Compañía de Minas Buenaventura S.A.A. and Subsidiaries

Consolidated Financial Statements for the years 2015, 2014 and 2013, together with the Report of Independent Registered Public Accounting Firm

Compañía de Minas Buenaventura S.A.A. and Subsidiaries

Consolidated Financial Statements for the years 2015, 2014 and 2013, together with the Report of Independent Registered Public Accounting Firm.

Content

Report of Independent Auditors

To the Board of Directors and Shareholders of Compañía de Minas Buenaventura S.A.A.

We have audited the accompanying financial consolidated statements of Compañía de Minas Buenaventura S.A.A. (a Peruvian public corporation) and Subsidiaries (together the "Group") which comprise the consolidated statement of financial position as of December 31, 2015 and 2014, and the related consolidated statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2015, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

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, 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 conformity with International Auditing Standards approved in Peru by the Board of Deans of the Peruvian Charter of Accounts. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's 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 Group 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Building a better working world

Report of Independent Auditors (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Compañía de Minas Buenaventura S.A.A. and Subsidiaries as of December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended December 31, 2015, 2014 and 2013, in accordance with International Financial Reporting Standards.

Lima, Peru,
February 25, 2016

Countersigned by:

Paredes, Zaldívar, Burga & Asociados

Victor Burga
C.P.C.A. Register No. 14859

Compañía de Minas Buenaventura S.A.A. and Subsidiaries

Consolidated statements of financial position

As of December 31, 2015 and 2014

	Note	2015 US$(000)	2014 US$(000)
Asset			
Current asset			
Cash and cash equivalents	7	78,519	78,512
Trade and other receivables, net	8(a)	219,862	281,604
Inventories, net	9(a)	101,473	150,284
Income tax credit		45,919	53,746
Prepaid expenses	10	8,231	16,954
Derivative financial instruments	32(a)	-	3,688
		454,004	584,788
Assets held for sale	1(e)	15,592	18,683
		469,596	603,471
Non-current asset			
Trade and other receivables, net	8(a)	162,567	26,651
Inventories, net	9(a)	26,029	34,088
Investments in associates	11(a)	2,043,983	2,224,381
Mining concessions, development costs, property, plant and equipment, net	12	1,747,624	1,715,452
Investment properties, net	13	10,719	11,200
Deferred income tax asset, net	28(b)	41,574	47,675
Prepaid expenses	10	29,235	-
Other assets		15,854	9,356
		4,077,585	4,068,803
Total assets		4,547,181	4,672,274
Liabilities and shareholders' equity, net			
Current liabilities			
Bank loans	14	285,302	40,000
Trade and other payables	15(a)	247,114	254,000
Provisions	16(a)	49,829	67,895
Income tax payable		2,444	3,556
Embedded derivatives for sale of concentrate, net	32(b)	1,694	9,072
Financial obligations	17(a)	33,394	69,950
Derivative financial instruments	32(c)	10,643	-
		630,420	444,473
Liabilities directly associated with the assets held for sale	1(e)	20,611	28,890
		651,031	473,363
Non-current liabilities			
Trade and other payables	15(a)	15,057	15,240
Provisions	16(a)	141,885	63,571
Financial obligations	17(a)	320,316	313,355
Contingent consideration liability	5	16,994	23,026
Deferred income tax liabilities, net	28(b)	12,662	21,594
		506,914	436,786
Total liabilities		1,157,945	910,149
Shareholders 'equity, net	18		
Capital stock		750,497	750,497
Investment shares		1,396	1,396
Additional paid-in capital		219,055	219,055
Legal reserve		162,714	162,710
Other reserves		269	269
Retained earnings		2,024,895	2,328,423
Other reserves of equity		2,240	1,755
Shareholders 'equity, net attributable to owners of the parent		3,161,066	3,464,105
Non-controlling interest	19(a)	228,170	298,020
Total shareholders' equity, net		3,389,236	3,762,125
Total liabilities and shareholders' equity, net		4,547,181	4,672,274

The accompanying notes are an integral part of this consolidated statement.

