equivalents	251,917	133,185	257,410	177,758
Other financial assets	309,678	212,686	90,576	70,681
Trade and other receivables, net	110,654	168,885	136,081	144,202
Derivative financial instruments	3,051	6,146	685	2,053
Inventory, net	116,176	117,638	109,696	171,231
Financial assets at fair value through other comprehensive income	120,678	105,415	21,735	16,947
Income tax prepayments	20,729	3,420	6,272	4,320
Non-current assets held for sale	2,710	—	5,921	-
Prepaid expenses and taxes	7,213	5,775	3,944	3,153
Total current assets	**942,806**	**753,150**	**632,320**	**590,345**
Non-current assets				
Trade and other receivables, net	96,830	80,611	87,259	93,105
Inventory, net	—	13,384	49,883	80,225
Derivative financial instruments	—	343	237	3,798
Financial assets at fair value through other comprehensive income	4,900	5,278	4,950	5,941
Prepaid expenses and taxes	31,069	16,674	4,990	3,328

	As of December 31,			As of June 30,
	2018	2019	2020	2021
	(in thousands of U.S. dollars)			
Investments in associates	292,446	263,181	276,691	274,923
Property, plant and equipment, net	800,500	1,568,219	1,888,193	1,952,690
Intangible assets, net	480,442	573,420	675,653	724,687
Right-of-use asset, net	31,647	38,020	28,780	32,529
Deferred income tax assets, net	127,155	147,140	125,664	145,106
Total non-current assets	**1,864,989**	**2,706,270**	**3,142,300**	**3,316,332**
Total assets	**2,807,795**	**3,459,420**	**3,774,620**	**3,906,677**
Liabilities				
Current liabilities				
Borrowings	19,177	48,870	150,923	391,512
Income tax payable	—	4,564	—	12,343
Lease liabilities	13,522	16,583	10,265	10,217
Trade and other payables	268,699	294,804	270,448	240,568
Derivative financial instruments	6,772	7,372	41,653	61,232
Provisions	26,476	35,137	30,749	26,724
Total current liabilities	**334,646**	**407,330**	**504,038**	**742,596**
Non–current liabilities				
Non-current borrowings	620,445	1,046,517	1,209,869	1,222,591
Non-current portion of the lease liabilities	18,980	23,080	19,922	24,159
Trade and other payables	36,504	33,261	26,839	27,432
Derivative financial instruments	9,190	11,485	44,288	21,196
Non-current provisions	144,262	197,692	192,903	166,882
Deferred income tax liabilities, net	105,445	102,367	97,285	108,762
Total non-current liabilities	**934,826**	**1,414,402**	**1,591,106**	**1,571,022**
Total liabilities	**1,269,472**	**1,821,732**	**2,095,144**	**2,313,618**
Equity				
Capital stock	601,269	601,269	601,269	601,269
Investment shares	300,634	300,634	300,634	300,634
Legal reserve	120,261	120,261	120,261	120,261
Reinvested earnings	39,985	39,985	39,985	39,985
Other reserves	45,676	45,676	42,586	42,586
Facultative reserves	424	424	424	424
Cumulative translation reserve	(198,322)	(221,007)	(222,306)	(229,697)
Unrealized results	(18,887)	(14,565)	(64,148)	(69,400)
Retained earnings	412,821	411,272	420,915	306,307
Equity attributable to equity holders of the parent	**1,303,861**	**1,283,949**	**1,239,620**	**1,112,369**
Non-controlling interests	234,462	353,739	439,856	480,690
Total equity	**1,538,323**	**1,637,688**	**1,679,476**	**1,593,059**
Total liabilities and equity	**2,807,795**	**3,459,420**	**3,774,620**	**3,906,677**

	For the years ended December 31,			For the six months ended June 30,	
	2018	2019	2020	2020	2021
Cash Flows:	(in thousands of U.S. dollars)				
Net cash provided by (used in)					
Operating activities	243,579	109,219	141,235	(39,053)	69,698
Investing activities	(288,778)	(740,389)	(360,798)	(27,306)	(180,901)
Financing activities	57,638	508,471	349,241	203,054	32,134
Net (decrease) increase in cash	12,439	(122,699)	129,678	136,695	(79,069)
Cash and cash equivalents at the start of the period	240,481	251,917	133,185	133,185	257,410
Cash and cash equivalents at the end of the period	251,917	133,185	257,410	301,126	177,758

	As of and for the years ended December 31,			As of and for the six months ended June 30,	
	2018	2019	2020	2020	2021
Other Financial Data:	(in millions of U.S. dollars, except for ratios)				
Financial cost	(53.3)	(50.5)	(67.1)	(31.5)	(25.7)
Capital expenditures [(1)]	423.4	903.4	563.2	228.2	193.6

	As of and for the years ended December 31,			As of and for the six months ended June 30,	
	2018	2019	2020	2020	2021
	(in millions of U.S. dollars, except for ratios)				
Adjusted EBITDA [(2)]	267.0	251.1	267.5	99.5	258.3
Financial debt	639.7	1,095.4	1,360.8	1,259.3	1,614.1
Adjusted liquidity [(3)]	661.8	427.3	348.0	361.7	248.4
Net financial debt [(4)]	(22.1)	668.0	1,012.8	897.6	1,365.7
Leverage ratio [(5)]	2.4	4.4	5.1	5.9	3.8
Net leverage ratio [(6)]	(0.1)	2.7	3.8	4.2	3.2

(1) We define capital expenditures as the sum of additions to property, plant, and equipment, excluding costs for mine closures, plus the additions to intangible assets during a given period. Our presentation of capital expenditures may not be comparable to other similarly titled measures used by other companies. For more information, see notes 12 and 13 to our audited annual consolidated financial statements.

(2) We define Adjusted EBITDA as net profit plus or minus, as applicable, income tax, financial cost, finance income, profit (loss) from investment in associates, financial assets held at fair value through profit or loss, dividends income, exchange difference, net and depreciation and amortization. Our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures used by other companies. For a reconciliation of our Adjusted EBITDA to net profit, see "Selected Financial Data."

(3) We define Adjusted liquidity as cash and cash equivalents plus other financial assets, commercial papers and certificates of deposit. Our presentation of Adjusted liquidity may not be comparable to other similarly titled measures used by other companies. For a reconciliation of Adjusted liquidity to cash and cash equivalents, see "Selected Financial Data."

(4) We define net financial debt as current financial obligations plus non-current financial obligations minus our Adjusted liquidity. Net financial debt is a non-IFRS measure. Our presentation of net financial debt may not be comparable to other similarly titled measures used by other companies. For a reconciliation of net financial debt to financial obligations, see "Selected Financial Data."

(5) We define leverage ratio as the ratio of our financial debt as of the end of the applicable period divided by our Adjusted EBITDA. Data for six months is based on last twelve months Adjusted EBITDA.

(6) We define net leverage ratio as the ratio of our net financial debt as of the end of the applicable period divided by our Adjusted EBITDA. Data for six months is based on last twelve months Adjusted EBITDA.

Other Data

	For the year ended December 31,			For the six months ended June 30,	
	2018	2019	2020	2020	2021
Treated Mineral					
San Rafael Mine (tin, in metric tons)	1,871,288	1,981,097	972,152	415,730	586,356
San Rafael B2 Processing Plant (tin, in metric tons)	—	171,489	644,553	206,481	437,668
Pitinga (tin, niobium and tantalum, in metric tons)	6,130,427	6,013,609	5,959,314	2,689,513	3,273,365
Pucamarca (gold, in metric tons)	8,168,163	8,220,833	7,572,278	3,044,066	3,831,119
Average Ore Grade					
Tin					
San Rafael Mine (Sn%)	1.75	1.86	1.90	1.82	2.07
San Rafael B2 Processing Plant (Sn%)	—	0.77	0.82	0. 79	0.85
Pitinga (Sn%)	0.20	0.20	0.20	0.20	0.19
Gold (g/t Au)	0.57	0.59	0.48	0.47	0.52
Niobium and Tantalum (Nb/Ta%)	0.27	0.26	0.26	0.27	0.25
Metal Produced					
Refined tin (in metric tons)					
San Rafael / B2 / Pisco	18,339	19,675	19,592	7,755	11,659
Pitinga / Pirapora	6,498	6,009	5,480	1,788	2,969
Dore (in ounces)	103,538	101,799	80,215	38,458	33,103
Ferroniobium and tantalum alloy (in metric tons)	3,982	3,904	3,484	1,541	2,059
Cash Cost per Unit (US$ per metric ton or ounce of gold) (1)					
San Rafael / B2 / Pisco	8,414	8,485	8,472	7,701	9,700
Pitinga / Pirapora	11,795	14,006	11,493	17,256	11,617
Pucamarca	352	452	531	446	667
Average Realized Prices of Metal Produced					
Tin (US$/metric ton)	20,155	18,645	17,155	16,023	28,306
Gold (US$/ounce)	1,269	1,393	1,772	1,648	1,806
Ferroniobium and tantalum alloy (US$/metric ton)	17,935	15,732	14,090	14,213	13,678

Reserves and Resources [2]	As of December 31, 2020 Mineral ore (in metric tons)	Ore grade (% for tin and copper or grams per metric ton for gold)	Mineral content (in metric tons for tin, ounces for gold, pounds for copper)
Reserves			
Proved			
Tin	102,435,100	0.27%	279,700
Gold	20,900,000	0.38	253,400
Copper	213,000,000	0.74%	3,480,000,000
Probable			
Tin	121,445,700	0.20%	246,100
Gold	7,900,000	0.41	103,400
Copper	55,000,000	0.52%	630,000,000
Total proved and probable reserves			
Tin	223,880,800	0.23%	525,800
Gold	28,800,000	0.39	356,800
Copper	268,000,000	0.70%	4,110,000,000
Resources			
Measured			
Tin	116,135,123	0.33%	329,795
San Rafael	8,235,123	1.93%	159,295
Mine	4,331,600	2.69%	116,400
B2 Tailings Deposits	3,903,523	1.10%	42,895
Pitinga	107,900,000	0.21%	170,500
Gold	34,200,000	0.32	354,700
Niobium and tantalum [3]	—	0.23%	253,500
Copper [4]	274,000,000	0.71%	4,283,000,000
Indicated			
Tin	229,151,260	0.14%	357,988
San Rafael	6,951,260	1.57%	109,088
Mine	3,840,500	2.01%	77,100
B2 Tailings Deposits	3,110,760	1.03%	31,988
Pitinga	222,200,000	0.11%	248,900
Gold	19,700,000	0.32	204,400
Niobium and tantalum [3]	—	0.23%	500,000
Copper [4]	155,000,000	0.63%	2,138,000,000
Inferred			
Tin	179,992,510	0.13%	242,089
San Rafael	2,992,510	2.53%	75,789
Mine	2,895,200	2.57%	74,500
B2 Tailings Deposits	97,310	1.32%	1,289
Pitinga	177,000,000	0.09%	166,300
Gold	4,000,000	0.23	29,700
Niobium and tantalum [3]	—	0.22%	385,700
Copper [4]	55,000,000	0.52%	630,000,000

(1) See “Presentation of Financial and Other Information—Non-IFRS Information.” Our presentation of cash cost may not be comparable to similarly titled measures used by other companies. Our calculation of cash cost for the production of tin at Pitinga is net of by-product revenues (i.e., ferroniobium and tantalum alloys).

(2) For additional information on our resources and reserves, see “Business—Resources and Reserves” and “Risk Factors—Our estimates of reserves and resources may be inaccurate and materially different from mineral quantities we actually recover.”

(3) Tin resources at Pitinga includes niobium and tantalum resources.

(4) The information on copper reserves and resources includes copper oxides and copper sulphides. For a breakdown of our copper reserves and resources, see “Business—Reserves and Resources—Mina Justa Mine.”

RISK FACTORS

You should carefully consider the following risk factors, as well as the other information presented in this offering memorandum, before investing in our notes. The risks and uncertainties described below are not the only ones that we face. Additional risks and uncertainties that we do not know about or that we currently think are immaterial may also impair our business operations. Any of the following risks, if they actually occur, could materially and adversely affect our business, results of operations, prospects and financial condition. In that event, the market price of the notes could decline, and you could lose all or part of your investment.

Risks Relating to Our Mining Business

Our business is highly dependent on the price of the metals we produce.

Our financial performance is significantly affected by the market prices of the metals we sell, particularly tin and more recently copper. Historically, prices of metals have been subject to wide fluctuations and are affected by numerous factors beyond our control, including international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by users, actions of participants in the commodities markets and currency exchange rates. In addition, the market prices of metals have on occasion been subject to rapid short-term changes.

We cannot predict whether metal prices will rise or fall in the future. The mining industry is cyclical by nature and fluctuates with economic cycles, including due to the impact of the ongoing COVID-19 pandemic and the government measures aimed at minimizing the spread of the virus. Certain metal prices, such as tin, have reached record highs in 2021, and any corrections or future declines in metal prices, in particular tin, copper, gold, niobium and tantalum prices, could have an adverse impact on our results of operations. We may experience lower prices of our products, as well as longer sales cycles and difficulty in collecting sales proceeds. We strategically engage in hedging transactions to mitigate metal price volatility, and have entered into certain hedging transactions to mitigate price and currency volatility in our subsidiary Taboca and price volatility in our gold operations. Moreover, in the event of steep declines in the prices of these metals, we may need to consider curtailing or modifying our business operations. For example, our operations in Brazil are particularly sensitive to price volatility due to the low ore grade of the resources found in the Pitinga mine. Additionally, we may need to reduce or suspend exploration and expansion activities.

Changes in the demand for the metals we produce could adversely affect our sales volume and revenues.

Our revenues depend on the volume of metals we sell, particularly tin, which in turn depends on the level of demand for these metals. With the commencement of commercial operations of Mina Justa mine in August 2021, we expect that our revenues will also be significantly dependent on the volume of the copper we sell, which in turn depends on the level of demand for this metal. Demand for these metals is mostly driven by: in the case of tin, its use in consumer products, packaging, construction and vehicle assembly; in the case of copper, its use in electronics applications, construction and transportation industries, industrial equipment, consumer products and as an electrical conduit; in the case of gold, its general perception as a store of value as well as its use by direct consumers, such as for jewelry and coins; in the case of niobium, its use to strengthen steel in connection with the construction, automotive and oil and gas industries; and in the case of tantalum, its use in electronic capacitors and semi-conductors, turbine blades, metal cutting tools and chemical processing. An increase in the production of these metals worldwide or changes in technology, industrial processes or consumer habits, including increased demand for substitute materials, may decrease the demand for these metals. In particular, demand for tin would be affected if manufacturers continue the trend towards miniaturization of electronic products, as the use of tin in each product is reduced. In addition, demand for tin may be affected if manufacturers perceive that the global supply is at risk of being depleted, which could lead them to revamp their manufacturing processes and seek substitutes for tin.

A fall in demand, resulting from economic slow-downs or recessions, substitution of our metals or other factors, could also decrease the volume of metals we sell and therefore materially and adversely impact our results of operations. In addition, we may not be able to adjust production volume in a timely or cost-efficient manner in response to changes in demand. Lower utilization of capacity during periods of weak demand may expose us to higher unit production costs since a significant portion of our cost structure is fixed in the short-term due to the

capital intensity of mining operations. Furthermore, efforts to reduce costs during periods of weak demand could be limited by labor regulations or previous labor or government agreements, which could adversely impact our results of operations.

The mining industry is highly competitive.

We face competition from other mining companies around the world, particularly from tin producers in China and Indonesia. Competition principally impacts sales volume and prices, other contractual terms and conditions, attracting and retaining qualified personnel and securing the services and supplies we need for our operations. We cannot assure you that competition will not adversely affect us in the future. For example, lower cost producers of the metals we mine could be better positioned to manage future volatility through commodity price cycles. In addition, mines have limited lives and, as a result, we may seek to replace and expand our reserves and resources by acquiring new properties. Significant competition exists to acquire mining concessions, land and related assets.

Potential changes to international trade regulations and agreements, as well as other political and economic arrangements may benefit metal producers operating in countries other than Peru and Brazil, or may increase the prices we pay for the supplies we need and our export costs when we engage in international transactions. We cannot assure you that we will be able to compete on the basis of price or other factors with companies that in the future may benefit from favorable regulations, trading or other arrangements, or that we will be able to maintain the cost of the supplies we require and our export costs.

Our estimates of reserves and resources may be inaccurate and materially different from mineral quantities we actually recover.

There is a significant degree of uncertainty attributable to the estimation of reserves and resources. The process of estimating reserves and resources is complex and requires us to make significant assumptions in the evaluation of available geological, metallurgical and other data. In addition, for reserve estimates we must make assumptions as to metal prices, drilling, operating expenses and royalty taxes, among other things. Many of these assumptions are inherently subjective, and the accuracy of our estimates relies in part on our ability to make accurate assumptions. Actual future metal prices, production, operating expenses, royalty taxes and quantities of recoverable mineral may vary substantially from our assumptions. As a result, our estimates of reserves and resources may be materially inaccurate. The reserves and resources disclosed by us are not necessarily indicative of future results of operations and should not be interpreted as assurances of mining life or the profitability of our future operations. Until minerals are actually mined and processed, the quantity of ore and grades must be considered as estimates only. We cannot assure you that our reserves and resources conform to geological, metallurgical or other expectations or that the estimated volume or grade of ore will be recovered. Moreover, some estimates of our resources presented in this offering memorandum include inferred resources, which, by definition, are estimates that are made with a low level of confidence. Investors are cautioned not to assume that mineral resources in this category will be converted into reserves, or that estimates of inferred mineral resources exist, are economically minable, or will be upgraded into measured or indicated mineral resources.

We may be required to revise our estimates of our reserves and resources. In addition, market prices of our metals, increased production costs, reduced recovery rates, short-term operating factors, royalty taxes and other factors may in the future render reserves uneconomic to exploit and may result in changes in reserve data from time to time. Significant downward revisions to our estimations of reserves and resources could adversely affect the market prices of the notes.

We are not required to strictly adhere to all the documentation and reporting requirements of companies listed on the Australian Stock Exchange. In addition, estimates of reserves and resources included in this offering memorandum are not measurements under SEC Industry Guide 7 and are not comparable with estimates prepared in accordance with standards established by the SEC.

The reserves and resources information included in this offering memorandum are estimates prepared by our internal team of engineers under the supervision of our Corporate Geological Manager in consultation with industry experts and consultants following the intent of the definitions and guidelines established by the JORC Code

of 2012. During 2020, the reserves and resources information included in this offering memorandum was also subject to an external audit by independent external experts. As part of this audit process, we receive certain recommendations for improvements to the preparation of our resources and reserves estimates. Among these recommendations, the most significant relate to the quality control on geological modeling, database management and the use of best practices for sample handling and dilution control. We cannot assure you that we will be able to implement all changes to our practices, nor that future external audits will not result in material revisions to our estimates of reserves and resources.

An important portion of our business relies on the operation of our flagship San Rafael tin mine.

The San Rafael tin mine has been essential to our business. In 2020, 56.2% of our consolidated net sales was generated by the San Rafael mine. As of June 30, 2021, 65.6% of our consolidated net sales was generated by the San Rafael mine. The San Rafael mine is subject to the typical hazards of operating mining facilities, including accidents and natural disasters. Any interruption in our operations of the San Rafael mine, or a temporary decrease in our effective capacity of production at the mine, would adversely affect our results of operations, and any prolonged disruption or decrease in production capacity would have a material adverse effect on our results of operations. We expect to further diversify our mineral production with the Mina Justa mine ramping up operations; however, the San Rafael mine will continue to be significant for our business.

As of December 31, 2020, San Rafael mine had estimated reserves and resources supporting an average mine life of approximately 8 years. We have regularly undertaken exploration and expansion activities to increase the reserves and resources at San Rafael and in the vicinity of our operations. However, if the results of these exploration activities are not satisfactory, the mine could be depleted and our tin production would decrease significantly. In such event, our results of operations would be materially and adversely affected.

In addition, the ore grade mined from San Rafael has declined significantly over the last several years, from 4.02% in 2010 to 1.90% during 2020. This decline in ore grade has resulted in a significant decrease in our refined tin production, with production in Peru declining from 36,469 metric tons in 2010 to 19,592 metric tons in 2020. We cannot assure you that the average ore grade of tin produced at San Rafael will not continue to decline. In such event, the refined tin production would decrease and our results of operations would be materially and adversely affected.

Furthermore, our cash cost of ore extraction at San Rafael has increased significantly over the last several years, from US$2,107 per metric ton in 2010 to US$8,472 per metric ton in 2020. In the six months ended June 30, 2021, cash cost of ore extraction at San Rafael was US$9,700 per metric ton. This increase in cash cost of extraction at the mine is principally due to an increase in mine development requirements; namely, transitioning from mining ore bodies to veins which has increased our development costs as the mineral is found progressively more scattered at the mine. We cannot provide any assurance that our cash cost will not continue to increase, which may be due to a variety of factors, some of which are beyond our control, and which would adversely affect our profitability.

We began operations of our B2 processing plant at San Rafael in the fourth quarter of 2019, with further ramping up of production during 2020, which has increased our production and reserves and resources. However, the ore grade and our cash cost of extraction from the tailings deposit at San Rafael is different than the mine.

Our Mina Justa project has limited operating history, which makes our future performance difficult to predict.

Our Mina Justa copper project began commercial operations in August 2021. However, we have not yet reached full production capacity as construction of our oxides tailgate facilities has presented certain deformations and leaking cracks on vats' walls of the oxide plant (part of the oxides plant recovery process). As a preventive measure, the load of oxide ore in the vats has been reduced, impacting the oxide plant capacity. As of the date of this offering memorandum, all leaking cracks have been repaired and we are fixing the deformation, which we expect to complete by the second quarter of 2022. We cannot assure you if or when Mina Justa commercial operations will achieve full operating projections. If there were a significant incident in the operation of the mine, we may be required to make additional capital investments in the project.

The Mina Justa mine has limited operating history upon which to base estimates of production and operating costs. We are also subject to the business risks and uncertainties associated with new businesses, including the risk that we will not achieve our operating objectives and business strategy. As a result, we may not be able to forecast reliable long-term trends, and actual economic returns from the mine may differ significantly from our current expectations. Moreover, significant decreases in actual or expected copper prices may mean that reserves become uneconomical to mine in the future.

We have a joint venture partner for our development and operation of the Mina Justa mine, which may make it more difficult to operate the mine according to our business plans.

Mina Justa is owned and developed by Marcobre, in which we own a 60% interest, with the remaining 40% owned by Alxar International SpA. The Marcobre joint venture was formed for the financing, construction and operation of the Mina Justa mine. If our joint venture partners were not to fulfill their obligations, we may not be able to operate according to our business plans. Additionally, differences in views among the joint venture partners may result in delayed decisions or failures to agree on strategic matters. If these differences cause the joint venture to deviate from our business plans, the business and expected results of operations of Mina Justa mine could be adversely affected. In addition, if disputes were to arise with respect to the parties' respective rights and obligations, the value of our investment in the Mina Justa mine could be adversely affected and we could incur significant expenses in enforcing our rights or pursuing remedies.

Our business is subject to risks arising from the ongoing COVID-19 pandemic.

The novel strain of the SARS-CoV-2 virus, which causes the disease known as COVID-19, was first identified in Wuhan, China in December 2019 and has spread around the world, including in Peru and the rest of the countries in Latin America. In March 2020, the World Health Organization recognized COVID-19 as a pandemic. In an effort to prevent the virus from spreading, governments around the world have implemented strategies that restrict social gathering and promote social distancing, such as quarantines, travel restrictions, and closing of schools, workplaces and shopping centers, among others. The rapid outbreak of the virus and measures taken by governments to contain its spread have had dramatic consequences for significant parts of the global economy, including demand, operations, supply chains and financial markets. The magnitude and scope of the effects of the pandemic, which is ongoing, are difficult to evaluate and predict.

In March 2020, the Peruvian government declared a national state of emergency, which continues to be in force as of the date of this offering memorandum. The government closed Peru's international borders and ordered a national lockdown of businesses deemed non-essential. In March 2020, all of our operations in Peru were suspended, with respect to mining activities, and only critical maintenance activities and those necessary to guarantee the safety and health of personnel and monitoring of the environmental protocol were carried out. Starting in May 2020, the Peruvian government has gradually lifted certain restrictions and allowed certain economic activities to resume, including mining and industrial activities, which has allowed us to resume gradually our operations at all of our mines and plants. We have implemented safety and sanitary measures and incurred in additional costs to protect the health of our workers and to guarantee the continuity of our operations. Additionally, our management and administrative staff in Peru has been working remotely since March 2020.

Similarly, in March 2020, Brazilian state and municipal authorities adopted various containment measures for COVID-19, although freedom of movement was generally maintained throughout the country. In April 2020, all of our operations in Brazil were suspended as a preventive measure and during May 2020, we gradually resumed the operations in our mine and plant in Brazil. We have also implemented safety and sanitary measures and incurred in additional costs to protect the health of our workers and to guarantee the continuity of our operations in Brazil.

The COVID-19 pandemic and the resulting measures implemented by the Peruvian and Brazil governments have caused us to continue to modify certain of our business practices, including limiting travel, temporarily closing offices and implementing remote work capabilities. We have also incurred, and expect to continue to incur, additional expenses related to the implementation of increased health and safety protocols. In addition, the impact of COVID-19 in the Peruvian and Brazilian financial markets has affected and may further the affect the cost of borrowing, hedging activities and access to capital in general, which could limit our ability to obtain financing on favorable terms or at all.

Despite the more recent limited availability of vaccines, the COVID-19 pandemic may not be fully contained for the foreseeable future and certain regions may be subject to an increase in the number of people infected and deaths. A prolonged health crisis could continue to affect economic activity in Peru and Brazil, as well as globally. Additionally, the post-COVID-19 environment may result in unexpected developments, changes in financial markets, or changes in tax, labor or other regulations, which could have an impact on our business.

As of the date of this offering memorandum, there remains significant uncertainty regarding the duration of disruptions deriving from the ongoing COVID-19 pandemic. The extent to which the COVID-19 pandemic and related government measures will affect us depends on future developments that are uncertain. We will continue to closely monitor and evaluate the nature and extent of the impact of the COVID-19 pandemic on our business, financial condition, results of operations and prospects. We may also take further actions that alter our business operations, as may be required by authorities, or that we determine are in the best interests of our employees, their families and the communities in our areas of influence. These developments and changes could have an adverse impact on our results of operations. To the extent that we are not able to adapt to the new business environment, we could experience loss of business and our results of operations could suffer.

Our exploration efforts are highly speculative in nature and may be unsuccessful.

We depend on our ability to replenish our reserves and resources for our long-term viability. Mining exploration is highly speculative in nature, involves many risks and is frequently unsuccessful. Moreover, once mineralization is discovered, it may take a number of years from the initial phases of drilling before production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish reserves and resources through drilling, to determine processes to extract the metals and, if required, to construct mining and processing facilities and obtain the rights on the land and resources required to develop the mining activities. We have approximately 256,614 hectares of mining concessions, of which: (i) 50,106 hectares, or approximately 20%, are currently being exploited, (ii) 45,290 hectares, or approximately 18%, are currently being explored, and (iii) 161,216 hectares, or approximately 63%, are not currently being explored. We regularly undertake exploration activities to increase the reserves and resources at our existing mines, including our flagship San Rafael mine and its surrounding areas, as well as our other concession territories. We cannot assure you that our exploration activities will result in the replacement or growth of current production with new reserves and resources. If we are not able to replenish reserves and resources, our production levels will decrease significantly and our results of operations would be materially and adversely affected.

Our expansion projects are subject to operational risks that may result in increased costs or delays that prevent their successful implementation.

An integral part of our business strategy is to invest in expanding our production capacity and in developing new operations, including increasing production capacity at our Pitinga mine (at feasibility stage), improving the quality of our ferroalloy products at Pitinga (at pre-feasibility stage) and developing new deposits that are currently at conceptual stage (Nazareth tin project and Marta copper and gold project). The projects are in early stages of development and subject to a number of risks that may materially and adversely affect our expansion prospects and profitability, including the following:

- unfavorable results from our feasibility studies;
- we may fail to obtain, or experience delays or higher than expected costs in obtaining, the required agreements, authorizations, licenses and permits to develop a project, including the prior consultation procedure and agreements with local communities;
- permits, authorizations, or rights granted to third parties that could conflict with, and require us to alter, our expansion plans;
- we may encounter delays or higher than expected costs in obtaining the necessary equipment, machinery, materials, supplies, labor or services and in implementing new technologies to develop and operate a project;

- our efforts to develop projects according to schedule may be hampered by a lack of infrastructure, including a reliable power supply;

- adverse mining conditions may delay and hamper our ability to produce the expected quantities and qualities of minerals;

- conflicts with local communities and/or strikes or other labor disputes may delay the implementation or the development of projects;

- accidents, natural disasters and equipment failures could result in delays or cost overruns; and

- changes in market conditions or regulations may make a project less profitable than expected at the time we initiated work on it.

We are required to obtain governmental permits or authorizations to expand operations, or undertake our expansion projects, and to renew certain permits for our existing operations and projects.

We are required to obtain governmental permits or authorizations to expand existing operations or undertake our expansion and development projects, and to renew certain permits for our existing operations and projects, in each of the jurisdictions where our operations, projects and other prospects are located. Obtaining the necessary governmental permits or authorizations can be a complex and time-consuming process, often involving public hearings and costly undertakings. The duration and success of permitting efforts are contingent on many factors that are outside our control. The governmental approval process may increase costs and cause delays, and could keep us from proceeding with our development plan. Furthermore, we cannot assure you that, even if we obtain the required permits and authorizations for our plans, we will not experience opposition, including opposition from local communities, which could impede the operation and development of a project. Additionally, we cannot assure that the governmental authorities will not grant permits, authorizations or rights to third parties that could conflict with, and require us to alter, our plans.

We may not be able to complete strategic acquisitions, and any future acquisitions we make may not be successful.

We consider, from time to time, opportunities to acquire mining assets, concessions and operations. We cannot assure you, however, that we will be able to find suitable acquisition targets or complete acquisitions on favorable terms or at all. We may choose to finance these acquisitions through our cash flow, borrowings or the issuance of equity. We cannot assure you, however, that we will generate sufficient cash from operations, or be able to obtain financing on favorable terms or at all, to complete strategic acquisitions. If we are able to complete acquisitions, we may not be able to successfully integrate any acquired mining assets, concessions or operations. The integration of an acquisition involves a number of factors that may affect our operations, including diversion of management's attention, difficulties in retaining personnel and entry into unfamiliar markets. Acquired businesses may not achieve the levels of productivity anticipated or otherwise perform as expected. Acquisitions may expose us to additional business risks that are different from those we have traditionally experienced, including new geographic, market, operating and financial risks. In addition, we cannot assure you that we will not face known or unknown contingent liabilities from our acquisitions that could impact our financial results and reputation or that the acquisition agreement we negotiate will adequately protect us from such liabilities.

We may also seek to sell mining assets to recycle our capital, if we deem it strategic to our overall business. We cannot assure you that we will be able to dispose of mining assets, on favorable terms or at all, nor can we assure you that in the event we do sell any assets, we will be able to reinvest the proceeds in the business in a profitable manner.

Our mining operations require substantial capital expenditures and are subject to financing risks.

Our mining operations, including our exploration activities and our expansion projects, are capital intensive. Exploration and production of metals, maintenance of machinery and equipment, compliance with

applicable laws and regulations, and our expansion projects, all require substantial capital expenditures. We must continue to invest significant amounts of capital to replenish our reserves and resources and to maintain or grow our production. For a description of our capital expenditure plans, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditures." We cannot assure you that we will be able to generate sufficient cash flow, or have access to sufficient investments, borrowings or other financing alternatives, to finance our capital expenditures plans.

Health and safety and environmental regulations may increase our costs of doing business, restrict our operations, or result in the application of fines, revocation of permits or shutdown of our facilities.

We are required to comply with health and safety and environmental laws and regulations in the countries where we operate and our operations are subject to periodic inspections by the relevant governmental authorities. These laws and regulations govern, among others: workplace conditions, use of safety equipment, workers insurance coverage, the generation, use, handling, storage, disposal, transportation, treatment, emission and discharge of hazardous and controlled substances, the structural characteristics and operations of dams, maximum permissible limits for contamination of water, air and soil, and mine closure plans. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations (including the imposition of higher taxes and mining royalties) or more stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of our operations and delays in the development of our properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property or injury to persons or to society (i.e., collective moral damages) resulting from the environmental, health and safety impacts of our past and current operations, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions.

We monitor health and safety and environmental performance and compliance regularly. Mining is an inherently dangerous industry that involves substantial risks, and both our workers and our contractors' workers are subject to long term health issues and accidents, some of which have in the past and may in the future result in injuries or death. Consequently, we may face lawsuits whereby the workers or workers' families seek damages.

Mining activities are generally subject to significant environmental hazards due, among other things, to the processes used in the extraction and production methods as well as the treatment, storage, transportation and disposal of resulting tailings. As a result, environmental hazards may exist at our mining properties that are currently unknown or may arise in the future irrespective of our controls and procedures or whether we are in compliance with current environmental laws and regulations. Our operations also generate solid wastes and effluents that must be managed, treated and disposed of, and that could result in spills or releases of materials such as slurry and chemical products that must be contained and remediated. We are similarly required to ensure the quality of water bodies through routine monitoring. We could also be found liable for all incidental damages due to the exposure of individuals to hazardous substances or other environmental damage.

Uranium and thorium, both radioactive materials, are found in our Pitinga mine in Brazil and, consequently, in the concentrate refined in the Pirapora plant and in the waste material arising from the refining process. Under Brazilian law, only the government is able to exploit these materials, however, we are required to comply with rigorous safety standards, from both environmental and occupational perspectives, and store radioactive materials in adequate storage facilities. We could also potentially be liable for environmental hazards associated to radioactive material storages, long after ceasing operations in Pitinga. The Federal Environmental Agency in Brazil (*Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis*, or "IBAMA") and the Brazilian Federal Prosecuting Office (*Ministério Público Federal*, or "MPF") initiated against Taboca an administrative proceeding and a criminal proceeding, respectively, relating to the mishandling of radioactive material while transporting concentrate from the Pitinga mine to the Pirapora plant. In the context of these administrative proceedings, we entered into three Environmental Terms of Commitment (*Termo de Ajustamento de Conduta Ambiental*, or "TACA") with the Amazonian Institute of Environmental Protection (*Instituto de Pesquisa Ambiental da Amazonía*, or "IPAAM"). As part of the compliance with our obligations under the TACAs, we have filed with IPAAM an environmental remediation plan (*Plano de Recuperação de Área Degradada*, or "PRAD") with which we expect to continue to comply during the course of the life of the mine. Additionally, we employ cyanide in the production of gold at our Pucamarca mine and high levels of naturally occurring arsenic may be

found in our production at such mine. Although currently no water is discharged from our Pucamarca mine, we cannot assure you that the continued use of cyanide will not result in an environmental hazard in the future.

In addition, we are required to submit an environmental impact assessment and/or other environmental / social compliance documentation for our new projects and for material modifications or expansions of existing operations or facilities in accordance with mining laws and regulations in the countries where we operate. The environmental impact assessment and other environmental/social compliance documentation may be discussed at various open hearings with the local communities, which will provide an opportunity to voice their opinion and concerns. In Peru, for example, the governmental entity that approves environmental impact assessments for the execution of mining and energy projects typically requires companies that carry out mining or energy activities to address the concerns of local communities. In addition, the government is required to conduct prior consultation procedures wherever indigenous communities are involved. We cannot assure you that any future projects or permits will be approved or that existing approvals, authorizations, licenses and permits will not be questioned or revoked. Furthermore, we cannot assure you that, even if we get the required approvals, authorizations, licenses and permits for any future projects, we will not experience opposition from local communities that could impede the development of such projects.

We cannot assure you that we have been or will be at all times in full compliance with health and safety and environmental laws and regulations. Violations of these laws or regulations could result in substantial fines, criminal sanctions, temporary or permanent shutdown of the affected operations or facilities or the suspension or revocation of authorizations, permits or licenses. We could also be subject to disputes and lawsuits that accuse us of violating health, safety or environmental laws and regulations, and causing health, safety or environmental damage. These disputes and lawsuits could result in substantial liability and stoppages of our operations. In addition, they could affect our reputation in the countries where we operate as a responsible mining operator. We cannot assure you that our costs of complying with current and future health, safety and environmental laws and regulations, and any liabilities arising from past or future releases of, or exposure to, hazardous substances will not materially and adversely affect our reputation, business, financial condition and results of operations.

Environmental regulation has become increasingly stringent and we have been required to dedicate more time and money to compliance and remediation activities.

Several environmental laws and regulations imposing strict obligations on the mining industry have been enacted in Peru and Brazil. Future changes to environmental laws and regulations, or stricter enforcement of current laws and regulations, could increase the extent of investment and work required to be performed by us in order to comply with environmental obligations, including those related to remediation. Increases in future costs related to compliance with future environmental regulation could materially impact our operating costs or potentially affect the continuation of our activities.

Regulatory and industry response to climate change, restrictions, caps, taxes, or other controls on emissions of greenhouse gases, including on emissions from the combustion of carbon-based fuels, controls on effluents and restrictions on the use of certain substances or materials, could significantly increase our operating costs. This could also adversely affect our customers. A number of governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. These regulatory initiatives will be either voluntary or mandatory and may impact our operations directly or through our suppliers or customers. In addition, Peru and Brazil are signatories to, and have each ratified, the Paris Agreement. The Paris Agreement is intended to limit or capture emissions of greenhouse gases such as carbon dioxide and methane and substantially reduce the risks and impact of global warming. While the precise nature of any revised environmental regulations and the applicable enforcement regime within these jurisdictions has yet to be finalized, compliance with any new environmental requirements that may be enacted to ensure compliance with the Paris Agreement may require significant capital expenditure and failure to comply with any new environmental legislation could result in the incurrence of fines and other penalties.

The potential impact of climate change on our operations is highly uncertain, and would be particular to the geographic circumstances of our facilities and operations. It may include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperatures. These effects may materially and adversely impact the cost, production and financial performance of our operations.

The development of more stringent environmental protection programs, as a response to climate changes or otherwise, in the countries where we operate, international conventions and treaties, trade agreements or, generally, in the industry could impose constraints and additional costs on our operations and require us to make significant capital expenditures in the future. We cannot assure you that future legislative, regulatory, international law, industry, trade or other developments in Peru or Brazil will not have a material adverse effect on our results of operations.

We may face substantial environmental remediation obligations and our remediation costs may materially exceed the provisions we have made.

Pursuant to applicable environmental laws in Peru and Brazil, we could be found liable for all or substantially all of the damages caused by pollution at our mining facilities or mining concessions or those of our predecessors at disposal sites. We have undertaken, and could continue to undertake, acquisitions of mining facilities or mining concessions and we cannot assure you that we will not be held responsible for environmental damage caused prior to our acquisitions, including environmental damage that we were not aware of at the time of acquisition.

For example, we may face substantial costs related to remediation obligations related to our mining operations, in particular with respect to our Pitinga mine in Brazil. Our Taboca subsidiary is subject to several proceedings initiated by IBAMA and the IPAAM in 2007 and 2008 in connection with the operation of the mine by Paranapanema, the prior owner of Taboca. In the context of these administrative proceedings, we entered into three Environmental Terms of Commitment (TACA) with IPAAM. As part of the compliance with our obligations under the TACAs, we have filed with IPAAM an environmental remediation plan (PRAD) with which we expect to comply during the course of the life of the mine. In accordance with the PRAD, the estimated costs of the remediation plan, during the life of the mine, is currently expected to be R$140 million (equivalent to US$27 million, based on the exchange rate as of December 31, 2020), for which we have made a provision in our consolidated financial statements. We make provisions for potential environmental liabilities when the liabilities become known, are probable and can be reasonably estimated. However, there is a significant risk that the costs of remediation, the exact amount of which we are not able to predict at this time, could materially exceed this provision. Our management plans to regularly assess the costs of the remediation measures required under the PRAD.

In addition, we are part of another proceeding related to the ACP FUNAI started by FUNAI – National Indian Assistance Foundation, the MPF and Associação dos Povos Indígenas Tenharim Igarapé Preto against Paranapanema and Taboca. The cause of action is the alleged damage to the habitat of indigenous population resulting from mining activities in connection with the operation of the mine by Paranapanema in the 1970s and 1980s, which allegedly ceased without proper remediation in the area. This lawsuit was filed in 2010 and relates to activities prior to our purchase of Taboca. Accordingly, Paranapanema has accepted its obligation to act on behalf of both defendants in the case. In August 2021, a decision was rendered that resolved that both companies are jointly liable to prepare and implement a technical plan to remediate the alleged environmental damage, under penalty of daily fines. No payment of compensation is due. Currently, the resolution is limited to these measures, which cannot be quantified as of the date of this offering memorandum. As a result, we have not recorded any provision for this proceeding.

Furthermore, we estimate that we will need to spend approximately US$8.3 million, for which we have also made a provision in our consolidated financial statements, related to environmental management requirements with respect to concessions currently held in the Puno region, Peru, related to mining closures that is not currently in production (i.e., does not include our San Rafael operation). We acquired these concessions in 2006 and the generation of these environmental liabilities predates our acquisition. Nonetheless, environmental liabilities related to these concessions could affect our reputation and further damage our relationship with neighboring communities, which could have a material adverse effect on our business.

Whenever a previously unrecognized remediation liability becomes known, or previously estimated remediation costs are increased, the amount of that liability or additional costs could have a material adverse effect on our results of operations.

Our operations depend on our relations and agreements with local communities, and new projects require carrying out a prior consultation procedure in Peru.

There is potential for local opposition to our mining operations and development projects. Our operations are neighbored by local and rural communities (*comunidades campesinas*) that surround our mining operations. We have entered into agreements with most of these local communities that mainly provide for the use of their surface land for our operations and by virtue of which we have assumed certain investment commitments. We also interact with regional and local governments and depend on our close relations with local communities and regional and local governments to carry out our operations. In the event that our relations with the local communities and regional and local governments were to deteriorate in the future, or the local communities do not comply with the existing agreements or renew them upon expiration, our business could be materially and adversely affected. Furthermore, in order to develop new projects on land owned by, or in the possession of, third parties, we need to reach an agreement with such third parties in order to use that surface land. If we fail to reach agreements with the owners of the surface land or obtain governmental approvals for our new projects, or if the validity of the agreements we currently have in place for our existing operations is disputed, this could result in a material adverse effect on our business. See "Regulatory Framework—Mining and Processing Concessions." As is common practice in the mining industry in Peru, we typically do not seek surface rights with respect to mining concessions in which we do not currently, or do not plan in the near future, to exploit or explore. Consequently, we currently do not have surface rights with respect to a significant portion of our mining concessions.

Protests relating to the environmental impact of mining projects, such as those that have occurred in Peru in 2012 with respect to Minas Conga in the Cajamarca region and the Toquepala mine in the Tacna region and in 2011 and 2019 with respect to Tía María mine in Arequipa, all of which are operated by other mining companies, or relating to other social or political factors, could also result in a material adverse effect if they were to impede our existing operations or expansion projects. We believe we generally have good relations with the community and regional and local governments in the vicinity of our mining operations.

In addition, Law No. 29785 on the Prior Consultation Right of Indigenous People, enacted by Peru in 2011, in order to comply with the International Labor Organization Convention 169, compels the Peruvian government to carry out a prior consultation procedure (*procedimiento de consulta previa*) to indigenous and native people prior to the issuance of any law, regulation and administrative measure, as well as prior to the issuance of national and regional plans, programs and projects, that may affect their collective rights, physical existence, cultural identity or development. The regulations of Law No. 29785, approved by Supreme Decree No. 001-2012-MC enacted by the Ministry of Culture in 2012, specify the form and circumstances under which the consultation is required to be undertaken, as well as the way in which agreements are to be formalized with the indigenous and native people. The regulations also set forth a maximum period for completing the consultation procedure (i.e., 120 calendar days). In 2013, the Ministry of Culture published the first official list of 52 indigenous groups within the national territory (as of the date of this offering memorandum, there are 55 indigenous groups identified within the national territory), including information such as names, geographic location, among others. To the extent that any of our projects in Peru could affect indigenous and native people's collective rights, physical existence, cultural identity or development, and require the issuance of an administrative resolution, we will be required to conduct a prior consultation procedure. The performance of a consultation procedure may result in delays, additional expenses or failure to obtain the required approval for the project.

We may be adversely affected by labor disputes.

Our operations are dependent, in part, on maintaining good relations with our employees. A prolonged labor disruption at any of our material properties could have a material adverse impact on our results of operations. Mining is a labor intensive industry. As of June 30, 2021, we depended on 10,940 workers to carry out our operations, 35.6% of which are under our direct payroll and 64.4% of which are outsourced by third party contractors. As of such date, we had four unions among our direct payroll staff, which collectively represented 10.6% of our total direct workforce. We typically carry out collective agreement negotiations with the unions annually, except for the case of the workers of our Pisco plant where negotiations are carried bi-annually. These agreements generally relate to salaries, working conditions and benefits. In the past, we have experienced strikes or other labor-related disputes with contractors' employees, including temporary blocking access to our operations. We believe that our current relations with employees and contractors are generally on good terms. We cannot assure you

that we will not experience work slowdowns, work stoppages, strikes or other labor disputes in the future, particularly in the context of the renegotiation of our collective agreements, which could have a material adverse effect on our business or results of operations.

Natural disasters could damage our facilities and affect our operations.

Natural disasters could significantly damage our mining and production facilities and general infrastructure, particularly in Peru. Peru has experienced natural phenomena in the past such as earthquakes, other geologic events and flooding. For example, on January 14, 2018, an earthquake measuring 7.1 on the Richter local magnitude scale hit the southern coast of Peru. A major earthquake could damage the infrastructure necessary for our operations. In addition, increased rainfall from the weather phenomenon known as "El Niño," which typically occurs every two to seven years, can contribute to flooding and mudslides, which could damage roads and highways providing access to our facilities. Peru has also experienced droughts caused by low rainfall. When such events occur in the future, we may suffer damage to, or destruction of, properties and equipment, or losses not covered by our insurance policies, as well as temporary disruptions to our services, which may materially and adversely affect us. If a significant number of our employees were affected by a natural disaster, our ability to conduct business could be impaired.

Changes in tax and mining royalty laws may increase our tax and administrative burden and, as a result, could adversely affect our results of operations.

The Peruvian and Brazilian governments from time to time implement changes to tax laws and regulations, including mining royalty payments. Any such changes, as well as changes in the interpretation of such laws and regulations, may result in increases to our overall tax burden, which would negatively affect our profitability. We cannot assure you that the governments of Peru or Brazil will not implement additional changes to tax and mining royalty regulations in the future, which could adversely affect our results of operations.

The mining business is subject to inherent risks, some of which are not completely insurable.

The business of mining is generally subject to a number of risks and hazards. Hazards associated with underground mining operations include underground fires and explosions, including those caused by flammable gas, gas and coal outbursts, cave ins or falls of ground, fall of rocks, tunnel collapse, lack of oxygen, air pollution, discharges of tailings, hazardous substances and materials, gases and toxic chemicals, flooding, sinkhole formation and ground subsidence, other accidents and conditions resulting from underground mining, such as drilling, blasting, removing and processing material. Hazards associated with open pit mining operations include flooding of the open pit, collapse of the open pit wall, accidents associated with the operation of large open pit mining and rock transportation equipment or with the preparation and ignition of large scale open pit blasting operations, production disruptions due to causes such as adverse weather conditions and hazards associated with air pollution, the disposal of tailings, hazardous substances and materials and mineralized waste water, such as groundwater and waterway contamination.

Such occurrences could result in damage to, or destruction of, our properties or production facilities, third party property, human exposure to pollution, personal injury or death, environmental and natural resource damage or contamination, delays in mining, monetary losses, reputational damage and legal liability.

Although we maintain insurance in an amount we consider adequate, we are constantly evaluating our coverage and policy limits, and we are currently assessing whether to obtain cybersecurity insurance. Even with insurance coverage, liabilities might exceed policy limits, which could cause us to incur significant costs that could materially and adversely affect our results of operations. Moreover, insurance that fully covers many environmental risks (including potential liability for pollution or other hazards as a result of disposal of waste products occurring from exploration and production) is not generally available to us on economically reasonable terms in the countries where we operate.

Our operations and prospects in Peru and Brazil are located in remote areas and our production, processing and product delivery relies on the infrastructure being adequate and remaining available.

Our mining, smelting and exploration activities depend, to varying degrees, on adequate infrastructure. We require reliable roads, bridges, ports, airports, energy sources and water supplies to access and conduct our operations and the availability and cost of this infrastructure affects capital and operating costs and our ability to maintain expected levels of production and sales. Some of our operations are located in remote areas with limited infrastructure. For example, our Pucamarca mine has only one access road. Unusual weather or other natural phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could impact development of a project, reduce mining volumes, increase mining or exploration costs, or delay the transportation of supplies, raw materials or our products. Any such difficulties arising in respect of supporting infrastructure could materially and adversely affect our results of operations.

Interruptions of energy supply or increases in energy costs and other production costs may materially and adversely affect our results of operations.

We require substantial amounts of electricity for our operations. The electricity costs of our mining operations in 2020 and the six months ended June 30, 2021, amounted to US$20.1 million and US$18.6 million, respectively. In the event of any interruption or failure of our sources of electricity, natural gas or in transmission lines or in any part of the grid in Peru or Brazil (critical portions of which are vulnerable to, among other things, sabotage and geological activity), we cannot assure you that we will have access to other energy sources at the same prices and conditions, which could materially and adversely affect our results of operations.

The prices for and availability of energy resources may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, supply interruptions, equipment damage, worldwide price levels and market conditions. In recent years, the price of oil, gas and electricity has fluctuated dramatically due to a variety of factors. Disruptions in energy supply or increases in costs of energy resources or increases of other production costs could have a material adverse effect on our results of operations. Furthermore, as we develop new projects we will need to secure additional energy sources and we cannot assure we will be able to achieve this in a cost efficient manner.

Shortages of water supply, critical spare parts, maintenance service and new equipment and machinery may materially and adversely affect our operations and development projects.

Our mining operations require significant quantities of water for mining, ore processing and related support facilities. We obtain the majority of the water we use for our operations pursuant to licenses granted by the competent water authority to exploit our own wells, aquifers and other bodies of water which are generally granted based on studies of the existing and projected water supply. Although each operation currently has access to sufficient water resources to cover its operational demands, the extinction of some or all water resources, failure in the water supply infrastructure, or the loss of some or all water supply contracts or relevant rights in relation to any of our mines or operations, in whole or in part, or shortages of water could require us to curtail or shut down operations and could prevent us from pursuing expansion opportunities.

Water rights, including licenses, may be terminated under certain circumstances, including: (i) titleholder's resignation; (ii) nullification of the resolution approving the corresponding permit, authorization and/or license, declared by the competent water authority based on certain infringements of the Law on Water Resources, approved by Law No. 29338 ("LWR"), and its regulations approved by Supreme Decree No. 001-2010-AG; (iii) failure to pay the applicable water rights fee for two consecutive years or accumulated in a period of five years without cause (provided that this could be attributable to the titleholder); (iv) use of water resources for non-approved purposes; (v) scarcity of water resources, formally declared by the competent water authority, or (vi) water quality problems preventing its usage.

According to Peruvian law, authorities may grant temporary water rights, as well as rights for indefinite periods such as water licenses granted to date, which require the compliance of certain legal conditions related to the permitted use of water. Peruvian law establishes that water rights must be used efficiently without adversely affecting its quality or the environment, and taking into account primary use of water (such as water for food

preparation, direct human consumption, agricultural activities and personal care), as well as water rights previously granted.

The available water supply may be adversely affected by shortages or changes in governmental regulations. We cannot assure you that water will be available in sufficient quantities to meet our future production needs or will prove sufficient to meet our water supply needs particularly if other conflicting uses of water, such as human consumption, are prioritized over industrial uses. For example, in both Peru and Brazil we are subject to restrictions on the amount of water that may be withdrawn, and our operations may be curtailed to comply with such water withdrawal restrictions. In addition, we cannot assure you that our existing licenses related to water rights will be maintained. A reduction of our water supply could materially and adversely affect our business and results of operations.

In addition to water and energy, our mining operations require intensive use of equipment and machinery. Shortage in the supply of key spare parts or adequate maintenance service or new equipment and machinery to replace old ones and cover expansion requirements could materially and adversely affect our operations and development projects.

The nature of our business includes risks related to litigation and administrative proceedings that could materially and adversely affect our business and financial performance in the event of an unfavorable ruling.

The nature of our business exposes us to litigation relating to labor, environmental, health and safety matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims and contract disputes, criminal prosecution, among other matters. In the context of these proceedings we may not only be required to pay fines or money damages but also be subject to complementary sanctions or injunctions affecting our ability to continue our operations. While we may contest these matters vigorously and make insurance claims when appropriate, litigation and other proceedings are inherently costly and unpredictable, making it difficult to accurately estimate the outcome of actual or potential litigation or proceedings. Although we establish provisions as we deem necessary, the amounts that we reserve could vary significantly from any amounts we actually pay due to the inherent uncertainties in the estimation and judicial processes. We classify the risk of adverse decisions in proceedings as “remote,” “possible” or “probable.” We record provisions only for probable losses in our financial statements in connection with these proceedings in an amount determined by our management on the basis of legal advice.

We cannot assure you that administrative or other legal proceedings will not have a material adverse effect on our ability to conduct our business, reputation, financial condition and results of operations in the event of an unfavorable ruling.

Our concessions may be terminated or not renewed by governmental authorities.

Under the laws of the jurisdictions where our operations, development projects and prospects are located, mineral resources belong to the state and government concessions are required to explore for and exploit mineral reserves. We hold mining, exploration and other related concessions in each of the jurisdictions where we operate and carry out development projects and prospects. The mining concessions we hold for our operations, development projects and prospects may be terminated under certain circumstances, including where minimum investment or production levels are not achieved (or a corresponding penalty is not paid), if certain fees are not paid, if activities are suspended for extended periods of time (i.e., more than six months), or if environmental, health and safety standards are not met. See “Regulatory Framework.” Termination of any one or more of our mining, exploration or other concessions could have a material adverse effect on our business or results of operations.

Our mining operations depend, to a large extent, on third party service providers.

Our mining operations depend, to a large extent, on services provided by third parties. The services for which we typically contract out include, among others, services related to mine development at each of our mining units, as well as transportation of our mineral concentrates and products and, in the case of our gold production, metal refining. For 2020, the largest component of our costs of sale and operating expenses related to services of

contractors. If we lose the services of any of our third party service providers, we are unlikely to be able to handle our requirements internally in the short term and we cannot assure you that we will be able to find suitable external replacements in a timely and cost efficient manner. In such event, our costs may increase and our operations may be temporarily interrupted, which could adversely affect our results of operations.

The Breca group exercises control over our affairs and policies and its interests may be different from yours.

Breca Mineria S.A.C., pertaining to the Brescia family in Peru, owns 68.8% of our total stock and 100.0% of our voting common shares. We cannot assure you that the interests of Breca Mineria S.A.C. will not conflict with yours. Breca has the ability to determine the outcome of substantially all matters submitted for a vote to our shareholders and thus exercises control over our business policies and affairs, including the following:

- the appointment of the majority of our board of directors and, as a result, most determinations of our board with respect to our business direction and policy, including the appointment and removal of our officers;
- decisions with respect to acquisitions, sales and dispositions of assets;
- whether dividends are paid or other distributions are made and the amount of any dividends or other distributions; and
- the amount of debt financing that we incur.

See “Management” and “Principal Shareholders.”

We engage in transactions with certain related parties that could result in conflicts of interest.

Certain of our related parties have been involved, directly or indirectly, in sale-purchase and services transactions with us. In accordance with Peruvian law, all transactions with related parties must be made on terms no more favorable to such parties than those offered to third parties and supported by transfer pricing studies. Our main transactions with related parties have included mine development services from Administración de Empresas S.A.C., purchases of explosives used for mining from EXSA S.A. (which was sold by Breca and us in April 2020), and insurance coverage from Rímac Seguros y Reaseguros S.A. For further information on our transactions with related parties, see “Related Party Transactions.” We intend to continue entering into transactions with related parties on terms similar to those that would be offered by or to unaffiliated third-parties and such transactions create the potential for, or could result in, conflicts of interest.

We depend on key managers.

Our success depends largely on the efforts and strategic visions of our executive management team and board of directors. The loss of key managers and members of our board of directors, or our inability to attract and retain qualified management personnel, could materially and adversely affect the success of our operations. We cannot assure you that we will be able to attract and retain qualified management personnel on acceptable terms.

We may be liable for additional benefits and profit sharing to individuals employed by third-party contractors.

At June 30, 2021, we had 3,894 employees. In addition, 7,046 individuals were employed by third party contractors who perform services for us, including our related party Administración de Empresas S.A.C. Under Peruvian law, outsourcing of employees from third party contractors is permitted as long as certain requirements are met. To the extent that such requirements are not met, employees working for outsourced companies may be entitled to request to be recognized as employees of our company and to claim any statutory benefits, including any profit share that such employees would have received if they had worked for our company. We cannot assure you that any proceedings initiated by outsourced employees will be resolved in our favor and that we will not be liable for any mandatory employment benefits or for profit sharing benefits. See “Regulatory Framework—Labor Regulations” and “—Outsourcing.”

We may be materially and adversely affected by challenges relating to slope and tunnel stability.

Although not currently a significant risk, as our underground and open-pit mines get deeper and our waste and tailings deposits increase in size as we continue with our mining activities, we could face certain geotechnical challenges including the possibility of slope and tunnel failure and rupture of the tailings dams. Consequently, actions related to maintaining the stability of slopes may be required in the future. If we are required to decrease pit or waste or tailings deposit slope angles, provide additional road access, reinforce tunnels, use alternative disposal methods or take additional actions to prevent such a failure, we could incur additional expenses and our operations and stated reserves could be negatively affected. Unexpected failure or additional requirements to prevent slope and tunnel failure and rupture of the tailings dams may materially and adversely affect our results of our operations.

The laws of Peru and Brazil related to anti-bribery and anti-corruption are still developing and could be less stringent than those of other jurisdictions, and our risk management and internal controls may not be successful in preventing or detecting all violations of law or of company-wide policies.

Our business is subject to a significant number of laws, rules and regulations, including those relating to anti-bribery and anti-corruption. However, the Peruvian and Brazilian regulatory regimes related to anti-bribery and anti-corruption legislation are still developing and could be less stringent than anti-bribery and anti-corruption legislation which has been implemented in other jurisdictions.

In addition, our existing compliance processes and internal control systems may not be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by our employees, contractors, agents, officers or any other persons who conduct business with or on behalf of us. We may in the future discover instances in which we have failed to comply with applicable laws and regulations or internal controls. If any of our employees, contractors, agents, officers or other persons with whom we conduct business engage in fraudulent, corrupt or other improper or unethical business practices or otherwise violate applicable laws, regulations or our own internal compliance systems, we could become subject to one or more enforcement actions by Peruvian, Brazilian or foreign authorities or otherwise be found to be in violation of such laws, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

We could be subject to information technology system failures, network disruptions, and breaches in data security which could negatively affect our business.

As dependence on digital technologies is expanding, cyber incidents, including deliberate attacks or unintentional events, have been increasing worldwide. Computers and telecommunication systems are used to conduct our exploration, development and production activities and have become an integral part of our business. We use these systems to analyze and store financial and operating data, as well as to support our internal communications and interactions with business partners. Cyber-attacks could compromise our computer and telecommunications systems and result in additional costs as well as disruptions to our business operations or the loss of our data.

A cyber-attack involving our information systems and related infrastructure, or those of our business partners, could disrupt our business and negatively impact our operations in a variety of ways, such as:

- an attack on the computers which control our mining operations could cause a temporary interruption of our production while contingency manual systems are brought online;
- a cyber-attack on our accounting or accounts payable systems could expose us to liability to employees and third parties if their sensitive personal information is obtained;
- possible loss of material information, which in turn could delay productive processes and selling efforts, causing economic losses; or
- a cyber-attack on a service provider could result in supply chain disruptions, which could delay or halt our major development projects.

In addition, we must comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data regarding privacy, data protection, and data security. There may be uncertainty with respect to compliance with such privacy and data protection laws and regulations because they are continuously evolving and developing and may be interpreted and applied differently from country to country and therefore may create inconsistent or conflicting requirements. Additionally, our efforts to comply with privacy and data protection laws may impose significant costs and challenges that are likely to increase over time. Should confidential information belonging to us or our employees, customers, suppliers, or governmental or regulatory authorities be misused or breached, we may suffer damage to our reputation, penalties or litigation related to violation of data privacy laws and regulations, and we could also be required to spend significant financial and other resources to change, update, enhance and/or replace processes, practices, operations, networks and information systems.

The results of operations of our equity investment in Melón are not under our control.

In addition to our mining operations, we own a 73.9% indirect interest in Melón, a cement producer in Chile. Pursuant to a shareholders' agreement entered into between our subsidiary Minera Latinoamericana S.A.C. and Breca Cementos S.A.C. in 2015, the latter has since directed all relevant activities of Melón. As a result, since that date we have ceased to consolidate Melón in our financial statements and instead reflect the results of Melón under the line item "Profit (loss) from investment in associates, net". See note 3.1(e) to our annual consolidated financial statements.

We have limited information about the operations of Melón and we have no control over its business and operating results nor can we assure that we will maintain our equity investment in Melón. In addition, our equity investment in Melón is subject to the risks of its cement business, including:

- the operations of Melón are conducted in Chile and depend on economic, social and political developments in Chile;
- demand for the cement products of Melón is highly related to public and private construction projects in Chile, which, in turn, are dependent on economic conditions in the country;
- the cement industry in Chile is highly competitive;
- Melón may be adversely affected by increases in energy prices or shortages in the supply of energy, or by increases in the cost or availability of raw materials;
- the cement business is subject to a number of operational risks;
- the cement operations of Melón depend on the continued operation of its plant in La Calera;
- the introduction of cement substitutes into the market and the development of new construction techniques could have a material adverse effect on the cement operations of Melón;
- the cement operations of Melón are subject to environmental regulation and may be exposed to substantial costs or liability as a result of non-compliance;
- Melón may not be able to make capital investments, obtain financing to make those capital investments or realize the benefits of our capital investments; and
- disputes with the labor unions that represent Melón's employees could have an adverse effect on the business, financial condition and results of operations of Melón.

Melón will not be subject to the limitation on liens or the events of defaults under the indenture governing the notes. As a result, Inversiones Cordillera del Sur Ltda., Melón and their subsidiaries will be permitted to incur additional secured debt. The incurrence of additional secured debt by these subsidiaries may have the effect of reducing the amount of proceeds paid to Minsur by these subsidiaries in the event of their insolvency, liquidation

reorganization, dissolution or other winding-up. In addition, a cross-default, judgment default or bankruptcy event by these subsidiaries will not trigger an event of default under the indenture governing the notes and, as a result, would not enable the holders of the notes to accelerate payment thereof. Investors are cautioned to consider the economic value of our mining business when making their evaluation of the notes.

Risks Relating to Peru

Economic, political and social conditions in Peru could adversely affect our business.

A substantial majority of our operations are conducted in Peru and depend on economic, political and social developments in the country. As a result, our business may be materially and adversely affected by economic downturns, currency depreciation, inflation, interest rate fluctuation, government policies, regulation, taxation, social instability, political unrest, terrorism and other developments in or affecting the economy of Peru, over which we have no control. In the past, Peru has experienced periods of severe economic recession, large currency devaluation and high inflation. In addition, Peru has experienced periods of political instability and increasing social instability related to natural resources activities in certain areas of the country, which have led to adverse economic consequences. Past governments have at times implemented measures impacting the private sector, such as controls on prices, exchange controls, restrictions on local and foreign investment and international trade, restrictions on dismissals of employees, expropriations of assets and prohibitions on the remittance of profits to foreign investors. We cannot assure you that Peru will not experience similar adverse developments in the future.

Peru has, in the past, experienced social and political turmoil, including riots, nationwide protests, strikes and street demonstrations. Despite Peru's ongoing economic growth and stabilization, political tensions, high levels of poverty and unemployment, and social conflicts with local communities continue to be pervasive problems in Peru. Future government policies in response to social unrest could include, among other things, increased taxation, as well as expropriations of assets. These policies could materially and adversely affect the Peruvian economy and, as a result, our business and results of operations.

We cannot assure you that the current or any future administration (including the central government and regional governments) will maintain business-friendly and open-market economic policies or policies that stimulate economic growth and social stability. Furthermore, we cannot predict future government policies or regulations with respect to mining concessions, land tenure, environmental regulation, taxation and other mining-related matters or regulations. Regulatory changes may include increased labor regulations, environmental and other regulatory requirements and additional taxes and royalties, and we may also experience future protests, community demands and road blockages. Any changes in the Peruvian economy or the Peruvian government's economic policies may have a negative effect on our business and results of operations.

Currently, the ongoing COVID-19 pandemic has led to disruption of global and local economic activity, and to volatility in financial markets, which is expected to continue in the near term. Similar to other emerging countries, the Peruvian economy suffered a significant economic slowdown during 2020, which is expected to have a gradual recovery in 2021 and onwards. In addition to these economic setbacks, the imposition of restrictive measures by the Peruvian government to limit the spread of the virus has led to political and social unrest. As the COVID-19 pandemic continues to evolve, and given the uncertainty of its lasting effect, the social, political and economic impact on Peru will depend on future developments that cannot yet be determined.

Political developments in Peru could result in instability.

Peru has experienced political instability from time to time, spanning a succession of regimes with differing economic policies and programs. Although Peru has been widely considered a stable democracy in recent years, more recently in 2019 the country slid into a protracted political crisis when the then-President of the country (Mr. Vizcarra) took executive action to dissolve the Peruvian Congress and called for a new election of congressional members. In January 2020, the Peruvian Constitutional Court ruled that the President's closing of Congress was constitutional and legally valid, and new congressional elections were held that resulted in a highly fragmented Congress. Following these elections, the Peruvian executive and legislative branches have been at odds over several important economic and social measures, including initiatives to address the economic and social impact of the COVID-19 pandemic on Peru. In October 2020, a group of congressmen introduced a motion to hold impeachment

proceedings against the then-standing President, as a result of allegations that he received illicit payments from construction companies when he was the governor of Moquegua between 2011 and 2014. In November 2020, Congress approved the impeachment of the then-standing President and, because Peru did not have any designated Vice President at such time, the then-President of Congress assumed the role of acting President. Following multiple protests across the country, the then-President of Congress resigned his role of acting President, and Congress elected congressman Francisco Rafael Sagasti Hochhausler as president of Congress, and therefore as acting President.

Peru's general elections to elect the president of the republic, two vice-presidents and all 130 congressional members for 2021-2026, were held on April 11, 2021. As a result, the candidates for president, Mr. José Pedro Castillo Terrones and Mrs. Keiko Sofia Fujimori Higuchi obtained the highest number of votes but no outright majority, giving place to a ballotage presidential run-off that was held on June 6, 2021, with Mr. Castillo resulting elected as the new President of Peru.

The Peruvian government led by President Castillo is seeking to modify and reform the Peruvian Constitution to expand the role of the government in activities currently undertaken by the private sector. During his campaign, Mr. Castillo made multiple public remarks in favor of expanding the state's presence. We cannot assure you that measures negatively impacting private investment, such as higher taxation or exchange controls, will not be implemented.

The new President is expected to face challenges in aligning certain initiatives with, and obtaining support from, the Peruvian Congress, which is highly fragmented, as no political party has achieved a clear majority and at least ten political parties hold minority representations. Although it is expected that a majority opposition from the Peruvian Congress against certain new policies and reforms to be proposed by the new President will continue, there is a risk of unpredictable policy-making. We cannot assure you whether the newly-elected Peruvian government will continue to pursue business-friendly and open-market economic policies that stimulate economic growth and stability.

Further, should the new President or any official of his administration become involved in corruption investigations or other scandals, popular support for his government and policies may be adversely affected and result in additional disruption to Peru's political landscape. There can be no assurance that future developments in or affecting the Peruvian political landscape, including economic, social or political instability in Peru, will not materially and adversely affect our business, financial condition or results of operations.

The Peruvian government may implement initiatives to increase mining taxes.

President Castillo was critical of the mining industry during his campaign and since his election to the Presidency has proposed increasing the mining sector's tax burden. Mr. Pedro Francke Ballvé, a moderate left-wing economist who has been appointed Minister of Economy and Finance, has confirmed the intention of the Peruvian government to amend the taxes applicable to the mining sector. In a recent interview, he mentioned that the Ministry of Economy and Finance is working on a plan to impose higher industry taxes, indicating that the precise tax changes are currently under study and emphasizing that any tax changes adopted would not put the profitability of, or investment in, mining companies at risk. We expect that tax changes will focus on increasing mining royalties and taxing extraordinary income for mining activities, instead of an increase on income tax, in order to take advantage of the current high mineral prices. However, we cannot provide any assurance as to the changes in Peruvian taxation or other changes affecting the mining sector.

New parameters for the mining projects' viability could discourage the development of new projects.

In his first message to the nation, President Castillo mentioned that investment projects with no "social profitability" (*rentabilidad social*) will not be approved by the government. As of the date of this offering memorandum, no law or regulation has been approved that sets parameters for what is to be understood as "social profitability". However, on September 16, 2021, a report published by the Ministry of Energy and Mines established the criteria for determining when a mining project can be considered "socially profitable" (*socialmente rentable*). These criteria include boosting the local economy, the generation of new capital inflows, increasing the quality of jobs, technology and local infrastructure and respecting the ecosystem and indigenous cultures.

Uncertainty as to the scope of the "social profitability" requirement could discourage new mining investment in Peru as well as generate additional costs for existing operations. We cannot assure that the newly-elected government will not attempt to impose stricter social considerations for the determination of the viability of a mining project. Furthermore, we cannot assure that the newly-elected government will not encourage granting veto rights to the indigenous or native people regarding the development of mining projects in the areas occupied by them. We cannot assure that the government will not also attempt to impose the "social profitability" standard to existing mining projects. Any of these developments may adversely affect our business, results or prospects.

The downgrade in Peru's credit rating may affect the perception of Peru and its economy.

On September 1, 2021, in light of recent political developments in Peru, Moody's Investors Service downgraded Peru's credit rating to 'Baa1' and changed the outlook from negative to stable. In addition, on October 15, 2021, Fitch Ratings downgraded Peru's credit rating to "BBB". We cannot predict how this downgrade may affect the Peruvian economy, hinder the growth of the Peruvian economy, and indirectly have a material adverse effect on our business, financial condition and results of operations.

An increase in the perceived risks associated with investing in Peru could discourage investments from being conducted in Peru and adversely affect the Peruvian economy in general, and the interest of investors in securities issued by Peruvian issuers, including the notes offered hereby. We cannot assure you that the value of the notes will not be negatively affected by further changes in Peru's credit rating.

The re-implementation of restrictive exchange rate policies could have an adverse effect on our results of operations, and materially and adversely affect our ability to make payments on the notes.

Since 1991, the Peruvian economy has experienced a significant transformation from a highly protected and regulated system to a free market economy. In 1991, the Peruvian government eliminated all foreign currency exchange controls and unified the exchange rates. Currently, foreign currency exchange rates are determined by market conditions, with purchases or sales of U.S. dollars by the Central Reserve Bank of Peru in order to reduce volatility in the value of the Peruvian sol. However, the Peruvian government may institute restrictive exchange rate policies in the future. Any such restrictive exchange rate policy could affect our ability to engage in foreign currency exchange activities, and could also materially and adversely affect our results of operations. In addition, if the Peruvian government were to institute restrictive exchange rate policies in the future, we might be obligated to seek an authorization from the Peruvian government to make payments on the notes. We cannot assure you that such an authorization would be obtained. Any such exchange rate restrictions or the failure to obtain such an authorization could materially and adversely affect our ability to make payments under the notes.

Fluctuations in the value of the Peruvian sol could adversely affect our results of operations.

Fluctuations in the value of the Peruvian sol relative to the U.S. dollar could adversely affect Peru's economy. In addition, fluctuations in the value of the Peruvian sol to the U.S. dollar could materially adversely affect our results of operations. The U.S. dollar is our functional currency and our revenues are primarily denominated in U.S. dollars. However, significant portions of our operating costs are denominated in Peruvian soles. In the past the exchange rate between the Peruvian sol and the U.S. dollar has fluctuated significantly. As of December 31, 2020, the exchange rate published by the Peruvian Central Bank was S/3.623 per US$1.00; however, as a result of political instability and the effects of the COVID-19 pandemic on the Peruvian economy, in August 2021, the Peruvian sol started to devaluate relative to the U.S. dollar, reaching the exchange rate of to S/4.136 per US$1.00 at the beginning of October, despite the Peruvian Central Bank's attempts to stabilize the exchange rate through the sale of U.S. dollar reserves. We cannot assure you that the value of the Peruvian sol against the U.S. dollar will not continue to depreciate in the future or that the value of the Peruvian sol against other currencies will not fluctuate significantly in the future, which could adversely affect the Peruvian economy and our results of operations. See "Exchange Rates."

Our results of operations may be adversely affected by inflation.

Peru, like some other countries in Latin America, experienced periods of hyperinflation in the 1980s and high inflation in the early 1990s, which materially undermined the Peruvian economy and the government's ability to create conditions that would support economic growth. If Peru experiences significant rates of inflation in the future, the economy could be adversely affected. In addition, in response to increased inflation, the Central Reserve Bank of Peru, which sets the Peruvian basic interest rate, may increase or decrease the basic interest rate in an attempt to control inflation or foster economic growth, which could increase our cost of certain funding. Additionally, a return to a high inflation environment would also undermine Peru's foreign competitiveness, with negative effects on the level of economic activity and employment, while increasing our operating costs and adversely impacting our operating margins if we are unable to pass the increased costs to our clients. We cannot assure you that inflation rates in Peru will not be higher than in previous years, nor can we assess the effects of higher inflation rates on the Peruvian economy in general or on our results of operations.

Corruption may hinder the growth of the Peruvian economy, and ongoing high-profile corruption investigations in Peru may affect and the perception of Peru and its economy.

Peruvian authorities are currently conducting several high-profile corruption investigations relating to the activities of certain companies in the construction sector, which have resulted in suspension or delay of important infrastructure projects which were otherwise operational and permitted. The overall delay relating to such projects has resulted in a drop in GDP growth and overall infrastructure investment. Additional investigations and/or corruption scandals may arise. Corruption and corruption investigations could directly affect the Peruvian government, leading to protracted impeachment proceedings, and divert resources that would otherwise be focused on developing the economy. We cannot predict how these or future corruption scandals or investigations may affect the Peruvian economy, hinder the growth of the Peruvian economy and indirectly have a material adverse effect on our business, financial condition and results of operations.

The Peruvian economy could be adversely affected by economic developments in regional or global markets.

Financial and securities markets in Peru are influenced by economic and market conditions in regional or global markets. Although economic conditions vary from country to country, investors' perceptions of events occurring in one country may adversely affect cash flows and securities from issuers in Peru. For example, the economy of Peru was adversely affected by the political and economic events that occurred in several emerging economies in the 1990s, including in Mexico in 1994, which impacted the market value of securities issued by companies from countries throughout Latin America. The crisis in Asian markets beginning in 1997 also negatively affected countries throughout Latin America. Similar adverse consequences resulted from the economic crisis in Russia in 1998, the Brazilian devaluation in 1999 and the Argentine crisis in 2001. In addition, the economy of Peru continues to be affected by events in the economies of its major regional partners and in developed economies that are trading partners or that affect the global economy.

During the 2008-2009 global economic and financial crisis, global conditions led to a slowdown in economic growth in Peru, slowing GDP growth in 2009 to 0.9%. More recently, due to the COVID-19 pandemic, for 2020, the International Monetary Fund has estimated a real GDP contraction of 11.1% for the Peruvian economy, with a gradual recovery of 10% growth in 2021, according to its most recent forecast as of October 2021. In particular, the Peruvian economy suffered the effects of initial lower commodity prices in the international markets, a decrease in export volumes, a decrease in foreign direct investment inflows and, as a result, a decline in foreign reserves.

Adverse developments in regional or global markets in the future could adversely affect the Peruvian economy and adversely affect our business, financial condition and results of operations.

The perception of higher risk in other countries, especially in Latin American or other emerging economies, may adversely affect the Peruvian economy, our business and the market price of Peruvian securities issued by Peruvian issuers, including the notes.

Emerging markets like Peru are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Peru and adversely affect the price of the notes. Moreover, financial turmoil in any important emerging market country may adversely affect prices in stock markets and prices for debt securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in Latin American or other emerging markets could dampen capital flows to Peru and adversely affect the Peruvian economy in general, and the interest of investors in securities issued by Peruvian issuers. We cannot assure you that the value of the notes will not be negatively affected by events in Latin American or other emerging markets or the global economy in general.

Risk Relating to Brazil

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy, and such involvement, along with general political and economic conditions, could adversely affect us.

The operations of Taboca are conducted in Brazil and depend on economic, social and political developments in the country. The Brazilian government has frequently intervened in the Brazilian economy and has occasionally made changes in policy and regulations. The Brazilian government's actions to control inflation and in respect of other policies and regulations have involved, among other measures, increases in interest rates, changes in tax and social security policies, price controls, currency exchange and remittance controls, devaluations, capital controls and limits on imports. We may be adversely affected by changes in policy or regulations at the federal, state or municipal level involving factors such as: interest rates; currency fluctuations; monetary policies; inflation; liquidity of capital; tax and social security policies; labor regulations; energy and water shortages and rationing; and other political, social and economic developments in or affecting Brazil. Uncertainty over whether the Brazilian government will implement changes in policy or regulation affecting these or other factors may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian market.

Political instability in Brazil may adversely affect us.

Brazilian markets experienced heightened volatility in the last half decade due to uncertainties deriving from the ongoing Lava Jato investigation, which is being conducted by the federal prosecutor's office, and its impact on the Brazilian economy and political environment. Numerous members of the Brazilian government and of the legislative branch, as well as senior officers of large state-owned and private companies, have been convicted of political corruption of officials accepting bribes by means of kickbacks on contracts granted by the government to several infrastructure, oil and gas and construction companies. The ultimate outcome of these investigations is uncertain, but they had an adverse impact on the image and reputation of the implicated companies, and on the general market perception of the Brazilian economy.

In addition, the Brazilian economy is subject to the effects of uncertainty over the performance of the Brazilian federal government under President Jair Bolsonaro, who was sworn-in in January 2019. We cannot predict the effects of further political developments on the Brazilian economy, including the policies that the President may adopt or alter during his mandate or the effect that any such policies might have on our business and on the Brazilian economy. In March 2021, the Brazilian Supreme Court annulled former President Luiz Inácio Lula da Silva's convictions and reinstated his political rights. Mr. Lula da Silva's return to the political and electoral landscapes have generated additional uncertainty in Brazil.

Exchange rate instability and the devaluation of the Brazilian real may materially and adversely affect the Brazilian economy and us.

As a result of inflationary pressures, the Brazilian real, in the past, has fluctuated in relation to the U.S. dollar and other foreign currencies. The Brazilian government has, in the past, implemented various economic plans and utilized a number of exchange rate policies, including sudden devaluations, periodic mini-devaluations during which the frequency of adjustments has ranged from daily to monthly, floating exchange rate systems, exchange

controls and dual exchange rate markets. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar and other currencies. During 2020, the Brazilian real depreciated by 29% against the U.S. dollar, ending the year at an exchange rate of R$5.20 per US$1.00. For the six months ended June 30, 2021, the Brazilian real depreciated by 4.0% against the U.S. dollar, ending the period at an exchange rate of R$5.00 per US$1.00. As of September 30, 2021, the exchange rate was R$5.44 per US$1.00.

Devaluations of the real relative to the U.S. dollar could create additional inflationary pressures in Brazil, which could lead to increases in interest rates, limit access to foreign financial markets and prompt the adoption of recessionary policies by the Brazilian government. Conversely, the appreciation of the real against the U.S. dollar may lead to a deterioration of Brazil current account and balance of payments and cause a decrease in exports from Brazil. Certain portions of our operating costs are denominated in Brazilian reais. We cannot assure you that the value of the Brazilian real against other currencies will not fluctuate significantly in the future, which could adversely affect the Brazilian economy and our results of operations.

Inflation and the Brazilian government's measures to curb inflation, may contribute to economic uncertainty in Brazil.

Brazil has historically experienced high rates of inflation, including periods of hyperinflation before 1995. Several measures have been implemented by the Brazilian government in an effort to curb rising inflation, but we cannot predict whether these policies will be effective. Inflationary pressures may result in governmental interventions in the economy, including policies that could adversely affect the general performance of the Brazilian economy, which, in turn, could adversely affect our business operations in Brazil, by increasing our operating costs.

Risks Relating to the Offering

Our obligations under the notes will be subordinated to certain statutory liabilities, effectively subordinated to our secured debt to the extent of the value of the related collateral, and structurally subordinated to the indebtedness and other liabilities of our subsidiaries.

Under Peruvian bankruptcy law, our obligations under the notes are subordinated to certain statutory preferences. In the event of our liquidation, the notes will be subordinated to the following categories of obligations, which are granted preferential treatment under Peruvian law: (i) labor claims, (ii) tax claims, and (iii) existing and future secured indebtedness, which seniority extends only to the value of the assets securing such indebtedness.

The notes will effectively be subordinated to our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. In addition, claims of creditors of our subsidiaries, including their trade creditors, banks and other lenders, will have priority over our creditors, including holders of the notes, with respect to the assets and cash flow of our present and future subsidiaries. Although Minsur has significant assets and operations, any right we may have to receive assets of any of our subsidiaries upon their liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be effectively subordinated to the claims of the subsidiary's creditors. The incurrence of additional debt by subsidiaries may have the effect of reducing the amount of proceeds paid to Minsur by these subsidiaries in the event of their insolvency, liquidation reorganization, dissolution or other winding-up. As of June 30, 2021, our consolidated indebtedness was US$1,614.1 million, of which US$873.4 million is secured indebtedness (including all of the debt of Marcobre in an amount of US$939.4 million). After giving pro forma effect to the issuance of the notes and the use of the gross proceeds of this offering, we would have approximately US$1,661.2 million of consolidated indebtedness, of which US$873.4 million would be secured indebtedness (including all of the debt of Marcobre).

We are permitted to incur additional indebtedness.

The notes contain no restrictions on the amount of additional unsecured indebtedness which may be incurred by us or our subsidiaries. Although the notes contain a restriction on our and our subsidiaries' ability to incur certain secured indebtedness, such restriction is subject to significant exemptions, as set forth in "Description of the Notes—Covenants—Limitations on Liens." Additionally, our investee Melón will not be subject to restrictions under our notes. As a result, we are permitted to issue or incur additional unsecured debt that ranks on an

equal and ratable basis with the notes, as well as in certain cases secured debt that ranks senior to the notes with respect to the collateral securing such debt. Our incurrence of additional debt may have the effect of reducing the amount of proceeds paid to holders of notes in the event of an insolvency, liquidation, reorganization, dissolution or other winding-up of our company.

We may not be able to repurchase the notes upon a change of control repurchase event.

Upon the occurrence of a change of control followed by a ratings downgrade, we may be required by the holders of the notes to offer to repurchase all of the outstanding notes at 101% of their principal amount, plus accrued and unpaid interest to the repurchase date. The source of funds for any such purchase of the notes will be our available cash or cash generated from our operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the notes upon a change of control event because we may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control event. Our failure to repurchase the notes upon a change of control event would cause a default under the indenture governing the notes. Our future debt agreements may contain similar provisions.

We could redeem the notes before maturity.

We may redeem the notes, in whole but not in part, at any time prior to the Par Call Date (as defined in the "Description of the Notes") at a redemption price based on a "make whole" premium, plus accrued and unpaid interest and any additional amounts due thereon to the redemption date. At any time or on or after the Par Call Date, we may redeem the notes, in whole or in part, at par plus accrued and unpaid interest and any additional amounts due thereon to the redemption date. We may also redeem the notes, in whole but not in part, at a redemption price equal to 100% of the outstanding principal amount plus accrued and unpaid interest thereon to the redemption date and any additional amounts, upon the occurrence of certain relevant tax law changes. An investor may not be able to reinvest the redemption proceeds in other securities with interest rates similar to that applied to the notes redeemed.

The notes will be restricted securities under the U.S. federal securities laws.

The notes have not been registered under the Securities Act, any U.S. state securities laws or the laws of any other jurisdiction. As a result, the notes may not be transferred or resold in a transaction other than one registered under or exempt from the registration requirements of the Securities Act and applicable state securities laws. See "Transfer Restrictions."

There is no existing market for the trading of the notes, and we cannot assure you that you will be able to sell your notes in the future.

The notes constitute a new issue of securities. There is no existing market for trading of the notes, and we cannot assure you that in the future a market for the notes will develop. Although we will apply for permission to list the notes on the main board of the SGX-ST, we cannot provide you with any assurances regarding the future development of a market for the notes, the ability of holders of the notes to sell their notes, or the price at which such holders may be able to sell their notes. If such a market were to develop, the notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, our results of operations and financial condition, political and economic developments in and affecting Peru and the other countries where we operate and the markets for similar securities. The initial purchasers have advised us that they currently intend to make a market in the notes but they are not under any obligation to do so, and any market-making with respect to the notes may be discontinued at any time without notice at the sole discretion of the initial purchasers.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating

agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have a material adverse effect on the market price and marketability of the notes.

Peru has different disclosure, insider trading and price manipulation rules than holders may be familiar with in other markets.

We are not subject to the reporting requirements of the Exchange Act, and are therefore not required to comply with the information disclosure requirements that it imposes. However, as our non-voting investment shares (*acciones de inversion*) are registered with the Peruvian Public Registry of the Securities Market (*Registro Público del Mercado de Valores*) of the SMV and listed with the Lima Stock Exchange (*Bolsa de Valores de Lima*), we are required to disclose information on a periodic basis with the SMV and the Lima Stock Exchange (*Bolsa de Valores de Lima*). Peruvian disclosure requirements, however, differ from those in the United States and other jurisdictions in some important respects. Accordingly, the information about us available to you may not be the same as the information available to security holders of companies from certain other jurisdictions, including U.S. companies. There may be less publicly available information about us than is regularly published about companies in the U.S. and certain other jurisdictions.

The ability of investors to enforce civil liabilities under U.S. securities laws may be limited.

We are organized under the laws of Peru. None of our directors, officers and controlling persons is a resident of the United States. Substantially all or a significant portion of our assets and those of such persons are located outside the United States. As a result, it may not be possible for investors in our securities to effect service of process within the United States upon such persons or to enforce in U.S. courts or outside the United States judgments obtained against such persons outside the United States.

There is no existing treaty between the United States and Peru for the reciprocal enforcement of foreign judgments. In addition, there may be doubt as to whether the courts of Peru would enforce in all respects, to the same extent and in as timely a manner as a U.S. court or foreign court, an action predicated solely upon the civil liability provisions of the U.S. federal securities laws (or other laws of the United States or any state thereof) or other foreign regulations. See “Enforcement of Civil Liabilities and Service of Process.”

Payments claimed in Peru on the notes, pursuant to a judgment or otherwise, may be in Peruvian soles.

In the event that proceedings are brought against us in Peru, either to enforce a judgment or as a result of an original action brought in Peru, we would not be required to discharge those obligations in a currency other than Peruvian currency. Such obligation may be satisfied in Peruvian currency at the exchange rate in effect on the date on which payments are made. As a result, holders of the notes may suffer a U.S. dollar shortfall if judgment in Peru is obtained.

USE OF PROCEEDS

The gross proceeds from the offering of the notes will be approximately US$490,140,000 before commissions paid to the initial purchasers and estimated expenses payable by us in connection with the offering. We intend to use the net proceeds from the issuance of the notes to: (i) pay the purchase price to holders of our 2024 Notes that are tendered and accepted to be purchased by us pursuant to the terms of the cash tender offer being concurrently conducted by us, (ii) repay in full the outstanding borrowings under our Credit Agreement, and (iii) the remainder, if any, for general corporate purposes.

Affiliates of each of BofA Securities, Inc. and Santander Investment Securities Inc., each an initial purchaser, are lenders under the Credit Agreement. In addition, each of the initial purchasers is acting as a dealer manager in respect of the concurrent tender offer. As a result, the initial purchasers or their affiliates may receive a portion of the net proceeds from this offering. See “Plan of Distribution.”

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2021 and as adjusted to give effect to the offering of the notes and the intended use of proceeds therefrom. This table is qualified in its entirety by our consolidated financial statements included in this offering memorandum. You should read this table together with "Use of Proceeds," "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements included in this offering memorandum.

	As of June 30, 2021	
	Actual	**As Adjusted[(1)]**
	(in millions of U.S. dollars)	
Cash and equivalents		
Cash and equivalents	177.8	221.7
Other financial assets (short-term)	70.7	70.7
Indebtedness [(2)]		
Short-term debt		
Short-term financial obligations	391.5	296.5
Total short-term debt	391.5	296.5
Long-term debt		
Long-term financial obligations	1,222.6	874.7
Notes offered hereby	—	490
Total long-term debt	1,222.6	1,364.7
Total indebtedness	**1,614.1**	**1,661.2**
Net equity		
Capital stock	601.3	601.3
Investment shares	300.6	300.6
Legal reserve	120.3	120.3
Reinvested earnings	40.0	40.0
Other reserve	42.6	42.6
Optional reserve	0.4	0.4
Currency adjustments	(229.7)	(229.7)
Unrealized results	(69.4)	(69.4)
Retained earnings	306.3	306.3
Non-controlling interests	480.7	480.7
Total net equity	**1,593.1**	**1,593.1**
Total capitalization	**3,207.2**	**3,254.3**

(1) Reflects our offering of US$500 million of the notes offered hereby and the use of net proceeds thereof. See "Use of Proceeds."

(2) Calculated as the sum of the short-term and long-term portion of financial obligations. Our calculation of indebtedness in this offering memorandum only includes lease liabilities with financial entities. Lease liabilities with other non-financial counterparties are presented separately. See note 17 to our annual consolidated financial statements.

EXCHANGE RATES

We maintain our books and records in U.S. dollars. However, for tax purposes in Peru we must have books and records in Peruvian soles, as this is the legal currency of Peru. Our financial results presented in our consolidated financial statements are affected by fluctuations of the Peruvian sol/U.S. dollar exchange rates. Fluctuations in the value of the Peruvian sol against the U.S. dollar may adversely affect our results of operations. See "Risk Factors—Risks Relating to Peru—Fluctuations in the value of the Peruvian sol could adversely affect our results of operation."

The Peruvian sol is freely traded in the exchange market. Since March 1991, Peru has not applied exchange controls and there has been free market trading in the country. During the previous two decades, however, the Peruvian currency experienced a significant number of large devaluations. Therefore, in the past Peru has adopted and operated under various exchange rate controls and exchange rate determination policies. These policies have ranged from strict control over exchange rates to market determination of rates. Currently, investors are allowed to purchase foreign currency at free market exchange rates through any person or entity. The following table sets forth the high, low, period-end and average exchange rates for the periods indicated, expressed in Peruvian soles per U.S. dollar.

	Low	High	Period Average (1)	Period End
Year Ended				
2018	3.21	3.39	3.29	3.37
2019	3.28	3.41	3.34	3.31
2020	3.30	3.67	3.50	3.62
Month				
January	3.61	3.65	3.63	3.64
February	3.64	3.66	3.65	3.65
March	3.66	3.76	3.71	3.76
April	3.60	3.84	3.70	3.79
May	3.68	3.87	3.78	3.83
June	3.83	3.99	3.92	3.87
July	3.87	4.04	3.94	4.04
August	4.06	4.12	4.09	4.09
September	4.09	4.14	4.11	4.14
October (through October 25, 2021)	3.92	4.01	3.95	3.97

(1) Calculated as the average of the month-end or day-end exchange rates during the relevant period, as applicable.
Source: SBS and Central Bank of Peru.

On October 25, 2021 the exchange rate was S/3.97 per U.S. dollar.

SELECTED FINANCIAL DATA

Set forth below is selected financial data as of and for the years ended December 31, 2018, 2019 and 2020 and as of June 30, 2021 and for the six month ended June 30, 2020 and 2021. The financial data set forth below is derived from, and should be read in conjunction with, our consolidated financial statements included in this offering memorandum.

Consolidated Financial Data

	For the years ended December 31,			For the six months ended June 30	
	2018	2019	2020	2020	2021
	(in thousands of U.S. dollars)				
Income Statement Data:					
Net sales	693,773	711,488	649,181	266,146	476,236
Cost of sales	(411,608)	(446,018)	(412,696)	(181,799)	(230,458)
Gross profit	**282,165**	**265,470**	**236,485**	**84,347**	**245,778**
Operating expenses					
Administrative expenses	(51,160)	(54,872)	(43,359)	(20,631)	(29,810)
Selling expenses	(7,663)	(8,214)	(7,236)	(3,138)	(5,477)
Exploration and evaluation expenses	(37,508)	(41,607)	(12,741)	(6,749)	(7,872)
Other expenses, net	(19,342)	(2,685)	(1,764)	3,238	2,200
Total operating expenses	**(115,673)**	**(107,378)**	**(65,100)**	**(27,280)**	**(40,959)**
Operating income	**166,492**	**158,092**	**171,385**	**57,067**	**204,819**
Other (expenses) income					
Finance income	70,393	21,564	9,266	7,115	2,998
Finance costs	(53,336)	(50,482)	(67,103)	(31,471)	(25,677)
Profit (loss) from investment in associates, net	11,935	(8,218)	5,160	360	7,848
Profit from financial assets at fair value through profit or loss	489	—	—	—	—
Dividends income	415	1,705	132	132	781
Exchange difference, net	(23,701)	(2,602)	(38,398)	(44,043)	(4,042)
Total other expenses, net	**6,195**	**(38,033)**	**(90,943)**	**(67,907)**	**(18,092)**
Profit before income tax	**172,687**	**120,059**	**80,442**	**(10,840)**	**186,727**
Current income tax	(51,767)	(79,733)	(53,608)	(15,649)	(70,363)
Deferred income tax	(12,741)	22,509	(29,125)	11,526	16,530
Net (loss) profit	**108,179**	**62,835**	**(2,291)**	**(14,963)**	**132,894**

	As of December 31,			As of June 30,
	2018	2019	2020	2021
	(in thousands of U.S. dollars)			
Balance Sheet Data:				
Assets				
Current assets				
Cash and cash equivalents	251,917	133,185	257,410	177,758
Other financial assets	309,678	212,686	90,576	70,681
Trade and other receivables, net	110,654	168,885	136,081	144,202
Derivative financial instruments	3,051	6,146	685	2,053
Inventory, net	116,176	117,638	109,696	171,231
Financial assets at fair value through other comprehensive income	120,678	105,415	21,735	16,947
Income tax prepayments	20,729	3,420	6,272	4,320
Non-current assets held for sale	2,710	—	5,921	-
Prepaid expenses and taxes	7,213	5,775	3,944	3,153
Total current assets	**942,806**	**753,150**	**632,320**	**590,345**
Non-current assets				
Trade and other receivables, net	96,830	80,611	87,259	93,105
Inventory, net	—	13,384	49,883	80,225
Derivative financial instruments	—	343	237	3,798
Financial assets at fair value through other comprehensive income	4,900	5,278	4,950	5,941

	As of December 31,			As of June 30,
	2018	2019	2020	2021
	(in thousands of U.S. dollars)			
Prepaid expenses and taxes	31,069	16,674	4,990	3,328
Investments in associates	292,446	263,181	276,691	274,923
Property, plant and equipment, net	800,500	1,568,219	1,888,193	1,952,690
Intangible assets, net	480,442	573,420	675,653	724,687
Right-of-use asset, net	31,647	38,020	28,780	32,529
Deferred income tax assets, net	127,155	147,140	125,664	145,106
Total non-current assets	**1,864,989**	**2,706,270**	**3,142,300**	**3,316,332**
Total assets	**2,807,795**	**3,459,420**	**3,774,620**	**3,906,677**
Liabilities				
Current liabilities				
Borrowings	19,177	48,870	150,923	391,512
Income tax payable	—	4,564	—	12,343
Lease liabilities	13,522	16,583	10,265	10,217
Trade and other payables	268,699	294,804	270,448	240,568
Derivative financial instruments	6,772	7,372	41,653	61,232
Provisions	26,476	35,137	30,749	26,724
Total current liabilities	**334,646**	**407,330**	**504,038**	**742,596**
Non–current liabilities				
Non-current borrowings	620,445	1,046,517	1,209,869	1,222,591
Non-current portion of the lease liabilities	18,980	23,080	19,922	24,159
Trade and other payables	36,504	33,261	26,839	27,432
Derivative financial instruments	9,190	11,485	44,288	21,196
Non-current provisions	144,262	197,692	192,903	166,882
Deferred income tax liabilities, net	105,445	102,367	97,285	108,762
Total non-current liabilities	**934,826**	**1,414,402**	**1,591,106**	**1,571,022**
Total liabilities	**1,269,472**	**1,821,732**	**2,095,144**	**2,313,618**
Equity				
Capital stock	601,269	601,269	601,269	601,269
Investment shares	300,634	300,634	300,634	300,634
Legal reserve	120,261	120,261	120,261	120,261
Reinvested earnings	39,985	39,985	39,985	39,985
Other reserves	45,676	45,676	42,586	42,586
Facultative reserves	424	424	424	424
Cumulative translation reserve	(198,322)	(221,007)	(222,306)	(229,697)
Unrealized results	(18,887)	(14,565)	(64,148)	(69,400)
Retained earnings	412,821	411,272	420,915	306,307
Equity attributable to equity holders of the parent	**1,303,861**	**1,283,949**	**1,239,620**	**1,112,369**
Non-controlling interests	234,462	353,739	439,856	480,690
Total equity	**1,538,323**	**1,637,688**	**1,679,476**	**1,593,059**
Total liabilities and equity	**2,807,795**	**3,459,420**	**3,774,620**	**3,906,677**

	For the years ended December 31,			For the six months ended June 30,	
	2018	2019	2020	2020	2021
Cash Flows:	(in thousands of U.S. dollars)				
Net cash provided by (used in)					
Operating activities	243,579	109,219	141,235	(39,053)	69,698
Investing activities	(288,778)	(740,389)	(360,798)	(27,306)	(180,901)
Financing activities	57,638	508,471	349,241	203,054	32,134
Net (decrease) increase in cash	12,439	(122,699)	129,678	136,695	(79,069)
Cash and cash equivalents at the start of the period	240,481	251,917	133,185	133,185	257,410
Cash and cash equivalents at the end of the period	251,917	133,185	257,410	301,126	177,758

	As of and for the years ended December 31,			As of and for the six months ended June 30,	
	2018	2019	2020	2020	2021
	(in millions of U.S. dollars, except for ratios)				
Other Financial Data:					
Financial cost	(53.3)	(50.5)	(67.1)	(31.5)	(25.7)
Capital expenditures [(1)]	423.4	903.4	563.2	228.2	193.6
Adjusted EBITDA [(2)]	267.0	251.1	267.5	99.5	258.3
Financial debt	639.7	1,095.4	1,360.8	1,259.3	1,614.1
Adjusted liquidity [(3)]	661.8	427.3	348.0	361.7	248.4
Net financial debt [(4)]	(22.1)	668.0	1,012.8	897.6	1,365.7
Leverage ratio [(5)]	2.4	4.4	5.1	5.9	3.8
Net leverage ratio [(6)]	(0.1)	2.7	3.8	4.2	3.2

(1) We define capital expenditures as the sum of additions to property, plant, and equipment, excluding costs for mine closures, plus the additions to intangible assets during a given period. Our presentation of capital expenditures may not be comparable to other similarly titled measures used by other companies. For more information, see notes 12 and 13 to our audited annual consolidated financial statements.

(2) We define Adjusted EBITDA as net profit plus or minus, as applicable, income tax, financial cost, finance income, profit (loss) from investment in associates, financial assets held at fair value through profit or loss, dividends income, exchange difference, net and depreciation and amortization. Our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures used by other companies. For a reconciliation of our Adjusted EBITDA to net profit, see below.

(3) We define Adjusted liquidity as cash and cash equivalents plus other financial assets, commercial papers and certificates of deposit. Our presentation of Adjusted liquidity may not be comparable to other similarly titled measures used by other companies. For a reconciliation of Adjusted liquidity to cash and cash equivalents, see below.

(4) We define net financial debt as current financial obligations plus non-current financial obligations minus our Adjusted liquidity. Net financial debt is a non-IFRS measure. Our presentation of net financial debt may not be comparable to other similarly titled measures used by other companies. For a reconciliation of net financial debt to financial obligations, see below.

(5) We define leverage ratio as the ratio of our financial debt as of the end of the applicable period divided by our Adjusted EBITDA. Data for six months is based on last twelve months Adjusted EBITDA.

(6) We define net leverage ratio as the ratio of our net financial debt as of the end of the applicable period divided by our Adjusted EBITDA. Data for six months is based on last twelve months Adjusted EBITDA.

	For the years ended December 31,			Six months ended June 30	
	2018	2019	2020	2020	2021
	(in thousands of U.S. dollars)				
Reconciliation of Adjusted EBITDA to net profit					
Net profit	**108,179**	**62,835**	**(2,291)**	**(14,963)**	**132,894**
(+) Depreciation and amortization	100,531	93,029	96,153	42,451	53,481
(+) Current income tax	51,767	79,733	53,608	15,649	70,363
(+) Deferred income tax	12,741	(22,509)	29,125	(11,526)	(16,530)
(+) Finance costs	53,336	50,482	67,103	31,471	25,677
(+) Loss from exchange difference, net	23,701	2,602	38,398	44,043	4,042
(+) Loss from investment in associates, net	—	8,218	—	—	—
(-) Finance income	(70,393)	(21,564)	(9,266)	(7,115)	(2,998)
(-) Profit from investment in associates, net	(11,935)	—	(5,160)	(360)	(7,848)
(-) Financial assets held at fair through profit or loss	(489)	—	—	—	—
(-) Dividends income	(415)	(1,705)	(132)	(132)	(781)
Adjusted EBITDA	**267,023**	**251,121**	**267,538**	**99,518**	**258,300**
Reconciliation of Adjusted liquidity to cash and cash equivalents					
Cash and cash equivalents	**251,917**	**133,185**	**257,410**	**301,126**	**177,758**
(+) Other financial assets	309,678	212,686	90,576	60,576	70,681
(+) Commercial papers	59,568	81,459	—	—	—
(+) Certificates of deposit	40,594	—	—	—	—
Adjusted liquidity	**661,757**	**427,330**	**347,986**	**361,702**	**248,439**
Reconciliation of net financial debt to financial obligations					
Financial obligations	**639,622**	**1,095,387**	**1,360,792**	**1,259,256**	**1,614,103**
(-) Adjusted liquidity	661,757	427,330	347,986	361,702	248,439
Net financial debt	**(22,135)**	**668,057**	**1,012,806**	**897,554**	**1,365,664**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is based on, and should be read in conjunction with, our consolidated financial statements included in this offering memorandum. See "Presentation of Financial and Other Information." The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this offering memorandum, particularly in "Risk Factors."

Overview

We are a leading Peruvian mining company and one of the world's largest integrated producers of tin. With more than 43 years of operating experience, we are the largest producer of tin in the Western Hemisphere, and the third largest globally, producing approximately 7% of the world's supply in 2020, according to the ITA. We currently produce refined tin in Peru and Brazil, gold in Peru and ferroniobium and tantalum alloys in Brazil. We completed the construction of our Mina Justa project in Peru and began commercial production of copper in August 2021. Mina Justa is a large open pit copper mine which has been developed by Marcobre, in which we own a 60% interest, with the remaining 40% owned by Alxar International SpA, an affiliate of the Chilean conglomerate Empresas Copec S.A.

We believe Mina Justa will be a transformational development for our company, significantly expanding and diversifying our mineral production and revenue sources. We have also expanded the mining life and capacity of our flagship San Rafael tin mine, including by adding our new B2 tailings reprocessing facility. As a result of these significant development initiatives, we believe we are well positioned in two global commodities which play an indispensable role in modern technologies: tin and copper. We also believe that this transformational development in our company is taking place at a favorable time in the commodities cycle, as the global economy recovers from the COVID-19 pandemic.

For 2020, on a consolidated basis, we had net sales of US$649.2 million, net loss of US$2.3 million (largely related to non-cash impacts of currency devaluations in our Brazilian subsidiary) and Adjusted EBITDA of US$267.5 million, with an Adjusted EBITDA margin of 41%. For the six months ended June 30, 2021, we had net sales of US$476.2 million, net income of US$132.9 million and Adjusted EBITDA of US$258.3 million, with an Adjusted EBITDA margin of 54%. As of June 30, 2021, we had US$1,614.1 million of consolidated financial debt (including all of the debt of Marcobre in an amount of US$939.4 million) and US$1,365.7 million of consolidated net financial debt, which represents a net leverage ratio (i.e., net debt to last twelve months Adjusted EBITDA) of 3.2x. We expect the contribution to our Adjusted EBITDA of Mina Justa, which began commercial operations in August 2021, will enable us to rapidly lower our consolidated leverage.

Our company is owned by Breca Mineria S.A.C., part of the Breca economic group, which owns 68.8% of our total stock and 100.0% of our voting common shares. The group currently has significant investments in ten large business segments across three Latin American countries, including, in addition to our company: a 50/50 joint venture in Holding Continental S.A., which owns 92.08% of BBVA Perú S.A., Peru's second largest commercial bank in terms of deposits and loans, according to the SBS; a majority stake in Rimac Seguros y Reaseguros S.A., one of the country's leading insurance companies, with a market share of approximately 30% in 2020, according to the SBS; and all the capital stock of Tecnológica de Alimentos S.A., one of the world's largest fishmeal producers.