Compañía de Minas Buenaventura S.A.A. and Subsidiaries

Consolidated statements of profit or loss

For the years ended December 31, 2015, 2014 and 2013

	Note	2015 US$(000)	2014 US$(000)	2013 US$(000)
Continuing operations				
Operating income				
Net sales of goods	21(a)	864,962	1,067,271	1,135,836
Net sales of services	21(a)	54,488	71,642	79,585
Royalty income	30(a)	32,414	36,867	44,185
Total operating income		**951,864**	**1,175,780**	**1,259,606**
Operating costs				
Cost of sales of goods, excluding depreciation and amortization	22(a)	(537,713)	(533,052)	(513,165)
Cost of services, excluding depreciation and amortization	22(b)	(52,692)	(81,487)	(114,120)
Exploration in operating units	23	(91,520)	(97,852)	(101,913)
Depreciation and amortization		(242,465)	(208,698)	(159,140)
Mining royalties	24	(27,407)	(28,440)	(30,402)
Total operating costs		(951,797)	(949,529)	(918,740)
Gross profit		67	226,251	340,866
Operating expenses				
Administrative expenses	25	(86,532)	(101,102)	(75,118)
Exploration in non-operating areas	26	(30,610)	(50,007)	(32,805)
Selling expenses		(19,481)	(16,605)	(14,842)
Impairment loss of long-lived assets	12(b)	(11,255)	-	-
Other, net		209	3,059	(2,858)
Total operating expenses, net		(147,669)	(164,655)	(125,623)
Operating profit (loss)		(147,602)	61,596	215,243
Other income (expense), net				
Share in the results of associates under equity method	11(b)	(173,375)	(74,600)	(114,145)
Finance costs	27	(27,622)	(11,318)	(9,896)
Net gain (loss) from currency exchange difference		(13,683)	(8,452)	(7,192)
Gain on business combination	5	-	59,852	-
Finance income	27	11,026	8,408	6,621
Total other income (expenses), net		(203,654)	(26,110)	(124,612)
Profit (loss) before income tax		(351,256)	35,486	90,631
Current income tax	28(c)	(14,225)	(19,006)	(57,328)
Deferred income tax	28(c)	(541)	(47,006)	(29,154)
Profit (loss) from continuing operations		(366,022)	(30,526)	4,149
Discontinued operations				
Loss from discontinued operations	1(e)	(9,523)	(31,114)	(83,885)
Loss for the year		(375,545)	(61,640)	(79,736)
Attributable to:				
Owners of the parent		(317,210)	(76,065)	(107,257)
Non-controlling interest	19(a)	(58,335)	14,425	27,521
		(375,545)	(61,640)	(79,736)
Basic and diluted loss per share attributable to equity holders of the parent, stated in U.S. dollars	18(e)	(1.25)	(0.30)	(0.42)
Loss for continuing operations, basic and diluted per share attributable to equity holders of the parent, expressed in US dollars	18(e)	(1.21)	(0.18)	(0.09)

The accompanying notes are an integral part of this consolidated statement.

Compañía de Minas Buenaventura S.A.A. and Subsidiaries

Consolidated statements of other comprehensive income

For the years ended December 31, 2015, 2014 and 2013

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Net loss	(375,545)	(61,640)	(79,736)
Other comprehensive profit (loss):			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Net change in unrealized gain (loss) on cash flow hedges	(3,368)	4,781	(1,093)
Loss on available-for-sale investments	(546)	(80)	(434)
Income tax effect	3,372	(1,581)	378
	(542)	3,120	(1,149)
Total other comprehensive loss	(376,087)	(58,520)	(80,885)
Attributable to:			
Equity holders of the parent	(316,725)	(74,414)	(108,078)
Non-controlling interests	(59,362)	15,894	27,193
	(376,087)	(58,520)	(80,885)

The accompanying notes are an integral part of this consolidated statement.

Compañía de Minas Buenaventura S.A.A. and Subsidiaries

Consolidated statements of changes in equity

For the years ended December 31, 2015, 2014 and 2013

	Attributable to equity holders of the parent										
	Capital stock, net of treasury shares										
	Number of shares outstanding	Common shares US$(000)	Investment shares US$(000)	Additional paid-in capital US$(000)	Legal reserve US$(000)	Other reserves US$(000)	Retained earnings US$(000)	Other reserves of equity US$(000)	Total US$(000)	Non-controlling interest US$(000)	Total equity US$(000)
As of January 1, 2013	253,729,664	750,540	1,399	219,471	162,663	269	2,599,266	925	3,734,533	263,647	3,998,180
Net profit (loss)	-	-	-	-	-	-	(107,257)	-	(107,257)	27,521	(79,736)
Other comprehensive loss	-	-	-	-	-	-	-	(821)	(821)	(328)	(1,149)
Total other comprehensive income	-	-	-	-	-	-	(107,257)	(821)	(108,078)	27,193	(80,885)
Dividends declared and paid, note 18(d)	-	-	-	-	-	-	(78,879)	-	(78,879)	(13,533)	(92,412)
Treasury shares purchase	(14,474)	(43)	(3)	(416)	-	-	-	-	(462)	-	(462)
As of December 31, 2013	253,715,190	750,497	1,396	219,055	162,663	269	2,413,130	104	3,547,114	277,307	3,824,421
Net profit (loss)	-	-	-	-	-	-	(76,065)	-	(76,065)	14,425	(61,640)
Other comprehensive profit	-	-	-	-	-	-	-	1,651	1,651	1,469	3,120
Total other comprehensive profit (loss)	-	-	-	-	-	-	(76,065)	1,651	(74,414)	15,894	(58,520)
Dividends declared and paid, note 18(d)	-	-	-	-	-	-	(8,642)	-	(8,642)	(8,880)	(17,522)
Expired dividends	-	-	-	-	47	-	-	-	47	-	47
Increases in non-controlling interest	-	-	-	-	-	-	-	-	-	13,699	13,699
As of December 31, 2014	253,715,190	750,497	1,396	219,055	162,710	269	2,328,423	1,755	3,464,105	298,020	3,762,125
Net loss	-	-	-	-	-	-	(317,210)	-	(317,210)	(58,335)	(375,545)
Other comprehensive loss	-	-	-	-	-	-	-	485	485	(1,027)	(542)
Total other comprehensive income	-	-	-	-	-	-	(317,210)	485	(316,725)	(59,362)	(376,087)
Dividends declared and paid, note 19(b)	-	-	-	-	-	-	-	-	-	(10,488)	(10,488)
Expired dividends	-	-	-	-	4	-	-	-	4	-	4
Other items	-	-	-	-	-	-	13,682	-	13,682	-	13,682
As of December 31, 2015	253,715,190	750,497	1,396	219,055	162,714	269	2,024,895	2,240	3,161,066	228,170	3,389,236

The accompanying notes are an integral part of this consolidated statement.

Compañía de Minas Buenaventura S.A.A. and Subsidiaries

Consolidated statements of cash flows

For the years ended December 31, 2015, 2014 and 2013

	Note	2015 US$(000)	2014 US$(000)	2013 US$(000)
Operating activities				
Proceeds from sales		965,273	1,144,394	1,351,359
Value added tax recovered		81,692	39,685	66,921
Royalty received		38,983	31,252	50,562
Dividends received	30	6,691	12,938	9,803
Interest received		3,650	8,333	8,235
Payments to suppliers and third parties		(727,017)	(805,413)	(752,770)
Payments to employees		(175,329)	(203,496)	(216,799)
Payments of mining royalties		(22,836)	(22,631)	(30,623)
Income tax paid		(22,330)	(33,161)	(66,427)
Interest paid		(21,518)	(9,405)	(11,494)
Net cash and cash equivalents provided by operating activities		127,259	162,496	408,767
Investing activities				
Proceeds from settlement of financial assets at fair value through profit or loss		-	-	52,944
Proceeds from collection of loan to an associate	30	-	15,553	24,537
Proceeds from sale of mining concessions, development costs, property, plant and equipment		5,481	1,681	5,010
Additions to mining concessions, development costs, property, plant and equipment	12	(211,286)	(227,564)	(503,576)
Loans to associates	30	(124,800)	-	-
Loans to third parties	8	(829)	-	-
Payments for acquisition of other assets		(10,238)	-	-
Payments for acquisition of shares in associate, net of cash acquired		-	(80,316)	-
Contributions in associates		-	(2,012)	(6,988)
Net cash and cash equivalents used in investing activities		(341,672)	(292,658)	(428,073)
Financing activities				
Proceeds from financial obligations	17	296	177,125	236,975
Proceeds from bank loans	14	344,503	40,000	-
Payments of bank loans	14	(90,000)	-	-
Payments of financial obligations	17	(29,891)	(42,205)	(260,231)
Dividends paid to controlling shareholders	18(d)	-	(8,642)	(78,879)
Dividends paid to non-controlling shareholders	19(b)	(10,488)	(8,880)	(13,533)
Purchase of treasury shares		-	-	(462)
Net cash and cash equivalents provided by (used in) financing activities		214,420	157,398	(116,130)
Increase (decrease) in cash and cash equivalents for the year, net		7	27,236	(135,436)
Cash and cash equivalents at beginning of year		78,512	51,276	186,712
Cash and cash equivalents at year-end		78,519	78,512	51,276
Financing and investing activities not affecting cash flows:				
Changes in mine closures plans		74,907	398	57,657
Contingent consideration liability		-	23,026	-

The accompanying notes are an integral part of this consolidated statement.

1. Identification and business activity

(a) Identification -

Compañía de Minas Buenaventura S.A.A. (hereafter "the Company") is a publicly traded corporation incorporated in 1953. The Company stock is traded on the Lima and New York Stock Exchanges through American Depositary Receipts (ADRs), which represent the Company's shares deposited in the Bank of New York. The Company's legal domicile is at Las Begonias Street N°415, San Isidro, Lima, Peru.

(b) Business activity -

The Company and its subsidiaries (hereinafter "the Group") are principally engaged in the exploration, mining, concentration, smelting and marketing of polymetallic ores and metals.