Our Operating Segments

For accounting purposes, we organize our business activities into the following operating segments: (1) production and marketing of tin extracted from Peru; (2) production and marketing of tin extracted from Brazil (which includes our niobium and tantalum by-products production); (3) production and marketing of gold extracted from Peru; and (4) other mining exploration and development activities in Peru and Chile. We commenced commercial operations at Mina Justa in August 2021, and we expect to include the results of operations from Mina Justa in a new operating segment for production and marketing of copper in Peru in our consolidated financial

statements for the third quarter of 2021. As of and for the year ended December 31 2020 and the six months ended June 30, 2021, on a consolidated basis:

- production and marketing of tin extracted from Peru represented 11.8%, 56.2% and 57.7% for the year ended December 31, 2020, and 14.3%, 65.6% and 75.7% for the six months ended June 30, 2021, of our consolidated assets, net sales and Adjusted EBITDA, respectively;

- production and marketing of tin extracted from Brazil (which includes our niobium and tantalum by-products production) represented 8.3%, 22.7% and 13.8% for the year ended December 31, 2020, and 8.4%, 22.2% and 13.9% for the six months ended June 30, 2021, of our consolidated assets, net sales and Adjusted EBITDA, respectively;

- production and marketing of gold extracted from Peru represented 3.2%, 21.1% and 30.3% for the year ended December 31, 2020, and 3.7%, 12.1% and 11.7% for the six months ended June 30, 2021, of our consolidated assets, net sales and Adjusted EBITDA, respectively; and

- other mining exploration and development activities in Peru and Chile represented 63.6% and (2.6)% for the year ended December 31, 2020, and 67.7% and (1.5)% for the six months ended June 30, 2021, of our consolidated assets and Adjusted EBITDA, respectively.

For more information on the results of our operating segments, see note 34 to our annual consolidated financial statements included in this offering memorandum.

We own a 73.9% indirect interest in Melón, a cement producer in Chile. Pursuant to a shareholders' agreement entered into between our subsidiary Minera Latinoamericana S.A.C. and Breca Cementos S.A.C. in 2015, the latter has since directed all relevant activities of Melón. As a result, since that date we have ceased to consolidate Melón in our financial statements and instead reflect the results of Melón under the line item "Profit (loss) from investment in associates, net". See note 3.1(e) to our annual consolidated financial statements.

Key Factors Affecting Our Mining Business and Results of Operations

Metal Prices. Our financial performance has been significantly affected by the market prices of refined tin, gold, niobium and tantalum. Additionally, as we began operations at our Mina Justa mine in August 2021, our financial performance will also be affected by the market prices of copper. Metal prices have historically been subject to wide fluctuations and are affected by numerous factors beyond our control. These factors, which affect each metal to varying degrees, include international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by users, actions by participants in the commodities market and currency exchange rates. In addition, the market prices of these metals have on occasion been subject to rapid short-term changes. The following table sets forth the average published market prices for our metals for the periods indicated.

Average Market Prices

	Year ended December 31,			Six months ended June 30	
	2018	2019	2020	2020	2021
Tin (US$/metric ton) [(1)]	20,156	18,645	17,155	16,023	28,306
Gold (US$/ounce) [(2)]	1,269	1,393	1,772	1,648	1,806
Tantalum (basis 25% Ta2O5) (US$/lb) [(3)]	85	63	60	63	69
Ferro-niobium (min 65% Nb du Rotterdam) (US$/kilogram Nb)[(4)]	42	42	37	37	44
Copper (US$/lb) [(5)]	3.0	2.7	2.8	2.5	4.1

(1) Source: London Metal Exchange
(2) Source: London Bullion Market Association
(3) Source: Argus Media
(4) Source: Argus Media
(5) Source: London Metal Exchange

The key drivers and recent trends of each of the metals that we produce are as follows:

- *Tin* is a vital ingredient for the production of a wide range of products, including personal computers and other consumer electronics, packaging and construction products, and automobiles and other forms of transportation. In the first and second quarters of 2020, the average price of tin fell to US$16,023 per metric ton, as a result of a decrease in demand and expectations of lower growth due to the COVID-19 pandemic. As restrictions were lifted during the third quarter of 2020, the average price of tin increased to US$17,689 per metric ton. During the first half of 2021, the average tin price was US$28,306 per metric ton, 77% higher than the average tin price in the first half of 2020, mainly due to strong demand driven by expectations of a global economic recovery, reaching highs of US$34,462 per metric ton. As of June 30, 2021, the price of tin was US$33,460 per metric ton.

- *Gold* is a precious metal, the practical applications of which include coinage, jewelry, dentistry, electronics and other industrial and decorative applications. In addition, gold has historically been used either directly or indirectly for monetary exchange, and its profile as an investment product has seen a resurgence in recent years. The price of gold remained stable during the first half of 2020 experiencing a slight decrease at the outset of the pandemic as investors sought refuge in cash. As a second wave of the pandemic took hold in many parts of the world in August, demand recovered, and the price of gold reached historic highs. During the first half of 2021, the average price of gold was US$1,806, 10% higher than the average gold price in the first half of 2020. As of June 30, 2021, the price of gold was US$1,770 per ounce.

- *Niobium* is a metal that is primarily used to enhance steel by adding strength and increasing flexibility. Other uses of niobium include superalloys, aerospace and land-based power generation, catalyst and functional ceramics, and optical and electronics applications. Many of its physical and chemical properties are similar to those of tantalum, a highly corrosion-resistant metal, and niobium ores often contain significant amounts of tantalum. Over the last three years, the price of niobium has decreased due to the weak global economic environment, trade frictions and other geopolitical factors. The fall in price during 2020 is mainly explained by a decrease in demand caused by the impact of the COVID-19 pandemic. During the first half of 2021, the average price of niobium contained in ferroniobium alloy (containing 65% niobium) was US$44 per kilogram, 17% higher than the average price in the first half of 2020. As of June 30, 2021, the price of niobium contained in ferroniobium alloy was US$49 per kilogram.

- *Tantalum* is ductile, easily fabricated, resistant to corrosion by acids and a good conductor of heat and electricity. Tantalum is primarily used in electronics (capacitors and products such as semiconductors and inkjet printers), superalloys for the aerospace industry, land-based turbines and chemicals. Over the last three years, the price of tantalum has decreased due to the weak global economic environment, trade frictions and other geopolitical factors. The fall in price during 2020 is mainly explained by a decrease in demand caused by the impact of the COVID-19 pandemic. During the first half of 2021, the average price of tantalum oxide contained in the tantalite ore with minimum 25% (Ta2O5) was US$69 per pound, 10% higher than the average price in the first half of 2020. As of June 30, 2021, the price of tantalum (Ta2O5) was US$81 per pound.

- *Copper* is a metallic chemical element that is easily formed into sheets and wires and is one of the best-known conductors of heat and electricity. Over the last three years, the price of copper has decreased due to the weak global economic environment, trade frictions and other geopolitical factors. During the first half of 2021, the average price of copper was US$4.1 per pound, 66% higher than the average price in the first half of 2020, mainly due to strong demand driven by expectations of a global economic recovery. As of June 30, 2021, the price of copper was US$4.26 per pound.

For further information on the drivers and trends affecting these metals, see “Industry Overview” and “Risk Factors—Risks Relating to Our Mining Business—Our business is highly dependent on the price of the metals we produce.”

Production Volumes, Ore Grade and Metal Mix. The volume of treated minerals extracted from our mines, the grade of the ore, the volume of metal produced and the mix of metals in our product portfolio significantly affect our financial performance. We produce refined tin from our flagship San Rafael mine and Pisco smelter and refining plant in Peru and from our Pitinga mine and Pirapora smelter and refining plant in Brazil. We also produce ferroniobium and tantalum alloy as by-products at our Pitinga mine in Brazil. We produce gold at our Pucamarca mine. Additionally, we expect that, once we commence operations at our Mina Justa mine, we will expand and diversify our mineral production with copper.

Over the last three years, our tin production in Peru has been increased due to a higher average ore grade of the treated mineral extracted from San Rafael. Between the years of 2018 and 2020, the average ore grade of the treated mineral extracted from San Rafael increased from 1.7% to 1.9%. For the six months ended June 30, 2021, the average ore grade of the treated mineral extracted from San Rafael was 2.1%. Production volumes have also increased following the start of commercial operations of our B2 processing plant. We have also implemented operational improvements to our Pisco smelter and refining plant that have allowed us to increase smelting capacity. Over the same period, production of tin, niobium and tantalum at our Brazilian operations has improved following our initiatives to increase production capacity and recovery rates. The average ore grade of the treated mineral extracted from Pitinga remained stable. Over the last three years, our production of gold in Peru has been in decline due to lower average ore grade, which decreased from 0.57 g/ton in 2018 to 0.48 g/ton in 2020. For the six months ended June 30, 2021, our average ore grade was 0.52 g/ton, with the depletion of resources at the mine in line with our mining plan projections.

Sales of inventory do not have a significant effect on our financial performance since we keep a low inventory of finished products of tin and ferroalloys to minimize our working capital requirements. As of December 31, 2020, our inventory of finished products was approximately 1,244 tons of refined tin in Peru, 1,334 ounces of gold in Pucamarca, 407 tons of ferroalloys in Pitinga and 300 tons of refined tin in Pirapora. As of June 30, 2021, our inventory of finished products was approximately 2,401 tons of refined tin in Peru, 120 tons of ferroalloys in Pitinga and 200 tons of refined tin in Pirapora. We sold all our stock of gold in Pucamarca as of June 30, 2021.

In the first half of 2021, our refined tin and niobium and tantalum alloy production increased 53% and 34%, respectively, as compared to the first half of 2020, primarily due to less disruptions in operations and construction projects, which were greater in 2020 due to the COVID-19 pandemic. Our gold production declined 14% in the first half 2021 as compared to the first half 2020, primarily due to the lower mineral grades of our first half 2021 production plan.

The following tables set forth our treated mineral, average ore grade and metal produced for periods indicated.

Treated Mineral

	Year ended December 31,			Six months ended June 30,	
	2018	2019	2020	2020	2021
	(in metric tons)				
San Rafael Mine	1,871,288	1,981,097	972,152	415,730	586,356
San Rafael B2 Processing Plant	—	171,635	644,553	206,481	437,668
Pitinga	6,130,427	6,013,609	5,959,314	2,689,513	3,273,365
Pucamarca	8,168,163	8,220,833	7,572,278	3,044,066	3,831,119

Average Ore Grade

	Year ended December 31,			Six months ended June 30,	
	2018	2019	2020	2020	2021
	(percentages and, in the case of gold, grams per tons)				
Tin					
San Rafael Mine	1.75	1.86	1.90	1.82	2.07
San Rafael B2 Processing Plant	—	0.77	0.82	0.79	0.85
Pitinga	0.20	0.20	0.20	0.20	0.19
Gold	0.57	0.59	0.48	0.47	0.52
Niobium and Tantalum Alloy	0.27	0.25	0.26	0.27	0.25

Metal Produced

	Year ended December 31,			Six months ended June 30,	
	2018	2019	2020	2020	2021
	(in metric tons, and ounces in the case of gold)				
Tin					
San Rafael / B2 / Pisco	18,339	19,675	19,592	7,755	11,659
Pitinga / Pirapora	6,498	6,009	5,480	1,788	2,969
Gold	103,538	101,799	80,215	38,458	33,103
Niobium and Tantalum Alloy	3,981	3,904	3,484	1,541	2,059

For 2020, we processed 972,152 metric tons of mineral at San Rafael with an average ore grade of 1.90%, 644,553 metric tons of mineral at our B2 plant with an average ore grade of 0.82% of tin, 5,959,314 metric tons of mineral at Pitinga with an average ore grade of 0.20% of tin, 0.26% of niobium and tantalum, and 7,572,278 metric tons of mineral at Pucamarca with an average ore grade of 0.48 g/t of gold. For the same year, we produced 19,592 metric tons of refined tin in San Rafael/Pisco, 5,480 metric tons of refined tin in Pitinga/Pirapora, 80,215 ounces of gold contained in doré at Pucamarca, and 3,484 metric tons of ferroniobium and tantalum contained in alloy at Pitinga. For the six months ended June 30, 2021, we processed 586,356 metric tons of mineral at San Rafael with an average ore grade of 2.1%, 437,668 metric tons of mineral at our B2 plant with an average ore grade of 0.85% of tin, 3,273,365 metric tons of mineral at Pitinga with an average ore grade of 0.19% of tin, 0.25% of niobium and tantalum, and 3,831,119 metric tons of mineral at Pucamarca with an average ore grade of 0.52 g/t of gold. For the same period, we produced 11,659 metric tons of refined tin in San Rafael/Pisco, 2,969 metric tons of refined tin in Pitinga/Pirapora, 33,103 ounces of gold contained in doré at Pucamarca, and 2,059 metric tons of ferroniobium and tantalum contained in alloy at Pitinga.

Costs and Expenses. Our ability to manage our costs and expenses affects our financial performance. We focus on controlling our costs and expenses so that we are better prepared to overcome less favorable pricing conditions. The quality of our ore deposits and efficiency of our facilities make us a low cost metal producer globally. Our tin operations in Peru and Brazil are both in the second quartile of the global tin cash cost curve, based on data calculated by ITA in June 2021. In addition, our gold operations are in the first quartile of the global gold cash cost curve, based on data published by Wood Mackenzie. Based on our estimates, which have been subject to an independent review carried out by external technical experts in 2018, our copper operations in Mina Justa are expected to be in the second quartile of the global cash cost curve. We intend to continue to optimize and expand our operations at the Pitinga mine and expect to improve the cash cost at this mine as we achieve economies of scale.

The largest components of our cost structure are contractors' expenses (primarily third party labor and mine development expenses), labor, production materials and supplies, and purchased energy (electricity) (i.e., excluding our own energy production) expenses, which accounted for 28.5%, 20.2%, 18.0% and 3.2%, respectively, of the costs of sales and operating expenses (not included in other expenses, net) of our operations for 2020 and for 36.6%, 24.1%, 19.7% and 4.1%, respectively, of the costs of sales and operating expenses (not included in other expenses, net) of our operations for the six months ended June 30, 2021.

The following table sets forth our cash costs of tin and gold for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2018	2019	2020	2020	2021
Cash Cost Per Product	(U.S. dollars per metric ton and per ounce in the case of gold)				
Tin					
San Rafael / B2[(1)] / Pisco	8,414	8,485	8,472	7,701	9,700
Pitinga / Pirapora	11,795	14,006	11,493	17,256	11,617
Gold	352	452	531	446	667

(1) Since the start of operations in the fourth quarter of 2019, with ramping up of production during 2020.

Between 2018 and 2020, our cash cost at San Rafael (including the Pisco plant) increased from US$8,414 per metric ton to US$8,472 per metric ton due to higher production costs relating to our implementation of measures in response to the COVID-19 pandemic, which effects were partially offset by higher volumes of refined tin in Pisco, mainly explained by higher average ore grade in San Rafael and the start of operations of the B2 processing plant in

the fourth quarter of 2019, with ramping up of production during 2020. Between 2018 and 2020, our cash cost at Pucamarca increased from US$352 per ounce to US$531 per ounce due to higher production costs and lower ore grades. From the six months ended June 30, 2020 to the six months ended June 30, 2021, our cash cost at Pucamarca increased from US$446 per ounce to US$667 per ounce due to higher production costs and lower ore grades.

Between 2018 and 2020, our cash cost at Pitinga (including the Pirapora plant) declined from US$11,795 per metric ton to US$11,493 per metric ton due to operational improvements that allowed us to increase our ferroalloys production. From the six months ended June 30, 2020 to the six months ended June 30, 2021, our cash cost at Pitinga (including the Pirapora plant) declined from US$17,256 per metric ton to US$11,617 per metric ton due to operational improvements that allowed us to increase our ferroalloys production. For our definition of cash cost, see "Presentation of Financial and Other Information."

Commercial Terms. The commercial terms that we negotiate for our sales can also affect our financial performance. We sell our metal products through long-term contracts and spot sales (typically recurring sales with clients with whom we have long-term relationships), on terms that vary depending on the metal. In particular, our tin is generally sold to customers with whom we have long-term relationships through a mix of long-term contracts (generally one year) with terms that are usually constant throughout the period of service, and recurring spot sales. Terms for our tin sales vary per client based on volumes ordered and the degree of pricing flexibility offered. Our gold is sold to clients worldwide on spot orders after refining in Canada. Our ferroniobium and tantalum alloy is sold to companies that produce niobium and tantalum pure oxide, as well as niobium and tantalum metals. Sales prices for our products are established principally by reference to prices quoted on the London Metal Exchange in the case of tin, the London Bullion Market Association in the case of gold and, in the case of ferroniobium and tantalum, by reference to Metal Pages, an industry publication. Pricing is based on the prevailing average prices for the relevant metal for a given period of time, typically a specific calendar month prior to or after arrival of the product or a price at a specific point in time. We have also entered into long-term agreements with private off-takers under which we have commitments to sell 70% of Mina Justa's annual expected copper concentrate production and 30% of Mina Justa's expected copper cathode production at Mina Justa over the next 10 years.

In 2020, the three most important clients accounted for 37% of our total sales in our Peruvian tin operations, compared to 39% in 2019 and 42% in 2018. In Brazil, in 2020 the three most important clients accounted for 57% of our total sales in our Brazilian tin operations, compared to 51% in 2019 and 63% in 2018. With respect to gold, in 2020, we sold gold to five clients, compared to four in 2019 and three in 2018. With respect to niobium and tantalum, in 2020, the three most important clients accounted for 65% of our total sales of these ferroalloys, compared to 29% in 2019 and 5% in 2018. For the six months ended June 30, 2021, the three most important clients accounted for 42% of our total sales in our Peruvian tin operations. In Brazil, the three most important clients accounted for 50% of our total sales in our Brazilian tin operations. With respect to gold, we sold gold to four clients. With respect to niobium and tantalum, the three most important clients accounted for 58% of our total sales of these ferroalloys.

Exploration. Exploration costs are charged to expenses as incurred, and primarily include costs of materials and fuels used in exploration, the cost of topography surveys, drilling costs and payments to contractors. Exploration costs incurred in mining development zones are charged as costs of sales, whereas expenses for activities performed outside mining development zones are recorded as exploration expenses. When we determine that a mineral property can be economically developed by establishing the existence of proven and probable reserves, the costs incurred to develop the property are capitalized. Between 2018 and 2020, we have undertaken exploration activities at the areas surrounding San Rafael, as well as at the Nazareth and Mina Marta projects. Costs incurred in connection with the development of our Mina Justa project were capitalized. We lowered our exploration expenses in 2020 to mitigate the adverse impact of lower sales as a result of developments relating to the COVID-19 pandemic. For the six months ended June 30, 2021, we have resumed exploration activities at the areas surrounding San Rafael, as well as at the Nazareth and Mina Marta projects.

Inflation and Currency Fluctuations. For 2020, almost 100% of net sales were based on pricing terms referenced to the U.S. dollar, 0.3% were denominated in Peruvian soles and 0.2% were denominated in Brazilian reais. For the six months ended June 30, 2021, 96.5% of net sales were based on pricing terms referenced to the U.S. dollar, while 3.5% was denominated in Brazilian reais. When inflation in Peru or Brazil is not offset by a change in the exchange rate of the Peruvian soles or Brazilian reais to the U.S. dollar, our results of operations may be adversely affected to the extent that the inflation effects are passed onto us by our contractors or suppliers or

reflected in our wage adjustments. Recent inflation and devaluation/appreciation rates in Peru and Brazil are provided in the table below.

	Year ended December 31,			Six months ended June 30,
	2018	2019	2020	2021
Peruvian inflation rate	2.2%	1.9%	2.0%	2.4%
Brazilian inflation rate	3.8%	4.3%	4.4%	6.1%
Peruvian sol/U.S. dollar devaluation (appreciation)	4.3%	(1.9)%	7.9%	6.5%
Brazilian real/U.S. dollar devaluation (appreciation)	16.3%	3.6%	22.5%	(4.0)%

Sources: Peruvian National Institute for Statistics, Central Bank of Peru, Central Bank of Brazil.

The Ongoing COVID-19 Pandemic

The novel strain of the SARS-CoV-2 virus, which causes the disease known as "COVID-19," was first identified in Wuhan, China in December 2019 and has spread around the world, including in Peru and the rest of the countries in Latin America. In March 2020, the World Health Organization recognized COVID-19 as a pandemic and the Peruvian government declared a national state of emergency, which continues to be in force as of the date of this offering memorandum. The government closed Peru's international borders and ordered a national lockdown of businesses deemed non-essential. In March 2020, all of our operations in Peru were suspended, and only critical maintenance activities and those necessary to guarantee the safety and health of personnel and monitoring of the environmental protocol were carried out. Starting in May 2020, the Peruvian government gradually lifted certain restrictions and allowed certain economic activities to resume, including mining and industrial activities, which has allowed us to resume gradually our operations at all our mines and plants. Also, administrative staff has been working remotely since March 2020.

In March 2020, Brazilian state and municipal authorities adopted various containment measures for COVID-19; however, freedom of movement was generally maintained throughout the country. In April 2020, all of our operations in Brazil were suspended as a preventive measure, and during May 2020, we gradually resumed the operations in all our mines and plants in Brazil.

From an operational perspective, we have also taken the following actions to mitigate the adverse effects of the pandemic:

- strict health checks when entering and inside our operating zones;
- educational campaigns and contact tracing;
- reduction of capacity in transportation vehicles, offices and dining areas;
- ongoing inspection and supervision of our prevention and protocol plans;
- psychological and emotional support programs for our employees and their families; and
- implementation of remote work when possible.

As a result of the suspension of operations at our plants in Peru and Brazil between March and May 2020, our production levels and, consequently, our sales volume levels were adversely affected. These were partially offset by decreases in our cost of sales and administrative expenses, despite increased expenses related to the adoption of health and safety measures as a result of developments relating to the COVID-19 pandemic. Additionally, we lowered our exploration expenses to mitigate the adverse impact of lower sales, as well as reduced the cash used in investing activities, primarily at our Mina Justa project. After the early stage of the pandemic, as operations resumed in April and May 2020, and despite an increase in infection rates during the fourth quarter of 2020, demand for our products has not been materially affected. As of the date of this offering memorandum, demand remains strong and low levels of stock throughout the industry have driven a rise in the price of tin and other metals. Additionally,

despite government restrictions imposed in other sectors of the economy, since resuming operations our operating capacity has not been materially affected. Given potential macroeconomic uncertainty, we maintain a significant liquidity position, with US$248 million in cash and cash equivalents as of June 30, 2021.

We continue to evaluate the impact that the ongoing COVID-19 pandemic may have on our business, future results of operations and financial condition. See "Risk Factors—Risks Relating to Our Mining Business—Our business is subject to risks arising from the ongoing COVID-19 pandemic."

Critical Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with IFRS. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of our financial statements. Note 2.4 to our annual consolidated financial statements provides a detailed discussion of our significant accounting policies. Critical accounting policies are defined as those policies that reflect significant judgments or estimates about matters that are both inherently uncertain and material to our financial condition or results of operations. Key areas involving a high degree of judgment and areas where estimates and assumptions are significant to our consolidated financial statements include: judgments, contingencies (note 3.1 (a)); start date of the development stage (note 3.1 (b)); recovery of deferred income tax asset related to the provision for mine closure (note 3.1 (c)); stripping costs (clearing costs) (note 3.1 (d)); recognition of the investment in Inversiones Cordillera del Sur I Ltda. and subsidiary (note 3.1 (e)); revenue recognition (note 3.1 (f)); recognition of the deferred income tax liability related to the temporary difference of the account payable to KLS Limited (note 3.1 (g)); determination of reserves and resources (note 3.2 (a)); unit of production method (UOP) (note 3.2 (b)); recovery of deferred tax assets (note 3.2 (c)); provision for closure of mining units (note 3.2 (d)); determination of the net realization value of inventories (note 3.2 (e)); impairment of non-financial assets (note 3.2 (f)); taxes (note 3.2 (g)); determination of the cost of products in process (note 3.2 (h)); obsolescence of materials and supplies (note 3.2 (i)); recovery of the Value added tax (note 3.2 (j)); and estimation of the incremental interest rate (note 3.2 (k)). Below is a description of our critical accounting policies.

Exploration and Mine Development Costs and Determination of Mineral Reserves and Resources

Exploration expenses incurred in mining development zones are charged as operational expenses. When we determine that a mineral property can be economically developed by establishing the existence of proven and probable reserves, the costs incurred to develop the property, including the costs incurred to further delineate the ore body and remove topsoil, rocks and other mineral waste to initially expose the ore body, are capitalized. Amortization is computed from the time production begins, based on the investment made in the production units and the estimated life of proven and probable reserves and economically recoverable resources.

Reserves represent the estimate of the proven and probable mineral resources that can be economically processed in current conditions.

The process of estimation of mineral reserves is complex and requires the evaluation of available information regarding geology, geophysics, engineering and economics, which are highly subjective. As a result, it is possible for the reserve estimates to be reviewed and adjusted for different reasons, such as changes in geological data or assumptions, changes in estimated prices, changes in production costs and changes in the results of exploration activities.

Changes in the estimate of reserves directly and mainly affect the calculation of the mine closure provision, and the calculation of the amortization of the development costs.

Review of Provision for Closure of Mining Units

We calculate a provision for the closing of each one of our mining units and review it at every closing. In order to determine that provision, it is necessary to make significant estimates and assumptions, since there are various factors that will affect the amount of this obligation.

These factors include the estimates of the scope and the costs of the closure activities, technological changes, changes in regulations, increases in costs in comparison with inflation rates and changes in discount rates. These estimates and/or assumptions may result in actual expenses in the future that differ from the amounts recognized at the time of calculating the obligation.

Impairment of Non-Financial Assets

We assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, then we estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units ("CGU") fair value less costs to disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The fair value of mining assets is generally determined by calculating the present value of future cash flows arising from the continued use of the asset, which include some estimates, such as the cost of future expansion plans, and third party assumptions. The future cash flows are discounted to their present value using a discount rate that reflects the current market assessment of the value of money over time, as well as specific risks of the asset or cash-generating unit under evaluation. We consider the operations of each unit as an independent cash-generating unit.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets in general, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or have decreased. If such indication exists, we estimate the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the consolidated statement of profit or loss with the exception of impairment loss related to goodwill.

As of June 30, 2021, we recorded no impairment loss of value in our CGUs. For further information on the assumptions used, see note 15 to our annual consolidated financial statements.

New IFRS Accounting Standards

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

On January 23, 2020, the International Accounting Standards Board ("IASB") issued amendments to IAS 1 Presentation of Financial Statements (the amendments) to clarify the requirements for classifying liabilities as current or non-current. More specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.

- Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.

- The amendments clarify the situations that are considered settlement of a liability.

The new guidance will be effective for annual periods starting on or after January 1, 2023. We do not expect these amendments will have a significant impact on our financial statements.

Amendments to IAS 16: "Property, Plant and Equipment: Proceeds Before Intended Use"

In May 2020, the IASB issued amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use. The IASB amended the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. We do not expect these amendments will have a significant impact on our financial statements.

Amendments to IAS 37: "Onerous contracts - Costs of fulfilling a contract"

In May 2020, the IASB issued amendments to IAS 37 Onerous contracts - Costs of fulfilling a contract to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply the "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for the annual reporting periods on or after January 1, 2022.

We will apply these amendments to contracts in force as of the beginning of the reporting period for which the amendments are effective. We do not expect these amendments will have a significant impact on our financial statements.

Results of Operations

The following table sets forth our summarized results of operations for the periods indicated.

	For the year ended December 31,			% Change		Six months ended June 30,		% Change
	2018	2019	2020	2018/2019	2019/2020	2020	2021	
	(in thousands of U.S. dollars)					(in thousands of U.S. dollars)		
Net sales	**693,773**	**711,488**	**649,181**	**2.6%**	**(8.8)%**	**266,146**	**476,236**	**78.9%**
Cost of sales	(411,608)	(446,018)	(412,696)	8.4%	(7.5)%	(181,799)	(230,458)	26.8%
Gross profit	**282,165**	**265,470**	**236,485**	**(5.9)%**	**(10.9)%**	**84,347**	**245,778**	**191.4%**
Operating expenses								
Administrative expenses	(51,160)	(54,872)	(43,359)	7.3%	(21.0)%	(20,631)	(29,810)	44.5%
Selling expenses	(7,663)	(8,214)	(7,236)	7.2%	(11.9)%	(3,138)	(5,477)	74.5%
Exploration and evaluation expenses	(37,508)	(41,607)	(12,741)	10.9%	(69.4)%	(6,749)	(7,872)	16.6%
Other expenses, net	(19,342)	(2,685)	(1,764)	(86.1)%	(34.3)%	3,238	2,200	(32.1)%
Total operating expenses	**(115,673)**	**(107,378)**	**(65,100)**	**(7.2)%**	**(39.4)%**	**(27,280)**	**(40,959)**	**50.1%**
Operating income	**166,492**	**158,092**	**171,385**	**(5.0)%**	**8.4%**	**57,067**	**204,819**	**258.9%**
Other (expenses) income								
Finance income	70,393	21,564	9,266	(69.4)%	(57.0)%	7,115	2,998	(57.9)%

	For the year ended December 31,			% Change		Six months ended June 30,		% Change
	2018	2019	2020	2018/2019	2019/2020	2020	2021	
	(in thousands of U.S. dollars)					(in thousands of U.S. dollars)		
Finance costs	(53,336)	(50,482)	(67,103)	(5.4)%	32.9%	(31,471)	(25,677)	(18.4)%
Profit (loss) from investment in associates, net	11,935	(8,218)	5,160	N/M	N/M	360	7,848	2,080.0%
Profit from financial assets at fair value through profit or loss	489	—	—	(100)%	—	—	—	-
Dividends income	415	1,705	132	310.8%	(92.3)%	132	781	491.7%
Exchange difference, net	(23,701)	(2,602)	(38,398)	(89.0)%	1,375.7%	(44,043)	(4,042)	(90.8)%
Total other expenses, net	**6,195**	**(38,033)**	**(90,943)**	**N/M**	**139.1%**	**(67,907)**	**(18,092)**	**(73.4)%**
Profit before income tax	**172,687**	**120,059**	**80,442**	**(30.5)%**	**(33.0)%**	**(10,840)**	**186,727**	**N/M**
Current income tax	(51,767)	(79,733)	(53,608)	54.0%	(32..8)%	(15,649)	(70,363)	349.6%
Deferred income tax	(12,741)	22,509	(29,125)	N/M	N/M	11,526	16,530	43.4%
Net (loss) profit	**108,179**	**62,835**	**(2,291)**	**(41.9)%**	**N/M**	**(14,963)**	**132,894**	**N/M**

(*) N/M means “not meaningful”.

The following table sets forth each line item of our summarized results of operations as a percentage of our sales for the periods indicated.

	For the year ended December 31,			Change (bps)		Six months ended June 30,		Change (bps)
	2018	2019	2020	2018/2019	2019/2020	2020	2021	
Net sales	**100.0%**	**100.0%**	**100.0%**	—	—	**100.0%**	**100.0%**	—
Cost of sales	(59.3)%	(62.7)%	(63.6)%	(340)	(90)	(68.3)%	(48.4)%	1,990
Gross profit	**40.7%**	**37.3%**	**36.4%**	**(340)**	**(90)**	**31.7%**	**51.6%**	**1,990**
Operating expenses								
Administrative expenses	(7.4)%	(7.7)%	(6.7)%	(30)	100	(7.8)%	(6.3)%	150
Selling expenses	(1.1)%	(1.2)%	(1.1)%	(10)	0	(1.2)%	(1.2)%	-
Exploration and evaluation expenses	(5.4)%	(5.8)%	(2.0)%	(40)	380	(2.5)%	(1.7)%	80
Other expenses, net	(2.8)%	(0.4)%	(0.3)%	240	10	1.2%	0.5%	(70)
Total operating expenses	**(16.7)%**	**(15.1)%**	**(10.0)%**	**160**	**510**	**(10.3)%**	**(8.6)%**	**170**
Operating income	**24.0%**	**22.2%**	**26.4%**	**(180)**	**420**	**21.4%**	**43.0%**	**2,116**
Other (expenses) income								
Finance income	10.1%	3.0%	1.4%	(710)	(160)	2.7%	0.6%	(210)
Finance costs	(7.7)%	(7.1)%	(10.3)%	60	(320)	(11.8)%	(5.4)%	640
Profit (loss) from investment in associates, net	1.7%	(1.2)%	0.8%	(290)	200	0.1%	1.6%	150
Profit from financial assets at fair value through profit or loss	0.1%	0.0%	0.0%	(10)	0	0.0%	0.0%	-
Dividends income	0.1%	0.2%	0.0%	10	(20)	0.0%	0.2%	20
Exchange difference, net	(3.4)%	(0.4)%	(5.9)%	300	(550)	(16.5)%	(0.8)%	1,570
Total other expenses, net	**0.9%**	**(5.3)%**	**(14.0)%**	**(620)**	**(870)**	**(25.5)%**	**(3.8)%**	**2,170**
Profit before income tax	**24.9%**	**16.9%**	**12.4%**	**(800)**	**(450)**	**(4.1)%**	**39.2%**	**4,330**
Current income tax	(7.5)%	(11.2)%	(8.3)%	(370)	290	(5.9)%	(14.8)%	(890)
Deferred income tax	(1.8)%	3.2%	(4.5)%	500	(770)	4.3%	3.5%	(80)
Net (loss) profit	**15.6%**	**8.8%**	**(0.4)%**	**(680)**	**(920)**	**(5.6)%**	**27.9%**	**3,350**

Net Sales. The 79% increase in net sales in the first half 2021 as compared to the first half 2020 is mainly due to the increase in the market prices of the metals we produce and higher volumes of tin and ferroalloys sold, which volumes increased 31% and 48%, respectively, despite the decrease of 15% in the volume of gold sold. The average tin price in the first half of 2021 was US$28,306 per metric ton, 77% higher than the first half of 2020. During the first half of 2021, the price of tin rose to highs of US$34,462 per metric ton. The 8.8% decrease in net sales in 2020 as compared to 2019 is mainly explained by lower volumes of tin, gold and ferroalloys sold, which declined 1.5%, 23.5% and 11.9%, respectively, due to the suspension of operations for approximately one to two months in our facilities in Peru and Brazil as a result of government restrictions and lockdown measures related to the COVID-19 pandemic, as well as high volatility in metal prices, and, in the case of gold, the natural depletion of our Pucamarca mine. During the first half of 2020 the price of tin fell to lows of US$13,400 per metric ton and during the second half of the 2020 it experienced a significant recovery reaching highs of US$20,541 per metric ton.

The average tin price in 2020 was US$17,155 per metric ton, 8.0% lower than in 2019. This decline in the price of tin was partially offset by a 27.2% increase in the price of gold, which reached historic highs in 2020.

The following table sets forth, for our mining operations, the components of our net sales per product, average realized prices, the production of metal contained in our mined ore for the metals and periods indicated.

	For the year ended December 31,			% Change		Six months ended June 30,		% Change
	2018	2019	2020	2018/2019	2019/2020	2020	2021	
	(in millions of U.S. dollars, except prices and production data)					(in millions of U.S. dollars, except prices and production data)		
Net sales								
Tin	493	502	465	1.7%	(7.3)%	176.0	382.2	117.1%
Niobium and tantalum alloy	131	150	137	14.6%	(8.8)%	23.6	36.2	53.5%
Gold	69	59	47	(14.4)%	(20.6)%	66.5	57.8	(13.1%)
Average realized prices								
Tin (US$ per metric ton)	20,155	18,645	17,155	(7.5)%	(8.0)%	16,023	28,306	76.7%
Niobium and tantalum alloy (US$ per metric ton)	17,935	15,732	14,090	(12.3)%	(10.4)%	14,213	13,678	(3.8)%
Gold (US$ per ounce)	1,269	1,393	1,772	9.8%	27.2%	1,648	1,806	9.6%
Sales volume								
Tin (metric tons)	23,891	26,138	25,735	9.4%	(1.5)%	10,455	13,655	30.6%
Niobium and tantalum alloy (metric tons)	3.958	3,775	3,324	(4.6)%	(11.9)%	1,698	2,513	48.0%
Gold (ounces)	101.177	105,643	80,869	4.4%	(23.5)%	40,362	34,426	(14.7%)

Cost of Sales. The 27% increase in the first half of 2021 as compared to the first half of 2020 is mainly explained by: i) higher sold volume of tin and ferro-alloys, ii) implementation of new health and safety protocols related to COVID-19, iii) higher workers profit sharing and iv) higher depreciation due to higher utilization of plant and equipment. The 7.5% decrease in our cost of sales for 2020 as compared to 2019 is mainly explained by a 27.4% decline in our Brazilian tin operations' and a 19.8% decline in our Peruvian gold operations' cost of sales, partially offset by a 14.4% increase in our Peruvian tin operations' cost of sales. We sold lower consolidated volumes of tin, gold and ferroalloys, which declined 1.5%, 23.5% and 11.9%, respectively, due to suspension of operations for one to two months as a result of government restrictions and lockdown measures related to the COVID-19 pandemic. Nevertheless, our Peruvian tin operation's cost of sales was higher in 2020 primarily due to higher asset depreciation costs as a result of the beginning of operations in the fourth quarter of 2019 at our B2 processing plant, and a 1.6% increase in the volume of tin sold in Peru.

The 8.4% increase in our cost of sales for 2019 as compared to 2018 is mainly explained by a 13.4% increase in our Peruvian tin operations' and a 27.6% increase in our gold operations' cost of sales, partially offset by a 3.1% decrease in our Brazilian tin operations' cost of sales. During 2019 we sold 14.9% higher volumes of tin and 4.4% higher volumes of gold in Peru, while our Brazilian operations sold 5.7% lower volumes of tin and 4.6% lower volumes of ferroalloys, due to lower availability of our mining equipment during 2019, which has recovered since the fourth quarter of 2019 due to the renewal of equipment.

The following table sets forth our consolidated cost of sales for the periods indicated.

	For the year ended December 31,			% Change		Six months ended June 30,		% Change
	2018	2019	2020	2018/2019	2019/2020	2020	2021	
	(in millions of U.S. dollars)					(in millions of U.S. dollars)		
Cost of sales								
Services provided by contractors	(111.1)	(132.2)	(117.5)	18.9%	(11.1)%	(42.6)	(84.4)	98.2%
Personnel expenses	(95.1)	(99.7)	(83.4)	4.8%	(16.3)%	(33.2)	(55.5)	67.3%
Depreciation and amortization	(95.9)	(91.0)	(87.4)	(5.1)%	(4.0)%	(34.8)	(52.5)	50.8%
Materials and supplies	(95.0)	(93.3)	(74.2)	(1.8)%	(20.4)%	(29.5)	(45.4)	53.8%
Electricity	(12.4)	(12.4)	(13.2)	0.1%	6.1%	(5.4)	(7.4)	36.9%
Unabsorbed costs	—	—	(19.7)	—	N/M	(18.8)	-	(100%)
Change in inventories of products in process	19.9	15.3	18.6	(23.4)%	21.6%	(7.2)	15.5	N/M
Change in inventories of finished products	(9.5)	(16.1)	(26.3)	68.9%	63.1%	(10.4)	8.3	N/M

	For the year ended December 31,			% Change		Six months ended June 30,		% Change
	2018	2019	2020	2018/2019	2019/2020	2020	2021	
	(in millions of U.S. dollars)					(in millions of U.S. dollars)		
Other cost of sales	(12.5)	(16.6)	(9.6)	33.7%	(42.2)%	0.2	(9.0)	N/M
Total cost of sales	(411.6)	(446.0)	(412.7)	8.4%	(7.5)%	(181.8)	(230.5)	26.8%

(*) N/M means "not meaningful".

Gross Margin. Our consolidated gross margin (i.e., consolidated gross profit divided by consolidated net sales) in the first half of 2021 was 52% compared to 32% in the first half of 2020, mainly explained by higher prices of our sold products. Our consolidated gross margin in 2018, 2019 and 2020 was 40.7%, 37.3% and 36.4%, respectively.

Administrative Expenses. The 45% increase in administrative expenses in the first half of 2021 as compared to the first half of 2020 is mainly explained by higher workers profit sharing and the deferral of administrative expenses in the first half of 2020 as a strategic decision to preserve liquidity. The 21% decrease to US$43,359 thousand in administrative expenses in 2020 as compared to US$54,872 thousand in 2019 is mainly explained by (i) lower personnel expenses, due to lower worker's profit share, (ii) lower expenses relating to services provided by contractors and other administrative expenses, resulting from our cost reduction plan as a response to mitigate the impact of the COVID-19 pandemic in our results of operations.

The 7.1% increase to US$54,872 thousand in administrative expenses in 2019 as compared to US$51,160 thousand in 2018 is explained by higher personnel expenses, due to an increase in our administrative staff and higher services and other expenses, due to consulting fees incurred to identify operational improvements in our operating units.

The following table sets forth our consolidated administrative expenses for the periods indicated.

	For the year ended December 31,			% Change		Six months ended June 30,		% Change
	2018	2019	2020	2018/2019	2019/2020	2020	2021	
	(in thousands of U.S. dollars)					(in thousands of U.S. dollars)		
Administrative expenses								
Personnel expenses	(33,530)	(35,453)	(28,523)	6.1%	(19.8)%	(13,739)	(22,966)	67.2%
Services provided by contractors	(8,206)	(6,563)	(5,746)	(20.0)%	(12.4)%	(2,918)	(2,664)	(8.7)%
Other administrative expenses	(9,424)	(12,856)	(9,090)	35.0%	(28.6)%	(3,974)	(4,180)	5.2%
Total administrative expenses	(51,160)	(54,872)	(43,359)	7.1%	(21)%	(20,631)	(29,810)	44.5%

Selling Expenses. The 75% increase in selling expenses in the first half of 2021 as compared to the first half of 2020 was primarily due to higher volume of tin sold and the global increased freight rate in the market from shipping companies. The 11.9% decrease in selling expenses in 2020 as compared to 2019 was primarily due to lower consolidated sales volumes of tin, gold and ferroalloys, which declined 1.5%, 23.5% and 11.9%, respectively.

The 7.2% increase in our selling expenses for 2019 as compared to 2018 was primarily due to 14.9% higher sales volumes of tin and 4.4% higher sales volumes of gold in Peru, while our Brazilian operations sold 5.7% lower volumes of tin and 4.6% lower volumes of ferroalloys.

The following table sets forth our consolidated selling expenses for the periods indicated.

	For the year ended December 31,			% Change		Six months ended June 30,		% Change
	2018	2019	2020	2018/2019	2019/2020	2020	2021	
	(in thousands of U.S. dollars)					(in thousands of U.S. dollars)		
Selling expenses								
Services provided by contractors	(4,463)	(4,515)	(5,517)	1.2%	22.2%	(994)	(3,608)	263.0%
Personnel expenses	(1,467)	(1,291)	(843)	(12.0)%	(34.7)%	(447)	(660)	47.7%
Sales commissions	(107)	(127)	(153)	18.7%	20.5%	(64)	(74)	15.6%
Other selling expenses	(1,626)	(2,281)	(723)	40.3%	(68.3)%	(1,633)	(1,135)	(30.5)%

	For the year ended December 31,			% Change		Six months ended June 30,		% Change
	2018	2019	2020	2018/2019	2019/2020	2020	2021	
	(in thousands of U.S. dollars)					(in thousands of U.S. dollars)		
Total selling expenses	(7,663)	(8,214)	(7,236)	7.2%	(11.9)%	(3,138)	(5,477)	74.5%

Exploration Expenses. The 17% increase in exploration expenses in the first half of 2021 as compared to the first half of 2020 was primarily due to the reactivation of certain exploration activities that were postponed primarily due to our cost and expenses reduction in the first half of 2020 to mitigate the impact of the COVID-19 pandemic. The 69.4% decrease in exploration expenses in 2020 as compared to 2019 was primarily due to our cost and expenses reduction to mitigate the impact of the COVID-19 pandemic.

The 10.9% increase in our exploration and evaluation expenses for 2019 as compared to 2018 was primarily due to higher exploration expenses in San Rafael and Mina Justa.

The following table sets forth our consolidated exploration expenses for the periods indicated.

	For the year ended December 31,			% Change		Six months ended June 30,		% Change
	2018	2019	2020	2018/2019	2019/2020	2020	2021	
	(in thousands of U.S. dollars)					(in thousands of U.S. dollars)		
Exploration expenses								
Services provided by contractors	26,441	29,423	6,448	11.3%	(78.1)%	(4,207)	(2,986)	(29.0)%
Personnel expenses	3,313	3,936	3,030	18.8%	(23.0)%	(1,759)	(2,216)	26.0%
Other exploration expenses	7,754	8,248	3,263	6.4%	(60.4)%	(783)	(2,670)	241.0%
Total exploration expenses	37,508	41,607	12,741	10.9%	(69.4)%	(6,749)	(7,872)	16.6%

Other Expenses, Net. Other expenses, net decreased by US$1,038 thousand in the first half of 2021 as compared in the first half of 2020, mainly due to a decrease in personnel expenses and other adjustments. Other expenses, net decreased 34.3% to US$1,764 thousand in 2020 as compared to US$2,685 thousand in 2019, primarily due to a decrease in charitable donations and a lower provision for mine closures. The 86.1% decrease to US$2,685 thousand in other expenses, net in 2019 as compared to US$19,342 thousand in 2018 was primarily due to write-offs of asset retirements costs and intangible assets. For more information, see note 28 to our annual consolidated financial statements.

Operating Margin. Our consolidated operating margin (i.e., consolidated operating profit divided by net sales) for the first half of 2021 and 2020 was 43% and 21%, respectively. Our consolidated operating margin for 2018, 2019 and 2020 was 24.0%, 22.2% and 26.4%, respectively.

Finance Costs. The 18.4% decrease in finance costs in the first half of 2021 as compared to the first half of 2020 was primarily due to lower losses on exchange rate derivatives in our Brazilian operating unit. The 32.9% increase to US$67,103 thousand in finance costs in 2020 as compared to US$50,482 thousand in 2019 was primarily due to higher losses on exchange rate derivatives in our Brazilian operating units. The 5.4% decrease to US$50,482 thousand in finance costs in 2019 as compared to US$53,336 thousand in 2018 was primarily due to the capitalization of payments of interest under our 2024 Notes, part of the net proceeds of which were used to finance the construction of our B2 reprocessing facility.

Income Tax Expense. Our income tax expense in the first half of 2021 increased to US$53,833 thousand as compared to US$4,123 thousand in the first half of 2020, due to a higher operating result in the first half of 2021, which effects were partially offset by a higher non-cash impact of deferred income in 2021. Our income tax expense in 2020 increased by 44.6% to US$82,733 thousand as compared to US$57,224 thousand in 2019, due to higher deferred income tax expense caused by the depreciation of the Brazilian real and the Peruvian sol. Excluding deferred income tax expense, income tax in 2020 was 33% lower than in 2019. The 11% decrease to US$57,224 thousand in income tax expense in 2019 as compared to US$64,508 thousand in 2018 was primarily due to lower operating profits. Our effective tax rate (including the non-cash impact of deferred income tax) for 2018, 2019 and 2020 was 37.4%, 47.7% and 102.8 %, respectively.

Liquidity and Capital Resources

Our primary source of liquidity is cash provided by operations, with our primary uses of liquidity being working capital, exploration expenses, capital expenditures and dividends. Our other financing sources include short term and long term borrowings.

As of June 30, 2021, we had US$1,614.1 million of consolidated financial debt (including all of the debt of Marcobre for US$939.4 million) and US$1,365.7 million of consolidated net financial debt, which represents a net leverage ratio (i.e., net debt to last twelve months Adjusted EBITDA) of 3.2x. Mina Justa began commercial operations in August 2021 and we expect our volume of operations to significantly increase beginning in the third quarter of 2021, providing us with sufficient cash flows to rapidly decrease our consolidated leverage. We expect that we will meet our working capital requirements, exploration expenses, part of our capital expenditures and dividend payments for the next several years from internally generated funds, cash on hand and short term credit lines. We cannot assure you, however, that sufficient funding will be available to us from internal or external sources to finance any future capital expenditure program, or that external funding will be available to us for such purpose on terms or at prices favorable to us.

The table below sets forth the cash from operating activities, cash used in investing activities and cash from (used in) financing activities for the periods indicated.

	For the year ended December 31,			Six months ended June 30,	
	2018	2019	2020	2020	2021
	(in millions of U.S. dollars)				
Cash from operating activities	**243.6**	**109.2**	**141.2**	**(39.1)**	**69.7**
Cash used in investing activities	(288.8)	(740.4)	(360.8)	(27.3)	(180.9)
Cash from (used in) financing activities	57.6	508.5	349.2	203.1	32.1
Increase (decrease) in cash and cash equivalents	**12.4**	**(122.7)**	**129.7**	**136.7**	**(79.1)**

Cash From Operating Activities. The US$109 million increase in cash from operating activities in the first half of 2021 as compared to the first half of 2020 was primarily due the resumption of activities in 2021, which were curtailed in 2020 as a result of restrictions related to the COVID-19 pandemic. The 29.3% increase in cash flow generated by operating activities in 2020 as compared to 2019 was primarily due to lower payments to suppliers and payments of income and other taxes, partially offset by lower collections from customers. The 55.2% decrease in cash flow generated by operating activities for 2019 as compared to 2018 was primarily due to: i) higher payments to suppliers in 2019, and ii) the effect of the extraordinary recovery of tax expenses from the 2018 cash from operating activities.

Cash Used in Investing Activities. The US$153.6 million decrease in cash used in investing activities in the first half of 2021 as compared to the first half of 2020 was mainly explained by a strategy of shorter periods for term deposits that we implemented in the context of the COVID-19 pandemic. The 51.3% decrease in cash used in investing activities in 2020 as compared to 2019 was primarily due to the end of construction at the B2 processing plant and lower construction activity at Mina Justa as a result of restrictions related to the COVID-19 pandemic. The 156.4% increase in cash flow used in investing activities for 2019 as compared to 2018 was primarily due to construction activity at our B2 processing plant and Mina Justa.

The following table sets forth our consolidated capital expenditures for the periods indicated.

	For the year ended December 31,			Six months ended June 30,	
	2018	2019	2020	2020	2021
	(in millions of U.S. dollars)				
Maintenance and infrastructure capital expenditure	63.9	60.5	85.6	13.6	63.9
Growth capital expenditure	359.5	842.9	477.5	214.6	129.7
Total	**423.4**	**903.4**	**563.2**	**228.2**	**193.6**

Cash From (Used in) Financing Activities. Financing activities during 2018 consisted primarily of an increase in debt for US$53.9 million, mainly due to financing for the Mina Justa project, capital contributions of our

joint venture partner Alxar International SpA for US$50.6 million, and debt structuring costs for US$30.2 million. Financing activities during 2019 consisted primarily of an increase in debt for US$474.0 million, mainly due to financing for the Mina Justa project, capital contributions of our joint venture partner Alxar International SpA for US$123.1 million, and distribution of dividends for US$66.0 million. Financing activities during 2020 consisted primarily of an increase in debt for US$273.0 million, mainly due to financing for the Mina Justa project, and capital contributions of our joint venture partner Alxar International SpA for US$95.2 million. Financing activities during the first half of 2021 consisted primarily of an increase in loans obtained for US$305.1 million, mainly due to financing for the Mina Justa project and working capital needs, which effects were partially offset by a distribution of dividends in the amount of US$250.0 million.

Indebtedness

As of June 30, 2021, our outstanding consolidated financial indebtedness was US$1,614.1 million (including all of the debt of Marcobre in an amount of US$939.4 million).

The following table sets forth our consolidated indebtedness as June 30, 2021.

Type of borrowings	Amount outstanding (in US$ millions)	Currency	Weighted average interest rate	Maturity date
Syndicated loan, net of structuring costs	873.4	US$	Libor 3 months +1.57%	December 31, 2025
Corporate bonds, net of issuance costs	445.6	US$	6.25%	February 7, 2024
Citibank	81.2	US$	Libor 3 months + spread	December 11, 2023
Banco de Credito del Peru (BCP)..	66.0	US$	1.13%	April 27, 2022
Banco Interbank	40.0	US$	0.36%	August 19, 2021
Bank of America	35.2	US$	2.47%	February 05, 2026
Banco BBVA	30.0	US$	0.63%	May 13, 2022
Bnaco de Credito del Peru (BCP)..	25.0	US$	0.65%	May 20, 2022
Banco Santander	7.7	US$	Libor 3 months + spread	November, 2025
Banco Santander	5.0	US$	3.21% - 4.10%	November, 2021
Bank ABC	1.7	US$	4.70%	October 4, 2021
Finance leases	3.3	US$	1.98% - 3.11%	Between 2022 and 2023
Total	**1,614.1**			

Since June 30, 2021, we have incurred approximately an additional US$300 million in long term indebtedness, as a result of borrowing made under our Credit Agreement. The proceeds from the Credit Agreement were used to pay for a concurrent initial tender offer of our 2024 Notes, and related expenses. See “Summary—Recent Developments—Credit Agreement.”

The following discussion briefly describes our principal financing agreements as of June 30, 2021.

Minsur:

Corporate Bonds. On January 31, 2014, we issued US$450 million in aggregate principal amount of 6.250% Senior Notes due 2024 pursuant to Rule 144A and Regulation S under the Securities Act of 1933, yielding net proceeds of US$441,823,500. The indenture relating to the 2024 Notes contains certain covenants, including limitations on liens and limitations on consolidations, mergers, sales or conveyances. All of these limitations and restrictions are subject to a number of significant exceptions. In July 2021, we partially repurchased US$264 million in aggregate principal amount of the 2024 Notes. Concurrently with the offering of the notes hereby, we are offering to purchase for cash any and all of our outstanding 2024 Notes. Part of the net proceeds from the issuance of the notes will be used to pay the purchase price to holders of our 2024 Notes that are tendered and accepted to be

purchased by us pursuant to the terms of the concurrent cash tender offer. See "Summary—Recent Developments—Concurrent Tender Offer."

Credit Agreement. On June 24, 2021, we entered into the Credit Agreement of US$300 million, which was disbursed on July 1, 2021, and is being repaid in full with part of the proceeds hereof. This loan bears interest at six months LIBOR plus a fixed margin (years 1 and 2: 2%, year 3: 2.5%, and years 4 and 5: 3%). Principal amortizes between 2024 and 2026. See "Summary—Recent Developments—Credit Agreement."

Credit Agreement with BBVA Peru. On May 19, 2021, we entered into a credit facility with BBVA Peru, for a principal amount of US$30.0 million. This credit facility bears interest at a fixed rate of 0.63% per annum. Principal is due in May 2022. The proceeds of this credit facility were used to fund working capital needs. As of June 30, 2021, the outstanding principal amount under this credit facility was US$30 million.

Credit Agreement with Banco de Credito del Peru (BCP). On May 20, 2021, we entered into a credit facility with BCP Peru, for a principal amount of US$25.0 million. This credit facility bears interest at a fixed rate of 0.65% per annum. Principal is due in May 2022. The proceeds of this credit facility were used to fund working capital needs. As of June 30, 2021, the outstanding principal amount under this credit facility was US$25 million.

Credit Agreement with Interbank. On May 19, 2021, we entered into a credit facility with Interbank, for a principal amount of US$40.0 million. This credit facility bear interest at a fixed rate of 0.36% per annum. Principal is due in August 2021. The proceeds of this credit facility were used to fund working capital needs. As of June 30, 2021, the outstanding principal amount under this credit facility was US$40 million. On August 18, 2021 we renewed this loan.

Marcobre:

Project Finance. On August 15, 2018, Marcobre entered into revolving credit facility with Export Development Canada; Export Finance and Insurance Corporation; KFW IPEX-Bank GMBH; The Export-Import Bank of Korea; Banco Bilbao Viscaya Argentaria, S.A.; Hong Kong, Banco de Crédito del Peru; BBVA Banco Continental; Credit Agricole Corporate and Investment Bank; ING Bank (a Branch of ING-DIBA AG); ING Capital LLC; Natixis London Branch; Natixis New York Branch, Société Génerale; and Banco Bilbao Viscaya Argentaria, S.A., New York Branch, for an aggregate principal amount of US$900 million. This loan bears interest at LIBOR plus an average fixed margin of 1.57%. As of June 30, 2021, Marcobre had received disbursements under the facility totaling US$900 million. Minsur and Empresas Copec S.A. acted as guarantors for their respective pro rata portions of the debt. The guarantees are expected to be terminated upon the satisfaction of certain completion tests, subject to certain conditions, which include meeting certain production and quality targets for mining, processing, grade and recovery, efficiency targets, and environmental compliance requirements, among others. We currently expect these guarantees to be released on or about June 2022. Under the terms of the credit agreement, we are required to maintain a consolidated net worth of not less than US$800 million, a net leverage ratio that does not exceed 4.00:1.00, and liquidity that shall not be less than the greater of (x) US$100 million and (y) 60% of our initial attributable equity. These covenants are calculated without taking into account Alxar International SpA's 40% interest in Marcobre. We are in compliance with the covenants of the credit agreement as of the date of this offering memorandum.

Credit Agreement with Banco de Credito del Peru (BCP). On April 27, 2021, Marcobre entered into a credit facility with BCP Peru, for a principal amount of US$66.0 million. This credit facility bears interest at a fixed rate of 1.13% per annum. Principal is due in April 2022. The proceeds of this credit facility were used for working capital needs. As of June 30, 2021, the outstanding principal amount under this credit facility was US$66 million.

Taboca:

Export/Import Financings. In order to finance its import and export operations, Taboca has received several advances on currency exchange contracts ("*Adiantamento de Contratos de Cambio*" – ACC) with Banco ABC and Banco Santander Brasil. Loans under these facilities bear interest at rates between 3.2% to 4.70% per annum, and mature in November 2021. As of June 30, 2021, the outstanding principal amount under these credit facilities was US$7 million.

Credit Agreements with Citibank. On October 25, 2017, and December 7, 2018 Taboca entered into credit facilities with Citibank, N.A., for up to US$105.0 million. Loans under these credit facilities bear interest at LIBOR plus 1.65% per annum, payable quarterly. Principal is due quarterly until maturity on October 27, 2023 and December 11, 2023. The payment obligations of Taboca under this credit facility are guaranteed by Minsur. The proceeds of this credit facility were used to advance funds corresponding to Taboca's exports and to restructure Taboca's short-term debt and improve its cash flow. As of June 30, 2021, the outstanding principal amount under these credit facilities was US$81 million.

Credit Agreement with Banco Santander Spain. On September 30, 2020, Taboca entered into a credit facility with Banco Santander, S.A., for up to US$105.0 million. Loans under this credit facility bear interest at LIBOR plus 4.50% per annum, payable quarterly. Fifty percent of principal is due on September 30, 2024 and the remainder on November, 2025. The payment obligations of Taboca under this credit facility are guaranteed by Minsur. The proceeds of this credit facility were used to refinance other debt of Taboca. As of June 30, 2021, the outstanding principal amount under this credit facility was US$8 million.

Credit Agreement with Bank of America. On February 5, 2021, Taboca entered into a credit facility with Bank of America, N.A., for up to US$35.0 million. Loans under this credit facility bear interest at a fixed rate of 2.47% per annum, payable semi-annually. Principal is due in February 2026. The payment obligations of Taboca under this credit facility are unsecured. The proceeds of this credit facility were used to restructure Taboca's short-term debt and improve its cash flow. As of June 30, 2021, the outstanding principal amount under this credit facility was US$35 million.

Melón:

All of the indebtedness of Melón is without recourse to Minsur S.A. and is not reflected in our consolidated balance sheet. For more information on our indebtedness, see note 17 to our annual consolidated financial statements.

Hedging Policy

We strategically enter into a variety of derivative financial instruments to manage our exposure to foreign exchange rate, interest rates and prices of commodities. We hedge our exposure to volatility in the price of tin and gold. We also hedge variations in the exchange rate of the Brazilian real to the U.S. dollar, and variations in the interest rate of certain indebtedness of Marcobre and Taboca. For more information, see note 36 to our annual consolidated financial statements.

Contractual Obligations

The following table sets forth certain contractual obligations as of June 30, 2021.

	Payments Due by Period				
	On demand	<1 year	1-5 years	More than 5 years	Total
	(in millions of U.S. dollars)				
Trade and other payables	-	177.6	27.4	-	205.1
Loans and interest	-	444.3	1,212,8	110.0	1,767.1
Leases and interest	-	11.0	24.0	4.4	39.4
Financial leases and interest	-	2.0	1.3	-	3.4
Financial derivatives	-	57.8	20.8	-	78.7
Total	-	**692.9**	**1,286.4**	**114.4**	**2,093.6**

Capital Expenditures

Our strategy is to grow and diversify our mining operations through our exploration activities and expansion projects. We currently plan to invest approximately US$100 million per year in maintenance and approximately US$25 million per year in our exploration activities in the following six years. The expenditures related to our exploration activities are not being reflected in our financial statements as capital expenditures but primarily as operating costs.

The capital expenditure estimates in this offering memorandum are based on our current expectations and are subject to significant changes. We regularly evaluate the status of our exploration activities and expansion projects, and we may revise our plans and estimates for a variety of reasons, including as a result of market conditions or unforeseen circumstances. Our current expansion plans are in the feasibility and pre-feasibility stage of development, and depend on, among other things, completion of feasibility studies and obtaining required approvals.

We expect to finance these capital expenditures with cash provided by our operations. However, we cannot assure you that we will generate sufficient cash flow from operations to adequately fund such capital expenditures. For a description of these projects, see "Business—Expansion Projects." We also evaluate, from time to time, other investment opportunities that are aligned with our strategic goals, which may require additional capital expenditures, although we cannot assure you that we will be able to find and execute on strategic opportunities. See "Forward-Looking Statements."

Dividend Policy

Our board of directors, following the end of each fiscal year, makes a recommendation to our annual shareholders' meeting regarding the amount and timing of any dividend payment. Our current dividend policy, in place since March 2021, and valid unless revoked by our shareholders, is to distribute the greater of: (i) 20% of our net income for the previous fiscal year and (ii) 5% of our net equity, in each case excluding the 40% of Marcobre owned by Alxar International SpA. However, the amount and timing of such payments are subject to the final approval at our annual shareholders' meeting. The payment of dividends is subject to (i) satisfaction of legal requirements; (ii) compliance with covenants included in our financing agreements; (iii) meeting minimum liquidity levels; and (iv) meeting working capital, capital expenditures, exploration expenses, debt service, and other requirements.

Under Peruvian corporate law, upon the request made by shareholders holding at least 20% of the total common shares outstanding, the distribution of a dividend of 50% or less of the prior year's after-tax profits, net of the amount allocated to the legal reserve, is mandatory.

The following table sets forth the amount of cash dividend payments made for the periods indicated.

Period	Aggregate Amount
	(in millions of U.S. dollars)
2018	0.0
2019	66.0
2020	0.0
2021 (first six months)	250.0

(1) As of the date of this offering memorandum, no dividends have been paid subsequent to June 30, 2021.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of June 30, 2021.

Quantitative and Qualitative Disclosures about Market Risk

We are subject to a number of market risks, including metal price sensitivity risk, foreign currency exchange risk, interest rate risk, credit risk and liquidity risk. For more information, see note 35 to our annual consolidated financial statements. See "—Hedging Policy" above.

INDUSTRY OVERVIEW

Tin Industry

Overview

Tin is a silvery white metal and a critical component for a wide range of products, used across a variety of sectors. It does not exist as a native element, but instead is extracted from ore. Tin is an internationally traded commodity, and the London Metal Exchange, the world's largest metals exchange, is generally recognized as its principal trading market. Prices of tin generally reflect the worldwide balance between supply and demand, but can also be influenced by speculative market activities and by fluctuations in currency exchange rates.

Although the global tin market is relatively small compared to the market for other commodities such as copper, gold or steel, in 2020 global production amounted to approximately 327,000 metric tons. The market for tin is generally dominated by independent companies located in emerging markets.

Mining operations are typically split into three different types: open-pit, underground and alluvial, each with its different advantages and disadvantages. For example, underground mining operations are less sensitive to fuel costs and typically produce higher grade ore but are more sensitive to labor costs, whereas alluvial mining, which typically benefits from lower operating costs, is highly sensitive to ore depletion and, for the most part, does not benefit from economies of scale.

Tin Demand

Given its resistance to corrosion and ability to easily bond to other types of metal such as iron, tin is often used to coat other steel products. Its principal uses are related to its properties as a malleable, ductile low melting temperature metal, which render it suitable for use as a solder in non-specialized welding processes, and it is the main use of tin globally, increasingly preferred over lead because of lead's toxicity. Tin alloys easily with a number of metals and is used as a significant component in the manufacture of bronze and pewter. It is still used for making tin plate and wire, in the latter case in association with niobium in superconducting magnets. Other uses include Ii-ion battery electrodes and increasingly in the manufacture of organic tin compounds for stabilizers and biocides.

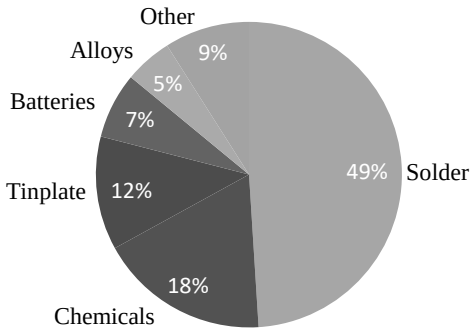
Tin is also a vital ingredient for the production of a wide range of products, including computers and other consumer electronics, packaging and construction products, and cars and other forms of transportation. In certain cases tin can be substituted by other materials, but generally most tin applications do not face any such immediate threats and the fall in demand as a result of such substitution is somewhat mitigated by new applications.

Nearly all growth over the last 20 years in tin usage has been related to the expansion of the electronics industry in Asia, especially during 2004-2006 and in particular by the rapid uptake of high tin content lead-free solders in most parts of the world in response to new legislative requirements. The lead-free share of the electronics solder market increased from 4% in 2002 to over 49% in 2020, but the remaining transition is by some accounts expected to take another decade or more.

World tin usage peaked at over 370,000 metric tons in 2007, having grown at approximately 4% a year over the previous decade. However, growth rates were slowing even before the onset of recession in 2008 and demand for tin dropped sharply in the final quarter of 2008. Demand fell to around 325,000 tons in 2009 but has since recovered and reached approximately 342,600 metric tons in 2021.

The chart below illustrates the breakdown of tin consumption by product in 2020

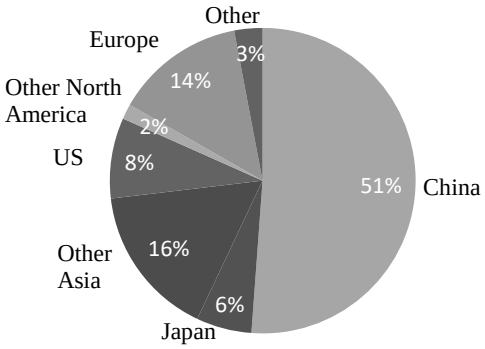
Tin Consumption by Product, 2020



Source: ITA

Solders are mainly used in the production of printed circuit boards, as well as traditional industrial applications such as joining copper in plumbing. The most important tin chemicals are used in the production of polyvinyl chloride for construction products, such as doors and windows, and packaging. Tinplate (steel with a fine tin coating) is used in packaging for food, beverages and other items. Smaller applications include bronze sheet and strip (also mainly used in electronics), float glass production and pewterware.

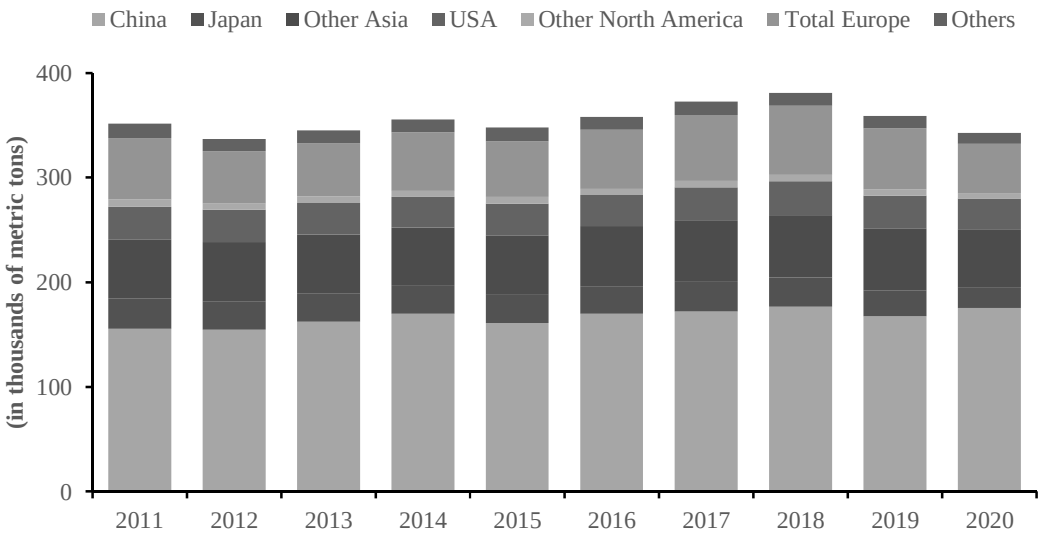
Tin Consumption by Geographic Mix, 2020



Asian, European and North American consumption together accounted for approximately 97% of tin demand in 2020. Driven by China's strong growth, the rapid expansion of Asia's electronics industry and a rapid transition to the use of lead-free solders, the continent has been the fastest growing tin market in the world, representing 73% of global demand in 2020.

The graph below shows global tin use by region between 2011 and 2020.

Approximated Global Tin Annual Consumption, 2011 - 2020



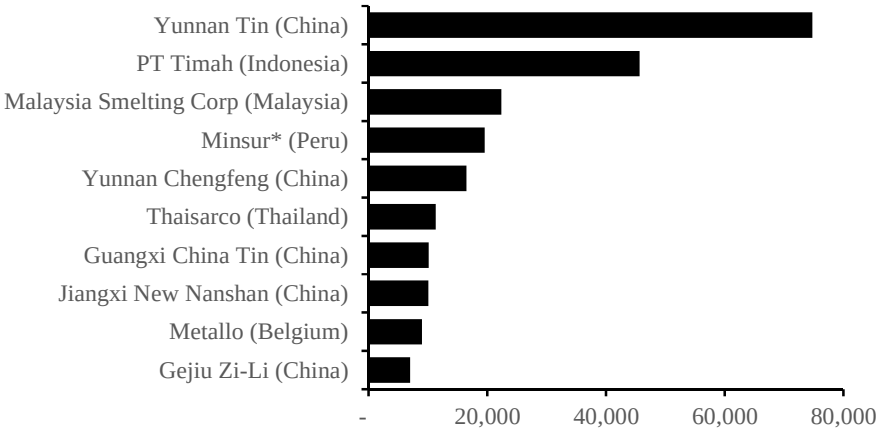
Source: CRU

Tin Supply

Throughout 2020 refined tin production fell as a result of the measure against the spread of COVID-19, which impacted operations in the mines and smelters of some of the main producing countries, such as Peru. It is estimated that a total of some 327,200 tons of refined tin was produced by major smelters globally, down 7.5% on 2019 levels. Of the total production for the year, 69.0% was produced by ten major producers. Of the top 10 producers, half saw production increase in 2020, the majority of which were located in China.

The graph below shows the world's top 10 tin producers in 2020. Minsur was the fourth largest producer of tin globally and the largest in the Western Hemisphere.

Top 1O Tin Producers, 2020



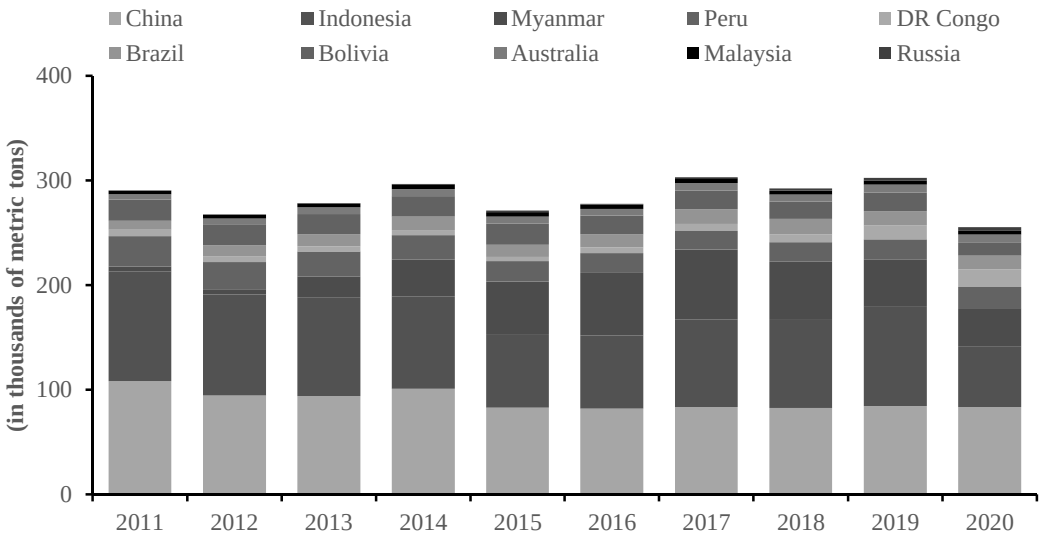
Source: CRU
*Minsur data excludes Taboca production.

The map below shows the world's principal tin producing regions in 2020

Principal Tin Producing Regions, 2020

Source: CRU

Mine Production by Major Producing Countries, 2020



Source: CRU

Tin Pricing Trends

Tin prices over the period 1986 to 2006 remained stable at approximately US$10,000 per metric ton, a stability achieved after the dramatic collapse of the tin price in 1985, which had a negative impact on many tin producers around the world. After 2006, however, declining production and increased demand, particularly from Asia, resulted in an upward trend characterized by volatility in the tin price, which spiked at over US$33,000 per metric ton in 2011. Between 2012 and 2020 the price has remained range bound between US$15,000 and US$25,000 per metric ton a dynamic that was interrupted in 2021.

Tin has been the outperformer on the London Metal Exchange so far in 2021. A robust demand, mainly from electronics has taken inventories to record lows. Since the first trading day of the year, London Metal Exchange settlement prices have risen nearly 15%, at one point reaching seven-year highs during February 2021 while the rise in the London Metal Exchange cash price has even exceeded such levels, breaching US$ 25,000/metric ton in early February of 2021. Although tin typically trades in a backwardation – a feature that reflects the small, tight nature of the physical market – typically the cash price is US$40/ton higher than the 3-month price.

The world's sea freighting market was impacted due to COVID-19. Shipping companies cut their capacities when COVID-19 hit but did not bring it back in time to deal with the recent surge in demand. This has made tin more difficult to obtain. United States tin consumers were the first ones to be impacted, until freight prices to Europe have recently increased more than those to the United States. This has lead tin consumers to pay high premiums for the metal. Many traders and producers saw their inventories come down and are completely sold out of material for at least the first quarter of 2021, while low London Metal Exchange stocks means there is little in the way of a buffer.

The graph below illustrates the prices of tin between 2011 and January 2021.

Historical Tin Prices, 2004 - 2021 (in US$/t)

Source: Factset

Gold Industry

Overview

Gold is a precious metal, practical applications of which include coinage, jewelry, dentistry, electronics and other industrial and decorative applications. However, historically gold has been used either directly or indirectly for

monetary exchange, and its demand as an investment product has seen a resurgence in recent years, mainly through central bank purchases and exchange-traded funds ("ETFs"). Gold is also considered a hedge against inflation, and it has historically demonstrated a weak correlation to risk assets.

The gold price is strongly correlated with the general price level (inflation) in the long run, but it fluctuates considerably in the short run due to political and financial turmoil as well as changes in exchange rates, real interest rates and the beta of gold.

Demand for gold has been relatively strong, which even more pronounced during 2020, as major global currencies found themselves undermined by several factors including low real interest rate environment and quantitative easing in several major international economies to contribute to battle a potential recession in the COVID-19 era and as investors seek refuge in safer assets. In 2021, expectations of a rapid roll out of vaccines and potential increases in real interest rates have weighed on gold prices, though recently the gold price seems to have found support at current levels.

Gold Demand

Global Historical Demand

Demand for gold falls into four categories. Jewelry accounts for the largest share of final demand at around 40% in 2020. Jewelry demand is seasonal. The fourth quarter is the strongest quarter due to Diwali, Christmas and other end of year festivals when jewelry gifts are common. Investment demand represented 47% of total demand and industrial uses accounted for approximately 8% of total demand as of 2020. Industrial demand as a percentage of the total demand is low, relative to other metals; it is dominated by the electronics sector, but also includes dentistry and other industrial and decorative applications. The investment figures shown in the chart below include bar hoarding, official coins, medals and imitation coins, other retail investment, and investment in exchange traded gold funds. Central bank purchases added up to 7.3% of demand in 2020.

The table below shows annual gold demand for 2012-2020.

Gold Demand (in metric tons)	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Jewellery	2,157	2,726	2,533	2,460	2,104	2,241	2,248	2,123	1,412
Technology	382	356	348	332	323	333	335	326	302
Physical Bar demand	1,023	1,358	780	790	797	780	775	581	529
Official Coin	187	271	205	225	208	188	242	224	298
Medals/Imitation Coin	112	101	81	76	68	76	73	66	69
ETFs & similar products	251	- 887	- 149	- 129	541	272	70	398	877
Central banks & other inst.	569	629	601	580	395	379	657	668	273
Total Demand	**4,681**	**4,555**	**4,400**	**4,333**	**4,436**	**4,268**	**4,400**	**4,386**	**3,760**
Gold Price (US$/Oz)	**1,669**	**1,411**	**1,266**	**1,160**	**1,251**	**1,257**	**1,268**	**1,393**	**1,770**

Source: World Gold Council

2021 Second Quarter Overview

Gold demand excluding OTC for the second quarter of 2021 was virtually in line with the second quarter of 2020 at 955.1 metric tons (-1%), taking gold demand to 1,833.1 metric tons, showing a decline of 10% as compared to 2020. Jewelry demand in the second quarter of 2021 (390.7 metric tons) continued to rebound from the adverse impact in 2020 of developments relating to the COVID-19 pandemic, although demand remained well below typical pre-pandemic levels, partly due to weaker growth in demand from India. Demand for gold, at 873.7 metric tons, was 17% below the 2015-2019 average.

Bar and coin investment saw a fourth consecutive quarter of strong year to year gains: demand in the second quarter of 2021 was 243.8 metric tons, resulting in a total demand for gold of 594 metric tons, the strongest since 2013. Modest second quarter 2021 inflows into gold-backed ETFs (40.7 metric tons) only partly offset the

heavy outflows from the first quarter of 2021. Consequently, ETFs saw gold net outflows (of 129.3 metric tons) for the first time since 2014. Central bank buying continued in the second quarter of 2021. Global gold reserves grew by 199.9 metric tons, which took gold net buying to 333.2 metric tons, 39% higher than the five-year gold average and 29% above the ten-year gold average.

Gold used in technology continued to recover from the 2020 lows: second quarter 2021 demand was 18% higher as compared to 2020 at 80 metric tons, in line with average second quarter demand from 2015-2019 of 81.8 metric tons. Gold demand (161 metric tons) was fractionally above that of gold demand in 2019 (160.6 metric tons).

Gold Supply

The key components of gold supply as of 2020 are global mine production (~70%) and scrap (~30%), with a tiny percentage for producer hedging. The latter is in stark contrast to 1995-1999, when nearly 20% of overall supply was derived from producer hedging and central bank sales. Gold hedging was very attractive due to the large returns that could be generated through the counting or forward premium (the difference between LIBOR and the prevailing borrowing rate for bullion). Producer enthusiasm for hedging disappeared when the forward premium contracted dramatically. Central banks, primarily European, were substantial sellers of gold under the European Central Bank sales agreement, but now are buyers.

The table below shows annual gold supply for 2012-2020.

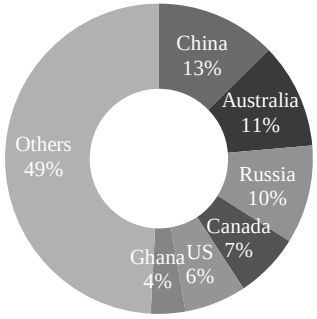
Gold Supply (in metric tons)	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Mine production	2,940	3,128	3,242	3,336	3,459	3,492	3,554	3,532	3,401
Net producer hedging	(45)	(28)	105	13	38	(26)	(12)	6	(65)
Recycled gold	1,648	1,215	1,149	1,086	1,249	1,128	1,147	1,282	1,297
Total Supply	**4,542**	**4,314**	**4,496**	**4,435**	**4,746**	**4,594**	**4,689**	**4,820**	**4,633**

Source: World Gold Council

World Gold Mine Production

Gold is produced from mines on every continent with the exception of Antarctica (where mining is forbidden), in broad range of operation sizes. Global mine production was 2,920 metric tons in 2020. More than 50% of gold extracted from mines came from top 5 gold producing countries in 2020. The five largest producers, China, Australia, the United States, Russia, Canada and Ghana, extracted more than half of the gold mined globally.

Major Gold Producing Countries (2020)



World Total: 2,920 metric tons

Source: CRU

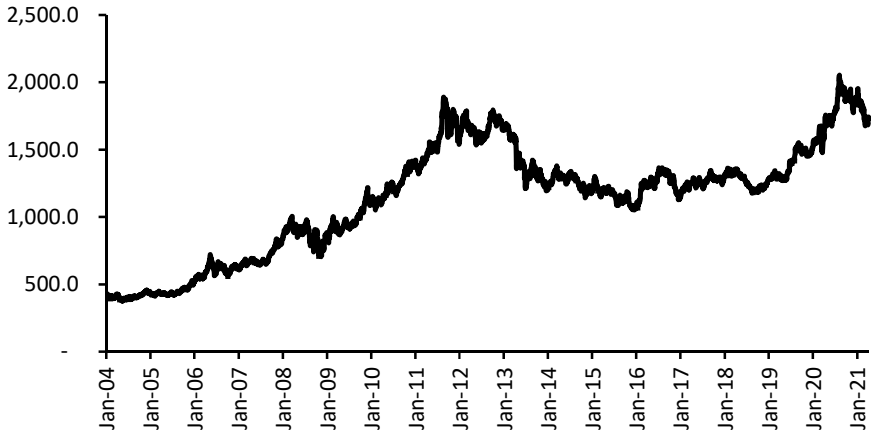
World Supply of Recycled Gold (Scrap)

Scrap is an important part of the dynamics of the gold market. Scrap is defined as gold that has been sourced from old fabricated products, recovered and refined back into bars. It does not include jewelry that has simply been traded in and resold without being re-refined, or resold investment bars and coins. Most recycled gold generated originates from jewelry. Smaller amounts come from recuperated electronics components and, at times, from investment bars and coins.

Gold Pricing Trends

As of June 30, 2021, the price of gold was US$1,770 per ounce. The chart below illustrates the price of gold in U.S. dollars between 2004 and January 2021.

Historical Gold Prices, 2004-January 2021 (in US$/oz)



Source: Factset

The investor interest in gold is fueled by a number of factors, including investor concerns over potentially severe economic, financial, and political uncertainties. The economic and political problems that fueled the long-term renewed investor interest in gold throughout 2020 mostly remain in place. Since 2019, the price of gold has followed an upward trajectory. Gold prices have risen from US$1,421 at the beginning of 2011 to a record high price of US$2,052 per ounce on August 6, 2020. The U.S. dollar gold price grew 25% in 2020 supported by robust investor demand. Since late 2020 and during the first half of 2021, gold prices have come down, returning a portion of the 2020 increase, though still remain at historically high levels.

Copper Industry

Overview

Copper is used across a range of economic early-cycle, mid-cycle and late-cycle applications. Population growth and urbanization have historically been key drivers of copper consumption growth, boosting copper demand in new housing, power infrastructure and consumer goods, as newly urbanized residents populate their homes with household appliances. There has also been a strong correlation between copper prices and inflation.

The entire power value chain – from wind turbines and solar panels, transmission and distribution infrastructure to energy storage and batteries, electric vehicle charging utilize copper's energy transition

opportunities. Although, copper has an abundant and cheap competitor in aluminum, copper's carbon footprint is much smaller and requires less metal in most electrical applications for superior performance.

Copper Demand

While the first half of 2020 saw disruptions both in terms of first and end-use copper consumption, the second half of the year was a period of recovery and subsequently, resiliency. In China, the strong recovery has started as early as the second quarter of 2020 in the infrastructure sector, and then spread across the rest of the economy.

With COVID-19 seemingly controlled in China, risks to copper consumption and industrial activity had disappeared by the close of the year. Across the markets ex-China meanwhile, pandemic related risks continued to linger through to the end of 2020. However, despite heightened COVID-19 transmission in the fourth quarter of 2020 and ensuing mobility restrictions, most copper consuming markets outside China fared better than anticipated.

Manufacturing activity remained robust during the fourth quarter of 2020 which helped offset the impact of COVID-19 restrictions on other parts of the economy and supported copper consumption. During 2020, the copper consumption globally was 28,918 thousand tons, a 2.9% decline from 2019. China accounted for 48.7% of global copper consumption during the year. Copper consumption grew by 1.0% in China during 2020.

With the new decarbonization era (increased metal intensity), demand for copper is expected to continue growing. Removing hydrocarbons from the economy, either as a source of energy or a process input, will require the use of more (typically base) metals. For example, an electric vehicle needs 3-5x the copper of an internal combustion car. For solar, copper intensity is 5-8x. For wind copper intensity is similarly 5-8x.

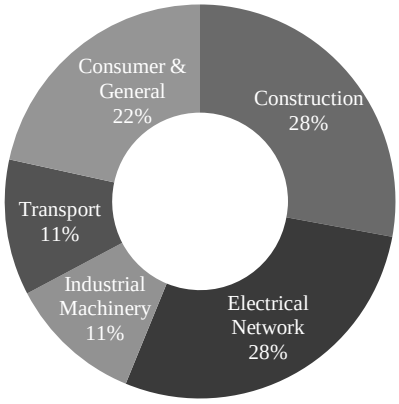
The table below shows annual copper consumption for 2012-2020.

Copper Consumption

(in 000 tons)	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
China	10,650	11,525	12,155	12,438	12,823	13,326	13,710	13,930	14,071
Rest of Asia *	5,163	5,218	5,333	5,359	5,453	5,622	5,593	5,525	5,100
Europe	4,835	4,850	4,977	5,071	5,134	5,255	5,365	5,146	4,933
LATAM	756	765	748	687	574	515	589	584	494
Africa	294	272	278	277	266	261	269	246	222
North America	2,635	2,673	2,679	2,687	2,716	2,740	2,811	2,864	2,688
Others	1,608	1,616	1,604	1,418	1,444	1,457	1,457	1,478	1,409
Total Consumption	**25,941**	**26,918**	**27,774**	**27,938**	**28,411**	**29,177**	**29,794**	**29,773**	**28,918**
Refined Consumption	**19,580**	**20,705**	**21,586**	**21,912**	**22,589**	**23,091**	**23,662**	**23,678**	**23,511**

Source: Wood Mackenzie
* Excludes Middle East

The chart below illustrates the breakdown of tin consumption by product in 2020.



Total: 28,918kt

Source: Wood Mackenzie

Copper Supply

Latin America accounted for 40.8% of total copper mining during 2020. China accounted for 41.3% of global copper smelter production during 2020. Despite temporary supply disruptions in copper production during 2020 due to COVID-19, particularly in Peru, total production in 2020 remained at similar levels than in the prior two years. While the new price environment could encourage new projects, supply additions are set to be limited, at least in the short-to-medium term. There is no large project in pipeline close to production, and besides a few exceptions, most already built projects are close to fully ramp up.

The table below shows annual copper mining production for 2012-2020.

Copper Mine Production

(in 000 tons)	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
China	1,436	1,501	1,590	1,548	1,491	1,531	1,613	1,690	1,767
Rest of Asia *	824	1,054	1,005	1,269	1,459	1,348	1,425	1,109	1,148
Europe	978	1,017	1,010	1,034	1,076	1,092	1,050	1,008	1,084
LATAM	7,132	7,595	7,593	7,907	8,357	8,382	8,673	8,826	8,531
Africa	1,529	1,906	2,094	2,103	2,049	2,116	2,393	2,438	2,594
North America	2,233	2,384	2,610	2,732	2,935	2,653	2,539	2,639	2,584
Others	2,523	2,576	2,585	2,639	2,850	2,977	3,143	3,230	3,183
Total Production	16,655	18,033	18,487	19,232	20,218	20,098	20,836	20,939	20,892

Source: Wood Mackenzie
* Excludes Middle East

The table below shows annual copper smelter production for 2012-2020.

Copper Smelter Production

(in 000 tons)	2012	2013	2014	2015	2016	2017	2018	2019	2020
China	4,677	5,209	5,809	5,922	6,844	7,311	7,665	8,243	8,347
Rest of Asia *	3,090	3,036	3,229	3,231	3,388	3,455	3,162	2,918	2,973
Europe	2,502	2,402	2,531	2,548	2,440	2,583	2,561	2,498	2,597
LATAM	1,770	1,927	1,919	1,888	1,905	1,724	1,667	1,461	1,717
Africa	806	917	973	1,023	996	1,132	1,404	1,394	1,547
North America	974	970	1,004	1,009	1,083	981	1,070	975	781
Others	1,778	1,768	1,717	1,830	1,891	1,875	2,024	2,170	2,224
Total Production	15,596	16,228	17,181	17,452	18,546	19,061	19,554	19,659	20,186

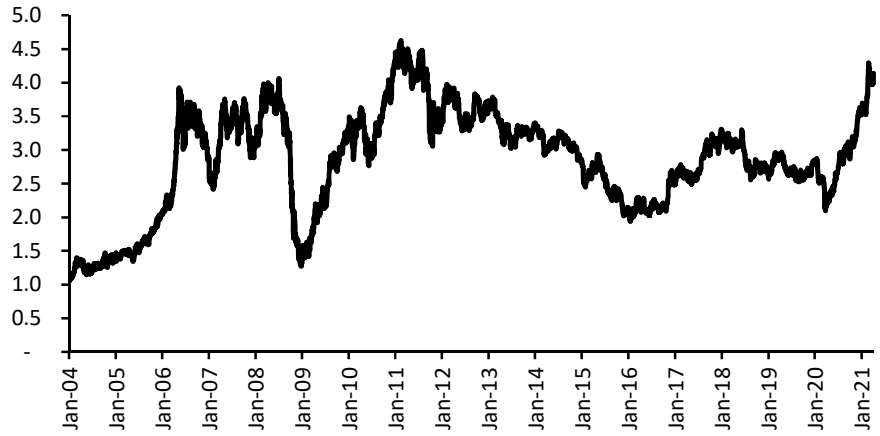
Source: Wood Mackenzie
* Excludes Middle East

Copper Pricing Trends

With notable progress made on vaccination roll-outs across the world, pandemic-related concerns have started to wane, while manufacturing activity has also been strongly underpinned by large stimulus packages, supporting copper demand. In the context of the COVID-19 pandemic, copper demand in China, which is the largest copper market in the world, rebounded impressively in 2020. While demand has slowed down in 2021, mainly driven by slowdowns in the property and auto sectors in China, medium to long term fundamentals remain strong, supported by energy transition and electrification across the global economy. There has also been an increased focus on a green recovery with several governments outlining their stimulus packages with support measures aimed at reducing carbon emissions. This focus may generate increased demand in the production of solar panels, in which copper is an input. This would further underpin copper's medium and long-term demand and prices prospects.

On the supply side, growth is expected to be limited, mainly driven by already ramped up recently built mines and lack of additional projects of scale in the copper producers' investment pipeline. In addition, global copper inventories are low, which is supportive of prices.

Historical Copper Prices, 2004-January 2021 (in US$/lbs)



Source: Factset

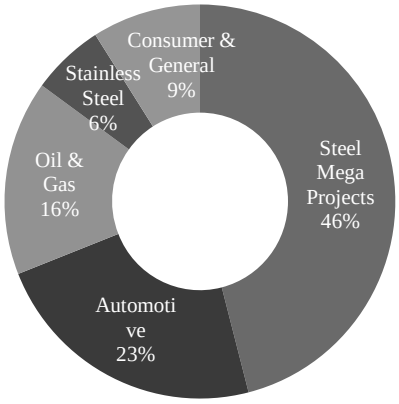
Niobium Industry

Niobium is a light grey metal with high ductility which hardness increases as impurity content rises. Niobium is mostly used in alloys, and one of its most important applications is in special steels, such as natural gas pipelines. Although these alloys contain no more than 0.1% of niobium, such a small portion of niobium enhances the strength of steel.

Niobium is a critical and strategic material essential to many defense and civilian applications (e.g. as an alloying element in high-strength and stainless steel, as a super-alloy for aerospace and land-based power generation, and in superconductors). Its vital role in industry allows niobium to exhibit demand inelasticity, i.e. demand tends to remain stable even as prices rise.

During the past few years the niobium market is witnessing a growing usage in the automotive industry as lightweight materials and designs are key to enhance fuel economy in ICEs (Internal Combustion Engines) as well as in EVs (Electric Vehicles).

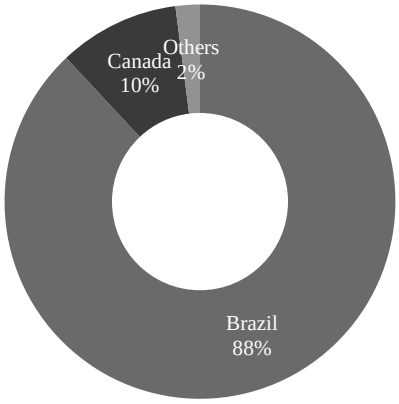
The chart below illustrates the ferroniobium's use in the global market in 2017.



Source: Niocorp

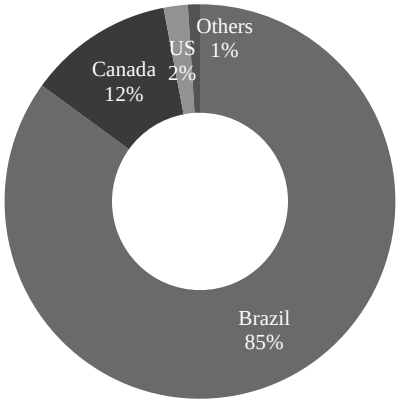
The global niobium reserve is around 13,000 metric tons with and 85% in Brazil followed by 12% in Canada. Meanwhile, Brazil is also the largest producer of niobium and iron-niobium alloys in the world (accounts for ~88% of global production).

The chart below illustrates the niobium global production breakdown for 2019.



Source: USGS, HSBC

The chart below illustrates the niobium global reserve breakdown for 2019.



Source: USGS, HSBC

Tantalum Industry

Overview

Tantalum is a hard blue-grey metallic element. It is a rare element used in the electronics industry for capacitors and semiconductors which find their way into many electronic devices, mobile phones and computers just to name a few.

Over half of tantalum consumed annually is used by the electronics industry as powder and wire for capacitors. Tantalum capacitors have an extremely high proportion of capacitance to volume and, as such, are well-suited to accommodate demand shrinking electronic devices. Due to technology improvements typical capacitor has gone from one anode to multiple anodes in the same package increasing demand. The element is also a critical

component for use in the manufacture of semiconductors where a process called physical vapor deposition allows tantalum to be spluttered onto the semiconductor substrates.

Tantalum is also used in engine turbine blades and chemical processing equipment due to the metal's high melting point and corrosion resistance. Other applications include ballistics, surgical implants and closures, cemented carbides for cutting tools along with the powder being used in optical applications.

Tantalum Supply and Demand

The major suppliers in recent years have been Central Africa (mainly the DRC and Rwanda with a high proportion of artisanal production) and Brazil (from AMG's Mibra and Mineração Taboca's Pitinga mines). However, production of by-product tantalum from new lithium operations in Australia has taken increasing market share, mainly from African supply. Ramp up of the lithium mines had been spurred by bourgeoning demand in the lithium-ion battery sector, for use in EVs and energy storage, but a downturn in China's EV sector in 2019, followed by the shock of COVID-19 in 2020, has forced most of the Australian producers to suspend mining, with some continuing to produce from stocks.

Tantalum is predominantly found in central Africa where its mining has courted controversy as it has been deemed to have helped finance conflict in the Democratic Republic of Congo (DRC). In 2012, the US Securities and Exchange Commission adopted a rule mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act to require companies reporting to the SEC to publicly disclose the origins of the tantalum they buy in order to restrict the use of conflict minerals that originated in the DRC and adjoining countries. This reporting method is through a rating carried out by ITSCI or a similar global conflict free system. Most of the African countries are either rated level III or level II, three being the highest risk with two being any country attached to those level III countries. As a result, users of tantalum are encouraged to demonstrate that their supply chain is transparent to ensure that conflict-free tantalum is procured.

Tantalite concentrate producers sell their product to concentrate refiners where the dominant players are Kemet, GAM, HC Stark and Ningxia. Processed tantalum metal is sold to capacitor manufacturers such as Kemet, AVX and Vishay.

Multiple global circuit board manufacturers assemble the capacitors for inclusion into electronic goods or for original equipment manufacturers (OEMs) such as NEC, Apple, Sony, Research in Motion, Panasonic, Cisco, Hewlett-Packard and IBM.

The table below illustrates the mining production of tantalum.

	Mine Production (tones)					
Country	**2015A**	**2016A**	**2017A**	**2018A**	**2019E**	**Reserves**
Congo (Kinshasa)	350	370	760	740	740	n.a.
Rwanda	410	350	441	500	370	n.a.
Nigeria	n.a.	192	153	200	210	n.a.
China	60	94	110	90	100	n.a.
Brazil	115	103	110	250	250	34,000
Australia	n.a.	n.a.	83	23	20	55,000*
Ethiopia	n.a.	63	65	70	40	n.a.
US	-	-	-	-	-	n.a.**
Other	165	48	88	17	70	n.a.
World total	**1,100**	**1,220**	**1,810**	**1,890**	**1,800**	**>90,000**

Source: Align Research
* JORC compliant reserves of 14,000 metric tons.
** The US has about 55,000 tons of tantalum resources in identified deposits, most of which were considered uneconomic at 2019 prices.

BUSINESS

Overview

We are a leading Peruvian mining company and one of the world's largest integrated producers of tin. With more than 43 years of operating experience, we are the largest producer of tin in the Western Hemisphere, and the third largest globally, producing approximately 7% of the world's supply in 2020, according to the ITA. We currently produce refined tin in Peru and Brazil, gold in Peru and ferroniobium and tantalum alloys in Brazil. We completed the construction of our Mina Justa project in Peru and began commercial production of copper in August 2021. Mina Justa is a large open pit copper mine which has been developed by Marcobre, in which we own a 60% interest, with the remaining 40% owned by Alxar International SpA, an affiliate of the Chilean conglomerate Empresas Copec S.A.

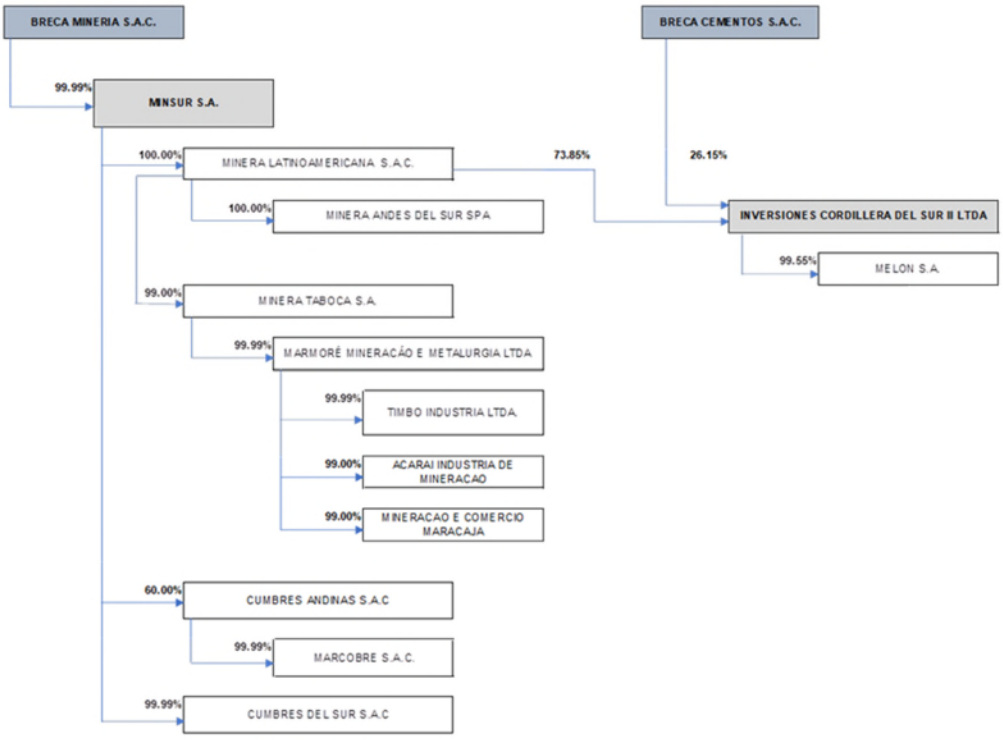
We believe Mina Justa will be a transformational development for our company, significantly expanding and diversifying our mineral production and revenue sources. We have also expanded the mining life and capacity of our flagship San Rafael tin mine, including by adding our new B2 tailings reprocessing facility. As a result of these significant development initiatives, we believe we are well positioned in two global commodities which play an indispensable role in modern technologies: tin and copper. We also believe that this transformational development in our company is taking place at a favorable time in the commodities cycle, as the global economy recovers from the COVID-19 pandemic.

For 2020, on a consolidated basis, we had net sales of US$649.2 million, net loss of US$2.3 million (largely related to non-cash impacts of currency devaluations in our Brazilian subsidiary) and Adjusted EBITDA of US$267.5 million, with an Adjusted EBITDA margin of 41%. For the six months ended June 30, 2021, we had net sales of US$476.2 million, net income of US$132.9 million and Adjusted EBITDA of US$258.3 million, with an Adjusted EBITDA margin of 54%. As of June 30, 2021, we had US$1,614.1 million of consolidated financial debt (including all of the debt of Marcobre in an amount of US$939.4 million) and US$1,365.7 million of consolidated net financial debt, which represents a net leverage ratio (i.e., net debt to last twelve months Adjusted EBITDA) of 3.2x. We expect the contribution to our Adjusted EBITDA of Mina Justa, which began commercial operations in August 2021, will enable us to rapidly lower our consolidated leverage.

Our company is owned by Breca Mineria S.A.C., part of the Breca economic group, which owns 68.8% of our total stock and 100.0% of our voting common shares. The group currently has significant investments in ten large business segments across three Latin American countries, including, in addition to our company: a 50/50 joint venture in Holding Continental S.A., which owns 92.08% of BBVA Perú S.A., Peru's second largest commercial bank in terms of deposits and loans, according to the SBS; a majority stake in Rimac Seguros y Reaseguros S.A., one of the country's leading insurance companies, with a market share of approximately 30% in 2020, according to the SBS; and all the capital stock of Tecnológica de Alimentos S.A., one of the world's largest fishmeal producers.

Organizational Structure

The following is an organizational chart of our significant subsidiaries:



Minsur, the issuer of the notes, is an operating company that principally owns and operates tin and gold mines in Peru.

Minera Latinoamericana S.A.C., a company organized under the laws of Peru, is the holding company for our interests outside of Peru. These interests include: Mineração Taboca S.A. ("Taboca"), a company organized under the laws of Brazil, which owns and operates the Pitinga mine and the Pirapora smelter and refining plant in Brazil; Minera Andes del Sur SpA, a company organized under the laws of Chile, through which we manage the exploration of our concessions in Chile; and Inversiones Cordillera del Sur Ltda. ("Cordillera"), a company organized under the laws of Chile, which indirectly owns Melón, a cement producer in Chile. Pursuant to a shareholders' agreement entered into between Minera Latinoamericana S.A.C. and Breca Cementos S.A.C. in 2015, the latter has since directed all relevant activities of Melón. As a result, since that date we have ceased to consolidate Melón in our financial statements and instead reflect the results of Melón under the line item "Profit (loss) from investment in associates, net". See "Presentation of Financial and Other Information."

Cumbres Andinas S.A.C. ("Cumbres Andinas"), a company organized under the laws of Peru, is the holding company for our interest in Marcobre, a company organized under the laws of Peru, which owns the rights to develop and operate the Mina Justa copper mine in Peru. In 2018, we sold a 40% interest in Cumbres Andinas to Alxar International SpA, an affiliate of the Chilean conglomerate Empresas Copec S.A.

Cumbres del Sur S.A.C., a company organized under the laws of Peru, engages in the exploration of mining areas and, in general, any other activities directly or indirectly related to the mining activity, mainly concentrated in the Marta project, which is a polymetallic mine in the Huancavelica region in Peru currently in the conceptual evaluation stage.

History

Our predecessor was established in 1966 as Minsur Sociedad Limitada, a subsidiary of Minsur Partnership, a company based in the Bahamas owned by W.R. Grace and the Limbany Syndicate. In 1977, we were acquired by the Breca group and continued operations at the San Rafael mine, with copper as the main product extracted from the mine. By 1992, the mine's sole focus had become the extraction of tin. In 1997, we constructed the smelter and

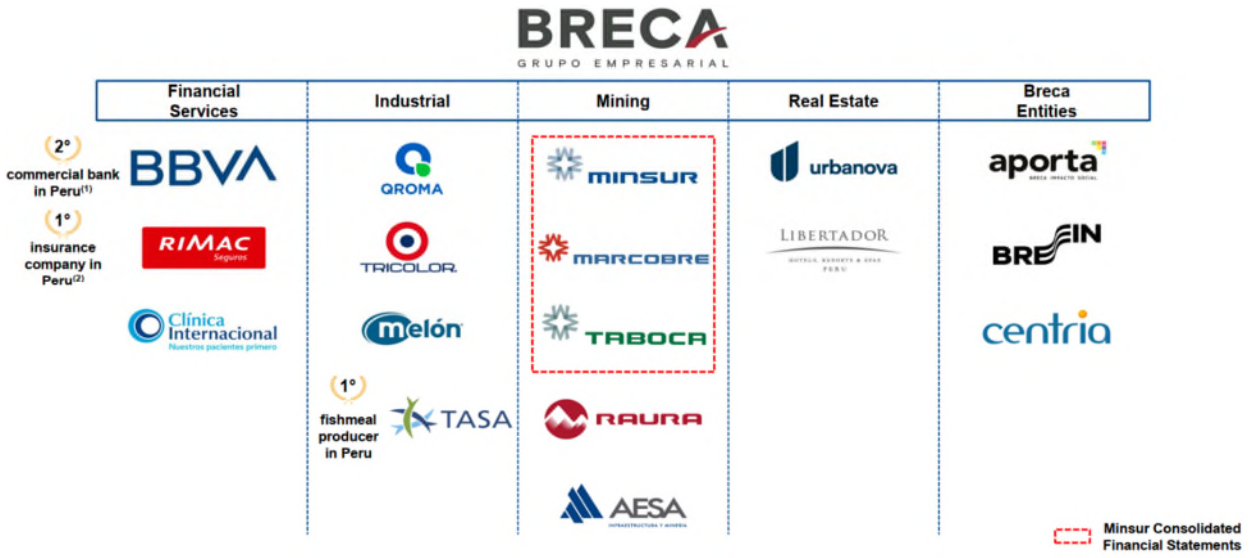
refining plant in Pisco for the processing of concentrates sourced from our mine at San Rafael into refined tin, and by 2003 the Pisco plant had acquired the capability of processing the totality of the ore mined at San Rafael. In 2008, we acquired Taboca in Brazil from Paranapanema S.A. In 2009, we acquired Melón in Chile from Lafarge Chilean Holding B.V. In 2012, we acquired 70% of Marcobre, which owns the rights to construct, develop and operate the Mina Justa copper mine, from Hong Kong-based CST Mining. In 2013, our gold mine in Pucamarca in Peru began production. In 2016, we acquired the remaining 30% interest in Marcobre and, two years later, in 2018, we sold a 40% interest in Cumbres Andinas, the holding company of Marcobre, to Alxar International SpA, a subsidiary of the Chilean conglomerate Empresas Copec S.A.