The Group operates directly five operating mining units in Peru (Uchucchacua, Orcopampa, Julcani, Mallay and Breapampa), four mining units held for sale (Poracota, Recuperada, Antapite and Shila-Paula), and two mining units under development stage (Tambomayo and San Gabriel). In addition, the Group has a controlling interest in Sociedad Minera El Brocal S.A.A. (hereinafter "El Brocal"), which operates the Colquijirca mining unit; Minera La Zanja S.R.L. (hereinafter "La Zanja"), which operates La Zanja mining unit; Molle Verde S.A. (hereinafter "Molle Verde") which operates Trapiche, a mining unit at the development stage; and other entities dedicated to energy generation and transmission services, construction and engineering services and other activities.

(c) Approval of consolidated financial statements -

The consolidated financial statements as of December 31, 2015 were approved by the Company's Management on February 25, 2016 and, in its opinion, will be approved without modifications in the Board of Directors and Shareholders' Meetings within the terms established by Law.

The consolidated financial statements as of December 31, 2014 were approved on February 24, 2015.

(d) The consolidated financial statements include the financial statements of the following subsidiaries:

	Country of incorporation and business	Ownership			
		December 31, 2015		December 31, 2014	
		Direct %	Indirect %	Direct %	Indirect %
Mining activities:					
Compañía Minera Condesa S.A.	Peru	100.00	-	100.00	-
Compañía Minera Colquirrumi S.A.	Peru	100.00	-	100.00	-
Sociedad Minera El Brocal S.A.A. (*)	Peru	2.71	51.36	2.71	51.36
Inversiones Colquijirca S.A. (*)	Peru	89.76	10.24	89.76	10.24
S.M.R.L. Chaupiloma Dos de Cajamarca	Peru	20.00	40.00	20.00	40.00
Minera La Zanja S.R.L.	Peru	53.06	-	53.06	-
Minera Julcani S.A. de C.V.	Mexico	99.80	0.20	99.80	0.20
Compañía de Minas Buenaventura Chile Ltda.	Chile	90.00	10.00	90.00	10.00
El Molle Verde S.A.C.	Peru	99.98	0.02	99.98	0.02
Apu Coropuna S.R.L.	Peru	70.00	-	70.00	-
Metalúrgica Los Volcanes S.A.	Peru	99.99	-	99.99	-
Cerro Hablador S.A.C.	Peru	99.00	1.00	99.00	1.00
Minera Azola S.A.C.	Peru	99.00	1.00	99.00	1.00
Compañía Minera Nueva Italia S.A.	Peru	-	93.36	-	93.36
Energy generation and transmission services:					
Consorcio Energético de Huancavelica S.A.	Peru	100.00	-	100.00	-
Empresa de Generación Huanza S.A.	Peru	-	100.00	-	100.00
Empresa de Generación Huaura S.A.C.	Peru	0.01	99.99	0.01	99.99
Construction, engineering services and insurance brokerage:					
Buenaventura Ingenieros S.A.	Peru	100.00	-	100.00	-
BISA Construcción S.A. (**)	Peru	-	-	-	100.00
Contacto Corredores de Seguros S.A.	Peru	99.98	0.02	0.02	99.98
BISA Argentina S.A. (antes Minera San Francisco S.A.)	Argentina	56.42	43.58	56.42	43.58
Contacto Risk Consulting S.A.	Peru	-	98.00	-	-
Industrial activities					
Procesadora Industrial Río Seco S.A.	Peru	100.00	-	100.00	-

(*) As of December 31, 2015 and 2014, the participation of the Company in the voting rights of El Brocal is 53.72 percent. Inversiones Colquijirca S.A. (hereafter "Colquijirca"), a Group's subsidiary (99.99 percent as of December 31, 2015 and 2014), has a 51.06 percent interest in El Brocal's capital stock, through which the Group holds an indirect participation in El Brocal of 51.36 percent as of December 31, 2015 and 2014.

(**) In December 2015, the Board of Directors' and and Shareholders' Meetings of Buenaventura Ingenieros S.A. and BISA Construcción S.A., approved the merger between these subsidiaries whereby Buenaventura Ingenieros S.A. has absorbed BISA Construcción S.A.

(e) Discontinued operations

In 2014, the Group publicly announced its decision to sell its four paralyzed mining units mentioned in note 1(b); as a consequence, they are presented as mining units held for sale. According to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the related assets and liabilities are presented in the consolidated statement of financial position at the lower of cost and fair value less cost to sale. There were delays during the selling process related to regulatory issues; however, management expects to complete the sale of these discontinued mining units to third parties no later than December 31, 2016.

The major classes of assets and liabilities of these four mining units held for sale as of December 31, 2015 and 2014 are presented below:

	2015 US$(000)	2014 US$(000)
Asset		
Cash	4	18
Trade and other receivables, net	172	849
Inventories, net	1,940	2,581
Prepaid expenses	170	197
Mining concessions, development costs, property, plant and equipment, net	13,306	15,038
Assets classified as held for sale	15,592	18,683
Liabilities		
Trade and other payables	(2,862)	(5,224)
Provisions	(17,749)	(23,666)
Liabilities directly associated with the assets held for sale	(20,611)	(28,890)

The results of the four mining units held for sale for the years 2015, 2014 and 2013 are presented below:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Operating income			
Net sales	398	5,117	25,835
Total income	398	5,117	25,835
Operating costs			
Cost of sales, excluding depreciation and amortization	(8,011)	(28,566)	(26,094)
Exploration	(26)	(2,853)	(65,230)
Depreciation and amortization	-	(823)	(6,337)
Mining royalties	(4)	(47)	(221)
Total operating costs	(8,041)	(32,289)	(97,882)
Gross loss	(7,643)	(27,172)	(72,047)
Operating expenses, net			
Administrative expenses	(74)	(523)	(2,358)
Selling expenses	(2)	(201)	(1,193)
Provision for contingencies	(44)	372	(1,589)
Other, net	(1,039)	(2,929)	(5,674)
Total operating expenses	(1,159)	(3,281)	(10,814)
Operating loss	(8,802)	(30,453)	(82,861)
Other income (expenses), net			
Finance income	-	1	2
Finance costs	(840)	(799)	(1,074)
Net gain from currency exchange difference	119	145	180
Total other expenses, net	(721)	(653)	(892)
Loss before income tax	(9,523)	(31,106)	(83,753)
Income tax	-	(8)	(132)
Loss associated with the mining units classified as held for sale	(9,523)	(31,114)	(83,885)

The net cash flows used by the four mining units held for sale for the years 2015, 2014 and 2013 are presented below:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Operating activities	(8)	261	5,195
Investing activities	(6)	(296)	(5,325)
Financing activities	-	-	-
Net decrease in cash and cash equivalents during the year	(14)	(35)	(130)

Basic and diluted earnings per share for the years 2015, 2014 and 2013, resulting from the discontinued operations are as follow:

	2015 US$	2014 US$	2013 US$
Loss from the discontinued operations, per basic and diluted share	(0.04)	(0.12)	(0.33)

Write-down of property, plant and equipment

Before the classification of the four mining units as held for sale, the recoverable amount was estimated for certain items of property, plant and equipment and impairment loss of US$794,000 was identified in 2014 (accumulated impairment loss of US$19,805,000 as of December 31, 2013).

2. Basis for preparation, consolidation 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 (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for the derivative financial instruments that have been measured at fair value.

The consolidated financial statements are presented in U.S. dollars and all values are rounded to the nearest thousands, except when otherwise indicated.

The preparation of consolidated financial statements require that Management use judgments, estimates and assumptions, as detailed on the following note 3.

These consolidated financial statements provide comparative information in respect of prior periods.

2.2. Basis of consolidation -

The consolidated financial statements comprise the financial statements of the company and its subsidiaries to the date of the statements of 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. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To 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, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights or a combination of rights.

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.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3. Changes in accounting policies and disclosures -

Certain standards and amendments applied for the first time in 2015; however, they did not have material impact on the annual consolidated financial statements of the Group and therefore, have not been disclosed. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.4. **Summary of significant accounting policies** –

(a) Foreign currencies -

The consolidated financial statements are presented in US dollars, which is also the Group's functional currency.

For each entity, the Group determines the functional currency and the items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currency (a currency other than the functional currency) are initially recorded by the Group at the exchange rates prevailing at the dates of the transactions, published by the Superintendence of Banking and Insurance and Pension Fund Administrators (AFP for its acronym in Spanish).

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Gains or losses from exchange differences arising from the settlement or translation of monetary assets and liabilities are recognized in the consolidated statements of profit or loss.

Non-monetary assets and liabilities recognized in terms of historical cost are translated using the exchange rates prevailing at the dates of the initial transactions.

(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, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement -

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss.
- Loans and receivables.
- Held-to-maturity investments.
- Available-for-sale financial investments.

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 upon 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 near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value presented as finance costs (negative changes) or finance revenue (positive changes) in the consolidated statements of profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value, with changes in fair value recognized in profit or loss.

Loans and receivables -

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. The losses arising from impairment are recognized in the consolidated statements of profit or loss.

This category generally applies to trade and other receivables, net.

Held-to-maturity investments -

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. The Group did not have any held-to-maturity investment as of December 31, 2015 and 2014.

Available-for-sale financial assets -
The available-for-sale financial assets include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions. The Group did not have these financial assets as of December 31, 2015 and 2014.

Derecognition -
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset or, (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent, it has retained the risk and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group´s continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets -
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the Group first assesses whether impairment exists for financial assets that are individually significant, or collectively for financial assets that are individually insignificant.

The amount of any impairment loss in the impairment identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discount at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the consolidated statements of profit or loss. Interest income (recorded as revenue in the statements of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of a future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statements of profit or loss.