Our non-voting investment shares have been listed on the Lima Stock Exchange since 1990.

The Breca Group

The Breca group is managed by its management committee on behalf of the board of directors and focuses on operational excellence with a thorough and conservative investment approach. The group has executed investments in a wide variety of sectors and industries in addition to mining, including financial services, fishing, real estate, paint, construction and tourism. Its investments include a joint venture in Holding Continental S.A. which owns a majority of BBVA Perú S.A., Peru's second largest commercial bank; a majority stake in Rimac Seguros y Reaseguros S.A., the country's largest insurance company, and all the capital stock of Tecnológica de Alimentos S.A., one of the world's largest fishmeal producers. As of June 30, 2021, the Breca group had significant investments in ten large business segments across three Latin American countries, including two companies with international credit ratings, including BBVA Perú S.A., which has a credit rating of BBB+ or equivalent from Standard & Poor's, Moody's Investors Service and Fitch Ratings, and Rimac Seguros y Reaseguros S.A., which has a credit rating of Baa2 by Moody's Investors Service and BBB by Fitch Ratings.

The chart below illustrates the Breca group's investments in different industries.



Mining Concessions

We have approximately 256,614 hectares of mining concessions, of which: (i) 50,106 hectares, or approximately 20%, are currently being exploited, (ii) 45,290 hectares, or approximately 18%, are currently being explored, and (iii) 161,216 hectares, or approximately 63%, are not currently being explored. In Peru, the term of each of our concessions is indefinite provided that we pay the annual concession fee and satisfy minimum annual production levels or pay a penalty fee if we fail to meet such production levels. Failure to timely pay such fees for two consecutive years would cause us to forfeit our concession titles. The annual validity fee (*derecho de vigencia*) must be paid from the date on which the relevant mining concession is requested. The minimum annual production levels need to be achieved no later than the end of the sixth year from the date of grant. In Brazil, the term of our

concessions is indefinite, provided exploitation of the deposits is conducted in accordance with the plan for the economic development of the deposit (which must be approved by the Brazilian Mines Department) until the deposit is exhausted. The mining concession holder must, among other requirements, prepare an annual report, not suspend mining activities for longer than six consecutive months without prior approval of the Brazilian Mines Department and also comply with certain related environmental obligations. If we do not comply with these requirements, we run the risk of losing these concessions.

As of the date of this offering memorandum, we have paid all applicable fees for our operating concessions. The concessions that are currently being explored may be the subject of a penalty fee unless we meet the minimum investment legal requirements for each property. See "Regulatory Framework."

Reserves and Resources

Methodology

Our reserve and resource information included in this offering memorandum have been estimated following the intent of the definitions and guidelines established by the Joint Ore Reserves Committee of Australia ("JORC") Code of 2012.

This information has been prepared by our internal team of engineers under the supervision of our Corporate Geological Manager in Peru and of Julian Micsecwiz, our former Corporate Geological Manager and currently an independent consultant and industry expert, acting as Competent Person. In accordance with the JORC Code of 2012, a "Competent Person" is a minerals industry professional who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a "Recognised Professional Organisation" (ROPO), and must have a minimum of five years relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking; if the Competent Person is estimating or supervising the estimation of mineral resources, the relevant experience must be in the estimation, assessment and evaluation of mineral resources. The reserve and resource information for 2019 included in this offering memorandum has not been subject to audit by independent external experts. The reserve and resource information for 2018 and 2020 included in this offering memorandum, other than the reserve and resource information relating to our Mina Marta and Nazareth projects, has been subject to audit by Stantec Perú S.A., independent external experts. Resources refer to a concentration or occurrence of material of intrinsic economic value in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a resource are known or estimated from specific geological evidence, sampling and knowledge interpreted from an appropriately constrained and portrayed geological model. Resources are categorized and reported in order of increasing confidence in respect of geoscientific evidence into inferred, indicated and measured categories. Resources covers in-situ mineralization as well as dumps or tailings that have been identified and estimated through exploration assessment and sampling within which reserves may be derived by the application of modifying factors.

An inferred resource is that part of the total resources for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability. An inferred resource has a lower level of confidence than that applied to an indicated resource.

An indicated resource is that part of the total resources for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A measured resource is that part of the total resources for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations

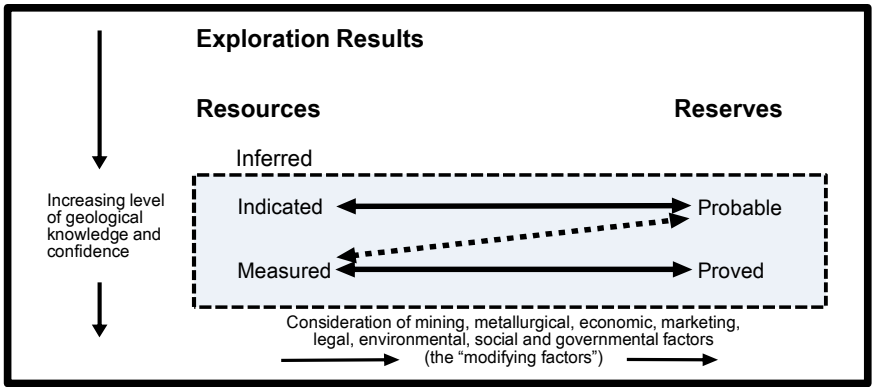
such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

A probable reserve is the economically mineable part of an indicated, and in some circumstances, a measured resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction can be realistically justified.

A proved reserve is the economically mineable part of a measured resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction can be reasonably justified.

See "Risk Factors—Risks Relating to Our Mining Business—Our estimates of reserves and resources may be inaccurate and materially different from material quantities actually recovered."

The following graph shows the classification of resources and reserves as defined by the JORC Code of 2012.



San Rafael Mine and Pitinga Mine

We have two tin mines which produce tin concentrate: San Rafael mine in Peru; and Pitinga mine in Brazil. Our San Rafael underground mine is renowned as the world's largest tin mine, in terms of tin concentrate production, while our Pitinga open pit mine, although lower grade, ranks as the world's largest tin deposit in terms of contained tin resources, in each case as of 2020 according to the ITA. In addition to tin production, our Pitinga mine produces niobium and tantalum.

As of December 31, 2020, San Rafael had (i) proved and probable reserves of 131,500 metric tons of contained tin, at an average ore grade of 2.14%, and (ii) measured and indicated resources of 193,500 metric tons of contained tin, at an average ore grade of 2.37%, and inferred resources of 74,500 metric tons of contained tin, at an average ore grade of 2.57%. San Rafael currently has an average mine life of approximately 8 years, comprised of approximately 67% of proved and probable reserves and approximately 33% of inferred resources, based on a mill throughput of 2,950 metric tons of mineral per day. In addition, as of December 31, 2020, we also had in our B2 tailings deposits located at San Rafael (i) proved and probable reserves of 72,400 metric tons of contained tin, at an average ore grade of 1.07%, and (ii) measured and indicated resources of 74,900 metric tons of contained tin, at an average ore grade of 1.07%, and inferred resources of 1,300 metric tons of contained tin, at an average ore grade of 1.32%. Our B2 tailings deposits currently have an average life cycle of approximately 8 years, comprised of proved and probable reserves, based on an installed capacity of 2,500 metric tons of mineral per day. As of December 31, 2020, Pitinga had (i) proved and probable reserves of 321,900 metric tons of contained tin, at an average ore grade of 0.15%, and (ii) measured and indicated resources of 419,400 metric tons of contained tin, at an average ore grade

of 0.13%, and inferred resources of 166,300 metric tons of contained tin, at an average ore grade of 0.09%. Pitinga currently has an average mine life of approximately 30 years, comprised of approximately 83% of proved and probable reserves and approximately 17% of inferred resources, based on a mill throughput of 21,000 metric tons of mineral per day.

The following table shows our tin reserves as of December 31, 2020.

Mining Unit	Class	Mineral Ore	Ore Grade %Sn	Mineral Content Sn
		(in thousands of metric tons)		(in thousands of metric tons)
San Rafael Mine	Proved	3,288.7	2.37	77.1
	Probable	2,855.6	1.92	54.4
	Total	6,144.3	2.14	131.5
San Rafael B2 Tailings Deposits	Proved	3,846.4	1.10	42.4
	Probable	2,890.1	1.04	30.0
	Total	6,736.5	1.07	72.4
Pitinga Mine	Proved	95,300.0	0.168	160.2
	Probable	115,700.0	0.14	161.7
	Total	211,000.0	0.153	321.9

The tin price applied to our reserve estimates as of December 31, 2020 was US$18,000 per metric ton. As of June 30, 2021, the price of tin as reported on the London Metal Exchange, was US$33,460 per metric ton.

The following table shows our tin, niobium and tantalum resources as of December 31, 2020.

Mining Unit	Class	Mineral Ore	Ore Grade			Mineral Content		
			%Sn	%Nb	%Ta	Sn	Nb	Ta
		(in thousands of metric tons)				(in thousands of metric tons)		
San Rafael Mine	Measured	4,331.6	2.690	–	–	116.4	–	–
	Indicated	3,840.5	2.010	–	–	77.1	–	–
	Total Measured + Indicated	8,172.1	2.368	–	–	193.5	–	–
	Inferred	2,895.2	2.570	–	–	74.5	–	–
San Rafael B2 Tailings Deposits	Measured	3,903.5	1.099	–	–	42.9	–	–
	Indicated	3,110.8	1.028	–	–	32.0	–	–
	Total Measured + Indicated	7,014.3	1.068	–	–	74.9	–	–
	Inferred	97.3	1.325	–	–	1.3	–	–
Pitinga Mine	Measured	107,900.0	0.158	0.208	0.027	170.5	224.4	29.1
	Indicated	222,200.0	0.112	0.198	0.027	248.9	440.0	60.0
	Total Measured + Indicated	330,100.0	0.127	0.201	0.027	419.4	664.4	89.1
	Inferred	177,000.0	0.094	0.192	0.026	166.3	339.7	46.0
Total	Measured	116,135.1	0.256	–	–	329.8	–	–
	Indicated	229,151.3	0.144	–	–	358.0	–	–
	Total Measured + Indicated	345,286.4	0.199	–	–	687.8	–	–
	Inferred	179,992.5	0.134	–	–	242.1	–	–

The following table summarizes our total tin metal contained in resources as of the dates indicated.

Tin Content		As of December 31, [1]		
Mining Unit	Class	2018	2019	2020
		(in thousands of metric tons)		
San Rafael Mine	Measured	121.8	118.8	116.4
	Indicated	76.1	80.4	77.1
	Total Measured + Indicated	197.9	199.2	193.5
	Inferred	50.0	74.1	74.5
San Rafael B2 Processing Plant	Measured	42.8	43.5	42.9
	Indicated	37.1	35.4	32.0
	Total Measured + Indicated	79.9	78.9	74.9

Tin Content		As of December 31, [1]		
Mining Unit	**Class**	**2018**	**2019**	**2020**
		(in thousands of metric tons)		
	Inferred	1.3	1.3	1.3
Pitinga Mine	Measured	155.0	173.0	170.5
	Indicated	228.0	203.0	249.9
	Total Measured + Indicated	383.0	376.0	420.4
	Inferred	110.0	91.0	166.3
Total	Measured	319.6	335.3	329.8
	Indicated	341.2	318.8	359.0
	Total Measured + Indicated	660.8	654.1	688.8
	Inferred	161.3	166.4	242.1

(1) Information for 2019 has not been subject to audit by independent experts.

Pucamarca Mine

We have one gold mine, Pucamarca, in Peru, where we commenced production in 2013. As of December 31, 2020, Pucamarca had (i) proved and probable reserves of 356,800 ounces of gold, at an average ore grade of 0.39 grams per metric ton of mineral, and (ii) measured and indicated resources of 559,100 ounces of gold, at an average ore grade of 0.32 grams per metric ton of mineral, and inferred resources of 29,700 ounces of gold, at an average ore grade of 0.27 grams per metric ton of mineral. Pucamarca currently has an average mine life of approximately 6 years, comprised of approximately 92% of proved and probable reserves and approximately 7% of inferred resources, based on a crusher throughput of 21,000 metric tons of mineral per day.

The following table shows our gold reserves as of December 31, 2020.

Mining Unit	**Class**	**Mineral Ore**	**Ore Grade**	**Gold Content**
		(in millions of metric tons)	**g/t Au**	**(in thousands of ounces)**
Pucamarca Mine	Proved	20.9	0.38	253.4
	Probable	7.9	0.41	103.4
	Total	28.8	0.39	356.8

The gold price applied to our reserve estimates as of December 31, 2020 was US$1,600 per ounce. As of June 30, 2021, the price of gold, as reported on the London Bullion Market, was US$1,770 per ounce.

The following table shows our gold resources as of December 31, 2020.

Mining Unit	**Class**	**Mineral Ore**	**Ore Grade**	**Gold Content**
		(in millions of metric tons)	**g/t Au**	**(in thousands of ounces)**
Pucamarca Mine	Measured	34.2	0.32	354.7
	Indicated	19.7	0.32	204.4
	Total Measured + Indicated	53.9	0.32	559.1
	Inferred	4.0	0.23	29.7

Mina Justa Mine

As of the date of this offering memorandum, construction at our Mina Justa copper mine in Peru is completed. We began commercial operations in August 2021. In the process of ramp up and commencing our commercial operations, certain deformations and leaking cracks on vats' walls of the oxide plant were detected. As a preventive measure, the load of oxide ore in the vats has been reduced, impacting the oxide plant capacity. As of the date of this offering memorandum, all leaking cracks have been repaired and we are fixing the deformation, which we expect to complete by the second quarter of 2022. Our technical consultants have validated that this is not a structural issue and we do not expect that this delay in ramp-up will affect Marcobre's ability to comply with its obligations nor that this will have a material adverse effect on Mina Justa's projected operations. For more

information, see "Risk Factors—Risks Relating to Our Mining Business—Our Mina Justa project has limited operating history, which makes our future performance difficult to predict."

As of December 31, 2020, Mina Justa had (i) proved and probable reserves of 4,110 million pounds of copper, at an average ore grade of 0.70% per pound and (ii) measured and indicated resources of 6,421 million pounds of copper, at an average ore grade of 0.68% per pound, and inferred resources of 871 million pounds of copper, at an average ore grade of 0.78% per pound, supporting an average mine life of approximately 16 years, from which 100% is based on proved and probable reserves, based on a mine throughput of approximately 33,000 metric tons of copper oxides and 16,000 metric tons of copper sulphides per day. The following table shows our copper reserves as of December 31, 2020.

Mining Unit	Class	Mineral Ore	Ore Grade	Copper Content
		(in millions metric tons)	%Cu	(in metric pounds)
Mina Justa Mine	Proved	213	0.74	3,480
	Probable	55	0.52	630
	Total	**268**	**0.70**	**4,110**

The copper price applied to our reserve estimates as of December 31, 2020 was US$3.07 per pound. As of June 30, 2021, the price of copper, as reported on the London Bullion Market, was US$4.26 per pound.

The following table shows Mina Justa's total copper resources as of December 31, 2020.

Mining Unit	Class	Mineral Ore	Ore Grade	Copper Content
		(in millions metric tons)	%Cu	(in metric pounds)
Mina Justa Oxides	Measured	175	0.49	1,868
	Indicated	65	0.43	614
	Total Measured + Indicated	240	0.47	2,483
	Inferred	4	0.38	33
Mina Justa Sulphides	Measured	92	1.07	2,168
	Indicated	86	0.76	1,437
	Total Measured + Indicated	178	0.92	3,605
	Inferred	39	0.68	577
Mina Justa Underground	Measured	7	1.52	247
	Indicated	3	1.24	87
	Total Measured + Indicated	11	1.43	333
	Inferred	8	1.48	261
Total	Measured	274	0.71	4,283
	Indicated	155	0.63	2,138
	Total Measured + Indicated	428	0.68	6,421
	Inferred	50	0.78	871

Nazareth Tin Project

The Nazareth tin project located in the Puno region in Peru is currently in the conceptual study stage. During 2020, a resource estimate was completed under JORC 2012 standards. At the conclusion of our drilling campaigns, we were able to reassess 51% of inferred resources as measured and indicated resources. See below "—Expansion Plans—Nazareth Tin Project."

The following table shows Nazareth's total tin resources as of December 31, 2020.

Mining Unit	Class	Mineral Ore[(1)]	Ore Grade[(1)]	Mineral Content[(1)]
		(in thousand metric tons)	%Sn	Sn (in thousand metric tons)
Nazareth	Measured	90	0.94%	1.0
	Indicated	7,010	1.16%	82.0
	Total Measured + Indicated	7,100	1.16%	83.0
	Inferred	6,660	1.24%	83.0

(1) Information not subject to audit by independent experts.

Marta Copper and Gold Project

The Marta copper and gold project located in the Huancavelica region is currently in the conceptual study stage. During 2020, a resource estimate was completed under JORC 2012 standards. At the conclusion of our drilling campaigns, we were able to reassess 93% of inferred resources as measured and indicated resources. See below "—Expansion Plans—Marta Copper and Gold Project."

The following table shows Marta's total copper and gold resources as of December 31, 2020.

Mining Unit	Class	Mineral Ore[(1)]	Contained Metal[(1)]		
		(in millions of metric tons)	Cu Mlb	Au Oz.	Mo Mlb
Marta	Measured	86	633	330	29
	Indicated	75	480	233	25
	Total Measured + Indicated	161	1113	563	54
	Inferred	11	74	39	3

(1) Information not subject to audit by independent external experts.

Operations

Our current operations consist of three mines currently engaged in production: our flagship San Rafael tin mine in Peru, our Pitinga tin mine in Brazil and our Pucamarca gold mine in Peru. In addition, our Pisco smelter and refining plant in Peru and our Pirapora smelter and refining plant in Brazil process into refined tin the concentrates produced by the San Rafael and Pitinga mines, respectively. As of the date of this offering memorandum, we recently finalized the development of our Mina Justa project and we began commercial operations in August 2021. The following map illustrates the locations of these operations, which are further described below.

The following table summarizes the aggregate production levels for our mines for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2018	2019	2020	2021
Metal Produced				
Tin (in metric tons)				
Peru	18,339	19,675	19,592	11,659
Brazil	6,498	6,009	5,480	2,969

	Year ended December 31,			Six months ended June 30,
	2018	2019	2020	2021
Gold (ounces)	103,299	101,799	80,215	33,103
Ferroniobium and Tantalum Alloy (metric tons)	3,982	3,904	3,484	2,059

Mines

San Rafael, Peru

Our flagship San Rafael mining unit is located at an altitude of approximately 4,600 meters above sea level in the district of Antauta, Melgar province, department of Puno, Peru, in the eastern range of the Andes. It is the world's largest tin mine in terms of tin concentrate production, based on 2020 production, according to the ITA, with an average grade ore deposit of approximately 2.4% and producing approximately 7% of the world's mined supply of tin. Based on our analysis of data published by the ITA, San Rafael is in the second quartile of the global cash cost curve. The unit is 100% owned by us. It is located approximately 300 kilometers from the town of Cusco and 750 kilometers from Lima and is accessible by road.

The unit consists of an underground mine, an on-site concentrate-processing plant and an on-site pre-concentration plant with ore sorting technology. The unit also includes a high-grade tailings reprocessing facility adjacent to the B2 high-grade tailings deposits, which began operations in the fourth quarter of 2019, with further ramping up of production during 2020, following a capital investment of approximately US$170 million. The main concentrate-processing plant has an installed capacity of 3,200 metric tons of mineral per day and a metallurgical recovery rate of approximately 93.0% and 94.4% in 2020 and for the six months ended June 30, 2021, respectively. Additionally, the B2 high-grade tailings reprocessing facility has an installed capacity of 2,500 metric tons of tailings per day and a recovery rate of approximately 60.0% in 2020 and for the six months ended June 30, 2021, respectively. The primary method we employ to extract the ore at San Rafael is known as "sublevel stopping" (also referred to as "blasthole" or "longhole" stopping), a method which involves excavating in large, open stopes that have been created inside an ore vein. Our two main methods for processing the concentrate are gravimetric concentration, which accounts for approximately 83% of our tin concentrate production, and the flotation method, accounting for approximately 17% in 2020 and for the six months ended June 30, 2021, respectively. In 2017, we began operating a new pre-concentration plant with ore sorting technology at San Rafael. By separating the sub-economic material before it enters more cost-intensive wet processing, ore sorting technology increases the feed grades and improves plant throughputs and recoveries. The system has also extended the mine life as it allowed us to mine low-grade ore which would have previously been excluded from the mine plan.

The totality of the tin concentrate produced at the mine and the B2 processing plant is then transported to and processed by the Pisco plant, as described below in "—Smelting and Refining Plants—Pisco Smelter and Refining Plant, Peru."

In 2020, we mined 972,152 metric tons of mineral from San Rafael and 644,553 metric tons of mineral from the B2 deposits and produced 20,648 metric tons of tin contained in 52,990 metric tons of concentrate. For the six months ended June 30, 2021, we mined 586,356 metric tons of mineral from San Rafael and 437,668 metric tons of mineral from the B2 deposits and produced 13,279 metric tons of tin contained in 32,872 metric tons of concentrate. The table below summarizes the San Rafael mine's and B2 plant's tin treated mineral, average ore grade and concentrate production for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2018	2019	2020	2021
Treated Mineral – San Rafael (metric tons)	1,871,288	1,981,097	972,152	586,356
Treated Mineral – B2 (metric tons)	–	171,489	644,553	437,668
Ore Grade – San Rafael (%Sn)	1.75	1.86	1.90	2.07
Ore Grade – B2 (%Sn)	–	0.77	0.82	0.85
Concentrate Production – San Rafael (metric tons)	48,407	52,347	42,289	25,112
Concentrate Production – B2 (metric tons)	–	1,875	10,701	7,760

Pitinga, Brazil

We own and operate the Pitinga mine in the Amazonas state in Brazil. This mine, which was founded in 1969, extracts tin ores as well as niobium and tantalum as secondary by-products. The mine is located approximately 300 kilometers from the city of Manaus, and is accessible by road. It ranks as the world's largest tin deposit in terms of contained tin resources as of December 31, 2020, according to the ITA. The production of tin and ferroniobium and tantalum alloy at the Pitinga mine is a combination of, primarily, ore extracted from the mine and, to a lesser extent, the treatment of tailings.

The mine is an open pit operation. After extraction, the ore from the mine goes through a gravimetric pre-concentration and subsequent flotation process, as a result of which tin concentrates and tailings rich in niobium and tantalum are produced. Tailings rich in niobium and tantalum go through a flotation and electro-static process to produce a concentrate called columbite, which is then processed by an on-site smelter installed for this purpose and from which we produce ferroniobium and tantalum alloy. With respect to our tin production, between 2017 and 2019 we carried out a debottlenecking process in our mills at Pitinga. This has allowed us to improve the capacity of the concentration plant and increased refined tin production from approximately 5,000 metric tons in 2014 to 6,148 metric tons in 2020. With respect to our alloys production, in 2017 we undertook an expansion of our flotation plant and our on-site smelter. These investments have allowed us to improve the quality of the alloys produced and increase our production from approximately 2,300 metric tons in 2014 to 3,484 metric tons in 2020. As of June 30, 2021, our refined tin production was 2,059 metric tons.

The totality of the tin concentrates produced at the Pitinga mine (called cassiterite) are transported for further processing at the Pirapora smelter and refining plant in the state of São Paulo, Brazil, as described below in "—Smelting and Refining Plants—Pirapora Smelter and Refining Plant."

In 2020, Pitinga mined 7,338,931 metric tons of mineral with an average grade ore deposit of approximately 0.20% in the case of tin and 0.26% in the case of niobium and tantalum, and we produced 6,148 metric tons of contained tin and 3,484 metric tons of niobium and tantalum. For the six months ended June 30, 2021, Pitinga mined 3,616,643 metric tons of mineral with an average grade ore deposit of 0.19% in the case of tin and 0.25% in the case of niobium and tantalum, and we produced 3,329 metric tons of contained tin and 2,059 metric tons of niobium and tantalum. The concentration plant has a throughput capacity of approximately 840 metric tons per hour.

We are currently in the process of evaluating an expansion project at this mine. See below "—Expansion Projects—Pitinga Project."

The table below summarizes this unit's treated mineral, ore grade and production for the years indicated.

	Year ended December 31,			Six months ended June 30,
	2018	2019	2020	2021
Treated Mineral (metric tons)	6,130,427	6,013,609	5,959,314	3,273,365
Ore Grade:				
Tin (%Sn)	0.20	0.20	0.20	0.19
Ferroniobium (%Nb) and Tantalum (%Ta) Alloy	0.27	0.25	0.26	0.25
Concentrate production (metric tons):				
Tin	14,301	13,658	13,131	7,108
Niobium and Tantalum [(1)]	10,430	10,004	9,345	5,078

(1) Columbite concentrate.

Pucamarca, Peru

Pucamarca is an open-pit gold mine which was fully developed and is operated by us as part of our strategy to diversify our mineral production. It is located at an altitude of approximately 4,400 meters above sea level in Palca province, department of Tacna, in Peru, close to Milestone 52 of the Peruvian-Chilean border in southern Peru, and is accessible by road.

As of December 31, 2020, we are able to extract minerals from this mine at a low stripping ratio of 0.4x. Once extracted, the mineral is deposited in a leach-pad where it is irrigated to obtain a solution with high gold content, which in turn is processed by an ADR plant to obtain doré bullion in ingots.

Following the start of its commercial operations in 2012, we increased the mine's extraction capacity to up to 25,000 metric tons per day. We have since lowered the mine's throughput, in line with life-of-mine plans and in order to mitigate the mine's natural depletion. The mine currently extracts 21,500 metric tons per day. We are currently evaluating production levels for the coming years. We expect to cease mining the pit in 2024, with continued production to the end of the expected mine life. Since the start of operations in 2013, the mine produced on average approximately 100,000 ounces of gold every year, representing a recovery rate of 72.81%. The table below summarizes this mining unit's processed ore, ore grade and production for the periods indicated. Below-average levels of production in 2020 are due to reduced productivity during the COVID-19 pandemic lockdowns and the mine's natural depletion.

	Year ended December 31,			Six months ended June 30,
	2018	2019	2020	2021
Processed Ore (metric tons)	8,168,163	8,220,833	7,572,278	3,831,119
Grade (g/t Au %)	0.57	0.59	0.48	0.52
Metal Produced (ounces)	103,538	101,799	80,215	33,103

Smelter and Refining Plants

The tin concentrates that we produce at our Peruvian and Brazilian mine operations are smelted in furnaces at a temperature of approximately 1,350°C. During the ore smelting stage, tin oxide is reduced to crude tin metal and a by-product called tin slag. Crude tin arising from the smelting operation is refined to remove impurities present. The tin slag is re-smelted to recover more tin and the resulting slag which has been stripped of tin is discarded. Refined tin metal is cast into ingots after it has undergone stringent quality assurance procedures to ensure that it meets specifications in accordance with international standards.

We use third parties to refine the gold extracted from our Pucamarca mine. See "—Transportation and Shipping—Peru" below.

Pisco Smelter and Refining Plant

The Pisco smelter and refining plant processes the concentrate from our San Rafael mine and converts it into refined tin. The plant was inaugurated in 1996, and by 2003 had acquired the capability of processing the totality of the ore mined at San Rafael. Since the fourth quarter of 2019, the plant has also processed concentrate produced by the B2 processing plant in San Miguel. The plant is located in Pisco in the department of Ica in Peru, approximately 1,200 kilometers from San Rafael and 300 kilometers from Lima, and has a smelting capacity of 65,000 metric tons of concentrate per year, making it the third largest tin plant in the world, according to the ITA. Pisco was the first plant in the world to use submerged lance technology (a cost effective and energy efficient smelting process) for tin concentrate smelting and we believe that it is one of most efficient tin plants in the world. It has a high recovery rate of 94.74% in 2020 and produces a raw metal of high purity, with approximately 99.95% pure tin. In 2020, we undertook improvements to our furnace facilities at Pisco, which has resulted in operational improvements and an increase in efficiency levels. We are currently optimizing feed levels in order to accommodate increased volumes of concentrate produced at San Rafael, as a result of the start of operations of our B2 reprocessing facility.

During 2020, the Pisco plant processed a total of 53,307 metric tons of tin concentrates with an average grade of 38.83% tin and a total of 188 metric tons of tin slag with an average grade of 1.11% tin. From these concentrates as well as slag, in 2020 we produced 19,592 metric tons of refined tin for sales. As of June 30, 2021, the Pisco plant processed a total of 30,106 metric tons of tin concentrates with an average grade of 40.2% tin and no tin slag. From these concentrates, for the six months ended June 30, 2021 we produced 11,659 metric tons of refined tin for sales. The following table summarizes the operations of the Pisco plant for the periods indicated. Below-average levels of production in 2020 are due to reduced productivity during the COVID-19 pandemic lockdowns.

	Year ended December 31,			Six months ended June 30,
	2018	2019	2020	2021
Smelter & Refining				
Processed concentrate (San Rafael Mine) (metric tons)	48,139	51,860	42,454	22,561
Average tin content (%)	38.38%	38.5%	41.17%	42.90%
Processed concentrate (San Rafael B2 Processing Plant) (metric tons)	—	968	10,853	7,545
Average tin content (%)	—	21.04%	29.67%	32.00%
Processed Slags (metric tons)	30,915	11,903	188	-
Average tin content (%)	1.30%	1.11%	1.11%	-
Refined metal produced (metric tons)	18,339	19,675	19,592	11,659
Recovery	97.15%	96.91%	94.76%	96.40%

Pirapora Smelter and Refining Plant

Our smelter and refining plant in Pirapora in the state of São Paulo, Brazil processes the concentrate from our Pitinga mine and converts it into refined tin. The Pirapora plant was established in 1991 and is located approximately 4,000 kilometers from the Pitinga mine in the state of Amazonas. For information regarding the transportation arrangements for our Brazilian operations, see "—Transportation and Shipping—Brazil" below. It has a smelting capacity of 16,000 metric tons of concentrate per year. The smelter uses a 5 megawatt electric furnace comprising three carbon paste electrodes for tin concentrate processing. Since 2016 and through 2020, we have invested in optimized treatment processes in the furnace through the supply of tin concentrate in sinter (agglomerated) form, which has allowed us to increase the plant's capacity to 16,000 metric tons per year between 2016 and 2020. Similarly, in 2017 we optimized the treatment of stockpiled tin slags, compensating lower grade ore deposits in the tin concentrate produced at Pitinga. The end product is a final refined tin product with approximately 99.97% pure tin, and is London Metal Exchange-registered, as described in more detail in "—Sales and Marketing" below.

During 2020, the Pirapora plant processed a total of 12,169 metric tons of tin concentrates from the Pitinga mine. From these concentrates, in 2020 we produced 5,480 metric tons of refined tin for sales. In the six months ended June 30, 2021, the Pirapora plant processed a total of 7,245 metric tons of tin concentrates from the Pitinga mine. From these concentrates, in the six months ended June 30, 2021, we produced 2,969 metric tons of refined tin for sales. The following table summarizes the operations of the Pirapora plant for the years indicated. Below-average levels of production in 2020 are due to reduced productivity during the COVID-19 pandemic lockdowns.

	Year ended December 31,			Six months ended June 30,
	2018	2019	2020	2021
Processed concentrate (metric tons)	14,214	13,808	13,405	7,070
Average tin content (%)	46.69%	46.22%	46.61%	46.40%
Refined metal produced (metric tons)	6,498	6,009	5,480	2,969

Mina Justa Copper Mine Project

We finalized the development of our Mina Justa project in Peru following a capital investment of approximately US$1.8 billion over 4 years, together with our joint venture partner. Mina Justa is a large copper mine located in San Juan de Marcona in the province of Nazca, region of Ica, 500 kilometers south of Lima. The mine is situated in a prime location for mining operations, given the area's developed infrastructure, its proximity to the Pan-American highway and the Peruvian ports of Pisco, Matarani and Callao, and the limited surrounding population. The mine is owned and operated by Marcobre, in which we own a 60% interest, with the remaining 40% owned by Alxar International SpA, an affiliate of the Chilean conglomerate Empresas Copec S.A. Construction of the mine was undertaken by Ausenco Perú S.A.C. We began commercial operations in Mina Justa in August 2021.

Mina Justa is an open pit copper mine made up of two types of resources: a surface layer of copper oxide and a massive and deep body of copper sulphides. Mining will be carried out at two open-pits involving drill-load-blast-haul operations. We may in the long term also undertake underground mining to access deep ore bodies. The ore from each of these resources will be processed separately to produce copper cathodes and concentrate. The ore processing infrastructure includes a 6 million metric ton per annum copper sulphide concentrator for treating

sulphide ore and a 12 million metric ton per annum vat leach solvent extraction and electro winning facility to treat oxide ore. As of December 31, 2020, Mina Justa had (i) proved and probable reserves of 4,110 million pounds of copper, at an average ore grade of 0.70% per pound, and (ii) measured and indicated resources of 6,421 million pounds of copper, at an average ore grade of 0.68% per pound, and inferred resources of 871 million pounds of copper, at an average ore grade of 0.78% per pound. Mina Justa is expected to have an average mine life of approximately 16 years, comprised of 100% of proved and probable reserves, based on an estimated mine throughput of approximately 33,000 metric tons of copper oxides and approximately 16,000 metric tons of copper sulphides per day. According to our estimates, which have been subject to an independent review carried out by external technical experts in 2018, total production is expected to be approximately 1,472,000 metric tons (equivalent to 3,245 million pounds) of copper, and cash cost is expected to average between US$1.35 and US$1.44 per pound, in each case during the projected life of the mine. We have entered into long-term agreements with private off-takers under which we have commitments to sell 70% of Mina Justa's annual expected copper concentrate production and 30% of Mina Justa's expected copper cathode production at Mina Justa over the next 10 years.

Tailings Dams

We own and operate two active tailings dams in Peru, one located in San Rafael, and one located in Mina Justa; and we own and operate four tailing dams in Brazil, located in Pitinga. We employ best practices for the design, construction, control, operation and closure of our dams. See below "—Health, Safety and Environmental Compliance."

Transportation and Shipping

Peru

After we extract the tin ore from our mine at San Rafael, the tin concentrate is transported daily by truck to the Pisco smelter and refining plant 1,200 kilometers away, where we smelt and refine the tin concentrates and produce refined tin. From Pisco, we transport our tin products by truck to the Callao port area 260 kilometers away in the Lima metropolitan area, from where we deliver to warehouses and our clients worldwide, primarily in the United States and Europe, by ship.

Gold production from our mine at Pucamarca in the form of doré bullion is transported by armored truck to the airport at Tacna, from where it is transported by airplane to Lima every month. From there, we send the doré by airplane to refineries in the United States, Canada or Switzerland. After the doré is melted and converted into gold, the final product is sold to our clients worldwide.

Our transportation arrangements in Peru are handled by third party companies, including the transport of doré refineries overseas.

Copper concentrates expected to be produced at Mina Justa will be transported by truck to the port at Matarani, 500 kilometers south in the Arequipa region, from where it will be sent to our clients worldwide, primarily in Germany and Korea. To prevent any transportation disruptions, we have secured alternative arrangements with exporters in the Callao port area, 500 kilometers north, in the Lima metropolitan area. Our expected copper cathodes production will be transported by truck to the port at Callao outside of Lima, from where we will send it to clients worldwide, primarily in Asia.

Brazil

After we extract ore from the Pitinga mine, we process it into concentrate and transport it in containers by truck four times per month to Manaus, which is approximately 350 kilometers away. From Manaus, we ship the concentrate to the Pirapora smelter and refining plant near São Paulo, where we turn it into refined tin. The refined tin destined for our clients located in the Brazilian market is then transported by truck, and the refined tin destined for our clients' located overseas is transported by ship. Our ferroniobium and tantalum alloy is shipped from Manaus

to the Puerto de Santos near São Paulo, from where we primarily ship it to our clients overseas. Our transportation arrangements for our operations in Brazil are handled by third party companies.

Delivery Terms and Arrangements

We primarily use the following delivery types for the products that we transport:

- *CIF (Cost, Insurance and Freight) "Discharge Port."* Products are delivered at a warehouse and stored there until we arrange a vessel for loading and shipping. The sale process is concluded when the product arrives at the discharge port. We arrange the export paperwork.

- *CIP (Carriage and Insurance Paid) "Client's Plant."* Products are delivered at a warehouse and stored there until we arrange a vessel for loading and shipping. The sale process is concluded when the product arrives at the client's plant, and we cover all storage, transportation and minimum insurance until that point. We arrange the export paperwork and the client arranges the import paperwork.

Sales and Marketing

We maintain direct long-standing relationships with many of our end-customers for tin, which are mostly manufacturers located across the globe, primarily in North America and Europe. We have developed a reputation as a steady, reliable, and sustainable supplier, positioning Minsur as a preferred choice in a competitive market.

In 2020, our clients located in Europe generated 36.7% of our net sales of tin, with our clients in North America generating 41.5%. Sales to clients in South America (4.9%) and Asia (16.9%) made up the remainder of our tin sales. As of June 30, 2021, our clients located in Europe generated 35.6% of our net sales of tin, with our clients in North America generating 48.3%. Sales to clients in South America (1.0%) and Asia (15.1%) made up the remainder of our tin sales.

In 2020, the three most important clients accounted for 37% of our total sales in our Peruvian tin operations, compared to 39% in 2019 and 42% in 2018. In Brazil, in 2020 the three most important clients accounted for 57% of our total sales in our Brazilian tin operations, compared to 51% in 2019 and 63% in 2018. With respect to gold, in 2020, we sold gold to five clients, compared to four in 2019 and three in 2018. With respect to niobium and tantalum, in 2020, the three most important clients accounted for 65% of our total sales of these ferroalloys, compared to 29% in 2019 and 5% in 2018. As of June 30, 2021, the three most important clients accounted for 42% of our total sales in our Peruvian tin operations. In Brazil, the three most important clients accounted for 50% of our total sales in our Brazilian tin operations. With respect to gold, as of June 30, 2021, we sold gold to four clients. With respect to niobium and tantalum, as of June 30, 2021, the three most important clients accounted for 58% of our total sales of these ferroalloys.

Due to its status as a registered London Metal Exchange brand, our "Mamoré" tin metal refined at Pirapora is eligible for storage and sale through the London Metal Exchange. To support the mechanism of physical delivery, the London Metal Exchange approves and licenses a network of warehouses and storage facilities around the world. This arrangement does not replace the normal channels for buying and selling material but can instead be used as a physical market of "last resort" where producers and consumers can buy or sell metal in times of extreme shortage or over supply. Providers must meet certain strict criteria before they are approved for the handling of metals, and participants benefit from the added source of liquidity. Only the tin produced at Pitinga and Pirapora is eligible for storage and sale by means of this mechanism, although we have not made use of this arrangement to date.

We sell our processed gold to clients worldwide through the spot market or through "good 'til ordered" orders, and our objective is to obtain prices close to the average of the market prices in the month of sales or higher.

Our ferroniobium and tantalum alloy is sold to companies that process the alloy themselves and produce pure niobium and tantalum oxide as well as niobium and tantalum metals. They then deliver to the major steel (in the case of niobium) and capacitor (in the case of tantalum) producers. There is no direct benchmark to determine

the prices of our ferroniobium and tantalum alloy; instead, we follow the benchmark set for comparable products such as columbite and tantalite in order to set our prices.

We have entered into two long-term sale agreements with private off-takers for the sale of 70% of our expected copper concentrate production at Mina Justa over the next 10 years at spot prices. We expect to sell the remaining 30% of our expected copper concentrate production through tender processes on a yearly basis, primarily to traders. We have also entered into a long-term sale agreement with private off-takers for the sale of 30% of our expected copper cathode production at Mina Justa over the next years at spot prices. We expect to sell the remaining 70% of our expected copper cathode production through tender processes on a yearly basis, primarily to traders.

Exploration

We have approximately 256,614 hectares of mining concessions, of which: (i) 50,106 hectares, or approximately 20%, are currently being exploited, (ii) 45,290 hectares, or approximately 18%, are currently being explored, and (iii) 161,216 hectares, or approximately 63%, are not currently being explored. At present we devote, and in future expect to continue to devote, substantial efforts to exploration activities at our existing mines and surrounding areas to increase our reserves and resources, expand our operations and identify new prospects in our unexploited and unexplored concessions. For a discussion of the risks we face in connection with our exploration activities, see "Risk Factors—Risks Relating to Our Mining Business—Our exploration efforts are highly speculative in nature and may be unsuccessful."

San Rafael Mine Exploration

During 2020, we carried out minor exploration activities at our San Rafael mine, with the goal of replenishing the mineral resources consumed during the course of our operations. During 2021, we resumed our exploration activities at our San Rafael mine, with the goal of replenishing the mineral resources consumed during the course of our operations. Since 2015, we have conducted infill and exploration drilling campaigns in San Rafael totaling 200 kilometers. Our drilling campaigns, undertaken in close proximity to our existing operations, were conducted in two parallel phases: (i) infill drilling, which targeted those areas of the mine where we have operated but which had previously not been investigated or which were previously considered to be beyond reasonable access for resource estimation; and (ii) exploration drilling, which targeted those areas where potential for mineralization was previously unknown. Approximately 70% of the total meters drilled represented exploration drilling.

As a result of our drilling campaigns, approximately 7 million tons of ore containing 155,346 metric tons of tin have been declared as resources, extending the mine life to 8 years as of December 31, 2020, from expected production until 2026 in 2018 to expected production until 2028 in 2020. We expect to continue our exploration activities at San Rafael, in line with our strategy to continue to replenish the mineral resources consumed and extend the mine life.

Areas Surrounding San Rafael

San Rafael is a lode-type cassiterite-sulphide deposit located in the northernmost extension of the Central Andean tin belt, a region which is considered to have received relatively limited exploration for new tin deposits, and the footprint of the mineralization at San Rafael when projected to the surface covers an area of approximately 210 hectares. Over the last few years, we have undertaken exploration activities at targets that we believe have favorable preliminary indications for high grade tin discoveries that are in close proximity to the San Rafael mine. These targets are centered on buried or partly buried intrusive granite complexes which have similar geological characteristics to the San Rafael mine and favorable preliminary indications for high grade tin mineralization. Additional similarities include similar structural conditions to the ones which are considered to have been primarily responsible for the presence of the high-grade richness of the San Rafael deposits.

The Quenamari exploration target is located in the northeastern lobe of the San Rafael granite dome, four kilometers away from the San Rafael mine. Mapping and sampling carried out in 2013 confirmed a geochemical anomaly similar to that found previously above what became the San Rafael mine. Diamond-drilling confirmed tin

mineralization and the project is currently in the conceptual stage. See below "—Expansion Projects—Nazareth Tin Project."

Our Santo Domingo brownfield project is located 22 kilometers to the west of the San Rafael mine. Mapping and sampling conducted in 2013 confirmed a geochemical anomaly at this zone, and old underground mine levels have records of high sporadic values of polymetallic mineralization, supported by indications of tin mineralization with values which increase with greater depths. Diamond drilling confirmed vein systems. Exploration was suspended in 2019 due to a strategic reprioritization of exploration efforts, and is expected to resume in 2022.

Additional Exploration Activities

We also have a number of additional exploration projects at various stages of completion.

The Marta project is located in the Huancavelica region. A preliminary geological assessment based on detailed resource drilling undertaken in 2013 indicated that there was potential for a stand-alone open pit operation. Explorations concluded in January 2020 after 9 years of geological assessment and the project is currently in the conceptual stage. See below "—Expansion Projects—Marta Project."

The Quimsachata exploration project covers an area of 5,900 hectares and was developed by us. The exploration area is located in the department of Arequipa and evidences probable iron oxide copper-gold mineralization. Between 2008 and 2009, we carried out a limited diamond-drilling campaign, confirming the extent of mineralization at depth. In 2017, we resumed exploration and carried out induced polarization and distributed acoustic sensing geophysical surveys, which revealed the continuity of mineralization outside the perforated area. We are currently working to submit environmental permits (DIA), which would allow for a 7,000m DDH campaign during 2022. We have processed preliminary exploration data (geophysics and relogging) with positive results.

We have also acquired rights to explore several other areas from Newmont Corporation ("Newmont"). For all these areas, during 2020 we processed and migrated existing data from Newmont, and prepared the exploration plan, including complementary diamond drilling and geological mapping, sampling, trenching and ground geophysics for 2021-2022. The Sumac Wayra exploration project covers an area of 12,491 hectares, is located in the department of Lima and evidences porphyry copper and molybdenum mineralization. The Colorada exploration project covers an area of 11,100 hectares, is located in the department of La Libertad and evidences high sulphidation epithermal mineralization of gold and silver. The Amancaes exploration project covers an area of 4,000 hectares, is located in the department of Ancash and evidences porphyry copper and molybdenum mineralization. The Suyana exploration project covers an area of 8,100 hectares, is located in the department of Lima and evidences porphyry copper and molybdenum mineralization. The Pucaccasa exploration project covers an area of 8,300 hectares, is located in the department of Ica and evidences porphyry copper and molybdenum mineralization. The Lara exploration project covers an area of 5,599 hectares, is located in the department of Ayacucho, 86 km north of Mina Justa, and evidences porphyry copper and molybdenum mineralization.

Status of Permits and Authorizations

The following table summarizes the status of permits and authorizations for each of the exploration projects discussed above. See "Risk Factors—Risks Relating to Our Mining Business—We are required to obtain governmental permits or authorizations to expand operations, or undertake our expansion projects, and to renew certain permits for our existing operations and projects."

Exploration Projects	**Status**
Quenamari.....	We expect to submit a supporting technical report in 2021 to account for non-exploratory perforation work and an amended environmental impact study in 2022 to account for planned construction. Following a strategic reprioritization of exploration targets, we applied to temporarily suspend exploration activities with the Ministry of Energy and Mines. The application was granted and will

Exploration Projects	Status
	remain valid until the presentation of said report. Water permits used to sustain future exploration in the area have been renewed in the third quarter of 2021.
Santo Domingo	Following a strategic reprioritization of exploration targets, we applied to temporarily suspend exploration activities with the Ministry of Energy and Mines. A suspension until October 2021 was approved in March 2021; an application for its extension until October 2022 is underway. All permits are currently suspended.
Quimsachata.....	A Declaration of Environmental Impact (DIA) is currently being prepared in order to be submitted. This application will account for the 2022 drilling campaign.
Sumac Wayra.....	We expect to submit an environmental impact study in 2022. We are conducting an inspection of environmental components on site.
Colorada, Amancaes, Suyana, Pucaccasa, Lara.....	No applications currently underway or planned for 2021.

Expansion Projects

Nazareth Tin Project

The Nazareth project located in the Puno region in Peru is currently in the conceptual study stage. The project targets the Quenamari deposits in the northeastern lobe of the San Rafael granite dome, four kilometers away from the San Rafael mine. Mapping and sampling carried out in 2013 confirmed a geochemical anomaly similar to that found previously above what became the San Rafael mine. During 2020, all information was processed, and the resource estimate was completed under JORC 2012 standards. At the conclusion of our drilling campaigns, we were able to reassess 51% of inferred resources as measured and indicated resources. We expect to process mineral to produce tin concentrates. We are currently undertaking feasibility studies.

Marta Copper and Gold Project

The Marta project located in the Huancavelica region is currently in the conceptual study stage. A preliminary geological assessment based on detailed resource drilling undertaken in 2013 indicated that there was potential for a stand-alone open pit operation. Explorations concluded in January 2020 after 9 years of geological assessment. During 2020, all information was processed, and the resource estimate was completed under JORC 2012 standards. Additionally, we began surveys of three defined geometallurgical domains within the area with the support of a Peruvian testing and certification partner. At the conclusion of drilling campaigns totaling 70.8 kilometers, we were able to reassess 93% of inferred resources as measured and indicated resources. We expect to process mineral to produce copper concentrates. We finalized environmental and social impact studies and are currently undertaking feasibility studies.

Pitinga Project

The Pitinga “Full Potential” expansion project aims to increase the operational performance of our Pitinga tin mine. The first phase of the project involved the expansion of our flotation plant and our in-house smelter and has been completed, allowing us to improve the quality of the alloys produced and increase our production. The second phase is at the feasibility stage and is expected to increase the metallurgical recovery of the gravimetric concentrator for tin and niobium and tantalum, increasing the tin concentrate and niobium and tantalum alloys production. The third phase is at pre-feasibility stage and involves the introduction of technology to remove radionuclides from the columbite concentrate, which is expected to improve the quality of our final product, resulting in an increase of its sale price.

Power and Energy Supply

We obtain electricity for our operations from a variety of sources. The cost of energy consumption as a proportion of total cost of sales generally varies between 3% and 4%, depending on the facility or operation.

To supply our energy needs at the San Rafael mine, we are party to a long-term supply agreement with Empresa de Generación Electrica San Gabán ("San Gabán") pursuant to which in 2020 almost all of our electrical power needs for this mine were supplied (through the San Gabán-San Rafael secondary line). The mine consumes 17 megawatts per year. At our Pisco plant, 15% of the electrical power used by the facilities was supplied by a natural gas fueled thermal plant located on-site, and 85% was supplied by Engie S.A. through a 60 kilovolt line known as the Independencia-Paracas Line. Its energy consumption is approximately 3.4 megawatts per year. We obtain electricity for our operations in Pucamarca through an energy supply contract with San Gabán, pursuant to which it supplies us with electrical power from its power generators in Los Heroes (Tacna) and Pucamarca. Its energy consumption is approximately 2.7 megawatts per year, and we have an on-site generator to supply all of our backup electricity needs. Pitinga's energy consumption is approximately 18 megawatts per year. All of the electric power used by the Pitinga mine in Brazil is supplied by an on-site hydropower plant with a capacity of 24 megawatts. We obtain energy for the Pirapora smelter and refining plant through purchases on the spot market from companies that are connected to the Brazilian national electricity grid.

Electricity to our Mina Justa copper mine will be transmitted through a dedicated 15 kilometer long 220 kilovolt overhead power line connecting the facilities to a Marcona substation. Its energy consumption is expected to be approximately 396 megawatts per year. See "Risk Factors—Risks Relating to Our Mining Business—Interruptions of energy supply or increases in energy costs and other production costs may materially and adversely affect our results of operations."

Employees

At June 30, 2021, we had 3,894 employees, and there were 7,046 individuals employed by third party contractors who worked at our facilities. Of our total number of employees, approximately 20.16% are employed at our mine at Pitinga and 35.44% are employed at our mine at San Rafael. Approximately 10.63% of our employees under direct payroll are covered by collective bargaining agreements with labor unions. Three of our collective bargaining agreements currently in effect have terms of one year, and are renewable in January (San Rafael), May (Pitinga) and November (Pirapora and Taboca's corporate office). Our collective bargaining agreement with employees at the Pisco plant and the Pucamarca mine are renewable every two years, in October (Pisco) and November (Pucamarca). In addition, employees of the mining service contractors we use are not subject to our collective bargaining agreements, but instead have agreements with their respective employers. See "Risk Factors—Risks Relating to Our Mining Business—We may be liable for additional benefits and profit sharing to individuals employed by third-party contractors."

We believe that our present labor relations with our employees in Peru and Brazil are good, and over the last four years we have only experienced one strike in Peru, which was quickly resolved. In the past, we have experienced strikes or other labor-related work disputes with contractors' employees, including temporary blocking access to our operations. We cannot assure you that a work slowdown, a work stoppage or strike will not occur prior to or upon the expiration of the current collective bargaining agreements, and management is unable to estimate the effect of any such work slowdown, stoppage or strike on our production levels. See "Risk Factors—Risks Relating to Our Mining Business—We may be adversely affected by labor disputes."

Health, Safety and Environmental Compliance

Our corporate health, safety and environmental management policies and standards include investments in technology, the implementation of crisis management and emergency response programs, operational control and discipline, contractor management, accident investigations and regular employee training and communication, the careful use of limited water resources, obtaining the relevant permits for all our projects, and earning the trust of the local communities in whose areas we operate, among other strategies. The management of external stakeholders is a function of our social responsibility and is aimed at fostering a harmonious relationship between these stakeholders

and us. For these stakeholders the key aspects of the relationship are maintaining adequate communication, the establishment of agreements beneficial to the parties and compliance with these agreements.

We are committed to world-class industry practices in the areas of health, safety and environmental management. Since joining the ICMM in 2018, we are committed to zero accidents, and have implemented our corporate health and safety management system "Minsegur, Zero is Possible!". Our system is based on four pillars: (i) leadership; (ii) risk management; (iii) health and safety culture; and (iv) wellbeing and health. Our activities are subject to regular internal audit programs following internationally accepted norms and we have a history of obtaining and renewing international health, safety and environmental certifications. Our operations at San Rafael, Pucamarca and Pisco have obtained OHSAS 18001:2007 certifications for occupational health and safety management, and are currently migrating to ISO 45001:2018 certifications. Our operations at Pitinga and Pirapora have obtained ISO 9001 certifications for quality control management.

We have recorded zero fatalities for the last six years. Our Pisco plant has received the John T. Ryan award for safety in Peru in 2011 and 2012 and our San Rafael mine has received the award in 2016, 2017 and 2018. The award is a prize for excellence in safety standard and is awarded yearly by the Peruvian Mining Engineering Institute and Mine Safety Appliances Peru, which follows the standards and requirements set out by Mine Safety Appliances Canada Limited. Our San Rafael and Pucamarca mines and our Pisco plant also received several safety awards from the Peruvian Safety Mining Institute six times over the last 8 years. Furthermore, in 2019 we achieved a recordable injury frequency rate of 1.61, securing third place in safety performance out of the 26 mining companies that are part of the ICMM.

Key Indicators	2016	2017	2018	2019	2020	As of June 30, 2021
Fatalities	0	0	0	0	0	0
Lost Time Accidents	7	3	9	10	14	6
Recordable Injuries	50	33	33	51	52	21
High Risk Events (1)	49	47	38	54	29	21
Man-Hours Worked	14,202,005	15,766,129	18,757,341	31,715,220	24,764,479	13,031,133
Lost Time Accident Frequency Rate (LTAFR)	0.49	0.19	0.48	0.32	0.57	0.53
Recordable Injury Frequency Rate (RIFR)	3.52	2.09	1.76	1.61	2.10	1.61

(1) A "high risk event" is an event with the potential to develop into a lost time accident that does not produce any recordable injury.

Additionally, our dam safety initiatives include geotechnical management of critical facilities in accordance with the Audit and Management of Tailings Facilities Guide issued by the Mining Association of Canada (MAC) and in turn with the Canadian Dam Association (CDA) Safety Guide for Mining Dams. We employ best practices for the design, construction, control, operation and closure of storage structures for tailings, water, and other materials. Critical facilities include tailings dumps, heap leach pads, water reservoirs, and related infrastructure.

Relationships with Communities

Our mining operations in Peru and Brazil are located in rural areas. In order to have constructive relationships with the communities in the vicinity of our operations, it is our strategy to engage them and understand and be respectful of their history, culture, uses, traditions and customs. We aim to build trust, promote engagement and, through our various programs, help improve nutrition, health, education and infrastructure to foster stable relations as well as sustainable development. The often low levels of development of these communities offers many opportunities to help increase economic activity, by enabling the use of funds from non-renewable natural resources to boost cost-effective economic activities using renewable natural resources. We have entered into agreements with most of these local communities that mainly provide for the use of their land for our operations and by virtue of which we have undertaken certain investment commitments, including the ones set forth below. In Peru, we negotiate these agreements with the respective representatives and members of the local communities directly or with local government agencies. In Brazil all such negotiations take place through a federal agency (the *Fundação Nacional do Índio*).

We have been working closely with the communities in the vicinity of our operations since we were founded more than 42 years ago, especially with the people in the areas surrounding our operations at San Rafael,

where approximately two-thirds of our employees are from the region. We are committed to upholding our tradition of building and developing strong relationships with these local communities by providing employment and demand for local products and services, and investing in community development programs. In carrying out these objectives, we have benefited people through either the development or funding of various activities and projects, the most important of which are set forth below:

- *Development of local employment*: recruitment of community members in the areas of our operating units and projects;

- *Promoting dialogue and active participation*: engaging members of the local community to listen to their concerns with the goal of strengthening relations between them and our company;

- *Educational projects*: campaigns to promote basic skills and improve educational quality for elementary and secondary school students;

- *Health projects*: ongoing campaigns whereby employees of Clínica Internacional, one of our sister companies, provide healthcare and help to improve the health, nutrition and hygiene practices in the surrounding communities; and

- *Development of internet infrastructure*: we have been developing internet access in certain of the areas near which we operate.

As a result, we believe our relations with the communities in the vicinity of our operations are generally good in most of the areas in which we operate. We cannot assure you that these relations will continue to be good in the future. For more information, see "Risk Factors—Our operations depend on our relations and agreements with local communities, and new projects require carrying out a prior consultation procedure in Peru."

Insurance

We maintain a comprehensive insurance program designed to address specific risks associated with our operations, in addition to covering the insured risks common to major mining companies. Our insurance program is provided through the local Peruvian and Brazilian insurance markets and international reinsurance market and includes employers' liability, comprehensive third party general liability, comprehensive automobile liability, all risk property on a replacement basis, including transit risks, business interruption insurance and mining equipment. See "Risk Factors—The mining business is subject to inherent risks, some of which are not completely insurable."

Legal and Regulatory Proceedings

We are involved in a number of legal and regulatory proceedings incidental to the normal conduct of our business, including related to labor, tax and environmental matters. We believe that none of these legal and regulatory proceedings is likely to have, in the aggregate, a material adverse effect on our consolidated financial condition or results of operations. For additional information on litigation involving Minsur and its subsidiaries, see note 33 to our annual consolidated financial statements and note 18 to our unaudited interim consolidated financial statements. See "Risk Factors—Risks Relating to Our Mining Business—The nature of our business includes risks related to litigation and administrative proceedings that could materially and adversely affect our business and financial performance in the event of an unfavorable ruling."

REGULATORY FRAMEWORK

Regulatory Framework in Peru

Mining and Processing Concessions

The Uniform Text of the General Mining Law (*Texto Único Ordenado de la Ley General de Minería*) (the "Mining Law"), approved by Supreme Decree No. 014-92-EM (and its amending and complementary provisions), is the primary and general law governing both metallic and non-metallic mining activities in Peru. Several sections, matters and aspects provided under the Mining Law have specific and individual regulations enacted by the Peruvian Ministry of Energy and Mines. In addition, there are several guidelines and protocols issued by the ministry on different matters related to mining operations reflecting acceptable national standards in the mining activity.

Under the Mining Law, mining activities (except storage, reconnaissance, prospecting and trade) are carried out through various forms of concessions. A concession provides its titleholder with the exclusive right to undertake a specific mining activity within a determined area.

The Mining Law provides four types of concessions:

- Mining concession: grants the right to explore and exploit mineral resources (either metallic or non-metallic).

- Processing concession (*concesión de beneficio*): grants the right to process the extracted minerals and concentrate their valuable parts and/or to purify, smelt or refine metals by using physical, chemical and/or physicochemical processes. This is the concession required for operating processing plants.

- General works concession (*concesión de servicio*): grants the right to give auxiliary services to two or more mining concessions.

- Mining transportation concession: grants the right to set up and operate a minerals mass transportation system by non-conventional methods, such as pipelines and conveyor belts.

Mining concessions are granted by the Geological, Mining and Metallurgical Institute (*Instituto Geológico Minero y Metalúrgico*, or "INGEMMET" for its acronym in Spanish), while the other three types of concessions listed above (processing, general works and mining transportation concessions) are granted by the General Directorate of Mining of the Peruvian Ministry of Energy and Mines ("DGM" for its acronym in Spanish). Any acts and/or agreements related to these concessions must be registered with the Mining Rights Registry, which is part of the National Public Registry System, to be valid against the Peruvian government and third parties.

In Peru, as in many other countries, a mining concession is a different and separate property from the surface land where it is located. Consequently, holding a mining concession does not grant the titleholder any right to the surface land above the mining concession. Therefore, for purposes of conducting mining activities, among other permits and authorizations for doing so, the holder of a mining concession must also obtain or acquire from the corresponding landowners the relevant land-use rights or title to the surface land.

Holders of mining concessions must comply with several obligations provided by Peruvian law, even prior to starting exploration activities. There are two basic obligations under the Mining Law that must be fulfilled by all mining concessions' holders for purposes of keeping mining concession titles valid and in good standing: (i) payment of the validity fee (*derecho de vigencia*); and (ii) meeting minimum production levels. Failure to comply with such obligations may cause the cancellation of the corresponding mining concession.

The obligation to pay validity fees is applicable as from the year in which the mining concession is requested, so that holders of mining claims or pediments (*petitorios mineros*) are expected to pay validity fees, according to the Mining Law.

1. The validity fee consists of a payment of US$ 3.00 per hectare, per year (requested or granted) in the case of large and medium scale mining. The first validity fee is payable upon request of the mining concession; afterwards, starting on the second year after the mining concession was requested (period starting on January 1 of the following year from which the concession was requested), the validity fee is due and payable on, or prior to, June 30 of each year.

2. Small-scale miners are subject to a lower validity fee payment in an amount of US$1.00 per hectare, per year. Artisanal miners are only obliged to pay a validity fee of US$0.50 per hectare, per year.

3. In the case of processing concessions, the Mining Law provides that, as from the year in which the processing concession is requested, its holder is obliged to pay an annual validity fee calculated on the basis of the installed capacity of the mining facilities, as follows:

    - Up to 350 metric tons per day, 0.0014 of 1 UIT (equivalent to approximately US$1.59) for each metric ton per day.

    - More than 350 and up to 1,000 metric tons per day, 1 UIT (equivalent to approximately US$1,138) for each metric ton per day.

    - More than 1,000 and up to 5,000 metric tons per day, 1.5 UITs (equivalent to approximately US$1,707) for each metric ton per day.

    - For each 5,000 metric tons per day in excess, 2.0 UITs (equivalent to approximately US$2,276) for each metric ton per day.

The infringement of the payment of the validity fee for two consecutive years may result in the cancellation of the respective claim or mining concession.

Mining concessions are granted for an unlimited period, subject to the achievement of a minimum production of at least 1 UIT (approximately US$1,138) per hectare per year in case of metallic mining concessions, and 10% of 1 UIT (approximately US$114) per hectare, per year, in the case of non-metallic mining concessions; within a ten-year term following the year in which the respective mining concession title was granted. If such minimum production is not reached within the referred term, the mining titleholder shall pay a penalty equivalent to: 2% of the minimum production (between year 11 and 15), 5% of the minimum production (between year 16 and 20) and 10% of the minimum production (between year 21 and 30). Note, however, that titleholders of mining concessions have a 30-year term to achieve the minimum production levels set by law. If the minimum production is not reached within this term, the relevant mining concession is cancelled. In principle, the 30-year term is counted as from the year following granting of the mining concession title. However, for those concessions granted before December 31, 2008, the term is counted as from January 2009.

The annual penalty must be paid prior to June 30 of each year. Failure to pay the annual penalty for two consecutive years results in the termination of the mining concession.

To comply with the minimum production level, the holders of mining concessions can group concessions into economic management units (*Unidades Económicas Administrativas*). In order to form an economic management unit the mining concessions must be located within a radius ranging from 5, 10 and 20 kilometers depending on the type of mineral exploited. The formation of an economic management unit requires an approval resolution issued by INGEMMET.

Titleholders of mining concessions that are in operation or production phase, must file every year a Consolidated Annual Statement (*Declaración Anual Consolidada*) with the DGM of the Ministry of Energy and Mines. The Consolidated Annual Statement is required on an annual basis (before June 30 of each year) and must contain information of the holders and their mining rights, investments, the accreditation of the minimum production level, the sustainable development activities undertaken and other information requested by the Ministry of Energy and Mines in order to produce statistics of the mining activities in Peru.

As of the date of this offering memorandum, we primarily owned metallic mining concessions with respect to tin, gold and copper. Substantially all of our concessions were granted prior to 2008. Our mining rights and concessions are in full force and effect under applicable Peruvian laws. We believe that we are in compliance in all material respects with the terms and requirements applicable to our mining rights and concessions.

Environmental Matters

According to Peruvian mining and environmental laws and regulations, the competent authority for environmental matters arising from mining activities is the Peruvian Ministry of Energy and Mines through the Mining Environmental Affairs Office (*Dirección General de Asuntos Ambientales Mineros* – "DGAAM" for its acronym in Spanish) and the National Service for Environmental Certification (*Servicio Nacional de Certificación Ambiental para las Inversiones Sostenibles* – "SENACE" for its acronym in Spanish). The faculties for supervising, controlling and penalizing for non-compliance with environmental obligations are exercised by the Environmental Control Agency (*Organismo de Evaluación y Fiscalización Ambiental* – "OEFA" for its acronym in Spanish), an entity dependent on the Ministry of the Environment.

Depending on the scope of the environmental obligation breached by the person or entity undertaking mining activity, among other factors, OEFA has the capacity to apply fines of up to 30,000 UIT (equivalent to approximately US$37 million). However, there is a resolution (*Resolución de Consejo Directivo No. 045-2013-OEFA/CD*), whereby OEFA provides a categorization of administrative infringements and sanctions scale related to non-compliance with maximum permitted limits ("LMP" for its acronym in Spanish) applicable to economic activities under the supervision of OEFA. Such resolution has amended the scope of sanctions for mining activities regarding LMP and provides fines that range from 3 to 25,000 UITs (equivalent to approximately US$30.6 million). According to environmental regulations, the fine cannot be greater than 10% of the annual gross income received by the offender the year prior to the date on which the offense was committed.

According to the Environmental Impact Assessment Act, approved by Law No. 27446, and its regulations, approved by Supreme Decree No. 019-2009-MINAM, investment projects involving the execution of activities or works that may cause material environmental impacts must have the corresponding environmental certification, which is granted by means of the approval of the corresponding environmental instrument. The environmental instrument applicable to a specific activity is determined considering the magnitude of the environmental impact that may be caused as consequence of the development of such activity or project. Thus, the aforementioned laws and regulations provide that all activities must be classified in one of the following categories, according to the environmental risk or impact involved in the relevant project:

- "Category I": applicable for projects generating non-significant environmental impact. Projects under this Category I require the approval of an Environmental Impact Statement (*Declaración de Impacto Ambiental,* or "DIA" for its acronym in Spanish);

- "Category II": applicable for projects that may generate moderate environmental impact for and which negative effects can be eliminated or minimized by adopting applicable measures. Projects under this Category II require the approval of a Semi-Detailed Environmental Impact Assessment (*Estudio de Impacto Ambiental Semidetallado,* or "EIA-sd" for its acronym in Spanish); and

- "Category III": applicable for projects that may generate significant environmental impact (depending on their characteristics, conditions, magnitude, location, among others). Projects under this Category III require the approval of a Detailed Environmental Impact Assessment (*Estudio de Impacto Ambiental Detallado,* or "EIA-d" for its acronym in Spanish).

In addition, each of the abovementioned environmental instruments (DIA, EIA-sd and EIA-d) is subject to a citizen's participation process. Such citizen participation process is conducted through the preparation, assessment and approval of the corresponding environmental management instrument, and during the execution of the mining project. The mechanisms applicable to a citizen participation process (such as public hearings, workshops, guided visits, focal groups, among others) vary considering the magnitude and specifications of the project.

In the case of mining exploration activities, there are specific environmental regulations provided in the Environmental Regulations for Mining Exploration Activities, approved by Supreme Decree No. 042-2017-EM. An environmental permit granted by the DGAAM is required for conducting mining exploration activities. Under these regulations, mining exploration activities are classified into two different categories:

- "Category I": applicable for mining exploration activities with minor impact on the environment. Exploration projects under this Category I involve any of the following: (i) a maximum of 40 drilling platforms; (ii) a disturbed area of up to 10 hectares considering drilling platforms, trenches, auxiliary facilities and access means; and (iii) the construction of tunnels up to 100 meters long (in total). Holders of these projects must submit a DIA with the DGAAM. Note that a DIA is always subject to subsequent (ex post) review by the competent authority.

- "Category II": applicable for mining exploration activities with moderate impacts on the environment. Exploration projects under this Category II involve any of the following: (i) from 40 to 700 drilling platforms; (ii) a disturbed area of more than 10 hectares considering drilling plants, trenches, auxiliary facilities and access means; (iii) the construction of tunnels of more than 100 meters long; and (iv) a pilot plan. These projects require an authorization that must be granted once the Semi-Detailed Environmental Impact Assessment is approved by the DGAAM. In all cases, the EIA-sd requires a prior assessment and express approval by the DGAAM.

In addition, projects that are not included in those categories and have less than 20 drilling platforms or a disturbed area of less than 10 hectares require an Environmental Technical Report (*Ficha Técnica Ambiental)* or FTA. The FTA is a complementary environmental study for mining exploration projects that, due to their location or characteristics, are expected to generate non-significant negative environmental impacts. The FTA is approved by DGAAM within a period of ten business days.

After the mining exploration phase is concluded and mining development (construction) and exploitation activities (including the processing or beneficiation of minerals) commence, holders of mining activity are required to prepare and obtain the approval of an EIA-sd from the DGAAM or an EIA-d from the SENACE. As mentioned above, this proceeding involves public hearings in the locations where the project is to be developed.

Title holders of mining concessions must undertake steps for public participation prior to and during the preparation of the DIA, EIA-sd and EIA-d, as well as during the process of evaluation by DGAAM or SENACE, as applicable. In this process, holders of a mining project are required to submit a public participation plan to DGAAM or SENACE, as applicable, detailing the public participation instruments to be executed, among others.

According to the Mining Closure Law (Law No. 28090, as amended by Law No. 31347), holders of mining concessions who wish to initiate mining exploitation activities, as well as those in the development (i.e., construction) phase are required to prepare and submit a mining closure plan one year after their Environmental Impact Assessment has been approved. Mining closure plans must be first updated after three years of their approval and then every five years. Additionally, after an Environmental Impact Assessment is modified, the titleholder must file the corresponding amendment of the mining closure plan within one year as of the approval of the modification to the Environmental Impact Study. The mining closure plan must contain the following information: (i) a description of the steps that will be taken to restore the areas and facilities of each mining unit they are going to operate; (ii) the costs associated with the execution of the closure, final closure and post-closure measures; (iii) the timing for implementing such measures; (iv) the control and verification methods; and, (v) information regarding the guarantees that must be granted in favor of the Peruvian Ministry of Energy and Mines for securing completion and execution of the mine closure plan. Such guarantees may consist of: (i) banking guarantees or credit insurance, (ii) cash guarantees; (iii) trusts; or (iv) those other indicated in the Peruvian Civil Code.

Law No. 31347, which amended the Mining Closure Law (Law No. 28090), introduced the obligation to provide a guarantee for the productive stage of a mining project, to cover the progressive closure measures. Prior to such amendment to the Mining Closure Law, guarantees for the productive stage of a mining project were not required, unless a lack of compliance of the progressive closure measures schedule was formally verified. Under Law No. 31347, for the release of the guarantees for the productive stage of a mining project, OEFA must provide a

report verifying the compliance of the progressive closure measures, final closure, and post closure activities, as approved in the mining closure plan.

Another important aspect of Law No. 31347 is that is has established joint and several liability of the titleholder, directors and/or majority shareholders, if under their management the abandonment of the mining unit occurs and such abandonment or non-compliance with the mine closure plan causes damage to the environment. Additionally, Law No. 31347 has regulated the abandonment of a mining unit without complying with the respective mining closure plan as an aggravated form of environmental pollution, regulated as a criminal offense pursuant to article 304 of the Peruvian Criminal Code. Moreover, Law No. 31347 has determined that if a default or non-compliance with the mining closure plan is determined by the competent authorities, the titleholder must grant access to the competent authorities or to the entity designated by the competent authorities within 10 days to the mining unit in order to adopt all actions necessary for ensuring the public interest, environmental protection, as well as the security of the premises and its infrastructure. If the titleholder does not grant access to the mining unit, by means of a judicial order, access to the mining unit shall be granted.

Prior Consultation Proceeding

In 1993, Peru ratified the ILO Convention No. 169 on Indigenous and Tribal People in Independent Countries through the Legislative Resolution No. 26253. This convention grants indigenous and tribal people a right of consultation. For purpose of locally implementing such convention, Law No. 29785 on the Indigenous or Tribal People's Prior Consultation Right was published on September 7, 2011. The related regulations were approved by Supreme Decree No. 001-2012-MC and published on April 3, 2012. This legal framework regulates the indigenous people's prior consultation right with regards to "administrative measures" (e.g., administrative resolutions authorizing a particular activity or development project) or "legislative measures" that may directly affect their collective rights, on their physical existence, cultural identity, quality of life or development. It also regulates the prior consultation procedure (*procedimiento de consulta previa*), as well as the objective criteria (i.e., cultural aspects, lifestyle, direct descendant from native population of the national territory, own customs) and subjective criteria (i.e., the group's collective sense of having indigenous or native identity) in order to identify and determine the People as holders of the prior consultation right.

The obligation of conducting the prior consultation proceeding is a responsibility of the Peruvian government. The indigenous people do not have the right of veto over the Peruvian government's decisions or policies or the right to stop a mining project. Upon completion of this prior consultation procedure, the Peruvian government can discretionarily approve or reject the applicable legislative or administrative measures.

In the context of a proceeding for obtaining title to mining concessions, INGEMMET has established in several resolutions that obtaining a mining concession (which is implies the issuance of an administrative measure) does not affect neither the indigenous people's collective rights nor those of the national population. However, the procedures that, if applicable, may be subject to a prior consultation procedure are the following: (i) granting of beneficiation concession; (ii) granting of mining transportation concession; (iii) granting of the authorization for commencing exploitation activities; and (iv) granting of the authorization for commencing exploration activities.

Up until now, the Ministry of Culture has identified 55 indigenous groups (out of which 51 are located in the Amazon region and 4 are located in the Andes region) within the national territory, including information such as names, geographic location, among others. According to the information provided by the Ministry, this list is meant to be updated every 15 days. However, there currently is no information on the exact and/or specific areas where those indigenous groups are located. This list can be only taken as a reference and, therefore, competent authorities may conduct a prior consultation procedure on a case-by-case basis.

Rural Communities

According to Law No. 26505 (known as the Land's Law) and the Rural Communities Law (Law No. 24656) and their regulations and unless otherwise provided in the rural community's by-law, the lands owned by rural communities may be transferred to third parties to the extent such transfer is approved by the affirmative vote of at least two thirds of all the qualified community's members through its general assembly in the Andean and Amazon regions, while in the coast more than 50% approval of all the qualified community's members through its

general assembly are required. An act of transfer or disposition of these community's lands include purchase, lease, easement, among others.

Permits and Licenses

Use of Explosives

The use of explosives and related materials for civil use is regulated by Law No. 30299 and its Regulation approved by Supreme Decree No. 010-2017-IN. Under these regulations, mining companies are required to obtain authorizations to undertake the following main activities:

- For the handling of explosives and related materials (applicable to each person who works with the explosives or supervise the activity in direct contact);
- For the import, internment, export or exit of explosives and related materials (if applicable to the mining operation);
- For the acquisition and use of explosives and related materials; and
- For the storage of explosive and related materials.

The authorizations for undertaking the aforementioned activities are granted by SUCAMEC (*Superintendencia Nacional de Control de Servicios de Seguridad, Armas, Municiones y Explosivos de Uso Civil*).

Water and Wastewater

To use water resources in a mining project, a person or entity must obtain a water right granted by the Water National Authority (*Autoridad Nacional del Agua* or "ANA") prior to the use of underground or fresh water sources. If the proposed activities will generate domestic or industrial wastewater discharged into natural water sources or soil, a person or entity must obtain an authorization granted by the ANA, with the favorable opinion of the General Bureau of Environmental Health (*Dirección General de Salud Ambiental*, or "DIGESA"). In addition, an authorization is also required for conducting surface or ground water studies and for constructing hydraulic structures.

Solid Waste Management

Legislative Decree 1278 and its regulations, approved by Supreme Decree No. 014-2017-MINAM, govern the general legal framework for the management and disposal of hazardous and non-hazardous solid waste.

Solid waste generated as a consequence of a mining project must be disposed of in specialized landfills. The transportation of solid waste outside the limits of the industrial area is required to be undertaken exclusively through specialized companies registered with the Ministry of Environment (*Ministerio del Ambiente*), or MINAM. Mining companies are free to engage an EPS-RS (a company that provides solid waste services such as transportation, treatment or disposal) or with an EC-RS (a company that carries out commercialization activities aiming at the reuse of solid waste).

Chemical and Controlled Products and Supplies

The commercialization, transportation, import, export, storage and use of controlled chemical products (*Insumos Químicos y Bienes Fiscalizados*, or "IQBF" for its acronym in Spanish) are restricted because of their potential, direct or indirect, use for the production of illegal drugs. Some of those listed products are required for conducting mining activities. As from 2012, this matter is regulated by two legislative rules regarding the control of chemical inputs (i) for the elaboration of illegal drugs and (ii) for illegal mining. The first system is regulated by Legislative Decrees No. 1126 and its regulations, approved by Supreme Decree No. 044-2013-EF. Likewise, regarding the second system, Legislative Decree No. 1103 regulates the control measures for the distribution,

transport and commercialization of chemical inputs that can be used for illegal mining. In both scenarios, several additional norms have been approved specifying the scope of the detailed rules (including the classification of the chemical inputs under control, obligations regarding the emission of guides, routs, among others).

Fuel Storage

Companies are entitled to purchase fuels from retailers or wholesalers duly authorized. However, in the event that the company qualifies as a Direct Fuel Consumer (i.e., *"person who purchases in the country or imports fuels and/or other hydrocarbon by-products to be used in its own businesses and has hydrocarbon facilities to receive and store those products with a minimum capacity of 1m3 (264.17 gallons)…"*), it is required to (i) obtain from the Peruvian oil & gas supervision authority (*Organismo Supervisor de la Inversión en Energía y Minería, or "OSINERGMIN"* for its acronym in Spanish) prior permission to build and operate its hydrocarbon facilities, and (ii) be registered as a Direct Fuel Consumer with the Hydrocarbon Registry under OSINERGMIN, in order to obtain the corresponding user code and password under the Purchase Orders System (*Código del Sistema de Control de Órdenes de Pedido* - SCOP), which are necessary to purchase fuel. There are certain exceptions for temporary facilities required for mining, oil and gas exploration.

Direct consumers need also to be registered with the National Tax Authority (*Superintendencia Nacional de Aduanas y de Administración Tributaria*, or "SUNAT" for its acronym in Spanish). Registration under SUNAT registry is mandatory for the acquisition and use of fuels for conducting economic activities.

Cultural Heritage Protection

In general terms, if the design and development of mining projects involve the removal of topsoil, mining companies need to obtain from the Ministry of Culture a Certificate of Non-Existence of Archaeological Remains (*Certificado de Inexistencia de Restos Arqueológicos*, or "CIRA" for its acronym in Spanish) with respect to the relevant surface area. The CIRA is an official document issued by the Ministry of Culture, by means of which such authority certifies the inexistence of archaeological remains or goods that qualify as national cultural heritage in specific surface areas. In case any archaeological artifacts are accidentally discovered during the construction works or due to any natural cause, the company must stop the construction work immediately and notify the Ministry of Culture. Failure to stop the construction work will lead to applicable administrative, civil and criminal liabilities. Under certain exceptional circumstances, Peruvian legislation allows the removal of archaeological sites or features when the area is required for the development of projects that are of national interest.

Currently, it is required for holders of mining activity to obtain a CIRA for conducting mining activities. Besides, the applicable legal regulations establish the obligation of every person who performs any economic activity to confirm that its activities have caused no damage to any object that qualifies as national cultural heritage or any archaeological remain.

Pursuant to the Regulations on Archaeological Interventions, approved by Supreme Decree No. 003-2014-MC, the competent authority (whether the Archaeology Office of the Ministry of Culture or the Cultural Regional Offices) shall issue the respective CIRA in a term that shall not exceed 20 business days. The procedure aimed at obtaining the CIRA is subject to positive administrative silence. Therefore, in case the competent authority does not comply with issuing a decision during the foregoing term, the CIRA shall be deemed as granted. In addition, the applicable regulations provide for exceptions for obtaining the CIRA in projects that are executed over: (i) pre-existing infrastructure; (ii) areas covered with CIRAs that have already been granted; (iii) certain areas registered with the Ministry of Culture; (iv) consolidated urban areas; or, (v) sub-aquatic zones. However, in these cases, the titleholder shall obtain the respective authorization for conducting an Archaeological Monitoring Plan.

Mining Royalties

Since October 1, 2011, holders of mining concessions have been required to pay a mining royalty (*regalía minera*) to the Peruvian government for the exploitation of metallic and non–metallic resources in accordance with Law No. 28258, as amended by Law No. 29788. The amount of the royalty is payable on a quarterly basis and is equal to the greater of (i) an amount determined in accordance with a statutory scale of tax rates based on a

company's operating profit margin (effective rates ranging from 1% to 7.14%) and applied to the company's operating profit, and (ii) 1% of a company's net sales, in each case during the applicable quarter. The mining royalty rate applied to the company's profit is based on its operating profit margin according to the following statutory scale of rates:

Operating Profit Margin

Scale No.	Lower limit	Higher limit	Rate
1	0%	10%	1.00%
2	10%	15%	1.75%
3	15%	20%	2.50%
4	20%	25%	3.25%
5	25%	30%	4.00%
6	30%	35%	4.75%
7	35%	40%	5.50%
8	40%	45%	6.25%
9	45%	50%	7.00%
10	50%	55%	7.75%
11	55%	60%	8.50%
12	60%	65%	9.25%
13	65%	70%	10.00%
14	70%	75%	10.75%
15	75%	80%	11.50%
16	More than 80%		12.00%

Mining royalty payments will be deductible as expense for income tax purposes in the fiscal year in which such payments are made.

Special Mining Tax

Effective October 1, 2011, Law No. 29789, published on September 28, 2011, requires that holders of mining concessions pay a special mining tax (*Impuesto Especial a la Minería*) to the Peruvian government for the sale of metallic resources, regardless of the state in which they are sold. The Special Mining Tax is payable on a quarterly basis and is calculated on the basis of the operating profit derived exclusively from the sale of metallic resources (there are no minimum payments). The applicable Special Mining Tax rate (which is between 2% and 8.40%) is determined by the quarterly operating profit margin of the company and such rate is applied to the operating profit derived from the sale of metallic resources, according to the following table:

Operating Profit Margin

Scale No.	Lower limit	Higher limit	Rate
1	0%	10%	2.00%
2	10%	15%	2.40%
3	15%	20%	2.80%
4	20%	25%	3.20%
5	25%	30%	3.60%
6	30%	35%	4.00%
7	35%	40%	4.40%
8	40%	45%	4.80%
9	45%	50%	5.20%
10	50%	55%	5.60%
11	55%	60%	6.00%
12	60%	65%	6.40%
13	65%	70%	6.80%
14	70%	75%	7.20%
15	75%	80%	7.60%
16	80%	85%	8.00%
17	More than 85%		8.40%

Special Mining Tax payments will be deductible as expense for income tax purposes in the fiscal year in which such payments are made.

Complementary Retirement Fund for Mining, Metallurgic and Steel Activities

Law No. 29741, passed on July 14, 2011, and its regulations approved by Supreme Decree No. 006-2012-TR, created the Complementary Retirement Fund for Mining, Metallurgic and Steel Activities (*Fondo Complementario de Jubilación Minera, Metalúrgica y Siderúrgica*), which will be partly funded by mining, metallurgic and steel companies with a payment equal to 0.5% of their annual net income before taxes. An additional 0.5% of the gross monthly remuneration is contributed by the mining, metallurgical and steel workers.

Safety and Health at Work

As a mining company, we are subject to both the General Occupational Safety and Health Law (*Ley de Seguridad y Salud en el Trabajo*) approved by Law No. 29783 and the relevant regulations on safety and health applicable to mining activities approved by Supreme Decree No. 024-2016-EM.

According to such laws and regulations, companies' main obligations related to occupational safety and health rules are: (i) to establish a safety and health committee which must be comprised of the same number of employees and employer representatives and shall approve (A) an internal occupational safety and health code, (B) an occupational safety and health annual program, and (C) an occupational safety and health risk map; (ii) to implement and maintain a safety and health management system and keep its related registries and related documentation updated; (iii) to deliver a copy of the internal occupational safety and health code to its employees; (iv) to supervise the employees' fulfillment of the internal occupational safety and health code; (v) to perform medical examinations prior, during and at the end of the employee's labor relationship with the company; (vi) to provide employees the adequate protective equipment; (vii) to inform the labor authority regarding any fatal accident, dangerous incident or emergency situation at the workplace; and (viii) to ensure the same safety and health standards apply to all members of its labor force regardless of whether the employee is directly employed or through an outsourcing company.

Likewise, in the context of developments relating to the COVID-19 pandemic, specific provisions have been established for the surveillance, prevention and control of the health of workers at risk of exposure, through Ministerial Resolution 972-2020-MINSA and the Ministerial Resolution 128-2020-MINEM/DM. The main obligations of companies related to COVID-19 prevention are to (i) have a prevention plan against COVID-19 approved by the company's occupational health and safety committee and duly registered and delivered to the workers; (ii) comply with the cleaning and disinfection guidelines of the workplace; (iii) comply with the guidelines for evaluating the health of workers; and (iv) comply with protection measures for the benefit of workers.

The safety and health of our employees is our highest priority. Although we believe that we are in compliance with all safety and health laws and regulations in all material respects, we have implemented adequate safety measures and work continuously to improve our occupational health and safety training and performance. We regularly monitor occupational health and safety performance and compliance through safety training programs, review and analysis of accident reports and other routine safety measures at our operating mines.

Labor Regulations

Peruvian legislation allows hiring employees through: (i) a fixed-term contract, (ii) a contract for an indefinite duration; or (iii) a contract for part-time employment.

The minimum wage established in Peru is S/930.00 per month. Peruvian labor legislation establishes a maximum 8-hour work day or 48 hours per week. For overtime, employers must pay at least an additional 25% over the regular hourly wage for the first two hours of overtime and an additional 35% for any additional hours in excess thereof. Employees are entitled to a minimum rest of 24 consecutive hours per week.

Regardless of the type of employment contract, pursuant to Peruvian law, full-time employees are entitled to receive: (i) an additional 10% of the minimum wage, provided that they are responsible for (a) one or more children under the age of 18, or (b) persons who are up to 24 years of age if they are pursuing higher education; (ii) two additional monthly salaries per year, one in July and one in December; (iii) thirty calendar days of annual paid

vacation per year; (iv) life insurance; (v) a compensation for time of services (CTS) that amounts to approximately one monthly salary per year and is deposited each year in May (50%) and November (50%); (vi) benefits from the Peruvian Social Health Insurance (ESSALUD) to which employers must contribute a rate equivalent to 9% of their employees' income; (vii) distribution of profit sharing obtained from the 8% of the of the company's annual income before taxes, provided the company has 20 or more employees; and (viii) complementary insurance for high-risk activities taken out by the employer.

Outsourcing

According to Law No. 29245 and Legislative Decree No. 1038 and the regulations enacted thereunder, outsourcing is a form of business organization under which a company (the outsourced company) delegates part of its main activities to one or more outsourcing companies. A "main activity" is an activity that, if not performed, would immediately affect and/or interrupt the operations of a company.

Under Peruvian law, companies may outsource their main activities provided that the following conditions are met: (i) the outsourcing company must provide services under its own cost and risk; (ii) the outsourcing company must have its own financial, technical or material resources; (iii) the outsourcing company must be responsible for the results of its activities; and (iv) the employees of the outsourcing company must be under its exclusive subordination. Failure to comply with the foregoing conditions renders the outsourced company liable for all employment benefits as if the employee had been directly employed by the outsourced company.

In addition, when services are provided under an outsourcing structure, the outsourced company is jointly liable for all mandatory employment benefits described above under "—Labor Regulations."

Regulatory Framework in Brazil

Mining Legislation

The Brazilian constitution establishes that surface and underground property are separate from the mineral resources within them, with the latter belonging only to the Brazilian federal government. The Brazilian constitution, the Brazilian mining code, Brazilian mining code regulations, and other decrees issued by the Brazilian Mines Agency (*Agência Nacional de Mineração* or "ANM"), regulate mineral exploration and exploitation activities and impose various regulatory restrictions on mining companies. They establish, among other things:

- that only the Brazilian federal government may enact mining laws;
- that while in situ, mineral substances are owned by the Brazilian federal government;
- that once extracted, mineral substances become the property of the title holder;
- that mining is subject to environmental licensing;
- that mining is an activity of national interest to Brazil;
- the manner in which mineral deposits are exploited;
- the protection and restoration of the environment; and
- the prevention of the emission of pollutants.

Individuals and mining companies in Brazil may only conduct exploration based on an exploration license issued by the environmental regulatory agencies and the ANM, while only mining companies may exploit and extract mineral resources through mining concessions granted by ordinances from the Brazilian Ministry of Mines and Energy, after administrative processing through the environmental regulatory agencies and the ANM.

Under the terms of the mining legislation currently in force, licensing for the exploration and exploitation of minerals in Brazil occurs through a series of stages:

- *Application for exploration licenses*: Initially the company must submit a complete application to the ANM setting forth its interest in exploring a particular substance in a defined area. Exploration licenses are granted on a first-come, first-served basis, which means that the first applicant who has applied for an area which is not subject to a mineral right in force shall be granted the respective license.

- *Exploration license*: If the submitted application contains all of the required documents and information, and if the corresponding area is free (i.e. not covered by a mineral right in force), the ANM will issue an exploration license to the applicant. This license allows the holder to explore the substance (or any other substances, except for radioactive minerals for which the federal Brazilian government holds a monopoly) within the limits of the area encompassed by the license, for a period from one to three years (as stated in the license), which period can be extended for an equal period at the holder's request and with the approval of the ANM.

  The holder of an exploration license must, among other obligations: (1) begin the exploration works within 60 days of the issuance of the license, or of the judicial decision granting access to the land in which the exploration will be conducted; (2) not cease or interrupt the exploration activity for more than three consecutive months, or for a total of 120 non-consecutive days; (3) notify the ANM of the discovery of any mineral substance other than that covered by the exploration license; (4) upon completion of the exploration, submit a final report for ANM's approval containing technical and quantitative geological studies of the mineral deposits, as well as a technical and economic viability of the deposit; and (5) pay annual fees.

  Exploration licenses may be assigned or transferred, with any such assignment or transfer valid only upon approval by, and registration with, the ANM.

- *Approval of final exploration report and application for mining concession*: Before the expiration of the original or extended exploration license period, as applicable, the license holder must submit a final report, whether positive or negative with respect to the project, summarizing the work conducted and the results of such work. In the event that the existence of deposits and the technical and financial feasibility of the future mine are evidenced, the ANM may approve the report. Once approved, the license holder will have a period of one year to apply for a mining concession (being such one-year period renewable for the same period at the ANM's discretion), at which time the license holder must present, among other requirements, a plan for the economic development of the identified deposit. If the exploitation requires the construction or use of tailings dam, the application for mining concession needs to be supplemented with a contingency plan in the event of a dam failure.

- *Mining concession*: Upon the ANM's approval of the plan, as well as the obtainment of the necessary environmental installation license and other requirements from the relevant authorities, a mining concession will be issued in favor of the holder of the mineral rights. This concession confers upon the holder the right to extract and economically exploit the minerals found in the area of the concession, within the limits of the previous exploration license (or a portion thereof) until the deposit is exhausted. In addition, the concession grants the holder the right to request mineral servitudes/easements in the area covered by the title, as well as the surrounding properties, thus allowing for the infrastructure required for the development of the mining project.

The holder may transfer the concession to a third party in accordance with applicable laws, with the validity of the transfer conditioned upon its approval and registration with the ANM. Concessions are granted for an indeterminate period until to the depletion of the mineral deposit. The Brazilian federal government, states and municipalities will receive royalties for the mineral exploitation in the form of the Compensation for the Exploitation of Mineral Resources *(Compensacão Financeira pela Exploracão de Recursos Minerais* or "CFEM"). Likewise, landowners shall also participate in the mining results.

The taxable event for CFEM is the sale of mineral product mined from the deposit, the use or industrial processing of the mineral product, or consumption of the mineral product by the concession holder, with the value based upon the net income gained through the sale of the product (e.g., the sale value less taxes incident to the product's sales and marketing, external transportation and insurance costs). In the case of use or consumption of the mineral product in the title holder's own industry, CFEM will be calculated based on the sum of all expenses incurred by the concession holder up to the last stage of the production process immediately before the industrialization of the mineral product.

In order to calculate CFEM, it is necessary to apply to net income (or to the sum of expenses up to the industrialization) the rate assigned to each mineral substance. Rates vary from 1.5% to 3.5%, depending on the mineral. Currently, the rate for cassiterite and columbite is 2%. The amount collected as financial compensation will be distributed among Brazilian governmental entities as follows: (i) 60% for the municipality where mining takes place; (ii) 15% for the municipalities impacted by the exploitation; (iii) 15% to the state in which the mining takes place; and (iv) 10% to the federal government (including the ANM and other governmental agencies).

The payment of CFEM serves as the basis for calculating the amount due to the landowners as participation in the mining results, considering that such payment shall be equivalent to 50% of the amount of CFEM.

A concession holder must: (1) commence the works described in the mine development plan within six months of the granting of the mining concession; (2) comply with a mining plan approved by the ANM; (3) extract only the mineral substances specified in the mining concession; (4) inform the ANM of the discovery of any mineral substance not specified in the concession, in which case the title holder may proceed with exploration of such substance; (5) prepare an annual report; (6) not suspend mining activities for longer than six consecutive months without prior approval of the ANM; and (7) comply with certain related environmental obligations.

Should any mineral rights granted to a party be cancelled, terminated or relinquished, the rights over the respective area will be put up for tender by the ANM. Any interested parties may submit its bids and the ANM shall review them and chose the winning bid. New mineral rights will then be awarded to the winning bidder.

Environmental Legislation

Environmental Liability

The Brazilian Federal Constitution established environmental protection as a fundamental human right by stating that an ecologically balanced environment is a good for the common use of the people and essential to health and quality of life.

Under the Brazilian Federal Constitution, the federal authorities, the states, the Federal District and the municipalities have the duty and the power to protect the environment, which includes preventing and controlling pollution in all its forms, and preserving forests, fauna and flora. The federal authorities, states, and the Federal District have the power to provide laws for the conservation of nature, defense of soil and natural resources, and control of pollution, hunting and fishing. Furthermore, in certain circumstances, municipalities may pass laws on environmental issues of local interest.

Federal Law 9605 of February 12, 1998 provides criminal responsibility, whereas Federal Decree 6.514 of July 22, 2008 provides administrative sanctions, in case of environmentally harmful activities. Any individuals held responsible for environmental crimes, including company officers, may be sentenced to detention or imprisonment for up to five years. Under Federal Law 9.605, environmental offenses are punishable through warnings, fines, the suspension of production and sales of products, and the seizure of a construction site or business activities.

With respect of environmental administrative infringements, the applicable sanctions encompass warning, injunctions, interdiction of activities, and fines that may range from R$50 (equivalent to approximately US$10) to R$50,000,000 (equivalent to approximately US$10 million). From a civil liability perspective, the offender is strictly liable for any environmental damages and is obligated to remedy such damages or provide compensation. In

addition, the offender may be banned from involvement in certain types of government contracts and have its tax benefits or incentives suspended.

Environmental Control

Federal Law 6938 of August 31, 1981, establishes that the primary objective of the Brazilian environmental policy it to "reconcile socio-economic development with the preservation of environmental quality and ecological balance." In order to harmonize the operation of mining activities with the preservation of the environment, Brazilian environmental legislation (a) establishes measures of pollution control for activities that impact the environment, (b) provides that the mining entrepreneur must restore the mined degraded area, and (c) once mining operations conclude, requires the payment of environmental compensation for enterprises that cause significant environmental impact.

Brazilian environmental policy establishes measures of environmental controls for activities that impact the environment, such as mining. Among these controls, one of the most relevant is the environmental licensing, which comprises three licenses that are issued in accordance with the development phase of the project (location, implementation or functioning):

- *Preliminary License*: granted at a preliminary stage of the enterprise, project or activity, approving its location and concept, and attesting to its environmental viability. A preliminary license expires no later than five years from its date of issuance.

- *Installation License*: authorizes construction and installation activities of the development or activity to take place, provided that they are in accordance with the specifications set forth in the approved plans, schedules and projects (e.g., environmental impact assessment), including environmental control methods, among other requirements. A construction license expires no later than six years from its date of issuance.

- *Operating License*: authorizes the operation of an activity (e.g. mining) being licensed, after verification of compliance with the conditions established under the previous licenses and with the environmental control methods and determinations established for operation. An operating license may be valid for four to ten years from its date of issuance.

All the aforementioned licenses may be renewed. Should the formal renewal request be filed at least 120 days before its expiration (environmental state agencies may set a different term condition), the license being renewed remains valid until there is a final ruling by the competent environmental body.

Throughout the licensing process, the environmental agency may require environmental studies to be conducted. At a minimum, mining activities require the preparation of an environmental impact assessment ("EIA"), comprising a less technical and more objective document made available to the community to enable the community to participate in the licensing process. In addition, an environmental remediation plan (*Plano de Recuperação de Área Degradada*, or "PRAD"), must be presented for the preliminary license, setting forth the activities the entrepreneur plans to implement as to restore the mined degraded area. Other activities considered as to have a significant environmental impact, such as port and railway activities, also require EIA.

The EIA is designed to demonstrate the environmental viability of the proposed development, indicating its technical attributes and alternative locations, the direct and indirect environmental impacts as well as available means to mitigate them, and proposed environmental compensation.

At the preliminary license stage, public meetings shall be held to present and discuss the project, either upon decision of the environmental agency or at the request of any interested party. These meetings provide the community an opportunity to better understand the project, raise questions, as well as propose and discuss mitigating and compensatory measures.

According to Complementary Law 140/2011, environmental licensing power is allotted as follows:

The Brazilian federal environmental body licenses those projects:

- located or developed jointly in Brazil and a neighboring country;
- located or developed within Brazil's territorial seas, on the continental shelf or within its exclusive economic zone;
- located or developed on indigenous lands;
- located or developed in federal conservation areas, except in Environmental Protection Areas ("APAs");
- located or developed in two or more states;
- of a military nature;
- designed to survey, mine, produce, process, transport, store or dispose of radioactive material, at any stage, or to employ nuclear energy in any of its forms and uses; or
- of a type designated by an act of the executive branch, pursuant to a proposal of the National Tripartite Commission (*Comissão Tripartite Nacional*).

Brazilian state environmental bodies license those projects and activities:

- that fall outside of the licensing jurisdiction of federal or municipal authorities;
- located or developed in conservation areas established by the state, except APAs.

Brazilian municipal environmental bodies license those projects:

- that have or may cause local environmental impacts, as defined by the applicable state environmental board; or
- located in conservation areas established by the municipality, except APAs.

In addition to environmental licensing, our activities are subject to other control measures, such as licensing and authorizations for any type of alteration to the vegetation, capture and disposal of water resources, use of controlled materials, and/or hazardous waste disposal; registration of our activities, and periodic submissions of information to environmental bodies; urban, ecological, economic, and coastal zoning; and rules applicable to specially protected areas, among others.

Restoration of the Mined Area

In accordance with Brazilian constitution (Article 225, Section 2) and legal guidelines (Article 2, Section VIII of Law 6938 of August 31, 1981, as regulated by Decree 97632 of April 10, 1989), a mining entity that has exploited mineral rights must undertake measures to environmentally restore the mined area. Failure to restore the exploited mining site in accordance with an authorization, permission, license, concession or ruling from an environmental agency constitutes an environmental crime pursuant to paragraph of Article 55 of Law 9605, dated February 12, 1998 (Environmental Crimes Act), as well as an administrative infraction pursuant to Article 63 of Decree 6514, dated July 22, 2008.

Environmental Compensation

Brazilian environmental law requires that developers provide environmental compensation for projects that are deemed to cause significant environmental impact.

We are subject to the terms and conditions set forth in Law 9985 of July 18, 2000, which requires developments with significant environmental impact to set aside compensation for the implementation and maintenance of conservation units through environmental compensation. This compensation is calculated in accordance with the degree of impact of the project, based on the total investment necessary for its implementation – it is limited to 0.5% of the total investment amount needed for implementing the project, except for investments related to plans, projects and programs required during the environmental licensing process for mitigating its impacts.

Water Use Charges

Brazilian states in which we are developing operations are currently considering the implementation of water use charges, as set forth in the Brazilian Water Resources Policy, which would require us to pay for the use of water resources in the future. Such payments could incrementally increase our production costs, particularly in areas where water resources are scarce.

Climate Change

The Brazilian government has adopted a decree (Decree No. 9578/2018) under the carbon emissions law (*Política Nacional de Mudanças Climáticas*) that contemplates specific carbon emissions reduction targets of up to 3.2 million tons of carbon dioxide to be established in accordance with certain sector-specific plans and phased in through 2020. Under this decree, each sector of the economy is to establish specific targets to be achieved by the various industries within that sector, in coordination with the Brazilian Environmental Ministry (*Ministério do Meio Ambiente*, or "MMA").

MANAGEMENT

Under our bylaws, the board of directors is in charge of our administration and of all matters that are not expressly reserved to the shareholders. The board of directors consists of no less than three and no more than nine members, all of them elected by the shareholders, which also determines the applicable number. The board of directors is elected for one-year periods, and directors may be reelected.

The required quorum for any board of directors meeting is (i) at least half plus one of its members, if the number of its members is even, or (ii) the whole number of directors immediately exceeding half of its members, if the number of its members is odd. As a general rule, the resolutions shall be adopted by affirmative vote of the majority of the directors in attendance. In case of a tie, the chairman has a casting vote.

The following table sets forth certain information about the members of our board of directors.

Name	Position	Year Appointed
Fortunato Juan José Brescia Moreyra	Chairman of the board	2001
Alex Paul Gastón Fort Brescia	Vice Chairman of the board	2001
Rosa Augusta Brescia Cafferata vda. de Fort	Director	2004
Mario Augusto Miguel Brescia Moreyra	Director	2001
Pedro Manuel Juan Brescia Moreyra	Director	2001
Jaime Araoz Medanic	Director	2016
Miguel Aramburú Álvarez-Calderón	Independent Director	2012
Patricio de Solminihac Tampier	Independent Director	2019

Fortunato Juan José Brescia Moreyra has been one of our directors since 2001 and served as chairman of the board since May 5, 2013. Until May 5, 2013 Mr. Brescia Moreyra held the position of Executive Director of the Company. He holds mining engineering degrees from Universidad Nacional de Ingeniería and from the Colorado School of Mines. He is a member of the management committee of Breca, and has also been executive director of Minsur as well as a managing director of Compañía Minera Raura, a polymetallic company involved in the extraction and processing of zinc, lead and copper in Peru. He is a member of the board of directors of Exsa S.A., BBVA Continental, Inversiones Nacionales de Turismo S.A., Corporación Peruana de Producto Químicos S.A., Rímac Seguros y Reaseguros and Melón, as well as of other large companies involved in different operations mainly in Peru, Brazil and Chile.

Alex Paul Gastón Fort Brescia has been one of our directors since 2001. He holds a B.A. in Economics from Williams College and an MBA from Columbia University. He is currently a member of the Investment management committee of Breca, a director of BBVA Continental, Rímac Seguros y Reaseguors, Tecnológica de Alimentos S.A., Inversiones Nacionales de Turismo S.A., Corporación Peruana de Productos Quimicos S.A., Exsa S.A., Inmuebles Limatambo S.A., Marcobre, Compañía Minera Raura S.A. and Agrícola Hoja Redonda and Unión de Cervecerías Peruanas Backus y Johnston S.A.A., among other companies mainly operating in Peru, Chile and Brazil. He is also a member of the board of directors of various private associations in Peru and abroad.

Rosa Augusta Brescia Cafferata vda. de Fort has been one of our directors since 2004. She is currently director at a number of several Peruvian companies and chairman of the board of the directors of Breca and also vice-president of the Advisory Board of *Centro Peruano de Audición, Lenguaje y Aprendizaje (CPAL)*, an association created and developed to contribute to the prevention, diagnosis and treatment of hearing, speech and learning problems of children, adolescents and adults. Due to her dedication and contribution to the investigation of xerophiles, she was distinguished as Commander by the Merit Order for Distinguished Services.

Mario Augusto Miguel Brescia Moreyra has been one of our directors since 2001. He holds a degree in Business Administration from Universidad Ricardo Palma. He currently is a member of the management committee of Breca, vice-president and director of the International Fishmeal and Fish Oil Organization and Director of *Sociedad Nacional de Pesquería* in Peru. He has been executive director of Tecnológica de Alimentos S.A., on which he now serves as chairman of the board, and of Agrícola Hoja Redonda S.A. He is also a member of the board of directors of Rímac Internacional Compañía de Seguros y Reaseguros and Melón, as well as of other important companies in a number of different sectors, with operations mainly in Peru, Brazil and Chile.

Pedro Manuel Juan Brescia Moreyra has been one of our directors since 2001. He holds a B.A. in Economics from Boston University. He is a member of the management committee of Breca and has been executive president of Corporación Peruana de Productos Quimicos S.A. and executive director of Inversiones Nacionales de Turismo S.A. He is a member of the board of directors of BBVA Continental, Rímac Internacional Compañía de Seguros y Reaseguros, Agrícola Hoja Redonda, Aporta, Centra, Exsa, Compañía Minera Raura S.A. and Melón, as well as of important companies from several sectors mainly operating in Peru, Brazil and Chile.

Jaime Araoz Medanic has been one of our directors since 2016. He holds a degree in Business Administration from Universidad de Lima and an MBA from Kellogg Graduate School of Management. Currently he serves as Chief Executive Officer of Breca. He currently is a member of the board of directors of Melón (Chile), Futura Consorcio Inmobiliario and the real estate companies of the Futura Consorcio Inmobiliario Group, Marcobre, Intursa, Qroma, Raura, Rimac and TASA, as well as a member of the board of Aporta and alternate director of BBVA Banco Continental. He is also a director of the Peruvian Institute of Economics (IPE).

Miguel Aramburú Álvarez-Calderón has been an independent member of our Board of Directors since 2012. He holds an industrial engineering degree from Pontificia Universidad Católica del Perú and an MBA from the Graduate School of Business of Stanford University. He currently is a member of the board of directors of Castrovirreyna Compañía Minera S.A., Graña y Montero S.A.A., Maestro Peru S.A., Andino Investment Holdings S.A.A., Neptunia S.A., Stracon GyM S.A., Instituto de Formación Bancaria, and member of the investment committee of Enfoca SAFI S.A.C. Before joining our Board of Directors, Mr. Aramburu held various positions in Hochschild Mining PLC for 15 years, where he also acted as chief executive officer, until March 2010. He teaches extension courses in the Advanced Management Program (PAD) of Universidad de Piura.

Patricio de Solminihac Tampier has been an independent member of our Board of Directors since 2019. He holds an industrial engineering degree from Pontificia Universidad Católica de Chile and an MBA from the University of Chicago. Between 2015 and 2018, he was Chief Executive Officer of Sociedad Química y Minera de Chile S.A. and deputy Chief Executive Officer from 2000 to 2014. He currently is a member of the board of directors of CMPC Celulosa S.A., Vidrios Dellorto S.A., Viñedos Terranoble S.A. and Melón S.A. He also is a member of the board of directors of Sociedad de Fomento Fabril (Sofofa) in Chile.

Executive Officers

The following table sets forth certain information about our executive officers.

Name	Position	Year Appointed
Juan Luis Kruger Sayán	Chief Executive Officer	2013
Yuri Alfredo Gallo Mendoza	Projects Director	2020
Alberto Cárdenas	Chief Operating Officer	2021
Joaquin Larrea Gubbins	Chief Financial Officer	2019
Gonzalo Quijandría Fernandez	Corporate Affairs Officer	2013
Diego Molina Henriquez	Transformation and Strategy Officer	2019
Ralph Alosilla-Velazco Vera	Logistics and Information Technology Officer	2015
Alvaro Escalante Ruiz	Human Resources Officer	2014
Emilio Alfageme Rodriguez Larraín	Corporate Legal Manager	2013
Hik Park	Internal Audit Manager	2018
Miroslav Kalinaj	Corporate Explorations Manager	2012

Juan Luis Kruger Sayán has been our Chief Executive Officer since March 2013. He holds a B.A. from Universidad del Pacífico and an MBA from Harvard Business School. Prior to joining Minsur, Mr. Kruger was Executive Vice-President of Gold Fields Ltd. for the Americas region and Chief Executive Officer of Gold Fields La Cima S.A. He has also been Chief Financial Officer of Glencore with responsibility over the operations in the region, and Chief Executive Officer of LAN Perú, among others. He has over ten years of experience in the mining industry.

Yuri Alfredo Gallo Mendoza has been our Projects Director since July 2020 and has been working at Minsur since August 2014, where he held the positions of project development manager and corporate project manager. He holds a mechanical engineering degree from the Pontificia Universidad Católica del Perú and an MBA from the Universidad Particular de Tacna. He has 27 years of experience in project development and

implementation, metallurgical operations and maintenance of industrial plants and infrastructure. Of those, 25 years were in the mining industry, and he has been Engineering Manager at Ausenco - Constancia Project, Project and Engineering Manager at BHP Billiton Copper-Uranium Division in the Olympic Dam Expansion Project - Australia, Engineering and Studies Manager at Yanacocha-Newmont (including the Gold Mill and Conga project) and functional leader of mechanical discipline in the area of Expansion projects at Southern Peru Copper for the Ilo Smelter Modernization, among others.

Alberto Cárdenas has been our Chief Operating Officer since 2021. He has been working at Minsur since August 2018, where he held the position of General Manager Operations, Perú. He holds a degree in civil engineering from the Pontificia Universidad Católica del Perú and an MBA from Centrum Católica. He has extensive experience in the mining industry and was previously Vice President of Operations at Gold Fields La Cima, Vice President of Corporate Development at Goldfields LTD Americas, and Strategic and Operations executive in Gold Fields and Yanacocha.

Joaquin Larrea Gubbins has been our chief financial officer since September 2019. He holds a degree in Business Administration from Universidad de Lima and an MBA from Kellogg Graduate School of Management of Northwestern University. Previously, he held the position of chief corporate development manager at Cementos Pacasmayo, was director of business development for General Electric Peru, Ecuador and Bolivia, and a member of the corporate banking team at BankBoston.

Gonzalo Quijandría Fernandez has been our director of corporate affairs since 2013. He holds a law degree from Pontificia Universidad Católica del Perú, was a fellow of the Nieman Foundation for Journalists at Harvard University, and holds a diploma in specialization in mining management from the Pontificia Universidad Católica de Chile. He has been director of corporate affairs at Barrick Misquichilca S.A. and corporate affairs manager at Compania Minera Antamina S.A. He has 13 years of experience in the mining industry.

Diego Molina Henriquez has been our transformation and strategy officer since September 2019, and spearheads the implementation of our “Lingo” program, part of our lean management strategy. He holds an industrial engineering degree and a master’s degree in science from Pontificia Universidad Católica de Chile and an MBA from Tsinghua University–INSEAD. Previously he was the chief financial officer of Minsur from August 2017 to September 2019.

Ralph Alosilla-Velazco Vera has been our logistics and information technology officer since November 2015. He holds an industrial engineering degree from the Universidad de Lima, a master’s degree in global business administration from the business school of the Pontificia Universidad Católica del Perú and an MBA from Tulane University. Previously, he was the vice president of logistics and commercial of Gold Fields La Cima S.A. and also held various management positions in companies of the Glencore Group and Southern Peru Copper.

Alvaro Escalante Ruiz has been our human resources director since October 2014. He holds a B.A. from Universidad del Pacífico and an MBA from Pontificia Universidad Católica de Chile. He has more than 20 years of management experience in sales, marketing and consulting in human resources. Previously he worked in national and international companies in various sectors such as mass consumption, education, industry and mining.

Emilio Alfageme Rodriguez Larraín has been our Corporate Legal Manager since 2013. He holds a law degree from Pontificia Universidad Católica del Perú and has completed a specialization course in taxation in the University of Lima and a PADE (Advanced Program of Business Management) in human resources in ESAN. Previously, he worked at the Rodríguez Larraín law firm. He has been working in the legal department of Minsur since December 1991 and has more than 20 years of experience in the mining industry.

Hik Park has been our Internal Audit Manager since November 2018. He holds an industrial engineering degree from Pontificia Universidad Católica del Peru, an MBA from the University of Piura – IESE and a master’s degree in education from the Villanueva Center and the Complutense University of Madrid. He is a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE), and Certified in Risk Management Assurance (CRMA).

Miroslav Kalinaj has been our Corporate Exploration Manager since February 2012. He holds a bachelor of science from Comenius University in Bratislava and a master's of science in Geochemistry and Mineralogy. He was previously Exploration Manager at Fortuna Silver Mineas Inc. and Vice President of Exploration at Rio Cristal Zinc as well as Exploration Manager at Hochschild Mining. He has more than 32 years of experience in the mining industry and is specialized in the management of gold, silver, base metals and tin exploration, mineralogy, geochemistry, geological mapping and mineral exploration in Latin America, Mexico and Europe.

Audit Committee

The main purpose of our audit committee is to aid the board of directors in its oversight of our internal control system. The audit committee is composed of five members: three members of the board of directors and two members of our internal audit unit. The appointment of members of the audit committee, including its chairman, is made by the board of directors. Our audit committee is currently composed by: Fortunato Brescia (Chairman), Patricio de Solminihac Tampier (Director and President of the Audit Committee), Pedro Malo (Corporate Vicepresident of Finance - Breca), Martha Carrillo (Corporate Vicepresident of Audit – Breca), and Hik Park (Internal Audit Manager).

Compensation

The compensation to our directors and executive officers during 2020 was approximately US$2.3 million not including statutory profit sharing. None of our directors, executive officers or employees received any stock-based compensation in 2020.

Family Relations

No family relations exist between any of our executive officers. Our directors Fortunato Juan José Brescia Moreyra, Alex Paul Gastón Fort Brescia, Rosa Augusta Brescia Cafferata vda. de Fort, Mario Augusto Miguel Brescia Moreyra, Pedro Manuel Juan Brescia Moreyra belong to the Brescia family, which controls the Breca economic group.

PRINCIPAL SHAREHOLDERS

Our capital stock as of June 30, 2021 was represented by 19,220,015 common shares with a par value of S/100.00.

The following table sets forth certain information concerning the principal holder of our common shares as of June 30, 2021:

	Common shares	
Principal Shareholder	**Number of shares**	**Percentage**
Breca Minería S.A.C.	19,220,005	99.99995%
Total	19,220,015	100%

The other 0.0005% is owned by Corporación Breca S.A.C. pertains to the Brescia family of Peru. For further information on Inversiones Breca S.A., see “Business—The Breca Group.” Certain members of our board of directors are members of the Brescia family. See “Management.”

Investment Shares

As of June 30, 2021, we also had 960, 999,163 investment shares (*acciones de inversión*) outstanding with par value of S/1.00 each. Holders of our non-voting investment shares are not entitled to voting rights. Holders of our non-voting investment shares are entitled to dividends and anti-dilution rights. Our non-voting investment shares are registered with the Peruvian Public Registry of the Securities and Brokers Market (*Registro Público del Mercado de Valores*) of the SMV and listed on the Lima Stock Exchange (*Bolsa de Valores de Lima*).

The following table sets forth certain information concerning the principal holders of our non-voting investment shares as of June 30, 2021.

	Investment shares	
Principal Shareholders	**Number of shares**	**Percentage**
Prima AFP	266,958,899	28%
Integra AFP	162,905,464	17%
Profuturo AFP	145,028,830	15%
Habitat AFP	97,218,956	10%
Directors and executive officers as a group	63,417,483	7%
Breca Minería S.A.C.	60,669,761	6%
Others	164,799,770	17%
Total	**960,999,163**	**100%**

RELATED PARTY TRANSACTIONS

In the ordinary course of business, we engage in a variety of transactions with related parties. Any related party transaction we have entered into in the past has been in the ordinary course of business and on terms and conditions that are comparable with transactions that we would enter into with non-related parties.

Peruvian law sets forth certain restrictions and limitations on transactions with certain related parties. As our non-voting investment shares are registered with the Peruvian Public Registry of the Securities Market (*Registro Público del Mercado de Valores*) of the SMV, the directors and officers of the company cannot, without the prior authorization of the board of directors, (i) receive in the form of a loan money or assets of the company; or (ii) use, for their own benefit or for the benefit of related parties, assets, services or credits of the company.

As of June 30, 2021, our total accounts receivable with related parties was US$3.6 million and our total accounts payable with related parties was US$4.9 million. Below is a list of our most relevant transactions with related parties in 2021.

For additional information relating to our related party transactions, see note 31 to our annual consolidated financial statements.

AESA

Administración de Empresas S.A.C. ("AESA") is our most important contractor and its services are essential to our existing operations and mine development activities. The Breca group, through its holding companies, owns 100% of the capital stock of AESA. We have used AESA services to develop our infrastructure for our San Rafael mine, and we expect to continue using its services in the future. We have paid AESA US$23.2 million in 2020 and US$19.5 million in the six months ended June 30, 2021.

Rímac Seguros y Reaseguros

All of our insurance coverage is provided by Rímac Seguros y Reaseguros. The Breca group, through its holding companies, owns 61.0% of the capital stock of this company and we own a 14.5% interest. All of our employees' health and life insurances are also provided by Rímac Seguros y Reaseguros. During 2020 we have not brought any claim against Rímac to collect insurance proceeds. We have paid Rímac Seguros US$7 million in 2020 and US$2.4 million in the six months ended June 30, 2021.

Equity Investments

In addition to the transactions mentioned above, we own equity interests in other companies that are part of the Breca economic group. For further information, see note 11 to our annual consolidated financial statements.

DESCRIPTION OF THE NOTES

Minsur S.A. will issue the notes pursuant to an indenture, to be dated as of October 28, 2021, between Minsur S.A., as issuer, and Citibank, N.A., as trustee (which term includes any successor as trustee under the indenture), registrar, paying agent and transfer agent. A copy of the indenture is available for inspection during normal business hours at the corporate trust offices of the trustee and any of the other paying agents.

This description of notes is a summary of the material provisions of the notes and the indenture. You should refer to the indenture for a complete description of the terms and conditions of the notes and the indenture, including the obligations of Minsur S.A. and your rights. The indenture is not required to be nor will it be qualified under the U.S. Trust Indenture Act. Whenever particular sections or defined terms of the indenture, not otherwise defined herein, are referred to, such sections or defined terms are incorporated herein by reference. If there is any discrepancy and/or inconsistency between the indenture and the description of the notes in this offering memorandum, the former shall prevail.

You will find the definitions of capitalized terms used in this section under "—Certain Definitions." For purposes of this section of this offering memorandum, references to "Minsur" refer only to Minsur S.A. and not to its Subsidiaries.

General

The notes will:

- be senior unsecured obligations of Minsur and will:
    - rank equal in right of payment with all other existing and future senior unsecured obligations of Minsur (other than with respect to certain obligations given preferential treatment pursuant to the laws of Peru);
    - rank senior in right of payment to all existing and future subordinated obligations of Minsur;
    - be effectively subordinated to all existing and future secured obligations of Minsur, to the extent of the value of the assets securing such secured obligations; and
    - be structurally subordinated to all obligations of Minsur's existing and future Subsidiaries;
- initially be issued in an aggregate principal amount of US$500,000,000;
- mature on October 28, 2031 at a redemption price equal to 100% of the outstanding principal amount *plus* accrued and unpaid interest;
- be subject to redemption at the option of Minsur as described under "—Redemption";
- be issued in minimum denominations of US$200,000 principal amount and integral multiples of US$1,000 in excess thereof; and
- be represented by one or more registered notes in global form and may be exchanged for notes in definitive form only in limited circumstances.

Interest on the notes will:

- accrue at the rate of 4.500% *per annum*;

- accrue from the date of issuance or from the most recent interest payment date;

- be payable in cash semi-annually in arrears on April 28 and October 28 of each year (each, an "Interest Payment Date"), commencing on April 28, 2022;

- be payable to the holders of record on the April 23 and October 23, immediately preceding the related Interest Payment Date (each, a "Record Date"); and

- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Principal of, premium, if any, interest and any Additional Amounts (as defined below under "–Additional Amounts") on the notes will be payable as set forth under "—Payments." Transfer of notes will be registrable as set forth under "—Transfer of Notes" at the office of the registrar or any other transfer agents.

Transfer of beneficial interests in the global notes will be effected only through records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream. See "Form of Notes, Clearing and Settlement."

If any payment is due on a note on a day that is not a Business Day, payment will be made on the day that is the next Business Day. Payments postponed to the next Business Day in this situation will be treated under the indenture as if they were made on the original payment date. No interest will accrue on the postponed amount from the original payment date to the next day that is a Business Day.

Additional Notes

Minsur may from time to time, without notice to or consent of the noteholders, create and issue an unlimited principal amount of additional notes having the same terms and conditions as the original notes issued in this offering in all respects, except that the issue date, the issue price and the first payment of interest thereon may differ; *provided* that, unless such additional notes are fungible with the original notes for U.S. federal income tax purposes, such additional notes will be issued under a separate CUSIP. Any such additional notes will form a single series and vote together with the previously outstanding notes for all purposes hereof.

Ranking

The notes will constitute senior unsecured obligations of Minsur. The notes will rank at least *pari passu* in priority of payment with all other existing and future senior unsecured indebtedness of Minsur (other than with respect to certain obligations given preferential treatment pursuant to the laws of Peru). The notes will be effectively subordinated to all existing and future secured obligations of Minsur, to the extent of the value of the assets securing such secured obligations, and structurally subordinated to all obligations of Minsur's existing and future Subsidiaries.

As of June 30, 2021, our consolidated indebtedness was US$1,614.1 million, of which US$873.4 million is secured indebtedness (including all of the debt of Marcobre in an amount of US$939.4 million). After giving pro forma effect to the issuance of the notes and the use of the gross proceeds of this offering, we would have approximately US$1,661.2 million of consolidated indebtedness, of which US$873.4 million would be secured indebtedness (including all of the debt of Marcobre).

Redemption

The notes will not be redeemable prior to maturity except as described below.

Optional Redemption

Prior to July 28, 2031 (the date that is three months prior to the maturity date of the notes (the "Par Call Date")), the notes will be redeemable, in whole or in part, at any time and from time to time, at the option of Minsur,

at a redemption price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon as if redeemed on the Par Call Date (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate *plus* 50 basis points, *plus* in each case accrued interest thereon to, but excluding, the date of redemption and any Additional Amounts thereon.

On or after the Par Call Date, the notes will be redeemable, in whole or in part, at any time and from time to time, at the option of Minsur at a redemption price equal to 100% of the principal amount of the notes to be redeemed *plus* accrued and unpaid interest thereon to, but excluding, the date of redemption and any Additional Amounts thereon. The trustee will have no obligation to calculate or verify the calculation of the redemption price or the accrued and unpaid interest payable on the notes.

"*Treasury Rate*" means, with respect to any redemption date, the rate *per annum* equal to the semiannual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"*Comparable Treasury Issue*" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the Par Call Date that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes.

"*Independent Investment Banker*" means one of the Reference Treasury Dealers appointed by Minsur.

"*Comparable Treasury Price*" means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

"*Reference Treasury Dealer*" means BofA Securities, Inc. or its Affiliates which are primary U.S. government securities dealers and three other leading primary U.S. government securities dealers in The City of New York selected from time to time by Minsur, and their respective successors; *provided*, *however*, that, if any of the foregoing or their Affiliates shall cease to be a primary U.S. government securities dealer in The City of New York (a "Primary Treasury Dealer"), Minsur shall substitute therefor another Primary Treasury Dealer.

Tax Redemption

The notes will be redeemable, at the option of Minsur, in whole, but not in part, at a price equal to the outstanding principal amount thereof, *plus* accrued and unpaid interest thereon and Additional Amounts, if any, to, but excluding, the redemption date, if, as a result of any change in, or amendment to the laws (or any regulations or rulings promulgated thereunder) of Peru or any jurisdiction where Minsur (or a successor) is incorporated or resident for tax purposes or from or through which any payment in respect of the notes is made by the paying agent or Minsur, or any political subdivision, authority or jurisdiction thereof (each a "Relevant Jurisdiction"), or any change in the application, administration or official interpretation of such laws, regulations or rulings in a Relevant Jurisdiction, that becomes effective after the later of the Closing Date or the date such jurisdiction becomes a Relevant Jurisdiction, Minsur has or will become obligated to pay Additional Amounts in excess of the Additional Amounts that Minsur would pay if payments in respect of the notes were subject to deduction or withholding at a rate equal to the withholding tax rate imposed by Peru as of the Closing Date, and such obligation cannot be avoided

by Minsur taking reasonable measures available to it. Notice of redemption shall be given at least 10 days, but no more than 60 days, prior to the earliest date on which Minsur would be obligated to pay such Additional Amounts. At least five Business Days prior to the publication or mailing of any notice of redemption of the notes pursuant to the foregoing, Minsur will deliver to the trustee (i) an officer's certificate stating that Minsur is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have been satisfied and that it cannot avoid the obligations to pay Additional Amounts by taking reasonable measures available to it, and (ii) an Opinion of Counsel or an opinion of a tax consultant, from counsel or consultant independent to Minsur and of recognized standing, with respect to tax matters of the applicable Relevant Jurisdiction that the requirement to pay such Additional Amounts results from such change or amendment referred to in this paragraph.

General Provisions for Optional or Tax Redemption

Minsur will mail, or cause to be mailed, a notice of redemption to each holder and the trustee (which, in the case of global notes, will be DTC) by first-class mail, postage prepaid, at least 10 days and not more than 60 days prior to the redemption date, to the address of each holder as it appears on the register maintained by the registrar. A notice of redemption may be conditional.

In the event that less than all of the notes are to be redeemed at any time, selection of notes for redemption will be made by the trustee in compliance with the requirements governing redemptions of the principal securities exchange, if any, on which notes are listed or if such securities exchange has no requirement governing redemption or the notes are not then listed on a securities exchange, on a *pro rata* basis or by lot (or, in the case of notes issued in global form, the notes will be redeemed by lot, on a pro rata basis or by such other method as the trustee shall deem to be fair and appropriate and in accordance with the applicable procedures of DTC).

Unless Minsur defaults in the payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes called for redemption.

Minsur may enter into an arrangement under which a Subsidiary of Minsur may, in lieu of redemption by Minsur, purchase for a purchase price equal to the full redemption price any note to be redeemed pursuant to provisions described under "—Redemption."

Purchase of Notes Upon Change of Control Event

Not later than 30 days following a Change of Control Event, Minsur will make an Offer to Purchase all outstanding notes at a purchase price equal to 101% of the principal amount thereof, *plus* accrued and unpaid interest thereon and Additional Amounts, if any, to, but excluding, the purchase date.

An "Offer to Purchase" must be made by written offer (a copy of which shall be delivered to the trustee), which will specify the principal amount of notes subject to the offer and the purchase price. The offer must specify an expiration date (the "Expiration Date") not less than 30 days or more than 60 days after the date of the offer and a settlement date for purchase (the "Purchase Date") not more than five Business Days after the Expiration Date. The offer must contain instructions and materials necessary to enable holders to tender notes pursuant to the offer. Minsur will comply with Rule 14e-l under the Exchange Act (to the extent applicable) and all other applicable laws in making any Offer to Purchase, and the above procedures will be deemed modified as necessary to permit such compliance.

A holder may tender all or any portion of its notes pursuant to an Offer to Purchase, subject to the requirement that if a holder tenders only a portion of its notes, the remaining notes must be no less than US$200,000 in principal amount and in integral multiples of US$1,000 in excess thereof. On the Purchase Date, the purchase price will become due and payable on each note accepted for purchase pursuant to the Offer to Purchase, and interest on notes purchased will cease to accrue on and after the Purchase Date.

Minsur will not be required to make an Offer to Purchase upon a Change of Control Event if (1) a third party makes the Offer to Purchase in the manner, at the times and otherwise in compliance with the requirements set

forth in the indenture applicable to an Offer to Purchase made by Minsur and purchases all notes properly tendered and not withdrawn under the Offer to Purchase, or (2) a notice of redemption for all outstanding notes has been given pursuant to the indenture, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, an Offer to Purchase may be made in advance of a Change of Control, conditioned upon the consummation of a Change of Control Event, if a definitive agreement is in place for the Change of Control at the time the Offer to Purchase is made.

"*Change of Control Event*" means the occurrence of both a Change of Control and a Ratings Decline.

"*Change of Control*" means the occurrence of one or more of the following events:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of Minsur's and its Subsidiaries' properties and assets taken as a whole to any "person" or "group" (as those terms are used for purposes of Section 13(d)(3) of the Exchange Act), other than to Minsur, one or more of its subsidiaries or one or more Permitted Holders; and

(2) the consummation of any transaction or series of related transactions (including, without limitation, any merger or consolidation) the result of which is that Permitted Holders are no longer the beneficial owners, directly or indirectly, of more than 50% of the outstanding number of shares of Minsur's Voting Stock.

"*Ratings Decline*" means the downgrade of the ratings of the notes, within 90 days from the earlier of the date of public notice of either a Change of Control or of Minsur's intention or that of any other Person to effect a transaction that would result in a Change of Control, subject to extension for any period during which any Rating Agency places the rating of the notes under review due in whole or in part to such Change of Control or potential Change of Control, by at least two Rating Agencies (i) below an Investment Grade Rating, with respect to any Investment Grade Rating, or (ii) one or more notches, with respect to a rating other than an Investment Grade Rating; *provided* that such downgrade is expressly stated by the applicable Rating Agencies to have been due in whole or in part to such Change of Control.

"*Permitted Holders*" means one or more of the following: (i) members of the Brescia family, (ii) any spouse, descendant, heir, trust or estate of any of the individuals referred to in the preceding clause (i), and (iii) any non-natural Person that is a direct or indirect Affiliate of any of the Persons referred to in the preceding clauses (i) and (ii) and with respect to which a Person or Persons listed in the preceding clauses (i) and (ii) owns the majority of the Voting Stock in such non-natural Person.

"*Rating Agency*" means each of (i) Standard & Poor's, (ii) Moody's and (iii) Fitch, or their respective successors. In the event that any of Standard & Poor's, Moody's or Fitch is no longer in existence or issuing ratings, such organization may be replaced by a nationally recognized United States securities rating agency designated by Minsur with written notice to the trustee.

"*Investment Grade*" means any of (i) BBB- or higher by Standard & Poor's, (ii) Baa3 or higher by Moody's or (iii) BBB- or higher by Fitch, or the equivalent of such global ratings by any of Standard & Poor's, Moody's, Fitch or any other Rating Agency.

Open Market Purchases

Minsur or any of its Affiliates may at any time purchase notes in the open market or otherwise at any price. Any such purchased notes (i) will not be resold, except in compliance with applicable requirements or exemptions under any relevant securities laws, and (ii) at the option of Minsur, may be canceled or remain outstanding.

Payments

Minsur will make all payments on the notes exclusively in such coin or currency of the United States as at the time of payment will be legal tender for the payment of public and private debts. Initially, the trustee will act as paying agent for the notes.

Minsur will make payments of principal of and premium, if any, and interest on the notes to the trustee on each payment date which will pass such funds to other paying agents or to the holders.

Upon any issuance of individual definitive notes, Minsur will appoint and maintain a paying agent in Singapore, for so long as the notes are listed on the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the rules of such exchange so require.

Minsur will pay interest on the notes to the Persons in whose name the notes are registered on the relevant Record Date and will pay principal and premium, if any, on the notes to the Persons in whose name the notes are registered at the close of business on the fifth day before the due date for such payment. Payments of principal, premium, if any, and interest in respect of each note may be made by a paying agent by wire transfer or check to a U.S. dollar account maintained by the payee with a bank in New York City. If a holder of notes in definitive, non-global form in an aggregate principal amount of at least US$1,000,000, has given wire transfer instructions, Minsur or a paying agent, as applicable, will make all principal, premium, if any, and interest payments in respect of those notes in accordance with those instructions to a bank account in New York City.

Minsur will make payments of principal and premium, if any, upon surrender of the relevant notes at the specified corporate trust office of the trustee or any of the paying agents.

Under the terms of the indenture, payment by Minsur of any amount payable under the notes to a paying agent in accordance with the indenture will satisfy the obligation of Minsur to make such payment; *provided* that the liability of such paying agent will not exceed any amounts paid to it by Minsur, or held by it, on behalf of the holders under the indenture. Subject to applicable law, the trustee and the paying agents will pay to Minsur upon written request and subject to any relevant unclaimed property laws and regulations any monies held by them for the payment of principal, premium, if any, or interest that remains unclaimed for two years, and, thereafter, holders entitled to such monies must look to Minsur for payment as general creditors.

After the return of such monies by the trustee or the paying agents to Minsur, neither the trustee nor the paying agents will be liable to the holders in respect of such monies.

All payments will be subject in all cases to any applicable tax or other laws and regulations, but without prejudice to the provisions described under "—Additional Amounts." No fees or expenses will be charged to the holders in respect of such payments.

The trustee will have no obligation to calculate or verify the calculation of the interest rate payable on the notes.

Form, Denomination and Title

The notes will be issued in fully registered form without coupons attached in minimum denominations of US$200,000 in principal amount and integral multiples of US$1,000 in excess thereof.

Notes will be represented by one or more permanent global notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream. Except in certain limited circumstances, definitive registered notes will not be issued in exchange for beneficial interests in the global notes. See "Form of Notes, Clearing and Settlement."

Title to the notes will pass by registration in the register. The holder of any note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, writing on, or theft or loss of, the definitive note issued in respect of it) and no Person will be liable for so treating the holder.

Transfer of Notes

Notes may be transferred in whole or in part in an authorized denomination upon the surrender of the note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified corporate trust office of the registrar or the specified corporate trust office of any transfer agent. Each new note to be issued upon exchange of notes or transfer of notes will, within three Business Days of the receipt of a request for exchange or form of transfer, be mailed at the risk of the holder entitled to the note to such address as may be specified in such request or form of transfer.

Notes will be subject to certain restrictions on transfer as more fully set out in the indenture. See "Transfer Restrictions." Transfer of beneficial interests in the global notes will be effected only through records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream. See "Form of Notes, Clearing and Settlement."

Transfer will be effected without charge by or on behalf of Minsur, the registrar or the transfer agents, but upon payment, or the giving of such indemnity and/or security as Minsur, the trustee, the registrar or the relevant transfer agent may require, in respect of any tax or other governmental charges which may be imposed in relation to such transfer. Minsur is not required to transfer or exchange any note selected for redemption.

No holder may require the transfer of a note to be registered during the period of 15 days ending on the due date for any payment of principal, premium, if any, or interest on that note.

Additional Amounts

All payments of principal of, premium, if any, and interest on or with respect to the notes by or on behalf of Minsur will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments, fees or other governmental charges of whatever nature (and any fines, penalties or interest related thereto) imposed or levied by or on behalf of a Relevant Jurisdiction ("Relevant Taxes"), unless such withholding or deduction is required by law or the administration thereof. In that event, Minsur will pay to each holder such additional amounts (the "Additional Amounts") as may be necessary in order that every net payment made by Minsur on each note after deduction or withholding for or on account of any Relevant Taxes (including Relevant Taxes on such Additional Amounts) will not be less than the amount then due and payable on such note. The foregoing obligation to pay Additional Amounts will not apply to or in respect of:

(i) any tax, duty, assessment or other governmental charge which would not have been imposed but for the existence of any present or former connection between a holder or beneficial owner (or between a fiduciary, settlor, beneficiary, member or shareholder of such holder or beneficial owner, if such holder or beneficial owner is an estate, a trust, a partnership or a corporation), on the one hand, and the Relevant Jurisdiction, on the other hand (including, without limitation, such holder or beneficial owner (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein), other than the mere receipt of such payment or the ownership or holding of a note;

(ii) any tax, duty, assessment or other governmental charge which would not have been imposed but for the presentation by a holder for payment (if presentation is required) on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(iii) any tax, duty, assessment or other governmental charge to the extent that such tax, duty, assessment or other governmental charge would not have been imposed but for the failure of a holder or beneficial

owner to comply with any certification, identification or other reporting requirements concerning the nationality, residence, identity or connection with the Relevant Jurisdiction of such holder or beneficial owner if (a) such compliance is required or imposed by law, regulation, administrative practice or an applicable income tax treaty as a precondition to exemption from all or a part of such tax, duty, assessment or other governmental charge and (b) at least 30 days prior to the applicable payment date for which Minsur will apply this clause (iii), Minsur will have notified all holders of notes that some or all holders of notes will be required to comply with such requirement;

(iv) any estate, inheritance, gift, sales, transfer, excise or personal property or similar tax, assessment or governmental charge;

(v) any tax, duty, assessment or other governmental charge imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to section 1471(b)(1) of the Code;

(vi) any tax, duty, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal of, premium, if any, or interest on a note; or

(vii) any combination of the above.

Minsur will also pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies which arise in any jurisdiction from the execution, delivery, registration or the making of payments in respect of the notes, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of Peru other than those resulting from, or required to be paid in connection with, the enforcement of the notes following the occurrence of any Default or Event of Default.

No Additional Amounts will be paid with respect to a payment on any note to a holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or beneficial owner would not have been entitled to receive payment of the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the holder of the note.

Notwithstanding the foregoing, the limitations on Minsur's obligation to pay Additional Amounts set forth in clause (iii) above will not apply if the compliance with any certification, identification, information, documentation or other reporting requirement described in such clause (iii) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a note than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as IRS Forms W-8BEN, W-8BEN-E and W-9).

Minsur will provide the trustee with the official acknowledgment of the relevant taxing authority (or, if such acknowledgment is not available, other reasonable documentation) evidencing any payment of Relevant Taxes in respect of which Minsur has paid any Additional Amounts. Copies of such documentation will be made available to the holders of the notes or the paying agents, as applicable, upon request therefor.

All references in this offering memorandum to principal of, premium, if any, and interest on the notes will include any Additional Amounts payable by Minsur in respect of such principal, such premium, if any, and such interest.

Covenants

The following covenants will apply to Minsur for so long as any note remains outstanding. These covenants restrict Minsur's ability and the ability of its Subsidiaries to enter into certain transactions. However, these

covenants do not require Minsur to comply with financial ratios or to maintain specified levels of net worth or liquidity.

Limitation on Liens

Minsur will not, and will not permit any Mining Subsidiary to, permit to exist any Debt of Minsur or any Mining Subsidiary that is secured by a Lien upon any of their respective Restricted Mining Property unless contemporaneously therewith effective provision is made to secure the notes at least equally and ratably with such obligation for so long as such obligation is so secured. The preceding sentence will not require Minsur or any Mining Subsidiary to equally and ratably secure the notes if the Lien consists of the following:

(1) any Lien existing on the Closing Date;

(2) any Lien on any Restricted Mining Property (including Capital Stock of any Person) securing Debt incurred in order to secure or provide for the payment of all or any part of the purchase price or other consideration for the purpose of financing the acquisition, construction, development, extension, replacement or improvement of such Restricted Mining Property including related transaction fees and expenses (or securing Debt incurred to refinance a bridge or other interim financing that is initially incurred for the purpose of financing such acquisition, construction development, extension or improvement of such Restricted Mining Property including related transaction fees and expenses) after the Closing Date; *provided* that the Lien (i) is incurred before, or within 365 days after the completion of, such acquisition, construction, development, extension, replacement, repair or improvement (or refinancing) and (ii) does not encumber any other Restricted Mining Property of Minsur or any Subsidiary other than (x) any revenues or profits derived from such Restricted Mining Property being acquired, constructed, developed, extended, replaced or improved, (y) any property reasonably incidental to the use or operation of such Restricted Mining Property being acquired, constructed, developed, extended, replaced, repaired or improved (including, without limitation, any real property on which such Restricted Mining Property is located) and (z) any Capital Stock of any Person securing any Debt of such Person if such Debt is incurred for purposes of financing the acquisition, construction, development extension, replacement or improvement of any Restricted Mining Property which such Person directly holds, owns or is entitled to, or the revenues or profits derived therefrom;

(3) any Lien existing on any Restricted Mining Property of any Person before that Person's acquisition by, merger into or consolidation with Minsur or any Subsidiary after the Closing Date or arising after such acquisition, merger or consolidation pursuant to contractual commitments entered into prior thereto; *provided* that (a) the Lien is not created in contemplation of or in connection with such acquisition, merger or consolidation, (b) the Debt secured by the Liens may not exceed the Debt secured on the date of such acquisition, merger or consolidation, in each case, taking into account any accrued interest or monetary variation, and (c) the Lien will not apply to any other Restricted Mining Property of Minsur or any Subsidiary;

(4) any Lien imposed by operation of law that was incurred in the ordinary course of business, including, without limitation, carriers', warehousemen's and mechanics' liens and other similar encumbrances arising in the ordinary course of business;

(5) any Lien made in connection with (i) workers' compensation, unemployment insurance or other similar social security benefits, (ii) judgments, decrees or orders not giving rise to an Event of Default that are being contested in good faith by Minsur or any Subsidiary, (iii) bids, tenders, contracts (other than for the payment of Debt) to which Minsur or any Subsidiary is a party, in each case made in the ordinary course of business, or (iv) in favor of customs or similar governmental authorities in connection with the importation or exportation of goods and services, in each case made in the ordinary course of business;

(6) any Lien in favor of issuers of surety or performance bonds, letters of credit, bank guarantees or obligations of a comparable character issued pursuant to the request of and for the account of Minsur or any Subsidiary, in the ordinary course of business;

(7) any Lien securing taxes, assessments and other governmental charges, the payment of which are not yet due or are being contested in good faith by appropriate proceedings and for which such appropriate provisions, if any, have been established as required by IFRS;

(8) any rights of set-off of any Person with respect to any deposit account of Minsur or any Subsidiary, arising in the ordinary course of business and not constituting a financing transaction;

(9) any Lien securing obligations to the Peruvian Ministry of Energy and Mines or other governmental authorities incurred in the ordinary course of business, including but not limited to mining closure plans;

(10) Liens securing obligations under hedging agreements entered into not for a speculative purpose;

(11) Liens securing obligations owed by any Subsidiary of Minsur to Minsur or one or more Subsidiaries of Minsur, and/or by Minsur to one or more such Subsidiaries;

(12) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of- way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with debt and that do not in the aggregate materially impair their use in the operation of the business of Minsur and its Subsidiaries;

(13) Liens constituting any interest of title of a lessor, sublessor, licensor or sublicensor in any Restricted Mining Property subject to any lease, sublease, license or sublicense;

(14) Liens granted to secure borrowing from, or relating to, any governmental or multilateral development bank or credit agency, including the Brazilian *Banco Nacional de Desenvolvimento Econômico e Social* (National Bank for Economic and Social Development), *BNDES Participacoes S.A.* (BNDES Participations), *Agencia Especial de Financiamento Industrial* (Special Agency for Industrial Financing), *Banco da Amazonia S.A.* (Bank of Amazonia), or any successor thereto;

(15) Liens on the property and assets of Marcobre (including any Capital Stock of, shareholder or affiliate loans to or other interest in Marcobre or any Subsidiary of Marcobre) in connection with any Marcobre Financing;

(16) any Lien extending, renewing, refinancing or replacing (or successive extensions, renewals, refinancings or replacements of), in whole or in part, any Lien referred to in clauses (1) to (3) and (15) above; *provided* that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal, refinancing or replacement except for any increase reflecting premiums, fees and expenses in connection with such extension, renewal, refinancing or replacement; and

(17) in addition to the foregoing Liens set forth in clauses (1) through (16) above or otherwise permitted by this covenant, Liens on Restricted Mining Property securing Debt of Minsur or any Mining Subsidiary (including, without limitation, guarantees of Minsur or any Subsidiary), which do not in aggregate principal amount exceed 15% of Minsur's Adjusted Consolidated Net Tangible Assets.

For the avoidance of doubt, a Lien permitted by this "Limitation on Liens" covenant need not be permitted solely by reference to a single clause permitting such Lien, but may be permitted in part by such clause and in part by one or more other clauses of this covenant otherwise permitting such Lien.

Limitation on Consolidation, Merger or Transfer of Assets

Minsur will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (if not Minsur) will be a Person organized and existing under the laws of Peru, Brazil, the United States of America, any State thereof or the District of Columbia, or any other country that is a member country of the European Union or of the Organization for Economic Co-operation and Development on the Closing Date, or any other country whose long-term foreign currency-denominated debt has an Investment Grade rating from any of Standard & Poor's, Moody's or Fitch as of the effective date of such transaction, and such Person expressly assumes, by a supplemental indenture to the indenture, all the obligations of Minsur under the indenture and the notes;

(2) immediately after giving effect to such transaction, no Event of Default shall have occurred and be outstanding; and

(3) Minsur will have delivered to the trustee an officer's certificate and an Opinion of Counsel, of counsel independent to Minsur, each stating that such consolidation, merger or transfer and such supplemental indenture, if any, comply with the indenture.

Notwithstanding the restrictions described above, Minsur may merge into a Subsidiary for the purpose of reincorporating Minsur in another jurisdiction permitted under paragraph (1) above, any Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to Minsur, and any Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to another Subsidiary, in each case *provided* that conditions (1) and (3) above are satisfied.

The trustee will be entitled to conclusively rely on and will accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set forth in this covenant, in which event it will be conclusive and binding on the holders.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of Minsur in accordance with this covenant, in which Minsur is not the continuing Person, the surviving Person formed by such consolidation or into which Minsur is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, Minsur under the indenture and the notes with the same effect as if such surviving Person had been named as such and Minsur shall be relieved of its obligations under the indenture and the notes.

Reporting Requirements

Minsur will provide the trustee with the following reports for delivery to noteholders upon their written request thereof:

(1) an English language version of its annual audited consolidated financial statements prepared in accordance with IFRS, within thirty (30) Business Days of the earlier of (i) the date on which such audited consolidated financial statements are required to be delivered to the SMV (i.e., no later than April 30 of each year, as of the date hereof) and (ii) the date on which such audited consolidated financial statements are delivered to the SMV and, in any event, within 135 days after the close of its fiscal year;

(2) an English language version of its unaudited quarterly consolidated financial statements prepared in accordance with IFRS, within thirty (30) Business Days of the earlier of (i) the date on which such quarterly consolidated financial statements are required to be delivered to the SMV (i.e., with respect to

the three first quarters, no later than May 15, August 15, November 15 of each year, respectively, as of the date hereof) and (ii) the date on which such quarterly consolidated financial statements are delivered to the SMV and, in any event, within 60 days after the close of each fiscal quarter (other than the last fiscal quarter of its fiscal year);

(3) simultaneously with the delivery of each set of financial statements referred to in clause (1) above, an officer's certificate stating whether, to the knowledge of the officer executing such officer's certificate, a Default or Event of Default exists on the date of such certificate and, if a Default or Event of Default exists, setting forth the details thereof and the action which Minsur is taking or proposes to take with respect thereto; and

(4) within ten (10) Business Days after any executive officer of Minsur becomes aware of the existence of a Default or Event of Default, an officer's certificate setting forth the details thereof and the action which Minsur is taking or proposes to take with respect thereto.

The above reports may be delivered by Minsur to the trustee in physical or electronic form, as determined by Minsur. If Minsur files the reports described in clauses (1) or (2) with the SEC or makes such reports available to holders and beneficial owners of the notes on its website, or other website established for such purpose and so identified to the trustee for notification to holders and beneficial owners of the notes, it will be deemed to have satisfied the reporting requirement set forth in such applicable clauses.

Delivery of the above reports to the trustee is for informational purposes only and the trustee's receipt of such reports will not constitute constructive notice of any information contained therein or determinable from information contained therein, including the compliance of Minsur with any of its covenants in the indenture (as to which the trustee is entitled to rely exclusively on officer's certificates).

Events of Default

An "Event of Default" occurs if:

(1) Minsur defaults in any payment of interest (including any related Additional Amounts) on any note when the same becomes due and payable, and such default continues for a period of 30 days;

(2) Minsur defaults in the payment of the principal (including premium, if any, and any related Additional Amounts) of any note when the same becomes due and payable upon its Stated Maturity, upon redemption, acceleration or otherwise;

(3) Minsur or any Subsidiary fails to comply with any of its covenants or agreements in the notes or the indenture (other than those referred to in clauses (1) and (2) above), and such failure continues for 60 days after the notice specified below;

(4) Minsur or any Significant Mining Subsidiary defaults under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Debt for money borrowed by Minsur or any Significant Mining Subsidiary (or the payment of which is guaranteed by Minsur or any Significant Mining Subsidiary), whether such Debt or guarantee now exists or is created after the Closing Date, which default (a) is caused by failure to pay principal of or interest on such Debt after giving effect to any grace period provided in such Debt on the date of such default ("Payment Default") or (b) results in the acceleration of such Debt prior to its Stated Maturity and, in each case, the principal amount of any such Debt or guarantee, as applicable, individually or together with the principal amount of any other such Debt or guarantee under which there has been a Payment Default or the maturity of which has been so accelerated, totals US$75 million (or the equivalent thereof at the time of determination) or more in the aggregate; *provided* that this clause (4) shall not include any Banco Santos Disputed Debt Obligations;

(5) one or more final and non-appealable judgments or decrees for the payment of money of US$75 million (or the equivalent thereof at the time of determination) or more in the aggregate are rendered against

Minsur or any Significant Mining Subsidiary and are not paid (whether in full or in installments in accordance with the terms of the judgment or decree) or otherwise discharged (and otherwise not covered by an insurance policy or policies issued by reputable and credit-worthy insurance companies) and, in the case of each such judgment or decree, either (a) an enforcement proceeding has been commenced by any creditor upon such judgment or decree and is not dismissed or stayed within 60 days following commencement of such enforcement proceedings or (b) there is a period of 60 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed; or

(6) certain events of bankruptcy or insolvency of Minsur or any Significant Mining Subsidiary.

A Default under clause (3) above will not constitute an Event of Default until the trustee or the holders of at least a majority in principal amount of the notes outstanding notify Minsur of the Default and Minsur does not cure such Default within the time specified after receipt of such notice.

The trustee is not to be charged with knowledge of any Default or Event of Default or knowledge of any cure of any Default or Event of Default unless either (i) an authorized officer or agent of the trustee with direct responsibility for the indenture has actual knowledge of such Default or Event of Default or (ii) written notice of such Default or Event of Default has been received by the trustee from Minsur or any holder.

In the case of any Event of Default referred to in clause (4) above, such Event of Default will be automatically rescinded or annulled if the Payment Default and/or the acceleration of the Debt referred to therein is remedied or cured by Minsur or its Subsidiaries or waived by the holders of such Debt within 60 days after the Payment Default and/or acceleration in respect of such Debt.

If an Event of Default (other than an Event of Default specified in clause (6) above) occurs and is continuing, the trustee or the holders of not less than 25% in principal amount of the notes then outstanding may declare all unpaid principal of, any accrued interest on and any Additional Amounts on all notes to be due and payable immediately, by a notice in writing to Minsur, and upon any such declaration such amounts will become due and payable immediately. If an Event of Default specified in clause (6) above occurs and is continuing, then the principal of, any accrued interest on and any Additional Amounts on all notes will become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

Each of the situations described in the immediately preceding paragraph is called an acceleration of the maturity of the notes. The right of the holders to give such acceleration notice shall terminate if the event giving rise to such right shall have been cured before such right is exercised. If the maturity of the notes is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in aggregate principal amount of the notes may cancel the acceleration for all the notes, *provided* that all amounts then due (other than amounts due solely because of such acceleration) have been paid, including all amounts owed to the trustee, and all other defaults with respect to the notes have been cured or waived.

No noteholder will have any right to institute any proceeding with respect to the indenture or for any remedy thereunder, unless such noteholder shall have previously given to the trustee written notice of a continuing Event of Default and unless also the holders of at least 25% in aggregate principal amount of the outstanding notes shall have made a written request to the trustee to institute such proceeding as trustee and they or other holders offer to the trustee indemnity and/or security satisfactory to the trustee, and the trustee shall not have received from the holders of a majority in aggregate principal amount of the outstanding notes a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. However, such limitations do not apply to a suit instituted by a noteholder for enforcement of payment of the principal of, and premium, if any, or interest on, such note on or after the respective due dates expressed in such note.

Subject to the provisions of the indenture relating to the duties of the trustee in case an Event of Default will occur and be continuing, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders, unless such holders will have offered to the trustee indemnity and/or security satisfactory to the trustee. Subject to such provision for the indemnification of the trustee and certain other conditions set forth in the indenture, the holders of a majority in aggregate principal amount of the

outstanding notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

However, the trustee may refuse to follow any direction (i) that in its reasonable opinion conflicts with law or the indenture, (ii) in case the trustee does not receive indemnity and/or security satisfactory to it against any costs, liability or expense to be incurred in compliance with such direction, or (iii) or that the trustee determines in good faith may be unduly prejudicial to the rights of the holders not joining in the giving of such direction (it being understood that the trustee does not have an affirmative duty to ascertain whether or not any such directions are unduly prejudicial to such holders) and may take any other action it deems proper that is not inconsistent with any such direction received from the holders.

Investors in the notes should understand that the Events of Default in respect of the notes do not apply to the Cement Entities.

Defeasance

Minsur may at any time terminate all of its obligations with respect to the notes ("defeasance"), except for certain obligations, including those regarding any trust established for a defeasance and obligations to register the transfer or exchange of the notes, to replace mutilated, destroyed, lost or stolen notes and to maintain agencies in respect of notes. Minsur may at any time terminate its obligations under certain covenants set forth in the indenture, and any omission to comply with such obligations will not constitute a Default or an Event of Default with respect to the notes issued under the indenture ("covenant defeasance"). In order to exercise either defeasance or covenant defeasance, Minsur must irrevocably deposit in trust, for the benefit of the holders of the notes, with the trustee cash or U.S. government obligations, or any combination thereof, in such amounts as will be sufficient to pay the principal of, the premium, if any, and interest (including Additional Amounts) on the notes then outstanding to redemption or maturity and comply with certain other requirements and conditions, including, with respect to a defeasance, the passage of 91 days since the date of such deposit and, with respect to either defeasance or covenant defeasance, the delivery of an Opinion of Counsel (subject to customary exceptions and exclusions), of counsel independent to Minsur, to the effect that holders of the notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance or covenant defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance or covenant defeasance had not occurred. In the case of defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or other change in applicable U.S. federal income tax law.

Amendment, Supplement, Waiver

Subject to certain exceptions, the indenture and the notes may be amended or supplemented with the written consent of the holders of at least a majority in principal amount of the notes then outstanding, and any Default or Event of Default and its consequences may be waived with the consent of the holders of at least a majority in principal amount of the notes then outstanding. However, without the consent of each holder of an outstanding note affected thereby, no amendment may:

(1) reduce the rate of or extend the time for payment of interest on any note;

(2) reduce the principal of or extend the Stated Maturity of any note;

(3) reduce the amount payable upon redemption of any note, change the time at which any note may be redeemed or amend, change or modify the obligation of Minsur to make and consummate an Offer to Purchase in respect of a Change of Control Event that has occurred;

(4) change the currency or place of payment of principal of, premium, if any, or interest on, any note;

(5) impair the right to institute suit for the enforcement of any payment on or with respect to any note;

(6) waive a Default or Event of Default in the payment of principal of, premium, if any, and interest on the notes; or

(7) reduce the principal amount of notes whose holders must consent to any amendment, supplement or waiver.

The consent of the holders of the notes is not necessary to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. After an amendment described in the preceding paragraph becomes effective, Minsur is required to mail to the holders a notice briefly describing such amendment. However, the failure to give such notice to all holders of the notes, or any defect therein, will not impair or affect the validity of the amendment.

Minsur and the trustee may, without notice to or the consent or vote of any holder of the notes, amend or supplement the indenture and the notes for the following purposes:

(1) to cure any ambiguity, omission, manifest error, defect or inconsistency that would not materially and adversely affect the holders;

(2) to comply with the covenant described under "—Covenants—Limitation on Consolidation, Merger or Transfer of Assets";

(3) to add guarantees or collateral with respect to the notes;

(4) to add to the covenants of Minsur or its Subsidiaries for the benefit of holders of the notes;

(5) to surrender any right conferred by the indenture upon Minsur;

(6) to evidence and provide for the acceptance of an appointment by a successor trustee;

(7) to provide for the issuance of additional notes;

(8) to conform the text of the indenture to any provision of this "Description of the Notes";

(9) to confirm and evidence the release, termination or discharge of any guarantee of or Lien securing the notes when such release, termination or discharge is permitted by the indenture; or

(10) to make any other change that does not materially and adversely affect the rights of any holder of the notes.

Notices

For so long as notes in global form are outstanding, notices to be given to holders will be given to the depositary, in accordance with its applicable policies as in effect from time to time. If notes are issued in individual definitive form, notices to be given to holders will be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices to holders of the notes at their registered addresses as they appear in the registrar's records. In addition, so long as the notes are listed on the SGX-ST and the rules of the SGX-ST shall so require, notices regarding the notes shall be disclosed by Minsur to the SGX-ST via SGXNET and published by Minsur in a leading newspaper having general circulation in Singapore (which is expected to be The Business Times). Any such notice will be deemed to have been delivered on the date of first publication.

Trustee

Citibank, N.A. is the trustee, registrar, paying agent and transfer agent under the indenture. Minsur may remove the trustee and appoint a successor trustee at any time for any reason as long as no Default or Event of Default has occurred and is continuing.

The indenture contains provisions for the indemnification of the trustee and for its relief from responsibility. The obligations of the trustee to any holder are subject to such immunities and rights as are set forth in the indenture.

Except during the continuance of an Event of Default, the trustee will perform only those duties that are specifically set forth in the indenture and no others, and no implied covenants or obligations will be read into the indenture against the trustee. In case an Event of Default has occurred and is continuing, the trustee will exercise those rights and powers vested in it by the indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. No provision of the indenture will require the trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties thereunder, or in the exercise of its rights or powers, unless it receives security and/or indemnity satisfactory to it against any loss, liability or expense.

Minsur and its Affiliates may from time to time enter into normal banking and trustee relationships with the trustee and its Affiliates.

The trustee may hold notes in its own name.

Governing Law and Submission to Jurisdiction

The notes and the indenture will be governed by, and construed in accordance with, the laws of the State of New York.

Each of the parties to the indenture will submit to the non-exclusive jurisdiction of the U.S. federal and New York state courts located in the Borough of Manhattan, The City of New York for purposes of all legal actions and proceedings instituted in connection with the notes and the indenture. Minsur has appointed Cogency Global Inc. as its authorized agent upon which process may be served in any such action.

Currency Indemnity

U.S. dollars are the sole currency of account and payment for all sums payable by Minsur under or in connection with the notes, including damages. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of Minsur or otherwise) by any holder of a note in respect of any sum expressed to be due to it from Minsur will only constitute a discharge of Minsur to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any notes, Minsur will indemnify such holder against any loss sustained by it as a result; and if the amount of U.S. dollars so purchased is greater than the sum originally due to such holder, such holder will, by accepting notes, be deemed to have agreed to repay such excess. In any event, Minsur will indemnify the recipient against the cost of making any such purchase.

For the purposes of the preceding paragraph, it will be sufficient for the holder of notes to certify in a satisfactory manner (indicating the sources of information used) that it would have suffered a loss had an actual purchase of U.S. dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of U.S. dollars on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). These indemnities constitute a separate and independent obligation from the other obligations of Minsur, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any holder of notes and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any notes.

Certain Definitions

The following is a summary of certain defined terms used in the indenture. Reference is made to the indenture for the full definition of all such terms as well as other capitalized terms used herein for which no definition is provided.

"Adjusted Consolidated Net Tangible Assets" means the total consolidated assets of Minsur and its Mining Subsidiaries as shown on the most recent balance sheet of Minsur provided to the trustee pursuant to "—Covenants—Reporting Requirements" (or required to be provided thereunder), *less* (a) all current liabilities of Minsur and such Subsidiaries after eliminating (1) all intercompany items between Minsur and such Subsidiaries, or between such Subsidiaries and (2) all current maturities of long-term indebtedness of Minsur and such Subsidiaries; and (b) all goodwill, patents, tradenames, trademarks, copyrights, franchises, experimental expenses, organization expenses and any other amounts classified as intangible assets of Minsur and such Mining Subsidiaries in accordance with IFRS; all calculated in accordance with IFRS and calculated on a *pro forma* basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by Minsur and its Mining Subsidiaries subsequent to such date and on or prior to the date of determination.

"Affiliate" means, with respect to any specified Person, (a) any other Person which, directly or indirectly, is in control of, is controlled by or is under common control with such specified Person or (b) any other Person who is a director or officer (i) of such specified Person, (ii) of any Subsidiary of such specified Person or (iii) of any Person described in clause (a) above. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Banco Santos Disputed Debt Obligations" means any obligation, whether such obligation now exists or is created after the Closing Date, of Minsur or any of its Subsidiaries relating to, or arising out of, certain credit arrangements (*Cédulas de Crédito Bancario)* entered into with Banco Santos and its Affiliates prior to the Closing Date, which obligations, as of the Closing Date, are disputed by Minsur and its Subsidiaries.

"Business Day" means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in New York City, United States or in Lima, Peru.

"Capital Lease Obligations" means, with respect to any Person, any obligation which is required to be classified and accounted for as a capital lease on the face of a balance sheet of such Person prepared in accordance with IFRS; the amount of such obligation will be the capitalized amount thereof, determined in accordance with IFRS; and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Capital Stock" means, with respect to any Person, any and all shares of stock, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated, whether voting or non-voting), such Person's equity including any preferred stock, but excluding any debt securities convertible into or exchangeable for such equity.

"Cement Entity" means Inversiones Cordillera del Sur Ltda. and Melón S.A. and any of their Subsidiaries; provided that such Persons are not engaged in Minsur's consolidated mining operations.

"Closing Date" means October 28, 2021.

"Debt" means, with respect to any Person, without duplication:

(a) the principal in respect of (i) indebtedness of such Person for money borrowed and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments issued by such Person (but excluding trade accounts payable or other short-term obligations to suppliers or customers payable within 360 days, in each case arising in the ordinary course of business);

(b) all Capital Lease Obligations of such Person;

(c) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business which are payable on customary trade terms or which are being contested in good faith);

(d) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (a) through (b) above) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit);

(e) all Hedging Obligations;

(f) all obligations of the type referred to in clauses (a) through (d) above of other Persons for the payment of which such Person is responsible or liable as obligor or guarantor (other than obligations of other Persons that are customers or suppliers of such Person for which such Person is or becomes so responsible or liable in the ordinary course of business to (but only to) the extent that such Person does not, or is not required to, make payment in respect thereof); and

(g) all obligations of the type referred to in clauses (a) through (d) above of other Persons secured by any Lien on any property or asset of such Person other than the Capital Stock of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets and the amount of the obligation so secured;

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with IFRS.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Debt or other obligation of any Person and any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term "*guarantee*" will not include endorsements for collection or deposit in the ordinary course of business. The term "*guarantee*" used as a verb has a corresponding meaning.

"*Hedging Obligations*" means, with respect to any Person, the net amount, exclusive of any commissions or administrative fees, that such Person would be obligated to pay upon termination of any swap agreement, exchange agreement, option, forward or futures contract or other similar agreement or arrangement designed to protect such Person against changes in interest rates or foreign exchange rates.

"*holder*" means the Person in whose name a note is registered in the register.

"*IFRS''* means International Financial Reporting Standards, as issued and interpreted by the International Accounting Standards Board (IASB), as in effect from time to time.

"*Lien*" means any mortgage, pledge, security interest, conditional sale or other title retention agreement or other similar lien; *provided* that the lessee in respect of a Capital Lease Obligation or Sale and Leaseback

Transaction will be deemed to have incurred a Lien on the property leased thereunder; *provided, further,* that in no event shall an operating lease be deemed to constitute a Lien.

"*Marcobre Financing*" means any Debt of Marcobre or any of its Subsidiaries incurred for the purpose of financing or refinancing the acquisition, construction, development, extension, replacement or improvement of, in whole or in part, Marcobre's Mina Justa copper mine and other areas located in the concessions owned by Marcobre (including the related costs of the financing and any related hedging), where: (a) no Liens are given by Minsur or any other Subsidiary of Minsur (other than in respect of any Capital Stock of, shareholder or affiliate loans to or other interests in Marcobre or its Subsidiaries); (b) no guarantees (other than guarantees until the project or projects has reached completion (which guarantees are unsecured except by Liens referred to in (a) above)) is given by Minsur or any other Subsidiary of Minsur; *provided* that a project shall not be deemed to be completed until all phases of such project are completed; and (c) such projects represent substantially all the assets of Marcobre and its Subsidiaries.

"*Mining Subsidiary*" means any Subsidiary of Minsur that is not a Cement Entity.

"*Opinion of Counsel*" means an opinion in writing signed by legal counsel to Minsur, who may be an employee of Minsur (except as otherwise provided in the indenture) and who is reasonably acceptable to the trustee.

"*Person*" means any individual, partnership, limited partnership, corporation, company, limited liability company, joint venture, trust, or a governmental agency or political subdivision.

"*Peru*" means the Republic of Peru.

"*Restricted Mining Property*" means any property of Minsur or its Mining Subsidiaries including any mineral property, concentrate plant, smelting plant, refining plant, power plant or transmission lines of Minsur or any Mining Subsidiary and any Capital Stock or Indebtedness of any Mining Subsidiary directly owning any such property. This term excludes (1) any Capital Stock of any Cement Entity and any property of any Cement Entity and (2) any property that in the good faith determination of Minsur's board of directors, in the aggregate, is not materially important to the total business conducted by Minsur and its Mining Subsidiaries taken as a whole.

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to Minsur or a Mining Subsidiary of any Property, whether owned by Minsur or any Mining Subsidiary at the Closing Date or later acquired, which has been or is to be sold or transferred by Minsur or such Mining Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such property; *provided* that the term shall exclude (i) any transactions providing for a lease for a term, including any renewal thereof, of not more than three years, (ii) any transactions, or series of transactions, relating to property that was or will be sold by Minsur or any Mining Subsidiary to such Persons or other Persons for a sale price equal to or less than US$5 million (or its equivalent in other currencies) and (iii) any transaction between Minsur and a Mining Subsidiary or between Mining Subsidiaries.

"*Short Term Line of Credit*" means any line of credit having a term of no more than 365 days.

"*Significant Mining Subsidiary*" means any Mining Subsidiary that is also a Significant Subsidiary.

"*Significant Subsidiary*" means any Subsidiary of Minsur that would constitute a "significant subsidiary" within the meaning of Rule l-02(w) of Article 1 of Regulation S-X of the Securities Act.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"*Subsidiary*" means, with respect to any Person at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which more than 50% of the outstanding Voting Stock is

owned, directly or indirectly, by such Person and one or more Subsidiaries of such Person (or a combination thereof).

"*Voting Stock*" means, with respect to any Person as of any date, the Capital Stock of such Person that is at the time entitled to vote generally in the election of the board of directors (or equivalent governing body) of such Person.

FORM OF NOTES, CLEARING AND SETTLEMENT

Global Notes

The notes will be issued in the form of two registered notes in global form, without interest coupons (the "global notes"), as follows:

- notes sold to qualified institutional buyers under Rule 144A will be represented by the Rule 144A global note; and

- notes sold in offshore transactions to non-U.S. persons in reliance on Regulation S will be represented by the Regulation S global note.

Upon issuance, each of the global notes will be deposited with the trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in each global note will be limited to persons who have accounts with DTC ("DTC participants") or persons who hold interests through DTC participants (including Euroclear and Clearstream). We expect that under procedures established by DTC:

- upon deposit of each global note with DTC's custodian, DTC will credit portions of the principal amount of the global note to the accounts of the DTC participants designated by the initial purchasers; and

- ownership of beneficial interests in each global note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global note).

Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

Each global note and beneficial interests in each global note will be subject to restrictions on transfer as described under "Transfer Restrictions."

Exchanges Between the Global Notes

Beneficial interests in one global note may generally be exchanged for interests in another global note. Depending on whether the transfer is being made during or after the 40-day period commencing on the original issue date of the notes, and to which global note the transfer is being made, the trustee may require the seller to provide certain written certifications in the form provided in the indenture.

A beneficial interest in a global note that is transferred to a person who takes delivery through another global note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other global note.

Book-Entry Procedures for the Global Notes

All interests in the global notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we nor the initial purchasers are responsible for those operations or procedures.

DTC has advised that it is:

- a limited purpose trust company organized under the New York State Banking Law,
- a "banking organization" within the meaning of the New York State Banking Law;
- a member of the U.S. Federal Reserve System;
- a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC's participants include securities brokers and dealers, including the initial purchasers; banks and trust companies; clearing corporations; and certain other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC (including Euroclear or Clearstream).

So long as DTC or its nominee is the registered owner of a global note, DTC or its nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global note:

- will not be entitled to have notes represented by the global note registered in their names;
- will not receive or be entitled to receive physical, certificated notes; and
- will not be considered the registered owners or holders of the notes under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture.

As a result, each investor who owns a beneficial interest in a global note must rely on the procedures of DTC to exercise any rights of a holder of notes under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium, if any, and interest with respect to the notes represented by a global note will be made by the trustee to DTC's nominee as the registered holder of the global note. Neither we nor the trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global note will be governed by standing instructions and customary practices and will be the responsibility of those participants or indirect participants and not of DTC, its nominee or us.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a global note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be,

under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment. Euroclear or Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a global note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a global note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the global notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants of indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Notes

Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form unless:

- DTC notifies us at any time that it is unwilling or unable to continue as depositary for the global notes and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days;
- we, at our option, notify the trustee that we elect to cause the issuance of certificated notes; or
- certain other events provided in the indenture should occur, including the occurrence and continuance of an event of default with respect to the notes, and a request for such exchange has been made by the holder.

In all cases, certificated notes delivered in exchange for any global note will be registered in the names, and issued in any approved denominations, requested by the depository and will bear a legend indicating the transfer restrictions of that particular global note.

For information concerning paying agents and transfer agents for any notes in certificated form, see “Description of the Notes—Payments.”

TAXATION

General

This section summarizes certain Peruvian tax and United States federal income tax considerations relating to the purchase, ownership and disposition of the notes. This summary does not provide a comprehensive description of all tax considerations that may be relevant to a decision to purchase the notes. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the United States and Peru.

This summary is based on the tax laws of Peru and the United States as in effect on the date of this offering memorandum, as well as regulations, rulings and decisions of Peru and the United States available on or before that date and now in effect. Those laws, regulations, rulings and decisions are subject to change and changes could apply retroactively, which could affect the continued accuracy of this summary.

Prospective purchasers of the notes should consult their own tax advisors as to the Peruvian, United States or other tax consequences of the purchase, ownership and disposition of the notes or beneficial interests therein. They should especially consider how the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws, could apply to them in their particular circumstances.

Certain Peruvian Tax Considerations

The discussion in this offering memorandum regarding Peruvian tax considerations is not intended or written to be used, and cannot be used or relied upon by any person, for the purpose of avoiding Peruvian taxation, and was written to support the promotion or marketing of this offering. Prospective investors should consult an independent tax advisor with respect to the Peruvian tax consequences of acquiring, owning or disposing of the notes.

The following summary describes the principal Peruvian tax consequences that may be relevant with respect to the purchase, ownership or disposition of the notes by non-Peruvian holders. This summary is not intended to be a comprehensive description of all of the Peruvian tax considerations that may be relevant to a decision by non-Peruvian holders to make an investment in the notes. In addition, it does not intend to describe any tax consequences: (i) arising under the laws of any taxing jurisdiction other than Peru, or (ii) applicable to a person or entity domiciled in Peru or to a foreign entity's permanent establishment in Peru.

For purposes of this section, "Peruvian holder" means the holder or beneficial owner, as applicable, of a note who, for Peruvian income tax purposes, is treated as a resident of Peru. A legal entity is treated as a Peruvian tax resident if it has been incorporated in Peru, or if it is deemed to be a permanent establishment in Peru of a foreign entity. An individual is deemed to be a Peruvian tax resident if such individual: (i) is a Peruvian citizen and has a regular residence in Peru, or (ii) is not a Peruvian citizen but has resided in Peru for at least 183 calendar days during any twelve-month period.

The term "non-Peruvian holder" means the holder or beneficial owner of a note, as applicable, who is not a Peruvian holder.

Peru has executed treaties to avoid double taxation with the Andean Community (Bolivia, Colombia and Ecuador), Chile, Canada, Brazil, Switzerland, South Korea, Mexico and Portugal, all of which are currently in force. Non-Peruvian holders that are domiciled in any of these countries should consult an independent tax advisor regarding the application of the relevant tax treaty. On January 1, 2022, the tax treaty signed with Japan will be applicable. This summary does not purport to address all Peruvian income tax consequences that may be applicable or relevant to particular non-Peruvian holders.

Income Tax

Payment of Interest

Interest paid on bonds and other debentures issued by Peruvian issuers is subject to income tax withholding at a preferential rate of 4.99%; provided that the following conditions are met: (i) the non-Peruvian holders and the issuer are not considered to be related parties pursuant to the Peruvian Income Tax Law and (ii) in the case of non-Peruvian holders that are individuals, the interest (a) does not derive from a transaction from or through a low or no-tax jurisdiction or a non-cooperative jurisdiction; and (b) is not subject to a preferential tax regime. If these conditions are not fulfilled, the applicable withholding rate will be 30%.

We are required to act as withholding agent for income tax due with respect to interest paid on the notes to non-Peruvian holders**.**

Sale of the Notes

Proceeds received by a non-Peruvian holder arising from the sale, exchange or disposition of a beneficial interest in the notes held through a foreign clearing system will not be subject to Peruvian income tax. In the event that the beneficial interests in the notes are exchanged for definitive notes, any capital gain arising from the sale, exchange or disposition of a definitive note by non-Peruvian holders will be subject to Peruvian income tax at a 30% income tax rate.

A capital gain will be equal to the difference between (i) the amount realized on the sale, exchange or disposition of the definitive notes, and (ii) the acquisition cost (purchase price) of the notes, which must be certified by the Peruvian tax administration before any payment is made. Each holder of the notes should discuss with its own tax advisors the formal obligations that may arise in relation to the determination of the acquisition cost of the notes.

Redemption of the Notes

Should any premium received by non-Peruvian holders upon an early redemption of the notes be deemed to be Peruvian source income, such premium will be subject to a withholding tax at a rate of either: (i) the income tax rate applicable to interest paid on the notes, subject to the treatment set forth in "*Payment of Interest,*" provided that premium is characterized as interest, or (ii) 30% provided that premium is characterized as capital gain.

Prospective purchasers should discuss with their own tax advisors the application of any income tax described therein to their particular situations.

Non-Peruvian holders of the notes should consult an independent tax advisor regarding the specific Peruvian income tax considerations of acquiring, owning or disposing of the notes.

Financial Transaction Tax

Deposits in and withdrawals from accounts held in Peruvian banks or other financial institutions, whether in Soles or foreign currency, are levied with a financial transactions tax ("FTT") at a 0.005% rate. Therefore, payment of the issue price, interest and principal of the notes will be levied with FTT, provided they are deposited in or withdrawn from a bank account held in a Peruvian bank or other financial institution.

Value-Added Tax

Interest paid on the notes is not subject to Peruvian Value Added Tax (*Impuesto General a las Ventas, or* "*VAT*").

The sale, exchange or disposition of the notes is not subject to VAT.

Certain United States Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the notes. This summary deals only with notes that are held as capital assets by a U.S. holder (as defined below) who acquires the notes upon original issuance at their initial offering price.

As used herein, a "U.S. holder" means a beneficial owner of notes that is, for U.S. federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended, and regulations, rulings and judicial decisions thereunder as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below. This summary does not address all of the U.S. federal income tax consequences that may be relevant to U.S. holders in light of their personal circumstances, nor does it address the Medicare tax on net investment income, U.S. federal estate and gift taxes or the effects of any state, local or non-U.S. tax laws. In addition, it does not represent a detailed description of the U.S. federal income tax consequences applicable to you if you are subject to special treatment under the U.S. federal income tax laws. For example, this summary does not address:

- tax consequences to U.S. holders who may be subject to special tax treatment, such as dealers or brokers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, financial institutions, regulated investment companies, real estate investment trusts, partnerships or other entities treated as pass-through entities for U.S. federal income tax purposes, tax-exempt entities or insurance companies;
- tax consequences to persons holding the notes as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;
- tax consequences to U.S. holders whose "functional currency" is not the U.S. dollar;
- tax consequences to U.S. holders who hold 2024 Notes that are purchased by us pursuant to the Tender Offer;
- tax consequences attributable to persons being required to accelerate the recognition of any item of gross income with respect to the notes as a result of such income being recognized on an applicable financial statement; or
- alternative minimum tax consequences, if any.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner of a partnership considering an investment in the notes, you should consult your own tax advisors.

If you are considering the purchase of notes, you should consult your own tax advisors concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of the notes, as well as the consequences to you arising under other U.S. federal tax laws and the laws of any other taxing jurisdiction.

Payments of Interest

Stated interest on a note (including any Peruvian tax withheld and any additional amounts paid in respect thereof) will generally be taxable to you as ordinary income at the time it is paid or accrued, depending on your method of accounting for U.S. federal income tax purposes. Such interest income will generally be considered foreign source income and, for purposes of the U.S. foreign tax credit, will generally be considered passive category income. You may be entitled to deduct or credit any Peruvian withholding tax, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your foreign taxes for a particular tax year). You will generally be denied a foreign tax credit for foreign taxes imposed with respect to the notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your own tax advisors regarding the availability of the foreign tax credit under your personal circumstances.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a note, you will generally recognize gain or loss in an amount equal to the difference, if any, between (1) the amount realized upon the sale, exchange, retirement, redemption or other taxable disposition (without reduction for any Peruvian withholding taxes and including any additional amounts paid in respect thereof) less the amount attributable to any accrued and unpaid interest (which will be taxable as interest income to the extent not previously included in income), and (2) your adjusted tax basis in the note. Your adjusted tax basis in a note will, in general, be your cost for that note. Any gain or loss you recognize will generally be capital gain or loss and will generally be long-term capital gain or loss if you have held the note for more than one year at the time of the sale, exchange, retirement, redemption or other taxable disposition of the note. Long-term capital gains of non-corporate U.S. holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss you recognize will generally be treated as U.S. source gain or loss for purposes of computing your foreign tax credit limitation. Consequently, you may not be able to claim a credit for any Peruvian tax imposed upon a disposition of a note unless such credit can be applied (subject to applicable limitations) against U.S. federal income tax due on other income treated as derived from foreign sources.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of interest on the notes and to the proceeds from a sale or other taxable disposition (including a retirement or redemption) of a note that are paid to you within the United States (and in certain cases, outside the United States), unless, in each case, you are an exempt recipient. A backup withholding tax may also apply to such payments if you fail to provide a taxpayer identification number or a certification of exempt status, or if you fail to report in full dividend and interest income.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

Certain U.S. holders are required to report information relating to an interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by certain financial institutions), by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold an interest in the notes. You are urged to consult your own tax advisors regarding information reporting requirements relating to your ownership of the notes.

The above summary is not intended to constitute a complete analysis of all tax consequences relating to the purchase, ownership and disposition of the notes. Prospective purchasers of notes should consult their own tax advisors concerning the tax consequences to them based on their particular situations.

PLAN OF DISTRIBUTION

BofA Securities, Inc. and Santander Investment Securities Inc. are acting as the initial purchasers. Subject to the terms and conditions set forth in a purchase agreement among us and the initial purchasers, we have agreed to sell to the initial purchasers, and each of the initial purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of notes set forth opposite its name below.

Initial Purchaser	Principal Amount of Notes
BofA Securities, Inc.	US$300,000,000
Santander Investment Securities Inc.	US$200,000,000
Total	**US$500,000,000**

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the notes sold under the purchase agreement if any of these notes are purchased. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the nondefaulting initial purchasers may be increased or the purchase agreement may be terminated. The initial purchasers may offer and sell the notes through certain of their affiliates.

We have agreed to indemnify the initial purchasers and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The initial purchasers have advised us that they propose initially to offer the notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed.

Notes Are Not Being Registered

The notes have not been registered under the Securities Act or any state securities laws. The initial purchasers propose to offer the notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The initial purchasers will not offer or sell the notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions."

New Issue of Notes

The notes are a new issue of securities with no established trading market. Although we will apply for permission to list the notes on the main board of the SGX-ST, we cannot assure you that an active market for the notes will develop. We have been advised by the initial purchasers that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be

adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the notes will be made to investors on or about October 28, 2021, which will be the third business day following the date of pricing of the notes (such settlement being referred to as "T+3"). Under Rule 15c6-1 of the U.S. Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers of the notes who wish to trade the notes prior to the date that is two business days prior to delivery of the notes will be required, by virtue of the fact that the notes initially will settle in T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to the date that is two business days prior to delivery of the notes should consult their own advisors.

No Sales of Similar Securities

We have agreed that we will not, for a period of 45 days after the date of this offering memorandum, without first obtaining the prior written consent of the initial purchasers, offer, sell, contract to sell or otherwise dispose of any debt securities in the international capital markets issued or guaranteed by us and having a tenor of more than one year, except for the notes offered hereby.

Short Positions

In connection with this offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the initial purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the initial purchasers make any representation that the initial purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Some of the initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may

hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby.

Affiliates of each of BofA Securities, Inc. and Santander Investment Securities Inc., each an initial purchaser, are lenders under the Credit Agreement. The Credit Agreement is being repaid in full with part of the net proceeds of this offering. See "Use of Proceeds." In addition, each of the initial purchasers is acting as a dealer manager in respect of the concurrent tender offer. As a result, the initial purchasers or their affiliates may receive a portion of the net proceeds from this offering.

The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

Notice to Prospective Investors in the European Economic Area

This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation. The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended, or MiFID II, (ii) a customer within the meaning of Directive 2016/97/EU, as amended, or the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended, or the PRIIPs Regulation, for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of notes.

Notice to Prospective Investors in the United Kingdom

This offering memorandum is not a prospectus for the purposes of the U.K. Prospectus Regulation. The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the U.K. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, or the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA, or (iii) not a qualified investor as defined in Article 2 of the U.K. Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA, or the U.K. PRIIPs Regulation, for offering or selling the notes or otherwise making them available to retail investors in the U.K. has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the U.K. may be unlawful under the U.K. PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of notes in the U.K. will be made pursuant to an exemption under the U.K. Prospectus Regulation from the requirement to publish a prospectus for offers of notes. This offering memorandum has not been approved by an authorized person for the purposes of Section 21 of the FSMA. This offering memorandum is for distribution only to persons who: (i) are outside the U.K.; (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order");

(iii) are persons falling within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Notice to Investors in Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations.* Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor. Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the notes with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Notice to Prospective Investors in the Dubai International Financial Centre

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth in, and has no responsibility for, this offering memorandum. The notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the notes offered should conduct their own due diligence on the notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

Notice to Prospective Investors in Brazil

The notes have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the notes has not been nor will be registered with the *Comissão de Valores Mobiliários* in Brazil. Documents relating to the offering of the notes, as well as information contained therein, may not be distributed in Brazil (as the offering of the notes is not a public offering of securities in Brazil), nor be used in connection with any offering for subscription or sale of the notes in Brazil.

Notice to Prospective Investors in Chile

The offer of the notes is subject to General Rule No. 336 issued by the *Comisión para el Mercado Financiero* (Chilean Commission for the Financial Market or "CMF"). The commencement date of this offering is set forth on the cover page of this offering memorandum. The notes will not be registered in the *Registro de Valores* (Securities Registry) or the *Registro de Valores Extranjeros* (Foreign Securities Registry), both kept by the CMF and will not be subject to the supervision of the CMF. As unregistered securities, we have no obligation to deliver/disclose public information about the notes in Chile. The notes cannot and will not be publicly offered in Chile unless registered in the *Registro de Valores* (Securities Registry) or the *Registro de Valores Extranjeros* (Foreign Securities Registry), both kept by the CMF. If the notes are offered within Chile, they will be offered and sold only pursuant to General Rule 336 of the CMF, an exemption to the registration requirements, or in circumstances that do not constitute a public offer of securities under Chilean law.

La oferta de los valores se acoge a la Norma de Carácter General N 336 de la Comisión para el Mercado Financiero o "CMF." La fecha de inicio de la presente oferta es la indicada en la portada de este offering memorandum. Los valores no estarán inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, y tales valores no estarán sujetos a la fiscalización de la CMF. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de los valores. Los valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores o el Registro de Valores Extranjeros que lleva la CMF. Si los valores son ofrecidos dentro de Chile, serán ofrecidos y colocados sólo de acuerdo a la Norma de Carácter General N°336 de la CMF, una excepción a la obligación de inscripción, o en circunstancias que no constituyan una oferta pública de valores en Chile de conformidad a la ley chilena.

Notice to Prospective Investors in Mexico

The notes have not been and will not be registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*), and may not be offered or sold publicly or otherwise be the subject of brokerage activities in Mexico, except pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*).

Notice to Prospective Investors in Hong Kong

This offering memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The notes will not be offered or sold in Hong Kong other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Japan

The notes offered in this offering memorandum have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). The notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Act and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Peru

The notes will not be subject to a public offering in Peru. Therefore, this offering memorandum and the notes have not been, and will not be, registered with or approved by the SMV or the Lima Stock Exchange (*Bolsa de Valores de Lima*). Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the notes and, therefore, the disclosure obligations set forth therein will not be applicable to the issuer of the notes before or after their acquisition by prospective investors.

This offering memorandum and other offering materials relating to the offer of the notes are being supplied to those Peruvian investors who have expressly requested them. Such materials may not be distributed to any person or entity other than the intended recipients. Accordingly, the notes cannot be offered or sold in the Republic of Peru, except if (i) such notes were previously registered with the SMV or (ii) such offering is made by means of a private offering under the securities laws and regulations of Peru. The Peruvian securities market law establishes, among other things, that any particular offer may qualify as private if it is directed exclusively to institutional investors (as defined by Peruvian securities laws and regulations).

In making an investment decision, Peruvian investors must rely on their own examination of the issuer and the terms of the offering of the notes in order to determine their legal ability to invest in the notes.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. As such, each initial purchaser has represented, warranted and agreed, and each investor should note, as the case may be, that the notes may not be offered or sold, or made the subject of an invitation for subscription or purchase, nor may the offering memorandum or any of the documents or materials in connection with the offer or sale or invitation for subscription of any notes be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA (as defined below), (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for six months after that corporation has acquired the notes under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA); (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA; (3) where no consideration is or will be given for the transfer; (4) where the transfer is by operation of law; (5) as specified in Section 276(7) of the SFA; or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32").

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that trust has acquired the notes under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA); (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets); (3) where no consideration is or will be given for the transfer; (4) where the transfer is by operation of law; (5) as specified in Section 276(7) of the SFA; or (6) as specified in Regulation 32.

Solely for the purposes of its obligations pursuant to sections 309B(1)(c) of the SFA, we have determined, and hereby notify all relevant persons (as defined in Section 309(A) of the SFA) that the notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018)

and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment).

Any reference to the "SFA" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and any reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

TRANSFER RESTRICTIONS

The following restrictions will apply with respect to the resale of the notes. Purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the notes.

None of the notes has been registered under the Securities Act or any state securities laws, and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered and sold only (A) to "qualified institutional buyers" (as defined in Rule 144A) ("QIBs") in compliance with Rule 144A and (B) outside the United States to persons other than U.S. persons ("non-U.S. purchasers," which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)) in reliance upon Regulation S under the Securities Act ("Regulation S"). As used herein, the terms "United States" and "U.S. person" have the meanings given to them in Regulation S.

Each purchaser of notes will be deemed to have represented and agreed as follows:

1. It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is either (A) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A or (B) a non-U.S. purchaser that is outside the United States (or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above).

2. It acknowledges that the notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act; that the notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.

3. It shall not resell or otherwise transfer any of such notes except (A) to the issuer or any of its subsidiaries, (B) inside the United States to a QIB in a transaction complying with Rule 144A, (C) outside the United States in compliance with Rule 904 under the Securities Act, (D) in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if the issuer so requests), or (E) pursuant to an effective registration statement under the Securities Act.

4. It agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes.

5. It acknowledges that prior to any proposed transfer of notes in certificated form or of beneficial interests in a note in global form (a "Global Note") (in each case other than pursuant to an effective registration statement) the holder of notes or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the indenture.

6. It understands that (i) the following is the form of restrictive legend which will appear on the face of the Rule 144A Global Note, and which will be used to notify transferees of the foregoing restrictions on transfer:

> **"This Note has not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any other securities laws. The holder hereof, by purchasing this Note, agrees that this Note or any interest or participation herein may be offered, resold, pledged or otherwise transferred only (1) to the issuer and its subsidiaries, (2) so long as this Note is eligible for resale pursuant to Rule 144A under the Securities Act ("Rule 144A"), to a person who the seller reasonably believes is a qualified institutional buyer (as defined in Rule 144A) in accordance with Rule 144A, (3) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, (4) pursuant to an exemption from registration under the Securities Act (if available) or (5) pursuant to an effective registration statement under the Securities Act, and in each of such cases in accordance with any applicable securities laws of any state of the United States or other applicable jurisdiction.**

The holder hereof, by purchasing this Note, represents and agrees that it will notify any purchaser of this Note from it of the resale restrictions referred to above. This legend will be removed solely at the option of Minsur S.A."

and (ii) the following is the form of restrictive legend which will appear on the face of the Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

"This Note has not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any other securities laws. The holder hereof, by purchasing this Note, agrees that neither this Note nor any interest or participation herein may be offered, resold, pledged or otherwise transferred in the absence of such registration unless such transaction is exempt from, or not subject to, such registration.

The foregoing legend may be removed from this Note after 40 days beginning on and including the later of (a) the date on which the notes are offered to persons other than distributors (as defined in Regulation S under the Securities Act) and (b) the original issue date of this Note."

For further discussion of the requirements (including the presentation of transfer certificates) under the indenture to effect exchanges or transfers of interest in global notes and certificated notes, see "Form of Notes, Clearing and Settlement."

7. It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the notes, as well as holders of the notes.

8. It acknowledges that (1) no assets of an employee benefit plan subject to ERISA, a plan subject to Section 4975 of the Code or an entity deemed to hold the assets of any such employee benefit plans, or plans, or a non-U.S., governmental or church plan have been used to acquire the notes or an interest therein; or (2)(A) the purchase and holding of such notes or an interest therein by such person do not constitute a non-exempt prohibited transaction under ERISA or the Code or violation of any non-U.S., state, local or other federal laws or regulations that are substantially similar to Section 406 of ERISA or Section 4975 of the Code, and (B) if such purchaser or holder is using assets of any plan subject to Title I of ERISA, or an ERISA Plan, to purchase or hold the notes, (i) none of the issuer, the guarantor, an initial purchaser, nor any of their affiliates, has provided any investment advice on which it, or any fiduciary or other person investing the assets of the ERISA Plan, or Plan Fiduciary, has relied in connection with its decision to invest in the notes, and they are not otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the ERISA Plan or the Plan Fiduciary in connection with the ERISA Plan's acquisition of notes, and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

9. It acknowledges that the trustee will not be required to accept for registration of transfer any notes acquired by it, except upon presentation of evidence satisfactory to us and the trustee that the restrictions set forth herein have been complied with.

10. It acknowledges that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the notes is no longer accurate, it shall promptly notify us and the initial purchasers. If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, and agreements on behalf of each account.

LEGAL MATTERS

The validity of the notes will be passed upon for us by Simpson Thacher & Bartlett LLP, our U.S. counsel, and for the initial purchasers by Milbank LLP, special U.S. counsel for the initial purchasers. Certain Peruvian legal matters will be passed upon for us by Rodrigo, Elías & Medrano Abogados, our Peruvian counsel, and for the initial purchasers by Payet, Rey, Cauvi, Pérez, special Peruvian counsel for the initial purchasers. Simpson Thacher & Bartlett LLP may rely as to all matters of Peruvian law on Rodrigo, Elías & Medrano Abogados, and Milbank LLP may rely as to all matters of Peruvian law on Payet, Rey, Cauvi, Pérez Abogados.

INDEPENDENT AUDITORS

Our audited consolidated financial statements as of and for the years ended December 31, 2018, 2019 and 2020 included in this offering memorandum have been audited by Tanaka, Valdivia & Asociados Sociedad Civil de Responsabilidad Limitada, a member firm of Ernst & Young Global, as set forth in their report included in this offering memorandum. Our unaudited interim consolidated financial statements as of June 30, 2021 and for the six months ended June 30, 2021 and 2020 included in this offering memorandum have been subject to a limited review by Tanaka, Valdivia & Asociados Sociedad Civil de Responsabilidad Limitada, a member firm of Ernst & Young Global, as stated in their unqualified report appearing herein.

LISTING AND GENERAL INFORMATION

The creation and issuance of the notes have been authorized by our shareholders and board of directors as per the resolutions approved on October 18, 2021.

Except as disclosed in this offering memorandum, there are no litigation or arbitration proceedings against or affecting us or any of our respective assets, nor are we aware of any pending or threatened proceedings, which are or might reasonably be expected to be material in the context of the issuance of the notes.

Except as disclosed in this offering memorandum, there has been no material adverse change or any development reasonably likely to involve a material adverse change, in our condition (financial or otherwise) or general affairs since December 31, 2020 that is material in the context of the issuance of the notes.

We will apply to list the notes on the main board of the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, opinions expressed or reports contained in this offering memorandum. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the notes or us. A paying agent in Singapore will be appointed upon the issue of the notes in definitive form. So long as the notes are listed on the SGX-ST and the rules of the SGX-ST so require, we shall appoint and maintain a paying agent in Singapore, where such notes may be presented or surrendered for payment or redemption. In the event that the global notes are exchanged for definitive notes, announcement of such exchange shall be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive notes, including details of the paying agent in Singapore. The notes will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies).

For so long as any of the notes remain outstanding, copies of the following documents will be obtainable and available during normal business hours at our principal office, at the address listed on the last page of this offering memorandum:

- the indenture relating to the notes and our by-laws (*estatuto*);
- the financial statements included in this offering memorandum; and
- all our future annual and quarterly interim consolidated financial statements.

Each of the purchase agreement among the company and the initial purchasers, the indenture and the notes are governed by the laws of the State of New York.

The global notes representing the notes have been accepted for clearing and settlement by Clearstream and Euroclear. The Rule 144A Global Note has been assigned ISIN US60447KAB61 and CUSIP No. 60447K AB6. The Regulation S Global Note has been assigned ISIN USP6811TAB19 and CUSIP No. P6811T AB1.

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Independent Auditors' Report

To the Shareholders of Minsur S.A. and Subsidiaries

We have audited the accompanying consolidated financial statements of Minsur S.A. (a Peruvian entity, subsidiary of Breca S.A.C.) and Subsidiaries (together the "Group"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018 and the related consolidated statements of profit or loss, other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended on these dates, and a summary of significant accounting policies and other explanatory information (see attached notes 1 to 40).

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Auditing Standards approved in Peru by the Board of Deans of the Peruvian Charter of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 40 to the consolidated financial statements

Independent Auditors' Report (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of Minsur S.A. and Subsidiaries as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years ended on these dates, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

Lima, Peru,
February 28, 2020

Paredes, Burga & Asociados

Countersigned by:

Raúl Del Pozo
C.P.C.A. Register N°22311

Minsur S.A. and Subsidiaries

Consolidated statements of financial position

As of December 31, 2019 and 2018

	Note	2019 US$(000)	2018 US$(000)
Assets			
Current assets			
Cash and cash equivalents	6	133,185	251,917
Other financial assets	6	212,686	309,678
Trade and other receivables, net	7	168,885	110,654
Derivative financial instruments	37	6,146	3,051
Inventory, net	8	117,638	116,176
Financial assets at fair value through other comprehensive income	9	105,415	120,678
Assets held for sale		-	2,710
Income tax prepayments	21	3,420	20,729
Prepaid expenses and taxes	11	5,775	7,213
		753,150	942,806
Non-current assets			
Trade and other receivables, net	7	80,611	96,830
Inventory, net	8	13,384	-
Derivative financial instruments	37	343	-
Financial assets at fair value through other comprehensive income	9	5,278	4,900
Prepaid expenses and taxes	11	16,674	31,069
Investments in associates	12	263,181	292,446
Property, plant and equipment, net	13	1,568,219	800,500
Intangible assets, net	14	573,420	480,442
Right-of-use asset, net	15	38,020	31,647
Deferred income tax assets, net	21	147,140	127,155
Total non-current assets		2,706,270	1,864,989
Total assets		3,459,420	2,807,795

	Note	2019 US$(000)	2018 US$(000)
Liability and equity			
Current liabilities			
Borrowings	18	48,870	19,177
Income tax payable	21	4,564	-
Lease liabilities	19	16,583	13,522
Trade and other payables	17	294,804	268,699
Derivative financial instruments	37	7,372	6,772
Provisions	20	35,137	26,476
Total current liabilities		407,330	334,646
Non-current liabilities			
Non-current borrowings	18	1,046,517	620,445
Non-current portion of the lease Liabilities	19	23,080	18,980
Trade and other payables	17	33,261	36,504
Derivative financial instruments	37	11,485	9,190
Non-current provisions	20	197,692	144,262
Deferred income tax liabilities, net	21	102,367	105,445
		1,414,402	934,826
Total liabilities		1,821,732	1,269,472
Equity	22		
Capital stock		601,269	601,269
Investment shares		300,634	300,634
Legal reserve		120,261	120,261
Reinvested earnings		39,985	39,985
Other reserves		45,676	45,676
Facultative reserves		424	424
Cumulative translation reserve		(221,007)	(198,322)
Unrealized results		(14,565)	(18,887)
Retained earnings		411,272	412,821
Equity attributable to equity holders of the parent		1,283,949	1,303,861
Non-controlling interests		353,739	234,462
Total equity		1,637,688	1,538,323
Total liabilities and equity		3,459,420	2,807,795

The accompanying notes are an integral part of this consolidated financial statement.

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 40 to the consolidated financial statements

Minsur S.A. and Subsidiaries

Consolidated statements of profit or loss

For the years ended December 31, 2019 and 2018

	Note	2019 US$(000)	2018 US$(000)
Net sales	24	711,488	693,773
Cost of sales	25	(446,018)	(411,608)
Gross profit		265,470	282,165
Operating expenses:			
Administrative expenses	26	(54,872)	(51,160)
Selling expenses	27	(8,214)	(7,663)
Exploration and evaluation expenses	28	(41,607)	(37,508)
Other expenses, net	29	(2,685)	(19,342)
Total operating expenses		(107,378)	(115,673)
Operating income		158,092	166,492
Other (expenses) income:			
Finance income	30	21,564	70,393
Finance costs	30	(50,482)	(53,336)
(Loss) profit from investment in associates, net	12(b)	(8,218)	11,935
Profit from financial assets at fair value through profit or loss	10	-	489
Dividends income	9(e) and (f)	1,705	415
Exchange difference, net	5	(2,602)	(23,701)
Total other (expenses) income, net		(38,033)	6,195
Profit before income tax		120,059	172,687
Income tax	21(b) and (d)	(57,224)	(64,508)
Net profit		62,835	108,179
Attributable to:			
Equity holders of the parent		64,451	112,126
Non-controlling interests		(1,616)	(3,947)
Net profit		62,835	108,179
Earnings per share stated in U.S. dollar (basic and diluted) attributable to:			
Common shares	31	2.236	3.889
Investment shares	31	0.022	0.039

The accompanying notes are an integral part of this consolidated financial statement.

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 40 to the consolidated financial statements

Minsur S.A. and Subsidiaries

Consolidated statements of other comprehensive income

For the years ended December 31, 2019 and 2018

	Note	2019 US$(000)	2018 US$(000)
Net profit		62,835	108,179
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation	22(g)	(22,685)	(31,345)
Unrealized results of investments and hedge derivative financial instruments	22(h)	206	(27,648)
Income tax	21(b) and 22(h)	1,294	5,104
Other comprehensive income for the year		(21,185)	(53,889)
Total comprehensive income for the year, net of its income tax		41,650	54,290
Total comprehensive income attributable to:			
Equity holders of the parent		46,088	60,957
Non-controlling interests		(4,438)	(6,667)
		41,650	54,290

The accompanying notes are an integral part of this consolidated financial statement.

Minsur S.A. and Subsidiaries

Consolidated statements of changes in equity

For the years ended December 31, 2019 and 2018

	Note	Capital stock US$(000)	Investment shares US$(000)	Legal reserve US$(000)	Reinvested earnings US$(000)	Other reserves US$(000)	Facultative reserves US$(000)	Cumulative translation reserve, note 2.4(c) US$(000)	Unrealized results US$(000)	Retained earnings US$(000)	Total attributable to equity holders of the parent US$(000)	Non - controlling interests equity US$(000)	Total US$(000)
Balance as of December 31, 2018		601,269	300,634	120,261	39,985	13,687	424	(166,977)	937	300,344	1,210,564	170	1,210,734
Net profit		-	-	-	-	-	-	-	-	112,126	112,126	(3,947)	108,179
Other comprehensive income for the year		-	-	-	-	-	-	(31,345)	(19,824)	-	(51,169)	(2,720)	(53,889)
Total other comprehensive income for the year		-	-	-	-	-	-	(31,345)	(19,824)	112,126	60,957	(6,667)	54,290
Transactions between shareholders	22(f)	-	-	-	-	31,989	-	-	-	-	31,989	190,304	222,293
Contributions from non-controlling interest	22(i)	-	-	-	-	-	-	-	-	-	-	50,640	50,640
Other minors		-	-	-	-	-	-	-	-	351	351	15	366
Balance as of December 31, 2018		601,269	300,634	120,261	39,985	45,676	424	(198,322)	(18,887)	412,821	1,303,861	234,462	1,538,323
Net profit		-	-	-	-	-	-	-	-	64,451	64,451	(1,616)	62,835
Other comprehensive income for the year		-	-	-	-	-	-	(22,685)	4,322	-	(18,363)	(2,822)	(21,185)
Total other comprehensive income for the year		-	-	-	-	-	-	(22,685)	4,322	64,451	46,088	(4,438)	41,650
Dividends distribution	22(e)	-	-	-	-	-	-	-	-	(66,000)	(66,000)	-	(66,000)
Contributions from non-controlling interest	22(i)	-	-	-	-	-	-	-	-	-	-	123,140	123,140
Other minors		-	-	-	-	-	-	-	-	-	-	575	575
Balance as of December 31, 2019		601,269	300,634	120,261	39,985	45,676	424	(221,007)	(14,565)	411,272	1,283,949	353,739	1,637,688

The accompanying notes are an integral part of this consolidated financial statement.

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 40 to the consolidated financial statements

Minsur S.A. and Subsidiaries

Consolidated statements of cash flows

For the years ended December 31, 2019 and 2018

	Note	2019 US$(000)	2018 US$(000)
Operating activities			
Collections from customers		723,133	695,666
Payments to suppliers		(367,049)	(302,224)
Payroll and social benefit payments		(131,033)	(134,198)
Payments of income and other taxes		(121,943)	(96,298)
Interests paid		(25,402)	(28,132)
Interest received		17,032	10,931
Recovery of taxes and interest paid under protest		7,735	92,580
Other receipts related to the activity, net		6,746	5,254
Net cash and cash equivalents provided by in operating activities		109,219	243,579
Investing activities			
Opening of time deposits with original maturities greater than 90 days		(408,438)	(309,678)
Closing of deposits with a term greater than 90 days		502,504	160,444
Payments for purchase of property, plant and equipment		(792,205)	(333,200)
Payments for purchase of intangible assets		(65,010)	(26,139)
Opening of financial assets at fair value through other comprehensive income	9(b)	(155,416)	(98,778)
Collection from liquidation of state investment certificate	9(b)	176,847	2,935
Collection from sales of non-controlling interest	1(c)	-	182,397
Dividends collected		1,026	415
Collection from liquidation of financial assets at fair value through profit or loss		-	213,802
Opening of mutual funds with public quotation		-	(81,600)
Collection from sale of furniture and equipment	29	303	624
Net cash and cash equivalents used in investing activities		(740,389)	(288,778)
Financing activities			
Obtaining loans	36.1(ii)	509,323	151,086
Payments of loans	36.1(ii)	(35,303)	(97,207)
Lease payments	36.1(ii)	(19,340)	(16,641)
Contributions from non-controlling interest	22(i)	123,140	50,640
Dividends paid	22(e)	(66,000)	-
Financing structuring costs	11(c)	(3,349)	(30,240)
Net cash flows provided by financing activities		508,471	57,638
(Decrease) increase in cash and cash equivalents		(122,699)	12,439
Net exchange difference		3,967	(1,003)
Cash and cash equivalents at beginning of year		251,917	240,481
Cash and cash equivalents at year end	6(a)	133,185	251,917
Transactions with no effects in cash flows:			
Increase in provision for closure mine	20(a)	47,821	14,557
Increase of right-of-use assets	15(a)	26,204	27,108
Capitalized depreciation as development costs	13(b)	11,641	1,638
Accounts payable for acquisition of non-controlling interest	17(d)	1,354	2,067
Net cost for write off of property, plant and equipment	29	1,253	2,917

The accompanying notes are an integral part of this consolidated financial statement.

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 40 to the consolidated financial statements

Minsur S.A. and Subsidiaries

Notes to the consolidated financial statements

As of December 31, 2019, and 2018

1. Corporate information

(a) Identification -

Minsur S.A. (hereinafter "the Company") was incorporated in Peru in October 1977. The activities of the Company are regulated by the Peruvian General Mining Law. The Company is a subsidiary of Breca Minería S.A.C. domiciled in Peru, which holds 99.99 percent of the Company's common shares and 6.31 percent of its investment shares. The Company's registered address is Jirón Giovanni Batista Lorenzo Bernini 149, Office 501A, San Borja, Lima, Peru.

(b) Business activity -

The main activity of the Company is the production and selling of metallic tin that it is obtained from the mineral exploited in the San Rafael Mine, located in the region of Puno, and the production and selling of gold that is obtained of Pucamarca mine, located in the region of Tacna.

Through its subsidiary Minera Latinoamericana S.A.C., the Company has investments in Mineração Taboca S.A. and subsidiary (which operate the tin mine and a smelting plant located in Brazil), in Inversiones Cordillera del Sur Ltda. and subsidiaries (holding of shares of a group mainly dedicated to the production and selling of cement in Chile) and in Minera Andes del Sur S.P.A. and subsidiary (a Chilean company engaged in mining exploration activities). As explained in note 3.1(e), the investment in Inversiones Cordillera del Sur Ltda. is accounted for as an investment in an associate.

In addition, through its subsidiary Cumbres Andinas S.A.C., the Company hold shares in Marcobre S.A.C., a mining company that is in exploration of mining rights and the development of the Mina Justa mining copper project. The General Shareholders' Meeting of the Company on April 23, 2018 approved the sale of 40 percent of its shares in Cumbres Andinas S.A.C. to Alxar International SPA, this transaction ended on May 31, 2018.

Likewise, through its subsidiary Cumbres del Sur S.A.C., the Company holds investments in Minera Sillustani S.A.C. and Compañía Minera Barbastro S.A.C., mining companies that are in the stage of exploration and evaluation of mineral resources.

As of December 31, 2019 and 2018, the Group is developing the following projects:

b.1) Mina Justa project

Through its subsidiary Marcobre S.A.C. is developing the Mina Justa copper mining project, located in the province of Nazca, Ica region, which estimated investment amount to US$1,600 million and is expected to have an annual production of 181,000 tons of copper concentrate and 51,500 tons of copper cathodes, which is expected to be achieved at the end of the year 2020 or at the beginning of the year 2021. As of December 31, 2019, the Group performed cash disbursements for about US$706,223,000 (US$217,867,000 as of December 31, 2018), through the subsidiary Marcobre, which were mainly for the execution and construction phase, which has guarantees detailed in note 33(e).

The construction of the project has been financed with the contributions of the shareholders and through a syndicated loan from a group of financial institutions up to an amount of US$900,000,000, see note 18(e). The administration and supervision of the project has been commissioned to Ausenco S.A., an entity that is in charge of Engineering, Procurement, Construction Management (EPCM) according to the contract signed on November 7, 2017, which will be in force until the completion of the Mina Justa project. Management expects to be able to start production at the beginning of year 2021, subject to obtaining the necessary authorizations and environmental approvals.

(b.2) Tin tailings project B2

Minsur S.A. has been developing the project B2 located in San Rafael Mine whose estimated investment amounts to US$192,647,000. The project consists in extracting tin from an old tailing through a production process to be carried out in the future plant of reuse of tailings. The project started commercial production in January 2020. During 2019, investments were made for approximately the amount of US$113,128,000 (US$77,675,000 as of December 31, 2018), which were mainly destinated to the construction phase.

(c) Sale of minority interest in Cumbres Andinas S.A.C.

At the General Shareholders' Meeting of the Company dated April 23, 2018, the sale of 40 percent of the shares of Cumbres Andinas S.A.C. to Inversiones Alxar S.A. was approved for a sale price of approximately US$182,397,000, whose closing was completed on May 31, 2018. As a result of this operation and in accordance with the provisions of IFRS 10 "Consolidated financial statements", the Group have recognized the net profit offset of income tax and workers' profit sharing attributable to the transaction for US$39,389,000 in the caption "other reserves" of the consolidated statements of changes in equity. In addition, in the year 2018, the Group has recognized in the consolidated statement of changes in equity a loss of US$7,400,000 in the caption "Other reserves" related to the obligations assumed in the share transfer agreement

denominated "Purchase Agreement" between Minsur and Alxar International SpA as shareholders owners of 100 percent of the shares of Cumbres Andinas S.A.C. During 2019, the update related to said liability has been recognized in the consolidated statement of income for US$541,000, see note 30.

(d) Consolidated financial statements –
The consolidated financial statements include the financial statements of the Company and its subsidiaries (together, the Group):

	Equity interest			
	December 31, 2019		December 31, 2018	
	Direct %	Indirect %	Direct %	Indirect %
Subsidiaries in Chile:				
Minera Andes del Sur SPA	-	100.00	-	100.00
Tarianta SPA	-	90.00	-	-
Subsidiaries in Brazil:				
Mineração Taboca S.A.	-	100.00	-	100.00
Mamoré Mineração e Metalurgia Ltda.	-	100.00	-	100.00
Subsidiaries in Perú:				
Minera Latinoamericana S.A.C.	99.99	-	99.99	-
Cumbres Andinas S.A.C.	60.00	-	60.00	-
Cumbres del Sur S.A.C.	99.98	-	99.98	-
Compañía Minera Barbastro S.A.C.	-	99.99	-	99.99
Minera Sillustani S.A.C.	-	99.99	-	99.99
Marcobre S.A.C.	-	100.00	-	100.00

A brief summary of the business activities of the entities included in the consolidated financial statements is presented below:

- Minera Andes del Sur SPA. -
  The corporate purpose of this subsidiary is the exploration and exploitation of mining properties that are acquired or obtained and that facilitate or allow the exploitation of the mineral substances contained them.