(ii) Financial liabilities –

Initial recognition and measurement -

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, accounts payable, financial obligations, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of interest-bearing loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, financial obligations, derivatives financial instruments and embedded derivatives.

Subsequent measurement -
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss -
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of profit or loss.

Except for the embedded derivative for concentrate sales, the Group has not designated any financial liability in this category.

Loans and borrowings -
After initial recognition, interest-bearing loans and borrowing are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statements of profit and cost when the liabilities are derecognized as well as through the amortization process.

Amortized cost is calculated taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Amortization under the effective interest rate method is included as financial costs in the consolidated statements of profit or loss.

Derecognition -
A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of profit or loss.

(iii) Offsetting of financial instruments -
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position 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.

(c) Cash and cash equivalents -
Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and on hand.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and short term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

(d) Inventories -
Materials and supplies are valued at the lower of cost or net realizable value.

Cost is determined using the average method. In the case of finished goods and work in progress, cost includes the cost of materials and direct labor and a portion of indirect manufacturing expenses, excluding borrowing costs.

The current portion of the inventories is determined based on the expect amounts to be processed within the next twelve months. Inventories not expected to be processed within the next twelve months are classified as long-term.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to make the sale.

Provision (reversal) for losses on the net realizable value are calculated based on a specific analysis conducted annually by the Management and is charged to income in the period in which it determines the need for the provision (reversal).

(e) Business combinations and goodwill -
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Classification and Measurement, is measured at fair value, with changes in fair value recognized in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interests held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified again all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit of loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, this difference is allocate to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities, of the acquiree, are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(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. The Group's investments in associates are accounted for using the equity method. Under this method, the investment in an associate is initially recognized at cost.

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 not tested for impairment individually.

The consolidated statement of profit or loss reflects the Group’s share of the results of operations of the associate.

Any change in other comprehensive income of those investees is presented as part of the Group’s other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statements of changes in shareholders’ equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group´s share of profit or loss of an associate is shown on the face of the consolidated statements of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After the application of the equity method, the Group determines whether it is necessary to recognize an impairment loss of its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss in the consolidated statements of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated statements of profit or loss.

(g) Prepaid expenses -
Non-monetary assets which represent an entity's right to receive goods or services are presented as prepaid expenses. The asset is subsequently derecognized when the goods are received and the services are rendered.

(h) Property, plant and equipment -
Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the obligation for mine closing and for qualifying assets, borrowing costs. 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 depreciates them separately based on their specific useful lives. Also, when a major inspection is performed, its cost is recognized in the carrying amount of plant and equipment as a replacement if the recognition criteria are satisfied. All other maintenance and repair costs are recognized in the consolidated statement of profit or loss as incurred.

Depreciation -
Unit-of-production method:
In mining units with a long-term useful life, depreciation of assets directly related to the operation of the mine, is calculated using the units-of-production method, which is based on economically recoverable reserves of the mining unit. Other assets related to these mining units are depreciated using the straight-line method with the lives detailed in the next paragraph.

Straight-line method:
Depreciation of assets in mining units with short useful lives or used for administrative purposes, is calculated using the straight-line method of accounting. The useful lives are the following:

	Years
Buildings, construction and other	Between 6 and 20
Machinery and equipment	Between 5 and 10
Transportation units	5
Furniture and fixtures	10
Computer equipment	4

The 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.

Disposal of assets -
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.

(i) Leases -
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee -
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risk and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statements of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as operating expenses in the statements of profit or loss on a straight-line basis over the lease term.

Group as a lessor -
Leases in which the Group does not transfer substantially all the risk and rewards of ownership of an asset are classified as operating leases.

Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(j) Mining concessions -

Mining concessions represent ownership of the right of exploration and exploitation to the Group on mining properties contains ore reserves acquired. Mining concessions are stated at cost and are amortized on units of production method, using as the basis of proven and probable reserves. If the Group leaves these concessions, the costs associated are written off in the consolidated statements of profit or loss.

Cost includes the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition.

At end of each year, the Group evaluates if there is any indicator. If any impairment indicator exists, the Group estimates the asset's recoverable amount.

Mining concessions are presented in the caption of mining concessions, development costs, property, plant and equipment, net.

(k) Exploration and mine development costs –

Exploration expenditure -

Exploration costs are expensed as incurred. These costs primarily include materials and fuels used, surveying costs, drilling costs and payments made to the contractors.

Exploration and evaluation activity includes:

- 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 the Group's Management approves the feasibility of the conceptual study of a project, the costs incurred to develop such property, including additional costs to delineate the ore body and remove impurities it contains, are capitalized as development costs under the caption mining concessions, development costs and property, plant and equipment, net. These costs are amortized when production begins, on the units-of-production basis over the proven and probable reserves.

The development costs include:

- Metallurgical and engineering studies.
- Drilling and other costs necessary to delineate ore body.
- Removal of the initial clearing related to an ore body.