- Tarianta SPA. –
  The corporate purpose of this subsidiary is the development of mining exploration activities in Chile, as well as the development of mining projects and other related activities.

- Mineração Taboca S.A. -
  This mining entity is engaged in the exploitation of the Pitinga mine, located in the northeast region in the Amazonas state, in the Federative Republic of Brazil. This mine has mainly resources of tin, as well as other minerals. Taboca also operates the Pirapora smelter located in Sao Paulo.

- Mamoré Mineração e Metalurgia Ltda. -
  This subsidiary is engaged in the operation of the smelting plant of Pirapora, in Sao Paulo, Brazil.

- Minera Latinoamericana S.A.C. -
  Through this subsidiary, the Company has investments in Mineração Taboca S.A. and its subsidiary, as well as in Inversiones Cordillera del Sur Ltda. and its subsidiaries and in Minera Andes del Sur S.P.A.

- Cumbres Andinas S.A.C. -
  Currently, the activity of this subsidiary is limited to holding 100 percent of shares of the mining company Marcobre S.A.C. mining company that is in the construction stage.

- Marcobre S.A.C. -
  This subsidiary is engaged in the development of mining activities in Peru, being able to execute and subscribe agreements related to such activity, by its own or through third parties. Currently, its activities are mainly focused in the development of its copper project' Mina Justa, which is in construction stage and its located approximately at 400 kilometers to the southeast of Lima, Ica Region. See letter (b.1).

- Cumbres del Sur S.A.C. -
  The purpose of this subsidiary is the exploration and exploitation of mining rights and, in general, any other activities directly or indirectly included in the mining activity. Currently, the activities of this subsidiary are limited to investment in mining companies in the exploration stage (Minera Sillustani S.A.C. and Compañía Minera Barbastro S.A.C.).

- Compañía Minera Barbastro S.A.C. -
  The purpose of this subsidiary is the exploration and exploitation of mining rights. Currently, it is engaged in the development of Marta mining unit, located in Tinyaccila, district of Huando, in the Huancavelica's region.

- Minera Sillustani S.A.C. -
  The purpose of this subsidiary is the exploration of mining concessions and quarries, and in the development of mining projects of tungsten Palca 11 and Hacienda de Beneficio Rocio 2, located in "San Antonio de Putina", Puno's region. Currently, it is mainly engaged in the rehabilitation and remediation of mining projects of Regina mining unit in Puno.

(e) Approval of consolidated financial statements –
These consolidated financial statements as of December 31, 2019 and for the year then ended were authorized for issue by Management on February 28, 2020. In Management's opinion, these consolidated financial statements will be approved without changes by the Board of Directors' to be held during the first quarter of 2020.

The consolidated financial statements as of December 31, 2018 and for the year then ended were approved by the Shareholders' Meeting on March 28, 2019.

2. Basis of preparation and accounting policies

2.1. Basis of preparation -
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (hereinafter "IASB") in force as of December 31, 2019.

The consolidated financial statements have been prepared on a historical cost basis, except for the trade accounts receivable, the financial assets at fair value through profit or loss, the financial assets at fair value through other comprehensive income and derivative financial instruments, which have been measured at fair value.

The consolidated financial statements are presented in United States Dollars (US$) and all values have been rounded to the nearest thousands, except when otherwise indicated.

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions, as detailed in Note 3

The consolidated financial statements provide comparative information in respect of the previous period.

2.2 Basis of consolidation -

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the date of the consolidated statement financial position.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Usually, there is a presumption that a majority of voting rights results in control. Support this presumption and when the Group has less than a majority of the voting, or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Where the Group's interest is less than 100 percent, the interest attributable to outside shareholders is reflected in non-controlling interests (here in after NCI).

The consolidated statement of profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent and non-controlling interest, even if this result in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial separate statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All assets and liabilities, equity, income, expenses and cash flows related to transactions between the parties of the Group are totally eliminated in the consolidation. A change in the participation of a subsidiary without loss of control is accounted for as an equity transaction.

If the Group losses control over a subsidiary it derecognizes the related assets and liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in the consolidated statement of profit or loss. Any investment retained is recognized at fair value.

2.3. Change in accounting policies and disclosure –
The nature and effect of the changes as a result of the adoption of these new accounting standards are described below:

IFRS 16 - Leases
During 2018, the Company adopted IFRS 16 "Leases" early, effective as of January 1, 2019, applying the full retrospective approach.
Prior to the adoption of IFRS 16 "Leases," the Group classified each of its leases (as a lessee) at the initial time either as a finance lease or an operating lease. A lease was classified as a leasing if it substantially transferred all the risks and rewards related to the ownership of the leased asset to the Group; otherwise, it was classified as an operating lease. Financial leases were capitalized at the beginning of the lease at the fair value of the property leased at the initial moment or, if it was lower, at the present value of the minimum lease payments. Lease payments were distributed between interest (recognized as financial expense) and reduction of the lease liability. In an operating lease, the leased property was not capitalized, and the lease payments were recognized as lease expenses in the income statement based on a straight line during the term of the contract.

At the time of adopting IFRS 16, the Group applied a lessee recognition and measurement approach to all its leases, except for short-term leases and low value asset leases. The Group recognizes separately in the statement of financial position, liabilities for lease payments to be made and rights-of-use assets that represent the right to use the underlying assets.

The adoption of IFRS 16 represented the recognition of an asset and a liability for right-of-use of US$24,816,000 and US$25,246,000, respectively, as of January 1, 2017 (initial date of adoption).

IFRIC Interpretation 23 Uncertainty over Income Tax treatments
The Interpretation addresses accounting for income taxes when tax treatments imply uncertainty regarding the application of IAS 12 Income Tax. It does not apply to taxes or encumbrances outside the scope of IAS 12, nor does it specifically include requirements related to interest and fines associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions make by an entity about the examination of tax treatments by taxation authorities.
- How an entity determines fiscal gain (tax loss), tax basis, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach that better predicts the resolution of the uncertainty.

The Group applies a significant judgment in identifying uncertainties about income tax treatments.

After the adoption of the Interpretation, the Group considered that it hasn't fiscal positions based on its tax compliance and transfer pricing study and that its tax treatments are likely to be accepted by the tax authorities. The Interpretation had no impact on the consolidated financial statements of the Group.**Reclassifications** -
During 2019, the Group made the following reclassifications as it considers that it will achieve a better presentation for stakeholders:

- Separate presentation of the lease liability previously presented as part of the borrowings.
- Reclassification of financing operations of suppliers of financial obligations as trade accounts payable considering the analysis of this transaction.

Consolidated statement of financial position	**Balance as of December 31, 2018** US$(000) (Audited)	**Lease liability** US$(000)	**Confirming operations** US$(000)	**Balance as of December 31, 2018** US$(000) (Restated)
Financial Obligations (See note 18):				
Current portion	41,579	(13,522)	(8,880)	19,177
Non-current portion	639,425	(18,980)	-	620,445
Lease liability (See note 19)				
Lease liability – current	-	13,522	-	13,522
Lease liability - non-current	-	18,980	-	18,980
Trade accounts payable (See note 17)				
Third parties – Current	196,110	-	8,880	204,990

Reclassification of disbursements for freight from costs of sales to sales expenses considering the accounting policies approved by the Group.

Consolidated Statement of Income	**Balance as of December 31, 2018** US$(000) (Audited)	**Reclassification** US$(000)	**Balance as of December 31, 2018** US$(000) (Restated)
Cost of sales (See note 25)	(414,639)	3,031	(411,608)
Sales expenses (See note 27)	(4,632)	(3,031)	(7,663)

2.4. Summary of significant accounting policies -
The accounting policies that have been adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2018 as described below:

(a) Cash and cash equivalents -
Cash and cash equivalents in the consolidated statement of cash flows comprise cash, banks account and short-term deposits with an original maturity of three months or less.

For presentation purposes in the consolidated statement of cash flows, cash and cash equivalents include cash, term deposits and highly liquid investments, whose original maturity is three months or less.

Those term deposits and investments whose original maturity is greater than three months will be presented in the caption "Other financial assets" of the consolidated statement of financial position.

(b) Financial instruments: Initial recognition and subsequent measurement -
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets -
Initial recognition and measurement
Financial assets are classified, on initial recognition, as financial assets at fair value (with changes in results or other comprehensive income) or assets measured at amortized cost. All financial assets are initially recognized at fair value.

The Group's financial assets include cash and cash equivalents, trade and other accounts receivable, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Subsequent measurement -
For the purposes of the subsequent measurement, financial assets are classified in three categories:

- Amortized cost (debt instruments),
- At fair value through changes in other comprehensive income (debt instruments and equity instruments) and
- At fair value through changes in profit or loss.

The classification depends on the Group's business model and the contractual terms of the cash flows.

Financial assets measured at amortized cost -
A financial asset is measured at amortized cost if the following two conditions are met: (i) the financial asset is maintained within a business model whose objective is to maintain the financial assets to obtain the contractual cash flows; and (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are only payments of the principal and interest on the amount of the outstanding principal.

These assets are subsequently measured at amortized cost using the effective interest rate method (EIR) and are subject to impairment. Any gain or loss from derecognition, modification or impairment is recognized the consolidated statement of profit or loss.

This category includes loans, certain trade accounts receivable and various accounts receivable. See note 7 for more information on accounts receivable.

Value financial assets measured at fair value through changes in other comprehensive income - Debt instruments
A financial asset is measured at fair value through changes in other comprehensive income if the following two conditions are met: (i) The financial asset is conserved within a business model whose objective is met both by obtaining the contractual cash flows and selling the cash flows. financial assets, and (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are only payments of principal and interest.

Interest income calculated under the effective interest rate method (EIR), foreign currency translation gains and losses and impairment are recognized in the consolidated statement of profit or loss. Changes in fair value are recognized in other comprehensive income. At the time of derecognition. The accumulated profits and losses in other comprehensive income are reclassified to the consolidated statement of profits or loss.

The Group does not have this type of financial assets.

Value financial assets measured at fair value with changes in other comprehensive income - Equity instruments
Upon initial recognition, the Group can elect to classify irrevocably its investments in equity as equity instruments designated at fair value through other comprehensive income when they meet the definition of an equity instrument under IAS 32 "Financial Instruments: Presentation" and It is not held for negotiation. The classification is determined at an instrument by instrument basis.

Profits and losses from changes in the fair value of these instruments are recognized in other comprehensive income and are never reclassified to the consolidated statement of profit or loss. Dividends are recognized as income in the consolidated statement of profit or loss, except when the dividend clearly represents a recovery of part of the cost of the investment. The Group has classified certain investments in shares as financial assets at fair value with changes in other comprehensive income, see note 9.

Value financial assets at fair value through profit or loss -
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated since their initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the short term. Financial assets whose cash flows are not only payments of principal and interest are classified and measured at fair value through profit or loss, without considering their business model. Notwithstanding the afore mentioned criteria for debt instruments classified at amortized cost or at fair value through other comprehensive income, debt instruments may be classified at fair value through profit or loss if a measurement inconsistency or accounting recognition is eliminated or significantly reduced.

Financial assets at fair value through profit or loss are presented in the consolidated statements of financial position with its net fair value changes recognized in the consolidated statements of profit or loss.

The Group does not have this type of financial assets.

Embedded derivatives in a hybrid contract that contains a financial asset as a host are not accounted for separately. The host financial asset (account receivable) as well as the embedded derivative are recorded as a financial asset at fair value through profit or loss.

Derecognition –
A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is written off when:

- The rights to receive cash flows from said asset have ended, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay to third party all of the cash flows received under a transfer agreement; and: (a) the Group has substantially transferred all of its risks and rewards of the asset or, (b) the Group has not substantially transferred or withheld all of the risks and rewards of the asset, but has transferred control of the asset.

When the Group transfers its rights to receive cash flows from an asset or signs a transfer agreement, it assesses the extent to which it has retained the risks and rewards of ownership. When it has not transferred or retained substantially all the risks and benefits of the asset, the Group will recognize the transferred asset to the extent of its continued involvement in the asset and also recognize the related liability. The transferred asset and the related liability will be measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment -
The Group evaluates the expected credit losses (ECLs) associated with its debt instruments recorded at amortized cost and at fair value through other comprehensive income, taking into account prospective information.

Trade accounts receivable are measured at fair value through profit or loss and therefore an impairment assessment is not required for them.

In order to estimate the ECLs of loans granted to related parties the Group applies the general approach that implies estimating expected losses of 12 months or over the entire term of the instrument, depending on whether there is a significant increase in credit risk (except in cases in which the Group considers that it is a loan with low credit risk and it is always ECLs losses of 12 months).

In determining whether the credit risk of a financial asset has increased significantly since initial recognition in estimating ECLs, the Group considers reasonable and sustainable information that is relevant and available without cost or undue effort.

(ii) Financial liabilities -
Recognition and initial measurement -
Financial liabilities are classified at the time of initial recognition as financial liabilities at fair value through profit or loss, loans and accounts payable, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are initially recognized at fair value and, in the case of loans and accounts payable, at amortized cost, net of transaction costs directly attributable to the acquisition of the financial liability.

The Group's financial liabilities include trade accounts payable, other accounts payable and financial obligations.

Subsequent measurement -
Liabilities classified at amortized cost are measured using the effective interest rate method (EIR). Profits and losses are recognized in the consolidated statements of other comprehensive income when the liabilities are written off, as well as through the amortization process according to the effective interest rate method (EIR).

The amortized cost is calculated taking into account any discount or premium on the acquisition and the commissions or costs that are an integral part of the effective interest rate (EIR). Amortization under with the effective interest rate method is recognized as financial cost in the consolidated statements of profit or loss.

Derecognition -
A financial liability is derecognized when the obligation specified in the corresponding contract has been paid, cancelled or expired.

When an existing financial liability is replaced by another liability from the same lender under substantially different conditions, or if the conditions of an existing liability are substantially modified, such a swap or modification is treated as a derecognition of the original liability and recognition of a new liability, and the difference between the respective amounts in books is recognized in the consolidated statements of profit or loss.

(iii) Offsetting of financial instruments -
Financial assets and financial liabilities are offset so the net amount is reported in the consolidated statement of financial position, and if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(iv) Fair value -

The Group measures financial instruments as embedded derivatives, derivative financial instruments, available-for-sale investments and financial assets at fair value at the date of the consolidated statements of financial position which effects is reflected in the consolidated statements of profit or loss. Fair value of the financial instruments measured at its amortized cost are disclosed in note 38.

The Group uses valuation techniques that are appropriate according the circumstances which count with sufficient available data to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are of within the fair value hierarchy, described as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(v) Derivative financial instruments and hedge accounting -

The Group uses derivative financial instruments, such as cash flow hedging instruments (interest rate, exchange rate, currency forward and zero cost collar), to cover its risk of changes in the price of gold. These derivative financial instruments are initially recognized at their fair values on the date on which the derivative contract is concluded and subsequently measured again at their fair value. Derivatives are accounted for as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

For hedge accounting purposes, hedges are classified as:

- Fair value hedges, when they cover exposure to changes in the fair value of recognized assets or liabilities, or unrecognized firm commitments.
- Cash flow hedges, when they cover exposure to variations in cash flows attributed to either a particular risk associated with a recognized asset or liability or a highly probable planned transaction, or the exchange rate risk in a commitment firm not recognized;

- Coverage of a net investment in a business abroad.

At the beginning of a hedging relationship, the Company formally designates and documents the hedging relationship to which he wishes to apply hedge accounting, the objective of risk management and the strategy to carry out the hedge.

The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity assesses the effectiveness of changes in the fair value of the hedging instrument to compensate for exposure to changes in the fair value of the items hedged or in the cash flows attributable to the hedged risk. The Company expects such hedges to be highly effective in compensating for changes in fair value or cash flows and they are evaluated on an ongoing basis to determine if they have actually been highly effective throughout the periods of financial reporting for which they were appointed.

A hedging relationship is treated as hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the changes in value that result from the economic relationship.
- The coverage ratio of the hedging relationship is the same as the result of the amount of the hedged item that the Company actually covers and the amount of the hedging instrument that the Company actually uses to cover the amount of the hedged item.

Coverages that meet all the criteria for hedge accounting are recorded as cash flow hedges:

Cash flow hedges -
The effective portion of the gain or loss of the hedging instrument is directly recognized in other comprehensive income in the reserve for cash flow hedges, while the ineffective portion is immediately recognized in the consolidated statement of income.

The Group designated certain derivative contracts as hedging instruments. Any gain or loss arising from changes in the fair value of the derivatives was taken directly to profit or loss, except for the effective portion of the cash flow hedges, which was recognized in other comprehensive income and subsequently reclassified to profit or loss when the covered good affects results.

For any cash flow hedge, the amount accumulated in other comprehensive income is transferred to profit or loss as a reclassification adjustment in the same period or periods during which the cash flows covered affect results.

In the event that the cash flow hedge is discontinued, the amount accumulated in other comprehensive income must remain in other comprehensive accumulated results if the covered cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the cash flows are covered, any amount that remains in other comprehensive accumulated results must be recorded taking into account the nature of the underlying transaction.

(c) Foreign currency translation -
The Group's consolidated financial statements are presented in U.S Dollars, which is also the Group's functional and presentation currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances -
Transactions in foreign currencies (different currency other than the functional currency) are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statements of profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction.

Translation of financial statements of foreign subsidiaries into U.S. dollars –
The financial statements of the foreign subsidiaries are stated in the functional currency (soles for Minera Sillustani S.A.C and Compañía Minera Barbastro S.A.C., Chilean pesos for Minera Andes del Sur S.P.A. and subsidiary and Brazilian reales for Mineração Taboca S.A. and subsidiary) and are then translated into U.S. dollars. For these purposes, all assets and liabilities of foreign operations are translated at the exchange rate for sales prevailing at the reporting date, and all equity accounts are translated using exchange rates prevailing at the dates of the transactions.

The items of income and expense items are translated at the exchange rate for sales, in the cases when the exchange rate does not approach to the exchange rate of the transactions, the Group use the exchange rate of transaction. The exchange differences arising on translation are recognized in other comprehensive income the consolidated statements of other comprehensive income.

Result by translation of associates -
In the determination of the equity method of some companies whose functional currency is different from the functional currency of the Group calculates a translation result (Inversiones Cordillera del Sur Ltda. and Futura Consorcio Inmobiliario S.A., which prepare their financial statements in in Chilean pesos and soles, respectively), functional currency is different from the functional currency of the Group calculates a translation result, which is the result of the translation of the balances at each closing date. The differences generated are shown in other comprehensive income of the consolidated statements of comprehensive income.

(d) Inventories -
The finished products and work in progress are valued at the lower of cost and net realizable value. Cost incurred to bring inventories to its present location and conditions are recorded as follows:

Raw materials -

- Purchase cost using the weighted average method.

Finished goods, work in progress and mineral pitch -

- Cost of direct materials and supplies, services provided by third parties, direct labor and a proportion of manufacturing overheads based on normal operating capacity, excluding borrowing costs and exchange currency differences.

Inventory in transit -

- Purchase cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

The estimate (reversal) for loss in net realizable value or for obsolescence of supplies is calculated on the basis of a specific analysis carried out annually by the Management and is charged (credited) to profit or loss in the year in which the need is determined of the estimate (reversal).

(e) Investments in associates -

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

Investments in associates are recorded using the equity method.

The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statements of profit or loss reflects the share of the Group in the results of operations of the subsidiaries and associates.

When there has been a change recognized directly in the equity of the associate, the Group recognizes the participation in this change and accounts for, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses on common transactions are eliminated in proportion to the interest held in the associate.

The Group's participation in the profits or losses of the associates are presented separately in the consolidated statement of profit or loss and represents the profit or loss after tax of associates.

The reporting dates of the Group and associates are identical, and the accounting policies of associates are consistent with those used by the Group for similar transactions and events.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on investments in associates.

The Group determines at each date of the consolidated statement of financial position whether there is objective evidence that the investment in the associates are impaired. If applicable, the Group calculates the amount of impairment as the difference between the fair value of the investment in the associate and the carrying value and recognizes the loss in the consolidated statement of profit or loss.

In the event of loss of significant influence on the associates, the Group measures and recognizes any accumulated investment at its fair value. Any difference between the book value of the associates at the time of loss of significant influence, the fair value of the investment held and the proceeds from the sale, is recognized in the consolidated statements of profit or loss.

(f) Property, plant and equipment -
Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The initial cost an asset comprises its purchase price or construction cost, any costs directly attributable to the asset being ready to be used, the initial estimate of the asset retirement obligation, and borrowing costs related to the assets. The capitalized value of a finance lease is also included in this caption.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in consolidated statement of profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.*Depreciation* –
Units-of-production (UOP) method:
Depreciation related to assets involved to mining activities whose useful life is greater than the life of mine is calculated using the units-of-production (UOP) method, based on reserves economically recoverable of each mine.

Straight-line method -
Depreciation of assets whose useful life is shorter than the life of the mine, or that these are related to administrative, is calculated using the straight-line method, based on the useful life of the assets. The estimated useful life of such assets is presented as follows:

	Years
Building and other constructions of the San Rafael mining unit	Between 2 and 5
Building and other constructions of the Pucamarca mining unit	Between 3 and 5
Buildings and other constructions related to smelting plant Pisco	Between 4 and 29
Buildings and other constructions of the Taboca mining unit	Between 25 and 36
Machinery and equipment	Between 1 and 6
Furniture, fixtures, computer equipments, communication and security equipments	Between 2 and 10
Vehicles	Between 3 and 6

The assets' residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Disposals -
An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of profit or loss when the asset is derecognized.

(g) Leases -
At the start of a contract, the Group evaluates whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for a consideration. To evaluate whether a contract transfers the right to control the use of an identified asset, the Group evaluates whether:

- the contract implies the use of an identified asset, which can be specified explicitly or implicitly, and must be physically different or represent substantially the entire capacity of a physically different asset. If the supplier has a substantive right to substitute the asset throughout the entire period of use, then the asset is not identified;
- The Group has the right to obtain substantially all the economic benefits of using the asset during the entire period of use; and
- The Group has the right to direct the use of the identified asset throughout the period in use. The Group has this right when most relevant rights related to take decisions about modifying the use and the purpose of the asset are available. In rare cases, in which all decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if:
  - the Group has the right to operate the asset; or
  - The Group has designed the asset in a way that predetermines the form and for what purpose it will be used.

In its role as lessee, the Group recognizes an asset for right of use and a lease liability on the date when the lease begins.

Right-of-use asset -
The right-of-use asset is measured initially at its cost, which comprises the initial amount of the lease liability adjusted by any lease payment made on or before the start date, in addition to the initial direct costs incurred and an estimate of the costs of dismantling the underlying asset or to restore the site in which it is located, less any incentive received for the lease.

The right-of-use asset is straight lined depreciated over the shorter term between the lease term and the useful life of the underlying asset, as detailed:

	Years
Land and buildings	10
Machinery and other equipment	Between 1 and 5
Transport units	Between 2 and 6
Furniture and fixtures	2

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the execution of a purchase option, depreciation is calculated using the estimated useful life of the asset.

In addition, the right-of-use asset is subject to impairment, if there are indications of this.

Lease liability-
The lease liability is initially measured at the present value of the lease payments that are pending payment at the start date, discounted using the interest rate implicit in the lease or if the rate cannot be easily determined, applying the incremental debt rate.

Lease payments include: fixed or variable payments that depend on an index or a rate. When the leases include termination or extension options that the Group considers reasonably certain to exercise them, the cost of the option is included in the lease payments.

The subsequent measurement of the liability is made when there is a change in future lease payments resulting from a change in an index or rate, if there is a change in the estimate of the amount that is expected to be paid for a residual value guarantee or if the Group changes its evaluation of whether it will exercise a purchase, extension or termination option, recognizing an adjustment in the carrying value of the right-of-use asset, or in profit or loss if the right-of-use asset does not maintain a balance account.

Exceptions to recognition -
The Group does not recognize assets for right of use and lease liabilities, for short-term leases of machinery and equipment that have a lease term of 12 months or less and leases assets considered as low value, including computer equipment. The Company does not recognize the lease payments associated with these lease agreements as an expense on a straight-line basis over the term of the lease.

(h) Stripping (waste removal) costs –
As part of its mining operations, the Group incurs waste removal costs (stripping costs) during the development phase and production. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalized and their accounting treatment is as explained in next caption (development costs (i)).

The costs incurred during the production phase (stripping costs) are realized to obtain two benefits: the production of inventories or better access to mineral that will be exploited in the future. When the benefits are realized to the production of inventories they are recorded as part of the cost of production of this inventories. When the benefits obtained give access to the mineral to be exploited in the future and the operation is open pit, then these costs are recognized as non-current assets (stripping costs) if the three following criteria are met:

- Future economic benefits are probable;
- The component of the ore body for which access will be improved can be accurately identified; and
- The costs associated with the improved access can be reliably measured.

In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyze each of the mine plans.

Substantially stripping costs incurred by the Group are related to the production of inventory and not to improved access to the ore to be mined in the future.

(i) Intangible assets -
Intangible assets acquired separately are measured on initial recognition at cost.

Mining concessions -
The mining concessions represent the right of exploration and exploitation that the Group has over the mining properties that contain the acquired mineral reserves and resources. Those mining concessions are amortized starting from the production phase following the units-of-production method based on proved reserves to which they relate. In case the Group abandons the concessions, the associated costs are charged directly to the consolidated statement of profit or loss.

At the end of year, the Group assesses at each unit mine whether there is an indication that the value of its mining concessions may be impaired. If any indication exists, the Group estimates the asset's recoverable amount.

Mining concessions are presented within the caption "Intangibles assets, net" in the consolidated statement of financial position.

Exploration and evaluation expenditure -
Exploration and evaluation costs include the activities of search of mineral resource, the determination of viability technical and the assessment of the commercial viability of an identified resource. These costs are charged to expenses according to be incurred until such time as the technical and commercial viability of the identified resource is determined (pre-feasibility study). From the beginning of the stage of definition of technical and commercial feasibility of high precision (feasibility study), the costs incurred are capitalized. Exploration activities include:

- Researching and analyzing historical exploration data.
- Gathering exploration data through geophysical studies.
- Exploratory drilling and sampling.
- Determining and examining the volume and grade of the resource.
- Surveying transportation and infrastructure requirements.
- Conducting market and finance studies.

Development costs -
When it is determined that a mineral property can be economically viable, that is, when determining the existence of proven and probable reserves, the costs incurred to develop such property, including additional costs to delineate the ore body and remove any impurities are capitalized as development costs in the item "Intangible assets, net". The capitalization of the development costs starts from the beginning of the stage of definition of the technical, economic, financial and commercial viability of high precision (feasibility study). These costs are amortized using the units of production method, using resources and the proven and probable reserves.

Development costs activities include:

- Engineering and metallurgical studies.
- Perforations and other costs necessary to delineate a body of ore.
- Removal of the initial clearing related to a mineral body.
- Administrative expenses directly related to the development of the mining project.
- Personnel expenses related to projects in the development stage.

Development costs necessary to maintain production are charged to the cost of production as incurred.

Licenses -
Software is presented at cost and includes all the disbursements directly related to the acquisition or startup of the specific computer program. These costs are amortized using the straight-line method over an estimated useful life of 4 years.

Usufruct of lands -
It corresponds to payments for the right to use certain lands near to the mining units of the Group, needed for its operation and are recorded at cost. These costs are amortized using the straight- line method over the life of the respective agreements (between 2 and 10 years).

(j) Impairment of non-financial assets -
The Group assesses, at each reporting date, whether there is an indication that an asset (or cash generating unit - CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal (FVLCD) and its value in use (VIU) and the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining FVLCD, recent market transactions (where available) are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment of inventories, are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets in general, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed either its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the consolidated statement of profit or loss with exception of impairment loss related to the goodwill.

(k) Provisions -

General –

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost in the consolidated statements of profit or loss.

Provision for closure of mining units -

At the time of initial recognition of the provision for closure of mining units, the fair value of the estimated costs is capitalized by increasing the carrying amount of the long-lived assets (development costs and property, plant and equipment). Then, the provision is increased in each period to reflect the financial cost considered in the initial estimation of the fair value and, in addition, the capitalized cost is depreciated and/or amortized on the basis of the useful life of the related asset. In settling the obligation, the Group records in the current results any resulting profit or loss.

The change in the fair value of the obligations or in the useful life of the related assets, resulting from the revision of the initial estimates are recognized as an increase or decrease in the carrying value of the obligation and the related asset. Any reduction in a provision for closure of mining units and, therefore, any reduction of the related asset, may not exceed the carrying amount of such asset. If so, any excess over the carrying amount is immediately taken to the consolidated statement of profit or loss.

If the change in the estimate results in an increase in the provision and, therefore, an increase in the carrying amount of the asset, the Group shall take into account whether this is an indication of impairment of the asset as a whole and shall perform and impairment testing in accordance with IAS 36 "Impairment of Assets".

In the case of mines already closed, changes in estimated costs are recognized immediately in the consolidated statements of profit or loss.

Environmental expenditures and liabilities -
Environmental expenditures related with current or future revenues are recorded as expensed or capitalized, as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future revenues are expensed as incurred.

Liabilities for environmental costs are recognized when an obligation to undertake clean-up activities is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, which the decommissioning or closure of inactive sites.

The amount recognized is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognized is the present value of the future expenditures estimated.

(l) Employees benefits -
The remunerations, severance contributions, legal bonuses, performance bonuses and vacations to workers are calculated in accordance with IAS 19, "Employee Benefits" and are calculated in accordance with Peruvian legal regulations in force and on an accrual basis.

(m) Revenue recognition -
Revenue is recognized to the extent that a performance obligation is satisfied through the transfer of the goods and services committed to the customer. An asset is transferred when the customer obtains control of that asset.

The revenue will be recognized based on the price of the transaction that is assigned to that performance obligation, to which the Group expects to be entitled to transfer the goods and services committed to the customer, excluding the amounts collected on behalf of third parties.

The consideration that is committed in a contract may include fixed amounts, variable amounts or both.

The following specific criteria must be met in order for a revenue to be recognized:

Metal sales -
The sales of tin, gold and others are performance obligations that are satisfied at a certain time and are recorded when control of the goods is transferred to the buyer, which happens at the time of the delivery of goods according to the contractual conditions.

Regarding the measurement of certain tin sales, the Group assigns a provisional value to the sales of these metals since they are subject to a final price adjustment at the end of a contractually established period. The exposure to the change in the price of metals generates an implicit derivative that is closely related to the host commercial contract, therefore it is accounted as a single contract. At the end of each period, the initial sale price used must be adjusted according the future price for the quotation period established in the contract. Commercial contracts result in a financial asset representing accounts receivable that are measured at fair value through changes in the consolidated statements of profit or loss and whose subsequent changes in measurement are recognized in the consolidated statements of profit or loss and presented as part of the net sales caption.

The fair value of accounts receivable recognized as part of sales is presented in note 7(a).

Regarding the measurement of gold sales, they are not subject to a final price adjustment, therefore, contracts with customers for the sale of this metal do not generate embedded derivatives.

Revenue from logistics management service -
The revenue from this service derives mainly from the sales of tin under incoterm CIF and CFR ("Cost, Insurance and Freight" and "Cost and Freight" respectively) resulting from the intermediation activities in logistics management (freight and insurance) in favor of its customers, which occurred after the transfer of control of the main asset. The performance obligation is satisfied at a certain time and is recorded when the Group makes the arrangements with the third party so that it carries out the insurance of the shipment and shipment to the destination requested by the customer.

Service revenues -
Revenue from services rendered to related parties is recognized as revenue when they have actually been rendered.

Interest income -
For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated statements of profit or loss.

Sale of assets -
Income and cost from the sale of assets such as the sale of property, plant and equipment, intangible assets, investments in subsidiaries and associates are recognized as part of income and operating expenses in the consolidated statement of profit or loss.

Dividends –
Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(n) Financing costs -
The financing costs directly attributable to the acquisition, construction or production of a qualified asset are capitalized as part of the cost of an asset. A qualified asset is one that requires a period of time greater than 12 months to be ready for its expected use and represents an investment of more than US$5,000,000. All other financing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred. Financing costs include interest and other costs incurred by the Group when obtaining financing.

(o) Taxes –
Current income tax -
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax -
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses and to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Significant management judgment to determine the amount of the deferred tax asset that can be recognized based on the probable date of recovery and level of future taxable incomes and future planning strategies are required.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax related to items recognized outside profit or loss is recognize outside profit or loss are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Mining Royalties and Special Mining Tax in Peru -
Mining royalties and special mining tax are accounted for under IAS 12 "Income taxes" since they have the characteristics of income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable net income- rather than physical quantities produced or as a percentage of revenue – after adjustment for temporary differences. Legal rules and rates used to calculate the amounts payable are those in force on the date of the consolidated statements of financial position.

Consequently, payments made by the Group to Government by way of special mining and mining royalty tax are under the scope of IAS 12 and, therefore, is treated as income taxes. Both the mining royalty as the special mining tax generate deferred tax assets or deferred tax liabilities which must be measured using the average rates that are expected to apply to operating profit in the period in which the Group expects will reverse the temporary differences.

Sales tax -
Revenues, expenses and assets are recognized net of the amount of sales tax (added value tax), except:

(i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
(ii) Account receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

(p) Basic and diluted earnings per share -
Basic and diluted earnings per share are calculated dividing the net income by the weighted average of common and investment outstanding shares during the period.

As of December 31, 2019 and 2018, the Group does not have dilutive financial instruments, thus the basic and diluted earnings per share are the same for the presented periods.

(q) Current and non-current classification -
The Group presents assets and liabilities in the consolidated statement of financial position, classified in current and non-current. An asset is classified as current when the entity:

- Expects to dispose the asset, or intend to sell or consume it, in its normal operating cycle;
- Holds the asset primarily for the purpose of trading;
- Expects to realize the asset within twelve months after the reporting period; or
- The asset is cash or cash equivalent, unless it is restricted from being exchanged or used to settle a liability, for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when the entity:

- Expects to settle the liability in its normal operating cycle;
- Holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve months after the reporting period; or
- Does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities in all cases.

3. Judgements, estimates and assumptions -

The Group has identified a series of areas where significant judgments, estimates and assumptions are required. The estimates and accounting assumptions are continuously evaluated and are based on Management's experience and other factors, including the expectations of future events that are believed to be reasonable under the current circumstances. Uncertainty about these estimates and accounting assumptions could cause results in future periods that require significant adjustments to the carrying amounts of the affected assets and / or liabilities. More information about each of these areas and the impact on the financial statements and the accounting policies of the Group for the application of judgments, estimates and significant accounting assumptions that have been used is presented below, as well as in the notes to the respective consolidated financial statements.

The judgments, estimates and significant accounting assumptions of the consolidated financial statement presented are consistent with those indicated in the preparation of the annual consolidated financial statement for the year ended December 31, 2018.

These include:

Judgments:

- Contingencies (note 3.1 (a))
- Start date of the development stage (note 3.1 (b))
- Recovery of deferred income tax asset related to the provision for mine closure (note 3.1 (c))
- Stripping costs (clearing costs) (note 3.1 (d))
- Recognition of the investment in Inversiones Cordillera del Sur I Ltda. and subsidiary (Note 3.1 (e))
- Revenue recognition (note 3.1 (f))

Estimates and assumptions:

- Determination of reserves and resources (note 3.2 (a))
- Unit of production method (UOP) (note 3.2 (b))
- Recovery of deferred tax assets (note 3.2 (c))
- Provision for closure of mining units (note 3.2 (d))
- Determination of the net realization value of inventories (note 3.2 (e))
- Impairment of non-financial assets (note 3.2 (f))
- Taxes (note 3.2 (g))
- Determination of the cost of products in process (note 3.2 (h))
- Obsolescence of materials and supplies (note 3.2 (i))
- Recovery of the Value added tax (note 3.2 (j))
- Estimation of the incremental interest rate (note 3.2 (k))

3.1. Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Contingencies -

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Assessing the existence and potential amount of contingencies inherently involves the exercise of significant judgment and the use of estimates about the outcome of future events.

(b) Start date of development stage –

The Group continuously assesses the status of each of the exploration projects in its mining units in order to determine the effective date on which the development stage will begin. One of the most relevant criteria that is used by the management to evaluate the start date of the development stage is when the Group determines that the property can be economically developed.

(c) Recovery of the deferred income tax asset related to the provision for closing the mining unit -

The Group has recognized a deferred income tax asset related to the provision for the closure of mining units, including the part related to mine closure disbursements that will be made after the closure of the same, which Management estimates will be applied in its entirety to the future taxable income that will be generated from the operations of the refining unit in Pisco.

(d) Waste removal costs (stripping costs) -
The Group incurs in waste removal costs during the production phases of its open pit mine. During the production phase, the costs of stripping (costs of clearing production) can be related to the production of inventories in that period and/or the development of better access and operational flexibility in relation to the mining of ore that is expect to extract in the future. The first are included as part of the production costs of inventories, while the second are capitalized as a separate asset by stripping, when certain criteria are met.

Once the cost of stripping has been identified, it is necessary to identify the different components of the ore bodies in order to accumulate the costs for each component and amortize them based on their respective useful lives. An identifiable component is a specific volume of the deposit that is made more accessible by the stripping activity. An in-depth evaluation is needed to identify and define these components, as well as to determine the expected volumes (for example, tons) of stripping to be exploited and ore extracted in each of these components.

The Group's Management considers that due to the short term of the operation of the open pit operated by the Group (maximum 6 years) and according to the operational planning of the mining unit the mineral waste ratio is very similar in the years of operation of the mining unit, the costs of stripping incurred in each year of operation are directly related to the mineral produced in the same year. As a consequence, all movement costs of sterile material are charged directly to the production cost of the year in which the movement of the sterile material took place.

(e) Recognition of investment in Inversiones Cordillera del Sur I Ltda. and Subsidiary -
On January 29, 2015, the subsidiary Minera Latinoamericana S.A.C. subscribed with its related party Inversiones Breca S.A., (hereinafter "Breca") a shareholder agreement by which it was agreed that Breca (minority shareholder of Inversiones Cordillera del Sur I Ltda., hereinafter "Cordillera") would direct all relevant activities of Cordillera since 2015. In accordance with IFRS 10 "Consolidated financial statements", when a loss of control of a subsidiary occurs, the parent company ceases to consolidate the financial information of the subsidiary as of the date on which the loss of control of the subsidiary is produced and records the investment in that entity as an associate. However, IFRS do not contemplate the accounting treatment in transactions between entities under common control. In this sense, the Management decided, not to consolidate the investment in Cordillera del Sur Ltda.

(f) Revenue recognition -
The Group is mainly engaged in the commercialization of tin and gold, for which it is responsible for providing freight and shipping services. Revenue from contracts with customers is recognized when the control of the assets is transferred to the customer for an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has concluded that it is the principal in its contracts because it maintains control over the freight and shipping services, having the ability to direct the service provider to provide the specified services on behalf of the Group.

3.2. Estimates and assumptions
The following are key future-related assumptions and other key sources of uncertainty estimates as of the date of the consolidated financial statements and which carry a high risk of significant adjustments to the carrying amounts of assets and liabilities during the next period. The Group has based its estimates and accounting assumption on the basis of the parameters available at the moment of the preparation of these consolidated financial statements. However, the circumstances and assumptions about future events may change due to changes in the market and new circumstances that may arise beyond the control of the Group. The changes are reflected in the assumptions at the time of occurrence.

(a) Determination of mineral reserves -
The Group calculate its reserves using methods generally applied by the mining industry, and in accordance with international guidelines. All reserves computed represent the estimated amounts of proved and probable ore that can be processed economically and legally under the present conditions.

The process of estimating the amount of reserves and mineral resources is complex and requires making subjective decisions at the time of evaluating all the geologic, geophysical, engineering and economic information that is available. Revisions could occur in estimated reserves and resources due to, among other things, revisions of the geologic data or assumptions, changes in assumed prices, production costs and the results of exploration activities. The changes in estimates of mineral reserves could affect mainly the carrying value of mining concessions, development costs, property, plant and equipment; the charge to results corresponding to depreciation and amortization, and the carrying amount of the provision for closure of mining units.

(b) Units of production depreciation (UOP) -
Estimated economically recoverable reserves are used in determining the depreciation and/or amortization of mine specific assets.

This results in a depreciation/amortization charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Changes in estimates are accounted for prospectively.

(c) Recovery of deferred tax assets -
Judgment is required to determine whether deferred tax assets should be recognized in the consolidated statement of financial position. Deferred tax assets, including those generated by unused tax losses, require Management to evaluate the probability that the Group generates sufficient taxable profits in future periods to use the recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on Management's estimates of future cash flows. These estimates of future taxable income are based on projections of operating cash flows and judgments about the application of current tax laws. To the extent that the future cash flows and taxable income differ significantly from the estimates, the Group's ability to realize the net deferred tax assets recorded at the reporting date could be affected.

(d) Mine rehabilitation provision –
The Group assesses its mine rehabilitation provision at each reporting date using a discounted future cash flow model. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates and in the periods in which it is expected that such costs will be incurred. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents Management's best estimate of the present value of the future rehabilitation costs required.

(e) Determination of the net realizable value of inventories –
Net realizable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realize when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

(f) Impairment of non-financial assets –
The Group assesses each asset or cash generating unit in each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. The assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, among others. These estimates and assumptions are subject to risk and uncertainty.

The fair value of mining assets is generally calculated by the present value of future cash flows arising from the continued use of the asset, which include some estimates, such as the cost of future expansion plans, using assumptions that a third party might consider. The future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the value of money over time, as well as specific risks of the asset or cash-generating unit under evaluation. The Group determined the units operations of each unit as independent cash-generating unit.

(g) Taxes –
Deferred tax assets are recognized for unused tax losses and other deducting temporary differences in the future to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(h) Determination of the cost of products in process gold –
The leaching ore deposits contain the material extracted from the pit and have a 60-day termination cycle, which are monitored through a stacking control at the cell level, this solution is filtered through pipes and is accumulated in the PLS pool, the quantities in this area is obtained by using a graduated rule drawn on the geomembrane of the PLS Pit.

The rich solution of the PLS (Pregnant Leaching Solution) well is pumped to two lines of adsorption tanks. The first line consists of six in-line pressurized absorption tanks which were previously charged with carbon, which has the property of absorbing the gold. The second is five cascade absorption tanks that are also fed with carbon. To each of the mentioned tanks a balance is made for each column, which takes the flow that enters, the grade that enters and the grade that comes out through samplers, is multiplied by the volume and accumulated ounces are obtained, the difference being what remains in the columns with the carbon. Each circuit has flow meters with daily maintenance according to the Integrated Management System program, the control of these quantities is monitored through daily operational reports.

Afterwards, the process stops being continuous to go through a process of desorption, monitoring the gold that is deposited, in this phase the Group manages a recovery ratio of 98.38 percent, the remaining gold remains in the carbon which is recirculated to the process through a chemical and thermal regeneration leaving it ready to return to the circuit.

The processes and the recovery ratio are constantly monitored, and the estimated recovery rates are adjusted periodically as additional information becomes available and considering technological changes.

(i) Obsolescence of materials and supplies -
The allowance for obsolescence of materials and supplies is determined based on an analysis carried out annually by the Group Management, which considers the obsolete and slow-moving items, and is charged to the consolidated statement of profit or loss in the year in which it is determined the need for such allowance.

(j) Recovery of the value added tax -
The Group Management considers that the tax credit for non-current value added tax will be applied when offsetting it with the value added tax payable that will be generated by future sales made by its subsidiary Compañía Minera Barbastro S.A.C. In the case of the subsidiary Marcobre S.A.C., if there is a credit balance of the value added tax, its refund or compensation will be requested under the balance in favor of the exporter regime on the basis of export sales. In the case of Marcobre S.A.C., this subsidiary Company is carrying out feasibility and development activities, so this balance will be recovered in the long term once it starts its production operations. On an annual basis, the Company's management evaluates the feasibility of the development of the project that is being carried out and that the possibility of recovering this tax credit is considered probable. Otherwise, an impairment will be recorded.

(k) Estimation of the incremental borrowing rate -
The Group cannot be readily determined the interest rate implicit in the leases, therefore, it uses the incremental borrowing rate (hereinafter "IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar economic environment. The IBR, therefore, reflects what the Group have to pay, which requires estimation when no observable rates are available (such as when the leases are not in the functional currency of the Company and its subsidiaries).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific judgements estimates.

4. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective:

Amendments to "IAS 1 and IAS 8 -" Definition of material "-

In October 2018, IASB issue amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to aligning the definition of material across standards and to clarify minor improvements to that wording.

The new definition states that "the information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments to the definition of "material" are not expected to have a significant impact on the consolidated financial statements of the Group.

5. Transactions in foreign currency

As of December 31, 2019 and 2018, the Group had assets and liabilities in soles, brazilian reales and euros. Below is a breakdown of these assets and liabilities presented by their equivalent in U.S. dollars:

	2019 US$(000)	2018 US$(000)
Assets		
Cash and cash equivalents	51,431	56,647
Trade and other receivables, net (including non-current portion)	160,304	89,516
Income tax prepayments	-	17,357
	211,735	163,520
Liabilities		
Financial obligation (including non-current portion)	(147,067)	(125,129)
Trade and other payables (including non-current portion)	(100,570)	(64,019)
Income tax liabilities	(4,564)	-
	(252,201)	(189,148)
Net liabilities position	(40,466)	(25,628)

As of December 31, 2019 and 2018, the Group had no financial instruments to hedge its foreign currency risk.

The net loss on exchange difference originated by assets and liabilities in foreign currency was approximately US$2,602,000 during the year 2019 (net loss of US$23,701,000 during 2018), which is presented in the caption "Exchange difference, net" of the consolidated statement of profits or loss.

6. Cash and cash equivalents

(a) The composition of this caption is presented below:

	2019 US$(000)	2018 US$(000)
Cash on hand and petty cash	18	14
Bank current accounts (b)	14,370	79,535
Overnight deposits (c)	42,324	115,863
Time deposits (d)	75,686	55,738
Certificates of bank deposits (e)	787	767
Balance considered in the consolidated statements of cash flow	133,185	251,917
Time deposits with original maturities greater than 90 days (f)	212,686	309,678
	345,871	561,595

(b) As of December 31, 2019 and 2018, the Group maintains its cash demand deposits in local and foreign banks of first level and are freely available and generate interest at market rates.

(c) Overnight deposits are one day deposits in a foreign bank, which earn effective market rates.

(d) Time deposits have original maturities of less than 90 days and can be renewed at maturity. As of December 31, 2019 and 2018, these deposits earned interest at market interest rates, and were settled in January 2020and 2019, respectively.

(e) As of December 31, 2019, they correspond to bank deposit certificates-CDB's maintained by Mineração Taboca S.A. for R$3,160,000 (equivalent to US$786,000) that accrue interest at a rate of 50 percent CDI and have an original maturity of less than 90 days, (R$2,976,000, equivalent to US$767,000, as of December 31, 2018).

(f) Term deposits with original maturity greater than 90 days are presented under "Other financial assets" of the consolidated statement of financial position.

7. Trade and other receivables, net

(a) The composition of this caption is presented below:

	2019 US$(000)	2018 US$(000)
Trade:		
Invoices receivable	56,592	70,957
Changes in the fair value	636	(110)
	57,228	70,847
Other receivables:		
Value added tax credit and other tax credits (c)	176,173	109,561
Interest receivable (d)	4,405	2,819
Invoices receivable for the sale of other supplies and fixed assets	3,942	3,471
Related parties, note 32(a)	3,334	1,633
Judicial deposits (e)	1,593	6,613
Advances to suppliers	1,444	2,667
Loans to employees	347	851
Restricted funds	84	83
Credits in favor for works for taxes	-	4,975
Premium for purchase of options, note 37(b)	-	3,964
Others	946	-
	192,268	136,637
Total	249,496	207,484
By maturity:		
Current	168,885	110,654
Non-Current	80,611	96,830
Total	249,496	207,484
By nature:		
Financial asset	73,323	92,948
Non-financial asset	176,173	114,536
Total	249,496	207,484

	2019 US$(000)	2018 US$(000)
Classification by Measurement		
Trade accounts receivable (measured at fair value)	57,228	70,847
Other accounts receivable (measured at amortized cost)	192,268	136,637
Total	249,496	207,484

(b) As of December 31, 2019 and 2018, trade accounts receivable does not bear interest and do not have specific guarantees. In the estimation process of expected credit losses, Management evaluates credit risk and individual credit limits. The evaluation is performed at each reporting date using an estimation matrix to measure the expected credit losses.

(c) As of December 31, 2019 and 2018 this caption mainly corresponds to the credit for the value added tax (hereinafter "VAT") that results from purchases of goods and services resulting from the activities of exploration and development carried out by the subsidiaries in Peru and Brazil (Compañía Minera Barbastro S.A.C., Marcobre S.A.C. and Mineração Taboca S.A.) that will be offset with the VAT payable that will be generated when the subsidiaries begin their operations.

During the year 2019, the subsidiary Marcobre S.A.C., it obtained the refund of the credit for the value added tax for US$85,462,000 (US$4,075,000 during the year 2018) through the Early Recovery System of the VAT (hereinafter "RERA"), for which the Company expects to continue recovering said credit through this Regime. Management estimates to recover US$58,884,000 through the RERA during 2020. If there is a remaining credit balance of VAT, its refund or offset will be requested under the regime of Exporter's value added tax ("SFMB" for its acronym in Spanish) based on export sales.

In addition, during the year 2019, the subsidiary Sillustani, based on the assessment of the recoverability of the VAT credit record a provision for the amount of US$729,000 (equivalent to S/2,432,000). During the year 2018 proceeded to write-off the amount of US$4,704,000 (equivalent to S/15,865,000) expensed in consolidated statement of profit or loss, see note 29.

In the opinion of Management, this loan will be recovered in the short term (through the Early Recovery System of the VAT) and in the long term, when the other subsidiaries begin their production operations, see note 3.2(j).

(d) As of December 31, 2019 and 2018, they mainly correspond to interest receivable related to time deposits.

(e) As of December 31, 2019 and 2018, it corresponds to the judicial deposits held by the subsidiary Mineração Taboca S.A. corresponding to processes that when liquidated through the financing of debts to the tax administration of Brazil (REFIS) and when its expects the development of the review initiated in 2014 by the Federal Revenue Secretariat of Brazil and the Attorney General's Office and the National Treasury of Brazil, to request the release and consequent lifting of the amounts deposited, during the year 2019 the Subsidiary get the release of US$5,020,000 was made.

8. Inventory, net

(a) The composition of this caption is presented below:

	2019 US$(000)	2018 US$(000)
Finished products	27,642	32,600
Work in progress (b)	57,813	40,566
Materials and supplies	41,989	43,128
Mineral extracted	3,455	1,786
Inventory in transit	4,884	3,733
	135,783	121,813
Impairment loss of inventories (c)	(1,006)	(1,620)
Allowance for obsolescence (d)	(3,755)	(4,017)
	131,022	116,176
By maturity:		
Current	117,638	116,176
Non-Current	13,384	-
Total	131,022	116,176

(b) As of December 31, 2019 and 2018 the products in process was made up as follows:

	2019 US$(000)	2018 US$(000)
Products in tin process – Minsur		
Gravimetric tin concentrate	6,044	2,127
Tin concentrate floating	3,283	1,348
Metal in process	2,297	1,127
Dross	2,100	1,954
Bag House Powder	1,001	1,778
Metal MH iron	161	283
Others	1,139	1,252
	16,025	9,869
Products in gold process - Minsur		
Leaching PAD – armed cell	5,349	6,332
Broken mineral in charge	4,044	1,644
Refined in process	1,847	1,880
Dore bar	1,733	3,971
Adsorption tanks	1,236	1,995
Others	123	262
	14,332	16,084
Products in tin process – Taboca		
Sintering	8,172	8,026
Tin concentrate floating	212	954
Gravimetric tin concentrate	201	255
Others	2,293	2,437
	10,878	11,672
Products in process of Fe, Nb and Ta - Taboca		
Metallurgy	3,015	2,783
Floating of niobates	179	158
	3,194	2,941
Products in process – Marcobre		
Mined material	13,384	-
	13,384	-
	57,813	40,566

The products in process (tin, gold, iron, niobium and tantalum and mined material) present the following characteristics:

i. *Tin* -

Operations in Peru:

The crude tin produced in the foundry contains impurities such as iron, copper, arsenic, antimony, lead, bismuth and indium. These impurities are removed sequentially, through a pyro-metallurgical process, in cast iron pots of 50 tons capacity, taking advantage of their different physicochemical properties, until obtaining refined tin with 99.94 percent of purity and a maximum of 0.02 percent of lead, which is then molded into ingots and other presentations.

Operations in Brazil:

Conformed by cassiterite and columbite that will later be concentrated using systems of jigs, spirals, tables, electrostatic separators, also by the concentrate of gravimetric tin and by flotation, which contain tin extracted from the inside mine. These materials are available to follow the following processes of tin recovery, which basically consist of the smelting and refining process.

ii. *Gold* -

Corresponds to the mineral placed on the leach deposits, which contain the ore that has been extracted from the pit and that are available to follow the gold recovery processes. In the deposits of leached mineral the recovery is carried out through its exposure to the solution of sodium cyanide that dissolves the gold and whose solution is sent to the plant of the extraction process.

iii. Iron, Niobium and Tantalum -

The alloy of Iron Niobium and Tantalum (FeNbTa) is a metallic alloy of Niobium and Tantalum combined in a matrix of Ferro-Oxygen-Silicon, resulting from the melting of the minerals of columbite and pyrochlore, extracted from the Pitinga Mine.

iv. *Mined material* -

It corresponds to the marketable mined material extracted as part of the stripping activities in the open pit under construction of the Mina Justa Unit. The subsidiary expects to process this material from 2021 once commercial operations begin.

(c) The estimation for impairment loss of finished products and products in process had the following movement during the years 2019 and 2018:

	2019 US$(000)	2018 US$(000)
Opening balance	1,620	243
Recovery from devaluation, note 29	(771)	-
Allowance for impairment of tin metal, note 29	-	1,044
Estimation of the period, note 25	182	393
Translation difference	(25)	(60)
Ending balance	1,006	1,620

The estimate of the year corresponds to the reversal of the impairment loss of finished and in process products of the Group.

(d) The allowance for obsolescence of materials and supplies had the following movement during the years 2019 and 2018:

	2019 US$(000)	2018 US$(000)
Opening balance	4,017	5,121
Allowance of the period, note 25	758	173
Destruction of obsolete goods from previous years	(958)	(1,055)
Translation difference	(62)	(222)
Ending balance	3,755	4,017

In the opinion of management of the Group, the allowance for obsolescence of inventories adequately covers such risk at the date of the consolidated statement of financial position.

9. Financial assets at fair value through other comprehensive income

(a) The available-for-sale financial investments include the following:

	2019							
	Cost US$(000)	Acquisition US$(000)	Unrealized result US$(000)	Past due interest US$(000)	Shares performance US$(000)	Dividends in shares US$(000)	Sale of the investment US$(000)	Fair Value US$(000)
Commercial papers (c)	58,778	155,416	19	3,246	-	-	(136,000)	81,459
Rímac Seguros y Reaseguros (d)	21,070	-	2,140	-	-	746	-	23,956
BBVA Spain	14,845	-	(10,070)	-	503	-	-	5,278
Certificates of deposit without public quotation	40,000	-	-	847	-	-	(40,847)	-
Total	134,693	155,416	(7,911)	4,093	503	746	(176,847)	110,693

	2018						
	Cost US$(000)	Acquisition US$(000)	Unrealized result US$(000)	Past due interest US$(000)	Shares performance US$(000)	Sale of the investment US$(000)	Fair Value US$(000)
Commercial papers (c)	-	58,778	(48)	838	-	-	59,568
Certificates of deposit without public quotation (d)	-	40,000	-	594	-	-	40,594
Rímac Seguros y Reaseguros (d)	21,070	-	(554)	-	-	-	20,516
BBVA Spain	14,845	-	(10,448)	-	503	-	4,900
Government Investment certificates	2,935	-	-	-	-	(2,935)	-
Total	38,850	98,778	(11,050)	1,432	503	(2,935)	125,578

(b) The movement of financial assets measured at fair value through other comprehensive income is presented below:

	2019 US$(000)	2018 US$(000)
Opening balance	125,578	40,052
New investments	155,416	98,778
Earned interest of deposit certificates, note 30	2,661	1,432
Unrealized results, note 22(h)	3,139	(11,749)
Dividends received in shares	746	-
Liquidations of deposit certificates (f)	(176,847)	(2,935)
Ending balance	110,693	125,578

	2019 US$(000)	2018 US$(000)
By maturity:		
Current	105,415	120,678
Non-Current	5,278	4,900
Total	110,693	125,578

(c) The fair value of commercial papers was estimated based on discounted cash flows using available market rates for debt instruments of similar conditions, maturity and credit risk.

(d) As of December 31, 2019 and 2018, the fair value of the investments in Rimac Seguros y Reaseguros has been determined based on its listing on the Lima Stock Exchange.

(e) As of December 31, 2019, the Group received BBVA cash dividends from Spain and Rimac Seguros y Reaseguros for US$959,000 (US$415,000 in cash dividends as of December 31, 2018), which were paid to the results of the period.

(f) As of December 31, 2019, the Group has received dividends in shares for US$746,000. As of December 31, 2018, it did not receive dividends in shares.

10. Financial assets at fair value through profit or loss

Below is the composition of the caption:

	As of December 31, 2018				
	Beginning balance US$(000)	**Acquisition** US$(000)	**Changes in fair value** US$(000)	**Liquidation of the investment** US$(000)	**Reasonable Value** US$(000)
Mutual funds with public price (Muzinich)	-	81,600	218	(81,818)	-
Mutual funds of public quotation (Black Rock)	131,713	-	271	(131,984)	-
Total	131,713	81,600	489	(213,802)	-

The fair value of mutual funds is determined based on public price quotes in an active market.

11. Prepaid expenses and taxes

(a) Below is the composition of the caption:

	2019 US$(000)	2018 US$(000)
Financing structuring costs paid in advance (c) and note 18(f)	16,505	27,905
Prepaid insurance	5,815	9,330
Prepaid taxes	129	1,047
Ending balance	22,449	38,282

(b) The classification by maturity is presented below:

	2019 US$(000)	2018 US$(000)
By maturity:		
Current	5,775	7,213
Non-Current	16,674	31,069
Total	22,449	38,282

(c) Corresponds to the financing structuring costs of the subsidiary Marcobre that were paid at the time of obtaining the credit line and at each disbursement. During 2019, US$3,349,000 of structuring costs were paid (US$30,240,000 of structuring costs during 2018). These structuring costs are reclassified to present by deducting the amount of bank loans as the funds are received.

12. Investments in associates

(a) This caption is made up as follows:

	Interest in equity		Equity value	
	2019 %	2018 %	2019 US$(000)	2018 US$(000)
Inversiones Cordillera del Sur Ltda. and subsidiaries (c)	73.85	73.94	252,089	275,713
Exsa S.A. (c)	7.30	7.30	7,564	11,427
Futura Consorcio Inmobiliario S.A. (c)	3.31	3.31	3,528	5,306
			263,181	292,446

The Group has recognized its investments in Exsa S.A. and Futura Consorcio Inmobiliario S.A., as investments in associates, considering that are managed by the same economic group.

(b) The net share of the profits (losses) of its associated companies is as follows:

	2019 US$(000)	2018 US$(000)
Exsa S.A. (c)	(3,623)	(1,050)
Inversiones Cordillera del Sur Ltda. and subsidiaries (c)	(2,583)	12,665
Futura Consorcio Inmobiliario S.A. (c)	(2,012)	320
Total	(8,218)	11,935

(c) The movement of investments in associates and relevant information is presented as follows:

Inversiones Cordillera del Sur Ltda. and subsidiaries

It is associated (see 3.1(e)) Its main objective is to maintain investments in Melon and subsidiaries. The social objective of Melón S.A. is the production, commercialization and supply of cement, ready-mix concrete, mortar and pre-dosed aggregates to distributors of construction materials, to construction companies related to the real estate, civil and mining sectors and to concrete companies in Chile.

The table below shows the movement in the investment in Inversiones Cordillera del Sur Ltda. and subsidiaries:

	2019 US$(000)	2018 US$(000)
Opening balance	275,713	286,304
Plus (minus):		
Translation	(21,016)	(20,789)
Net (loss) profit share	(2,583)	12,665
Unrealized result	(27)	(2,464)
Others	2	(3)
Ending balance	252,089	275,713

Exsa S.A.

The economic activity of this associate domiciled in Peru includes the manufacture, local sale and export of encapsulated explosives, accessories and blasting agents; likewise, it is dedicated to the provision of blasting services, and all kinds of services and support works to mining companies.

The table below shows the movement in the investment in Exsa S.A.:

	2019 US$(000)	2018 US$(000)
Opening balance	11,427	12,610
Plus (minus):		
Net loss share	(3,623)	(1,050)
Translation	(240)	1
Unrealized results	-	(1)
Other results	-	(133)
Ending balance	7,564	11,427

The investment in this associate was sold in February 2020, see note 39.

Futura Consorcio Inmobiliario S.A.
The purpose of this associate located in Peru, comprise the real estate business mainly to its related companies.

The table below shows the movement in the investment in Futura Consorcio Inmobiliario S.A.:

	2019 US$(000)	2018 US$(000)
Opening balance	5,306	5,203
Plus (minus):		
Net (loss) profit share	(2,012)	320
Traslation	307	(215)
Unrealized losses	(5)	(2)
Other	(68)	-
Ending balance	3,528	5,306

13. Property, plant and equipment, net

(a) The composition and movement of this caption of the years 2019 and 2018:

	Balance as of January 1, 2019 US$(000)	Additions US$(000)	Disposals (d) US$(000)	Reclassifications US$(000)	Translation US$(000)	Translation Adjustment US$(000)	Balance as of December 31, 2019 US$(000)
Cost							
Lands	23,043	-	-	-	-	(42)	23,001
Buildings and installations	546,964	1,902	(1,036)	2,621	121,151	(4,484)	667,118
Machinery and equipment	417,877	1,637	(3,678)	-	197,725	(4,810)	608,751
Furniture, fixtures, computer equipments, communication and security equipments	12,924	48	(68)	-	1,157	(145)	13,916
Vehicles	10,701	1,575	(2,306)	-	1,042	(263)	10,749
Work in progress (c)	387,209	800,603	(93)	(3,777)	(321,075)	(1,007)	861,860
Mine closure costs	87,309	47,743	-	-	-	(1,362)	133,690
	1,486,027	853,508	(7,181)	(1,156)	-	(12,113)	2,319,085
Accumulated depreciation							
Buildings and installations	281,050	40,785	(457)	-	-	(951)	320,427
Machinery and equipment	287,893	34,563	(1,737)	-	-	(2,975)	317,744
Furniture, fixtures, computer equipments, communication and security equipments	9,923	899	(37)	-	-	(108)	10,677
Vehicles	7,394	736	(1,718)	-	-	(146)	6,266
Mine closure costs	42,343	6,586	-	-	-	(99)	48,830
	628,603	83,569	(3,949)	-	-	(4,279)	703,944
Impairment loss of Property, plant and equipment, (f)	(56,924)	-	8,150	-	-	1,852	(46,922)
Net Cost	800,500						1,568,219

	Balance as of January 1, 2018 US$(000)	Additions US$(000)	Disposals (d) US$(000)	Transfer and adjustments (e) US$(000)	Translation US$(000)	Balance as of December 31, 2018 US$(000)
Cost						
Lands	23,236	1	-	-	(194)	23,043
Buildings and installations	494,174	1,489	(10,274)	80,663	(19,088)	546,964
Machinery and equipment	394,278	1,554	(8,419)	50,913	(20,449)	417,877
Furniture, fixtures, computer equipments, communication and security equipments	13,083	189	6,638	(6,299)	(687)	12,924
Vehicles	12,415	187	(545)	(105)	(1,251)	10,701
Work in progress (c)	153,815	388,671	(30)	(146,303)	(8,944)	387,209
Mine closure costs	97,692	14,557	(20,703)	-	(4,237)	87,309
	1,188,693	406,648	(33,333)	(21,131)	(54,850)	1,486,027
Accumulated depreciation						
Buildings and installations	248,907	40,628	(2,241)	(2,239)	(4,005)	281,050
Machinery and equipment	286,370	26,098	(6,890)	(4,413)	(13,272)	287,893
Furniture, fixtures, computer equipments, communication and security equipments	9,506	1,108	(141)	(55)	(495)	9,923
Vehicles	8,815	897	(441)	(1,044)	(833)	7,394
Mine closure costs	44,673	8,277	(10,214)	-	(393)	42,343
	598,271	77,008	(19,927)	(7,751)	(18,998)	628,603
Impairment loss of Property, plant and equipment, (f)	(81,360)			13,380		(56,924)
Net Cost	509,062					800,500

(b) The depreciation expense has been distributed in the consolidated statements of profit or loss as follows:

	2019 US$(000)	2018 US$(000)
Cost of sales, note 25	70,868	71,749
Development cost	11,641	1,638
Administrative expenses, note 26	843	744
Other expenses, note 29	114	287
Exploration and evaluation expenses, note 28	91	2,578
Selling expenses, note 27	12	12
	83,569	77,008

(c) As of December 31, 2019 and 2018, the balance of work in progress includes mainly the following items:

	2019 US$(000)	2018 US$(000)
Construction of the oxide plant – Marcobre	147,029	21,737
Engineering and construction management of the Mina Justa project - Marcobre	129,699	68,994
Costs related to construction and land movement– Marcobre	94,752	33,762
Construction of the concentrator plant – Marcobre	73,906	6,215
Crushing plant construction – Marcobre	62,216	23,895
Buoys port – Marcobre	44,671	-
Other facilities – Marcobre	41,564	4,420
Project - B2 (level 4480 and 4475) – Minsur	40,558	77,675
Construction of the electrical substation and facilities – Marcobre	38,631	18,069
Finance cost directly related to the project - Marcobre	23,572	23,653
Construction of the water pumping station and facilities – Marcobre	17,926	12,192
Assembly of equipment – Marcobre	10,229	3,568
Construction of the grinding plant – Marcobre	8,975	4,407
Assembly of heavy machinery – Marcobre	6,894	25,869
Construction of the camp – Marcobre	6,298	8,805
Production improvement project – Taboca	5,065	-
Installation of air conditioning and sewerage – Marcobre	3,992	2,531
Emergency adaptation of dams – Taboca	3,428	-
Construction of the tailings thickener – Marcobre	1,798	1,008
Others	100,657	50,409
	861,860	387,209

(d) As of December 31, 2019 and 2018, mainly correspond to the disposal of different components of the machinery and equipment items due to the replacement of components and the write-off of missing assets of the Group, as well as the mine closure update of the Pisco refining plant in 2018

(e) During 2018, mainly corresponds to the distribution of the impairment loss recorded in the previous period, allocating each line of the caption.

(f) Evaluation of deterioration of mining units -
In accordance with the Group's policies and procedures, each asset or cash generating unit (CGU) is evaluated annually at the end of the period, to determine if there are impairment indicators. If there are such indicators of impairment, a formal estimate of the recoverable amount is made, see analysis in note 16.

14. Intangible assets, net

(a) The composition and movement of this caption of the years 2019 and 2018:

	Balance as of January 1, 2019 US$(000)	Additions US$(000)	Reclassifications US$(000)	Translation US$(000)	Balance as of December 31, 2019 US$(000)
Cost:					
Definite useful life					
Mining concessions and mining rights (d)	397,468	611	-	(2,564)	395,515
Mine development costs	120,229	95,883	2,981	-	219,093
Connection and easement rights	6,117	130	-	-	6,247
Usufruct of lands	3,686	207	-	14	3,907
Remediation asset	1,133	-	-	-	1,133
Licenses	1,911	817	-	7	2,735
	530,544	97,648	2,981	(2,543)	628,630
Accumulated amortization:					
Mining concessions and mining rights	18,355	1,965	-	(582)	19,738
Mine development costs	25,737	2,733	-	-	28,470
Connection and easement rights	2,406	345	-	-	2,751
Usufruct of lands	1,706	352	-	6	2,064
Remediation asset	1,250	65	-	(117)	1,198
Licenses	648	246	-	95	989
	50,102	5,706	-	(598)	55,210
Net cost	480,442				573,420

	Balance as of January 1, 2018 US$(000)	Additions US$(000)	Disposals US$(000)	Transfers US$(000)	Translation US$(000)	Balance as of December 31, 2018 US$(000)
Cost:						
Definite useful life						
Mining concessions and mining rights	412,581	201	(2,557)	-	(12,757)	397,468
Mine development costs	90,699	29,530	-	-	-	120,229
Connection and easement rights	6,031	-	-	86	-	6,117
Usufruct of lands	4,866	602	(1,645)	(86)	(51)	3,686
Remediation asset	1,133	-	-	-	-	1,133
Licenses	1,048	955	-	-	(92)	1,911
	516,358	31,288	(4,202)	-	(12,900)	530,544
Accumulated amortization:						
Mining concessions and mining rights	18,216	2,618	-	-	(2,479)	18,355
Mine development costs	20,181	5,556	-	-	-	25,737
Connection and easement rights	1,990	374	-	42	-	2,406
Usufruct of lands	1,960	374	*(568)*	(42)	(18)	1,706
Remediation asset	1,133	117	-	-	-	1,250
Licenses	532	181	-	-	(65)	648
	44,012	9,220	(568)	-	(2,562)	50,102
Net cost	472,346					480,442

(b) The amortization expense has been distributed in the consolidated statements of profit or loss as follows:

	2019 US$(000)	2018 US$(000)
Cost of sales, note 25	5,367	8,819
Exploration and evaluations expenses, note 28	206	237
Mine development	133	164
	5,706	9,220

(c) As of December 31, 2019 and 2018, the additions of the development cost mainly comprise the following concepts:

	2019 US$(000)	2018 US$(000)
Mine development	67,764	14,543
Capitalized interests (c.1)	17,646	222
Project management service	5,856	6,365
Project B2	4,375	2,237
Feasibility study - mining, processes and port studies	87	443
Large cavity filling	-	311
Other minors	155	5,409
	95,883	29,530

(c.1) As of December 31, 2019 and 2018, correspond to the interest paid on the syndicated loan subscribed by the subsidiary Marcobre, see note 18(c).

(d) As of December 31, 2019 and 2018, mining concessions and mining rights are mainly related to the Mineração Taboca S.A. concession and Mina Justa.

15. Right-of-use assets, net

(a) The composition and movement of this caption of the years 2019 and 2018:

	Balance as of January 1, 2019 US$(000)	Additions US$(000)	Disposals (d) US$(000)	Translation US$(000)	Balance as of December 31, 2019 US$(000)
Cost					
Land and buildings	7,161	10,821	(736)	(29)	17,217
Machinery and equipment	40,231	10,898	(233)	(1,277)	49,619
Vehicles	2,546	4,485	(443)	-	6,588
Furniture	85	-	(85)	-	-
	50,023	26,204	(1,497)	(1,306)	73,424
Accumulated depreciation					
Land and buildings	2,241	2,125	(736)	(14)	3,616
Machinery and equipment	14,985	14,536	(305)	(691)	28,525
Vehicles	1,137	2,569	(443)	-	3,263
Furniture	13	-	(13)	-	-
	18,376	19,230	(1,497)	(705)	35,404
Net cost	31,647				38,020

	As of January 1, 2018 US$(000)	Additions US$(000)	Disposals (c) US$(000)	Translation US$(000)	As of December 31, 2018 US$(000)
Cost					
Land and buildings	6,306	1,790	(902)	(33)	7,161
Machinery and equipment	44,185	23,339	(22,623)	(4,670)	40,231
Vehicles	7,431	1,894	(6,779)	-	2,546
Furniture	30	85	(30)	-	85
	57,952	27,108	(30,334)	(4,703)	50,023
Accumulated depreciation					
Land and buildings	1,764	1,402	(902)	(23)	2,241
Machinery and equipment	25,580	14,163	(22,623)	(2,135)	14,985
Vehicles	5,612	2,304	(6,779)	-	1,137
Furniture	21	22	(30)	-	13
	32,977	17,891	(30,334)	(2,158)	18,376
Net cost	24,975				31,647

(b) The depreciation expenses have been distributed in the consolidated statements of profits or loss as follows:

	2019 US$(000)	2018 US$(000)
Cost of sales, note 25	14,776	15,303
Development cost	3,687	2,040
Administrative expenses, note 26	767	540
Exploration and evaluation expenses, note 28	-	8
	19,230	17,891

(c) There are certain leases that include extension and termination options and variable lease payments, which are not material. The Group maintains certain machinery leases with lease terms of 12 months or less and low value asset leases. The Group applies the exceptions and does not recognize the assets right-to-use asset and lease liabilities for them.

(d) Certain lease agreements ended during the year, which are presented as write offs in the movement of right-of-use assets. See note 2.4(g).

(e) The Group's obligations are guaranteed through letters of guarantee given to the lessors. Likewise, the contracts do not require the Group to comply with certain financial ratios. Generally, the Group maintains restrictions to allocate and sublet leased assets.

16. Evaluation of impairment of goodwill and other long-lived assets

According to the policies and procedures of the Group, each asset or cash-generating unit (CGU) is evaluated annually at the end of the period, to determine if there is evidence of impairment; except, when evaluating intangible assets of indefinite useful life such as goodwill recorded as part of business acquisitions. If there are such indications of impairment, a formal estimate of recoverable amount is made.

As of December 31, 2019, the Group concluded that there are no impairment indicators for its San Rafael (tin), Pucamarca (gold mine) and Marcobre (Justa mine Unit) or indicator of the reversal of the impairment (in the case of Marcobre) and therefore, it did not make a formal estimate of the recoverable amount.

As of December 31, 2019 and 2018, the net carrying amount of the mining unit of Pitinga and the smelting plant of Pirapora is US$233,591,000 (US$218,246,000 as of December 31, 2018). This book value includes: concessions, plant, equipment and related facilities and goodwill. As a result of the evaluation of the capacity to generate future cash flows of Pitinga and Pirapora, the Group's Management considers no necessary to record an impairment loss of value in this cash-generating unit. That conclusion is based on the assumptions detailed below, which could be modified to the extent that the assumptions used differ materially from future market conditions.

Key assumptions

Calculation of recoverable value for the mining unit of Pitinga and the smelting plant of Pirapora is most sensitive to the following assumptions:

- Production volumes –

  The tin production volumes are based on studies of resources prepared by internal specialists of the Group and reviewed by independent experts. Production volumes depend on a number of variables, such as recoverable quantities; the production plan; the cost of developing the necessary infrastructure to extract reserves; production costs; the contractual duration of mining rights; and the selling price of the minerals extracted.

These estimates take into account the estimated production plan for the following years. According to these resources, the tin unit has a production horizon of 31 years since December 31, 2019 and 2018.

- Discount rate –
  The future cash flows were adjusted considering the risk specific to the assets and were discounted at an annual pre-tax rate of 10 percent as of December 31, 2019 and 2018.

- Future quotes -
  The subsidiary has used estimates of future quotes of metals obtained from international investment banks. The estimated prices of tin for the current and non-current periods that have been used to estimate future revenues are US$17,500 to US$21,000 as of December 31, 2019 (US$18,500 to US$19,401 as of December 31, 2018 and up per metric ton (MT), these prices are expressed in constant dollars.

- Operating expenses –
  Management has projected operating costs by reference to the cost structure of the last years of the Group, changes and efficiencies achieved during the year in production, and their own knowledge of the mining industry.

- Useful life –
  Management estimates the useful life considered in its projection is consistent with the economic life of the cash-generating unit.

During the year 2019 and 2018, the Group determined that there is no impairment loss additional to that recorded in 2017.

Sensitivity analysis
In relation to the mining unit of Pitinga, Management believes that in order for the Group's cash generating unit to generate a loss due to deterioration, a material and significant change would have to be made in the key cases previously explained.

17. Trade and other accounts payables

(a) The composition of this caption is presented below:

	2019 US$(000)	2018 US$(000)
Trade payables (b):		
Third parties	222,081	204,990
Related parties, note 32(a)	11,265	11,683
	233,346	216,673
Other accounts payable (b):		
Workers' profit sharing (c)	23,187	12,026
Interest payable	23,170	26,660
Accounts payable for acquisition of non-controlling interest (d)	19,854	18,500
Other taxes and contributions payable	15,189	14,217
Remuneration and allowances	7,864	11,605
Accounts payable for options' subscription, note 37 (b)	3,419	3,964
Accounts payable to rural communities (e)	835	-
Others	1,201	1,558
	94,719	88,530
Total	328,065	305,203
By maturity:		
Current	294,804	268,699
Non-current	33,261	36,504
Total	328,065	305,203
By nature:		
Financial liabilities	281,825	267,355
Non-financial liability	46,240	37,848
Total	328,065	305,203

(b) Trade accounts payable are related to the purchases of material and supplies for the Group operation, and mainly correspond to invoices payable to suppliers. These payable does not bear interest and are normally settled on 30 to 60 days term.

Other payables do not bear interest and have an average due date of 3 months.

(c) Workers' profit sharing payable –
In accordance with Peruvian legislation, the Company determines the workers' profits share by applying the 8 percent rate on the same net tax base used to calculate income taxes. The distribution is determined by 50 percent on the number of days that each worker worked during the previous year and 50 percent on the proportional levels of annual remuneration.

(d) Purchase of non-controlling interest –
On September 23, 2016, through its subsidiary Cumbres Andinas S.A., the Group acquired the non-controlling interest of Marcobre S.A.C. (Marcobre), which represented 30 percent of its capital stock and belonged to KLS Limited, thus obtaining control of 100 percent of the shares of subsidiary Marcobre, which generated an outstanding balance of US$25,000,000 payable that will be paid in five installments of annual maturity for an amount of US$5,000,000 each, beginning after which ever happens first between: (a) 10 working days after the start of commercial production of the Mina Justa project, or (b) on September 30, 2023.

During 2019, as a result of the update of the account payable for the acquisition of non-controlling interest, the Group recognized an increase in the account payable and higher financial expenses in the amount of US$1,354,000 (US$2,067,000 during 2018), see note 30.

(e) Local communities –
Corresponds to liabilities generated by contracts for land usufruct and complementary rights signed with the Peasant Communities Tinyacclla and Rio de la Virgen, through which the Group is granted the right to carry out mining exploration and exploitation activities for a term of 25 and 15 years, respectively, see note 14.

18. Borrowings

(a) The composition of this caption is presented below:

Entity	Guarantee	Interest rate	2019 US$(000)	2018 US$(000)
Syndicated loan, net of structuring costs (c)	With guarantee	Libor 3 months +1.65%	502,282	69,665
Corporate bonds, net of issuance costs (d)	No guarantee	6.25%	443,431	442,075
Citibank (e)	Corporate Minsur	Libor 3 months + Spread	105,201	104,873
Bank do Brasil (g)	With guarantee	4.67% - 5.44%	14,728	14,183
Bank Santander (g)	No guarantee	5.16%	12,424	1,998
Bank Itaú (g)	No guarantee	4.02%	11,622	-
Bank Santos (g)	No guarantee	Rate CDI + 2%	3,695	3,832
Bank Bradesco (g)	No guarantee	3.20%	2,004	-
Bank ABC Brasil (g)	No guarantee	4.70%	-	2,996
			1,095,387	639,622
By maturity:				
Currrent			48,870	19,177
Non-current			1,046,517	620,445
			1,095,387	639,622

(b) The following is the movement of financial obligations:

	2019 US$(000)	2018 US$(000)
Opening balance	639,622	590,134
Additions	509,323	60,864
Structuring costs	(16,027)	(2,335)
Payments	(35,303)	(7,179)
Translation	(2,228)	(1,862)
Ending balance	1,095,387	639,622

(c) On August 15, 2018 the subsidiary Marcobre subscribed a syndicated loan with a group of borrowers composed by Export Development Canada; Export Finance and Insurance Corporation; KFW IPEX-Bank GMBH; The Export-Import Bank of Korea; Banco Bilbao Viscaya Argentaria, S.A .; Hong Kong, Banco de Crédito del Peru; BBVA Banco Continental; Credit Agricole Corporate and Investment Bank; ING Bank (a Branch of ING-DIBA AG); ING Capital LLC; Natixis London Branch; Natixis New York Branch, Société Générale; and Banco Bilbao Viscaya Argentaria, SA, New York Branch, for which it obtained a credit line of US$900 million due in 2025; this loan will be used for the development and build the Mina Justa project with a three month variable interest Libor rate of 1.94% at December 31, 2019 plus an average fixed margin of 1.57% (2.80% plus an average fixed margin of 1.57% as of December 31, 2018) . In order to obtain this loan, the Company counted with Minsur S.A. and Empresas Copec S.A. as guarantors. Until December 31, 2019, the subsidiary Marcobre has received disbursements for US$522,000,000 (US$72,000,000 as of December 31, 2018).

During the loan period, Marcobre must comply with the following conditions agreed in the loan agreement:

- Notify to the guarantor agent of any revision of the Mining Plan. In addition, the subsidiary Marcobre may not, without the consent of the lenders, use the project funds in an amount exceeding US$2,500,000 in any period to pay the costs incurred in connection with mining concessions other than strategic mining concessions.

- Marcobre will notify the guarantee agent before incurring capital expenditures during any fiscal year that exceeds US$20,000,000 above the total capital expenditures budgeted in the annual budget and the operating plan in effect for that fiscal year.

As of December 31, 2019 and 2018, the subsidiary Marcobre has complied with the financial restrictions of the subscribed contract.

As of December 31, 2019, the subsidiary Marcobre has constituted mortgages and pledges for all of its property, plant and equipment and its intangible assets as collateral for the subscribed syndicated loan.

(d) The General Meeting of Shareholders of January 30, 2014, agreed that the Group should issue an international bond issue ("Senior Notes") through a private placement under Rule 144 A and Regulation S of the US Securities Act of 1933. He also agreed to list these bonds on the Luxembourg Stock Exchange. On January 31, 2014, the Group issued bonds with a nominal value of US$450,000,000 due on February 7, 2024 at a coupon rate of 6.25 percent, obtaining a net collection under the pair of US$441,823,500.

Bonds restrict the ability of the Group to perform certain transactions; however, these restrictions do not condition the Group to comply with financial ratios or maintain specific levels of liquidity.

(e) Corresponds to "prepaid export - PPE" loans obtained by the subsidiary Minera Taboca during 2017, whose maturity dates are during October 2020 and December 2023, the financing was carried out with the objective of reducing part of its short-term debts and improving cash flow in the subsidiary.

(f) As of December 31, 2019, the subsidiary Marcobre incurred costs for structuring of the debt for amounting of US$39,297,000 (US$30,240,000 as of December 31, 2018), related to obtaining the US$900,000,000 credit line. As of December 31, 2019, it has received disbursements of US$522,000,000 as a result it has recognized a debt structuring cost related to the portion for an amount of US$19,718,000 (US$2,335,000 as of December 31, 2018).

(g) They correspond to loans of the type "advance of exchange contracts -ACC", obtained by the subsidiary Minera Taboca to finance their working capital and contracted in relation to their export operations, also these export exchange contracts financed constitute the guarantees of the financed amounts.

(h) As of December 31, 2019, Minsur S.A. maintains joint guarantee by US$183,000,000 to guarantee the financial obligations of its subsidiary Taboca with the following financial institutions:

- Banco Itaú for US$10,000,000; solidary bond without expiration date.
- Banco do Brasil for US$20,000,000; solidary bond without expiration.
- Banco Santander Brasil for US$10,000,000; solidarity bond, with no expiration date that supports credit liabilities.
- Merryl Lynch International for US$15,000,000; solidarity bond, with no expiration date and that supports liabilities for derivative financial instruments.

- JP Morgan Chase Bank NA for US$10,000,000, solidarity bond, with no due date and that supports liabilities for derivative financial instruments.
- Citibank for US$105,000,000; assigned to debt and US$3,000,000 assigned to derivatives; both solidarity bonds, with no expiration date.
- Itaú Bank for US$10,000,000; solidarity bond, with no expiration date and that supports liabilities for derivative financial instruments.

(i) As of December 31, 2019 and 2018, the obligations for lease agreements are as follows:

	2019		
	Interests US$(000)	**Principal** US$(000)	**Total** US$(000)
2021	49,255	248,789	298,044
2022	39,032	318,233	357,265
2023 on forward	46,795	479,495	526,290
Total	135,082	1,046,517	1,181,599

	2018		
	Interests US$(000)	**Principal** US$(000)	**Total** US$(000)
2020	27,412	-	27,412
2021	30,186	69,665	99,851
2022 on forward	76,232	550,780	627,012
Total	133,830	620,445	754,275

19. Lease Liabilities

(a) As of December 31, 2019 and 2018, the completion of the obligations for lease contracts are as follows:

	2019 US$(000)	2018 US$(000)
Lease liabilities (third parties)	30,941	22,081
Lease liabilities (related, note 32(a))	8,722	10,421
Total	39,663	32,502
By maturity:		
Current	16,583	13,522
Non-current	23,080	18,980
Total	39,663	32,502

The lease liability is generated by the use of different assets necessary for the operation of the Group, as detailed in note 15.

Lease contracts have maturities of up to 10 years, on which implicit annual interest rates have been determined that fluctuate between 3% and 5%.

(b) The movement of the lease liability is as follows:

	2019 US$(000)	2018 US$(000)
Opening balance	32,502	25,619
Additions	26,204	25,722
Translation	297	3
Financial interests	2,155	1,557
Adjustment	-	(2,201)
Payments	(21,495)	(18,198)
Ending balance	39,663	32,502

20. Provisions

(a) The composition of this caption is presented below:

	Provision for mine closure (b) US$(000)	Provision for environmental remediation (c) US$(000)	Provision for contingencies (d) US$(000)	Provision of performance bonuses US$(000)	Total US$(000)
As of January 1, 2018	115,611	52,375	6,925	9,728	184,639
Additions	14,557	1,092	2,440	14,050	32,139
Accretion	(10,101)	(5,690)	(635)	(540)	(16,966)
Change in estimates	1,186	110	-	-	1,296
Payments and advances	(349)	(4,992)	(538)	(10,032)	(15,911)
Reversals	(11,945)	(495)	(1,897)	(122)	(14,459)
As of December 31, 2018	108,959	42,400	6,295	13,084	170,738
Additions	47,821	4,158	1,937	20,878	74,794
Translation	(2,128)	(1,282)	(94)	(22)	(3,526)
Change in estimates	1,465	6,125	-	-	7,590
Payments and advances	(296)	(3,469)	(1,643)	(9,751)	(15,159)
Reversals	-	(835)	(773)	-	(1,608)
As of December 31, 2019	155,821	47,097	5,722	24,189	232,829
By maturity:					
Current	6,682	5,372	3,032	11,390	26,476
Non-current	102,277	37,028	3,263	1,694	144,262
As of December 31, 2018	108,959	42,400	6,295	13,084	170,738
By maturity:					
Current	6,116	2,997	3,560	22,464	35,137
Non-current	149,705	44,100	2,162	1,725	197,692
As of December 31, 2019	155,821	47,097	5,722	24,189	232,829

(b) The provision for mine closure is made up as follows:

	Pitinga and Pirapora units US$(000)	San Rafael, Pucamarca and Pisco units US$(000)	Mina Justa unit US$(000)	Marta unit US$(000)	Total US$(000)
As of January 1, 2018	52,936	62,482	-	193	115,611
Additions	3,385	8,248	-	2,924	14,557
Translation	(10,030)	-	-	(71)	(10,101)
Accretion	-	1,186	-	-	1,186
Payments and advances	-	(9)	-	(340)	(349)
Reversals	-	(11,945)	-	-	(11,945)
As of December 31, 2018	46,291	59,962	-	2,706	108,959
Additions	21,832	9,847	16,064	78	47,821
Translation	(2,127)	-	-	(1)	(2,128)
Accretion	-	1,432	-	33	1,465
Payments and advances	-	(93)	-	(203)	(296)
As of December 31, 2019	65,996	71,148	16,064	2,613	155,821
By maturity:					
Current	4,925	741	-	1,016	6,682
Non-current	41,366	59,221	-	1,690	102,277
As of December 31, 2018	46,291	59,962	-	2,706	108,959
By maturity:					
Current	4,750	105	-	1,261	6,116
Non-current	61,246	71,043	16,064	1,352	149,705
As of December 31, 2019	65,996	71,148	16,064	2,613	155,821

The provision for closure of mining units and exploration projects reflects the present value of the closing costs expected to be incurred between 2020 and 2063, in compliance with regulations Government, see note 33(a) and (b). The estimated mine closure is based on studies prepared by independent advisors, which comply with current environmental regulations. The estimated mine closure is based on studies prepared by independent advisors, which comply with current environmental regulations. The provision for mine closure corresponds mainly to activities that must be carried out for the restoration of the mining units and areas affected by the exploitation activities. The main works to be done correspond to earthworks, revegetation and dismantling of the plants. Closing budgets are reviewed regularly to take into consideration any significant changes in the studies performed. However, mine closure will depend on the market prices of the required closing works that will reflect future economic conditions. Likewise, the timing of disbursements will depend on the life of the mine, which will depend on future metal prices.

As of December 31, 2019, the main assumptions used in the calculation of the present value of the mine closure provision are the following:

	Pirapora and Pitinga Units	San Rafael, Pucamarca and Pisco Units	Marta Unit	Mina Justa Unit
Annual risk-free rate	3.39%	Between (0.03) % and 0.18%	Between (0.31%) and 0.16%	Between 1.62% and 2.10%
Years covered by the closure mine	44 years	15, 10 and 35 años	3 years	16 years

(c) This includes provision for environmental remediation obligation comprised by the following:

	Units Pitinga and Pirapora US$(000) (i)	Sillustani US$(000) (ii)	Marcobre US$(000) (iii)	Total US$(000)
As of January 1, 2018	39,486	11,679	1,210	52,375
Additions	1,209	(117)	-	1,092
Translation	(5,777)	87	-	(5,690)
Accretion	-	112	(2)	110
Payments and advances	(1,351)	(3,641)	-	(4,992)
Reversal, note 29	-	-	(495)	(495)
As of December 31, 2018	33,567	8,120	713	42,400
Additions	-	4,086	-	4,086
Translation	(1,305)	23	-	(1,282)
Accretion	5,986	100	39	6,125
Payments and advances	(1,046)	(2,351)	-	(3,397)
Reversal, note 17	-	(835)	-	(835)
As of December 31, 2019	37,202	9,143	752	47,097
By maturity:				
Current	2,249	3,123	-	5,372
Non-current	31,318	4,997	713	37,028
As of December 31, 2018	33,567	8,120	713	42,400
By maturity:				
Current	1,661	1,336	-	2,997
Non-current	35,541	7,807	752	44,100
As of December 31, 2019	37,202	9,143	752	47,097

(i) It includes environmental restoration activities for the operations of the Pitinga mine in Brazil carried out in previous years. With the support of external specialists Taboca has updated the environmental remediation provision of the Pitinga and Pirapora units as of December 31, 2019.

(ii) It mainly includes environmental restoration activities in the Puno region related to the subsidiary Sillustani S.A.C and includes dyke construction activities, improvement of drainage systems, water treatment, bofedal rehabilitation.

(iii) This obligation is related with restoration activities in explorations area of Mina Justa Project which is operated by the subsidiary Marcobre and includes activities such as earthwork, revegetation and the dismantling of all facilities. This obligation is expected to be incurred during 2021, according to environmental regulations.

(d) Provision for contingencies -

(d.1) This caption is made up of the following:

Brazilian subsidiary –

It mainly corresponds to claims for compensation of ex-workers for US$2135,000 (US$2,232,000 as of December 31, 2018), civil contingencies for US$257,000 (US$348,000 as of December 31, 2018) and other minor contingencies for US$1,230,000 as of December 31, 2018.

Peruvian subsidiary –

It mainly corresponds to environmental contingencies that come from processes interposed by the Agency for Environmental Assessment and Control (OEFA by its acronym in Spanish), National Water Authority (ANA by its acronym in Spanish) and Supervisory Body for Investment in Energy and Mining (OSINERGMIN by its acronym in Spanish) for US$232,000 (US$335,000 at December 31, 2018) and labor contingencies for US$3,098,000 (US$2,150,000 as of December 31, 2018).

(d.2) During 2019 and 2018, the Group recognized US$1,937,000 and US$2,440,000, respectively as additions of new contingencies that were classified as probable, these were recognized as other operating expenses, see note 29.

(d.3) During 2019 and 2018, the Group recognized US$773,000 and US$1,897,000, respectively as recovery, which were recognized as other operating income, see note 29.

21. Deferred income tax assets and liabilities, net

(a) The composition and movements of this caption is presented below:

	As of January 1, 2018 US$(000)	Effect on profit or loss US$(000)	Translation US$(000)	Effect in other comprehensive income US$(000)	As of December 31, 2018 US$(000)	Effect on profit or loss US$(000)	Translation US$(000)	Effect in other comprehensive income US$(000)	As of December 31, 2019 US$(000)
Deferred income tax asset									
Differences in accounting and tax basis of fixed assets	57,539	(3,279)	-	-	54,260	(1,864)	-	-	52,396
Exploration and evaluation costs	47,244	-	-	-	47,244	-	-	-	47,244
Provision for closure of mining units	18,221	(1,301)	-	-	16,920	8,119	-	-	25,039
Tax benefits for the acquisition of Mineração Taboca S.A.	19,473	327	(4,584)	-	15,216	(1,157)	(740)	-	13,319
Lease liability	7,558	(3,253)	-	-	4,305	7,740	-	-	12,045
Pre-operational costs for tax purposes	8,314	(770)	-	-	7,544	1,496	-	-	9,040
Derivative financial instruments	-	-	-	2,389	2,389	-	-	2,479	4,868
Credits for tax payments in excess of previous years	1,186	556	-	-	1,742	18	-	-	1,760
Mining Royalty and Special Mining Tax	1,301	1	-	-	1,302	35	-	-	1,337
Financial assets at fair value through other comprehensive income	-	-	-	2,309	2,309	-	-	(1,185)	1,124
Difference in accounting and tax base of mining concessions	4,481	20,496	-	-	24,977	(24,581)	-	-	396
Others	2,991	732	-	-	3,723	12,467	-	-	16,190
	168,308	13,509	(4,584)	4,698	181,931	2,273	(740)	1,294	184,758
Deferred income tax liability									
Difference in accounting and tax base of mining concessions	(94,881)	(26,228)	627	-	(120,482)	20,339	-	-	(100,143)
Difference in exchange of non-monetary items	(11,897)	(11,676)	-	-	(23,573)	8,531	-	-	(15,042)
Assets for the closure of mining units	(7,098)	452	-	-	(6,646)	(5,336)	-	-	(11,982)
Assets by right of use	(7,368)	3,200	-	-	(4,168)	(7,442)	-	-	(11,610)
Differences in accounting and tax basis of fixed assets	(3,005)	944	-	-	(2,061)	(45)	-	-	(2,106)
Difference of accounting and tax base of inventories	(532)	(1,278)	-	-	(1,810)	326	-	-	(1,484)
Development costs	(4,324)	2,259	-	-	(2,065)	928	-	-	(1,137)
Financial assets at fair value through other comprehensive income	(406)	-	-	406	-	-	-	-	-
Financial liabilities at fair value with changes in results	(2,305)	2,305	-	-	-	-	-	-	-
Others	(6,774)	3,659	-	-	(3,115)	928	-	-	(2,187)
	(138,590)	(26,363)	627	406	(163,920)	18,229	-	-	(145,691)
Deferred income tax asset, net	29,718	(12,854)	(3,957)	5,104	18,011	20,502	(740)	1,294	39,067
Mining Royalty (RM) and Special Mining Tax (IEM):									
Deferred assets									
Difference of accounting and tax base of property, plant and equipment	4,112	1,348	-	-	5,460	844	-	-	6,304
Exploration Expenses	1,315	(162)	-	-	1,153	229	-	-	1,382
Changes in the fair value of trade accounts receivable	(35)	20	-	-	(15)	85	-	-	70
	5,392	1,206	-	-	6,598	1,158	-	-	7,756
Deferred liabilities									
Difference in exchange of non-monetary items	(1,767)	(854)	-	-	(2,621)	904	-	-	(1,717)
Differences in accounting and tax base of inventories	(39)	(239)	-	-	(278)	(55)	-	-	(333)
	(1,806)	(1,093)	-	-	(2,899)	849	-	-	(2,050)
Deferred assets for RM and IEM, net	3,586	113	-	-	3,699	2,007	-	-	5,706
Total assets for deferred income tax, net	33,304	(12,741)	(3,957)	5,104	21,710	22,509	(740)	1,294	44,773

These amounts are presented in the consolidated of statement of financial position in accordance with the presentation in the financial statements of each entity of the Group, as follows:

	2019 US$(000)	2018 US$(000)
Deferred income tax assets	147,140	127,155
Deferred income tax liabilities	(102,367)	(105,445)
	44,773	21,710

(b) The reconciliation of the income tax expense and the profit before taxes times the tax rate of 2019 and 2018, is presented below:

	2019 US$(000)	2018 US$(000)
Profit before income tax	120,059	172,687
Income tax at statutory rate	(35,938)	(51,151)
Translation (c)	6,373	(15,196)
Effect of permanent differences, net	(13,209)	(10,695)
Tax losses in subsidiaries	(3,555)	(4,918)
Deferred tax penalty in subsidiary	(2,583)	(10,241)
Share results from associates	(1,570)	(3,521)
Tax credit	-	(323)
Interest paid by the tax administration	-	8,380
Effect of mining royalties	3,872	4,591
Income tax expense	(46,610)	(83,074)
Return of income tax, note 34(a)	514	34,018
Mining royalties and special mining tax	(11,128)	(15,452)
Total	(57,224)	(64,508)

The income tax directly recognized in other comprehensive income during the year 2019 was an income of US$1,294,000 (an income of US$5,104,000 as of December 31, 2018).

(c) This expense arises from maintaining the US dollar as a functional currency for accounting purposes and soles for tax purposes. During 2019, the variation of the exchange rate was S/3.379 to S/3.317 resulting in the aforementioned income, which does not imply a disbursement affecting the Group's cash flow.

(d) The (expense) income for income tax shown in the consolidated statements of profit or loss consists on the following:

	2019 US$(000)	2018 US$(000)
Income tax		
Current	(66,605)	(36,202)
Deferred	20,502	(12,854)
	(46,103)	(49,056)
Mining royalties and special mining tax		
Current	(13,128)	(15,565)
Deferred	2,007	113
	(11,121)	(15,452)
	(57,224)	(64,508)

(e) As of December 31, 2019 and 2018, the Group maintains a favorable balance for income tax of US$3,420,000 and US$20,729,000, respectively. Likewise, it has a tax on earnings payable of US$4,564,000 as of December 31, 2019.

(f) Deferred income tax on investments in associates -

The Group does not record the deferred income tax asset related to investments in its associates Inversiones Cordillera del Sur Ltda., Exsa S.A., and Futura Consorcio Inmobiliario S.A.C. due to: (i) Inversiones Breca and subsidiaries have joint control of those companies, which operate as part of the economic group and, (ii) the Group has the intent and the ability to hold these investments in the long-term. Consequently, Management believes that the temporary difference will be reversed through dividends to be received in the future, which according to current tax rules are not subject to income tax. There is no legal or contractual obligation for the Group's Management to be forced to sell its investment in associates.

22. Equity

(a) Capital stock -

As of December 31, 2019 and 2018, the authorized, subscribed and paid capital stock in accordance with the Group's by-laws, is represented by 19,220,015 common shares with a nominal value of S/100.00 each one (equivalent to US$601,269,000 at the historical exchange rate).

(b) Investment shares -

As of December 31, 2019 and 2018, this caption is made up of 960,999,163 investment shares, with a nominal value of S/1 each one.

According to the current legislation, the investment shares grant the holders the right to participate in the dividend distribution, make contributions to maintain its share in the case of capital increases as a result of additional contributions, increase the investment shares account due to the capitalization of equity accounts, redemption of shares and participation in the distribution of the equity in case of dissolution. The investment shares do not grant access to the Board of Directors or to the Shareholders' meetings. The investment shares of the Company are listed on the Lima Stock Exchange (BVL).

The quotation of these shares as of December 31, 2019 was S/1.56 per share (S/1.38 per share as of December 31, 2018).

(c) Legal reserve -

The Peruvian General Corporation Law requires that a minimum of 10 percent of the distributable earnings for each period, after deducting the income tax, needs to be transferred to a legal reserve until such is equal to 20 percent of the capital. This legal reserve can offset losses or can be capitalized, in both cases there is an obligation to replenish it.

For the years 2019 and 2018, the Group has not increased its legal reserve because it reached the limit mentioned above.

(d) Reinvested earning -

As of December 31, 2019 and 2018, reinvested profits have not been capitalized.

(e) Declared and paid dividends -
Below is information on dividends declared and paid for the year 2019:

	Date	Dividends declared and paid US$(000)	Dividends by common share US$(000)	Dividends per investment action US$(000)
Dividends 2019				
Shareholders' meeting	February 21st	66,000	2.2893	0.02289

During 2018, the Group has not declared dividends.

(f) Other reserves -
During the year 2018, the Group as a result of the sale of 40 percent of its shares in the subsidiary Cumbres Andinas S.A. recognized a gain of US$39,389,000, which was decreased by US$7,400,000 due to the obligations assumed in relation to the share transfer agreement denominated "Purchase Agreement" between Minsur and Alxar International SpA as shareholders owning 100 percent of the shares of Cumbres Andinas S.A.C.

As of December 31, 2019, the Group updated the present value of the obligation mentioned in the previous paragraph for the amount of US$541,000 under the heading "Financial expenses" in the consolidated statement of income, see note 30.

(g) Cumulative translation adjustment -
This caption corresponds to the exchange difference resulting from the translation of the financial statements of the foreign subsidiaries and associates, into the functional currency of the Group.

During 2019, the resulting exchange difference generated a net loss of US$22,685,000 (which mainly includes an exchange loss of US$22,705,000 for the subsidiary Minera Latinoamericana and Subsidiaries and an exchange gain of US$20,000 for the other associates). During 2018, the resulting exchange difference generated a net loss of US$31,345,000 (which mainly includes exchange loss of US$31,197,000 for the subsidiary Minera Latinoamericana and Subsidiaries and an exchange loss of US$148,000 for the other associates). These translation results are included in the consolidated statement of other comprehensive income.

(h) Unrealized results -
As of December 31, 2019, it corresponds to unrealized gains on financial assets with changes in other comprehensive income of US$3,139,000, loss of investments in associates for US$32,000 and loss of cash flow hedge for US$2,901,000 from the subsidiaries Marcobre SAC, Mineração Taboca S.A. and Minsur, said amounts generated income from income tax that was recognized in the consolidated statement of other comprehensive income for an amount of US$1,294,000.

As of December 31, 2018, it corresponds to unrealized losses of financial assets with changes in other comprehensive income for US$11,749,000, to loss on investments in subsidiaries and associates for US$2,467,000 the loss due to cash flow hedge of US$13,432,000 from the subsidiaries Marcobre S.A.C., Mineração Taboca S.A. and Minsur, said amounts generated income from income tax that was recognized in the consolidated statement of other comprehensive income for an amount of US$5,104,000.

(i) Non-controlling interest contributions -
During the year 2019 and 2018, the Group received non-controlling interest contributions for a total amount of US$123,140,000 and US$50,640,000, respectively as part of the financing of the Mina Justa project and other mining exploration projects.

23. Tax situation

(a) Peruvian tax -
Minsur S.A is subject to the Peruvian tax system.
By Legislative Decree Nº 1261 published on December 10, 2016, the Peruvian government introduced certain amendments to the Income Tax Law, effective as from January 1, 2017. The most relevant are presented below:

- An income tax rate of 29.5 percent is set.

- A tax of 5 percent of the income tax is established to the dividends or any other form of distribution of profits. The rate applicable to dividends will be considered taking into account the year in which the results or profits that form part of the distribution have been obtained, in accordance with the following: 4.1 percent with respect to the results obtained until December 31, 2014; 6.8 percent with respect to the results obtained during the years 2015 and 2016; and 5 percent with respect to the results obtained from January 1, 2017.

In July 2018 Law N° 30823 was published in which Congress delegated to the Executive Power the power to legislate on various issues, including tax and financial matters. In this sense, the main tax regulations issued were the following:

(i) Modified, starting January 1, 2019, the treatment applicable to the royalties and fees for services provided by non-domiciled recipients, eliminating the obligation to pay an amount equivalent to the withholding when the costs or expenses are booked, and must now withhold the corresponding income tax at the time of their payment or retribution accreditation (Legislative Decree N° 1369).

(ii) Established rules governing the obligation of persons legal and/or entities legal to report the identification of their final beneficiaries (Legislative Decree N° 1372). These rules are applicable to legal persons domiciled in the country, pursuant to article 7 of the Income Tax Law, and to legal entities in the country. The obligation is applicable for non-domiciled legal entities and legal entities constituted abroad while: a) have a branch, agency or another permanent establishment in the country; b) the person (natural or legal entity) who manage the autonomous patrimony or foreign investment funds, or the natural or legal person who has quality of guard or administrator, is domiciled in the country; and, c) any part of a consortium is domiciled in the country. This obligation will be fulfilled by submitting to the tax authority of sworn statement information, which should contain the final beneficiary information and be submitted, in compliance with the regulations and in the deadlines established through a resolution of the Superintendence of Peruvian Tax Administration.

(iii) Changed the tax code in the implementation of the General Anti-Avoidance Rule – GAAR (Rule XVI of the preliminary title of the Tax Code (Legislative Decree N° 1422).