Development costs necessary to maintain production are expensed as incurred.

(l) Stripping (waste removal) costs -
As part of its mining operations, the Group incurs waste removal costs (stripping costs) during the development and production phases of its mining operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using units of production method. The capitalization of development stripping costs ceases when the mine starts production.

Stripping costs incurred during the production phase (production stripping costs) are generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a stripping activity asset, if the 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.
- The costs associated with the improved access can be reliably measured.

To identify components of deposit, the Group works closely with the operating personnel to analyze the mine plans. Mostly, an ore body can have several components. The mine plans, and therefore, the identification of components, will vary among mines for a number of reasons.

The stripping activity asset is initially measured at cost, which surges from an accumulation of costs directly incurred during the stripping activity. The production stripping cost is presented within mining concessions, development costs, property, plant and equipment, net in the consolidated statements of financial position.

The production stripping cost is subsequently depreciated using the units of production method over the expected useful life of the component identified of the ore body that has been made more accessible by the activity. This cost is stated at cost less accumulated depreciation and accumulated impairment losses, if any.

(m) Investment properties –
Investment properties are measured at cost, net of accumulated depreciation and impairment loss, if any.

Depreciation of the investment properties is determined using the straight-line method with useful life of 20 years.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use.

For a transfer from investment property to an item of property, plant and equipment, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an item of property, plant and equipment becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(n) Impairment of non-financial assets -

The Group assesses, 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, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit' (CGU) fair value less costs of 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 of disposal, recent market transactions 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 statements of profit or loss in 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 or CGU'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 reversal is recognized in the consolidated statements of profit or loss.

(o) Share-based payments -

Senior executives of the Group receive remuneration in the form of share appreciation rights, which can only be settled in cash. For these transactions, the amount of the liability is estimated at each reporting date until settlement.

The cost of share-based payments program is measured initially at fair value at the grant date using a binomial model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognized in its consolidated statements of profit or loss.

(p) 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 a finance cost.

Provision for closure of mining units -

When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets (property, plant and equipment). Over time, the discounted liability is increased for the change in present value based on discounted rates that reflects current market assessments and the risks specify to the liability, in addition, the capitalized cost is depreciated and/or amortized based on the useful life of the asset. Any gain or loss resulting from the settlement of the obligation is recorded in the current results.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognizing an adjustment to the rehabilitation liability and a corresponding adjustment to the related asset. Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of the asset. If it does, any excess over the carrying amount is taken immediately to the consolidated statements of profit or loss.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment, in accordance with IAS 36 "Impairment of Assets".

For closed mines, changes to estimated costs are recognized immediately in the consolidated statements of profit or loss.

(q) Treasury shares -
Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional capital in equity. The voting rights related to treasury shares are cancelled for the Group and no dividends on such shares are allocated.

(r) Revenue recognition -
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognized:

Sales of concentrates and metals -
Revenue from sale of concentrates and metals is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Contract terms for the Company's sale of metal in concentrate to customers allow for a price adjustment based on final assay results of the metal in concentrate by the customer to determine the final content. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the quotation period). Adjustments to the sales price occurs based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement can be between one and six months.

Sales contracts for metal in concentrate that have provisional pricing features are considered to contain an embedded derivative, which is required to be separated from the host contract for accounting purposes. The host contract is the sale of metals in concentrate, and the embedded derivative is the forward contract for which the provisional sale is subsequently adjusted with final liquidations. The embedded derivative is originated by the metals prices since the date of issuance of issuance of the provisional liquidation until the date of issuance of the final liquidation.

The embedded derivative, which does not qualify for hedge accounting, is initially recognized at fair value with subsequent changes in the fair value recognized in the consolidated statements of profit or loss until final settlement, and presented as part of net sales. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices.

Interest income -
For all financial instruments 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 payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the consolidated statements of profit or loss.

Royalty income -
The royalty income is recognized in accordance with the accrual method considering the substance of the relevant agreements.

Dividends -
Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Revenue from engineering and construction services -
Revenue is recognized based on the stage of completion of contracts for existing services. The stage of completion is measured by reference to services performed to date as a percentage of total services to be performed by each contract.

Rental income -
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of profit or loss due to its operating nature.

(s) Benefits to employees -
Salaries and wages, bonuses, post-employment benefits and vacations are calculated in accordance with IAS 19, "Employee Benefits" and are calculated in accordance with current Peruvian legislation based on the accrual basis.

Workers’ profit sharing
The Company recognizes workers’ profit sharing in accordance with IAS 19, “Employees Benefits". Workers' profit sharing is calculated in accordance with the Peruvian law (Legislative Decree No. 892), and the applicable rate is 8% over the taxable net base of current year. According to Peruvian law, the limit in the workers' profit sharing that an employee can receive is equivalent to 18 months of wages, and any excess above such limit has be transferred to the Regional Government and “National Fund for Employment’s

Promotion and Training" ("FONDOEMPLEO"). The Company's workers' profit sharing is recognized as a liability in the statement of financial position and as an operating expense in the statements of comprehensive income.