As part of this modification, a new assumption of joint and several liabilities are envisaged, when the tax debtor is subject to the application of the measures provided by Rule XVI in the event that tax evasion cases are detected; in such case, the joint and several liability shall be attributed to the legal representatives provided that they have collaborated with the design or approval or execution of acts or situations or economic relations foreseen as elusive in Rule XVI. In the case of companies that have a Board of Directors, it is up to this corporate body to define the tax strategy of the entity, having to decide on the approval or not of acts, situations or economic relations to be carried out within the framework of tax planning, this power being non-delegable. The acts, situations and economic relations carried out within the framework of fiscal planning and implemented on the date of entry into force of Legislative Decree N° 1422 (September 14, 2018) and which continue to have effect, were evaluated by the Board of Directors of the legal entity for the purpose of ratification or modification until March 29, 2019,

without prejudice to the fact that the Management or other administrators of the company have approved the afore mentioned acts, situations and economic relations.

It has also been established that the application of Rule XVI, as regards the re-characterization of tax evasion cases, will take place in the final inspection procedures in which acts, facts or situations produced since 19 July 2012.

(iv) Amendments to the Income Tax Law were included, effective as of January 1, 2019, to improve the tax treatment applicable to (Legislative Decree N° 1424):

- Income obtained from the indirect transfer of shares or participations representing the capital of legal persons domiciled in the country. Among the most relevant changes is the inclusion of a new indirect alienation assumption, which is configured when the total amount of the shares of the domiciled legal entity whose indirect disposal is made is equal to or greater than 40,000 UIT.

- Permanent establishments of sole proprietorships, companies and entities of any nature incorporated abroad. For this purpose, new cases of permanent establishment have been included, among them, when the rendering of services in the country occurs, with respect to the same project, service or related one, for a period that exceeds 183 calendar days in total within any period of twelve months.

- The system of credits against Income Tax for taxes paid abroad, to be included in the indirect credit (corporate tax paid by foreign subsidiaries) as credit applicable against the Income Tax of domiciled legal persons, in order to avoid the double economic imposition.

- The deduction of interest expenses for the determination of corporate income tax. To this end, limits were established both for loans with related parties, as well as for loans with third parties contracted as of September 14, 2018 on the basis of equity and EBITDA.

(v) Regulations have been established for the accrual of income and expenses for tax purposes as of January 1, 2019 (Legislative Decree N° 1425). Until 2018 there was no normative definition of this concept, so in many cases accounting rules were used for its interpretation. In general terms, with the new criterion, for purposes of the determination of Income Tax, it matters if the substantial facts for the generation of income or expense agreed by the parties have occurred, which are not subject to a condition precedent, in whose case the recognition will be given when it is fulfilled and the opportunity for collection or payment established will not be taken into account.

(b) Tax Situation

Minsur S.A

The tax authorities have the power to review and adjust the income tax calculated by the Company in the four years following the year the tax returns presentation. The tax returns of the Income tax for the years 2015 to 2019 and value added tax (VAT) for the years 2015 to 2019 are open to review by tax authorities. To date, the Tax Administration performed the review of the income tax for the year 2000 to 2011 and 2014, and the value added tax and value added tax for the years 2000 to December 2008.

Due to the interpretations that the tax authorities may give to legislation in effect, it is not possible to determine whether or not of the tax audits that will perform will result in increased liabilities for the Company. Therefore, any greater tax or surcharge that could result from eventual tax reviews would be applied to the results of the fiscal year in which it is determined. However, in opinion of the Company's management and its legal counsels, any eventual additional tax settlement would not be significant for the consolidated financial statements as of December 31, 2019 and 2018.

Brazilian subsidiaries –

Mineração Taboca S.A. is subject to the Brazilian tax regime. As of December 31, 2019 and 2018, the income tax rate is 34 percent of taxable income. Cash dividends in favor of non-domiciled shareholders are not taxed. The years open of review are from 2015 to 2019.

According to the Brazilian laws the tax losses do not expired, but their utilization will be limited to 30 percent of the taxable profit of each future period. As of December 31, 2019 and 2018, the deferred asset not recognized for tax losses carry forward amounts to R$515,798,000 (equivalent to US$128,212,000) and R$493,419,000 (US$127,186,000 respectively; the Taboca subsidiary has only recognized deferred income tax generated for the portion it considers recoverable by the taxable tax loss which amounts to US$11,062,000.

Peruvian subsidiaries -

In the case of Marcobre, the tax authorities have the power to review and, if applicable, correct the income tax calculated by Marcobre in the four years after the year of filling the tax return. The affidavits of the income tax from 2015 to 2019 and the value added tax returns for the periods 2015 to 2019 are pending review by the tax authorities

As of December 31, 2019 and 2018, the tax losses of the Peruvian subsidiaries are as follow:

	2019 US$(000)	2018 US$(000)
Minera Sillustani S.A.C.	6,116	5,391
Compañía Minera Barbastro S.A.C.	4,836	4,290
Minera Latinoamericana S.A.C.	4,151	356
Cumbres Andinas S.A.C.	951	898
Cumbres del Sur S.A.C	775	-

As of December 31, 2019, these subsidiaries, have not recognized deferred income tax asset originated by the tax loss carryforward by US$16,829,000 (US$10,935,000 as of December 31, 2018), because management has no certainty about the future realization of such tax losses.

Subsidiaries of Chile -
Minera Andes del Sur Spa and subsidiary is subject to the Chilean tax regime. As of December 31, 2019 and 2018, the income tax rate is 27 percent on taxable income. Cash dividends in favor of non-domiciled shareholders are not taxed. The periods open for fiscal review by the Chilean tax administration include the years 2015 to 2019.

As of December 31, 2019 and 2018, the deferred asset not recognized by the taxable loss of Chilean subsidiaries is as follows:

	2019 US$(000)	2018 US$(000)
Minera Andes del Sur Spa	293	-
Tarianta Spa	360	-

As of December 31, 2019, this asset for deferred income tax generated by the taxable tax loss of US$653,000 from Chilean subsidiaries has not been recognized because Management considers that there is still no certainty of the recovery of said losses.

It should be noted that the tax losses do not expire in accordance with Chilean laws, but that if they are applied they must be adjusted in the percentage of variation of the existing Consumer Price Index (CPI).

(c) Transfer pricing -
For the purposes of determining current income tax, the prices and amounts of those consideration that have been agreed upon in transactions between related parties or that are carried out from, to or through countries or territories of low or zero taxation, must have documentation and information to support the valuation methods and criteria applied in their determination. The Tax Administration is entitled to request this information from the Group. Based on the analysis of the Group's operations, Management and its legal advisors are of the opinion that, as a consequence of the application of these rules, no material contingencies will arise as of December 31, 2019 and 2018.

(d) Legal Stability Agreement -
On December 9, 2016, the subsidiary Marcobre S.A.C. signed a Legal Stability Agreement with the Agency for the Promotion of Private Investment - PROINVERSION, respectively, through which it undertakes to issue shares in favor of its Principal (Cumbres Andinas S.A.C.) for US$135,300,000 within a period not exceeding two years and it will be destined to expand the productive capacity of the subsidiary Marcobre S.A.C. and obtains the stabilization of the income tax and labor regimes, in force at the date of subscription of the agreement. This agreement has a term of 10 years counted from the date of its subscription. As of December 31, 2019, the subsidiary Marcobre S.A.C. maintains the income tax rates of 26 percent. (27 percent as of December 31, 2018).

Likewise, the subsidiary Cumbres Andinas S.A.C., maintains a legal stability agreement with the Private Investment Promotion Agency - PROINVERSIÓN, through which it undertook to make capital contributions to Marcobre S.A.C. for an amount of investment amounting to US$563,000,000, said agreement expires in June 2020.

24. Net sales

The composition of this caption is presented below:

	2019 US$(000)	2018 US$(000)
Tin and other minerals	502,071	493,464
Gold	149,972	130,870
Niobium and tantalum	59,445	69,439
	711,488	693,773

Tin sales concentration -
In the year 2019 there is no significant concentration of sales. The three most important clients accounted for 39 percent of total sales (42 percent in the year 2018).

During 2019, the three main clients represent 51 percent of total sales (63 percent in 2018) of the Brazilian market.

Concentration of gold sales -
In the year 2019 the Group sold gold to four customers (three customers in the year 2018).

Concentration of sales of niobium and tantalum -
During 2019, the three main clients represent 29 percent of total sales (5 percent in 2018)

(b) Below is the reconciliation of sales of contracts with customers with the amounts disclosed in the consolidated statement of income:

	2019 US$(000)	2018 US$(000)
Contracts with clients	713,001	697,352
Hedging	7,649	646
Implicit derivative from concentrate sales	9	180
Settlement adjustment of the current period	(9,171)	(4,405)
Net sales	711,488	693,773

25. Cost of sales

The composition of this caption is made up as follows:

	2019 US$(000)	2018 US$(000)
Opening balance of finished product inventory	42,352	42,145
Opening balance of product in process inventory	32,600	22,409
Services rendered by third parties	103,545	87,856
Wages and salaries	99,671	95,130
Consumption of raw material and other supplies	88,037	89,009
Depreciation, notes 13(b) and 15(b)	85,644	87,052
Purchase of mining services from Administración de Empresas S.A.C.	28,619	23,285
Energy	12,413	12,396
Amortization, note 14(b)	5,367	8,819
Purchase of explosives from Exsa S.A.	5,247	6,015
Insurance	3,801	3,646
Allowance for obsolescence of materials and supplies, note 8(d)	758	173
Taxes and rates	405	2,699
Allowance for impairment of inventories, note 8(c)	182	393
Inventory losses	70	759
Other manufacturing expenses	11,422	4,774
Final balance of product in process inventory	(47,883)	(42,352)
Final balance of finished product inventory	(26,232)	(32,600)
	446,018	411,608

26. Administrative expenses

The composition of this caption is made up as follows:

	2019 US$(000)	2018 US$(000)
Personnel expenses	35,453	33,530
Advice and consulting	8,403	4,552
Services provided by third parties	6,563	8,206
Diverse charges	2,843	3,588
Depreciation, notes 13(b) and 15(b)	1,610	1,284
	54,872	51,160

27. Selling expenses

The composition of this caption is made up as follows:

	2019 US$(000)	2018 US$(000)
Third-party services	4,515	4,463
Diverse charges	2,269	1,614
Personnel expenses	1,291	1,467
Sales commissions	127	107
Depreciation, note 13(b)	12	12
	8,214	7,663

28. Exploration and evaluation expense

The composition of this caption is made up as follows:

	2019 US$(000)	2018 US$(000)
Third-party services	29,423	26,441
Personnel expenses	3,936	3,313
Diverse charges	3,445	2,723
Purchase of mining services from Administración de Empresas S.A.C.	2,314	1,756
Supplies	2,192	452
Amortization, note 14(b)	206	237
Depreciation, notes 13(b) and 15(b)	91	2,586
	41,607	37,508

29. Others, net

The composition of this caption is made up as follows:

	2019 US$(000)	2018 US$(000)
Other operating income		
Income from sale of supplies	14,447	6,194
Reversal of impairment	6,346	-
Reversal of tax credits provision of Taboca	5,292	5,184
Income per claim	3,705	-
Income for works for taxes	3,304	2,446
Income for tax refund by the Tax Administration, note 34(a)	1,693	2,053
Rental of property and equipment	925	917
Recovery of provision for contingencies, note 20(d.3)	773	1,897
Inventory devaluation recovery, note 8(c)	771	-
Income for advisory service	695	1,718
Income from sale of property, plant and equipment	303	624
Update of the environmental remediation liability – Pisco	-	7,378
Recovery of provisions for environmental remediation and others, note 20(c)	-	495
Other minors	8,745	10,105
	46,999	39,011
Other operating expenses		
Net cost of supplies sold	(15,444)	(5,867)
Reversal of incentive of the tax on the circulation of goods and services (ICMS - Brazil)	(5,625)	(5,184)
Donations granted	(4,136)	(2,395)
Provision of closure mine plan	(4,086)	-
Expenses for works for taxes	(3,297)	(2,446)
Contingencies provision, note 20(d.2)	(1,937)	(2,440)
Contributions to public entities of environmental regulation	(1,270)	(1,228)
Net cost of disposal of property, plant and equipment	(1,253)	(2,917)
Mining retirement fund	(1,115)	(687)
Fiscal administrative sanctions	(1,048)	(37)
Write-off of the tax credit of VAT of the subsidiary, note 7(c)	(729)	(4,704)
Depreciation, note 13(b)	(114)	(287)
Allowance for impairment of tin metal, note 8(c)	-	(1,044)
Others minors	(9,630)	(29,117)
	(49,684)	(58,353)
	(2,685)	(19,342)

30. Finance income and costs

The composition of this caption is made up as follows:

	2019 US$(000)	2018 US$(000)
Finance income:		
Interest for term deposits	11,281	8,978
Interest paid by the Tax Administration, note 34(a)	7,213	56,478
Interest on certificate of deposit, note 9(b)	2,661	1,432
Others	409	3,505
Total	21,564	70,393
Finance costs:		
Interest of corporate bonds	(20,653)	(27,312)
Interest and commissions of bank loans	(6,767)	(16,420)
Amortization of corporate bond issuance costs	(2,787)	(1,243)
Interest paid to the Tax Administration 34(a)	(2,056)	-
Lease interests	(1,517)	(1,482)
Others	(7,155)	(3,516)
	(40,935)	(49,973)
Interest expenses		
Unwinding discount of the provisions for the closure of mining units, environmental remediation and others, see note 20(b) and (c)	(7,590)	(1,296)
Unwinding discount of the non-controlling interest payable account, see note 17(d)	(1,354)	(2,067)
Unwinding the obligation assumed in the share transfer contract, notes 1(c) and 22(f)	(541)	-
Others	(62)	-
Total	(50,482)	(53,336)

31. Earnings per share

The basic and diluted earnings per share are calculating dividing the net income for the year by the weighted average number of outstanding shares during the year.

The calculation of the earnings per share is presented below:

	2019 US$	2018 US$
Numerator -		
Net income attributable to the owners of the Parent Company	64,451,000	112,126,000
	Number of stockshare	**Number of stockshare**
Denominator -		
Common stock shares, note 22(a)	19,220,015	19,220,015
Investment shares, note 22(b)	960,999,163	960,999,163
Profit per share		
Basic and diluted - US$ per common share	2.236	3.889
Basic and diluted - US$ per investment share	0.022	0.039

The basic and diluted earnings per share are the same since there are no dilutive financial instruments over the profits.

There have not been other transactions involving common shares and investment shares between the reporting date and the closing date of these consolidated financial statements.

32. Related parties transactions

(a) Receivables and Payables -

The balances of the receivable and payable with related parties as of December 31, 2019 and 2018 follow:

	2019 US$(000)	2018 US$(000)
Classification by existing captions:		
Other receivables (current), note 7(a):		
Other related parties		
Compañía Minera Raura S.A.	1,899	460
Administración de Empresas S.A.	1,268	303
Exsa S.A.	157	16
Clinica Internacional S.A.	10	12
Rímac Seguros y Reaseguros	-	842
	3,334	1,633
Trade payable and others (current), note 17(a):		
Associate		
Exsa S.A.	2,072	2,153
	2,072	2,153
Other related parties		
Administración de Empresas S.A.	6,186	4,175
Rímac Seguros y Reaseguros	2,347	4,630
Clínica Internacional. S.A.	414	384
Rímac S.A. Entidad prestadora de salud	83	187
Brein Hub S.A.C	73	-
Corporación Peruana de Productos Químicos S.A.	22	9
Protección Personal S.A.C.	22	-
Inversiones San Borja S.A.	19	65
Compañía Minera Raura S.A.	12	32
Inversiones Nacionales de Turismo S.A.	6	28
Corporación Breca S.A.C.	9	18
Centría Servicios Administrativos S.A.	-	1
Bodegas Viña de Oro S.A.	-	1
	9,193	9,530
	11,265	11,683

	2019 US$(000)	2018 US$(000)
Lease liabilities		
Other related parties, note 19(a)		
Inversiones San Borja S.A.	5,091	4,196
Administración de Empresas S.A.	3,584	6,225
Clínica Internacional. S.A.	47	-
	8,722	10,421
	19,987	22,104
By nature:		
Trade, note 17(a)	11,265	11,683
Lease liabilities, note 19(a)	8,722	10,421
	19,987	22,104

There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2019 and 2018, the Group has not recorded any impairment of receivables related to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Balances payable to related companies are current maturities, interest free and have no specific guarantees.

(b) Main transactions -
The main transactions occurred during the years 2019 and 2018 were the following:

	2019 US$(000)	2018 US$(000)
Associates		
Exsa S.A. - Purchase of explosives and others suppliers	19,572	6,015
Other related parties		
Administración de Empresas S.A.C. - Mining services	30,933	25,041
Rímac Seguros y Reaseguros – Insurance coverage services	7,452	12,542

Transactions with related parties are made at terms equivalent to those prevail in arm's length transactions.

(c) Remunerations -

The compensation received by key personnel of the Group for the years ended December 31, 2019 and 2018 has been recognized as an expense in the consolidated statement of profit or loss and there are as follows:

	2019 US$(000)	2018 US$(000)
Peru		
Salaries	123,380	17,718
Board remuneration	494	378
	123,874	18,096
Brazil		
Fixed remuneration	1,254	1,248
Variable remuneration	1,037	743
	2,291	1,991
Total	126,165	20,087

The Group does not remunerate Management with post-employment benefits, termination of contract, or share-based payments.

33. Commitments

(a) Environmental Impact Study (EIA)

According to Supreme Decree 016-93-EM, effective since 1993, all mining companies must file an EIA before the Ministry of Energy and Mines (MEM). EIAs are prepared by environmental consultants registered before MEM. EIAs consider all the environmental controls that all mining entities will implement during the life of the mining units. All mining units of the Group have an approved EIA for their activities.

(b) Law of Mine Closure in Peru –

On October 14, 2004, the Peruvian government enacted the Law No.28090 which purpose is to regulate the obligations and procedures that Peruvians mining companies should comply for the elaboration, filling and implementation of the Mine Closure Plan, as well as to require the establishment of environmental guarantees to secure fulfillment of related mine closure plan. The corresponding ruling was approved on August 15, 2005 by means of Supreme Decree No.033-2005-EM.

Minsur S.A.
As of December 31, 2019, the provision for mine closure of the San Rafael, Pucamarca and Pisco units amounts to US$71,148,000 (US$59,962,000 as of December 31, 2018). See movement of this provision in note 20(b).

Compañía Minera Barbastro S.A.C.
As of December 31, 2019, the provision for mine closure of the Marta unit amounts to US$2,613,000 equivalent to S/8,669,000, (US$2,706,000, equivalent to S/9,144,000 as of December 31, 2018). See movement of this provision in note 20(b).

Mineração Taboca S.A.
According to environmental regulations in Brazil, Taboca has recognized a provision for mine closure of the mining unit of Pitinga and Pirapora for US$65,966,000 as of December 31, 2019 (US$46,291,000 as of December 31, 2018). See movement of this provision in note 20(b).

Marcobre S.A.C.
The subsidiary presented a Mine Closure Plan for its Mina Justa project, which was approved by the "General Direction of the Environmental Mining Matters" through Directorial Resolution No. 089-2019-MEM / DGAM on June 14, 2019. This mine closure plan covers progressive, final and post closure activities of the mine, so this plan constitutes a future commitment of Marcobre that amounts to a nominal value of US$41,137,554 which becomes an obligation when mining activities of development and operation have an impact on the current conditions of the concessions.

As of December 31, 2019, the provision for mine closure of the Mina Justa unit amounts to US$16,064,000.

Environmental remediation
Marcobre S.A.C.
As of December 31, 2019 and 2018, the subsidiary Marcobre already has the approval of the feasibility of the Mina Justa Project, so it presented to the "General Direction of the Environmental Mining Matters" a closure plan for its exploration activities, which was approved by Directive Resolution No. 325-2013 / MEM / AAM on September 3, 2013. In relation to this closure plan, as of December 31, 2019 and 2018, the subsidiary maintains a liability for environmental restoration of US$752,000 and US$713,000, respectively. See movement of this provision in note 20(c).

Minera Sillustani S.A.C.
The subsidiary has a Closure Plan for Environmental Liabilities approved by the Ministry of Energy and Mines (MINEM) through Directorial Resolution No. 154-2009-MEM of June 10, 2009, as well as a modification of its schedule, approved by means of Directorial Resolution No. 354-2010-MEM/AAM on November 2, 2010. The plan for closing the environmental liabilities of the Regina Mine is oriented to propose the pertinent measures for the remediation of the liabilities that are part of the project.

The closure plan for mining environmental liabilities of the subsidiary has been prepared in compliance with Law N ° 28271 "Law Regulating the Environmental Liabilities of Mining Activity" modified by Law N ° 28526, and its regulation, Supreme Decree N ° 059-2005-EM, modified by Supreme Decree N ° 003-2009-EM. Likewise, it has been developed taking into account the Guide for the Preparation of Mining Environmental Liabilities of the MINEM.

In compliance with this obligation, on December 29, 2016, the Company presented to the Ministry of Energy and Mines, the Closure Plan of the environmental liability of the Regina Mine, which was subscribed in Directorial Resolution No. 117-2017-MEM-DGAAM of April 17, 2017.

As of December 31, 2019, the provision for mine closure amounts to US$9,143,000 equivalent to S/30,327,946 (US$8,120,000 equivalent to S/24,655,000 as of December 31, 2018).

Mineração Taboca S.A.
According to environmental regulations in Brazil, the subsidiary Minera Taboca and Subsidiaries has recognized a provision for environmental remediation amounts to US$37,202,000 (US$33,567,000 as of December 31, 2018). See movement of this provision in note 20 (c).

(c) Community Support Agreement –
Minera Barbastro S.A.C.
On November 28, 2008, the subsidiary committed itself to the Rural Community of Tinyaccila, to carry out social and/or sustainable development works during the period in which it conducts its exploration and exploitation activities on the lands of the Community, on the basis of the following budget:

(i) From the first to the fifth year: US$19,000 per year.
(ii) From the sixth to the tenth year: US$23,000 per year.
(iii) From the eleventh to the fifteenth year: US$29,000 per year.
(iv) From the sixteenth to the twentieth year: US$36,000 per year.
(v) From the twenty-first to the twenty-fifth year: US$45,000 per year.

As of December 31, 2019, the subsidiary has been recognizing these disbursements as part of the exploration and study expenses in the consolidated statement of profit or loss.

Minera Sillustani S.A.C.
On September 17, 2009, the subsidiary committed itself to the Rural Community of Rio de la Virgen to carry out social and/or sustainable development works during the period in which it conducts its exploration and exploitation activities on the lands of the Community, on the basis of the following budget:

(i) From the first to the fifth year: US$17,000 per year.
(ii) From the sixth to the tenth year: US$21,000 per year.
(iii) From the eleventh to the fifteenth year: US$26,000 per year.

On June 18, 2013, the subsidiary committed itself to the Peña Azul Rural Community, to carry out social and/or sustainable development works during the period in which it conducts its exploration and exploitation activities on the lands of the Community, on the basis of the following budget:

(iv) From the first to the fifth year: US$36,000 per year.
(v) From the sixth to the tenth year: US$43,200 per year.
(vi) From the eleventh to the fifteenth year: US$51,840 per year.
(vii) From the sixteenth to the twentieth year: US$62,208 per year.

Both Agreements contemplate the creation of a "social management committee" in charge of: (i) determining the sustainable development works to be developed in the calendar year, (ii) prepare the budget and (iii) prepare the disbursement schedule.

As of December 31, 2019, the subsidiary has been recognizing these disbursements as part of the exploration and study expenses in the consolidated statement of profit or loss.

(d) Commitment of capital expenditures -
The capital expense that will be paid in the future, agreed on the date of the consolidated statement of financial position but not recognized in the consolidated statement of financial position is as follows:

	2019 US$(000)	2018 US$(000)
Property, plant and equipment	598,549	688,082

(e) Guarantee -

During 2018, the Marcobre subsidiary has obtained the financing of US$900,000,000 for the development and construction of the Mina Justa project, which is guaranteed by its shareholders Minsur S.A. e Inversiones Alxar S.A. Until December 31, 2019, the subsidiary has received disbursements of US$522,000,000 (US$72,000,000 as of December 31, 2018).

As of December 31, 2019, the Taboca subsidiary does not have any commitments assumed in relation to commercial transactions, nor does it have any guarantees, warranties or guarantees granted to financial institutions, with the exception of exchange contract advances (ACC), US$36,069,000 equivalent to R$145,105,000 (US$20,363,000 equivalent to R$79,000,000 as of December 31, 2018) and the export prepayment (PPE) for the amount of US$109,910,000 equivalent to R$442,168,000 (US$104,653,000 equivalent to R$406,000,000 as of December 31, 2018), with original maturity scheduled for October 2023. Additionally, the financial obligation of the Taboca subsidiary is guaranteed by Minsur S.A. for a total of US$183,000,000 as detailed in note 18(h).

(f) Commitment to future payments -

On August 6, 2004, the subsidiary Marcobre signed simultaneous contracts with Shougang Hierro Perú (SHP) and Rio Tinto Mining and Exploration Limited, Branch of Peru (Rio Tinto), to acquire the mining concessions, mining rights, option rights and technical studies referred to specific geographical area in the province of Nazca, dominated "Target Area 1". According to such contracts, it was established a fixed consideration (which was totally fully paid by the Company during 2007 and 2008), and a conditional consideration of US$10,000,000, which will be subject to the subsidiary Marcobre adopting the mining decision and as long as the mineral resources have a metallic content higher than 2.58 million of metric tons of copper (US$3,000,000 was paid) and 3.44 million metric tons of copper (opportunity when the difference of US$7,000,000 shall be paid).

With the objective to assure the conditional consideration mentioned in the paragraph above, the Group subscribed: (i) a mortgage on the mining concession of Target Area 1 for up to US$27,600,000 (which includes the amount of interest, legal fees, costs and expenses in the event necessary to start a legal process to execute the good subject to the guarantee), which will be effective until the Company had entirely fulfilled each and every one of the guaranteed obligations, and (ii) a pledge on shares issued on behalf of the shareholders of the subsidiary Marcobre.

On July 27, 2018, the parties agree to modify the Transfer Agreement of Target Area 1, release the guarantees contained in the contract, replacing the guarantees, the buyer will deliver 4 bank guarantee letters, 2 bank guarantee letters in favor of Rio Tinto, one for the amount of US$2,035,500, and other for US$4,749,500, 2 letters passes Shougang Hierro Perú (SHP), one for the amount of US$1,275,000, and other for US$2,975,000, to guarantee the timely and faithful payment of the payment conditioned in the clauses of the transfer contract of Target 1.

During year 2017, the Group determine the account payable related to these contracts, concluding that it amounts to US$3,000,000 (US$1,275,000 to Shougang Hierro Perú and US$1,725,000 to Rio Tinto respectively), which was paid during the year 2018.

During 2019, Shougang Hierro Perú and Rio Tinto hired an independent auditor to validate the mineral resources reported by the Management of the subsidiary Marcobre. As of the date of these consolidated financial statements, the results of the audit are under review by all parties involved. The Group does not expect to make an additional disbursement in relation to this commitment.

34. Contingencies

Peruvian entities -

(a) During 2019, the Tax Court notified to the Company the Resolution Nº 10924-1-2019 regarding the tax processes of the 2016 for the Regularization of Income Tax and Payments on Income Tax for both exercises, by which certain repairs are declared void. The Tax Administration has not yet issued the Compliance Resolution for the return of the amounts paid.

During 2019, the Company made the payment under protest of determination resolutions Nº120030029077 and Nº 0120020022520 for S/12,815,000 (equivalent to US$3,886,000) for various assessments made by the Tax Administration related to the income tax of the 2008 period carried out in previous years. Consequently, the Company recognized S/6,779,000 (equivalent to US$2,056,000) related to interest as financial expense, see note 30, S/6,036,000 (equivalent to US$1,830,000) as a higher income tax, see note 21(b). In our opinion and in the opinion of our legal advisors, the Company will obtain a favorable result in the appeal stage before the Tax Court.

During 2019, with respect to the appeal presented by the Company to the tax authorities for fiscal years 2004 and 2005, the Tax Administration issued the Intendance Resolutions Nº 012-180-0018290, 012-180-0018291, 012-180- 0018292, 012-180-0018299, 012-180-0018300, 012-180-0018302 and 012-180-0018303 which ordered the refund of where it was arranged that the return of S/37,802,000 (equivalent to US$11,250,000); the amount of S/24,235,000 (equivalent to US$7,213,000) was recognized related to interest on income tax payments and payments on in advance improperly made as financial income, see note 30, S/7,879,000 (equivalent to US$2,344,000) as a lower income tax, see note 21(b) and the balance of S/5,688,000 (equivalent to US$1,693,000) corresponding to the refund of fines as other income, see note 29.

During 2018, with respect to the appeal filed by the Company to the tax authorities for the fiscal year 2002, the Tax Court notified Resolution Nº. 04937-9-2018, by which on October 5, 2018 issued the resolutions of Intendency Nº 012-180-0017562 and 012-180-0017563, which ordered the refund of S/202,018,000 (equivalent to US$61,181,000) and S/48,417,000 (equivalent to US$14,663,000), respectively; the amount of S/142,326,000 (equivalent to US$43,103,000) corresponded to interests that were recognized as financial income, see note 30, and the balance of S/108,109,000 (equivalent to US$32,741,000) was recognized as a lower income tax expense, see note 21(b).

In addition, the Company has recognized in its consolidated statement of profit or loss other tax refunds related to VAT and income tax amounting to S/55,779,000 (equivalent to US$16,736,000), from which S/44,638,000 (equivalent to US$13,375,000) corresponded to interest, see note 28, S/6,844,000 (equivalent to US$2,053,000) corresponded to VAT and fines which were recognized as other income, see note 29, and the balance of S/4,297,000 (equivalent to US$1,277,000) was recognized as a lower income tax expense, see note 21(b).

(b) Sanctioning administrative processes -
During year 2019, and prior years, the Group has received some notifications from the Agency for Assessment and Environmental Control ("OEFA" for its acronym in Spanish), Ministry of Production ("PRODUCE" for its acronym in Spanish) and Supervisor Organization of Investment in Energy and Mining ("OSINERGMIN" for its acronym in Spanish), respectively. Such notifications are related to breaches of the procedures for the protection and conservation of the environment and the rules of mining health and safety. As of December 31, 2019, the administrative sanctions from OEFA, PRODUCE and OSINERGMIN amounted to 184 tax units – TU, equivalent to US$233,000 as of December 31, 2019 (336 tax units – TU, equivalent to US$469,000 as of December 31, 2018). In relation to these notifications, the Group has appealed these sanctions, being currently pending of resolution by OEFA, PRODUCE and OSINERGMIN.

Management and its legal counsels have analyzed these processes and they have estimated a probable contingency of US$232,000 (US$335,000 as of December 31, 2018), which is presented under "Provisions" in the Consolidated statements of financial situation (refer to note 20(d.1)).

Brazilian entities -
Mineração Taboca S.A. and its subsidiary have tax, labor, and other contingencies which are classified as possible. The main possible contingencies are detailed bellow:

(a) Lawsuit with Banco Santos
Mamore, the subsidiary of Taboca, is involved in five lawsuits initiated by Banco Santos, Fund Basa de Investimento Financiero and Mellon Aroveredo Fundo de Investimento Multimercado Previdenciario (Mellon Aroveredo) in relation to an alleged failure to pay credit agreements originally signed with Banco Santos during the years 2005 to 2007. These five claims include three lawsuits in which it is jointly involved with Mamoré, the former parent company Paranapanema. Of all these claims, in the opinion of the Group's and Management's legal advisors have a risk of loss classified as possible and amount to approximately R$70,073,000 equivalent to approximately US$17,431,000 (R$104,416,000 equivalent to US$26,914,000 as of December 31, 2018).

(b) Civil, Labor and tax proceedings -
Taboca and its subsidiaries have civil, labor and tax processes that involve risk of potential losses according to the assessment made by management and its legal counsel, consequently for those possible contingencies were not made any provision which amount to R$31,176,929, R$30,331,901 and R$133,999,000, respectively (equivalent to approximately, US$7,755,454, US$7,545,000 and US$33,333,000 as of December 31, 2019, (R$9,029,000 R$4,213,000 and R$177,307,000, respectively (equivalent to approximately US$2,327,000, US$1,086,000 and US$45,704,000) as of December 31, 2018).

As of December 31, 2019, the Group has other labor lawsuits that amount to US$552,000 (US$2,120,000 as of December 31, 2018) in our opinion and in the opinion of our legal advisors the possibility of progress of this legal actions is possible, therefore the Company did not record any provision for this labor claims as of December 31, 2019.

35. Segment information

Management has determined the operating segments of the Group on the basis of the reports used for decision making. Management considers business units based on their products, activities and geographical location:

- Production and marketing of tin extracted from Peru.
- Production and marketing of tin extracted from Brazil.
- Production and marketing of gold extracted from Peru.
- Other mining exploration activities in Peru and Chile.

No operating segments have been aggregated to form the above reportable operating segments.

See note 24 of the consolidated financial statements for more information about the main clients

All the non-current assets are located in Perú, Brazil and Chile.

Management monitors the profit (loss) before tax for each business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit (loss) before income tax and is measured consistently with income (loss) in the consolidated statements of profit or loss.

	Tin and Gold (Peru)							
	Tin (Peru) US$(000)	Gold (Peru) US$(000)	Other non-allocable (Peru) US$(000)	Total (Peru) US$(000)	Tin (Brasil) US$(000)	Mining exploration (Peru and Chile) US$(000)	Adjustments and Eliminations US$(000)	Total Consolidated US$(000)
Year 2019								
Results:								
Net sales from third parties	379,831	149,972	-	529,803	181,965	-	(280)	711,488
Cost of sales	(195,797)	(91,534)	-	(287,331)	(158,967)	-	280	(446,018)
Administrative expenses	(28,467)	(12,878)	-	(41,345)	(13,364)	(452)	289	(54,872)
Selling expenses	(4,421)	(1,374)	-	(5,795)	(2,419)	-	-	(8,214)
Exploration and evaluation expenses	(21,669)	(2,652)	-	(24,321)	(210)	(17,076)	-	(41,607)
Other expenses, net	-	-	(3,113)	(3,113)	4,829	(4,112)	(289)	(2,685)
Operating income	129,477	41,534	(3,113)	167,898	11,834	(21,640)	-	158,092
Profit before income tax	-	-	123,281	123,281	(14,371)	(23,114)	34,263	120,059
Income tax	-	-	(58,830)	(58,830)	(3,689)	5,295	-	(57,224)
Net profit	-	-	64,451	64,451	(18,060)	(17,819)	34,263	62,835
Assets:								
Cash and cash equivalents	-	-	79,364	79,364	2,822	50,999	-	133,185
Other financial assets	-	-	212,686	212,686	-	-	-	212,686
Trade accounts receivable	44,401	-	-	44,401	12,827	-	-	57,228
Inventory, net	54,173	19,679	-	73,852	40,440	3,346	-	117,638
Current assets	98,574	19,679	442,364	560,617	72,130	120,837	(434)	753,150
Property, plant and equipment, intangibles and right-of-use asset, net	374,979	112,400	14,058	501,437	249,320	1,428,902	-	2,179,659
Total assets	473,553	132,079	1,347,930	1,953,562	381,818	1,949,872	(825,832)	3,459,420
Liabilities:								
Financial obligations	-	-	443,431	443,431	149,674	502,282	-	1,095,387
Current liabilities	-	-	141,256	141,256	97,996	168,512	(434)	407,330
Total liabilities	-	-	669,613	669,613	337,210	823,284	(8,375)	1,821,732

Other disclosures:

	Tin and Gold (Peru)							
	Tin (Peru) US$(000)	Gold (Peru) US$(000)	Other non-allocable (Peru) US$(000)	Total (Peru) US$(000)	Tin (Brasil) US$(000)	Mining exploration (Peru and Chile) US$(000)	Adjustments and Eliminations US$(000)	Total Consolidated US$(000)
Additions of property, plant and equipment, intangibles and right-of-use asset	145,158	14,754	695	160,607	59,099	757,654	-	977,360
Depreciation and amortization (included in costs and expenses)	24,921	42,749	1,171	68,841	36,800	131	-	105,772
Operating activities	-	-	175,098	175,098	6,547	(72,414)	-	109,231
Investing activities	-	-	(225,223)	(225,223)	(23,285)	(689,271)	197,390	(740,389)
Year 2018								
Results:								
Net sales from third parties	360,577	130,870	-	491,447	202,326	-	-	693,773
Cost of sales	(172,592)	(71,714)	-	(244,306)	(164,059)	-	(3,243)	(411,608)
Administrative expenses	(24,680)	(10,255)	-	(34,935)	(14,688)	(285)	(1,252)	(51,160)
Selling expenses	(2,665)	(1,107)	-	(3,772)	(860)	-	(3,031)	(7,663)
Exploration and evaluation expenses	(19,383)	(8,054)	-	(27,437)	(35)	(10,036)	-	(37,508)
Other expenses, net	-	-	(6,007)	(6,007)	690	(11,679)	(2,346)	(19,342)
Operating income	141,257	39,740	(6,007)	174,990	23,374	(22,000)	(9,872)	166,492
Profit before income tax	-	-	164,362	164,362	510	(25,660)	33,475	172,687
Income tax	-	-	(20,247)	(20,247)	(3,140)	(11,604)	(29,517)	(64,508)
Net profit	-	-	144,115	144,115	(2,630)	(37,264)	3,958	108,179
Assets:								
Cash and cash equivalents	-	-	200,147	200,147	3,463	48,307	-	251,917
Other financial assets	-	-	309,678	309,678	-	-	-	309,678
Inventory, net	51,971	21,781	-	73,752	39,024	3,400	-	116,176
Current assets	106,683	21,781	678,910	807,374	58,442	79,046	(2,056)	942,806
Property, plant and equipment, intangibles and right-of-use asset, net	264,618	140,152	6,820	411,590	217,844	685,110	(1,955)	1,312,589
Total assets	371,301	161,933	1,418,918	1,952,152	638,440	902,753	(685,550)	2,807,795
Liabilities:								
Financial obligations	-	-	461,899	461,899	146,063	73,042	-	639,622
Current liabilities	8,828	-	123,862	132,690	74,370	131,564	(3,978)	334,646
Total liabilities	47,833	20,217	580,241	648,291	304,891	327,670	(11,380)	1,269,472
Other disclosures:								
Additions of property, plant and equipment, intangibles and right-of-use asset	116,129	29,738	460	146,327	32,009	286,708	-	465,044
Depreciation and amortization (included in costs and expenses)	29,358	38,114	-	67,472	30,213	2,592	-	100,277
Operating activities	-	-	213,616	213,616	51,750	(21,787)	-	243,579
Investing activities	-	-	(55,384)	(55,384)	(22,674)	(210,720)	-	(288,778)

Geographic information

The following table presents net sales of tin, other minerals and gold by geographic region:

	2019 US$(000)	2018 US$(000)
Tin and other minerals		
Europe	231,571	255,642
America	207,273	184,720
Asia	85,901	91,400
Brazil	24,564	27,054
Peru	4,558	3,629
Gold		
United states	149,972	130,870
	703,839	693,315
Profit of derivate financial instruments	7,649	458
	711,488	693,773

36. Financial instrument risk management, objectives and policies

36.1. Financial risk factors -

The Group's main financial liabilities, other than derivatives, comprise financial liabilities, trade payables and other payables. The main purpose of the financial liabilities is to finance the Group's operations. The Group's main financial assets include cash and term deposits and trade and other receivables that derive directly from its operations. The Group also holds financial assets at fair value through other comprehensive income.

Due to the nature of its activities, the Group is exposed to market, credit, liquidity and capital management risks, which are managed by senior management through a process of continuous identification, measurement and monitoring, subject to limits of risk and other controls. This risk management process is critical for the continued profitability of the Group and each person within the Group is responsible for risk exposures related to their responsibilities. The independent risk control process does not include business risks such as changes in the environment, technology and industry, which are monitored through the strategic planning process of the Group.

(i) Market risks-

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices involve three types of risk: the risk of exchange rate, the interest rate risk and price risk. Financial instruments affected by market risk include bank deposits and time deposits, receivables and payables in currencies other than US dollar, financial asset at fair value, financial derivative instruments and borrowings.

The sensitivity analyzes included in the following sections relate to the financial situation as of December 31, 2019 and 2018.

This sensitivity analyzes have been prepared on the basis that the amount of debt, the ratio of fixed-to-floating interest rates and the proportion of financial instruments in foreign currencies are all constants to December 31, 2019 and 2018.

Foreign currency risk –

The Group operates internationally and its exposure to exchange risk results from its operations carried out in currencies other than its functional currency. The transactions of the Group are mainly settled in U.S. dollars, Brazilian reales and soles. Although to a lesser extent, the Group also has operations in other currencies such as Chilean pesos. As a result, the Group is exposed to the foreign exchange risk fluctuation.

Management assumes the risk of change with the product of operations; that is, it does not perform hedging operations with derivative financial instruments to cover its exchange risk.

The following table shows the sensitivity in the results of the Group in the years 2019 and 2018 if the Brazilian reales and Peruvian soles had revalued/devalued 10 percent with respect to US dollar.

Year	Revaluation/ devaluation in the exchange rate	Effect on profit before income tax US$(000)
2019	10%	4,047
	-10%	(4,047)
2018	10%	2,563
	-10%	(2,563)

Interest rate risk –
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in market interest rates.

As of December 31, 2019 and 2018, the corporate bonds of the Group have a fixed effective interest rate. Nevertheless, the subsidiary Marcobre subscribed variable rate loans to mitigate the risk of variation of the interest rate, in this respect the Group has subscribed derivative financial instruments see note 36, consequently, the Management has evaluated that it is not relevant to carry out an analysis of sensitivity to changes in interest rates.

Price risk –
Investments:
The Group is exposed to the risk of fluctuation in the prices of its investments maintained and classified in its consolidated statement of financial position at fair value through profit and loss and financial assets through other comprehensive income. The Management diversifies its investment portfolio in order to reduce its exposure to price risk. The diversification of the portfolio is carried out in accordance with the limits established by Management.

As of December 31, 2019 and 2018, the Group does not hold balances in financial assets at fair value through profit or loss.

Changes risk in mineral prices –
The international tin price has a significant impact on the results of operations of the Group. These tin and gold prices historically have fluctuated and are influenced by factors beyond the control. The Group manages its price risk primarily through the use of sales commitments under customer contracts and underwriting derivative contracts for the metals it markets.

The Group has price risk from its sales contracts established at provisional prices, subject to a future price in a given month, based mainly on the average monthly price in the LME. To the extent that the final price is higher or lower initially provisionally recorded, the increase or decrease in income is recorded at each date of the financial report until the date of the final settlement.

The Company and the subsidiary Mineração Taboca entered into derivative contracts that qualify as cash flow hedges, with the intention of covering the risk resulting from the fall in prices of tin and gold. These derivative contracts were recorded as assets or liabilities in the statement of financial position and are presented at fair value. To the extent that these hedges were effective to offset future cash flows from the sale of related production, changes in fair value were deferred in an equity account. Deferred amounts were reclassified to sales when the corresponding production was sold.

As of December 31, 2019, as a result of having carried out such hedging transactions, the Group has recognized an account receivable for R$25,994,000 (R$75,654,000 as of December 31, 2018) and an account payable for R$13,840,485 (R$145,681,000 at December 31, 2018), originated by the subsidiary Mineração Taboca and US$116,000, from the Company.

The table below summarizes the impact on earnings before income tax for changes in the tin price. This analysis is based on the presumption that the price of tin has increased or decreased by 10 percent, while the rest of the variables remain constant.

Year	Increase/decrease of price	Effect on profit (loss) before income tax
		US$(000)
2019	10%	4,792
	-10%	(4,792)
2018	10%	1,941
	-10%	(1,941)

(ii) Credit risk -

The Group's financial assets potentially exposed to credit risk concentrations are mainly banked deposits and trade receivables. With regard to bank deposits, the Group reduces the probability of significant credit risk because its deposits are held in first class financial institutions and limits the amount of exposure to credit risk in any financial institutions.

With regard to trade receivables, there are no significant concentrations. The Group has established policies to ensure that the sale of its production is made to clients with an adequate credit history. The maximum exposure to credit risk of the consolidated statement of financial position as of December 31, 2019 and 2018 is given by the balance of the captions cash and cash equivalents, trade and other receivables.

Financial instruments and bank deposits -

The credit risk in bank balances is managed by the Chief Financial Officer in accordance with Group policies. The counterparty credit limits are reviewed by Management and the Board. The limits are established to minimize the risk concentration and therefore mitigate financial losses from potential default of the counterparty.

Changes in the liabilities of financing activities -

Below we present the reconciliation of the movements in the financial obligations and the financing:

	Balance as of January 1, 2019 US$(000)	Cash flow US$(000)	Additions US$(000)	Translation US$(000)	Amortized cost application r US$(000)	Balance as of December 31, 2019 US$(000)
Corporate bonds	442,075	-	-	-	1,356	443,431
Bank loans	197,546	(35,303)	509,323	(2,228)	(17,383)	651,956
Leases	32,503	(19,340)	26,204	297	-	39,663
Total liabilities for financing activities	672,124	(54,643)	535,527	(1,931)	(16,027)	1,135,050

	Balance as of January 1, 2018 US$(000)	Cash flow US$(000)	Additions US$(000)	Translation US$(000)	Amortized cost application and others US$(000)	Balance as of December 31, 2018 US$(000)
Corporate bonds	440,833	-	-	-	1,242	442,075
Bank loans	147,865	(97,207)	151,086	(1,862)	(2,335)	197,547
Leases	25,619	(16,641)	25,722	3	(2,201)	32,502
Total liabilities for financing activities	614,317	(113,848)	176,808	(1,859)	(3,294)	672,124

Trade accounts receivable -
The credit risk of the clients is managed by the Management, subject to duly established policies, procedures and controls. The outstanding balances of accounts receivable are periodically reviewed to ensure their recovery. The Group's tin and gold sales are made to foreign customers located mainly in Europe and the United States, respectively. And due that does not have significant sales concentration (see note 24) if has limited credit risk exposition.

Others accounts receivable -
Accounts receivable other than the tax credit for value added tax and other tax credits correspond to outstanding balances for items that are not related to the Group's main operating activities. The Group' Management continuously monitors the credit risk of these items and periodically evaluates those debts that show impairment to determine the provision required for collectability.

(iii) Liquidity risk –
The prudent management of liquidity risk involves maintaining sufficient cash and cash equivalents, the availability of financing through an adequate number of committed sources of financing and the ability to close market positions. In this sense, the Group does not have significant liquidity risks since historically the cash flows of its operations have allowed it to maintain sufficient cash to meet its obligations.

The Group permanently monitors liquidity reserves based on the analysis of its working capital (liquidity ratio) and projections of its cash flows that take into consideration the future prices of the products it commercializes and the costs necessary for its production and sale.

The following table shows the maturities of liabilities in the consolidated statement of financial position as of December 31, 2019 and 2018:

	On demand US$(000)	Due in minus than 1 year US$(000)	Due within 1 to 5 years US$(000)	Due in more than 5 years US$(000)	Total US$(000)
As of December 31, 2019					
Financial obligations:					
Principal	-	48,870	1,042,823	3,694	1,095,387
Leases	-	16,580	14,773	8,310	39,663
Future interest	-	49,410	144,279	4,379	198,068
Trade and other payables	-	241,369	23,391	17,065	281,825
Total	-	356,229	1,225,266	33,448	1,614,943
As of December 31, 2018					
Financial obligations:					
Principal	-	19,850	176,873	449,061	645,784
Leases	-	14,734	19,059	1,427	35,220
Future interest	-	36,686	139,707	13,103	189,496
Trade and other payables	-	230,178	13,463	23,041	266,682
Total	-	301,448	349,102	486,632	1,137,182

36.2. Capital risk management –
The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its shareholders, benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The policy of the Group consists on financing all its projects with a conservative mix of own cash resources and debt. With this objective the Group' Management use to make capital contributions and/or loans to its subsidiaries in Peru, Chile and Brazil, the additional needs are covered by bank loans. In order to achieve this, the Group periodically capitalizes its earnings and if necessary adjusts the amount of the dividends payable to its shareholders. There were no changes in the Group's objectives, policies and procedures during the year ended December 31, 2019.

37. Financial derivative instruments

(a) Since interest payments for loans obtained by the subsidiary Marcobre during the year 2018 (see note 17) are subject to variations due to being indexed at a variable interest rate, the Group decided to take a hedging strategy called bottom layer hedge or layered hedging strategy, by which it prospectively covers the Group's cash flows, which qualify as highly probable forecast transactions, with three different tranches (with swaps and caps options) distributed as follows:

- Tranch 1: From December 31, 2018 to June 30, 2021, it covers 50% with a swap and 20% with the cap N° 1.
- Tranch 2: Between June 30, 2021 and June 30, 2023, cover 35% with a swap and 45% with the cap N° 1.
- Tranch 3: After June 2023 until December 31, 2025 covers 80% with the cap N° 2.

(b) These "Cap interest rate" and "Interest rate swap" contracts were subscribed for a maximum amount of US$720,000,000, which covers 80% of the subsidiary Marcobre's loan.

The total cost of the premiums for the Cap N° 1 and Cap N° 2 options during the year 2018 was US$3,964,000, which will be accrued during the term of the options (see note 7). The payment of the option premium was financed within 4 years (see note 17).

Entity	Value Reference (maximum) US$(000)	Agreed rate %
Natixis Bank		
Interest Rate Swap	450,000	2.866%
Societe Generale Bank		
Interest Rate Cap N°1	405,000	3.332%
Interest Rate Cap N°2	208,526	3.362%

		Hedged value	
		2019 US$(000)	2018 US$(000)
Cash flow hedge -			
Interest rate swap (d)	From December 2018 to June 2023	17,593	30,500
Cap 1 – Interest rate (d)	From December 2018 to June 2023	13,297	21,457
Cap 2 – interest rate (d)	From June 2023 to September 2025	5,322	7,844
Total		36,212	59,801

(c) As of December 31, 2019, the Group through its subsidiary Marcobre has recognized an account payable for the fair value of the derivative financial instruments in the amount of US$15,297,000 of which US$5,818,000 has current maturity and US$9,479,000 has non-current maturity (US$9,190,000 as of December 31, 2018 of which US$9,190,000 had non-current maturity), whose impact on other comprehensive income was as follows:

	Effect on other comprehensive income Income (expense)	
	2019 US$(000)	2018 US$(000)
Derivatives of interest rates -		
Interest rate swap	8,129	4,247
Cap 1 – Interest rate	1,120	3,203
Cap 2 – interest rate	823	1,740
Other effects	(539)	-
	9,533	9,190
(-) Deferred income tax	(2,479)	(2,389)
Net effect	7,054	6,801

(d) The subsidiary Taboca maintains derivative financial instruments, exchange rate swaps, Zero Cost Collar of exchange rate and NDF (Non-Deliverable Forward) with the objective of protecting and managing the risks inherent in the variation of foreign currency (dollar in the case of Taboca) and prices of tin commodities. These operations aim to reduce the exchange exposure and the significant changes in the prices of raw materials. As of December 31, 2019, the net fair value of these derivatives amounts to US$3,020,000 equivalent to R$12,154,000 (US$4,408,000 equivalent to R$16,990,000 as of December 31, 2018).

(e) Gold price coverage -

The Company signed contracts that include derivative financial instruments with the objective of reducing the risk on cash flows attributable to the fluctuation of the gold price, from January 2020 to December 2024.

The Company has designated these derivatives as cash flow hedges, given that it has determined that there is an adequate economic relationship between the hedging instruments and the hedged items, which are highly probable.

Below is the composition of the transactions to be settled that are part of the liability for an instrument derived from coverage as of December 31, 2019:

Metal	Instrument	Expiration period	Covered volume Oz	Agreed price US$/oz	Estimated price US$/oz	Fair value US$(000)
Gold	Zero Cost Collar					
		Year 2020	57,800	1,450 – 1,577	1,535	(2)
		Year 2021	46,900	1,450 – 1,639	1,563	(1)
		Year 2022	55,740	1,450 – 1,700	1,581	(1)
		Year 2023	52,941	1,450 – 1,746	1,600	(1)
		Year 2024		1,450 – 1,775	1,618	-
						(5)

The effective portion of the variations in the fair value of derivative financial instruments that qualify as hedging are recognized as assets or liabilities, with net equity as their counterpart. As of December 31, 2019, the Company recognized in the heading "Unrealized results" of the consolidated statement of changes in equity a negative variation in the fair value of approximately US$5,000, which is presented net of the effect on the income tax, respectively.

(f) Currency Forward -

The Company maintains a forward currency contract, which covers the variation in cash flow caused by the fluctuation in the exchange rate of a term deposit for S/49,500,000 plus interest, due in January 2020. As of December 31, in 2019 and 2018, the fair value of this instrument is a net passive position for US$86,000 and US$367,000, respectively.

(g) The following is the classification according to its expiration as of December 31, 2019 and 2018:

Instruments- Year 2019	Nature	Current US$(000)	Non- Current US$(000)	Total US$(000)
Exchange rate- Minsur	Asset	28	-	28
Price and exchange rate hedges- Taboca	Asset	6,118	343	6,461
Total assets		6,146	343	6,489
Interest rate - Marcobre	Liability	5,818	9,479	15,297
Price and exchange rate hedges - Minsur	Liability	117	2	119
Price and exchange rate hedges - Taboca	Liability	1,437	2,004	3,441
Total liability		7,372	11,485	18,857

Instruments- Year 2018	Nature	Current US$(000)	Non- Current US$(000)	Total US$(000)
Exchange hedge - Minsur	Asset	367	-	367
Price and exchange rate hedges - Taboca	Asset	2,684	-	2,684
Total assets		3,051	-	3,051
Interest hedge - Marcobre	Liability	-	9,190	9,190
Price and exchange rate hedges - Taboca	Liability	6,772	-	6,772
Total liability		6,772	9,190	15,962

38. Financial asset and financial liabilities

(a) Financial assets and liabilities –

	2019 US$(000)	2018 US$(000)
Financial assets at fair value through other comprehensive income, note 9:		
Certificates and commercial papers	81,459	100,162
Mutual funds with public quotation	29,234	25,416
Total	110,693	125,578

Financial assets –
Financial instruments at fair value through profit or loss and the financial instruments at fair value through other comprehensive income reflect fair value of the assets.

Except financial instruments at fair value through profit or loss and financial instruments at fair value through other comprehensive income, all financial assets of the Group which included cash and cash equivalents and trade and other receivables are classified in the category of loans and receivables are held to maturity and generate revenue for fixed or variable interest. The carrying value may be affected by changes in the credit risk of the counterparties.

Financial liabilities -
All financial liabilities of the Group, excepting the embedded derivative from tin sales, include trade and other payables and Senior Notes which are classified as loans and borrowings and are carried at amortized cost.

(b) Fair values -
The fair value of the financial instruments is defined by the at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under the assumption that the entity is a going concern.

The following methods and assumptions were used to estimate the fair values:

Financial instruments whose fair value is similar to the carrying book value -
For financial assets and liabilities that are liquid or have short maturities (less than three months), as cash and cash equivalents, trade and other receivables, net trade and other accounts payable and other current liabilities are considers that the carrying value is similar to fair value.

Financial instruments at fixed and variable rate -
The fair value of financial assets and liabilities that are subject to fixed and variable rates is determined by comparing the interest rates at inception with the current market interest rates for similar instruments. The fair value of deposits that yield interest are determined by using the discounted cash flows method by using market interest rates in the prevalent currency, and similar maturities and credit risks.

Based on the above, a comparison between the carrying amounts and fair values of financial instruments of the Group presented in the consolidated statement of financial position is established. The table does not include the fair values of non-financial assets and liabilities:

	Carrying book value		Fair value	
	2019 US$(000)	2018 US$(000)	2019 US$(000)	2018 US$(000)
Financial assets				
Cash and cash equivalents	133,185	251,917	133,185	251,917
Trade and other receivables, net	73,323	92,948	73,323	92,948
Derivative financial instruments	6,489	3,051	6,489	3,051
Financial assets at fair value through other comprehensive income	110,693	125,578	110,693	125,578
Total financial assets	323,690	473,494	323,690	473,494
Financial liabilities				
Financial obligations:				
Corporate bonds	443,431	442,075	496,013	474,696
Other financial obligations	651,956	206,427	651,956	206,427
Trade and other payables	281,507	258,475	281,507	258,475
Derivative financial instruments	18,857	15,962	18,857	15,962
Total financial liabilities	1,395,751	922,939	1,448,333	955,560

(c) Fair value measurement
All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each Consolidated Financial Statements.

The following table provides the fair value measurement hierarchy of the Group´s assets and liabilities as of December 31, 2019 -

		Measurement at fair value using		
	Total US$(000)	Quoted prices in active markets (Level 1) US$(000)	Significant observable inputs (Level 2) US$(000)	Significant unobservable inputs (Level 3) US$(000)
As of December 31, 2019				
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income	110,693	110,693	-	-
Derivative financial instrument	6,849	6,849	-	-

During the year ended December 31, 2019 there have been no transfers between levels of fair value.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as of December 31, 2018 –

		Measurement at fair value using		
	Total US$(000)	Quoted prices in active markets (Level 1) US$(000)	Significant observable inputs (Level 2) US$(000)	Significant unobservable inputs (Level 3) US$(000)
As of December 31, 2018				
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income	125,578	125,578	-	-
Derivative financial instrument	3,051	3,051	-	-

During the year ended December 31, 2018 there have been no transfers between levels of fair value.

39. Subsequent events

During of February 2020, the Breca Group signed a purchase and sale agreement whereby it will transfer a large part of its representative shares to Orica Mining Service Perú S.A., being Minsur S.A. holder of a percentage of said shares. The effects of this transaction will be recognized in the consolidated financial statements for the year 2020.

Except as indicated in the preceding paragraph, during January 1, 2020 and the date of issuance of the consolidated financial statements (February 28, 2020), there have been no significant subsequent events of a financial accounting nature that may affect the interpretation of these consolidated financial statements.

40. Explanation added for translation to English language

The accompanying consolidated financial statements were originally issued in Spanish and are presented on the basis of International Financial Reporting Standards "IFRS" as described in Note 2. These consolidated financial statements should be read in conjunction with the Spanish consolidated financial statements, in the event of a discrepancy the Spanish language version prevails.

Nº 0087468

COLEGIO DE CONTADORES PÚBLICOS DE LIMA

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R.U.C. 20106620106

Nº **87468**

Constancia de Habilitación

La Decana y el Director Secretario del Colegio de Contadores Públicos de Lima, que suscriben, declaran que en base a los registros de la institución, se ha verificado que

PAREDES, BURGA & ASOCIADOS S. CIVIL DE R.L.
MATRÍCULA: S0761
FECHA DE COLEGIATURA: 05/11/2002

Se encuentra, hábil a la fecha, para el ejercicio de las funciones profesionales que le faculta la Ley Nº 13253 y su modificatoria Ley Nº 28951 y conforme al Estatuto y Reglamento Interno de este Colegio; en fe de lo cual y a solicitud de parte, se le extiende la presente constancia para los efectos y usos que estime conveniente. Esta constancia tiene vigencia hasta el **31/03/2020**

Lima, **12 de Abril de 2019**

CPCC Elsa Rosario Ugarte Vásquez
Decana

CPCC Moisés Manuel Penadillo Castro
Director Secretario

Verifique su validez en: www.ccpl.org.pe

Comprobante de Pago: .....

Verifique la validez del comprobante de pago en: www.sunat.gob.pe

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About EY
EY is the global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies over the world. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

For more information, please visit ey.com/pe

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Translation of a report and consolidated financial statements originally issued in Spanish - See Note 39 to the consolidated financial statements

Minsur S.A. and Subsidiaries

Consolidated financial statements as of December 31, 2020 and 2019, together with the Independent Auditors' Report

Building a better working world

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 39 to the consolidated financial statements

Minsur S.A. and Subsidiaries

Consolidated financial statements as of December 31, 2020 and 2019, together with the Report of the Independent Auditors'

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Independent Auditors' Report

To the Shareholders of Minsur S.A. and Subsidiaries

We have audited the accompanying consolidated financial statements of Minsur S.A. (a Peruvian entity, subsidiary of Breca S.A.C.) and Subsidiaries (together the "Group"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019 and the related consolidated statements of profit or loss, other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended on these dates, and a summary of significant accounting policies and other explanatory information (see attached notes 1 to 39).

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Auditing Standards approved in Peru by the Board of Deans of the Peruvian Charter of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

Building a better working world

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 39 to the consolidated financial statements

Independent Auditors' Report (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of Minsur S.A. and Subsidiaries as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years ended on these dates, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

Lima, Peru,
February 17, 2021

Countersigned by:

Paredes, Burga & Asociados

Raúl Del Pozo
C.P.C.A. Register N°22311

Minsur S.A. and Subsidiaries

Consolidated statements of financial position

As of December 31, 2020 and 2019

	Note	2020 US$(000)	2019 US$(000)
Assets			
Current assets			
Cash and cash equivalents	6	257,410	133,185
Other financial assets	6	90,576	212,686
Trade and other receivables, net	7	136,081	168,885
Derivative financial instruments	36(g)	685	6,146
Inventory, net	8	109,696	117,638
Financial assets at fair value through other comprehensive income	9	21,735	105,415
Income tax prepayments	20(e)	6,272	3,420
Non-current assets held for sale	2.4(e) and 12(e)	5,921	-
Prepaid expenses and taxes	10	3,944	5,775
		632,320	753,150
Non-current assets			
Trade and other receivables, net	7	87,259	80,611
Inventory, net	8	49,883	13,384
Derivative financial instruments	36(g)	237	343
Financial assets at fair value through other comprehensive income	9	4,950	5,278
Prepaid expenses and taxes	10	4,990	16,674
Investments in associates	11	276,691	263,181
Property, plant and equipment, net	12	1,888,193	1,568,219
Intangible assets, net	13	675,653	573,420
Right-of-use asset, net	14	28,780	38,020
Deferred income tax assets, net	20	125,664	147,140
Total non-current assets		3,142,300	2,706,270
Total assets		3,774,620	3,459,420

	Note	2020 US$(000)	2019 US$(000)
Liability and equity			
Current liabilities			
Borrowings	17	150,923	48,870
Income tax payable	20(e)	-	4,564
Lease liabilities	18	10,265	16,583
Trade and other payables	16	270,448	294,804
Derivative financial instruments	36(g)	41,653	7,372
Provisions	19	30,749	35,137
Total current liabilities		504,038	407,330
Non-current liabilities			
Non-current borrowings	17	1,209,869	1,046,517
Non-current portion of the lease Liabilities	18	19,922	23,080
Trade and other payables	16	26,839	33,261
Derivative financial instruments	36(g)	44,288	11,485
Non-current provisions	19	192,903	197,692
Deferred income tax liabilities, net	20	97,285	102,367
		1,591,106	1,414,402
Total liabilities		2,095,144	1,821,732
Equity	21		
Capital stock		601,269	601,269
Investment shares		300,634	300,634
Legal reserve		120,261	120,261
Reinvested earnings		39,985	39,985
Other reserves		42,586	45,676
Facultative reserves		424	424
Cumulative translation reserve		(222,306)	(221,007)
Unrealized results		(64,148)	(14,565)
Retained earnings		420,915	411,272
Equity attributable to equity holders of the parent		1,239,620	1,283,949
Non-controlling interests		439,856	353,739
Total equity		1,679,476	1,637,688
Total liabilities and equity		3,774,620	3,459,420

The accompanying notes are an integral part of this consolidated financial statement.

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 39 to the consolidated financial statements

Minsur S.A. and Subsidiaries

Consolidated statements of profit or loss

For the years ended December 31, 2020 and 2019

	Note	2020 US$(000)	2019 US$(000)
Net sales	23	649,181	711,488
Cost of sales	24	(412,696)	(446,018)
Gross profit		236,485	265,470
Operating expenses:			
Administrative expenses	25	(43,359)	(54,872)
Selling expenses	26	(7,236)	(8,214)
Exploration and evaluation expenses	27	(12,741)	(41,607)
Other expenses, net	28	(1,764)	(2,685)
Total operating expenses		(65,100)	(107,378)
Operating income		171,385	158,092
Other (expenses) income:			
Finance income	29	9,266	21,564
Finance costs	29	(67,103)	(50,482)
Profit (Loss) from investment in associates, net	11(b)	5,160	(8,218)
Dividends income		132	1,705
Exchange difference, net	5	(38,398)	(2,602)
Total other expenses, net		(90,943)	(38,033)
Profit before income tax		80,442	120,059
Income tax	20(b) and (d)	(82,733)	(57,224)
Net (Loss) profit		(2,291)	62,835
Attributable to:			
Equity holders of the parent		9,926	64,451
Non-controlling interests		(12,217)	(1,616)
Net profit		(2,291)	62,835
Earnings per share stated in U.S. dollar (basic and diluted) attributable to:			
Common shares	30	0.344	2.236
Investment shares	30	0.003	0.022

The accompanying notes are an integral part of this consolidated financial statement.

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 39 to the consolidated financial statements

Minsur S.A. and Subsidiaries

Consolidated statements of other comprehensive income

For the years ended December 31, 2020 and 2019

	Note	2020 US$(000)	2019 US$(000)
Net (loss) profit		(2,291)	62,835
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation	21(g)	(1,299)	(22,685)
Unrealized results of investments and hedge derivative financial instruments	21(h)	(66,866)	206
Income tax	20(b) and 21(h)	16,854	1,294
Other comprehensive income for the year		(51,311)	(21,185)
Total comprehensive income for the year, net of its income tax		(53,602)	41,650
Total comprehensive income attributable to:			
Equity holders of the parent		(40,956)	46,088
Non-controlling interests		(12,646)	(4,438)
		(53,602)	41,650

The accompanying notes are an integral part of this consolidated financial statement.

Minsur S.A. and Subsidiaries

Consolidated statements of changes in equity

For the years ended December 31, 2020 and 2019

	Note	Capital stock US$(000)	Investment shares US$(000)	Legal reserve US$(000)	Reinvested earnings US$(000)	Other reserves US$(000)	Facultative reserves US$(000)	Cumulative translation reserve, note 2.4(c) US$(000)	Unrealized results US$(000)	Retained earnings US$(000)	Total attributable to equity holders of the parent US$(000)	Non - controlling interests equity US$(000)	Total US$(000)
Balance as of January 1, 2019		601,269	300,634	120,261	39,985	45,676	424	(198,322)	(18,887)	412,821	1,303,861	234,462	1,538,323
Net profit		-	-	-	-	-	-	-	-	64,451	64,451	(1,616)	62,835
Other comprehensive income for the year		-	-	-	-	-	-	(22,685)	4,322	-	(18,363)	(2,822)	(21,185)
Total other comprehensive income for the year		-	-	-	-	-	-	(22,685)	4,322	64,451	46,088	(4,438)	41,650
Dividends distribution	21(e)	-	-	-	-	-	-	-	-	(66,000)	(66,000)	-	(66,000)
Contributions from non-controlling interest	21(i)	-	-	-	-	-	-	-	-	-	-	123,140	123,140
Other minors		-	-	-	-	-	-	-	-	-	-	575	575
Balance as of December 31, 2019		601,269	300,634	120,261	39,985	45,676	424	(221,007)	(14,565)	411,272	1,283,949	353,739	1,637,688
Net profit		-	-	-	-	-	-	-	-	9,926	9,926	(12,217)	(2,291)
Other comprehensive income for the year		-	-	-	-	-	-	(1,299)	(49,583)	-	(50,882)	(429)	(51,311)
Total other comprehensive income for the year		-	-	-	-	-	-	(1,299)	(49,583)	9,926	(40,956)	(12,646)	(53,602)
Contributions from non-controlling interest	21(i)	-	-	-	-	-	-	-	-	-	-	95,240	95,240
Transactions between shareholders	21(f)	-	-	-	-	(3,090)	-	-	-	-	(3,090)	3,090	-
Corporate reorganization of subsidiaries, note 1(c)	1(c)	-	-	-	-	-	-	-	-	(283)	(283)	433	150
Balance as of December 31, 2020		601,269	300,634	120,261	39,985	42,586	424	(222,306)	(64,148)	420,915	1,239,620	439,856	1,679,476

The accompanying notes are an integral part of this consolidated financial statement.

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 39 to the consolidated financial statements

Minsur S.A. and Subsidiaries

Consolidated statements of cash flows

For the years ended December 31, 2020 and 2019

	Note	2020 US$(000)	2019 US$(000)
Operating activities			
Collections from customers		634,172	723,133
Payments to suppliers		(305,548)	(367,049)
Payroll and social benefit payments		(141,187)	(131,033)
Payments of income and other taxes		(74,445)	(121,943)
Interests paid		(30,606)	(25,402)
Interest received		7,336	17,032
Recovery of taxes and interest paid under protest		-	7,735
Refund for general sales tax and other minors		51,513	6,746
Net cash and cash equivalents provided by in operating activities		141,235	109,219
Investing activities			
Opening of time deposits with original maturities greater than 90 days		(236,613)	(408,438)
Closing of deposits with a term greater than 90 days		358,723	502,504
Collection from sale of associate' shares	11(c)	8,355	-
Payments for purchase of property, plant and equipment		(472,619)	(792,205)
Payments for purchase of intangible assets		(100,503)	(65,010)
Opening of financial assets at fair value through other comprehensive income	9(b)	-	(155,416)
Collection from liquidation of state investment certificate	9(b)	81,500	176,847
Dividends received from investments in associates and financial assets with changes in other comprehensive income		285	1,026
Collection from sale of furniture and equipment	28	74	303
Net cash and cash equivalents used in investing activities		(360,798)	(740,389)
Financing activities			
Obtaining loans	35.1(iii)	342,190	509,323
Contributions from non-controlling interest	21(i)	95,240	123,140
Payments of financial obligations	17(b) and 35.1(iii)	(69,238)	(35,303)
Lease payments	18(b) and 35.1(iii)	(17,313)	(19,340)
Financing structuring costs	10(c)	(1,638)	(3,349)
Dividends paid	21(e)	-	(66,000)
Net cash flows provided by financing activities		349,241	508,471
(Decrease) increase in cash and cash equivalents		129,678	(122,699)
Net exchange difference		(5,453)	3,967
Cash and cash equivalents at beginning of year		133,185	251,917
Cash and cash equivalents at year end	6(a)	257,410	133,185
Transactions with no effects in cash flows:			
Capitalized depreciation as development costs	12(b)	20,958	11,641
Increase in provision for closure mine	12(a)	20,450	47,743
Increase of right-of-use assets	14(a)	11,709	26,204
Increase in assets acquired through other obligations	35.1(iii)	1,864	-
Accounts payable for acquisition of non-controlling interest	16(c)	1,080	1,354
Variation in accounts payable related to purchases of property, plant and equipment and intangibles		(32,764)	34,557

The accompanying notes are an integral part of this consolidated financial statement.

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 39 to the consolidated financial statements

Minsur S.A. and Subsidiaries

Notes to the consolidated financial statements

As of December 31, 2020, and 2019

1. Corporate information

(a) Identification -

Minsur S.A. (hereinafter "the Company") was incorporated in Peru in October 1977. The activities of the Company are regulated by the Peruvian General Mining Law. The Company is a subsidiary of Breca Minería S.A.C. domiciled in Peru, which holds 99.99 percent of the Company's common shares and 6.31 percent of its investment shares. The Company's registered address is Jirón Giovanni Batista Lorenzo Bernini 149, Office 501A, San Borja, Lima, Peru.

(b) Business activity -

The main activity of the Company is the production and selling of metallic tin that it is obtained from the mineral exploited in the San Rafael Mine, located in the region of Puno, and the production and selling of gold that is obtained of Pucamarca mine, located in the region of Tacna.

Through its subsidiary Minera Latinoamericana S.A.C., the Company has investments in Mineração Taboca S.A. and subsidiary (which operate the tin mine and a smelting plant located in Brazil), in Inversiones Cordillera del Sur Ltda. and subsidiaries (holding of shares of a group mainly dedicated to the production and selling of cement in Chile) and in Minera Andes del Sur S.P.A. and subsidiary (a Chilean company engaged in mining exploration activities). As explained in note 3.1(e), the investment in Inversiones Cordillera del Sur Ltda. is accounted for as an investment in an associate.

In addition, through its subsidiary Cumbres Andinas S.A.C., the Company hold shares in Marcobre S.A.C., a mining company that is in exploration of mining rights and the development of the Mina Justa mining copper project, located in the province of Nazca, region of Ica, which estimated investment amount of US$1.6 billion and is expected to have an average annual production for the Life Of the Mine "LOM" of 169,800 wet tons of copper concentrated and 43,000 tons of copper cathode, which is expected to start in 2021.

Likewise, through its subsidiary Cumbres del Sur S.A.C. the Company carries out mining rights exploration and exploitation activities and in general, any of the activities directly or indirectly included in the mining activity, mainly concentrated in the Marta mining Unit, which is in the exploration and resource evaluation stage. minerals and closure of its environmental liabilities at the Regina mining Unit. Until November 1, 2020, the subsidiary held investments in Minera Sillustani S.A.C. and Compañía Minera Barbastro S.A.C, mining companies that were absorbed by Cumbres del Sur S.A.C. at that date, see note 1(c).

As of December 31, 2020 and 2019, the Group is developing the following projects:

b.1) Mina Justa project

Through its subsidiary Marcobre S.A.C. cash disbursements for about US$527,580,000 (US$706,223,000 as of December 31, 2019), through the subsidiary Marcobre, which were mainly for the execution and construction phase, which has guarantees detailed in note 32(e).

The construction of the project has been financed with the contributions of the shareholders and through a syndicated loan from a group of financial institutions up to an amount of US$900,000,000, see note 17(f). The administration and supervision of the project has been commissioned to Ausenco S.A., an entity that is in charge of Engineering, Procurement, Construction Management (EPCM) according to the contract signed on November 7, 2017, which will be in force until the completion of the Mina Justa project. Management expects to be able to start production during the year 2021, subject to obtaining the necessary authorizations and environmental approvals.

(b.2) Tin tailings project B2

Minsur S.A. has been developing the project B2 located in San Rafael Mine whose estimated investment amounts to US$192,647,000. The project consists in extracting tin from an old tailing through a production process to be carried out in the future plant of reuse of tailings. The project started commercial production in January 2020.

(c) Corporate reorganization of subsidiaries -

Merger by simple absorption of Cumbres del Sur S.A.C. with the subsidiaries Compañía Minera Barbastro S.A.C. and Minera Sillustani S.A.C.

At the General Shareholders' Meeting of Cumbres del Sur S.A.C. dated October 22, 2020, the merger by absorption between the subsidiary Cumbres del Sur S.A.C. (absorbing company) and its subsidiaries Compañía Minera Barbastro S.A.C. and Minera Sillustani S.A.C. (absorbed companies). Compañía Minera Barbastro S.A.C., whose main activity was related to the exploration of its mining rights, executing said activity in the mining concessions of the Marta mining unit, located in the area of Tinyaccila, Huando district, Huancavelica province and region; while Minera Sillustani S.A.C., was a company whose main activity was related to the closure of its mining environmental liabilities of the Regina mining unit, located in the district of Quilcapuncu, province of San Antonio de Putina, department of Puno.

The merger was carried out with an effective date of November 1, 2020, as part of it, Cumbres del Sur S.A.C. became the owner of all the assets including all types of assets and rights and other legal relationships maintained by the Compañía Minera Barbastro S.A.C. and Minera Sillustani S.A.C., as well as all the liabilities recorded in their financial statements, in that sense, the absorbed companies were extinguished without the need to be dissolved or liquidated.

(d) Covid-19 outbreak -

The Covid-19, an infectious disease caused by a new coronavirus, was declared a global pandemic by the World Health Organization on March 11, 2020. The actions taken to decrease the spread of Covid-19 have had a significant impact on the Global economy.

On March 15, 2020, the Peruvian Government declared a emergency condition at the national level, closing all businesses considered non-essential (the exceptions were the production and commercialization of food, pharmaceutical products, financial services and health). As a result of these provisions imposed by the Peruvian Government, the Company temporarily stop its production activities at the Pucamarca, San Rafael, B2 mining units and Pisco Refinery until the beginning of May 2020, where only critical maintenance activities were carried out, those necessary to guarantee the safety and health of the personnel and those related to the care of the environment.

This disposition did not affect the activities of the subsidiary Marcobre S.A.C.; however, from May 22 to June 15, 2020, construction work was restricted to the minimum due to an episode of contagion within the unit Mina Justa.

In accordance with the provisions of the Peruvian Government, the Group's operations gradually restarted its productive activities during the first weeks of May, beginning with the implementation of new security protocols and then mobilizing personnel and resuming their normal production levels during the period third quarter of 2020.

Subsidiaries in Brazil

At the beginning of April, aware of its social role, the Group took measures to protect and safeguard the health of its employees, in accordance with the recommendations of the WHO and the Ministry of Health, deciding to suspend activities in the Pitinga and Pirapora units.

After the implementation of new health and safety protocols, which ensure the well-being of employees, the Group decided to progressively resume its operations at the beginning of May 2020 of its mining units in Brazil.

Consequently, due to the temporary stoppage and progressive restart of operations, the Group obtained a lower production of treated tons of tin, generating indirect fixed costs not absorbed in the production process, see note 24, however, the subsidiary Mineração Taboca S.A. resumed its production levels during the third quarter of 2020.

Since the Covid-19 began, the Group has taken various measures to preserve the health of its employees and to prevent contagion in the Company's administrative and operational areas, such as remote work, rigorous cleaning of work environments, distribution of personal protective equipment, suspected case testing and body temperature measurement.

The Group's Management has been continuously evaluating the potential short, medium and long-term implications of COVID-19 in its consolidated financial statements. The final severity of this virus remains uncertain and, therefore, we cannot predict the impact it may have on the world economy, the Peruvian economy or, ultimately, the financial condition of the Group. However, the consequent measures taken to limit the spread of the disease could affect the ability to conduct business in the normal way and, therefore, affect the financial condition and results of operations.

(e) Consolidated financial statements –
The consolidated financial statements include the financial statements of the Company and its subsidiaries (together, the Group):

	Equity interest			
	December 31, 2020		December 31, 2019	
	Direct %	Indirect %	Direct %	Indirect %
Subsidiaries in Chile:				
Minera Andes del Sur SPA	-	100.00	-	100.00
Tarianta SPA	-	90.00	-	90.00
Subsidiaries in Brazil:				
Mineração Taboca S.A.	-	100.00	-	100.00
Mamoré Mineração e Metalurgia Ltda.	-	100.00	-	100.00
Subsidiaries in Perú:				
Minera Latinoamericana S.A.C.	99.99	-	99.99	-
Cumbres Andinas S.A.C.	60.00	-	60.00	-
Cumbres del Sur S.A.C.	99.98	-	99.98	-
Compañía Minera Barbastro S.A.C. (i)	-	-	-	99.99
Minera Sillustani S.A.C. (i)	-	-	-	99.99
Marcobre S.A.C.	-	60.00	-	60.00

(i) These subsidiaries were absorbed by Cumbres del Sur S.A.C., effective November 1, 2020, see note 1 (c).

A brief summary of the business activities of the entities included in the consolidated financial statements is presented below:

- Minera Andes del Sur SPA. -
  The corporate purpose of this subsidiary is the exploration and exploitation of mining properties that are acquired or obtained and that facilitate or allow the exploitation of the mineral substances contained them.

- Tarianta SPA. –
  The corporate purpose of this subsidiary is the development of mining exploration activities in Chile, as well as the development of mining projects and other related activities.

- Mineração Taboca S.A. -
  This mining entity is engaged in the exploitation of the Pitinga mine, located in the northeast region in the Amazonas state, in the Federative Republic of Brazil. This mine has mainly resources of tin, as well as other minerals. Mineração Taboca S.A. also operates the Pirapora smelter located in Sao Paulo.

- Mamoré Mineração e Metalurgia Ltda. -
  This subsidiary is engaged in the operation of the smelting plant of Pirapora, in Sao Paulo, Brazil.

- Minera Latinoamericana S.A.C. -
  Through this subsidiary, the Company has investments in Mineração Taboca S.A. and its subsidiary, as well as in Inversiones Cordillera del Sur Ltda. and its subsidiaries and in Minera Andes del Sur S.P.A.

- Cumbres Andinas S.A.C. -
  Currently, the activity of this subsidiary is limited to holding 100 percent of shares of the mining company Marcobre S.A.C. mining company that is in the construction stage.

- Marcobre S.A.C. -
  The main activity of the subsidiary is the exploration of mining rights and the development of its copper project' Mina Justa, located in the Nazca province, Ica region.

- Cumbres del Sur S.A.C. -
  The purpose of this subsidiary is the exploration and exploration of mining rights and, in general, any other activities directly or indirectly included in the mining activity, mainly concentrated in the Marta mining unit, which is in the exploration and evaluation stage of mineral resources and closure of its environmental liabilities at the Regina mining unit. Until November 1, 2020, the subsidiary held investments in Minera Sillustani S.A.C. and Compañía Minera Barbastro S.A.C., companies in the mining sector that were absorbed by Cumbres del Sur S.A.C. in that date, see note 1(c).

- Compañía Minera Barbastro S.A.C. -
  The purpose of this subsidiary is the exploration and exploitation of mining rights, this activity is carried out in the mining concessions of Marta mining unit, located in Tinyaccila, district of Huando, in the Huancavelica's region.

This subsidiary was absorbed by Cumbres del Sur S.A.C., in November 1, 2020, see note 1(c).

- Minera Sillustani S.A.C. -
  Its main activity is the closure of its mining liabilities of the Mining Unit, located in the district of Quilcapuncu, province of San Antonio de Putina, Puno's region.

  This subsidiary was absorbed by Cumbres del Sur S.A.C., in November 1, 2020, see note 1 (c).

(f) Approval of consolidated financial statements –
These consolidated financial statements of the Company and subsidiaries (hereinafter the "Group") as of December 31, 2020 and for the year then ended were authorized for issue by Management on February 17, 2021. In Management's opinion, these consolidated financial statements will be approved without changes by the Board of Directors' to be held during the first quarter of 2021.

The consolidated financial statements as of December 31, 2019 and for the year then ended were approved by the Shareholders' Meeting on July 31, 2020.

2. Basis of preparation and accounting policies

2.1. Basis of preparation -
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (hereinafter "IASB") in force as of December 31, 2020.

The consolidated financial statements have been prepared on a historical cost basis, except for the trade accounts receivable, the financial assets at fair value through profit or loss, the financial assets at fair value through other comprehensive income and derivative financial instruments, which have been measured at fair value.

The consolidated financial statements are presented in United States Dollars (US$) and all values have been rounded to the nearest thousands, except when otherwise indicated.

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions, as detailed in Note 3.

The consolidated financial statements provide comparative information in respect of the previous period.

The Group has prepared its financial statements under the going concern assumption. In order to carry out its evaluation of a going concern, Management has taken into consideration the matters that could cause an interruption of its operation activities. The management has considered all future available information that it has obtained after the reporting date up to the date of approval and issue of the attached consolidated financial statements. The following matters have been considered when preparing these consolidated financial statements, assuming the going concern assumption:

- The Group has restarted its commercial activities and resumed the rhythm of its operations.
- The Group has restarted its construction activities for the Mina Justa Project and resumed the pace of construction.
- The Group has the support of its main shareholders, who have the capacity and financial solvency to be able to finance the required working capital.
- It does not expect Covid-19 to significantly affect the value of its assets, nor does it anticipate material impairment or change in accounting judgments that affect the measurement of the Group's assets and liabilities.

2.2. Basis of consolidation -
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the date of the consolidated statement financial position.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Usually, there is a presumption that a majority of voting rights results in control. Support this presumption and when the Group has less than a majority of the voting, or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The Group assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Where the Group's interest is less than 100 percent, the interest attributable to outside shareholders is reflected in non-controlling interests (here in after NCI).

The consolidated statement of profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent and non-controlling interest, even if this result in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial separate statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All assets and liabilities, equity, income, expenses and cash flows related to transactions between the parties of the Group are totally eliminated in the consolidation. A change in the participation of a subsidiary without loss of control is accounted for as an equity transaction.

If the Group losses control over a subsidiary it derecognizes the related assets and liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in the consolidated statement of profit or loss. Any investment retained is recognized at fair value.

2.3. Change in accounting policies and disclosure –
Certain standards and amendments have come effective for the annual periods beginning on January 1, 2020; but did not have an impact on the Group's consolidated financial statements and, hence, have not been disclosed. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several other amendments have been applied for the first time in 2020 but did not have an impact on the Group's consolidated financial statements, hence, have not been disclosed. The amendments to IFRS 7 "Financial Instruments: Disclosures", IFRS 9 "Financial Instruments" and IAS 39 "Interest Rate Benchmark Reform" and IFRS 16 "Practical expedient Covid-19 Related Rent Concessions" have not had a material impact on the Group's consolidated financial statements other than the changes described above, the accounting policies applied are consistent with those applied of the previous financial year.

2.4. Summary of significant accounting policies -
The accounting policies that have been adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2019 as described below:

(a) Cash and cash equivalents -
Cash and cash equivalents in the consolidated statement of cash flows comprise cash, banks account and short-term deposits with an original maturity of three months or less.

For presentation purposes in the consolidated statement of cash flows, cash and cash equivalents include cash, term deposits and highly liquid investments, whose original maturity is three months or less.

Those term deposits and investments whose original maturity is greater than three months will be presented in the caption "Other financial assets" of the consolidated statement of financial position.

(b) Financial instruments: Initial recognition and subsequent measurement -
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets -
Initial recognition and measurement
Financial assets are classified, on initial recognition, as financial assets at fair value (with changes in results or other comprehensive income) or assets measured at amortized cost. All financial assets are initially recognized at fair value.

The Group's financial assets include cash and cash equivalents, trade and other accounts receivable, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Subsequent measurement -
For the purposes of the subsequent measurement, financial assets are classified in three categories:

- Amortized cost (debt instruments),
- At fair value through changes in other comprehensive income (debt instruments and equity instruments) and
- At fair value through changes in profit or loss.

The classification depends on the Group's business model and the contractual terms of the cash flows.

Financial assets measured at amortized cost -
A financial asset is measured at amortized cost if the following two conditions are met: (i) the financial asset is maintained within a business model whose objective is to maintain the financial assets to obtain the contractual cash flows; and (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are only payments of the principal and interest on the amount of the outstanding principal.

These assets are subsequently measured at amortized cost using the effective interest rate method (EIR) and are subject to impairment. Any gain or loss from derecognition, modification or impairment is recognized the consolidated statement of profit or loss.

This category includes loans, certain trade accounts receivable and various accounts receivable. See note 7 for more information on accounts receivable.

Value financial assets measured at fair value through changes in other comprehensive income - Debt instruments
A financial asset is measured at fair value through changes in other comprehensive income if the following two conditions are met: (i) The financial asset is conserved within a business model whose objective is met both by obtaining the contractual cash flows and selling the cash flows. financial assets, and (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are only payments of principal and interest.

Interest income calculated under the effective interest rate method (EIR), foreign currency translation gains and losses and impairment are recognized in the consolidated statement of profit or loss. Changes in fair value are recognized in other comprehensive income. At the time of derecognition. The accumulated profits and losses in other comprehensive income are reclassified to the consolidated statement of profits or loss.

The Group does not have this type of financial assets.

Value financial assets measured at fair value with changes in other comprehensive income - Equity instruments
Upon initial recognition, the Group can elect to classify irrevocably its investments in equity as equity instruments designated at fair value through other comprehensive income when they meet the definition of an equity instrument under IAS 32 "Financial Instruments: Presentation" and It is not held for negotiation. The classification is determined at an instrument by instrument basis.

Profits and losses from changes in the fair value of these instruments are recognized in other comprehensive income and are never reclassified to the consolidated statement of profit or loss. Dividends in cash are recognized as income in the consolidated statement of profit or loss, except when the dividend clearly represents a recovery of part of the cost of the investment. The Group has classified certain investments in shares as financial assets at fair value with changes in other comprehensive income, see note 9.

Value financial assets at fair value through profit or loss -
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated since their initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the short term. Financial

assets whose cash flows are not only payments of principal and interest are classified and measured at fair value through profit or loss, without considering their business model. Notwithstanding the afore mentioned criteria for debt instruments classified at amortized cost or at fair value through other comprehensive income, debt instruments may be classified at fair value through profit or loss if a measurement inconsistency or accounting recognition is eliminated or significantly reduced.

Financial assets at fair value through profit or loss are presented in the consolidated statements of financial position with its net fair value changes recognized in the consolidated statements of profit or loss.

The Group does not have this type of financial assets.

Embedded derivatives in a hybrid contract that contains a financial asset as a host are not accounted for separately. The host financial asset (account receivable) as well as the embedded derivative are recorded as a financial asset at fair value through profit or loss.

Derecognition –
A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is written off when:

- The rights to receive cash flows from said asset have ended, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay to third party all of the cash flows received under a transfer agreement; and: (a) the Group has substantially transferred all of its risks and rewards of the asset or, (b) the Group has not substantially transferred or withheld all of the risks and rewards of the asset, but has transferred control of the asset.

When the Group transfers its rights to receive cash flows from an asset or signs a transfer agreement, it assesses the extent to which it has retained the risks and rewards of ownership. When it has not transferred or retained substantially all the risks and benefits of the asset, the Group will recognize the transferred asset to the extent of its continued involvement in the asset and also recognize the related liability. The transferred asset and the related liability will be measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment -
The Group evaluates the expected credit losses (ECLs) associated with its debt instruments recorded at amortized cost and at fair value through other comprehensive income, considering prospective information.

Trade accounts receivable are measured at fair value through profit or loss and therefore an impairment assessment is not required for them.

In order to estimate the ECLs of loans granted to related parties the Group applies the general approach that implies estimating expected losses of 12 months or over the entire term of the instrument, depending on whether there is a significant increase in credit risk (except in cases in which the Group considers that it is a loan with low credit risk and it is always ECLs losses of 12 months).

In determining whether the credit risk of a financial asset has increased significantly since initial recognition in estimating ECLs, the Group considers reasonable and sustainable information that is relevant and available without cost or undue effort.

(ii) Financial liabilities -
Recognition and initial measurement -
Financial liabilities are classified at the time of initial recognition as financial liabilities at fair value through profit or loss, loans and accounts payable, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are initially recognized at fair value and, in the case of loans and accounts payable, at amortized cost, net of transaction costs directly attributable to the acquisition of the financial liability.

The Group's financial liabilities include trade accounts payable, other accounts payable and financial obligations.

Subsequent measurement -
Liabilities classified at amortized cost are measured using the effective interest rate method (EIR). Profits and losses are recognized in the consolidated statements of other comprehensive income when the liabilities are written off, as well as through the amortization process according to the effective interest rate method (EIR).

The amortized cost is calculated considering any discount or premium on the acquisition and the commissions or costs that are an integral part of the effective interest rate (EIR). Amortization under with the effective interest rate method is recognized as financial cost in the consolidated statements of profit or loss.

Derecognition -
A financial liability is derecognized when the obligation specified in the corresponding contract has been paid, cancelled or expired.

When an existing financial liability is replaced by another liability from the same lender under substantially different conditions, or if the conditions of an existing liability are substantially modified, such a swap or modification is treated as a derecognition of the original liability and recognition of a new liability, and the difference between the respective amounts in books is recognized in the consolidated statements of profit or loss.

(iii) Offsetting of financial instruments -
Financial assets and financial liabilities are offset so the net amount is reported in the consolidated statement of financial position, and if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(iv) Fair value -
The Group measures financial instruments as embedded derivatives, derivative financial instruments, available-for-sale investments and financial assets at fair value at the date of the consolidated statements of financial position which effects is reflected in the consolidated statements of profit or loss. Fair value of the financial instruments measured at its amortized cost are disclosed in note 37.

The Group uses valuation techniques that are appropriate according the circumstances which count with sufficient available data to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are of within the fair value hierarchy, described as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(v) Derivative financial instruments and hedge accounting -
The Group uses derivative financial instruments, such as cash flow hedging instruments to cover its market risks, see note 35. These derivative financial instruments are initially recognized at their fair values on the date of the derivative contract is concluded and subsequently measured again at their fair value. Derivatives are accounted for as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

For hedge accounting purposes, hedges are classified as:

- Fair value hedges, when they cover exposure to changes in the fair value of recognized assets or liabilities, or unrecognized firm commitments.
- Cash flow hedges, when they cover exposure to variations in cash flows attributed to either a particular risk associated with a recognized asset or liability or a highly probable planned transaction, or the exchange rate risk in a commitment firm not recognized;
- Coverage of a net investment in a business abroad.

At the beginning of a hedging relationship, the Group formally designates and documents the hedging relationship to which he wishes to apply hedge accounting, the objective of risk management and the strategy to carry out the hedge.

The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity assesses the effectiveness of changes in the fair value of the hedging instrument to compensate for exposure to changes in the fair value of the items hedged or in the cash flows attributable to the hedged risk. The Group expects such hedges to be highly effective in compensating for changes in fair value or cash flows and they are evaluated on an ongoing basis to determine if they have actually been highly effective throughout the periods of financial reporting for which they were appointed.

A hedging relationship is treated as hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the changes in value that result from the economic relationship.
- The coverage ratio of the hedging relationship is the same as the result of the amount of the hedged item that the Group actually covers and the amount of the hedging instrument that the Group actually uses to cover the amount of the hedged item.

Coverages that meet all the criteria for hedge accounting are recorded as cash flow hedges:

Cash flow hedges -
The effective portion of the gain or loss of the hedging instrument is directly recognized in other comprehensive income in the reserve for cash flow hedges, while the ineffective portion is immediately recognized in the consolidated statement of income.

The Group designated certain derivative contracts as hedging instruments. Any gain or loss arising from changes in the fair value of the derivatives was taken directly to profit or loss, except for the effective portion of the cash flow hedges, which was recognized in other comprehensive income and subsequently reclassified to profit or loss when the covered good affects results.

For any cash flow hedge, the amount accumulated in other comprehensive income is transferred to profit or loss as a reclassification adjustment in the same period or periods during which the cash flows covered affect results.

In the event that the cash flow hedge is discontinued, the amount accumulated in other comprehensive income must remain in other comprehensive accumulated results if the covered cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the cash flows are covered, any amount that remains in other comprehensive accumulated results must be recorded considering the nature of the underlying transaction.

(c) Foreign currency translation -
The Group's consolidated financial statements are presented in U.S Dollars, which is also the Group's functional and presentation currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances -
Transactions in foreign currencies (different currency other than the functional currency) are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statements of profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction.

Translation of financial statements of foreign subsidiaries into U.S. dollars –
The financial statements of the foreign subsidiaries are stated in the functional currency (Chilean pesos for Minera Andes del Sur S.P.A. and subsidiary and Brazilian reales for Mineração Taboca S.A. and subsidiary and until November 1, 2020 were the soles for the case of Minera Sillustani S.A.C. and Compañía Minera Barbastro S.A.C.), and are then translated into U.S. dollars. For these purposes, all assets and liabilities of foreign operations are translated at the exchange rate for sales prevailing at the reporting date, and all equity accounts are translated using exchange rates prevailing at the dates of the transactions.

The items of income and expense items are translated at the exchange rate for sales, in the cases when the exchange rate does not approach to the exchange rate of the transactions, the Group use the exchange rate of transaction. The exchange differences arising on translation are recognized in other comprehensive income the consolidated statements of other comprehensive income.

Result by translation of associates -
In the determination of the equity method of some companies whose functional currency is different from the functional currency of the Group calculates a translation result (Inversiones Cordillera del Sur Ltda. and Futura Consorcio Inmobiliario S.A., which prepare their financial statements in in Chilean pesos and soles, respectively), functional currency is different from the functional currency of the Group calculates a translation result, which is the result of the translation of the balances at each closing date. The differences generated are shown in other comprehensive income of the consolidated statements of comprehensive income.

(d) Inventories -
The finished products and work in progress are valued at the lower of cost and net realizable value. Cost incurred to bring inventories to its present location and conditions are recorded as follows:

Raw materials -

- Purchase cost using the weighted average method.

Finished goods, work in progress and mineral pitch -

- Cost of direct materials and supplies, services provided by third parties, direct labor and a proportion of manufacturing overheads based on normal operating capacity, excluding borrowing costs and exchange currency differences.

Inventory in transit -

- Purchase cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

The estimate (reversal) for loss in net realizable value or for obsolescence of supplies is calculated based on a specific analysis carried out annually by the Management and is charged (credited) to profit or loss in the year in which the need is determined of the estimate (reversal).

(e) Non-current assets held for sale -
Corresponds to assets whose carrying amount will be recovered through a sale transaction in place of continuous use. For an asset to qualify as held for sale, its sale must be highly probable; that is, Management must be committed to a plan to sell the asset and must have actively initiated a plan to find a buyer.

Assets held for sale are not depreciated and are recorded at the lower of their carrying amount or their fair value less costs to sell.

In December 2020, the Management decided to carry out a plan for the sale of the property located on República de Argentina Avenue, Lima, whose net cost amounts to US$5,921,000. This property has been classified as a non-current asset held for sale as of December 31, 2020 and will be executed during the first quarter of 2021.

(f) Investments in associates -
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

Investments in associates are recorded using the equity method.

The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statements of profit or loss reflects the share of the Group in the results of operations of the subsidiaries and associates.

When there has been a change recognized directly in the equity of the associate, the Group recognizes the participation in this change and accounts for, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses on common transactions are eliminated in proportion to the interest held in the associate.

The Group's participation in the profits or losses of the associates are presented separately in the consolidated statement of profit or loss and represents the profit or loss after tax of associates.

The reporting dates of the Group and associates are identical, and the accounting policies of associates are consistent with those used by the Group for similar transactions and events.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on investments in associates.

The Group determines at each date of the consolidated statement of financial position whether there is objective evidence that the investment in the associates are impaired. If applicable, the Group calculates the amount of impairment as the difference between the fair value of the investment in the associate and the carrying value and recognizes the loss in the consolidated statement of profit or loss.

In the event of loss of significant influence on the associates, the Group measures and recognizes any accumulated investment at its fair value. Any difference between the book value of the associates at the time of loss of significant influence, the fair value of the investment held and the proceeds from the sale, is recognized in the consolidated statements of profit or loss.

(g) Property, plant and equipment -
Property, plant and equipment are stated at cost, net of depreciation and accumulated impairment losses, if any.

The initial cost an asset comprises its purchase price or construction cost, any costs directly attributable to the asset being ready to be used, the initial estimate of the asset retirement obligation, and borrowing costs related to the assets. The capitalized value of a finance lease is also included in this caption.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in consolidated statement of profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation –
Units-of-production (UOP) method:
Depreciation related to assets involved to mining activities whose useful life is greater than the life of mine is calculated using the units-of-production (UOP) method, based on reserves economically recoverable of each mine.

Straight-line method -
Depreciation of assets whose useful life is shorter than the life of the mine, or that these are related to administrative, is calculated using the straight-line method, based on the useful life of the assets. The estimated useful life of such assets is presented as follows:

	Years
Building and other constructions of the San Rafael mining unit	Between 2 and 5
Building and other constructions of the Pucamarca mining unit	Between 3 and 5
Buildings and other constructions related to smelting plant Pisco	Between 4 and 29
Buildings and other constructions of the Taboca mining unit	Between 25 and 36
Buildings and facilities of the Mina Justa Unit	Between 16 and 20
Machinery and equipment	Between 1 and 20
Furniture, fixtures, computer equipment, communication and security	Between 2 and 10
Vehicles	Between 3 and 8

The assets' residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Disposals -
An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of profit or loss when the asset is derecognized.

(h) Leases -
At the start of a contract, the Group evaluates whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for a consideration. To evaluate whether a contract transfers the right to control the use of an identified asset, the Group evaluates whether:

- the contract implies the use of an identified asset, which can be specified explicitly or implicitly, and must be physically different or represent substantially the entire capacity of a physically different asset. If the supplier has a substantive right to substitute the asset throughout the entire period of use, then the asset is not identified;

The Group has the right to obtain substantially all the economic benefits of using the asset during the entire period of use; and

- The Group has the right to direct the use of the identified asset throughout the period in use. The Group has this right when most relevant rights related to take decisions about modifying the use and the purpose of the asset are available. In rare cases, in which all decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if:
  - the Group has the right to operate the asset; or
  - The Group has designed the asset in a way that predetermines the form and for what purpose it will be used.

In its role as lessee, the Group recognizes an asset for right of use and a lease liability on the date when the lease begins.

Right-of-use asset -
The right-of-use asset is measured initially at its cost, which comprises the initial amount of the lease liability adjusted by any lease payment made on or before the start date, in addition to the initial direct costs incurred and an estimate of the costs of dismantling the underlying asset or to restore the site in which it is located, less any incentive received for the lease.

The right-of-use asset is straight lined depreciated over the shorter term between the lease term and the useful life of the underlying asset, as detailed:

	Years
Land and buildings	10
Machinery and other equipment	Between 2 and 5
Transport units	Between 2 and 6
Furniture and fixtures	2

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the execution of a purchase option, depreciation is calculated using the estimated useful life of the asset.

In addition, the right-of-use asset is subject to impairment, if there are indications of this.

Lease liability-
The lease liability is initially measured at the present value of the lease payments that are pending payment at the start date, discounted using the interest rate implicit in the lease or if the rate cannot be easily determined, applying the incremental debt rate.

Lease payments include: fixed or variable payments that depend on an index or a rate. When the leases include termination or extension options that the Group considers reasonably certain to exercise them, the cost of the option is included in the lease payments.

The subsequent measurement of the liability is made when there is a change in future lease payments resulting from a change in an index or rate, if there is a change in the estimate of the amount that is expected to be paid for a residual value guarantee or if the Group changes its evaluation of whether it will exercise a purchase, extension or termination option, recognizing an adjustment in the carrying value of the right-of-use asset, or in profit or loss if the right-of-use asset does not maintain a balance account.

Exceptions to recognition -
The Group does not recognize assets for right of use and lease liabilities, for short-term leases of machinery and equipment that have a lease term of 12 months or less and leases assets considered as low value, including computer equipment. The Company does not recognize the lease payments associated with these lease agreements as an expense on a straight-line basis over the term of the lease.

(i) Stripping (waste removal) costs –
As part of its mining operations, the Group incurs waste removal costs (stripping costs) during the development phase and production. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalized and their accounting treatment is as explained in next caption (development costs (i)).

The costs incurred during the production phase (stripping costs) are realized to obtain two benefits: the production of inventories or better access to mineral that will be exploited in the future. When the benefits are realized to the production of inventories they are recorded as part of the cost of production of this inventories. When the benefits obtained give access to the mineral to be exploited in the future and the operation is open pit, then these costs are recognized as non-current assets (stripping costs) if the three following criteria are met:

- Future economic benefits are probable;
- The component of the ore body for which access will be improved can be accurately identified; and
- The costs associated with the improved access can be reliably measured.

In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyze its mine plans.

Substantially stripping costs incurred by the Group are related to the production of inventory and improved access to the ore to be mined in the future.

(j) Intangible assets -
Intangible assets acquired separately are measured on initial recognition at cost.

Mining concessions -
The mining concessions represent the right of exploration and exploitation that the Group has over the mining properties that contain the acquired mineral reserves and resources. Those mining concessions are amortized starting from the production phase following the units-of-production method based on proved reserves to which they relate. In case the Group abandons the concessions, the associated costs are charged directly to the consolidated statement of profit or loss.

At the end of year, the Group assesses at each unit mine whether there is an indication that the value of its mining concessions may be impaired. If any indication exists, the Group estimates the asset's recoverable amount.

Mining concessions are presented within the caption "Intangibles assets, net" in the consolidated statement of financial position.

Exploration and evaluation expenditure -
Exploration and evaluation costs include the activities of search of mineral resource, the determination of viability technical and the assessment of the commercial viability of an identified resource. These costs are charged to expenses according to be incurred until such time as the technical and commercial viability of the identified resource is determined (pre-feasibility study). From the beginning of the stage of definition of technical and commercial feasibility of high precision (feasibility study), the costs incurred are capitalized. Exploration activities include:

- Researching and analyzing historical exploration data.
- Gathering exploration data through geophysical studies.
- Exploratory drilling and sampling.
- Determining and examining the volume and grade of the resource.
- Surveying transportation and infrastructure requirements.
- Conducting market and finance studies.

Development costs -
When it is determined that a mineral property can be economically viable, that is, when determining the existence of proven and probable reserves, the costs incurred to develop such property, including additional costs to delineate the ore body and remove any impurities are capitalized as development costs in the item "Intangible assets, net". The capitalization of the development costs starts from the beginning of the stage of definition of the technical, economic, financial and commercial viability of high precision (feasibility study). These costs are amortized using the units of production method, using resources and the proven and probable reserves.

Development costs activities include:

- Engineering and metallurgical studies.
- Perforations and other costs necessary to delineate a body of ore.
- Removal of the initial clearing related to a mineral body.
- Administrative expenses directly related to the development of the mining project.
- Personnel expenses related to projects in the development stage.

Development costs necessary to maintain production are charged to the cost of production as incurred.

Licenses -
Software is presented at cost and includes all the disbursements directly related to the acquisition or startup of the specific computer program. These costs are amortized using the straight-line method over an estimated useful life of 4 years.

Usufruct of lands -
It corresponds to payments for the right to use certain lands near to the mining units of the Group, needed for its operation and are recorded at cost. These costs are amortized using the straight- line method over the life of the respective agreements (between 2 and 10 years).

(k) Impairment of non-financial assets -
The Group assesses, at each reporting date, whether there is an indication that an asset (or cash generating unit - CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal (FVLCD) and its value in use (VIU) and the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining FVLCD, recent market transactions (where available) are considered. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment of inventories, are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets in general, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed either its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the consolidated statement of profit or loss with exception of impairment loss related to the goodwill.

(l) Provisions -

General –

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost in the consolidated statements of profit or loss.

Provision for closure of mining units -

At the time of initial recognition of the provision for closure of mining units, the fair value of the estimated costs is capitalized by increasing the carrying amount of the long-lived assets (development costs and property, plant and equipment). Then, the provision is increased in each period to reflect the financial cost considered in the initial estimation of the fair value and, in addition, the capitalized cost is depreciated and/or amortized based on the useful life of the related asset. In settling the obligation, the Group records in the current results any resulting profit or loss.

The change in the fair value of the obligations or in the useful life of the related assets, resulting from the revision of the initial estimates are recognized as an increase or decrease in the carrying value of the obligation and the related asset. Any reduction in a provision for closure of mining units and, therefore, any reduction of the related asset, may not exceed the carrying amount of such asset. If so, any excess over the carrying amount is immediately taken to the consolidated statement of profit or loss.

If the change in the estimate results in an increase in the provision and, therefore, an increase in the carrying amount of the asset, the Group shall take into account whether this is an indication of impairment of the asset as a whole and shall perform and impairment testing in accordance with IAS 36 "Impairment of Assets".

In the case of mines already closed, changes in estimated costs are recognized immediately in the consolidated statements of profit or loss.

Environmental expenditures and liabilities -
Environmental expenditures related with current or future revenues are recorded as expensed or capitalized, as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future revenues are expensed as incurred.

Liabilities for environmental costs are recognized when an obligation to undertake clean-up activities is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, which the decommissioning or closure of inactive sites.

The amount recognized is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognized is the present value of the future expenditures estimated.

(m) Employees benefits -
The remunerations, severance contributions, legal bonuses, performance bonuses and vacations to workers are calculated in accordance with IAS 19, "Employee Benefits" and are calculated in accordance with Peruvian legal regulations in force and on an accrual basis.

(n) Revenue recognition -
Revenue is recognized to the extent that a performance obligation is satisfied through the transfer of the goods and services committed to the customer. An asset is transferred when the customer obtains control of that asset.

The revenue will be recognized based on the price of the transaction that is assigned to that performance obligation, to which the Group expects to be entitled to transfer the goods and services committed to the customer, excluding the amounts collected on behalf of third parties.

The consideration that is committed in a contract may include fixed amounts, variable amounts or both.

The following specific criteria must be met in order for a revenue to be recognized:

Metal sales -
The sales of tin, gold and others are performance obligations that are satisfied at a certain time and are recorded when control of the goods is transferred to the buyer, which happens at the time of the delivery of goods according to the contractual conditions.

Regarding the measurement of certain tin sales, the Group assigns a provisional value to the sales of these metals since they are subject to a final price adjustment at the end of a contractually established period. The exposure to the change in the price of metals generates an implicit derivative that is closely related to the host commercial contract, therefore it is accounted as a single contract. At the end of each period, the initial sale price used must be adjusted according the future price for the quotation period established in the contract. Commercial contracts result in a financial asset representing accounts receivable that are measured at fair value through changes in the consolidated statements of profit or loss and whose subsequent changes in measurement are recognized in the consolidated statements of profit or loss and presented as part of the net sales caption.

The fair value of accounts receivable recognized as part of sales is presented in note 7(a).

Regarding the measurement of gold sales, they are not subject to a final price adjustment, therefore, contracts with customers for the sale of this metal do not generate embedded derivatives.

Revenue from logistics management service -
The revenue from this service derives mainly from the sales of tin under incoterm CIF and CFR ("Cost, Insurance and Freight" and "Cost and Freight" respectively) resulting from the intermediation activities in logistics management (freight and insurance) in favor of its customers, which occurred after the transfer of control of the main asset. The performance obligation is satisfied at a certain time and is recorded when the Group makes the arrangements with the third party so that it carries out the insurance of the shipment and shipment to the destination requested by the customer.

Service revenues -
Revenue from services rendered to related parties is recognized as revenue when they have actually been rendered.

Interest income -
For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated statements of profit or loss.

Sale of assets -
Income and cost from the sale of assets such as the sale of property, plant and equipment, intangible assets, investments in subsidiaries and associates are recognized as part of income and operating expenses in the consolidated statement of profit or loss.

Dividends –
Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(o) Financing costs -
The financing costs directly attributable to the acquisition, construction or production of a qualified asset are capitalized as part of the cost of an asset. A qualified asset is one that requires a period greater than 12 months to be ready for its expected use and represents an investment of more than US$5,000,000. All other financing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred. Financing costs include interest and other costs incurred by the Group when obtaining financing.

(p) Taxes –
Current income tax -
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax -
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses and to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Significant management judgment to determine the amount of the deferred tax asset that can be recognized based on the probable date of recovery and level of future taxable incomes and future planning strategies are required.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax related to items recognized outside profit or loss is recognize outside profit or loss are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Mining Royalties and Special Mining Tax in Peru -
Mining royalties and special mining tax are accounted for under IAS 12 "Income taxes" since they have the characteristics of income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable

net income- rather than physical quantities produced or as a percentage of revenue – after adjustment for temporary differences. Legal rules and rates used to calculate the amounts payable are those in force on the date of the consolidated statements of financial position.

Consequently, payments made by the Group to Government by way of special mining and mining royalty tax are under the scope of IAS 12 and, therefore, is treated as income taxes. Both the mining royalty as the special mining tax generate deferred tax assets or deferred tax liabilities which must be measured using the average rates that are expected to apply to operating profit in the period in which the Group expects will reverse the temporary differences.

Sales tax -
Revenues, expenses and assets are recognized net of the amount of sales tax (added value tax), except:

(i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
(ii) Account receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

(q) Basic and diluted earnings per share -
Basic and diluted earnings per share are calculated dividing the net income by the weighted average of common and investment outstanding shares during the period.

As of December 31, 2020 and 2019, the Group does not have dilutive financial instruments, thus the basic and diluted earnings per share are the same for the presented periods.

(r) Current and non-current classification -
The Group presents assets and liabilities in the consolidated statement of financial position, classified in current and non-current. An asset is classified as current when the entity:

- Expects to dispose the asset, or intend to sell or consume it, in its normal operating cycle;
- Holds the asset primarily for the purpose of trading;
- Expects to realize the asset within twelve months after the reporting period; or

- The asset is cash or cash equivalent, unless it is restricted from being exchanged or used to settle a liability, for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when the entity:

- Expects to settle the liability in its normal operating cycle;
- Holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve months after the reporting period; or
- Does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities in all cases.

3. **Judgements, estimates and assumptions -**

The Group has identified a series of areas where significant judgments, estimates and assumptions are required. The estimates and accounting assumptions are continuously evaluated and are based on Management's experience and other factors, including the expectations of future events that are believed to be reasonable under the current circumstances. Uncertainty about these estimates and accounting assumptions could cause results in future periods that require significant adjustments to the carrying amounts of the affected assets and / or liabilities. More information about each of these areas and the impact on the financial statements and the accounting policies of the Group for the application of judgments, estimates and significant accounting assumptions that have been used is presented below, as well as in the notes to the respective consolidated financial statements.

The judgments, estimates and significant accounting assumptions of the consolidated financial statement presented are consistent with those indicated in the preparation of the annual consolidated financial statement for the year ended December 31, 2019.

These include:

Judgments:
- Contingencies (note 3.1 (a))
- Start date of the development stage (note 3.1 (b))
- Recovery of deferred income tax asset related to the provision for mine closure (note 3.1 (c))
- Stripping costs (clearing costs) (note 3.1 (d))
- Recognition of the investment in Inversiones Cordillera del Sur I Ltda. and subsidiary (Note 3.1 (e))
- Revenue recognition (note 3.1 (f))
- Recognition of the deferred income tax liability related to the temporary difference of the account payable to KLS Limited (note 3.1 (g))

Estimates and assumptions:
- Determination of reserves and resources (note 3.2 (a))
- Unit of production method (UOP) (note 3.2 (b))
- Recovery of deferred tax assets (note 3.2 (c))
- Provision for closure of mining units (note 3.2 (d))
- Determination of the net realization value of inventories (note 3.2 (e))
- Impairment of non-financial assets (note 3.2 (f))
- Taxes (note 3.2 (g))
- Determination of the cost of products in process (note 3.2 (h))
- Obsolescence of materials and supplies (note 3.2 (i))
- Recovery of the Value added tax (note 3.2 (j))
- Estimation of the incremental interest rate (note 3.2 (k))

3.1. Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Contingencies -

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Assessing the existence and potential amount of contingencies inherently involves the exercise of significant judgment and the use of estimates about the outcome of future events.

(b) Start date of development stage –

The Group continuously assesses the status of each of the exploration projects in its mining units in order to determine the effective date on which the development stage will begin. One of the most relevant criteria that is used by the management to evaluate the start date of the development stage is when the Group determines that the property can

be economically developed through a feasibility study where the technical, economic, financial and commercial feasibility of high precision is defined.

(c) Recovery of the deferred income tax asset related to the provision for closing the mining unit -
The Group has recognized a deferred income tax asset related to the provision for the closure of mining units, including the part related to mine closure disbursements that will be made after the closure of these, which Management estimates will be applied in its entirety to the future taxable income that will be generated from the operations of the refining unit in Pisco.

(d) Waste removal costs (stripping costs) -
The Group incurs in waste removal costs during the production phases of its open pit mine in the Pucamarca mining unit. During the production phase, the costs of stripping (costs of clearing production) can be related to the production of inventories in that period and/or the development of better access and operational flexibility in relation to the mining of ore that is expect to extract in the future. The first are included as part of the production costs of inventories, while the second are capitalized as a separate asset by stripping, when certain criteria are met.

Once the cost of stripping has been identified, it is necessary to identify the different components of the ore bodies in order to accumulate the costs for each component and amortize them based on their respective useful lives. An identifiable component is a specific volume of the deposit that is made more accessible by the stripping activity. An in-depth evaluation is needed to identify and define these components, as well as to determine the expected volumes (for example, tons) of stripping to be exploited and ore extracted in each of these components.

The Group's Management considers that due to the short term of the operation of the open pit operated by the Group (maximum 6 years) and according to the operational planning of the mining unit the mineral waste ratio is very similar in the years of operation of the mining unit, the costs of stripping incurred in each year of operation are directly related to the mineral produced in the same year. As a consequence, all movement costs of sterile material are charged directly to the production cost of the year in which the movement of the sterile material took place.

(e) Recognition of investment in Inversiones Cordillera del Sur I Ltda. and Subsidiary -
On January 29, 2015, the subsidiary Minera Latinoamericana S.A.C. subscribed with its related party Inversiones Breca S.A., (hereinafter "Breca") a shareholder agreement by which it was agreed that Breca (minority shareholder of Inversiones Cordillera del Sur I Ltda., hereinafter "Cordillera") would direct all relevant activities of Cordillera since 2015.

In accordance with IFRS 10 "Consolidated financial statements", when a loss of control of a subsidiary occurs, the parent company ceases to consolidate the financial information of the subsidiary as of the date on which the loss of control of the subsidiary is produced and records the investment in that entity as an associate. However, IFRS do not contemplate the accounting treatment in transactions between entities under common control. In this sense, the Management decided, not to consolidate the investment in Cordillera del Sur Ltda.

(f) Revenue recognition -
The Group is mainly engaged in the commercialization of tin and gold, for which it is responsible for providing freight and shipping services. Revenue from contracts with customers is recognized when the control of the assets is transferred to the customer for an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has concluded that it is the principal in its contracts because it maintains control over the freight and shipping services, having the ability to direct the service provider to provide the specified services on behalf of the Group.

(g) Recognition of the deferred income tax liability related to the temporary difference of the account payable to KLS Limited -
The Group has recognized a deferred income tax liability related to the temporary difference in the account payable to KLS Limited, former minority shareholder of the subsidiary Marcobre, which Management estimates will be reversed in its entirety in the following years until the payment of this.

3.2. Estimates and assumptions
The following are key future-related assumptions and other key sources of uncertainty estimates as of the date of the consolidated financial statements and which carry a high risk of significant adjustments to the carrying amounts of assets and liabilities during the next period. The Group has based its estimates and accounting assumption based on the parameters available at the moment of the preparation of these consolidated financial statements. However, the circumstances and assumptions about future events may change due to changes in the market and new circumstances that may arise beyond the control of the Group. The changes are reflected in the assumptions at the time of occurrence.

(a) Determination of mineral reserves -
The Group calculate its reserves using methods generally applied by the mining industry, and in accordance with international guidelines. All reserves computed represent the estimated amounts of proved and probable ore that can be processed economically and legally under the present conditions.

The process of estimating the amount of reserves and mineral resources is complex and requires making subjective decisions at the time of evaluating all the geologic,

geophysical, engineering and economic information that is available. Revisions could occur in estimated reserves and resources due to, among other things, revisions of the geologic data or assumptions, changes in assumed prices, production costs and the results of exploration activities. The changes in estimates of mineral reserves could affect mainly the carrying value of mining concessions, development costs, property, plant and equipment; the charge to results corresponding to depreciation and amortization, and the carrying amount of the provision for closure of mining units.

(b) Units of production depreciation (UOP) -
Estimated economically recoverable reserves are used in determining the depreciation and/or amortization of mine specific assets.

This results in a depreciation/amortization charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Changes in estimates are accounted for prospectively.

(c) Recovery of deferred tax assets -
Judgment is required to determine whether deferred tax assets should be recognized in the consolidated statement of financial position. Deferred tax assets, including those generated by unused tax losses, require Management to evaluate the probability that the Group generates sufficient taxable profits in future periods to use the recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on Management's estimates of future cash flows. These estimates of future taxable income are based on projections of operating cash flows and judgments about the application of current tax laws. To the extent that the future cash flows and taxable income differ significantly from the estimates, the Group's ability to realize the net deferred tax assets recorded at the reporting date could be affected.

(d) Mine rehabilitation provision –
The Group assesses its mine rehabilitation provision at each reporting date using a discounted future cash flow model. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates and in the periods in which it is expected that such costs will be incurred. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents Management's best estimate of the present value of the future rehabilitation costs required.

(e) Determination of the net realizable value of inventories –
Net realizable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realize when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

(f) Impairment of non-financial assets –
The Group assesses each asset or cash generating unit in each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. The assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, among others. These estimates and assumptions are subject to risk and uncertainty.

The fair value of mining assets is generally calculated by the present value of future cash flows arising from the continued use of the asset, which include some estimates, such as the cost of future expansion plans, using assumptions that a third party might consider. The future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the value of money over time, as well as specific risks of the asset or cash-generating unit under evaluation. The Group determined the units operations of each unit as independent cash-generating unit.

(g) Taxes –
Deferred tax assets are recognized for unused tax losses and other deducting temporary differences in the future to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(h) Determination of the cost of products in process gold –
The leaching ore deposits contain the material extracted from the pit and have a 60-day termination cycle, which are monitored through a stacking control at the cell level, this solution is filtered through pipes and is accumulated in the PLS pool, the quantities in this area is obtained by using a graduated rule drawn on the geomembrane of the PLS Pit.

The rich solution of the PLS (Pregnant Leaching Solution) well is pumped to two lines of adsorption tanks. The first line consists of six in-line pressurized absorption tanks which were previously charged with carbon, which has the property of absorbing the gold. The second is five cascade absorption tanks that are also fed with carbon. To each of the mentioned tanks a balance is made for each column, which takes the flow that enters, the

grade that enters and the grade that comes out through samplers, is multiplied by the volume and accumulated ounces are obtained, the difference being what remains in the columns with the carbon. Each circuit has flow meters with daily maintenance according to the Integrated Management System program, the control of these quantities is monitored through daily operational reports.

Afterwards, the process stops being continuous to go through a process of desorption, monitoring the gold that is deposited, in this phase the Group manages a recovery ratio of 98.38 percent, the remaining gold remains in the carbon which is recirculated to the process through a chemical and thermal regeneration leaving it ready to return to the circuit.

The processes and the recovery ratio are constantly monitored, and the estimated recovery rates are adjusted periodically as additional information becomes available and considering technological changes.

(i) Obsolescence of materials and supplies -
The allowance for obsolescence of materials and supplies is determined based on an analysis carried out annually by the Group Management, which considers the obsolete and slow-moving items, and is charged to the consolidated statement of profit or loss in the year in which it is determined the need for such allowance.

(j) Recovery of the value added tax -
The Group Management considers that the tax credit for non-current value added tax will be applied when offsetting it with the value added tax payable that will be generated by future sales made by its subsidiary Cumbres del Sur S.A.C. In the case of the subsidiary Marcobre S.A.C., if there is a credit balance of the value added tax, its refund or compensation will be requested under the balance in favor of the exporter regime based on export sales. In the case of Marcobre S.A.C., this subsidiary Company is carrying out feasibility and development activities, so this balance will be recovered in the long term once it starts its production operations. On an annual basis, the Company's management evaluates the feasibility of the development of the project that is being carried out and that the possibility of recovering this tax credit is considered probable. Otherwise, an impairment will be recorded.

(k) Estimation of the incremental borrowing rate -
The Group cannot be readily determined the interest rate implicit in the leases, therefore, it uses the incremental borrowing rate (hereinafter "IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar economic environment. The IBR, therefore, reflects what the Group have to pay, which requires estimation when no observable rates are available (such as when the leases are not in the functional currency of the Company and its subsidiaries).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific judgements estimates.

4. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective:

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" –
In January 2020, IASB issued amendments to paragraphs 69 to 76 of IAS 1 "Presentation of Financial Statements" to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period in order to classify liabilities as non-current
- That classification current or non-current is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retroactively. The Company considers that this modification will not have a significant impact on the Company's financial statements.

Amendments to IAS 16: "Property, Plant and Equipment: Proceeds before Intended Use" -
In May 2020, the IASB issued: Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting beginning on or after 1 January 2022 and must be applied retroactively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

Amendments to IAS 37: "Onerous contracts - Costs of fulfilling a contract" -
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply the "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for the annual reporting periods on or after 1 January 2022.

The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

5. Transactions in foreign currency

As of December 31, 2020 and 2019, the Group had assets and liabilities in soles, Brazilian reales and euros. Below is a breakdown of these assets and liabilities presented by their equivalent in U.S. dollars:

	2020 US$(000)	2019 US$(000)
Assets		
Cash and cash equivalents	24,121	51,431
Trade and other receivables, net (including non-current portion)	124,429	160,304
Income tax prepayments	6,205	-
	154,755	211,735
Liabilities		
Trade and other payables (including non-current portion)	(55,117)	(100,570)
Financial obligation (including non-current portion)	(148,440)	(147,067)
Income tax liabilities	-	(4,564)
	(203,557)	(252,201)
Net liabilities position	(48,802)	(40,466)

As of December 31, 2020 and 2019, the Group had no financial instruments to hedge its foreign currency risk.

The net loss on exchange difference originated by assets and liabilities in foreign currency was approximately US$38,398,000 during the year 2020 (net loss of US$2,602,000 during 2019), which is presented in the caption "Exchange difference, net" of the consolidated statement of profits or loss.

6. Cash and cash equivalents and other financial assets

(a) The composition of this caption is presented below:

	2020 US$(000)	2019 US$(000)
Cash on hand and petty cash	17	18
Bank current accounts (b)	139,027	14,370
Overnight deposits (c)	72,109	42,324
Time deposits (d)	45,756	75,686
Certificates of bank deposits (e)	501	787
Balance considered in the consolidated statements of cash flow	257,410	133,185
Time deposits with original maturities greater than 90 days (f)	90,576	212,686
	347,986	345,871

(b) As of December 31, 2020 and 2019, the Group maintains its cash demand deposits in local and foreign banks of first level and are freely available and generate interest at market rates.

(c) Overnight deposits are one day deposits in a foreign bank, which earn effective market rates.

(d) Time deposits have original maturities of less than 90 days and can be renewed at maturity. As of December 31, 2020 and 2019, these deposits earned interest at market interest rates, and were settled in January 2021 and 2020, respectively.

(e) As of December 31, 2020, they correspond to bank deposit certificates-CDB's maintained by Mineração Taboca S.A. for R$2,603,000 (equivalent to US$501,000) that accrue interest at a rate of 50 percent CDI and have an original maturity of less than 90 days, (R$3,160,000, equivalent to US$787,000, as of December 31, 2019).

(f) Term deposits with original maturity greater than 90 days are presented under "Other financial assets" of the consolidated statement of financial position.

7. Trade and other receivables, net

(a) The composition of this caption is presented below:

	2020 US$(000)	2019 US$(000)
Trade (b):		
Invoices receivable	75,865	56,592
Changes in the fair value	4,029	636
	79,894	57,228
Other receivables:		
Value added tax credit and other tax credits (c)	131,997	176,173
Related parties, note 31(a)	3,581	3,334
Invoices receivable for the sale of other supplies and fixed assets	3,155	3,942
Judicial deposits (d)	1,292	1,593
Interest receivable (e)	1,280	4,405
Advances to suppliers	1,134	1,444
Loans to employees	129	347
Restricted funds	109	84
Others	769	946
	143,446	192,268
Total	223,340	249,496
By maturity:		
Current	136,081	168,885
Non-Current	87,259	80,611
Total	223,340	249,496
By nature:		
Financial asset	91,343	73,323
Non-financial asset	131,997	176,173
Total	223,340	249,496

	2020 US$(000)	2019 US$(000)
Classification by Measurement		
Trade accounts receivable (measured at fair value)	79,894	57,228
Other accounts receivable (measured at amortized cost)	143,446	192,268
Total	223,340	249,496

(b) As of December 31, 2020 and 2019, trade accounts receivable does not bear interest and do not have specific guarantees. In the estimation process of expected credit losses, Management evaluates credit risk and individual credit limits. The evaluation is performed at each reporting date using an estimation matrix to measure the expected credit losses.

(c) As of December 31, 2020 and 2019 this caption mainly corresponds to the credit for the value added tax (hereinafter "VAT") that results from purchases of goods and services resulting from the activities of construction and development carried out by the subsidiaries in Peru and Brazil (Cumbres del Sur S.A.C. and Marcobre S.A.C.) that will be offset with the VAT payable that will be generated when the subsidiaries begin their operations and by the value added tax of the production activities of the subsidiary in Brazil (Mineração Taboca S.A.).

During the year 2020, the subsidiary Marcobre S.A.C., it obtained the refund of the credit for the value added tax for US$91,769,000 (US$85,462,000 during the year 2019) through the Early Recovery System of the VAT (hereinafter "RERA"), for which the Company expects to continue recovering said credit through this Regime. Management estimates to recover US$32,596,000 through the RERA during 2021. If there is a remaining credit balance of VAT, its refund or offset will be requested under the regime of Exporter's value added tax ("SFMB" for its acronym in Spanish) based on export sales.

In Management's opinion, this credit will be recovered in the short term (through the RERA) and in the long term, when the Marcobre subsidiary starts its production operations, see note 3.2 (j).

In addition, during the year 2020, the subsidiary Cumbres del Sur S.A.C, based on the assessment of the recoverability of the VAT credit record a provision for the amount of US$345,000 (equivalent to S/1,200,000). During the year 2019 proceeded to write-off the amount of US$729,000 (equivalent to S/2,432,000) expensed in consolidated statement of profit or loss, see note 28. Likewise, this subsidiary has evaluated the recoverability of the general sales tax credit balance as of December 31, 2020 for US$8,735,000 (equivalent to S/31,603,000) and considers that it will be used.

(d) As of December 31, 2020 and 2019, it corresponds to the judicial deposits held by the subsidiary Mineração Taboca S.A. corresponding to processes that when liquidated through the financing of debts to the tax administration of Brazil (REFIS) and when its expects the development of the review initiated in 2014 by the Federal Revenue Secretariat of Brazil and the Attorney General's Office and the National Treasury of Brazil, to request the release and consequent lifting of the amounts deposited, during the year 2020 the Subsidiary get the release was made of US$301,000 (US$5,020,000 during the year 2019).

(e) As of December 31, 2020 and 2019, they mainly correspond to interest receivable related to time deposits.

8. Inventory, net

(a) The composition of this caption is presented below:

	2020 US$(000)	2019 US$(000)
Finished products	21,592	26,232
Mined material	49,883	13,384
Work in progress (b)	41,504	44,429
Materials and supplies	39,008	41,989
Mineral extracted	3,316	3,455
Inventory in transit	8,095	6,294
	163,398	135,783
Allowance for obsolescence (c)	(3,819)	(3,755)
Impairment loss of inventories (d)	-	(1,006)
	159,579	131,022
By maturity:		
Current	109,696	117,638
Non-Current	49,883	13,384
Total	159,579	131,022

(b) As of December 31, 2020 and 2019 the products in process was made up as follows:

	2020 US$(000)	2019 US$(000)
Products in tin process – Minsur		
Gravimetric tin concentrate	7,200	6,044
Metal in process	3,158	2,297
Dross	2,543	2,100
Metal MH iron	1,643	161
Bag House Powder	1,427	1,001
Tin concentrate floating	1,412	3,283
Others	1,144	1,139
	18,527	16,025
Products in gold process - Minsur		
Leaching PAD – armed cell	4,769	5,349
Broken mineral in charge	4,585	4,044
Refined in process	1,229	1,733
Dore bar	895	1,236
Adsorption tanks	-	1,847
Others	-	123
	11,478	14,332
Products in tin process – Taboca		
Sintering	5,191	8,172
Tin concentrate floating	301	212
Gravimetric tin concentrate	159	201
Others	2,350	2,293
	8,001	10,878
Products in process of Fe, Nb and Ta - Taboca		
Metallurgy	2,889	3,015
Floating of niobates	609	179
	3,498	3,194
	41,504	44,429

The products in process (tin, gold, iron, niobium and tantalum and mined material) present the following characteristics:

i. *Tin* -

Operations in Peru:

The crude tin produced in the foundry contains impurities such as iron, copper, arsenic, antimony, lead, bismuth and indium. These impurities are removed sequentially, through a pyro-metallurgical process, in cast iron pots of 50 tons capacity, taking advantage of their different physicochemical properties, until obtaining refined tin with 99.94 percent of purity and a maximum of 0.02 percent of lead, which is then molded into ingots and other presentations.

Operations in Brazil:

Conformed by cassiterite and columbite that will later be concentrated using systems of jigs, spirals, tables, electrostatic separators, also by the concentrate of gravimetric tin and by flotation, which contain tin extracted from the inside mine. These materials are available to follow the following processes of tin recovery, which basically consist of the smelting and refining process.

ii. *Gold* -

Corresponds to the mineral placed on the leach deposits, which contain the ore that has been extracted from the pit and that are available to follow the gold recovery processes. In the deposits of leached mineral the recovery is carried out through its exposure to the solution of sodium cyanide that dissolves the gold and whose solution is sent to the plant of the extraction process.

iii. Iron, Niobium and Tantalum -

The alloy of Iron Niobium and Tantalum (FeNbTa) is a metallic alloy of Niobium and Tantalum combined in a matrix of Ferro-Oxygen-Silicon, resulting from the melting of the minerals of columbite and pyrochlore, extracted from the Pitinga Mine.

iv. *Mined material* -

It corresponds to the marketable mined material extracted as part of the stripping activities in the open pit under construction of the Mina Justa Unit. The subsidiary expects to process this material from 2021 once commercial operations begin.

(c) The allowance for obsolescence of materials and supplies had the following movement during the years 2020 and 2019:

	2020 US$(000)	2019 US$(000)
Opening balance	3,755	4,017
Allowance of the period, note 24(a)	516	758
Translation difference	(452)	(62)
Destruction of obsolete goods from previous years	-	(958)
Ending balance	3,819	3,755

(d) The estimation for impairment loss of finished products and products in process had the following movement during the years 2020 and 2019:

	2020 US$(000)	2019 US$(000)
Opening balance	1,006	1,620
Recovery from devaluation	(577)	(771)
Allowance for impairment of tin metal	(273)	-
Translation difference	(156)	(25)
Estimation of the period, note 24(a)	-	182
Ending balance	-	1,006

In the opinion of management of the Group, the allowance for obsolescence of inventories adequately covers such risk at the date of the consolidated statement of financial position.

9. Financial assets at fair value through other comprehensive income

(a) The available-for-sale financial investments include the following:

	2020					
	Cost US$(000)	**Unrealized result** US$(000)	**Past due interest** US$(000)	**Shares performance** US$(000)	**Sale of the investment** US$(000)	**Fair Value** US$(000)
Rímac Seguros y Reaseguros (c)	21,070	(81)	-	746	-	21,735
BBVA Spain	14,845	(10,398)	-	503	-	4,950
Commercial papers (d)	79,867	-	1,633	-	(81,500)	-
Total	115,782	(10,479)	1,633	1,249	(81,500)	26,685

	2019						
	Cost US$(000)	**Acquisition** US$(000)	**Unrealized result** US$(000)	**Past due interest** US$(000)	**Shares performance** US$(000)	**Sale of the investment** US$(000)	**Fair Value** US$(000)
Commercial papers (d)	58,778	155,416	19	3,246	-	(136,000)	81,459
Rímac Seguros y Reaseguros (c)	21,070	-	2,140	-	746	-	23,956
BBVA Spain	14,845	-	(10,070)	-	503	-	5,278
Certificates of deposit without public quotation	40,000	-	-	847	-	(40,847)	-
Total	134,693	155,416	(7,911)	4,093	1,249	(176,847)	110,693

(b) The movement of financial assets measured at fair value through other comprehensive income is presented below:

	2020 US$(000)	**2019** US$(000)
Opening balance	110,693	125,578
Earned interest of deposit certificates, note 29	60	2,661
Unrealized results, note 21(h)	(2,568)	3,139
Liquidations of deposit certificates	(81,500)	(176,847)
New investments	-	155,416
Dividends received in shares	-	746
Ending balance	26,685	110,693

	2020 US$(000)	2019 US$(000)
By maturity:		
Current	21,735	105,415
Non-Current	4,950	5,278
Total	26,685	110,693

(c) As of December 31, 2020 and 2019, the fair value of the investments in Rimac Seguros y Reaseguros has been determined based on its listing on the Lima Stock Exchange.

(d) The fair value of commercial papers was estimated based on discounted cash flows using available market rates for debt instruments of similar conditions, maturity and credit risk.

(d) As of December 31, 2020, the Group received BBVA cash dividends from Spain and Rimac Seguros y Reaseguros for US$132,000 (US$959,000 in cash dividends as of December 31, 2019), which were paid to the results of the period.

(f) As of December 31, 2020, the Group has received dividends in shares for US$1,571,000 from its investments in Rímac, which were recorded in the consolidated statement of other comprehensive income. As of December 31, 2019, the Group did not record dividends in the consolidated statement of other comprehensive income.

10. Prepaid expenses and taxes

(a) Below is the composition of the caption:

	2020 US$(000)	2019 US$(000)
Financing structuring costs paid in advance (c)	4,990	16,505
Prepaid insurance	3,942	5,815
Taxes paid in advance	2	-
Prepaid taxes	-	129
Ending balance	8,934	22,449

(b) The classification by maturity is presented below:

	2020 US$(000)	2019 US$(000)
By maturity:		
Current	3,944	5,775
Non-Current	4,990	16,674
Total	8,934	22,449

(c) Corresponds to the financing structuring costs of the subsidiary Marcobre that were paid at the time of obtaining the credit line and at each disbursement. During 2020, US$1,638,000 of structuring costs were paid (US$3,349,000 of structuring costs during 2019). These structuring costs are reclassified to present by deducting the amount of bank loans as the funds are received. Below is the movement of this caption:

	2020 US$(000)	2019 US$(000)
Structuring costs incurred, note 17(f)	41,581	39,297
Recognition of structuring costs and taxes paid in advance, note 17(f)	(36,591)	(22,792)
Total	4,990	16,505

11. Investments in associates

(a) This caption is made up as follows:

	Interest in equity		Equity value	
	2020 %	2019 %	2020 US$(000)	2019 US$(000)
Inversiones Cordillera del Sur Ltda. and subsidiaries (c)	73.85	73.85	273,315	252,089
Futura Consorcio Inmobiliario S.A. (c)	3.31	3.31	3,376	3,528
Exsa S.A. (c)	-	7.30	-	7,564
			276,691	263,181

The Group has recognized its investments in Futura Consorcio Inmobiliario S.A. and Exsa S.A. (until April 30, 2020), as investments in associates, considering that are managed by the same economic group.

(b) The net share of the profits (losses) of its associated companies is as follows:

	2020 US$(000)	2019 US$(000)
Inversiones Cordillera del Sur Ltda. and subsidiaries (c)	4,669	(2,583)
Exsa S.A. (c)	264	(3,623)
Futura Consorcio Inmobiliario S.A. (c)	227	(2,012)
Total	5,160	(8,218)

(c) The movement of investments in associates and relevant information is presented as follows:

Inversiones Cordillera del Sur Ltda. and subsidiaries

It is associated (see 3.1(e)) Its main objective is to maintain investments in Melon and subsidiaries. The social object of Melón S.A. is the production, commercialization and supply of cement, ready-mix concrete, mortar and pre-dosed aggregates to distributors of construction materials, to construction companies related to the real estate, civil and mining sectors and to concrete companies in Chile.

The table below shows the movement in the investment in Inversiones Cordillera del Sur Ltda. and subsidiaries:

	2020 US$(000)	2019 US$(000)
Opening balance	252,089	275,713
Plus (minus):		
Translation	14,663	(21,016)
Net (loss) profit share	4,669	(2,583)
Unrealized result	1,893	(27)
Others	1	2
Ending balance	273,315	252,089

Futura Consorcio Inmobiliario S.A.
The purpose of this associate located in Peru, comprise the real estate business mainly to its related companies.

The table below shows the movement in the investment in Futura Consorcio Inmobiliario S.A.:

	2020 US$(000)	2019 US$(000)
Opening balance	3,528	5,306
Plus (minus):		
Net (loss) profit share	227	(2,012)
Other reserves	89	-
Translation	(305)	307
Dividends received	(153)	-
Unrealized losses	(10)	(5)
Other	-	(68)
Ending balance	3,376	3,528

Exsa S.A.

The economic activity of this associate domiciled in Peru includes the manufacture, local sale and export of encapsulated explosives, accessories and blasting agents; likewise, it is dedicated to the provision of blasting services, and all kinds of services and support works to mining companies.

In April 2020, the Group sold all of the shares it owned in Exsa S.A. for a total value of US$8,355,000. The net profit generated by the sale of this investment was of US$1,007,000, which was recognized in the consolidated statement of income, see note 28.

The table below shows the movement in the investment in Exsa S.A.:

	2020 US$(000)	2019 US$(000)
Opening balance	7,564	11,427
Plus (minus):		
Net loss share	264	(3,623)
Translation	(480)	(240)
Sale of shares, note 28	(7,348)	-
Ending balance	-	7,564

12. Property, plant and equipment, net

(a) The composition and movement of this caption of the years 2020 and 2019:

	Balance as of January 1, 2020 US$(000)	Additions US$(000)	Disposals (d) US$(000)	Reclassifications (e) US$(000)	Transfers US$(000)	Translation Adjustment US$(000)	Balance as of December 31, 2020 US$(000)
Cost							
Lands	23,001	-	-	(5,144)	1,375	(247)	18,985
Buildings and installations	667,118	3,385	-	(4,647)	60,135	(28,523)	697,468
Machinery and equipment	608,751	2,999	(231)	(33)	44,993	(30,167)	626,312
Furniture, fixtures, computer equipment, communication and security	13,916	89	(692)	(17)	328	(933)	12,691
Vehicles	10,749	-	(729)	559	1,379	(1,617)	10,341
Work in progress (c)	861,860	437,585	-	918	(108,210)	(6,663)	1,185,490
Mine closure costs	133,690	20,450	-	-	-	(10,157)	143,983
	2,319,085	464,508	(1,652)	(8,364)	-	(78,307)	2,695,270
Accumulated depreciation							
Buildings and installations	320,427	38,367	-	(1,221)	-	(6,856)	350,717
Machinery and equipment	317,744	50,093	(164)	376	-	(19,034)	349,015
Furniture, fixtures, computer equipment, communication and security	10,677	778	(691)	(13)	-	(717)	10,034
Vehicles	6,266	1,065	(637)	135	-	(878)	5,951
Mine closure costs	48,830	6,090	-	-	-	(676)	54,244
	703,944	96,393	(1,492)	(723)	-	(28,161)	769,961
Impairment loss of Property, plant and equipment (e)	(46,922)	-	-	-	-	9,806	(37,116)
Net Cost	1,568,219	-	-	-	-	-	1,888,193

	Balance as of January 1, 2019 US$(000)	Additions US$(000)	Disposals (d) US$(000)	Reclassifications (e) US$(000)	Transfers US$(000)	Translation Adjustment US$(000)	Balance as of December 31, 2019 US$(000)
Cost							
Lands	23,043	-	-	-	-	(42)	23,001
Buildings and installations	546,964	1,902	(1,036)	2,621	121,151	(4,484)	667,118
Machinery and equipment	417,877	1,637	(3,678)	-	197,725	(4,810)	608,751
Furniture, fixtures, computer equipment, communication and security equipment	12,924	48	(68)	-	1,157	(145)	13,916
Vehicles	10,701	1,575	(2,306)	-	1,042	(263)	10,749
Work in progress (c)	387,209	800,603	(93)	(3,777)	(321,075)	(1,007)	861,860
Mine closure costs	87,309	47,743	-	-	-	(1,362)	133,690
	1,486,027	853,508	(7,181)	(1,156)	-	(12,113)	2,319,085
Accumulated depreciation							
Buildings and installations	281,050	40,785	(457)	-	-	(951)	320,427
Machinery and equipment	287,893	34,563	(1,737)	-	-	(2,975)	317,744
Furniture, fixtures, computer equipment, communication and security equipment	9,923	899	(37)	-	-	(108)	10,677
Vehicles	7,394	736	(1,718)	-	-	(146)	6,266
Mine closure costs	42,343	6,586	-	-	-	(99)	48,830
	628,603	83,569	(3,949)	-	-	(4,279)	703,944
Impairment loss of Property, plant and equipment, (e)	(56,924)	-	8,150	-	-	1,852	(46,922)
Net Cost	800,500						1,568,219

(b) The depreciation expense has been distributed in the consolidated statements of profit or loss as follows:

	2020 US$(000)	2019 US$(000)
Cost of sales, note 24(a)	68,451	70,868
Development cost and products in process	20,958	11,641
Unabsorbed costs, note 24(b)	5,964	-
Administrative expenses, note 25	721	843
Exploration and evaluation expenses, note 27	171	91
Other expenses, note 28	117	114
Selling expenses, note 26	11	12
	96,393	83,569

(c) As of December 31, 2020 and 2019, the balance of work in progress includes mainly the following items:

	2020 US$(000)	2019 US$(000)
Engineering and construction management of the Mina Justa project – Marcobre	269,271	129,699
Construction of the oxide plant – Marcobre	229,779	147,029
Construction of the concentrator plant – Marcobre	132,162	73,906
Costs related to construction and land movement- Marcobre	97,169	94,752
Buoys port – Marcobre	67,877	44,671
Crushing plant construction – Marcobre	65,249	62,216
Other facilities – Marcobre	49,487	41,564
Construction of the electrical substation and facilities – Marcobre	39,543	38,631
Finance cost directly related to the project – Marcobre	24,185	23,572
Construction of the water pumping station and facilities – Marcobre	21,569	17,926
Leach pad – Minsur	18,449	675
Assembly of heavy machinery – Marcobre	14,950	6,894
Assembly of equipment – Marcobre	10,229	10,229
Tailing dam B4 Construction – Minsur	13,143	-
Production improvement project – Taboca	12,212	5,065
Construction of the grinding plant – Marcobre	10,421	8,975
Construction of the camp – Marcobre	6,298	6,298
Tailing dam regrowth - B3 – Minsur	5,352	1,093
Construction of the tailing's thickener – Marcobre	4,240	1,798
New camps -SR – Minsur	4,175	-
Installation of air conditioning and sewerage – Marcobre	3,992	3,992
Project - B2 (level 4480 and 4475) – Minsur	2,349	40,558
Sustainability project and treatment of 3,200 tons of ore per day – Minsur	1,881	2,336
Emergency adaptation of dams – Taboca	1,120	3,428
Others	80,389	96,553
	1,185,491	861,860

(d) As of December 31, 2020 and 2019, mainly correspond to the disposal of different components of the machinery and equipment items due to the replacement of components and the write-off of missing assets of the Group.

(e) As of December 31, 2020, correspond to the designation of properties classified as non-current assets available for sale, see note 2.4(e) for the net cost of US$5,921,000, to the activation of development costs related to the Project of tin tailings B2 that were part of the works in progress

for US$1,189,000 that were capitalized and transferred to the intangible during 2020 and other minor reclassifications mainly due to the capitalization and transfer to the "Intangible" caption of works in progress related to the project Mina Justa for US$531,000, see notes 13(a) and 14(a).

As of December 31, 2019, corresponds to the designation of assets available for sale as property, plant and equipment for the net cost of US$2,621,000, the capitalization and transfer to intangible assets of works in progress related to the Mina Justa project for US$2,981,000 and other minor reclassifications of US$796,000.

(f) As of December 31, 2020, the net cost of machinery and equipment under finance leases amounts to US$1,439,000. As of December 31, 2019, the Group did not have finance leases.

(g) Evaluation of deterioration of mining units -
In accordance with the Group's policies and procedures, each asset or cash generating unit (CGU) is evaluated annually at the end of the period, to determine if there are impairment indicators. If there are such indicators of impairment, a formal estimate of the recoverable amount is made, see analysis in note 15.

13. Intangible assets, net

(a) The composition and movement of this caption of the years 2020 and 2019:

	Balance as of January 1, 2020 US$(000)	Additions US$(000)	Disposals US$(000)	Reclassifications US$(000)	Transfers US$(000)	Translation Adjustments US$(000)	Balance as of December 31, 2020 US$(000)
Cost:							
Definite useful life							
Mining concessions and mining rights (d)	395,515	7,000	(86)	16	-	(16,193)	386,252
Mine development costs	219,093	109,133	-	1,578	-	-	329,804
Connection and easement rights	6,247	-	-	-	-	-	6,247
Usufruct of lands	3,907	433	-	-	-	(61)	4,279
Remediation asset	1,133	-	-	-	-	-	1,133
Licenses	2,735	26	(22)	127	2	(201)	2,667
Intangible in progress	-	2,530	-	-	(2)	-	2,528
	628,630	119,122	(108)	1,721	-	(16,455)	732,910
Accumulated amortization:							
Mining concessions and mining rights	19,738	1,441	-	-	-	(3,752)	17,427
Mine development costs	28,470	3,540	-	-	-	-	32,010
Connection and easement rights	2,751	261	-	-	-	-	3,012
Usufruct of lands	2,064	334	-	-	-	(28)	2,370
Remediation asset	1,198	-	-	-	-	-	1,198
Licenses	989	360	-	1	-	(110)	1,240
	55,210	5,936	-	1	-	(3,890)	57,257
Net cost	573,420						675,653

	Balance as of January 1, 2019 US$(000)	Additions US$(000)	Transfers US$(000)	Transfers US$(000)	Balance as of December 31, 2019 US$(000)
Cost:					
Definite useful life					
Mining concessions and mining rights (d)	397,468	611	-	(2,564)	395,515
Mine development costs	120,229	95,883	2,981	-	219,093
Connection and easement rights	6,117	130	-	-	6,247
Usufruct of lands	3,686	207	-	14	3,907
Remediation asset	1,133	-	-	-	1,133
Licenses	1,911	817	-	7	2,735
	530,544	97,648	2,981	(2,543)	628,630
Accumulated amortization:					
Mining concessions and mining rights	18,355	1,965	-	(582)	19,738
Mine development costs	25,737	2,733	-	-	28,470
Connection and easement rights	2,406	345	-	-	2,751
Usufruct of lands	1,706	352	-	6	2,064
Remediation asset	1,250	65	-	(117)	1,198
Licenses	648	246	-	95	989
	50,102	5,706	-	(598)	55,210
Net cost	480,442				573,420

(b) The amortization expense has been distributed in the consolidated statements of profit or loss as follows:

	2020 US$(000)	2019 US$(000)
Cost of sales, note 24(a)	5,237	5,367
Exploration and evaluations expenses, note 27	455	206
Mine development	137	133
Unabsorbed costs, note 24(b)	86	-
Administrative expenses, note 25	21	-
	5,936	5,706

(c) As of December 31, 2020 and 2019, the additions of the development cost mainly comprise the following concepts:

	2020 US$(000)	2019 US$(000)
Mine development	67,495	67,764
Capitalized interests (c.1)	33,907	17,646
Project management service	5,610	5,856
Feasibility study - mining, processes and port studies	918	87
Project B2	115	4,375
Other minors	1,088	155
	109,133	95,883

(c.1) As of December 31, 2020 and 2019, correspond to the interest paid on the syndicated loan subscribed by the subsidiary Marcobre, see note 17(c).

(d) As of December 31, 2020 and 2019, mining concessions and rights are mainly related to the subsidiaries Mineração Taboca S.A. c and Marcobre S.A.

(e) As of December 31, 2020, correspond to the activation of development costs related to the B2 tin tailings project that were part of the works in progress for US$1,189,000 that were capitalized and transferred to the intangible during 2020 and other minor reclassifications mainly due to the capitalization and transfer to intangible assets of works in progress related to the Mina Justa project for US$531,000.

14. Right-of-use assets, net

(a) The composition and movement of this caption of the years 2020 and 2019:

	Balance as of January 1, 2020 US$(000)	Additions US$(000)	Disposals (d) US$(000)	Reclassification US$(000)	Translation US$(000)	Balance as of December 31, 2020 US$(000)
Cost						
Land and buildings	17,217	128	(170)	(2)	(262)	16,911
Machinery and equipment	49,619	10,744	(9,947)	667	(7,959)	43,124
Vehicles	6,588	837	(2,295)	(665)	-	4,465
	73,424	11,709	(12,412)	-	(8,221)	64,500
Accumulated depreciation						
Land and buildings	3,616	1,411	(170)	(1)	(121)	4,735
Machinery and equipment	28,525	13,852	(9,947)	403	(4,546)	28,287
Vehicles	3,263	2,132	(2,295)	(402)	-	2,698
	35,404	17,395	(12,412)	-	(4,667)	35,720
Net cost	38,020					28,780

	Balance as of January 1, 2019 US$(000)	Additions US$(000)	Disposals (d) US$(000)	Translation US$(000)	Balance as of December 31, 2019 US$(000)
Cost					
Land and buildings	7,161	10,821	(736)	(29)	17,217
Machinery and equipment	40,231	10,898	(233)	(1,277)	49,619
Vehicles	2,546	4,485	(443)	-	6,588
Furniture	85	-	(85)	-	-
	50,023	26,204	(1,497)	(1,306)	73,424
Accumulated depreciation					
Land and buildings	2,241	2,125	(736)	(14)	3,616
Machinery and equipment	14,985	14,536	(305)	(691)	28,525
Vehicles	1,137	2,569	(443)	-	3,263
Furniture	13	-	(13)	-	-
	18,376	19,230	(1,497)	(705)	35,404
Net cost	31,647				38,020

(b) The depreciation expenses have been distributed in the consolidated statements of profits or loss as follows:

	2020 US$(000)	2019 US$(000)
Cost of sales, note 24(a)	13,711	14,776
Development cost	2,476	3,687
Administrative expenses, note 25	682	767
Unabsorbed costs, note 24(b)	526	-
	17,395	19,230

(c) There are certain leases that include extension and termination options and variable lease payments, which are not material. The Group maintains certain machinery leases with lease terms of 12 months or less and low value asset leases. The Group applies the exceptions and does not recognize the assets right-to-use asset and lease liabilities for them.

(d) Certain lease agreements ended during the year, which are presented as write offs in the movement of right-of-use assets. See note 2.4(h).

(e) The contracts do not require the Group to comply with certain financial ratios. Generally, the Group maintains restrictions to allocate and sublet leased assets.

15. Evaluation of impairment of goodwill and other long-lived assets

According to the policies and procedures of the Group, each asset or cash-generating unit (CGU) is evaluated annually at the end of the period, to determine if there is evidence of impairment; except, when evaluating intangible assets of indefinite useful life such as goodwill recorded as part of business acquisitions. If there are such indications of impairment, a formal estimate of recoverable amount is made.

As of December 31, 2020, the Group concluded that there are no impairment indicators for its San Rafael (tin), Pucamarca (gold mine) and Marcobre (Justa mine Unit) and therefore, it did not make a quantitative estimate of the recoverable amount for relate cash-generating units.

In relation to the subsidiary Mineração Taboca S.A., Management considered that there are indicator of impairment of its long-lived assets and therefore made a quantitative estimate of the recoverable amount.

As of December 31, 2020 and 2019, the net carrying amount of the mining unit of Pitinga and the smelting plant of Pirapora is US$182,115,000 (US$233,591,000 as of December 31, 2019). This book value includes: concessions, plant, equipment and related facilities and goodwill. As a result of the evaluation of the capacity to generate future cash flows of Pitinga and Pirapora, the Group's Management considers no necessary to record an impairment loss of value in this cash-generating unit. That conclusion is based on the assumptions detailed below, which could be modified to the extent that the assumptions used differ materially from future market conditions.

Key assumptions

Calculation of recoverable value for the mining unit of Pitinga and the smelting plant of Pirapora is most sensitive to the following assumptions:

- Production volumes –

  The tin production volumes are based on studies of resources prepared by internal specialists of the Group and reviewed by independent experts. Production volumes depend on a number of variables, such as recoverable quantities; the production plan; the cost of developing the necessary infrastructure to extract reserves; production costs; the contractual duration of mining rights; and the selling price of the minerals extracted.

  These estimates consider the estimated production plan for the following years. According to these resources, the tin unit has a production horizon of 30 years since December 31, 2020 and 2019.

- Discount rate –

  The future cash flows were adjusted considering the risk specific to the assets and were discounted at an annual pre-tax rate of 10 percent as of December 31, 2020 and 2019.

- Future quotes -

  The subsidiary has used estimates of future quotes of metals obtained from international investment banks. The estimated prices of tin, ferro niobium and ferro tantalum for the current periods that have been used to estimate future revenues, are detailed below:

  As of December 31, 2020:

	Short term	**Long term** (average)
Tin (Sn)	US$18,000/TM	US$18,000/TM
Ferro Niobium (FeNb)	US$18,007/TM	US$24,083/TM
Ferro Tantalo (FeTa)	US$13,887/TM	US$26,777/TM

As of December 31,2019:

	Short term	Long term (average)
Tin (Sn)	US$17,500/TM	US$20,747/TM
Ferro Niobium (FeNb)	US$18,073/TM	US$19,965/TM
Ferro Tantalo (FeTa)	US$13,636/TM	US$19,278/TM

- Operating expenses –
  Management has projected operating costs by reference to the cost structure of the last years of the CGU, changes and efficiencies achieved during the year in production and the expected effect on its production optimization project together with the development of projects to increase production.

- Useful life –
  Management estimates the useful life considered in its projection is consistent with the economic life of the cash-generating unit.

During the year 2020 and 2019, the Group determined that there is no impairment loss additional to that recorded in 2017 or reversal of the previously recorded impairment loss.

Sensitivity analysis
In relation to the mining unit of Pitinga, Management believes that in order for the Group's cash generating unit to generate a loss due to deterioration, a material and significant change would have to be made in the key cases previously explained.

16. Trade and other accounts payables

(a) The composition of this caption is presented below:

	2020 US$(000)	2019 US$(000)
Trade payables (b):		
Third parties	196,454	222,081
Related parties, note 31(a)	11,933	11,265
	208,387	233,346
Other accounts payable (b):		
Interest payable	21,457	23,170
Accounts payable for acquisition of non-controlling interest (c)	20,934	19,854
Other taxes and contributions payable	15,737	15,189
Workers' profit sharing (d)	12,565	23,187
Remuneration and allowances	12,250	7,864
Accounts payable for options 'subscription, note 36(b)	2,117	3,419
Contracts liabilities	1,817	-
Accounts payable to rural communities (e)	857	835
Others	1,166	1,201
	88,900	94,719
Total	297,287	328,065
By maturity:		
Current	270,448	294,804
Non-current	26,839	33,261
Total	297,287	328,065
By nature:		
Financial liabilities	256,735	281,825
Non-financial liability	40,552	46,240
Total	297,287	328,065

(b) Trade accounts payable are related to the purchases of material and supplies for the Group operation, and mainly correspond to invoices payable to suppliers. These payable does not bear interest and are normally settled on 30 to 60 days term.

Other payables do not bear interest and have an average due date of 3 months.

(c) Purchase of non-controlling interest –
On September 23, 2016, through its subsidiary Cumbres Andinas S.A., the Group acquired the non-controlling interest of Marcobre S.A.C., which represented 30 percent of its capital stock and belonged to KLS Limited, thus obtaining control of 100 percent of the shares of subsidiary Marcobre, which generated an outstanding balance of US$25,000,000 payable that will be paid in five installments of annual maturity for an amount of US$5,000,000 each, beginning after which ever happens first between: (a) 10 working days after the start of commercial production of the Mina Justa project, or (b) on September 30, 2023.

During 2020, as a result of the update of the account payable for the acquisition of non-controlling interest, the Group recognized an increase in the account payable and higher financial expenses in the amount of US$1,080,000 (US$1,354,000 during 2019), see note 29.

(d) Workers' profit sharing payable –
In accordance with Peruvian legislation, the Company determines the workers' profits share by applying the 8 percent rate on the same net tax base used to calculate income taxes. The distribution is determined by 50 percent on the number of days that each worker worked during the previous year and 50 percent on the proportional levels of annual remuneration.

(e) Local communities –
Corresponds to liabilities generated by contracts for land usufruct and complementary rights signed with the Peasant Communities Tinyacclla and Rio de la Virgen, through which the Group is granted the right to carry out mining exploration and exploitation activities for a term of 25 and 15 years, respectively.

17. Borrowings

(a) The composition of this caption is presented below:

Entity	Guarantee	Interest rate	2020 US$(000)	2019 US$(000)
Syndicated loan, net of structuring costs (c) and (f)	With guarantee	Libor 3 months +1.57%	765,896	502,282
Corporate bonds, net of issuance costs (d)	No guarantee	6.25%	444,879	443,431
Citibank (e)	Corporate Minsur	Libor 3 months + Spread	97,000	105,201
Bank do Brazil (g)	With guarantee	3.00%	33,116	14,728
Bank Santander (g)	No guarantee	5.30%	9,307	12,424
Santander Bank (i)	With guarantee	Libor 3 months + Spread	7,390	-
Bank ABC (g)	No guarantee	5.00%	1,701	-
Finance leases (j)	No guarantee	2.74% - 3.05%	1,503	-
Bank Itaú (g)	No guarantee	4.02%	-	11,622
Bank Santos (g)	No guarantee	Rate CDI + 2%	-	3,695
Bank Bradesco (g)	No guarantee	3.20%	-	2,004
			1,360,792	1,095,387

By maturity:

Current	150,923	48,870
Non-current	1,209,869	1,046,517
	1,360,792	1,095,387

(b) The following is the movement of financial obligations:

	2020 US$(000)	2019 US$(000)
Opening balance	1,095,387	639,622
Additions	344,054	509,323
Payments	(69,238)	(35,303)
Amortized cost, note 35.1 (iii)	(4,938)	(16,027)
Translation	(4,473)	(2,228)
Ending balance	1,360,792	1,095,387

(c) On August 15, 2018 the subsidiary Marcobre subscribed a syndicated loan with a group of lenders composed by Export Development Canada; Export Finance and Insurance Corporation; KFW IPEX-Bank GMBH; The Export-Import Bank of Korea; Banco Bilbao Viscaya Argentaria, S.A.; Hong Kong, Banco de Crédito del Peru; BBVA Banco Continental; Credit Agricole Corporate and Investment Bank; ING Bank (a Branch of ING-DIBA AG); ING Capital LLC; Natixis London Branch; Natixis New York Branch, Société Génerale; and Banco Bilbao Viscaya Argentaria, S.A., New York Branch, for which it obtained a credit line of US$900 million. This loan will be used for the development and build the Mina Justa project with a three-month variable interest Libor rate of 0.22% at December 31, 2020 plus an average fixed margin of 1.57% (1.94% plus an average fixed margin of 1.57% as of December 31, 2019). To obtain this loan, the Company counted with Minsur S.A. and Empresas Copec S.A. as guarantors. Until December 31, 2020, the subsidiary Marcobre has received disbursements for US$792,000,000 (US$522,000,000 as of December 31, 2019).

During the loan period, the subsidiary Marcobre must comply with the following conditions agreed in the loan agreement:

- Notify to the guarantor agent of any revision of the Mining Plan. In addition, the subsidiary Marcobre may not, without the consent of the lenders, use the project funds in an amount exceeding US$2,500,000 in any period to pay the costs incurred in connection with mining concessions other than strategic mining concessions.

- Notify the guarantee agent before incurring capital expenditures during any fiscal year that exceeds US$20,000,000 above the total capital expenditures budgeted in the annual budget and the operating plan in effect for that fiscal year.

As of December 31, 2020 and 2019, the subsidiary Marcobre has complied with the financial restrictions of the subscribed contract.

As of December 31, 2020 and 2019, the subsidiary Marcobre has constituted mortgages and pledges for all of its property, plant and equipment and its intangible assets as collateral for the subscribed syndicated loan.

(d) The General Meeting of Shareholders of January 30, 2014, agreed that the Group should issue an international bond issue ("Senior Notes") through a private placement under Rule 144 A and Regulation S of the US Securities Act of 1933. He also agreed to list these bonds on the Luxembourg Stock Exchange. On January 31, 2014, the Group issued bonds with a nominal value of US$450,000,000 due on February 7, 2024 at a coupon rate of 6.25 percent, obtaining a net collection under the pair of US$441,823,500.

Bonds restrict the ability of the Group to perform certain transactions; however, these restrictions do not condition the Group to comply with financial ratios or maintain specific levels of liquidity.

(e) Corresponds to "prepaid export - PPE" loans obtained by the subsidiary Minera Taboca during 2017, whose maturity dates are during October 2020 and December 2023, the financing was carried out with the objective of reducing part of its short-term debts and improving cash flow in the subsidiary.

(f) As of December 31, 2020, the subsidiary Marcobre incurred in costs of borrowing for amounting of US$41,581,000 (US$39,297,000 as of December 31, 2019), related to obtaining the US$900,000,000 credit line. As of December 31, 2020, it has received disbursements for US$792,000,000 (US$522,000,000 as of December 31, 2019) for which it has recognized a reclassification of structure costs and taxes paid in advance related to said proportion for the amount of US$36,591,000 (US$22,792,000 as of December 31, 2019), see note 10 (c). Likewise, as of December 31, 2020, it has recognized a debt structuring based on the interests of the syndicated loan, calculated based on the Libor curve rate for US$10,487,000 (US$3,074,000 as of December 31, 2019).

(g) They correspond to loans of the type "advance of exchange contracts -ACC", obtained by the subsidiary Mineração Taboca S.A to finance their working capital. Said loans are contracted in relation to their export operations, which also constitute the guarantees of the financed amounts.

(h) As of December 31, 2020, Minsur S.A. maintains joint guarantee by US$189,400,000 to guarantee the financial obligations of its subsidiary Mineração Taboca S.A with the following financial institutions:

Counterpart	Guarantee to:	US$(000)	Maturity
Bank Itaú	Credits	10,000	Without caducity
Banco do Brazil	Credits	20,000	Without caducity
Santander Bank Brazil	Credits	10,000	Without caducity
Santander Bank Spain	Credits	8,000	September 2025
Bradesco	Credits	5,000	Without caducity
Citibank	Credits	96,900	December 2023
Citibank	Derivative instruments	4,500	December 2023
Merryl Lynch International	Derivative instruments	15,000	Without caducity
JP Morgan Chase Bank NA	Derivative instruments	10,000	Without caducity
Ban Itaú	Derivative instruments	10,000	Without caducity
Total		189,400	

(i) Corresponds to two "prepaid export - PPE" loans obtained by the subsidiary Mineração Taboca S.A. during 2020, whose maturity dates are November 2024 and November 2025, the financing was carried out with the objective of reducing part of its short-term debts and improving cash flow in this subsidiary.

(j) As of December 31, 2020, the Group has financial leases with Banco de Crédito del Perú for the purchase of machinery at a weighted average rate of 3.11%, with maturities between the years 2022 and 2023. As of December 31, 2019, the Group did not have finance leases.

(k) As of December 31, 2020 and 2019, the non-current portion of the Group's financial obligations, without deducting the structuring costs, will be paid as follows:

	2020		
	Interests US$(000)	Principal US$(000)	Total US$(000)
2022	42,338	115,516	157,854
2023	37,648	200,142	237,790
2024 on forward	28,261	916,389	944,650
Total	108,247	1,232,047	1,340,294

	2019		
	Interests US$(000)	Principal US$(000)	Total US$(000)
2021	49,255	248,789	298,044
2022	39,032	318,233	357,265
2023 on forward	46,795	505,782	552,577
Total	135,082	1,072,804	1,207,886

18. Lease Liabilities

(a) As of December 31, 2020 and 2019, the completion of the obligations for lease contracts are as follows:

	2020 US$(000)	2019 US$(000)
Lease liabilities (third parties)	25,237	30,941
Lease liabilities (related, note 31(a))	4,950	8,722
Total	30,187	39,663
By maturity:		
Current	10,265	16,583
Non-current	19,922	23,080
Total	30,187	39,663

The lease liability is generated using different assets necessary for the operation of the Group, as detailed in note 14.

Lease contracts have original maturities of up to 10 years, on which implicit annual interest rates have been determined that fluctuate between 2% and 5%.

(b) The movement of the lease liability is as follows:

	2020 US$(000)	2019 US$(000)
Opening balance	39,663	32,502
Additions	11,713	26,204
Financial interests	1,708	2,155
Translation	(3,876)	297
Payments	(19,021)	(21,495)
Ending balance	30,187	39,663

19. Provisions

(a) The composition of this caption is presented below:

	Provision for mine closure (b) US$(000)	Provision for environmental remediation (c) US$(000)	Provision for contingencies (d) US$(000)	Provision of performance bonuses US$(000)	Total US$(000)
As of January 1, 2019	108,959	42,400	6,295	13,084	170,738
Additions	47,821	4,086	1,937	20,878	74,722
Translation	(2,128)	(1,282)	(94)	(22)	(3,526)
Change in estimates	1,465	6,125	-	-	7,590
Payments and advances	(296)	(3,397)	(1,643)	(9,751)	(15,087)
Reversals	-	(835)	(773)	-	(1,608)
As of December 31, 2019	155,821	47,097	5,722	24,189	232,829
Additions	20,476	224	3,522	17,595	41,817
Translation	(14,817)	(8,171)	(551)	(4)	(23,543)
Change in estimates	1,211	(1,165)	-	-	46
Payments and advances	(204)	(1,990)	(571)	(21,420)	(24,185)
Reversals	-	-	(1,449)	(1,863)	(3,312)
As of December 31, 2020	162,487	35,995	6,673	18,497	223,652
By maturity:					
Current	6,116	2,997	3,560	22,464	35,137
Non-current	149,705	44,100	2,162	1,725	197,692
As of December 31, 2019	155,821	47,097	5,722	24,189	232,829
By maturity:					
Current	5,456	5,094	1,702	18,497	30,749
Non-current	157,031	30,901	4,971	-	192,903
As of December 31, 2020	162,487	35,995	6,673	18,497	223,652

(b) The provision for mine closure is made up as follows:

	Pitinga and Pirapora units US$(000)	San Rafael, Pucamarca and Pisco units US$(000)	Mina Justa unit US$(000)	Marta unit US$(000)	Total US$(000)
As of January 1, 2019	46,291	59,962	-	2,706	108,959
Additions	21,832	9,847	16,064	78	47,821
Translation	(2,127)	-	-	(1)	(2,128)
Accretion	-	1,432	-	33	1,465
Payments and advances	-	(93)	-	(203)	(296)
As of December 31, 2019	65,996	71,148	16,064	2,613	155,821
Additions	(2,567)	8,233	14,782	28	20,476
Translation	(14,821)	-	-	4	(14,817)
Accretion	-	892	320	(1)	1,211
Payments and advances	-	(64)	-	(140)	(204)
As of December 31, 2020	48,608	80,209	31,166	2,504	162,487
By maturity:					
Current	4,750	105	-	1,261	6,116
Non-current	61,246	71,043	16,064	1,352	149,705
As of December 31, 2019	65,996	71,148	16,064	2,613	155,821
By maturity:					
Current	3,709	261	-	1,486	5,456
Non-current	44,899	79,948	31,166	1,018	157,031
As of December 31, 2020	48,608	80,209	31,166	2,504	162,487

The provision for closure of mining units and exploration projects reflects the present value of the closing costs expected to be incurred between 2021 and 2063, in compliance with regulations Government, see note 32(a) and (b). The estimated mine closure is based on studies prepared by independent advisors, which comply with current environmental regulations. The estimated mine closure is based on studies prepared by independent advisors, which comply with current environmental regulations. The provision for mine closure corresponds mainly to activities that must be carried out for the restoration of the mining units and areas affected by the exploitation activities. The main works to be done correspond to earthworks, revegetation and dismantling of the plants. Closing budgets are reviewed regularly to take into consideration any significant changes in the studies performed. However, mine closure will depend on the market prices of the required closing works that will reflect future economic conditions. Likewise, the timing of disbursements will depend on the life of the mine, which will depend on future metal prices.

As of December 31, 2020, the main assumptions used in the calculation of the present value of the mine closure provision are the following:

	Pirapora and Pitinga Units	San Rafael, Pucamarca and Pisco Units	Marta Unit	Mina Justa Unit
Annual risk-free rate	3.77%	0.23% to 5.77%	0.32% to 0.76%	3.33% to 5.64%
Years covered by the closure mine	43 years	34 years	2 years	16 years

(c) This includes provision for environmental remediation obligation comprised by the following:

	Units Pitinga and Pirapora US$(000) (i)	Regina Unit US$(000) (ii)	Marcobre US$(000) (iii)	Total US$(000)
As of January 1, 2019	33,567	8,120	713	42,400
Additions	-	4,086	-	4,086
Translation	(1,305)	23	-	(1,282)
Accretion	5,986	100	39	6,125
Payments and advances	(1,046)	(2,351)	-	(3,397)
Reversal	-	(835)	-	(835)
As of December 31, 2019	37,202	9,143	752	47,097
Additions	-	224	-	224
Translation	(8,347)	176	-	(8,171)
Accretion	(1,256)	69	22	(1,165)
Payments and advances	(639)	(1,351)	-	(1,990)
As of December 31, 2020	26,960	8,261	774	35,995
By maturity:				
Current	1,661	1,336	-	2,997
Non-current	35,541	7,807	752	44,100
As of December 31, 2019	37,202	9,143	752	47,097
By maturity:				
Current	1,010	4,084	-	5,094
Non-current	25,950	4,177	774	30,901
As of December 31, 2020	26,960	8,261	774	35,995

(i) It includes environmental restoration activities for the operations of the Pitinga mine in Brazil carried out in previous years. With the support of external specialists Mineração Taboca S.A. has updated the environmental remediation provision of the Pitinga and Pirapora units as of December 31, 2020 and 2019.

(ii) It mainly includes environmental restoration activities in the Puno region related to the subsidiary Cumbres del Sur S.A.C. (previously Minera Sillustani S.A.C.) and includes dyke construction activities, improvement of drainage systems, water treatment, bofedal rehabilitation of wetlands carried out in the Regina Unit, located in the Puno region.

(iii) This obligation is related with restoration activities in explorations area of Mina Justa Project which is operated by the subsidiary Marcobre and includes activities such as earthwork, revegetation and the dismantling of all facilities. This obligation is expected to be incurred in the year 2027, according to environmental regulations.

(d) Provision for contingencies -

(d.1) This caption is made up of the following:

Brazilian subsidiary –
It mainly corresponds to claims for compensation of ex-workers for US$1,909,000 (US$2,135,000 as of December 31, 2019), civil contingencies for US$699,000 (US$257,000 as of December 31, 2019) and Banco Santos claims for US$2,362,000. The provision made with Banco Santos corresponds to a legal dispute originated by controversies in the balances of credit operations and investments that the subsidiary maintained in said Bank, after in 2004 the Central Bank of Brazil intervened that entity.

Peruvian subsidiary –
It corresponds to environmental contingencies that come from processes interposed by the Agency for Environmental Assessment and Control (OEFA by its acronym in Spanish), National Water Authority (ANA by its acronym in Spanish) and Supervisory Body for Investment in Energy and Mining (OSINERGMIN by its acronym in Spanish) for US$173,000 (US$232,000 at December 31, 2019) and labor contingencies for US$1,530,000 (US$3,098,000 as of December 31, 2019).

(d.2) During 2020 and 2019, the Group recognized new contingencies for US$1,160,000 and US$1,937,000, respectively classified as probable, these were recognized as other operating expenses in the consolidated statement of profit and loss, see note 28.

(d.3) During 2020 and 2019, the Group recognized reversals of provisions for contingencies for US$1,449,000 and US$773,000, respectively as recovery, which were recognized as other operating income in the consolidated statement of income, see note 28.

20. Deferred income tax assets and liabilities, net

(a) The composition and movements of this caption is presented below:

	As of January 1, 2019 US$(000)	Effect on profit or loss US$(000)	Translation US$(000)	Effect in other comprehensive income US$(000)	As of December 31, 2019 US$(000)	Effect on profit or loss US$(000)	Translation US$(000)	Effect in other comprehensive income US$(000)	As of December 31, 2020 US$(000)
Deferred income tax asset									
Differences in accounting and tax basis of fixed assets	54,260	(1,864)	-	-	52,396	(9,388)	-	-	43,008
Exploration and evaluation costs	47,244	-	-	-	47,244	-	-	-	47,244
Tax loss carryforward	950	6,832			7,782	26,857	-	-	34,639
Provision for closure of mining units	16,920	8,119	-	-	25,039	5,457	-	-	30,496
Derivative financial instruments	2,389	-	-	2,479	4,868	-	-	14,424	19,292
Pre-operational costs for tax purposes	7,544	1,496	-	-	9,040	286	-	-	9,326
Tax benefits for the acquisition of Mineração Taboca S.A.	15,216	(1,157)	(740)	-	13,319	73	(4,123)	-	9,269
Lease liability	4,305	7,740	-	-	12,045	(3,019)	-	-	9,026
Financial assets at fair value through other comprehensive income	2,309	-	-	(1,185)	1,124	-	-	2,430	3,554
Difference in accounting and tax base of mining concessions	24,977	(24,581)	-	-	396	1,582	-	-	1,978
Mining Royalty and Special Mining Tax	1,302	35	-	-	1,337	(219)	-	-	1,118
Credits for tax payments in excess of previous years	1,742	18	-	-	1,760	(954)	-	-	806
Others	2,773	5,635	-	-	8,408	9,964	-	-	18,372
	181,931	2,273	(740)	1,294	184,758	30,639	(4,123)	16,854	228,128
Deferred income tax liability									
Difference in accounting and tax base of mining concessions	(120,482)	20,339	-	-	(100,143)	4,579	-	-	(95,564)
Difference in exchange of non-monetary items	(23,573)	8,531	-	-	(15,042)	(46,141)	-	-	(61,183)
Assets for the closure of mining units	(6,646)	(5,336)	-	-	(11,982)	(4,717)	-	-	(16,699)
Development costs	(2,065)	928	-	-	(1,137)	(15,047)	-	-	(16,184)
Assets by right of use	(4,168)	(7,442)	-	-	(11,610)	3,020	-	-	(8,590)
Differences in accounting and tax basis of fixed assets	(2,061)	(45)	-	-	(2,106)	613	-	-	(1,493)
Difference of accounting and tax base of inventories	(1,810)	326	-	-	(1,484)	756	-	-	(728)
Others	(3,115)	928	-	-	(2,187)	(309)	-	-	(2,496)
	(163,920)	18,229	-	-	(145,691)	(57,246)	-	-	(202,937)
Deferred income tax asset, net	18,011	20,502	(740)	1,294	39,067	(26,607)	(4,123)	16,854	25,191
Mining Royalty (RM) and Special Mining Tax (IEM):									
Deferred assets									
Difference of accounting and tax base of property, plant and equipment	5,460	844	-	-	6,304	(1)	-	-	6,303
Exploration Expenses	1,153	229	-	-	1,382	(468)	-	-	914
Changes in the fair value of trade accounts receivable	(15)	85	-	-	70	(70)	-	-	-
	6,598	1,158	-	-	7,756	(539)	-	-	7,217
Deferred liabilities									
Difference in exchange of non-monetary items	(2,621)	904	-	-	(1,717)	(2,025)	-	-	(3,742)
Changes in the fair value of trade receivables	-	-	-	-	-	(157)	-	-	(157)
Differences in accounting and tax base of inventories	(278)	(55)	-	-	(333)	203	-	-	(130)
	(2,899)	849	-	-	(2,050)	(1,979)	-	-	(4,029)
Deferred assets for RM and IEM, net	3,699	2,007	-	-	5,706	(2,518)	-	-	3,188
Total assets for deferred income tax, net	21,710	22,509	(740)	1,294	44,773	(29,125)	(4,123)	16,854	28,379

These amounts are presented in the consolidated of statement of financial position in accordance with the presentation in the financial statements of each entity of the Group, as follows:

	2020 US$(000)	2019 US$(000)
Deferred income tax assets	125,664	147,140
Deferred income tax liabilities	(97,285)	(102,367)
	28,379	44,773

(b) The reconciliation of the income tax expense and the profit before taxes times the tax rate of 2020 and 2019, is presented below:

	2020 US$(000)	2019 US$(000)
Profit before income tax	80,442	120,059
Income tax at statutory rate	(22,419)	(35,938)
Translation (c)	(30,629)	6,373
Tax losses in subsidiaries	(16,141)	(3,555)
Effect of permanent differences, net	(4,682)	(13,209)
Effect of mining royalties	3,283	3,872
Share results from associates	1,522	(1,570)
Deferred tax penalty in subsidiary		(2,583)
Income tax expense	(69,066)	(46,610)
Return of income tax, note 33(a)	-	514
Mining royalties and special mining tax	(13,667)	(11,128)
Total	(82,733)	(57,224)

The income tax directly recognized in other comprehensive income during the year 2020 was an income of US$16,854,000 (an income of US$1,294,000 as of December 31, 2019).

(c) This expense arises from maintaining the US dollar as a functional currency for accounting purposes and soles for tax purposes. During 2020, the variation of the exchange rate was S/3.317 to S/3.624 (S/3.379 to S/3.317 during 2019), resulting in the aforementioned income, which does not imply a disbursement affecting the Group's cash flow.

(d) The expense for income tax shown in the consolidated statements of profit or loss consists on the following:

	2020 US$(000)	2019 US$(000)
Income tax		
Current	(42,459)	(66,605)
Deferred	(26,607)	20,502
	(69,066)	(46,103)
Mining royalties and special mining tax		
Current	(11,149)	(13,128)
Deferred	(2,518)	2,007
	(13,667)	(11,121)
	(82,733)	(57,224)

(e) As of December 31, 2020 and 2019, the Group maintains a favorable balance for income tax of US$6,272,000 and US$3,420,000, respectively. In addition, it has a tax on earnings payable of US$4,564,000 as of December 31, 2019.

(f) Deferred income tax on investments in associates -

The Group does not record the deferred income tax asset related to investments in its associates Inversiones Cordillera del Sur Ltda., Futura Consorcio Inmobiliario S.A.C. and Exsa S.A. (until April 30, 2020) due to: (i) Inversiones Breca and subsidiaries have joint control of those companies, which operate as part of the economic group and, (ii) the Group has the intent and the ability to hold these investments in the long-term. Consequently, Management believes that the temporary difference will be reversed through dividends to be received in the future, which according to current tax rules are not subject to income tax. There is no legal or contractual obligation for the Group's Management to be forced to sell its investment in associates.

21. Equity

(a) Capital stock -

As of December 31, 2020 and 2019, the authorized, subscribed and paid capital stock in accordance with the Group's by-laws, is represented by 19,220,015 common shares with a nominal value of S/100.00 each one (equivalent to US$601,269,000 at the historical exchange rate).

(b) Investment shares -

As of December 31, 2020 and 2019, this caption is made up of 960,999,163 investment shares, with a nominal value of S/1 each one.

According to the current legislation, the investment shares grant the holders the right to participate in the dividend distribution, make contributions to maintain its share in the case of capital increases as a result of additional contributions, increase the investment shares account due to the capitalization of equity accounts, redemption of shares and participation in the distribution of the equity in case of dissolution. The investment shares do not grant access to the Board of Directors or to the Shareholders' meetings. The investment shares of the Company are listed on the Lima Stock Exchange (BVL).

The quotation of these shares as of December 31, 2020 was S/1.85 per share (S/1.56 per share as of December 31, 2019).

(c) Legal reserve -

The Peruvian General Corporation Law requires that a minimum of 10 percent of the distributable earnings for each period, after deducting the income tax, needs to be transferred to a legal reserve until such is equal to 20 percent of the capital. This legal reserve can offset losses or can be capitalized, in both cases there is an obligation to replenish it.

For the years 2020 and 2019, the Group has not increased its legal reserve because it reached the limit mentioned above.

(d) Reinvested earning -

As of December 31, 2020 and 2019, reinvested profits have not been capitalized.

(e) Declared and paid dividends –
During 2020, the Group has not declared dividends.

Below is information on dividends declared and paid for the year 2020:

	Date	Dividends declared and paid US$(000)	Dividends by common share US$(000)	Dividends per investment action US$(000)
Dividends 2019				
Shareholders' meeting	February 21, 2019	66,000	2.29	0.023

(f) Other reserves -
As of December 31, 2020, it corresponds to the profit from the sale of 40 percent of its shares in the subsidiary Cumbres Andinas S.A. for US$39,389,000, tax credits resulting from the acquisition of the subsidiary Mineração Taboca S.A. for US$22,986,000, recognition of dividends pending collection from previous years for US$551,000, offset by obligations assumed in relation to the share transfer agreement denominated "Purchase Agreement" between Minsur and Alxar International SpA for US$7,400,000, and US$9,850,000 for the transaction with the previous shareholders of the subsidiary Marcobre.

During 2020, as a result of the audit of the reserves of the Mina Justa mining project that determined a greater amount of reserves and therefore a greater consideration to be paid in accordance with the concession acquisition contract, the subsidiary Marcobre S.A.C. made the payment of US$7,725,000 to the companies Shougang Hierro Perú S.A.A. and Rio Tinto Mining and Exploration S.A.C.; on this payment, the Group assumed additionally the 40 percent equivalent to US$3,090,000 as part of its commitments agreed with the minority shareholder of Cumbres Andinas S.A.C. and that it was recognized under other reserves in the consolidated statement of changes in equity.

During 2020, the Group updated the present value of the obligation mentioned in the previous paragraph for the amount of US$433,000 (US$541,000 during 2019) under the heading "Financial expenses" in the consolidated statement of income, see note 29.

(g) Cumulative translation adjustment -
This caption corresponds to the exchange difference resulting from the translation of the financial statements of the foreign subsidiaries and associates, into the functional currency of the Group.

During 2020, the resulting exchange rate difference generated a net loss of US$1,299,000 (which mainly includes an exchange rate loss of US$732,000 for the subsidiary Minera

Latinoamericana and Subsidiaries and an exchange rate loss of US$567,000 for the other associates).

During 2019, the resulting exchange difference generated a net loss of US$22,685,000 (which mainly includes exchange loss of US$22,705,000 for the subsidiary Minera Latinoamericana and Subsidiaries and an exchange loss of US$20,000 for the other associates). These translation results are included in the consolidated statement of other comprehensive income.

(h) Unrealized results -
During 2020, corresponds to unrealized losses of financial assets with changes in other comprehensive income for US$2,568,000, to gain on investments in associates for US$1,883,000 and loss from cash flow hedging for US$66,181,000 from subsidiaries Marcobre S.A.C., Mineração Taboca S.A. and the Company, said amounts generated income from income tax that was recognized in the consolidated statement of other comprehensive income for an amount of US$16,854,000, the net effect amounts to a loss of US$50,012,000, which is distributed in the consolidated statement of changes in equity between the controlling and non-controlling interest in a loss of US$49,583,000 and US$429,000, respectively.

During 2019, it corresponds to unrealized gains on financial assets with changes in other comprehensive income of US$3,139,000, loss of investments in associates for US$32,000 and loss of cash flow hedge for US$2,901,000 from the subsidiaries Marcobre S.A.C., Mineração Taboca S.A. and the Company, said amounts generated income from income tax that was recognized in the consolidated statement of other comprehensive income for an amount of US$1,294,000 , the net effect amounts to a profit of US$1,500,000, which is distributed in the consolidated statement of changes in equity between the controlling and non-controlling interest in a gain of US$4,322,000 and a loss of US$2,822,000, respectively.

(i) Non-controlling interest contributions -
During the year 2020 and 2019, the Group received non-controlling interest contributions for a total amount of US$95,240,000 and US$123,140,000, respectively as part of the financing of the Mina Justa project and other mining exploration projects.

22. Tax situation

(a) Peruvian tax -
The Company is subject to the Peruvian tax regime, and in accordance with the Income Tax Law, the Company applies the following rates:

- Income tax rate of 29.5 percent.
- 5 percent of the income tax on dividends or any other form of distribution.

(b) Tax Situation

Minsur S.A

The tax authorities have the power to review and adjust the income Tax calculated by the Company in the four years following the year the tax returns presentation. The tax returns of the Income tax for the years 2016 to 2020 and value added tax (VAT) for the years 2016 to 2020 are open to review by tax authorities.

Due to the interpretations that the tax authorities may give to legislation in effect, it is not possible to determine whether or not of the tax audits that will perform will result in increased liabilities for the Company. Therefore, any greater tax or surcharge that could result from eventual tax reviews would be applied to the results of the fiscal year in which it is determined. However, in opinion of the Company's management and its legal counsels, any eventual additional tax settlement would not be significant for the consolidated financial statements as of December 31, 2020 and 2019.

Brazilian subsidiaries –

Mineração Taboca S.A. is subject to the Brazilian tax regime. As of December 31, 2020 and 2019, the income tax rate is 34 percent of taxable income. Cash dividends in favor of non-domiciled shareholders are not taxed. The years open of review are from 2016 to 2020.

According to the Brazilian laws the tax losses do not expired, but their utilization will be limited to 30 percent of the taxable profit of each future period. As of December 31, 2020 and 2019, the deferred asset not recognized for tax losses carry forward amounts to R$523,716,000 (equivalent to US$100,858,000) and R$515,798,000 (equivalent to US$128,212,000), respectively; the subsidiary Mineração Taboca S.A. has only recognized deferred income tax generated for the portion it considers recoverable by the taxable tax loss which amounts to US$8,570,000.

Peruvian subsidiaries -

In the case of Marcobre, the tax authorities have the power to review and, if applicable, correct the income tax calculated by Marcobre in the four years after the year of filling the tax return. The affidavits of the income tax from 2016 to 2020 and the value added tax returns for the periods 2016 to 2020 are pending review by the tax authorities

The subsidiary Marcobre S.A.C. recognized the deferred income tax asset related to the tax loss carryforward for US$34,639,000 (US$7,782,000 as of December 31, 2019), because considers that there is reasonable certainty that said tax loss can be offset with future net earnings. In accordance, to the allowed by the Income Tax Law, the subsidiary has opted for the compensation system for said carry-over tax loss, taking into consideration the annual limit equivalent to 50 percent of the future net tax income, until exhausting its amount.

As of December 31, 2020 and 2019, the tax loss carryforward in the subsidiary Marcobre S.A.C. amounts to US$133,229,000 and US$29,931,000, respectively.

As of December 31, 2020 and 2019, the unrecognized deferred asset for the carry-over tax loss of the Peruvian subsidiaries is as follows:

	2020 US$(000)	2019 US$(000)
Minera Sillustani S.A.C. (i)	6,167	6,116
Compañía Minera Barbastro S.A.C. (i)	4,345	4,836
Cumbres Andinas S.A.C.	1,586	951
Minera Latinoamericana S.A.C.	404	4,151
Cumbres del Sur S.A.C	313	775

(i) On November 1, 2020, the subsidiaries Minera Sillustani S.A.C. and Compañía Minera Barbastro S.A.C. were absorbed by the subsidiary Cumbres del Sur S.A.C., see note 1(c), this means that their tax losses amounting to US$6,167,000 and US$4,345,000, respectively, are extinguished since they cannot be compensated in the future.

As of December 31, 2020, these subsidiaries, have not recognized deferred income tax asset originated by the tax loss carryforward by US$2,303,000 (US$16,829,000 as of December 31, 2019), because management has no certainty about the future realization of such tax losses.

Subsidiaries of Chile -
Minera Andes del Sur Spa and subsidiary is subject to the Chilean tax regime. As of December 31, 2020 and 2019, the income tax rate is 27 percent on taxable income. Cash dividends in favor of non-domiciled shareholders are not taxed. The periods open for fiscal review by the Chilean tax administration include the years 2016 to 2020.

As of December 31, 2020 and 2019, the deferred asset not recognized by the taxable loss of Chilean subsidiaries is as follows:

	2020 US$(000)	2019 US$(000)
Tarianta Spa	463	360
Minera Andes del Sur Spa	308	293

As of December 31, 2020 and 2019, this asset for deferred income tax generated by the taxable tax loss of US$771,000 and US$653,000, respectively from the Chilean subsidiaries has not been recognized because Management considers that there is still no certainty of the recovery of said losses.

It should be noted that the tax losses do not expire in accordance with Chilean laws, and that if they are applied, they must be adjusted in the percentage of variation of the existing Consumer Price Index (CPI).

(c) Transfer pricing -
For the purposes of determining current income tax, the prices and amounts of those consideration that have been agreed upon in transactions between related parties or that are carried out from, to or through countries or territories of low or zero taxation, must have documentation and information to support the valuation methods and criteria applied in their determination. The Tax Administration is entitled to request this information from the Group. Based on the analysis of the Group's operations, Management and its legal advisors are of the opinion that, as a consequence of the application of these rules, no material contingencies will arise as of December 31, 2020 and 2019.

(d) Legal Stability Agreement -
On December 9, 2016, the subsidiary Marcobre S.A.C. signed a Legal Stability Agreement with the Agency for the Promotion of Private Investment - PROINVERSION, through which it undertakes to issue shares in favor of its Principal (Cumbres Andinas S.A.C.) for US$135,300,000 within a period not exceeding two years and it will be destined to expand the productive capacity of the subsidiary Marcobre S.A.C. and by which, the latter obtains the stabilization of the income tax and labor regimes, in force at the date of subscription of the agreement. This agreement has a term of 10 years counted from the date of its subscription. As of December 31, 2020 and 2019, the subsidiary Marcobre S.A.C. maintains the income tax rates of 26 percent.

Likewise, the subsidiary Cumbres Andinas S.A.C., on June 25, 2018 signed a legal stability agreement with the Private Investment Promotion Agency - PROINVERSIÓN, through which it undertook to make capital contributions to Marcobre S.A.C. for an amount of investment amounting to US$1,100,000,000 in a term not exceeding two years. On October 17, 2019, the subsidiary Cumbres Andinas S.A.C. signed the amendment addendum to the Legal Stability Agreement, reducing the commitment of capital contributions to the subsidiary Marcobre S.A.C. to US$563,000,000 which was accredited on September 15, 2020.

23. Net sales

The composition of this caption is presented below:

	2020 US$(000)	2019 US$(000)
Tin and other minerals	465,217	502,071
Gold	136,745	149,972
Niobium and tantalum	47,219	59,445
	649,181	711,488

Tin sales concentration - Peruvian market -
In the year 2020 there is no significant concentration of sales. The three most important clients accounted for 37 percent of total sales (39 percent in the year 2019).

Tin Sales Concentration - Brazilian Market -
During 2020, the three main clients represent 57 percent of total sales (51 percent in 2019) of the Brazilian market.

Concentration of gold sales -
In the year 2020 the Group sold gold to five customers (four customers in the year 2019).

Concentration of sales of niobium and tantalum -
During 2020, the three main clients represent 65 percent of total sales (29 percent in 2019).

(b) Below is the reconciliation of sales of contracts with customers with the amounts disclosed in the consolidated statement of income:

	2020 US$(000)	2019 US$(000)
Contracts with clients	653,789	713,001
Implicit derivative from concentrate sales	2,076	9
Settlement adjustment of the current period	806	(9,171)
Hedging	(7,490)	7,649
Net sales	649,181	711,488

24. Cost of sales

The composition of this caption is made up as follows:

	2020 US$(000)	2019 US$(000)
Opening balance of finished product inventory, note 8	47,884	42,352
Opening balance of product in process inventory, note 8	26,232	32,600
Services rendered by third parties	95,125	103,545
Wages and salaries	83,380	99,671
Depreciation, notes 12(b) and 14(b)	82,162	85,644
Consumption of raw material and other supplies	73,091	88,037
Purchase of mining services from Administración de Empresas S.A.C., note 31(b)	22,407	28,619
Unabsorbed costs (b)	19,677	-
Energy	13,167	12,413
Amortization, note 13(b)	5,237	5,367
Insurance	1,831	3,801
Purchase of explosives from Exsa S.A.	1,136	5,247
Allowance for obsolescence of materials and supplies, note 8(c)	516	758
Taxes and rates	401	405
Inventory losses	93	70
Other manufacturing expenses	7,346	11,423
Allowance for impairment of inventories, note 8(d)	(577)	182
Final balance of product in process inventory, note 8	(44,820)	(47,884)
Final balance of finished product inventory, note 8	(21,592)	(26,232)
	412,696	446,018

(b) Corresponds to indirect costs that were not absorbed in the production process as a result of the stoppage of operations in the mining units due to the pandemic caused by Covid 19, which caused production levels to be below the normal capacity, see further explanation in note 1(d). The composition of the caption is as follows:

	2020 US$(000)
Depreciation, notes 12(b) and 14(b)	6,490
Personnel expenses	6,341
Services provided by third parties	5,438
Amortization, note 13(b)	86
Other expenses	1,322
	19,677

25. Administrative expenses

The composition of this caption is made up as follows:

	2020 US$(000)	2019 US$(000)
Personnel expenses	28,523	35,453
Services provided by third parties	5,746	6,563
Advice and consulting	5,451	8,403
Diverse charges	2,215	2,843
Depreciation, notes 12(b) and 14(b)	1,403	1,610
Amortization, note 13(b)	21	-
	43,359	54,872

26. Selling expenses

The composition of this caption is made up as follows:

	2020 US$(000)	2019 US$(000)
Third-party services	5,517	4,515
Personnel expenses	843	1,291
Diverse charges	712	2,269
Sales commissions	153	127
Depreciation, note 12(b)	11	12
	7,236	8,214

27. Exploration and evaluation expense

The composition of this caption is made up as follows:

	2020 US$(000)	2019 US$(000)
Third-party services	6,448	29,423
Personnel expenses	3,030	3,936
Diverse charges	1,673	3,445
Purchase of mining services from Administración de Empresas S.A.C., note 31(b)	727	2,314
Amortization, note 13(b)	455	206
Supplies	237	2,192
Depreciation, note 12(b)	171	91
	12,741	41,607

28. Others, net

The composition of this caption is made up as follows:

	2020 US$(000)	2019 US$(000)
Other operating income		
Income from the sale of investments in associates, note 11(c)	8,355	-
Income from sale of supplies	7,049	14,447
Income for works for taxes	4,835	3,304
Reversal of tax credits provision of Taboca	3,695	5,292
Recovery of provision for performance bonuses, note 19(a)	1,863	-
Income for advisory service	1,679	695
Contractor´s penalties	1,484	465
Recovery of provision for contingencies, note 19(d.3)	1,449	773
Rental of property and equipment	902	925
Income for tax refund by the Tax Administration, note 33(a)	415	1,693
Income per claim	158	3,705
Income from sale of property, plant and equipment	74	303
Reversal of impairment	-	6,346
Inventory devaluation recovery	-	771
Other minors	5,513	8,280
	37,471	46,999

	2020 US$(000)	2019 US$(000)
Other operating expenses		
Net cost of sale of investments in associates, note 11(c)	(7,348)	-
Net cost of supplies sold	(7,077)	(15,444)
Expenses for works for taxes	(4,835)	(3,297)
Reversal of incentive of the tax on the circulation of goods and services (ICMS - Brazil)	(4,114)	(5,625)
Donations granted	(1,426)	(4,136)
Contributions to public entities of environmental regulation	(1,228)	(1,270)
Contingencies provision, note 19(d.2)	(1,160)	(1,937)
Indemnities	(1,132)	-
Professional fees for tax legal advice	(805)	(34)
Mining retirement fund	(752)	(1,115)
Write-off of the tax credit of VAT of the subsidiary, note 7(c)	(345)	(729)
Supply physical inventory adjustment	(268)	(102)
Net cost of disposal of property, plant and equipment	(232)	(1,253)
Depreciation, note 12(b)	(117)	(114)
Purchase of mining contract service from Administración de Empresas S.A.C., note 31(b)	(104)	-
Provision of closure mine plan	-	(4,086)
Fiscal administrative sanctions	-	(1,048)
Other minors	(8,292)	(9,494)
	(39,235)	(49,684)
	(1,764)	(2,685)

29. Finance income and costs

The composition of this caption is made up as follows:

	2020 US$(000)	2019 US$(000)
Finance income:		
Interest for term deposits	3,603	11,281
Interest paid by the Tax Administration, note 33(a)	837	7,213
Interest on certificate of deposit, note 9(b)	60	2,661
Others	365	409
Total	4,865	21,564
Discount update and others		
Discount update of provisions for mine closure, environmental remediation and others, see notes 19(b) and (c)	4,243	-
Others	158	-
	4,401	-
Total	9,266	21,564
Finance costs:		
Interest of corporate bonds	(28,125)	(20,653)
Losses on exchange rate and interest rate derivatives	(23,007)	(6,610)
Interest and commissions of bank loans	(5,320)	(6,767)
Amortization of corporate bond issuance costs	(1,448)	(1,356)
Assumed taxes related to Corporate bond coupons	(1,410)	(1,431)
Lease interests	(1,191)	(1,517)
Interest paid to the Tax Administration 33(a)	-	(2,056)
Others	(58)	(545)
	(60,559)	(40,935)
Interest expenses		
Unwinding discount of the provisions for the closure of mining units, environmental remediation and others, see note 19(b) and (c)	(4,289)	(7,590)
Unwinding discount of the non-controlling interest payable account, see note 16(d)	(1,080)	(1,354)
Unwinding the obligation assumed in the share transfer contract, note 21(f)	(433)	(541)
Others	(742)	(62)
Total	(67,103)	(50,482)

30. Earnings per share

The basic and diluted earnings per share are calculating dividing the net income for the year by the weighted average number of outstanding shares during the year.

The calculation of the earnings per share is presented below:

	2020 US$	2019 US$
Numerator -		
Net income attributable to the owners of the Parent Company	9,926,000	64,451,000
	Number of stockshare	**Number of stockshare**
Denominator -		
Common stock shares, note 21(a)	19,220,015	19,220,015
Investment shares, note 21(b)	960,999,163	960,999,163
Profit per share		
Basic and diluted - US$ per common share	0.344	2.236
Basic and diluted - US$ per investment share	0.003	0.022

The basic and diluted earnings per share are the same since there are no dilutive financial instruments over the profits.

There have not been other transactions involving common shares and investment shares between the reporting date and the closing date of these consolidated financial statements.

31. Related parties transactions

(a) Receivables and Payables -

The balances of the receivable and payable with related parties as of December 31, 2020 and 2019 follow:

	2020 US$(000)	2019 US$(000)
Classification by existing captions:		
Other receivables (current), note 7(a):		
Other related parties		
Compañía Minera Raura S.A.	2,798	1,899
Administración de Empresas S.A.	769	1,268
Clínica Internacional S.A.	14	10
Exsa S.A. (i)	-	157
	3,581	3,334
Trade payable and others (current), note 16(a):		
Associate		
Exsa S.A. (i)	-	2,072
	-	2,072
Other related parties		
Administración de Empresas S.A.	6,676	6,186
Rímac Seguros y Reaseguros	2,447	2,347
Clínica Internacional. S.A.	1,523	414
Terpel Comercial del Peru S.R.L.	410	-
Rímac S.A. Entidad prestadora de salud	312	83
Compañía Minera Raura S.A.	210	12
Brein Hub S.A.C	120	73
Inversiones Nacionales de Turismo S.A.	93	6
Inversiones San Borja S.A.	84	19
Protección Personal S.A.C.	42	22
Corporación Peruana de Productos Químicos S.A.	14	22
Centria Servicios Administrativos S.A.	1	-
Corporación Breca S.A.C.	1	9
	11,933	9,193
	11,933	11,265

	2020 US$(000)	2019 US$(000)
Lease liabilities		
Other related parties, note 18(a)		
Inversiones San Borja S.A.	4,510	5,091
Administración de Empresas S.A.	440	3,584
Clínica Internacional. S.A.	-	47
	4,950	8,722
	16,883	19,987
By nature:		
Trade, note 16(a)	11,933	11,265
Lease liabilities, note 18(a)	4,950	8,722
	16,883	19,987

There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2020 and 2019, the Group has not recorded any impairment of receivables related to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Balances payable to related companies are current maturities, interest free and have no specific guarantees.

(b) Main transactions -
The main transactions occurred during the years 2020 and 2019 were the following:

	2020 US$(000)	2019 US$(000)
Associates		
Exsa S.A. (i) - Purchase of explosives and other suppliers	1,136	19,572
Other related parties		
Administración de Empresas S.A.C. - Mining services, notes 24(a), 27 and 28	23,238	30,933
Rímac Seguros y Reaseguros – Insurance coverage services	7,077	7,452

(i) As of December 31, 2020 Exsa S.A. is not a related company, due to the sale of all the shares, see note 11(c).

Transactions with related parties are made at terms equivalent to those prevail in arm's length transactions.

(c) Remunerations -
The compensation received by key personnel of the Group for the years ended December 31, 2020 and 2019 has been recognized as an expense in the consolidated statement of profit or loss and there are as follows:

	2020 US$(000)	2019 US$(000)
Peru		
Salaries	29,767	23,380
Board remuneration	530	494
	30,297	23,874
Brazil		
Fixed remuneration	719	1,254
Variable remuneration	770	1,037
	1,489	2,291
Total	31,786	26,165

The Group does not remunerate Management with post-employment benefits, termination of contract, or share-based payments.

32. Commitments

(a) Environmental Impact Study (EIA)
According to Supreme Decree 016-93-EM, effective since 1993, all mining companies must file an EIA before the Ministry of Energy and Mines (MEM). EIAs are prepared by environmental consultants registered before MEM. EIAs consider all the environmental controls that all mining entities will implement during the life of the mining units. All mining units of the Group have an approved EIA for their activities.

(b) Law of Mine Closure in Peru –
On October 14, 2004, the Peruvian government enacted the Law No.28090 which purpose is to regulate the obligations and procedures that Peruvians mining companies should comply for the elaboration, filling and implementation of the Mine Closure Plan, as well as to require the establishment of environmental guarantees to secure fulfillment of related mine closure plan. The corresponding ruling was approved on August 15, 2005 by means of Supreme Decree No.033-2005-EM.

Minsur S.A.
As of December 31, 2020, the provision for mine closure of the San Rafael, Pucamarca and Pisco units amounts to US$80,209,000 (US$71,148,000 as of December 31, 2019). See movement of this provision in note 19(b).

Cumbres del Sur S.A.C
As of December 31, 2020, the provision for mine closure of the Marta unit amounts to US$2,504,000 (US$2,613,000 as of December 31, 2019). See movement of this provision in note 19(b).

On the other hand, the subsidiary has a Closure Plan for Environmental Liabilities approved by the Ministry of Energy and Mines (MINEM) through Directorial Resolution No. 154-2009-MEM of June 10, 2009, as well as a modification of its schedule, approved by means of Directorial Resolution No. 354-2010-MEM/AAM on November 2, 2010. The plan for closing the environmental liabilities of the Regina Mine is oriented to propose the pertinent measures for the remediation of the liabilities that are part of the project.

The closure plan for mining environmental liabilities of the subsidiary has been prepared in compliance with Law N ° 28271 "Law Regulating the Environmental Liabilities of Mining Activity" modified by Law N ° 28526, and its regulation, Supreme Decree N ° 059-2005-EM, modified by Supreme Decree N ° 003-2009-EM. Likewise, it has been developed considering the Guide for the Preparation of Mining Environmental Liabilities of the MINEM.

In compliance with this obligation, on December 29, 2016, the Company presented to the Ministry of Energy and Mines, the Closure Plan of the environmental liability of the Regina Mine, which was subscribed in Directorial Resolution No. 117-2017-MEM-DGAAM of April 17, 2017.

As of December 31, 2020, the provision related to these liabilities by the Regina Unit amounts to US$8,261,000 (US$9,143,000 as of December 31, 2019). See movement of this provision in note 19(c).

Mineração Taboca S.A.
In accordance with environmental regulations in Brazil, the subsidiary Mineração Taboca S.A. has recognized a provision for mine closure of the Pitinga and Pirapora unit for US$48,608,000 as of December 31, 2020 (US$65,996,000 as of December 31, 2019). See movement of this provision in note 19(b).

Marcobre S.A.C.
The subsidiary presented a Mine Closure Plan for its Mina Justa project, which was approved by the "General Direction of the Environmental Mining Matters" through Directorial Resolution No. 089-2019-MEM / DGAM on June 14, 2019. This mine closure plan covers progressive, final and

post closure activities of the mine, so this plan constitutes a future commitment of Marcobre that amounts to a nominal value of US$41,137,554 which becomes an obligation when mining activities of development and operation have an impact on the current conditions of the concessions.

As of December 31, 2020 and 2019, the provision for mine closure of the Mina Justa unit amounts to US$31,166,000 and US$16,064,000, respectively. See movement of this provision in note 19(b).

Environmental remediation
Marcobre S.A.C.
As of December 31, 2020 and 2019, the subsidiary Marcobre already has the approval of the feasibility of the Mina Justa Project, so it presented to the "General Direction of the Environmental Mining Matters" a closure plan for its exploration activities, which was approved by Directive Resolution No. 325-2013 / MEM / AAM on September 3, 2013. In relation to this closure plan, as of December 31, 2020 and 2019, the subsidiary maintains a liability for environmental restoration of US$774,000 and US$752,000, respectively. See movement of this provision in note 19(c).

Mineração Taboca S.A.
According to environmental regulations in Brazil, the subsidiary Minera Taboca and Subsidiaries has recognized a provision for environmental remediation amounts to US$26,960,000 (US$37,202,000 as of December 31, 2019). See movement of this provision in note 19(c).

(c) Community Support Agreement –
Minera Barbastro S.A.C.
The subsidiary Cumbres del Sur assumed the committed itself to the Rural Community of Tinyacclla (originally signed with Compañía Minera Barbastro S.A.C. on November 28, 2008), to carry out social and/or sustainable development works during the period in which it conducts its exploration and exploitation activities on the lands of the Community, based on the following budget:

(i) From the first to the fifth year: US$19,000 per year.
(ii) From the sixth to the tenth year: US$23,000 per year.
(iii) From the eleventh to the fifteenth year: US$29,000 per year.
(iv) From the sixteenth to the twentieth year: US$36,000 per year.
(v) From the twenty-first to the twenty-fifth year: US$45,000 per year.

As of December 31, 2020 and 2019, the subsidiary has been recognizing these disbursements as part of the exploration and study expenses in the consolidated statement of profit or loss.

Minera Sillustani S.A.C.
The subsidiary Cumbres del Sur assumed committed itself to the Rural Community of Rio de la Virgen (originally signed with Minera Sillustani S.A.C. on September 17, 2009), to carry out social and/or sustainable development works during the period in which it conducts its exploration and exploitation activities on the lands of the Community, based on the following budget:

(i) From the first to the fifth year: US$17,000 per year.
(ii) From the sixth to the tenth year: US$21,000 per year.
(iii) From the eleventh to the fifteenth year: US$26,000 per year.

Additionally, it assumed the commitment with the Peña Azul Rural Community (originally signed with Minera Sillustani S.A.C. on June 18, 2013), to carry out social and/or sustainable development works during the period in which it conducts its exploration and exploitation activities on the lands of the Community, based on the following budget:

(iv) From the first to the fifth year: US$36,000 per year.
(v) From the sixth to the tenth year: US$43,200 per year.
(vi) From the eleventh to the fifteenth year: US$51,840 per year.
(vii) From the sixteenth to the twentieth year: US$62,208 per year.

The Agreements with the Rural Community of Rio de la Virgen and Peña Azul contemplate the creation of a "social management committee" in charge of: (i) determining the sustainable development works to be developed in the calendar year, (ii) prepare the budget and (iii) prepare the disbursement schedule.

As of December 31, 2020 and 2019, the subsidiary has been recognizing these disbursements as part of the exploration and study expenses in the consolidated statement of profit or loss.

(d) Commitment of capital expenditures -
The capital expense that will be paid and recognized in the future, agreed on the date of the consolidated statement of financial position is as follows:

	2020 US$(000)	2019 US$(000)
Property, plant and equipment	280,500	598,549

(e) Guarantee -

During 2018, the Marcobre subsidiary has obtained the financing of US$900,000,000 for the development and construction of the Mina Justa project, which is guaranteed by its shareholders Minsur S.A. e Inversiones Alxar S.A. Until December 31, 2020, the subsidiary Marcobre has received disbursements of US$792,000,000 (US$522,000,000 as of December 31, 2019).

As of December 31, 2020, the subsidiary Mineração Taboca S.A does not have any commitments assumed in relation to commercial transactions, nor does it have any guarantees, warranties or guarantees granted to financial institutions, with the exception of exchange contract advances (ACC), US$44,090,000 equivalent to R$229,122,000 (US$36,069,000 equivalent to R$145,105,000 as of December 31, 2019) and the export prepayment (PPE) for the amount of US$96,923,000 equivalent to R$503,680,000 (US$109,910,000 equivalent to R$442,168,000 as of December 31, 2019), with original maturity scheduled for October 2023. Additionally, the financial obligation of the subsidiary Mineração Taboca S.A. is guaranteed by Minsur S.A. for a total of US$189,400,000 as detailed in note 17(h).

(f) Commitment to future payments -
On August 6, 2004, the subsidiary Marcobre signed simultaneous contracts with Shougang Hierro Perú (SHP) and Rio Tinto Mining and Exploration Limited, Branch of Peru (Rio Tinto), to acquire the mining concessions, mining rights, option rights and technical studies referred to specific geographical area in the province of Nazca, dominated "Target Area 1". According to such contracts, it was established a fixed consideration (which was totally fully paid by the Company during 2007 and 2008), and a conditional consideration of US$10,000,000, which will be subject to the subsidiary Marcobre adopting the mining decision and as long as the mineral resources have a metallic content higher than 2.58 million of metric tons of copper (US$3,000,000 was paid) and 3.44 million metric tons of copper (opportunity when the difference of US$7,000,000 shall be paid).

With the objective to assure the conditional consideration mentioned in the paragraph above, the Group subscribed: (i) a mortgage on the mining concession of Target Area 1 for up to US$27,600,000 (which includes the amount of interest, legal fees, costs and expenses in the event necessary to start a legal process to execute the good subject to the guarantee), which will be effective until the Company had entirely fulfilled each and every one of the guaranteed obligations, and (ii) a pledge on shares issued on behalf of the shareholders of the subsidiary Marcobre.

On July 27, 2018, the parties agree to modify the Transfer Agreement of Target Area 1, release the guarantees contained in the contract, replacing the guarantees, the buyer will deliver 4 bank guarantee letters, 2 bank guarantee letters in favor of Rio Tinto, one for the amount of US$2,035,500, and other for US$4,749,500, 2 letters passes Shougang Hierro Perú (SHP), one for the amount of US$1,275,000, and other for US$2,975,000, to guarantee the timely and faithful payment of the payment conditioned in the clauses of the transfer contract of Target 1.

During 2019, Shougang Hierro Perú and Rio Tinto hired an independent auditor to validate the mineral resources reported by the Management of the subsidiary Marcobre. The independent audit was completed in May 2020, determining that the mineral resources have a metallic content greater than 3.44 million metric tons of copper, therefore, the subsidiary Marcobre S.A.C. made an additional payment for US$7,725,000 and recognized in the consolidated statement of changes in equity a transfer to the non-controlling interest for US$3,090,000, see note 21(f) since said payment was fully assumed by the Group.

33. Contingencies

Peruvian entities -

(a) During 2020, the Tax Administration notified to the Company the Intendance Resolution No. 0150140015743, which declared null the Determination Resolution No. 012-003-0109743 and Fine Resolution No. 012-002-0033547 and confirmed the Determination Resolutions of N ° 012-003-0109730 to 012-003-0109742, by various assessments made by the tax authority in the determination of the income tax corresponding to the year 2014, said Intendance Resolution was appealed by the Company.

In our opinion and in the opinion of our legal advisors, the Company will obtain a favorable result in the appeal stage before the Tax Court.

During 2020, the Tax Administration issued determination resolutions N ° 012-180-0022703, N° 012-180-0022785 and N ° 012-180-0022786 where was arranged that the refund be made for a total of S/3,700,000 (equivalent to US$1,252,000). Consequently, S/1,452,000 (equivalent to US$415,000) was recognized related to the return of payments in excess of fines from 2016, in the consolidated statement of profit and loss as "other income", see note 28 and the balance S/2,248,000 (equivalent to US$837,000) related to interest as "financial income", see note 29.

During 2019, the Tax Court notified to the Company the Resolution N° 10924-1-2019 regarding the tax processes of the 2016 for the Regularization of Income Tax and Payments on Income Tax for both exercises, by which certain repairs are declared void. The Tax Administration has not yet issued the Compliance Resolution for the return of the amounts paid.

During 2019, the Company made the payment under protest of determination resolutions Nº120030029077 and Nº 0120020022520 for S/12,815,000 (equivalent to US$3,886,000) for various assessments made by the Tax Administration related to the income tax of the 2008 period carried out in previous years. Consequently, the Company recognized S/6,779,000 (equivalent to US$2,056,000) related to interest as financial expense, see note 29, S/6,036,000 (equivalent to US$1,830,000) as a higher income tax, see note 20(b). In our opinion and in the opinion of Management and its legal advisors, the Company will obtain a favorable result in the appeal stage before the Tax Court.

During 2019, with respect to the appeal presented by the Company to the tax authorities for fiscal years 2004 and 2005, the Tax Administration issued the Intendance Resolutions Nº 012-180-0018290, 012-180-0018291, 012-180- 0018292, 012-180-0018299, 012-180-0018300, 012-180-0018302 and 012-180-0018303 which ordered the refund of where it was arranged that the return of S/37,802,000 (equivalent to US$11,250,000); the amount of S/24,235,000 (equivalent to US$7,213,000) was recognized related to interest on income tax payments and payments on in advance improperly made as financial income, see note 29, S/7,879,000 (equivalent to US$2,344,000) as a lower income tax, see note 20(b) and the balance of S/5,688,000 (equivalent to US$1,693,000) corresponding to the refund of fines as other income, see note 28.

(b) Sanctioning administrative processes -
During 2020 and prior years, the Group has received some notifications from the Agency for Assessment and Environmental Control ("OEFA" for its acronym in Spanish), the National Water Authority ("ANA" for its acronym in Spanish) and Supervisor Organization of Investment in Energy and Mining ("OSINERGMIN" for its acronym in Spanish), respectively. Such notifications are related to breaches of the procedures for the protection and conservation of the environment and the rules of mining health and safety. As of December 31, 2020, the administrative sanctions from OSINERGMIN, ANA and OEFA amounted to 121 tax units – **TU**, equivalent to US$147,000 as of December 31, 2020 (184 tax units – TU, equivalent to US$233,000 as of December 31, 2019). In relation to these notifications, the Group has appealed these sanctions, being currently pending of resolution by OSINERGMIN, ANA and OEFA issue their pronouncements regarding the appeals presented.

Management and its legal counsels have analyzed these processes and they have estimated a probable contingency of US$147,000 (US$232,000 as of December 31, 2019), which is presented under "Provisions" in the Consolidated statements of financial situation (refer to note 19(d.1)).

Brazilian entities -
Mineração Taboca S.A. and its subsidiary have tax, labor, and other contingencies which are classified as possible. The main possible contingencies are detailed bellow:

(a) Lawsuit with Banco Santos
Mamore, the subsidiary of Mineração Taboca S.A., is involved in five lawsuits initiated by Banco Santos, Fund Basa de Investimento Financiero and Mellon Aroveredo Fundo de Investimento Multimercado Previdenciario (Mellon Aroveredo) in relation to an alleged failure to pay credit agreements originally signed with Banco Santos during the years 2005 to 2007. These five claims include three lawsuits in which it is jointly involved with Mamoré, the former parent company Paranapanema. Of all these claims, in the opinion of the Group's and Management's legal advisors have a risk of loss classified as possible and amount to approximately R$85,428,000 equivalent to approximately US$16,452,000 (R$70,073,000 equivalent to US$17,431,000 as of December 31, 2019). Additionally, as of December 31, 2020, the subsidiary Mineração Taboca S.A. maintains a provision for contingencies classified as probable for US$2,362,000 in relation to the demand of Banco Santos, see note 19(d.1).

(b) Civil, Labor and tax proceedings -
Taboca and its subsidiaries have civil, labor and tax processes that involve risk of potential losses according to the assessment made by management and its legal counsel, consequently for those possible contingencies were not made any provision which amount to R$22,333,000, R$30,289,000 and R$173,500,000, respectively, equivalent to approximately US$4,301,000, US$5,833,000 and US$33,413,000 as of December 31, 2020 (R$31,177,000, R$30,332,000 and R$133,999,000 respectively, equivalent to approximately US$7,755,000, US$7,545,000 and US$33,333,000 as of December 31, 2019).

As of December 31, 2020, the Group has other labor lawsuits that amount to US$1,268,000 (US$552,000 as of December 31, 2019) in the opinion of Management and its legal advisors these are considered as a degree of "possible" of progress of this legal actions, therefore the Company did not record any provision for this labor claims as of December 31, 2020 and 2019.

34. Segment information

Management has determined the operating segments of the Group based on the reports used for decision making. Management considers business units based on their products, activities and geographical location:

- Production and marketing of tin extracted from Peru.
- Production and marketing of tin extracted from Brazil.
- Production and marketing of gold extracted from Peru.
- Other mining exploration and development activities in Peru and Chile.

No operating segments have been aggregated to form the above reportable operating segments.

See note 23 of the consolidated financial statements for more information about the main clients

All the non-current assets are located in Perú, Brazil and Chile.

Management monitors the profit (loss) before tax for each business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit (loss) before income tax and is measured consistently with income (loss) in the consolidated statements of profit or loss.

	Tin and Gold (Peru)							
	Tin (Peru) US$(000)	Gold (Peru) US$(000)	Other non-allocable (Peru) US$(000)	Total (Peru) US$(000)	Tin (Brasil) US$(000)	Mining exploration (Peru and Chile) US$(000)	Adjustments and Eliminations US$(000)	Total Consolidated US$(000)
Year 2020								
Results:								
Net sales from third parties	365,085	136,745	-	501,830	147,351	-	-	649,181
Cost of sales	(223,928)	(73,378)	-	(297,306)	(115,390)	-	-	(412,696)
Administrative expenses	(25,027)	(8,201)	-	(33,228)	(10,495)	(688)	1,052	(43,359)
Selling expenses	(3,891)	(1,348)	-	(5,239)	(1,997)	-	-	(7,236)
Exploration and evaluation expenses	(5,278)	(424)	-	(5,702)	-	(7,039)		(12,741)
Other expenses, net	355	116	-	471	(1,826)	643	(1,052)	(1,764)
Operating income	107,316	53,510	-	160,826	17,643	(7,084)	-	171,385
Profit before income tax	-	-	69,622	69,622	(37,973)	(16,912)	65,705	80,442
Income tax	-	-	(62,786)	(62,786)	(1,796)	(18,151)		(82,733)
Net profit	-	-	6,836	6,836	(39,769)	(35,063)	65,705	(2,291)
Assets:								
Cash and cash equivalents	-	-	193,434	193,434	15,244	48,732	-	257,410
Other financial assets	-	-	90,576	90,576	-	-	-	90,576
Trade accounts receivable	-	-	65,698	65,698	14,196	-	-	79,894
Inventory, net	55,810	11,478	-	67,288	37,902	4,506	-	109,696
Current assets	-	-	467,375	467,375	74,845	90,430	(330)	632,320
Property, plant and equipment, intangibles and right-of-use asset, net	389,096	107,536	7,412	504,044	191,446	1,897,136	-	2,592,626
Total assets	-	-	1,967,826	1,967,826	313,816	2,399,712	(906,734)	3,774,620
Liabilities:								
Financial obligations	-	-	446,382	446,382	148,514	765,896	-	1,360,792
Current liabilities	-	-	154,420	154,420	100,551	251,316	(2,249)	504,038
Total liabilities	-	-	728,206	728,206	311,415	1,064,226	(8,703)	2,095,144
Other disclosures:								
Additions of property, plant and equipment, intangibles and right-of-use asset	60,115	25,068	176	85,359	17,369	492,611	-	595,339
Depreciation and amortization (included in costs and expenses)	47,134	27,670	1,944	76,748	19,345	23,631	-	119,724
Operating activities	-	-	160,840	160,840	4,006	(23,611)	-	141,235
Investing activities	-	-	(38,414)	(38,414)	(13,732)	(491,010)	182,358	(360,798)

	Tin and Gold (Peru)							
	Tin (Peru) US$(000)	Gold (Peru) US$(000)	Other non-allocable (Peru) US$(000)	Total (Peru) US$(000)	Tin (Brasil) US$(000)	Mining exploration (Peru and Chile) US$(000)	Adjustments and Eliminations US$(000)	Total Consolidated US$(000)
Year 2019								
Results:								
Net sales from third parties	379,831	149,972	-	529,803	181,965	-	(280)	711,488
Cost of sales	(195,797)	(91,534)	-	(287,331)	(158,967)	-	280	(446,018)
Administrative expenses	(28,467)	(12,878)	-	(41,345)	(13,364)	(452)	289	(54,872)
Selling expenses	(4,421)	(1,374)	-	(5,795)	(2,419)	-	-	(8,214)
Exploration and evaluation expenses	(21,669)	(2,652)	-	(24,321)	(210)	(17,076)	-	(41,607)
Other expenses, net	-	-	(3,113)	(3,113)	4,829	(4,112)	(289)	(2,685)
Operating income	129,477	41,534	(3,113)	167,898	11,834	(21,640)	-	158,092
Profit before income tax	-	-	123,281	123,281	(14,371)	(23,114)	34,263	120,059
Income tax	-	-	(58,830)	(58,830)	(3,689)	5,295	-	(57,224)
Net profit	-	-	64,451	64,451	(18,060)	(17,819)	34,263	62,835
Assets:								
Cash and cash equivalents	-	-	79,364	79,364	2,822	50,999	-	133,185
Other financial assets	-	-	212,686	212,686	-	-	-	212,686
Trade accounts receivable	44,401	-	-	44,401	12,827	-	-	57,228
Inventory, net	54,173	19,679	-	73,852	40,440	3,346	-	117,638
Current assets	98,574	19,679	442,364	560,617	72,130	120,837	(434)	753,150
Property, plant and equipment, intangibles and right-of-use asset, net	374,979	112,400	14,058	501,437	249,320	1,428,902	-	2,179,659
Total assets	473,553	132,079	1,347,930	1,953,562	381,818	1,949,872	(825,832)	3,459,420
Liabilities:								
Financial obligations	-	-	443,431	443,431	149,674	502,282	-	1,095,387
Current liabilities	-	-	141,256	141,256	97,996	168,512	(434)	407,330
Total liabilities	-	-	669,613	669,613	337,210	823,284	(8,375)	1,821,732
Other disclosures:								
Additions of property, plant and equipment, intangibles and right-of-use asset	145,158	14,754	695	160,607	59,099	757,654	-	977,360
Depreciation and amortization (included in costs and expenses)	24,921	42,749	1,171	68,841	36,800	131	-	105,772
Operating activities	-	-	175,098	175,098	6,547	(72,414)	-	109,231
Investing activities	-	-	(225,223)	(225,223)	(23,285)	(689,271)	197,390	(740,389)

Geographic information

The following table presents net sales of tin, other minerals and gold by geographic region:

	2020 US$(000)	2019 US$(000)
Tin and other minerals		
Europe	186,460	231,571
America	210,859	207,273
Asia	86,209	85,901
Brazil	22,945	24,564
Peru	2,229	4,558
Gold		
Canada and United states	143,274	149,972
Europe	4,695	-
	656,671	703,839
(Loss) profit of derivate financial instruments	(7,490)	7,649
	649,181	711,488

35. Financial instrument risk management, objectives and policies

35.1. Financial risk factors -

The Group's main financial liabilities, other than derivatives, comprise financial liabilities, trade payables and other payables. The main purpose of the financial liabilities is to finance the Group's operations. The Group's main financial assets include cash and term deposits and trade and other receivables that derive directly from its operations. The Group also holds financial assets at fair value through other comprehensive income.

Due to the nature of its activities, the Group is exposed to market, credit, liquidity and capital management risks, which are managed by senior management through a process of continuous identification, measurement and monitoring, subject to limits of risk and other controls. This risk management process is critical for the continued profitability of the Group and each person within the Group is responsible for risk exposures related to their responsibilities. The independent risk control process does not include business risks such as changes in the environment, technology and industry, which are monitored through the strategic planning process of the Group.

(i) Market risks-

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices involve three types of risk: the risk of exchange rate, the interest rate risk and price risk. Financial instruments affected by market risk include bank deposits and time deposits, receivables and payables in currencies other than US dollar, financial asset at fair value, financial derivative instruments and borrowings.

The sensitivity analyzes included in the following sections relate to the financial situation as of December 31, 2020 and 2019.

This sensitivity analyzes have been prepared on the basis that the amount of debt, the ratio of fixed-to-floating interest rates and the proportion of financial instruments in foreign currencies are all constants to December 31, 2020 and 2019.

Foreign currency risk –

The Group operates internationally and its exposure to exchange risk results from its operations carried out in currencies other than its functional currency. The transactions of the Group are mainly settled in U.S. dollars, Brazilian reales and soles. Although to a lesser extent, the Group also has operations in other currencies such as Chilean pesos. As a result, the Group is exposed to the foreign exchange risk fluctuation.

Management assumes the risk of change with the product of operations; that is, it does not perform hedging operations with derivative financial instruments to cover its exchange risk.

The following table shows the sensitivity in the results of the Group in the years 2020 and 2019 if the Brazilian reales and Peruvian soles had revalued/devalued 10 percent with respect to US dollar.

Year	Revaluation/ devaluation in the exchange rate	Effect on profit before income tax US$(000)
2020	10%	(17,716)
	-10%	17,716
2019	10%	4,047
	-10%	(4,047)

Interest rate risk –
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in market interest rates.

As of December 31, 2020 and 2019, the corporate bonds of the Group have a fixed effective interest rate. Nevertheless, the subsidiaries Mineração Taboca S.A. and Marcobre subscribed variable rate loans to mitigate the risk of variation of the interest rate, in this respect the Group has subscribed derivative financial instruments see note 36, consequently, the Management has evaluated that it is not relevant to carry out an analysis of sensitivity to changes in interest rates.

Price risk –
Investments:
The Group is not exposed to the risk of fluctuation in the prices of its investments maintained and classified in its consolidated statement of financial position at fair value through profit and loss and financial assets through other comprehensive income. The Management diversifies its investment portfolio in order to reduce its exposure to price risk. The diversification of the portfolio is carried out in accordance with the limits established by Management.

As of December 31, 2020 and 2019, the Group does not hold balances in financial assets at fair value through profit or loss.

Changes risk in mineral prices –
The international tin price has a significant impact on the results of operations of the Group. These tin and gold prices historically have fluctuated and are influenced by factors beyond the control. The Group manages its price risk primarily through the use of sales commitments under customer contracts and underwriting derivative contracts for the metals it markets.

The Group has price risk from its sales contracts established at provisional prices, subject to a future price in a given month, based mainly on the average monthly price in the LME. To the extent that the final price is higher or lower initially provisionally recorded, the increase or decrease in income is recorded at each date of the financial report until the date of the final settlement.

The Company and the subsidiary Mineração Taboca S.A. entered into derivative contracts that qualify as cash flow hedges, with the intention of covering the risk resulting from the fall in prices of tin and gold. These derivative contracts were recorded as assets or liabilities in the statement of financial position and are presented at fair value. To the extent that these hedges were effective to offset future cash flows from the sale of related production, changes in fair value were deferred in an equity account. Deferred amounts were reclassified to sales when the corresponding production was sold. As a result of these operations, the Group maintains positions receivable and payable, which are detailed in note 36(g).

The table below summarizes the impact on earnings before income tax for changes in the tin price excluding the subsidiary Mineração Taboca S.A. that it has derivative financial instruments to hedge this risk. This analysis is based on the presumption that the price of tin has increased or decreased by 10 percent, while the rest of the variables remain constant. For the positive 2020 scenario, an average price of US$/MT 22,939 was considered; while for the negative scenario, an average price of US$/MT18,768 was considered.

Year	Increase / decrease in the market value of metals	Effect on profit (loss) before income tax
		US$(000)
2020	10%	4,743
	-10%	(4,743)
2019	10%	4,792
	-10%	(4,792)

During 2020, the Group sold gold dore bars in some cases at a provisional price. The table below summarizes the impact on profit before income tax from changes in the price per ounce of gold and silver contained in the dore bar. This analysis assumes that the price of the ounces contained in gold dore bars have increased or decreased by 10 percent at the end of the year, while the rest of the variables remain constant. For the positive scenario for 2020, an average price of US$2,082 per ounce of gold was considered; while for the negative scenario, an average price of US$1,704 per ounce of gold was considered. As of December 31, 2019, the Group did not make sales with a provisional price, so it was not exposed to the variation in the price of an ounce of gold.

Year	Increase / decrease in the price of market value of metals	Effect on profit (loss) before income tax
		US$(000)
2020	10%	3,809
	-10%	(3,809)

(ii) Credit risk -

The Group's financial assets potentially exposed to credit risk concentrations are mainly banked deposits and trade receivables. With regard to bank deposits, the Group reduces the probability of significant credit risk because its deposits are held in first class financial institutions and limits the amount of exposure to credit risk in any financial institutions.

With regard to trade receivables, there are no significant concentrations. The Group has established policies to ensure that the sale of its production is made to clients with an adequate credit history. The maximum exposure to credit risk of the consolidated statement of financial position as of December 31, 2020 and 2019 is given by the balance of the captions cash and cash equivalents, trade and other receivables.

Financial instruments and bank deposits -

The credit risk in bank balances is managed by the Chief Financial Officer in accordance with Group policies. The counterparty credit limits are reviewed by Management and the Board. The limits are established to minimize the risk concentration and therefore mitigate financial losses from potential default of the counterparty.

Trade accounts receivable -

The credit risk of the clients is managed by the Management, subject to duly established policies, procedures and controls. The outstanding balances of accounts receivable are periodically reviewed and classified according to the credit risk profile with credit limits to ensure their recovery. The Group's tin and gold sales are made to foreign customers located mainly in Europe and the United States, respectively. And due that does not present significant sales concentration (see note 23) if has limited credit risk exposition.

On the other hand, according to Management's assessment based on the aging analysis, of trade accounts receivable as of December 31, 2020 compared to December 31, 2019 no significant delays were identified. The Group's Management will continue to closely evaluate the impact of health emergencies on the international economy and the impact on the client portfolio and its credit behavior.

Others accounts receivable -

Accounts receivable other than the tax credit for value added tax and other tax credits correspond to outstanding balances for items that are not related to the Group's main operating activities. The Group' Management continuously monitors the credit risk of these items and periodically evaluates those debts that show impairment to determine the provision required for collectability.

(iii) Liquidity risk –

The prudent management of liquidity risk involves maintaining sufficient cash and cash equivalents, the availability of financing through an adequate number of committed sources of financing and the ability to close market positions. In this sense, the Group does not have significant liquidity risks since historically the cash flows of its operations have allowed it to maintain sufficient cash to meet its obligations.

The Group permanently monitors liquidity reserves based on the analysis of its working capital (liquidity ratio) and projections of its cash flows that take into consideration the future prices of the products it commercializes and the costs necessary for its production and sale.

Notes to the consolidated financial statements (continued)

The following table shows the maturities of liabilities in the consolidated statement of financial position as of December 31, 2020 and 2019:

	On demand US$(000)	Due in minus than 1 year US$(000)	Due within 1 to 5 years US$(000)	Due in more than 5 years US$(000)	Total US$(000)
As of December 31, 2020					
Financial obligations:					
Principal	-	159,125	1,174,389	57,000	1,390,514
Trade and other payables	-	229,896	26,839	-	256,735
Future loan interest	-	45,191	101,782	-	146,973
Financial derivative liability		41,653	44,288	-	85,941
Leases	-	10,266	16,017	3,904	30,187
Interest on accounts payable	-	2,745	4,459	-	7,204
Interest on leases	-	1,139	1,499	2,255	4,893
Financial leases	-	845	658	-	1,503
Interest on financial leasing	-	34	12	-	46
Total	-	490,894	1,369,943	63,159	1,923,996
As of December 31, 2019					
Financial obligations:					
Principal	-	48,870	1,042,823	3,694	1,095,387
Trade and other payables	-	241,369	23,391	17,065	281,825
Future loan interest	-	47,917	141,809	477	190,203
Financial derivative liability		7,372	11,485	-	18,857
Leases	-	16,580	14,773	8,310	39,663
Interest on accounts payable	-	-	6,727	477	7,204
Interest on leases	-	1,493	2,470	3,902	7,865
Total	-	363,601	1,243,478	33,925	1,641,004

35.2. Capital risk management –
The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its shareholders, benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The policy of the Group consists on financing all its projects with a conservative mix of own cash resources and debt. With this objective, the Group make adjustments to face changes in the economic market conditions and the requirements of financial conditions (covenants). To maintain or adjust the capital structure, the Company may adjust the payment of dividends to shareholders, return capital to its shareholders or issue new shares or channel resources to subsidiaries in Peru, Chile and Brazil, the additional needs are covered by bank loans. In order to achieve this, the Group periodically capitalizes its earnings and if necessary, adjusts the amount of the dividends payable to its shareholders. There were no changes in the Group's objectives, policies and procedures during the year ended December 31, 2020.

36. Financial derivative instruments

(a) Since interest payments for loans obtained by the subsidiary Marcobre during the year 2018 (see note 16) are subject to variations due to being indexed at a variable interest rate, the Group decided to take a hedging strategy called bottom layer hedge or layered hedging strategy, by which it prospectively covers the Group's cash flows, which qualify as highly probable forecast transactions, with three different tranches (with swaps and caps options) distributed as follows:

- Tranche 1: From December 31, 2018 to June 30, 2021, it covers 50% with a swap and 20% with the cap N° 1.
- Tranche 2: Between June 30, 2021 and June 30, 2023, cover 35% with a swap and 45% with the cap N° 1.
- Tranche 3: After June 2023 until December 31, 2025 covers 80% with the cap N° 2.

(b) These "Cap interest rate" and "Interest rate swap" contracts were subscribed for a maximum amount of US$720,000,000, which covers 80% of the subsidiary Marcobre's loan.

The total cost of the premiums for the Cap N° 1 and Cap N° 2 options during the year 2018 was US$3,964,000, which will be accrued during the term of the options. The payment of the option premium was financed within 4 years (see note 16), the amount payable as of December 31, 2020 amounts to US$2,117,000 (US$3,419,000 as of December 31, 2019).

Entity	Value Reference (maximum) US$(000)	Agreed rate %
Natixis Bank		
Interest Rate Swap	450,000	2.866%
Societe Generale Bank		
Interest Rate Cap N°1	405,000	3.332%
Interest Rate Cap N°2	208,526	3.362%

		Hedged value	
		2020 US$(000)	2019 US$(000)
Cash flow hedge -			
Interest rate swap (d)	From December 2018 to June 2023	1,340	17,593
Cap 1 – Interest rate (d)	From December 2018 to June 2023	1,309	13,297
Cap 2 – interest rate (d)	From June 2023 to September 2025	1,579	5,322
Total		4,228	36,212

(c) As of December 31, 2020, the Group through its subsidiary Marcobre has recognized an account payable for the fair value of the derivative financial instruments in the amount of US$17,287,000 of which US$10,347,000 has current maturity and US$7,041,000 has non-current maturity (US$15,297,000 as of December 31, 2019 of which US$5,818,000 current maturity and US$9,479,000 of non-current maturity), whose impact on other comprehensive income was as follows:

	Effect on other comprehensive income (expense)	
	2020 US$(000)	2019 US$(000)
Derivatives of interest rates -		
Interest rate swap	5,012	8,129
Cap 1 – Interest rate	(4,323)	1,120
Cap 2 – interest rate	(2,563)	823
Intrinsic Value of Premium Caps	3,863	-
Other effects	(540)	(539)
	1,449	9,533
(-) Deferred income tax	(378)	(2,479)
Net effect	1,071	7,054

The subsidiary Mineração Taboca S.A. maintains derivative financial instruments, exchange rate swaps, Zero Cost Collar of exchange rate and NDF (Non-Deliverable Forward) with the objective of protecting and managing the risks inherent in the variation of foreign currency (dollar in the case of Mineração Taboca S.A.) and tin prices. These operations aim to reduce the exchange exposure and the significant changes in the prices of raw materials. As of December 31, 2020, the net fair value of these Zero Cost Collar and NDF amounts to US$4,161,000 (equivalent to R$21,622,528) and Swap amounts to US$5,338,000 (equivalent to R$27,739,000) (US$3,020,000 equivalent to R$12,154,000 as of December 31, 2019).

(d) Gold price coverage -

The Company signed contracts that include derivative financial instruments with the objective of reducing the risk on cash flows attributable to the fluctuation of the gold price, from January 2020 to December 2024.

The Company has designated these derivatives as cash flow hedges, given that it has determined that there is an adequate economic relationship between the hedging instruments and the hedged items, which are highly probable.

Below is the composition of the transactions to be settled that are part of the liability for an instrument derived from coverage as of December 31, 2020 and 2019:

		Year 2020				
Metal	**Instrument**	**Expiration period**	**Covered volume** Oz	**Agreed price** US$/oz	**Estimated price** US$/oz	**Fair value** US$(000)
Gold	**Zero Cost Collar**					
		Year 2021	46,900	1,450 - 1,639	1,902	(14,996)
		Year 2022	55,740	1,450 - 1,700	1,918	(13,998)
		Year 2023	52,941	1,450 - 1,746	1,935	(12,704)
		Year 2024	32,000	1,450 - 1,775	1,953	(7,263)
						(48,961)

		Year 2019				
Metal	**Instrument**	**Expiration period**	**Covered volume** Oz	**Agreed price** US$/oz	**Estimated price** US$/oz	**Fair value** US$(000)
Gold	**Zero Cost Collar**					
		Year 2020	57,800	1,450 - 1,577	1,535	(2)
		Year 2021	46,900	1,450 - 1,639	1,563	(1)
		Year 2022	55,740	1,450 - 1,700	1,581	(1)
		Year 2023	52,941	1,450 - 1,746	1,600	(1)
		Year 2024		1,450 - 1,775	1,618	-
						(5)

The effective portion of the variations in the fair value of derivative financial instruments that qualify as hedging are recognized as assets or liabilities, with net equity as their counterpart the "Consolidated statement of other comprehensive income".

As of December 31, 2020 and 2019, the Group recognized in the "Consolidated statement of other comprehensive income" a negative variation in fair value of approximately US$47,611,000 and US$5,000, respectively, which is presented net of the effect on income tax.

(f) Currency Forward -
The Company maintained a forward currency contract, which covers the variation in cash flow caused by the fluctuation in the exchange rate of a term deposit for S/49,500,000 plus interest, this instrument was cancelled January 2020. As of December 31, in 2019, the fair value of this instrument was a net liability position for US$86,000.

(g) The following is the classification according to its expiration as of December 31, 2020 and 2019:

Instruments– Year 2020	**Nature**	**Current** US$(000)	**Non- Current** US$(000)	**Total** US$(000)
Exchange rate hedges– Taboca	Asset	685	55	740
Interest rate Hedges – Marcobre	Asset	-	101	101
Interest rate Hedges – Taboca	Asset	-	81	81
Total assets		685	237	922
Metal price hedges - Minsur	Liability	14,996	33,965	48,961
Interest rate - Marcobre	Liability	10,347	7,041	17,388
Interest rate hedges - Taboca	Liability	2,792	2,630	5,422
Metal price hedges - Taboca	Liability	8,614	652	9,266
Exchange rate hedges - Taboca	Liability	4,904	-	4,904
Total liability		41,653	44,288	85,941

Instruments- Year 2019	Nature	Current US$(000)	Non- Current US$(000)	Total US$(000)
Exchange rate- Minsur	Asset	28	-	28
Price and exchange rate hedges- Taboca	Asset	6,118	343	6,461
Total assets		6,146	343	6,489
Interest rate - Marcobre	Liability	5,818	9,479	15,297
Price and exchange rate hedges - Minsur	Liability	117	2	119
Price and exchange rate hedges - Taboca	Liability	1,437	2,004	3,441
Total liability		7,372	11,485	18,857

37. Financial asset and financial liabilities

(a) Financial liabilities -

All financial liabilities of the Group, excepting the embedded derivative from tin sales, include trade and other payables and Senior Notes which are classified as loans and borrowings and are carried at amortized cost.

(b) Fair values -

The fair value of the financial instruments is defined by the at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under the assumption that the entity is a going concern.

The following methods and assumptions were used to estimate the fair values:

Financial instruments whose fair value is similar to the carrying book value -
For financial assets and liabilities that are liquid or have short maturities (less than three months), as cash and cash equivalents, trade and other receivables, net trade and other accounts payable and other current liabilities are considers that the carrying value is similar to fair value.

Financial instruments at fixed and variable rate -
The fair value of financial assets and liabilities that are subject to fixed and variable rates is determined by comparing the interest rates at inception with the current market interest rates for similar instruments. The fair value of deposits that yield interest are determined by using the discounted cash flows method by using market interest rates in the prevalent currency, and similar maturities and credit risks.

Based on the above, a comparison between the carrying amounts and fair values of financial instruments of the Group presented in the consolidated statement of financial position is established. The table does not include the fair values of non-financial assets and liabilities:

	Carrying book value		Fair value	
	2020 US$(000)	2019 US$(000)	2020 US$(000)	2019 US$(000)
Financial assets				
Cash and cash equivalents	257,410	133,185	257,410	133,185
Trade and other receivables, net	91,343	73,323	91,343	73,323
Derivative financial instruments	922	6,489	922	6,489
Financial assets at fair value through other comprehensive income	26,685	110,693	26,685	110,693
Total financial assets	376,360	323,690	376,360	323,690
Financial liabilities				
Financial obligations:				
Corporate bonds	444,879	443,431	509,634	496,013
Other financial obligations	915,913	651,956	943,528	651,956
Trade and other payables	256,735	281,507	259,179	281,507
Derivative financial instruments	85,941	18,857	85,941	18,857
Total financial liabilities	1,703,468	1,395,751	1,798,282	1,448,333

(c) Fair value measurement

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each Consolidated Financial Statements.

The following table provides the fair value measurement hierarchy of the Group´s assets and liabilities as of December 31, 2020 -

		Measurement at fair value using		
	Total US$(000)	Quoted prices in active markets (Level 1) US$(000)	Significant observable inputs (Level 2) US$(000)	Significant unobservable inputs (Level 3) US$(000)
As of December 31, 2020				
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income	26,685	26,685	-	-
Derivative financial instrument	922	-	922	-
Liabilities recognized at fair value:				
Derivative financial instruments	85,941	-	85,941	-

During the year ended December 31, 2020 there have been no transfers between levels of fair value.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as of December 31, 2019 –

		Measurement at fair value using		
	Total US$(000)	Quoted prices in active markets (Level 1) US$(000)	Significant observable inputs (Level 2) US$(000)	Significant unobservable inputs (Level 3) US$(000)
As of December 31, 2019				
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income	110,693	110,693	-	-
Derivative financial instrument	6,489	-	6,489	-
Liabilities recognized at fair value:				
Derivative financial instruments	18,857	-	18,857	-

During the year ended December 31, 2019 there have been no transfers between levels of fair value.

38. Subsequent events

On February 10, 2021, the Peruvian Government extended the State of National Emergency for a period of 14 days as a result of the Covid-19, extended by an additional 14 days. Likewise, certain economic activities are restricted, according to the alert level in each department of Peru, until February 28, 2021. The Management considers that the measures taken by the national authorities have no impact on the continuity and development of their activities due to that the mining activity is within the group of permitted activities.

The Group Management continues to monitor the evolution of the situation and the guidance of the national and international authorities, as events beyond the control of Management may arise that require modifying the established business plan. A further spread of Covid-19 and the consequent measures taken to limit the spread of the disease could affect the ability to conduct business in the normal way and therefore affect the financial position and results of operations.

Except for what is indicated in the previous paragraph, between January 1, 2021 and the date of issuance of the financial statements (February 17, 2021), no significant subsequent events of a financial-accounting nature have occurred that may affect the interpretation of these financial statements.

39. Explanation added for translation to English language

The accompanying consolidated financial statements were originally issued in Spanish and are presented based on International Financial Reporting Standards "IFRS" as described in Note 2. These consolidated financial statements should be read in conjunction with the Spanish consolidated financial statements, in the event of a discrepancy the Spanish language version prevails.

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COLEGIO DE CONTADORES PUBLICOS DE LIMA

Constancia de Habilitación

El Decano y el Director Secretario del Colegio de Contadores Públicos de Lima, que suscriben, declaran que, en base a los registros de la institución, se ha verificado que:

PAREDES, BURGA & ASOCIADOS S. CIVIL DE R.L.
REGISTRO DE SOCIEDAD: SO761

Se encuentra **HABIL**, para el ejercicio de las funciones profesionales que le faculta la Ley N.º 13253 y su modificación Ley N.º 28951 y conforme al Estatuto y Reglamento Interno de esté Colegio; en fe de lo cual y a solicitud de parte, se le extiende la presente constancia para los efectos y usos que estime conveniente. Esta constancia tiene vigencia hasta el 31 de MARZO del 2021.

Lima 07 de Mayo de 2020.

CPC. GUILLERMINA ZAVALA PAUCAR
DECANA

CPC. GLADYS MILAGROS BAZAN ESPINOZA
DIRECTORA SECRETARIA

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Minsur S.A. and Subsidiaries

Unaudited interim consolidated financial statements as of June 30, 2021 and 2020 and for the three and six months periods then ended.

Minsur S.A. and Subsidiaries

Unaudited consolidated financial statements as of June 30, 2021 and 2020, and for the three and six months periods then ended

Content

Unaudited Interim Condensed Consolidated financial statements

Interim condensed consolidated statements of financial position (unaudited)
Interim condensed consolidated statements of profit or loss (unaudited)
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Interim condensed consolidated statements of changes in equity (unaudited)
Interim condensed consolidated statements of cash flows (unaudited)
Notes to the interim condensed consolidated financial statements (unaudited)

Interim condensed consolidated statements of financial position

As of June 30, 2021 (unaudited) and December 31, 2020 (audited)

	Note	30.06.2021 US$(000)	31.12.2020 US$(000)
Assets			
Current assets			
Cash and cash equivalents	3	177,758	257,410
Other financial assets	3	70,681	90,576
Trade and other receivables, net	4	144,202	136,081
Derivative financial instruments	20(d)	2,053	685
Inventory, net	5	171,231	109,696
Financial assets at fair value through other comprehensive income	6	16,947	21,735
Income tax prepayments	12(b)	4,320	6,272
Non-current assets held for sale		-	5,921
Prepaid expenses and taxes		3,153	3,944
		590,345	632,320
Non-current assets			
Trade and other receivables, net	4	93,105	87,259
Inventory, net	5	80,225	49,883
Derivative financial instruments	20(d)	3,798	237
Financial assets at fair value through other comprehensive income	6	5,941	4,950
Prepaid expenses and taxes		3,328	4,990
Investments in associates	7	274,923	276,691
Property, plant and equipment, net	8	1,952,690	1,888,193
Intangible assets, net	9	724,687	675,653
Right-of-use asset, net		32,529	28,780
Deferred income tax assets, net		145,106	125,664
Total non-current assets		3,316,332	3,142,300
Total assets		3,906,677	3,774,620

	Note	30.06.2021 US$(000)	31.12.2020 US$(000)
Liability and equity			
Current liabilities			
Borrowings	10	391,512	150,923
Income tax payable	12(b)	12,343	-
Lease liabilities		10,217	10,265
Trade and other payables		240,568	270,448
Derivative financial instruments	20(d)	61,232	41,653
Provisions	11	26,724	30,749
Total current liabilities		742,596	504,038
Non-current liabilities			
Non-current borrowings	10	1,222,591	1,209,869
Non-current portion of the lease Liabilities		24,159	19,922
Trade and other payables		27,432	26,839
Derivative financial instruments	20(d)	21,196	44,288
Non-current provisions	11	166,882	192,903
Deferred income tax liabilities, net		108,762	97,285
		1,571,022	1,591,106
Total liabilities		2,313,618	2,095,144
Equity			
Capital stock		601,269	601,269
Investment shares		300,634	300,634
Legal reserve		120,261	120,261
Reinvested earnings		39,985	39,985
Other reserves		42,586	42,586
Facultative reserves		424	424
Cumulative translation reserve		(229,697)	(222,306)
Unrealized results		(69,400)	(64,148)
Retained earnings		306,307	420,915
Equity attributable to equity holders of the parent		1,112,369	1,239,620
Non-controlling interests		480,690	439,856
Total equity		1,593,059	1,679,476
Total liabilities and equity		3,906,677	3,774,620

The accompanying notes are an integral part of this statement.

Minsur S.A. and Subsidiaries

Interim condensed consolidated statements of profit or loss (unaudited)

For the period of June 30, 2021 and 2020 and for the three and six months periods then ended

	Note	For the three-month periods ended Jun 30,		For the six-month periods ended Jun 30,	
		2021 US$(000)	2020 US$(000) (Restated, see note 2.1)	2021 US$(000)	2020 US$(000) (Restated, see note 2.1)
Net sales	15	227,495	104,636	476,236	266,146
Cost of sales	16	(106,176)	(71,880)	(230,458)	(181,799)
Gross profit		121,319	32,756	245,778	84,347
Operating expenses:					
Administrative expenses		(15,481)	(8,144)	(29,810)	(20,631)
Selling expenses		(3,409)	(1,097)	(5,477)	(3,138)
Exploration and evaluation expenses		(5,016)	(6,749)	(7,872)	(6,749)
Other income(expenses), net		(2,593)	8,236	2,200	3,238
Total operating expenses		(26,499)	(7,754)	(40,959)	(27,280)
Operating income		94,820	25,002	204,819	57,067
Other (expenses) income:					
Finance income		1,243	4,944	3,779	7,247
Finance costs		(10,872)	(17,437)	(25,677)	(31,471)
Profit (Loss) from investment in associates, net	7(b)	2,939	713	7,848	360
Exchange difference, net		10,545	(8,785)	(4,042)	(44,043)
Total other expenses, net		3,855	(20,565)	(18,092)	(67,907)
Profit (loss) before income tax		98,675	4,437	186,727	(10,840)
Income tax	12(a)	(42,089)	33,767	(53,833)	(4,123)
Net profit (loss)		56,586	38,204	132,894	(14,963)
Attributable to:					
Equity holders of the parent		58,110	41,650	135,392	(7,431)
Non-controlling interests		(1,524)	(3,446)	(2,498)	(7,532)
Net profit (loss)		56,586	38,204	132,894	(14,963)
Earnings per share stated in U.S. dollar (basic and diluted) attributable to:					
Common shares		2.015	1.441	4.696	(0.258)
Investment shares		0.020	(0.018)	0.047	(0.003)

The accompanying notes are an integral part of this statement.

Minsur S.A. and Subsidiaries

Interim condensed consolidated statements of comprehensive income (unaudited)

For the period of June 30, 2021 and 2020 and for the three and six months periods then ended

	For the three-month periods ended Jun 30		For the six-month periods ended Jun 30	
	2021 US$(000)	**2020** US$(000) (Restated, see note 2.1)	**2021** US$(000)	**2020** US$(000) (Restated, see note 2.1)
Net (loss) profit	56,586	38,204	132,894	(14,963)
Other comprehensive income:				
Losses from Cash Flow Hedging, net of taxes	(14,268)	(21,071)	(582)	(52,028)
Exchange differences on translation	(2,668)	5,755	(7,391)	(36,118)
Share of other comprehensive income of associates, net of tax	13	657	38	25
Losses on financial assets measured at fair value with changes in other comprehensive income, net of taxes	(4,880)	(2,612)	(2,677)	(2,522)
Other comprehensive income (loss)	(21,803)	(17,271)	(10,612)	(90,643)
Total comprehensive income (loss), net of its income tax	34,783	20,933	122,282	(105,606)
Total comprehensive income attributable to:				
Equity holders of the parent	35,466	32,151	122,749	(95,895)
Non-controlling interests	(683)	(11,218)	(467)	(9,711)
	34,783	20,933	122,282	(105,606)

The accompanying notes are an integral part of this statement.

Minsur S.A. and Subsidiaries

Interim condensed consolidated statements of changes in equity (unaudited)

For the period ended June 30, 2021 and 2020

	Capital stock US$(000)	Investment shares US$(000)	Other reserves US$(000)	Other equity items US$(000)	Cumulative translation reserve US$(000)	Unrealized results US$(000)	Retained earnings US$(000)	Total attributable to equity holders of the parent US$(000)	Non - controlling interests' equity US$(000)	Total US$(000)
Balance as of January 1, 2020	601,269	300,634	206,346	(359)	(221,007)	(14,206)	411,272	1,283,949	353,739	1,637,688
Profit or loss of the period	-	-	-	-	-	-	(7,431)	(7,431)	(7,532)	(14,963)
Other comprehensive income	-	-	-	(52,028)	(36,118)	(318)	-	(88,464)	(2,179)	(90,643)
Total other comprehensive income	-	-	-	(52,028)	(36,118)	(318)	(7,431)	(95,895)	(9,711)	(105,606)
Contributions of non-controlling interest	-	-	-	-	-	-	-	-	49,240	49,240
Transfer to non-controller	-	-	(3,090)	-	-	-	-	(3,090)	3,090	-
Other adjustments	-	-	-	-	-	-	-	-	286	286
Balance as of June 30, 2020, (Restated, see note 2.1)	601,269	300,634	203,256	(52,387)	(257,125)	(14,524)	403,841	1,184,964	396,644	1,581,608
Balance as of January 1, 2021	601,269	300,634	203,256	(63,463)	(222,306)	(685)	420,915	1,239,620	439,856	1,679,476
Profit or loss of the period	-	-	-	-	-	-	135,392	135,392	(2, 498)	132, 894
Other comprehensive income	-	-	-	(582)	(7,391)	(4,670)	-	(12,643)	2,031	(10,612)
Total other comprehensive income	-	-	-	(582)	(7,391)	(4,670)	135,392	122,749	(467)	122,282
Dividends declared	-	-	-	-	-	-	(250,000)	(250,000)	-	(250,000)
Contributions of non-controlling interest	-	-	-	-	-	-	-	-	41,000	41,000
Other adjustments	-	-	-	-	-	-	-	-	301	301
Balance as of June 30, 2021,	601,269	300,634	203,256	(64,045)	(229,697)	(5,355)	306,307	1,112,369	480,690	1,593,059

The accompanying notes are an integral part of this statement.

Minsur S.A. and Subsidiaries

Interim condensed consolidated statements of cash flows (unaudited)

For the period of June 30, 2021 and 2020 and for the three and six months periods then ended

	For the specific quarter from April 1, to June 30		For the six months period ended June 30	
	2021 US$(000)	2020 US$(000)	2021 US$(000)	2020 US$(000)
Operating activities				
Collection from customers	266,081	104,709	478,516	272,842
Payments to suppliers	(160,463)	(124,941)	(271,576)	(234,201)
Payroll and social benefit payments	(51,129)	(24,023)	(88,705)	(81,627)
Payments of income and other taxes	(44,386)	(1,974)	(52,598)	(9,762)
Interest paid	(1,776)	(802)	(17,633)	(15,443)
Interest received	138	1,688	1,352	6,929
Other receipts related to the activity, net	16,756	17,672	20,342	22,209
Net cash and cash equivalents provided by (used in) operating activities	25,221	(27,671)	69,698	(39,053)
Investing activities				
Opening of time deposits with original maturities greater than 90 days	-	-	(60,681)	(206,613)
Closing of deposits with a term greater than 90 days	-	146,038	80,576	440,224
Payments for purchase of property, plant, and equipment	(67,045)	(82,517)	(175,817)	(210,579)
Payments for purchase of intangible assets	(14,296)	(25,022)	(35,981)	(58,860)
Sale of participations in associate	-	8,355	-	8,355
Dividends received from investments in associates and financial assets with changes in other comprehensive income	1,012	132	1,012	132
Collection from sale of non-current assets held for sale	40	-	9,990	35
Net cash and cash equivalents used in investing activities	(80,289)	46,986	(180,901)	(27,306)
Financing activities				
Obtaining loans	172,110	(335)	305,110	186,303
Payments of financial obligations	(24,385)	(1,033)	(54,437)	(22,804)
Lease payments	(3,330)	(4,512)	(6,464)	(8,965)
Contributions from non-controlling interest	-	4,000	41,000	49,240
Dividends paid	(250,000)	-	(250,000)	-
Payments related to the activity, net	(2,999)	(296)	(3,075)	(720)
Net cash flows provided by financing activities	(108,604)	(2,176)	32,134	203,054
Increase (decrease) in cash and cash equivalents	(163,672)	17,139	(79,069)	136,695
Net exchange difference in cash and cash equivalents	463	39,920	(583)	31,246
Cash and cash equivalents at beginning of year	340,967	244,067	257,410	133,185
Cash and cash equivalents at period end	177,758	301,126	177,758	301,126
Transactions with no effects in cash flows:				
Capitalized depreciation as development costs	10,347	6,591	15,341	10,772
Increase in provision for closure mine (Note 8)	(2,007)	(2,803)	(23,913)	(4,655)
Increase of right-of-use assets	8,967	4,186	9,233	4,222
Increase in assets acquired through other obligations	2,031	101	2,255	101
Accounts payable for acquisition of non-controlling interest	681	645	1,054	998

1. Corporate information

(a) Identification -

Minsur S.A. (hereinafter "the Company") was incorporated in Peru in October 1977. The activities of the Company are regulated by the Peruvian General Mining Law. The Company is a subsidiary of Breca Minería S.A.C. domiciled in Peru, which holds 99.99 percent of the Company's common shares and 6.31 percent of its investment shares. The Company's registered address is Jirón Giovanni Batista Lorenzo Bernini 149, Office 501A, San Borja, Lima, Peru.

(b) Business activity -

The main activity of the Company is the production and selling of metallic tin that is obtained from the mineral exploited in the San Rafael Mine, located in the Puno region, and the production and selling of gold that is obtained from the Pucamarca mine, located in the region of Tacna.

Through its subsidiary Minera Latinoamericana S.A.C., the Company has investments in Mineração Taboca S.A. and subsidiary (which operate the tin mine and a smelting plant located in Brazil), in Inversiones Cordillera del Sur Ltda. and subsidiaries (holding of shares of a group mainly dedicated to the production and selling of cement in Chile) and in Minera Andes del Sur SPA and subsidiary (a Chilean company engaged in mining activities). The investment in Inversiones Cordillera del Sur Ltda. is accounted as an investment in an associate.

In addition, through its subsidiary Cumbres Andinas S.A.C, the Company holds shares in Marcobre S.A.C., a mining company that is in exploration of mining rights and the development of the Mina Justa mining copper project, located in province of Nazca, region of Ica, which estimated investment amounts to US$ 1.8 billion and is estimated to have an average annual production for the Life Of Mine "LOM" of 169,800 wet tons of copper concentrate and 43,000 tons of copper cathodes, which is expected to start during the third quarter of 2021.

Likewise, through its subsidiary Cumbres del Sur SAC, the Company carries out mining rights exploration and exploitation activities and in general, any of the activities directly or indirectly included in the mining activity, mainly concentrated in the Marta Mining Unit, which is in the exploration and evaluation of stage minerals and closure of its environmental liabilities at the Regina Mining Unit. Until November 1, 2020, the subsidiary held investments in the subsidiaries Minera Sillustani S.A.C. and Minera Barbastro S.A.C, mining companies that were absorbed by Cumbres del Sur S.A.C. at that date, see note 1 (c).

As of June 30, 2021, and December 31, 2020, the Group is developing the following projects:

b.1) Mina Justa Project

Through its subsidiary Marcobre made cash disbursements for about US$212,313,000 (US$286,617,000 for the first semester of 2020), which were mainly for the execution and construction phase of the project.

The construction of the project has been financed with the contributions of the shareholders and through a syndicated loan from a group of financial institutions for up to an amount of US$900,000,000, see note 10 (c). The administration and supervision of the project has been commissioned to Ausenco S.A., an entity that is in charge of Engineering, Procurement, Construction Management (EPCM) according to the contract signed on November 7, 2017, which it will be in force until the completion of the Mina Justa project contract. Management expects to be able to start production during third quarter of 2021, subject to obtaining the necessary permits and environmental approvals.

b.2) B2 Project

Minsur S.A. has been developing the project B2 located in San Rafael Mine whose estimated investment amounts to US$192,647,000. The project consists in extracting tin from an old tailing through a production process to be carried out in the future plant of reuse of tailings. The project started commercial production in January 2020.

(c) Covid-19 outbreak -

Since Covid-19 began, the Group has taken various measures to preserve the health of its employees and to prevent contagion in the administrative and operational areas of the subsidiaries, such as remote work, rigorous cleaning of work environments, distribution of personal protective equipment, suspect case testing and body temperature measurement.

The Group's Management has been continuously evaluating the potential short, medium and long-term implications of Covid-19 in its interim condensed consolidated financial statements based on the expansion of the State of National Emergency established by the Peruvian and Brazilian Government, however, Management considers that these measures will not have an impact on the continuity and development of the operations of the Company and its subsidiaries because the mining activity is within the group of permitted activities.

(d) Consolidated financial statements –

The consolidated financial statements include the financial statements of the Company and the following subsidiaries (together, the Group):

	Equity interest			
	June 30, 2021		December 31, 2020	
	Direct %	Indirect %	Direct %	Indirect %
Subsidiaries in Chile:				
Minera Andes del Sur SPA	-	100.00	-	100.00
Subsidiaries in Brazil:				
Mineração Taboca S.A.	-	100.00	-	100.00
Mamore Mineração e Metalurgia Ltda.	-	100.00	-	100.00
Subsidiaries in Perú:				
Minera Latinoamericana S.A.C.	99.99	-	99.99	-
Cumbres Andinas S.A.C.	60.00	-	60.00	-
Cumbres del Sur S.A.C.	99.98	-	99.98	-
Marcobre S.A.C.	-	60.00	-	60.00

A brief of the business activities of the entities included in the consolidated financial statements is presented below:

- Minera Andes del Sur SPA. -
  The corporate purpose of this subsidiary is the exploration and exploitation of mining properties that are acquired or obtained and that facilitate or allow the exploitation of the mineral substances contained them.

- Mineração Taboca S.A. -
  This mining entity is engaged in the exploitation of the Pitinga mine, located in the northeast region in the Amazonas state, in the Federative Republic of Brazil. This mine has mainly resourced of tin, as well as other minerals. Mineração Taboca S.A. also operates the Pirapora smelter located in Sao Paulo.

- Mamoré Mineração e Metalurgia Ltda. -
  This subsidiary is engaged in the operation of the smelting plant of Pirapora, in Sao Paulo, Brazil.

- Minera Latinoamericana S.A.C. -
  Through this subsidiary, the Company has investments in Mineração Taboca S.A. and its subsidiary, as well as in Inversiones Cordillera del Sur Ltda. and its subsidiaries and in Minera Andes del Sur S.P.A.

- Cumbres Andinas S.A.C. -
  Currently, the activity of this subsidiary is limited to holding of 100 percent of shares of the mining company Marcobre S.A.C. mining company that in the construction stage.

- Marcobre S.A.C. -
  The main activity of the subsidiary is the exploration of mining rights and the development of its copper project' Mina Justa, located in the Nazca Province, Ica region.

- Cumbres del Sur S.A.C. -
  The purpose of this subsidiary is the exploration and exploration of mining rights and, in general, any other activities directly or indirectly included in the mining activity, mainly concentrated in the Marta mining unit, which is in the exploration and evaluation stage of mineral resources and closure of its environmental liabilities at the Regina mining unit. Until November 1, 2020, the subsidiary held investments in Minera Sillustani S.A.C. and Compañía Minera Barbastro S.A.C., companies in the mining sector that were absorbed by Cumbres del Sur S.A.C. in that date. See note 1(c).

(f) Approval of financial statements -
The interim condensed consolidated financial statements as of June 30, 2021 were approved by The Management on October 17, 2021 and subsequent events have been considered through that date.

2. Basis of preparation and other significant accounting policies

2.1. Basis of preparation and presentation -
The consolidated condensed interim financial statements of the Group have been prepared and presented in accordance with IAS 34 - Interim Financial Information issued by the International Accounting Standards Board (hereinafter "IASB").

The consolidated condensed interim financial statements have been prepared based on historical cost, with the exception of trade accounts receivable, financial assets at fair value with changes in results, financial assets at fair value with changes in other comprehensive income and financial instruments derivatives which are presented at fair value.

The consolidated condensed interim financial statements are presented in United States dollars (US$), and all figures have been rounded to thousands, except where otherwise indicated.

The consolidated condensed interim financial statements provide comparative information for prior periods, however, do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as of December 31,2020 and for the year then ended.

The Group has prepared its interim condensed consolidated financial statements under the going concern assumption. In order to carry out its evaluation of a going concern, Management has taken into consideration the matters that may cause an interruption of its operations. Management has considered all future available information that it has obtained after the reporting date up to the date of approval and issuance of the accompanying consolidated financial statements. The following matters have been addressed when preparing these interim condensed consolidated financial statements, assuming the going concern assumption:

- The Group has restarted its commercial activities and resumed the rhythm of its operations.
- The Group has restarted its construction activities for the Mina Justa Project and resumed the pace of construction.
- The Group has the support of the main shareholders, who have the capacity and financial solvency to be able to finance the required working capital.
- It does not expect Covid-19 to significantly affect the value of its assets, nor does it anticipate material impairment or change in accounting judgments that affect the measurement of the Group's assets and liabilities.

As indicated in note 2.4(p) of the accounting policies of the annual consolidated financial statements for the year 2020, the current and deferred income tax are measured based on the tax rates and tax regulations that were in force at the date of the end of the reporting period. For the purposes of presenting the interim financial statements, income tax must be determined based on the best estimate of the weighted average tax rate expected for the annual accounting period. Consequently, for purposes of adapting the aforementioned accounting practice, the income tax for the three and six months periods of 2020 has been modified for comparative purposes with the income tax for the second quarter of 2021, as presented in the note 12.

In addition, there were the following modifications in the financial statements as of June 30, 2020:

Interim condensed consolidated statements of profit or loss:

	From 01.01.2020 to 30.06.2020 US$(000)	Assessment of income tax calculation methodology US$(000)	Update of the investment in the associate Cordillera del Sur US$(000)	Depreciation adjustment US$(000)	From 01.01.2020 to 30.06.2020 US$(000) (Restated)
Cost of sale	(184,170)	-	-	2,371	(181,799)
Gross profit	81,976	-	-	2,371	84,347
Profit from investment in associates, net	1,191	-	(831)	-	360
Total other expenses, net	(67,076)	-	(831)	-	(67,907)
Loss before income tax	(12,380)		(831)	2,371	(10,840)
Income tax	(37,310)	33,187	-	-	(4,123)
Net profit (loss)	(49,690)	33,187	(831)	2,371	(14,963)

	From 01.04.2020 to 30.06.2020 US$(000)	Assessment of income tax calculation methodology US$(000)	Update of the investment in the associate Cordillera del Sur US$(000)	Depreciation adjustment US$(000)	From 01.04.2020 to 30.06.2020 US$(000) (Restated)
Cost of sale	(74,251)	-	-	2,371	(71,880)
Gross profit	30,385	-	-	2,371	32,756
Profit from investment in associates, net	1,649	-	(936)	-	713
Total other expenses, net	(19,629)	-	(936)	-	(20,565)
Profit before income tax	3,002	-	(936)	2,371	4,437
Income tax	(6,534)	40,301	-	-	33,767
Net Loss	(3,532)	40,301	(936)	2,371	38,204

Interim condensed consolidated statements of comprehensive income:

	From 01.01.2020 to 30.06.2020 US$(000)	Assessment of income tax calculation methodology US$(000)	Update of the investment in the associate Cordillera del Sur US$(000)	Depreciation adjustment US$(000)	From 01.01.2020 to 30.06.2020 US$(000) (Restated)
Net (loss) profit	(49,690)	33,292	(936)	2,371	(14,963)
Other comprehensive income:					
Exchange differences on translation	(31,917)	-	(4,201)	-	(36,118)
Share of Other Comprehensive Income of Associates, net of Tax	60	-	(35)	-	25
Other comprehensive income for the year	(86,407)	-	(4,236)	-	(90,643)
Total comprehensive income for the year, net of its income tax	(136,097)	33,292	(5,172)	2,371	(105,606)

	From 01.04.2020 to 30.06.2020 US$(000)	Evaluation of income tax calculation methodology US$(000)	Update of the investment in the associate Cordillera del Sur US$(000)	Depreciation adjustment US$(000)	From 01.04.2020 to 30.06.2020 US$(000) (Restated)
Net (loss) profit	(3,532)	40,301	(936)	2,371	38,204
Other comprehensive income:					
Exchange differences on translation	737	-	5,018	-	5,755
Share of Other Comprehensive Income of Associates, net of Tax	728	-	(71)	-	657
Other comprehensive income for the year	(22,218)	-	4,947	-	(17,271)
Total comprehensive income for the year, net of its income tax	(25,750)	40,301	4,011	2,371	20,933

3. Cash and cash equivalents and other financial assets

(a) The composition of the item is presented below:

	30.06.2021 US$(000)	31.12.2020 US$(000)
Cash on hand and petty cash	13	17
Bank current accounts (b)	138,751	139,027
Overnight deposits (c)	33,330	72,109
Time deposits (d)	5,000	45,756
Certificates of bank deposits (e)	664	501
Balance considered in the consolidated statements of cash flows	177,758	257,410
Time deposits with original maturities greater than 90 days (f)	70,681	90,576
Total	248,439	347,986

(b) As of June 30, 2021, and December 31, 2020, the Group maintains its deposits in current accounts in top-tier local and foreign banks, they are freely available and bear interest at market rates.

(c) Overnight deposits are in a foreign bank, which accrue interest at market rates.

(d) Time deposits have original maturities of less than 90 days from their constitution and can be renewed at maturity. As of June 30, 2021, and December 31, 2020, these deposits earned interest calculated with market rates, and were settled in July 2021 and January 2021, respectively.

(e) As of June 31, 2021, they correspond to bank deposit certificates (hereinafter "CDI") held by Mineração Taboca S.A. for R$3,304,000 (equivalent to US$664,000) that accrue interest at a 20 percent CDI rate and have original maturities of less than 90 days (R$2,603,000 equivalent to US$501,000 as of December 31, 2020 that accrued interest at a rate of 20 percent CDI).

(f) Term deposits with original maturity greater than 90 days are presented as "Other financial assets" of the Interim condensed consolidated statement of financial position.

4. Trade and other receivables, net

(a) The composition of this caption is presented below:

	30.06.2021 US$(000)	31.12.2020 US$(000)
Trade (b):		
Invoices receivable	107,449	75,865
Changes in the fair value	406	4,029
	107,855	79,894
Other receivables:		
Value added tax credit and other tax credits (c)	119,258	131,997
Related parties, note 17(a)	3,607	3,581
Advances to suppliers	1,503	1,134
Invoices receivable for the sale of other supplies and fixed assets	1,374	3,155
Judicial deposits (d)	1,371	1,292
Restricted funds	443	109
Interest receivable (e)	373	1,280
Loans to employees	44	129
Others	1,479	769
	129,452	143,446
Total	237,307	223,340
By maturity:		
Current	144,202	136,081
Non-Current	93,105	87,259
Total	237,307	223,340

(b) As of June 30, 2021, and December 31, 2020, trade accounts receivable does not bear interest and do not have specific guarantees. In the estimation process for expected credit losses, Management evaluates the credit risk and individual credit limits. The evaluation is performed at each reporting date using an estimation matrix to measure the expected credit losses.

(c) As of June 30, 2021, and December 31, 2020, this caption mainly comprises the credit for the valued added tax (hereinafter "VAT") that results from the purchases of goods and services resulting from the activities of constructions and development carried out by the subsidiaries in Peru (Cumbres del Sur S.A.C. and Marcobre S.A.C.) and Brazil (Mineração Taboca S.A.) that will be compensated with the VAT payable that will be generated when the subsidiaries begin their operations and by the value added tax of the production activities of the subsidiary in Brazil (Mineração Taboca SA).

To the second quarter of 2021, the subsidiary Marcobre obtained the refund of the credit for the value added tax for US$33,814,000 (US$91,769,000 during 2020) through the Early Recovery System of the VAT (hereinafter '' RERA''), for which the subsidiary expects to continue recovering said credit through this Regime during 2021. If there is a remaining credit balance of VAT, its refund or offset will be requested under the Regime of Exporter´s value added tax ("SFMB" for its acronym in Spanish) based on the sales of export.

In Management's opinion, this credit will be recovered in the short term (through the RERA) and in the long term, when the Marcobre subsidiary starts its production operations.

Likewise, the subsidiary Cumbres del Sur has evaluated the recoverability of the credit balance of VAT as of June 30, 2021 for US$8,418,000 (US$8,735,000 as of December 31, 2020) and considers that it will be used.

(d) As of June 30, 2021 and December 31, 2020, it corresponds to the judicial deposits held by the subsidiary Mineração Taboca S.A. corresponding to processes when liquidated through the financing of debts to the tax administration of Brazil (REFIS) and when its expects the development of the review initiated in 2014 by the Federal Revenue Secretariat of Brazil and the Attorney General's Office and the National Treasury of Brazil to request the release and consequent lifting of the amounts deposited,. During the year 2021, the release of US$265,574 was made (US$301,000 during the year 2020).

(e) As of June 30, 2021, and December 31, 2020, they mainly to interest receivable related to time deposits.

5. Inventory, net

(a) The composition of this caption is presented below:

	30.06.2021 US$(000)	31.12.2020 US$(000)
Mined material – Subsidiary Marcobre	80,296	49,883
Finished products	57,776	21,592
Work in progress	54,102	41,504
Materials and supplies	53,014	39,008
Mineral extracted	6,222	3,316
Inventory in transit	3,934	8,095
	255,344	163,398
Allowance for obsolescence	(3,888)	(3,819)
	251,456	159,579
By maturity:		
Current	171,231	109,696
Non-Current	80,225	49,883
Total	251,456	159,579

6. Financial assets at fair value through other comprehensive income

(a) The available-for-sale financial investments include the following:

	30.06.2021					
	Cost US$(000)	Unrealized results US$(000)	Past due interest US$(000)	Dividends US$(000)	Sale of the investment US$(000)	Fair value US$(000)
Rímac Seguros y Reaseguros	21,070	(4,869)	-	746	-	16,947
BBVA Spain(b)	14,845	(9,407)	-	503	-	5,941
Total	35,915	(14,276)	-	1,249	-	22,888

	31.12.2020					
	Cost US$(000)	Unrealized results US$(000)	Past due interest US$(000)	Dividends US$(000)	Sale of the investment US$(000)	Fair value US$(000)
Certificates of deposit	79,867	-	1,633	-	(81,500)	-
Rímac Seguros y Reaseguros	21,070	(81)	-	746	-	21,735
BBVA Spain(b)	14,845	(10,398)	-	503	-	4,950
Total	115,782	(10,479)	1,633	1,249	(81,500)	26,685

(b) The movement of financial assets measured at fair value through other comprehensive income is presented below:

	30.06.2021 US$(000)	31.12.2020 US$(000)
Opening balance	26,685	110,693
Earned interest of certificates of deposit	-	60
Unrealized results	(3,797)	(2,568)
Liquidations of certificates of deposit	-	(81,500)
Ending balance	22,888	26,685
By maturity:		
Current portion	16,947	21,735
Non-current portion	5,941	4,950
Total	22,888	26,685

The BBVA shares have been classified as non-current portion.

(c) As of June 30, 2021, and December 31, 2020, the fair value of the investments in Rímac Seguros y Reaseguros has been determined based on their listing stock value on the Lima Stock Exchange.

(d) The fair value of certificates of deposit was estimated based on discounted cash flows using available market rates for debt instruments with similar conditions, maturity, and credit risk.

(e) As of June 30,2021, the Company received cash dividends from BBVA Spain and Rímac for US$68,000 and US$713,000, respectively (US$132,000 in cash dividends from BBVA as of December 31,2020), which were paid to the results of the period.

7. Investments in associates

(a) This caption is made up as follows:

	Interest in equity		Equity value	
	30.06.2021 %	31.12.2020 %	30.06.2021 US$(000)	31.12.2020 US$(000)
Inversiones Cordillera del Sur Ltda. and subsidiaries	73.85	73.85	271,926	273,315
Futura Consorcio Inmobiliario S.A.	3.31	3.31	2,997	3,376
			274,923	276,691

The Group has recorded its investment in Futura Consorcio Inmobiliario S.A. as an investment in associate considering that it is operated by the same economic group.

(b) The net participation in the profits of its associated companies is as follows:

	For the three-month periods ended Jun 30,		For the six-month periods ended Jun 30,	
	2021 US$(000)	2020 US$(000)	2021 US$(000)	2020 US$(000)
Inversiones Cordillera del Sur Ltda. and subsidiaries	2,924	224	7,824	7
Futura Consorcio Inmobiliario S.A.	15	75	24	89
Exsa S.A. (c)	-	414	-	264
Total	2,939	713	7,848	360

(c) In April 2020, the Group sold its total share on Exsa S.A. for a total amount of US$8,355,000. The net profit generated by the disposal of this investment was US$1,007,000, which was recorded in the consolidated statement of profit and loss.

(d) As of June 30, 2021, and December 31, 2020, the Group concluded that there are no impairment indicators for its investments in associates, therefore, it did not make a formal estimate of the recoverable amount.

8. Property, plant and equipment, net

(a) The composition and movement of this caption of the second quarter of 2021 and 2020 were as follow:

	Balance as of January 1, 2021	Additions	Mine closure update	Depreciation	Disposals (d)	Reclassifications	Translation adjustment	Balance as of June 30, 2021
Cost	2,695,270	141,370	(23,913)	-	(70)	(40)	12,118	2,824,735
Depreciation	(769,961)	-	-	(58,595)	43	-	(4,957)	(833,470)
Impairment loss of Property, plant, and equipment (e)	(37,116)	-	-	-	-	-	(1,459)	(38,575)
	1,888,193	141,370	(23,913)	(58,595)	(27)	(40)	5,702	1,952,690

	Balance as of January 1, 2020	Additions	Mine closure update	Depreciation	Disposals (d)	Reclassifications	Translation adjustment	Balance as of June 30, 2020
Cost	2,319,085	170,636	(4,655)	-	(285)	(556)	(89,715)	2,394,510
Depreciation	(703,944)	-	-	(41,931)	229	-	31,968	(713,678)
Impairment loss of Property, plant, and equipment (e)	(46,922)	-	-	-	-	-	12,172	(34,750)
	1,568,219	170,636	(4,655)	(41,931)	(56)	(556)	(45,575)	1,646,082

(b) The depreciation expense has been distributed in the consolidated statement of profit and loss as follows:

	For the three-month periods ended Jun 30,		For the six-month periods ended Jun 30,	
	2021 US$(000)	2020 US$(000)	2021 US$(000)	2020 US$(000)
Cost of sale	21,996	7,107	43,986	26,641
Development cost	6,982	4,824	14,157	9,096
Administration expenses	165	633	341	818
Exploration and evaluation expenses	28	36	55	66
Selling expenses	2	2	5	5
Unabsorbed costs	-	4,298	-	5,249
Other expenses	22	32	51	56
	29,195	16,932	58,595	41,931

(c) During the second quarter 2021 and 2020 the mainly addition of the working progress item comprises investments related with the construction of the Mina Justa project (Marcobre).

(d) As of June 30, 2021, and December 31,2020, the net cost of machinery and equipment under finance leases amounts to US$1,742,000 and US$1,439,000, respectively.

(e) Impairment assessment of mining units

In accordance with the Group's policies and procedures, each asset or cash-generating unit (CGU) is evaluated annually at the end of the period, to determine if there are impairment. If there are such indicators of impairment, a formal estimate of the recoverable amount is made. As of June 30, 2021, the Group concluded that there are no impairment indicators in any of its mining units, therefore, it did not make a formal estimate of the recoverable amount.

9. Intangible assets, net

(a) The composition and movement of this caption of the second quarter of 2021 and 2020 were as follow:

	Balance as of January 1, 2021	Additions	Amortization	Disposals (d)	Reclassifications	Translation adjustment	Balance as of June 30, 2021
Cost	732,910	52,181	-	(614)	40	2,404	786,921
Amortization	(57,257)	-	(4,293)	-	-	(684)	(62,234)
	675,653	52,181	(4,293)	(614)	40	1,720	724,687

	Balance as of January 1, 2020	Additions	Amortization	Disposals (d)	Reclassifications	Translation adjustment	Balance as of June 30, 2020
Cost	628,630	57,594	-	-	(144)	(18,759)	667,321
Amortization	(55,210)	-	(2,594)	-	65	4,460	(53,279)
	573,420	57,594	(2,594)	-	(79)	(14,299)	614,042

(b) The amortization expense has been distributed in the interim consolidated statement of profit and loss as follows:

	For the three-month periods ended Jun 30,		For the six-month periods ended Jun 30,	
	2021 US$(000)	2020 US$(000)	2021 US$(000)	2020 US$(000)
Cost of sales, note 16	1,697	596	3,333	1,971
Mine development	727	38	756	70
Exploration expenses and studies	104	271	193	526
Administration expenses	6	20	11	27
Other expenses	-	-	-	-
Unabsorbed costs, note 16	-	(66)	-	-
	2,534	859	4,293	2,594

(c) During the second quarter of 2021, and 2020 the additions for the development cost mainly comprise the management services of the Mina Justa project.

(d) During the second quarter of 2021 and 2020, the concessions and mining rights are mainly related to the concession of the subsidiaries Mineração Taboca S.A. and Mina Justa.

10. Borrowings

(a) The composition of this caption is presented below:

Entity	Guarantee	Interest rate	30.06.2021 US$(000)	31.12.2020 US$(000)
Syndicated loan, net of structuring costs (c)	Guaranteed	Libor 3 months + 1.57%	873,377	765,896
Corporate bonds, net of issuance costs (d)	Unguaranteed	6.25%	445,637	444,879
Citibank (e)	Corporate	Libor 3 months + Spread	81,170	97,000
Banco de Crédito del Perú (l)	Unguaranteed	1.13%	66,000	-
Interbank (k)	Unguaranteed	0.36%	40,000	-
Bank of América (h)	Unguaranteed	2.47%	35,173	-
BBVA (k)	Unguaranteed	0.63%	30,000	-
Banco de Crédito del Perú -BCP (k)	Unguaranteed	0.65%	25,000	-
Bank Santander (i)	Guaranteed	Libor 3 months + Spread	7,702	7,390
Bank Santander (f)	Unguaranteed	3.21% - 4.10%	5,025	9,307
Finance leases (j)	Unguaranteed	1.98% - 3.11%	3,311	1,503
Bank ABC (f)	Unguaranteed	4.70%	1,708	1,701
Bank do Brazil (f)	Guaranteed	2.60% - 3.48%	-	33,116
			1,614,103	1,360,792
By maturity:				
Current			391,512	150,923
Non-current			1,222,591	1,209,869
			1,614,103	1,360,792

(b) The following is the movement of financial obligations:

	30.06.2021 US$(000)	31.12.2020 US$(000)
Opening balance	1,360,792	1,095,387
Additions	307,365	344,054
Structuring costs	239	(4,938)
Payments	(54,884)	(69,238)
Translation	591	(4,473)
Ending balance	1,614,103	1,360,792

(c) On August 15, 2018 the subsidiary Marcobre subscribed a syndicated loan with a group of lenders composed by Export Development Canada; Export Finance and Insurance Corporation; KFW IPEX-Bank GMBH; The Export-Import Bank of Korea; Banco Bilbao Vizcaya Argentaria, S.A .; Hong Kong, Banco de Crédito del Peru; BBVA Banco Continental; Credit Agricole Corporate and Investment Bank; ING Bank (a Branch of ING-DIBA AG); ING Capital LLC; Natixis London Branch; Natixis New York Branch, Société Génerale; and Banco Bilbao Vizcaya Argentaria, S.A., New York Branch, for which it obtained a credit line of US$900,000,000; this loan has been used for the development and construction the Mina Justa project with a variable interest rate of Libor for three months of 0.14725% as of June 30, 2021 plus an average fixed margin of 1.57% (0.22% plus an average fixed margin of 1.57% as of December 31, 2020). To obtain this loan, the subsidiary Marcobre counted as guarantors with Minsur S.A. and Empresas Copec S.A. Until June 30, 2021, the subsidiary Marcobre has received the entire syndicated loan for US$900,000,000 (US$871,055,000 net of structuring costs). As December 31,2020 it has received US$792,000,000 (US$765,896,000 net of structuring costs).

During the loan period, Marcobre must comply with the following conditions agreed in the loan agreement:

- Notify to the guarantor agent of any revision of the Mining Plan. In addition, the subsidiary Marcobre may not, without the consent of the lenders, use the project funds in an amount exceeding US$2,500,000 in any period to pay the costs incurred in connection with mining concessions other than strategic mining concessions.

- Notify the guarantee agent before incurring capital expenditures during any fiscal year that exceeds US$20,000,000 above the total capital expenditures budgeted in the annual budget and the operating plan in effect for that fiscal year.

As of June 30, 2021, and 2020, the subsidiary Marcobre has complied with the financial restrictions of the signed contract.

As of June 30, 2021, and 2020, the subsidiary Marcobre has established mortgages and pledges for all of its property, plant and equipment and its intangible assets as collateral for the subscribed syndicated loan.

(d) The General Meeting of Shareholders of January 30, 2014, agreed that the Group should issue an international bond issue ("Senior Notes") through a private placement under Rule 144 A and Regulation S of the US Securities Act of 1933. He also agreed to list these bonds on the Luxembourg Stock Exchange. On January 31, 2014, the Group issued bonds with a nominal value of US$450,000,000 due on February 7, 2024 at a coupon rate of 6.25 percent, obtaining a net collection under the pair of US$441,823,500.

Corporate bonds restrict the ability of the Group to perform certain transactions; however, these restrictions do not condition the Group to comply with financial ratios or maintain specific levels of liquidity.

(e) Corresponds to "prepaid export - PPE" loans obtained by the subsidiary Mineração Taboca S.A. during 2017, whose maturity dates will be in December 2023, the financing was carried out with the objective of reducing part of its short-term debts and improve cash flow in this subsidiary.

(f) They correspond to loans of the type "advance of exchange contracts -ACC", obtained by the subsidiary Mineração Taboca S.A. to finance their working capital and contracted in relation to their export operations, which also constitute the guarantees of the financed amounts.

(g) As of June 30, 2021, and December 31, 2020 Minsur S.A. maintains joint guarantees and letter of credit for US$196,670,000 that guarantee the financing and other operations of its subsidiary Mineração Taboca S.A.

(h) Corresponds to loans of type "LOAN-4131" obtained by the subsidiary Mineração Taboca S.A. in the first quarter of 2021, maturity dates are in February 2026, the financing was carried out with the objective of reducing part of its debts short-term and improve cash flow in this subsidiary.

(i) Corresponds to two "prepaid export - PPE" loans obtained by the subsidiary Mineração Taboca S.A. During 2020, whose maturity dates are November 2024 and November 2025, the financing was carried out with the objective of reducing part of its short-term debts and improving cash flow in this subsidiary.

(j) As of June 30, 2021, and December 31, 2020, the Group has financial leases with Banco de Crédito del Perú and Scotiabank del Perú for the purchase of machinery at a weighted average rate of 1.98% and 3.11%, respectively, with maturities between years 2022 and 2023.

(k) In May 2021, the Company has received US$95,000,000 through bank promissory notes to finance its working capital, which will be paid in a single payment of interest and principal upon maturity. The settlement date of the Banco Interbank promissory note is August 2021, while the promissory notes provided by Banco BBVA and BCP mature in May 2022.

(l) On April 27, 2021, the subsidiary Marcobre signed a short-term loan with Banco de Crédito del Perú for an amount of US$66,000,000. This loan has been used as working capital for the Mina Justa project with a fixed annual interest rate of 1.13%.

11. Provisions

The composition of this caption is related with the provisions for mine closure, environmental remediation, contingencies, performance bonuses and other provisions. The mainly variation during the second quarter of 2021 is explained by the update of

provision of mine closure for US$23,913,000. Additionally, in April 2021 the Group paid performance bonuses for US$11,741,000.

12. Income tax

(a) The Group calculates income tax for the period using the expected effective rate that would be applicable to annual results, the main components of income tax expense shown in the Interim consolidated statements of profit or loss is composed as follows:

	For the three-month periods ended Jun 30,		For the six-month periods ended Jun 30,	
	2021 US$(000)	2020 US$(000)	2021 US$(000)	2020 US$(000)
Income tax				
Current	(26,119)	(1,282)	(56,546)	(11,133)
Deferred	8,225	41,267	31,567	16,870
	(17,894)	39,985	(24,979)	5,737
Mining royalties and special mining tax				
Current	(8,754)	(1,617)	(13,817)	(4,516)
Deferred	(15,441)	(4,601)	(15,037)	(5,344)
	(24,195)	(6,218)	(28,854)	(9,860)
	(42,089)	33,767	(53,833)	(4,123)

As described in the note 2, during the second quarter of 2021 the Group review the balance of the income tax expense as of June 30, 2020 and corrected the amount from US$37,310,000 to US$4,123,000.

(b) As of June 30, 2021, the Group maintains an income tax prepayment of US$4,320,000 and an income tax payable of US$12,343,000. As of December 31, 2020, the Group maintains an income tax prepayment of US$6,272,000.

(c) Deferred income tax on investments in associates -
The Group does not record the deferred income tax asset related to investments in its associates Inversiones Cordillera del Sur Ltda., Futura Consorcio Inmobiliario S.A.C. and Exsa S.A. (until April 30, 2020) due to: (i) Inversiones Breca and subsidiaries have joint control of those companies, which operate as part of the economic group and, (ii) the Group has the intent and the ability to hold these investments in the long-term. Consequently, Management believes that the temporary difference will be reversed through dividends to be received in the future, which according to current tax rules are not subject to income tax. There is no legal or contractual obligation for the Group's Management to be forced to sell its investment in associates.

13. Non-controlling interest contributions -

During the six months periods then ended 2021 and 2020, the Group received contributions from the non-controlling interest for a total amount of US$41,000,000 and US$49,240,000, respectively, as part of the financing of the Mina Justa project and other mineral exploration projects.

14. Tax situation

As of June 30, 2021, there are no significant changes in the tax situation of Minsur and subsidiaries.

15. Net sales

(a) The composition of this caption is presented below:

	For the three-month periods ended Jun 30,		For the six-month periods ended Jun 30,	
	2021 US$(000)	2020 US$(000)	2021 US$(000)	2020 US$(000)
Tin and other minerals	178,144	55,984	382,196	176,028
Gold	31,351	39,001	57,816	66,516
Niobium and tantalum	18,000	9,651	36,224	23,602
	227,495	104,636	476,236	266,146

(b) Tin Sales Concentration - Peruvian Market -

As of June 30,2021, there is no significant concentration of sales. The top 3 customers accounted for 42 percent of total sales (As of June 30, 2020 the top three customers accounted for 39 percent of total sales).

(c) Tin Sales Concentration - Brazilian Market –

As of June 30, 2021, the three main clients represent 50 percent of total sales (43 percent as of June 30, 2020) of the Brazilian market.

(d) Gold sales concentration -

On June 30, 2021, the Company sold gold to 4 clients that represented 100% of sales (4 clients as of June 30, 2020).

(e) Concentration of sales of niobium and tantalum –

As of June 30, 2021, the top three customers represent 58 percent of total sales (71 percent as of June 30, 2020).

16. Cost of sales

(a) The composition of this caption is made up as follows:

	For the three-month periods ended Jun 30,		For the six-month periods ended Jun 30,	
	2021 US$(000)	2020 US$(000)	2021 US$(000)	2020 US$(000)
Opening balance of product in process inventory	41,349	52,097	44,820	47,883
Opening balance of finished product inventory	21,064	4,196	23,673	26,232
Services rendered by third parties	36,283	12,459	66,004	33,964
Wages and salaries	29,323	13,545	55,502	33,181
Depreciation	24,662	10,027	49,198	32,858
Consumption of raw material and miscellaneous supplies	24,166	12,097	45,439	28,403
Purchase of mining services from Administración de Empresas S.A.C.	9,911	2,863	18,395	8,609
Other manufacturing expenses	4,244	3,484	8,403	5,274
Energy	3,673	2,048	7,393	5,401
Amortization, note 9(b)	1,697	596	3,333	1,971
Other minors	2	(1)	11	9
Unabsorbed cost	-	16,758	-	18,838
Purchase of explosives from Exsa S.A.	-	52	-	1,136
Inventory losses	-	-	-	336
Allowance (Reversal) for obsolescence	(6)	(392)	(15)	(503)
Translation	2,097	(1,506)	591	(5,350)
Final balance of work in process inventory	(60,324)	(40,586)	(60,324)	(40,586)
Final balance of finished product inventory	(31,965)	(15,857)	(31,965)	(15,857)
	106,176	71,880	230,458	181,799

17. Related parties transactions

(a) Accounts receivable, payable and lease liability -

The balances of the receivable and payable with related parties as of June 30, 2021 and December 31, 2020 are as follow:

	As of 30.06.2021 US$(000)	As of 31.12.2020 US$(000)
Classification by existing captions:		
Other receivables (current), note 4(a):		
Other related parties		
Compañía Minera Raura S.A.	2,929	2,798
Administración de Empresas S.A.	665	769
Clinica Internacional S.A.	13	14
	3,607	3,581
For paying commercial and various (current)		
Other related parties		
Administración de Empresas S.A.	3,560	6,676
Clínica Internacional. S.A.	507	1,523
Rímac Seguros y Reaseguros	278	2,447
Compañía Minera Raura S.A.	196	210
Inversiones San Borja S.A.	138	84
Rímac S.A. Entidad prestadora de salud	110	312
Protección Personal S.A.C.	40	42
Inversiones La Rioja S.A.	40	-
Corporación Peruana de Productos Químicos S.A.	11	14
Inversiones Nacionales de Turismo S.A.	7	93
Centria Servicios Administrativos S.A.	5	1
Brein Hub S.A.C.	-	120
Terpel Comercial del Peru S.R.L.	-	410
Corporación Breca S.A.C.	-	1
	4,892	11,933
Lease liabilities		
Inversiones San Borja S.A.	4,048	4,510
Administración de Empresas S.A.	855	440
	4,903	4,950
	9,795	16,883
Classification by nature:		
Commercial	4,892	11,933
Lease liabilities	4,903	4,950
	9,795	16,883

There have been no guarantees provided or received from accounts receivable or payable with related parties. As of June 30, 2021, and December 31, 2020, the Group has not recorded any impairment of accounts receivable related to amounts owed by related parties. This evaluation is carried out each year by examining the financial situation of the related party and the market in which the related party operates.

Balances payable to related companies are current due, do not accrue interest and do not have specific guarantees.

(b) Remunerations -

The compensation received by key personnel of the Group for the first semester and the second quarter 2021 and 2020 has been recognized as an expense in the interim consolidated statement of profit or loss and there are as follows:

	For the three-month periods ended Jun 30,		For the six-month periods ended Jun 30,	
	2021 US$(000)	2020 US$(000)	2021 US$(000)	2020 US$(000)
Peru				
Salaries	20,667	4,487	26,903	18,015
Board remuneration	132	132	265	265
	20,799	4,619	27,168	18,280
Brazil				
Fixed remuneration	201	129	581	501
Total	21,000	4,748	27,749	18,781

18. Capital commitments and contingencies

(a) Commitment of capital expenditures:

The capital expense that will be paid in the future, agreed on the date of consolidated financial statements of financial position but no recognized in the consolidated statement of financial position is as follows:

	As of 30.06.2021 US$(000)	As of 31.12.2020 US$(000)
Capital commitments	108,450	280,500
	108,450	280,500

(b) Contingencies

In 2010, the National Indian Assistance Foundation and Associacao dos Povos Indigenas Tenharim Igarapé Petro (as assistant) against Paranapanema filed a lawsuit against Taboca. The cause of action is alleged damaged to indigenous population related to mining activities in the70's and 80's, which supposedly ceased without proper recovery in the area. This lawsuit refers to events prior to the purchase of Taboca by Minsur. Accordingly, as a consequence of notifications exchanged, from the beginning, Paranapanema accepted the burden to act on behalf of both Defendants in the case.

Recently, a first instance decision was rendered to award both companies jointly liable to draft and execute a technical plan to remedy the location from an indigenous population perspective, under penalty of daily fines. No payment of compensation is due, although Plaintiffs still dispute it. Currently the award is limited to covenant (to do) measures, which are illiquid. Both sides filed motions for clarification which are pending to be decided. Terms for filing appeals are yet to be started. Experience shows that appeals will be filed and a final discussion on: (i) whether or not liability shall apply; (ii) the extension of liability; and (iii) which and how to implement remediation measures will be time consuming. It is more likely than not that a final decision will only be known after many years (in some cases up to 5-10 years).

In parallel, as (a) the events occurred in the 70's and 80's prior to the acquisition of Taboca by Minsur, as well as (b) Paranapanema agreed to defend both companies in the lawsuit, there are very good grounds to understand that Paranapanema should have in full the burden to bear the costs and execute the technical study and its implementation. Should Paranapanema fail to act accordingly, Taboca will be entitled to exercise a right of recourse. Considering the uncertainty and the complexity of this contingency, it cannot be quantified and recognized at the date of this report.

As of June 30, 2021, there were no significant changes in the contingencies of Minsur and subsidiaries in addition to the contingency mentioned before.

19. Segment information

Management has determined the operating segments of the Group based on the reports used for decision making. Management considers business units based on their products, activities, and geographical location:

- Production and marketing of tin extracted from Peru.
- Production and marketing of tin extracted from Brazil.
- Production and marketing of gold extracted from Peru.
- Other mining exploration and development activities in Peru and Chile.

No operating segments have been aggregated to form the above reportable operating segments. All the non-current assets are in Perú, Brazil and Chile. Management monitors the profit (loss) before tax for each business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on profit (loss) before income tax and is measured consistently with income (loss) in the interim consolidated statements of profit or loss.

	Tin and Gold (Peru)							
	Tin (Perú) US$(000)	Gold (Perú) US$(000)	Not allocable (Perú) US$(000)	Total (Perú) US$(000)	Tin (Brazil) US$(000)	Mining exploration (Perú and Chile) US$(000)	Adjustments and Eliminations US$(000)	Total Consolidated US$ (000)
As of June 30, 2021:								
Results:								
Net sale from third parties	312,527	57,816	-	370,343	105,893	-	-	476,236
Cost of sales	(119,704)	(37,524)	-	(157,228)	(73,230)	-	-	(230,458)
Administration expenses	(17,459)	(5,473)	-	(22,932)	(5,077)	(2,276)	475	(29,810)
Selling expenses	(2,430)	(212)	-	(2,642)	(1,095)	(1,740)	-	(5,477)
Exploration expenses and evaluation expenses	(5,503)	(54)	-	(5,557)	-	(2,315)	-	(7,872)
Others, net	399	125	-	524	(268)	2,419	(475)	2,200
Operating income	167,830	14,678	-	182,508	26,223	(3,912)	-	204,819
Profit (loss) before income tax	-	-	185,366	185,366	21,796	(9,393)	(11,042)	186,727
Income tax	-	-	(49,975)	(49,975)	(6,715)	2,857	-	(53,833)
Net (loss) profit			135,391	135,391	15,081	(6,536)	(11,042)	132,894
Other revelations:								
Depreciation and amortization (included in costs and expenses)	27,789	15,499	551	43,839	9,621	84	-	53,544

	Tin and Gold (Peru)							
	Tin (Perú) US$(000)	Gold (Perú) US$(000)	Not allocable (Perú) US$(000)	Total (Perú) US$(000)	Tin (Brazil) US$(000)	Mining exploration (Perú and Chile) US$(000)	Adjustments and Eliminations US$(000)	Total Consolidated (Restated) US$ (000)
As of June 30, 2020:								
Results:								
Net sale from third parties	140,228	66,402	-	206,630	59,516	-	-	266,146
Cost of sales	(98,688)	(32,187)	-	(130,875)	(50,924)	-	-	(181,799)
Administration expenses	(12,209)	(3,889)	-	(16,098)	(4,875)	(344)	686	(20,631)
Selling expenses	(1,677)	(513)	-	(2,190)	(948)	-	-	(3,138)
Exploration expenses and studies	(2,739)	(351)	-	(3,090)	-	(3,659)	-	(6,749)
Others, net	3,442	1,097	-	4,539	(1,207)	592	(686)	3,238
Operating income	28,357	30,559	-	58,916	1,562	(3,411)	-	57,067
Profit (loss) before income tax	-	-	(18,251)	(18,251)	(46,206)	(10,526)	64,143	(10,840)
Income tax	-	-	7,730	7,730	(1,699)	(10,154)	-	(4,123)
Net (loss) profit			**(10,521)**	**(10,521)**	**(47,905)**	**(20,680)**	**64,143**	**(14,963)**
Other revelations:								
Depreciation and amortization (included in costs and expenses)	(19,421)	(11,400)	(600)	(31,421)	(10,991)	(130)	-	(42,542)

20. Financial derivative instruments

(a) Since interest payments for loans obtained by the subsidiary Marcobre during the year 2018 are subject to variations due to being indexed at a variable interest rate, the Group decided to take a hedging strategy called bottom layer hedge or layered hedging strategy, by which it prospectively covers the Group's cash flows, which qualify as highly probable forecast transactions, with three different tranches (with swaps and caps options) distributed as follows:

- Tranche 1: From December 31, 2018 to June 30, 2021, it covers 50% with a swap and 20% with the cap N° 1.
- Tranche 2: Between June 30, 2021 and June 30, 2023, cover 35% with a swap and 45% with the cap N° 1.
- Tranche 3: After June 2023 until December 31, 2025 covers 80% with the cap N° 2.

(b) These "interest rate Cap" and "interest rate swap" contracts were signed for a maximum amount of US$ 720,000,000, thereby hedging 80% of the loan from the subsidiary Marcobre.

The total cost of the premiums for the Cap N° 1 and Cap N° 2 options incurred in 2018 were US$3,964,000 that will accrue during the term of the options. The payment of the premium for the options was financed over a period of 4 years. The amount payable as of June 30, 2021 amounts to US$1,386,000 (US$2,117,000 as of December 31, 2020).

Entity	Value Reference (maximum) US$(000)	Agreed rate %
Natixis Bank		
Interest Rate Swap	450,000	2.866%
Societe Generale Bank		
Interest Rate Cap N°1	405,000	3.332%
Interest Rate Cap N°2	208,526	3.362%

		Hedged value	
		2021 US$(000)	2020 US$(000)
Cash flow hedges -			
Interest rate swap (d)	From December 2018 to September 2023	1,131	1,340
Cap 1 – Interest rate (d)	From December 2018 to September 2023	1,454	1,309
Cap 2 – interest rate (d)	From September 2023 to September 2025	3,524	1,579
Total		6,109	4,228

(c) As of June 30, 2021, the Group through its subsidiary Marcobre has recognized an account payable for the fair value of the derivative financial instruments in the amount of US$11,128,000 of which US$7,595,000 has current maturity and US$3,533,000 has non-current maturity (US$17,388,000 as of December 31, 2020 of which US$10,347,000 current maturity and US$7,041,000 of non-current maturity), whose impact on other comprehensive income was as follows:

	Effect on other comprehensive income (expense)		Effect on other comprehensive income (expense)	
	For the three-month periods ended Jun 30,		For the six-month periods ended Jun 30,	
	2021 US$(000)	2020 US$(000)	2021 US$(000)	2020 US$(000)
Derivatives of interest rates -				
Interest rate swap	(2,870)	90	(6,259)	(10,712)
Cap 1 – Interest rate	-	-	-	4,323
Cap 2 – interest rate	-	-	-	2,563
Intrinsic Value of Premium Caps	167	-	(328)	-
Other effects	(135)	107	(270)	(3,534)
	(2,838)	197	(6,857)	(7,360)
(-) Deferred income tax	738	805	1,783	1,914
Net effect	(2,100)	1,002	(5,074)	(5,446)

The subsidiary Mineração Taboca S.A. maintains derivative financial instruments, exchange rate swaps, Zero Cost Collar of exchange rate and NDF (Non-Deliverable Forward) with the objective of protecting and managing the risks inherent in the variation of foreign currency (dollar in the case of Mineração Taboca S.A.) and tin prices. These operations aim to reduce the exchange exposure and the significant changes in the prices of raw materials. As of June 30, 2021, the net fair value of these Zero Cost Collar and NDF amounts to US$1,828,000 (equivalent to R$9,098,000) and Swap amounts to US$2,394,000 (equivalent to R$11,918,000 (Zero Cost Collar and NDF amounts to US$4,161,000, equivalent to R$21,622,528, and Swap amounts to US$5,338,000, equivalent to R$27,739,000, as of December 31, 2020).

(d) Gold price hedge –

The Company signed contracts that include derivative financial instruments with the objective of reducing the risk on cash flows attributable to the fluctuation of the gold price, from January 2020 to December 2024.

The Company has designated these derivatives as cash flow hedges, given that it has determined that there is an adequate economic relationship between the hedging instruments and the hedged items, which are highly probable.

Below is the composition of the transactions to be settled that are part of the liability for an instrument derived from coverage as of June 30, 2021 and December 31, 2020:

2021

Metal	Instrument	Expiration period	Covered volume Oz	Agreed price US$/oz	Estimated price US$/oz	Fair value US$(000)
Gold	**Zero Cost Collar**					
		2021	27,358	1,450 – 1,639	1,773	(4,635)
		2022	55,740	1,450 – 1,700	1,781	(6,419)
		2023	52,941	1,450 – 1,746	1,791	(6,026)
		2024	32,000	1,450 – 1,775	1,818	(3,233)
						(20,313)

2020

Metal	Instrument	Expiration period	Covered volume Oz	Agreed price US$/oz	Estimated price US$/oz	Fair value US$(000)
Gold	**Zero Cost Collar**					
		2021	46,900	1,450 – 1,639	1,902	(14,996)
		2022	55,740	1,450 – 1,700	1,918	(13,998)
		2023	52,941	1,450 – 1,746	1,935	(12,704)
		2024		1,450 – 1,775	1,953	(7,263)
						(48,961)

The effective portion of the variations in the fair value of derivative financial instruments that qualify as hedging are recognized as assets or liabilities, with net equity as their counterpart the "Consolidated statement of other comprehensive income".

As of June 30, 2021, and 2020, the Group recognized in the "Consolidated statement of other comprehensive income" a positive variation in fair value of approximately US$19,788,000 and a negative variation in fair value US$23,351,000, respectively, which is presented net of the effect on income tax.

The following is the classification according to maturity as of June 30, 2021 and December 31, 2020:

Instruments –June 30, 2021	Nature	Current US$(000)	Non-current US$(000)	Total US$(000)
Interest rate hedges – Marcobre	Asset	-	429	429
Exchange rate hedges – Taboca	Asset	2,053	3,369	5,422
Total Assets		2,053	3,798	5,851
Metal price hedges – Minsur	Liability	7,633	12,680	20,313
Interest rate hedges – Marcobre	Liability	7,595	3,534	11,129
Interest rate hedges – Taboca	Liability	2,503	1,484	3,987
Metal price hedges - Taboca	Liability	43,394	1,778	45,172
Exchange rate hedges – Taboca	Liability	107	1,720	1,827
Total Liabilities		61,232	21,196	82,428

Instruments –December 31, 2020	Nature	Current US$(000)	Non- current US$(000)	Total US$(000)
Exchange rate hedges – Taboca	Asset	685	55	740
Interest rate hedges – Marcobre	Asset	-	101	101
Interest rate hedges – Taboca	Asset	-	81	81
Total Assets		685	237	922
Metal price hedges – Minsur	Liability	14,996	33,965	48,961
Interest rate hedges – Marcobre	Liability	10,347	7,041	17,388
Interest rate hedges – Taboca	Liability	2,792	2,630	5,422
Metal price hedges – Taboca	Liability	8,614	652	9,266
Exchange rate hedges – Taboca	Liability	4,904	-	4,904
Total Liabilities		41,653	44,288	85,941

21. Financial instrument risk management, objectives, and policies

23.1 Financial risk factors

The Group's main financial liabilities, other than derivatives, comprise financial liabilities, trade payables and other payables. The main purpose of the financial liabilities is to finance the Group's operations. The Group's main financial assets include cash and term deposits and trade and other receivables that derive directly from its operations. The Group also holds financial assets at fair value through other comprehensive income.

Due to the nature of its activities, the Group is exposed to market, credit, liquidity and capital management risks, which are managed by senior management through a process of continuous identification, measurement and monitoring, subject to limits of risk and other controls. This risk management process is critical for the continued profitability of the Group and each person within the Group is responsible for risk exposures related to their responsibilities. The independent risk control process does not include business risks such as changes in the environment, technology and industry, which are monitored through the strategic planning process of the Group. The main risks to which the Group is exposed that have had relevant changes with respect to December 31, 2020 are detailed below.

Market risks:
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices involve three types of risk: the risk of exchange rate, the interest rate risk and price risk. Financial instruments affected by market risk include bank deposits and time deposits, receivables and payables in currencies other than US dollar, financial asset at fair value, financial derivative instruments and borrowings.

The sensitivity analyzes included in the following sections relate to the consolidated financial situation as of June 30, 2021 and June 30, 2020.

This sensitivity analyzes have been prepared on the basis that the amount of debt, the ratio of fixed-to-floating interest rates and the proportion of financial instruments in foreign currencies are all constants as of June 30, 2021 and June 30, 2020.

Foreign currency risk –
The Group operates internationally and its exposure to exchange risk results from its operations carried out in currencies other than its functional currency. The transactions of the Group are mainly settled in U.S. dollars, Brazilian reals and soles. Although to a lesser extent, the Group also has operations in other currencies such as Chilean pesos. As a result, the Group is exposed to the foreign exchange risk fluctuation.

Management assumes the risk of change with the product of operations; that is, it does not perform hedging operations with derivative financial instruments to cover its exchange risk.

The following table shows the sensitivity in the results of the Group on June 30, 2021 and 2020 if the Brazilian reals and Peruvian soles had revalued/devalued 10 percent with respect to US dollar.

Year	Potential increase/decrease	Effect on profit before income tax US$(000)
June 30, 2021	10%	13,687
	-10%	(13,687)
June 30, 2020	10%	21,106
	-10%	(21,106)

Changes risk in mineral prices –

The international tin price has a significant impact on the results of operations of the Group. These tin and gold prices historically have fluctuated and are influenced by factors beyond the control. The Group manages its price risk primarily through the use of sales commitments under customer contracts and underwriting derivative contracts for the metals it markets.

The Group has price risk from its sales contracts established at provisional prices, subject to a future price in a given month, based mainly on the average monthly price in the LME. To the extent that the final price is higher or lower initially provisionally recorded, the increase or decrease in income is recorded at each date of the financial report until the date of the final settlement.

The Company and the subsidiary Mineração Taboca S.A. entered into derivative contracts that qualify as cash flow hedges, with the intention of covering the risk resulting from the fall in prices of tin and gold. These derivative contracts were recorded as assets or liabilities in the statement of financial position and are presented at fair value. To the extent that these hedges were effective to offset future cash flows from the sale of related production, changes in fair value were deferred in an equity account. Deferred amounts were reclassified to sales when the corresponding production was sold.

The table below summarizes the impact on earnings before income tax for changes in the tin price. This analysis is based on the presumption that the price of tin has increased or decreased by 10 percent, while the rest of the variables remain constant.

Year	**Potential increase/decrease**	**Effect on profit before income tax** US$(000)
June 30, 2021	10%	4,934
	-10%	(4,934)
June 30, 2020	10%	1,964
	-10%	(1,964)

During the second quarter 2021, the Group sold gold dore bars in some cases at a provisional price. The table below summarizes the impact on profit before income tax from changes in the price per ounce of gold and silver contained in the gold dore bar. This analysis assumes that the price of the ounces contained in gold dore bars have increased or decreased by 10 percent at the end of the year, while the rest of the variables remain constant. For the positive scenario for the first semester 2021, an average price of US$1,948 per ounce of gold was considered; while for the negative scenario, an average price of US$1,594 per ounce of gold was considered.

Year	**Potential increase/decrease**	**Effect on profit before income tax** US$(000)
June 30, 2021	10%	3,314
	-10%	(3,314)

24. Financial asset and financial liabilities

(a) Financial liabilities –

All financial liabilities of the Group, excepting the embedded derivative from tin sales, include trade and other payables and Senior Notes which are classified as loans and borrowings and are carried at amortized cost.

(b) Fair values -

The fair value of the financial instruments is defined by the at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under the assumption that the entity is a going concern.

The following methods and assumptions were used to estimate the fair values:

Financial instruments whose fair value is like to the carrying book value -

For financial assets and liabilities that are liquid or have short maturities (less than three months), as cash and cash equivalents, trade and other receivables, net trade and other accounts payable and other current liabilities are considers that the carrying value is similar to fair value.

Financial instruments at fixed and variable rate -

The fair value of financial assets and liabilities that are subject to fixed and variable rates is determined by comparing the interest rates at inception with the current market interest rates for similar instruments. The fair value of deposits that yield interest are determined by using the discounted cash flows method by using market interest rates in the prevalent currency, and similar maturities and credit risks.

Based on the above, a comparison between the carrying amounts and fair values of financial instruments of the Group presented in the consolidated statement of financial position is established. The table does not include the fair values of non-financial assets and liabilities:

	Carrying book value		Fair value	
	30.06.2021 US$(000)	31.12.2020 US$(000)	30.06.2021 US$(000)	31.12.2020 US$(000)
Financial assets				
Cash and cash equivalents	177,758	257,410	177,758	257,410
Trade and other receivables, net	118,049	91,343	118,049	91,343
Derivative financial instruments	5,851	922	5,851	922
Financial assets at fair value through other comprehensive income	22,888	26,685	22,888	26,685
Total financial assets	324,546	376,360	324,546	376,360
Financial liabilities				
Financial obligations:				
Corporate bonds	445,637	444,879	493,569	509,634
Other financial obligations	1,168,466	915,913	1,168,887	943,528
Trade and other payables	216,495	256,735	216,495	259,179
Derivative financial instruments	82,428	85,941	82,428	85,941
Total financial liabilities	1,913,026	1,703,468	1,961,379	1,798,282

(c) Fair value measurement -

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each Consolidated Financial Statements.

The following table provides the fair value measurement hierarchy of the Group´s assets and liabilities as of June 30, 2021 -

		Measurement at fair value using		
	Total US$(000)	Quoted prices in active markets (Level 1) US$(000)	Significant observable inputs (Level 2) US$(000)	Significant unobservable inputs (Level 3) US$(000)
As of June 30, 2021				
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income	22,888	22,888	-	-
Derivative financial instrument	5,851	-	5,851	-
Liabilities recognized at fair value:				
Derivative financial instruments	82,428	-	82,428	-

During the second quarter ended June 30, 2021, there have been no transfers between levels of fair value.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as of December 31, 2020.

		Measurement at fair value using		
	Total US$(000)	Quoted prices in active markets (Level 1) US$(000)	Significant observable inputs (Level 2) US$(000)	Significant unobservable inputs (Level 3) US$(000)
As of December 31, 2020				
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income	26,685	26,685	-	-
Derivative financial instrument	922	-	922	-
Liabilities recognized at fair value:				
Derivative financial instruments	(85,941)	-	(85,941)	-

During the year ended December 31, 2020 there have been no transfers between levels of fair value.

25. Subsequent events

On July 6, 2021, the Repurchase Offer for a total amount of US$263,577,000 was settled, representing 58.57% of the debt securities called “6.250% Senior Notes Due 2024” of the Group. This payment was made with the proceeds of the bank loan obtained by the Company on July 1, 2021, that which was granted by the General Shareholders' Meeting on May 19, 2021.

In August 1st, 2021 the subsidiary Marcobre S.A.C. started the commercial production of the mining unit Mina Justa.

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