(t) Borrowing costs -

Costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as finance part of the cost of an asset. A qualifying asset is one whose value is greater than US$5 million and requires a longer period to 12 months to get ready for its intended use. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

(u) Taxes –

Current income tax -

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid or the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements 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 income 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 income tax liabilities are recognized for all taxable temporary differences, except for 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 income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that 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.

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 items 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 to compensate current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Peruvian mining royalties and special mining tax -
Mining royalties and special mining tax are accounted for in accordance with IAS 12 "Income Tax" because they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable 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 effect on the date of the consolidated statements of financial position.

Therefore, obligations arising from Mining Royalties and Special Mining Tax are recognized as income tax under the scope of IAS 12. Both, Mining Royalties and Special Mining Tax generated deferred assets and liabilities which must be measured using the average rates expected to apply to operating profit in the quarter in which the Group expects to reverse temporary differences.

Sales tax -
Expenses and assets are recognized net of the amount of sales 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) When 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.

(v) Fair value measurement
The Group measures its financial instruments, such as, derivatives and embedded derivatives, at fair value at the date of the consolidated statements of financial position.

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure 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 categorized within the fair value hierarchy, described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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 assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Management determines the policies and procedures for both recurring fair value measurement and non-recurring measurement. At each reporting date, the Group's Management analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies.

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.

(w) Derivative financial instruments and hedge accounting -

Initial recognition and subsequent measurement –

The Group uses derivative instruments to hedge its commodity price risk (forward commodity contracts) and its foreign exchange risk (forward exchange rate contracts). Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of the hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group's hedge is classified as cash flow hedge. The effective portion of gain or loss on the hedging instrument is initially recognized in the consolidated statements of changes in equity, under the caption other equity reserves, while the ineffective portion is recognized immediately in the consolidated statements of profit or loss in the finance costs caption.

(x) Discontinued operations -

The Group classifies disposal groups as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. Such disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

Property, plant and equipment are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to re sale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss.

Additional disclosures are provided in note 1(e). All other notes to the consolidated financial statements include amounts for continuing operations, unless otherwise mentioned.

3. Significant judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and assumptions are continuously evaluated and based on Management´s experience and other facts, including the expectations about future events which are reasonable under current situation. Uncertainty about these estimates and assumptions could result in outcomes that require material adjustment to the carrying amount of assets and liabilities affected in future periods. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements.

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 be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

(b) Development start date -
The Group assesses the status of each exploration project of its mining units to determine when the development phase begins. One of the criteria used to evaluate the development start date is when the Group determines that the property can be economically developed.

(c) Production start date -
The Group assesses the stage of each mine under development to determine when a mine moves into the production phase. The criteria used to assess the start date are determined based on the unique nature of each mining project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared to the original construction cost estimates.
- Completion of a reasonable period of testing of the mine plant and equipment.
- Ability to produce metal in saleable form (within specifications).
- Ability to sustain ongoing production of metal.

When a mine development /construction project moves into the production phase, the capitalization of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements. It is also at this point that depreciation or amortization commences.

3.2. Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Determination of mineral reserves and resources -
The Group calculates its reserves using methods generally applied by mining and industry according to international guidelines. All estimated reserves represent estimated quantities of mineral proven and probable that under current conditions can be economically and legally processed.

The process of estimating quantities of reserves is complex and requires making subjective decisions when evaluating all geological, geophysical, engineering and economic information available choices. Reviews could occur on reserve estimates due to, among others, revisions to the data or geological assumptions, changes in prices, production costs and results of exploration activities. Changes in estimated reserves could mainly affect the carrying value of mining concessions, development costs and property, plant and equipment; the charges in result for depreciation and amortization; and the carrying amount of the provision for closure of mining units.

(b) Units of production depreciation -
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) Mine rehabilitation provision -
The Group assesses its mine rehabilitation provision at each reporting date. 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. 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.

(d) Inventories, net -
Inventories are classified in short and long term in accordance with the time that Management estimates will start the production of the concentrate extracted from the mining unit.

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.

(e) 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 has determined the operations of each mining unit as a single cash generating unit.

(f) Taxes -
Deferred tax assets are recognized for unused tax losses 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.

(g) Fair value of contingent consideration -
The contingent consideration arising from a business combination is measured at fair value at the date of acquisition, as part of the business combination. If the contingent consideration is eligible to be recognized as a financial liability the fair value is subsequently re-measured at each date of the consolidated financial statements. Determining the fair value of the contingent consideration is based on a model of discounted future cash flows. The key assumptions take into account the likelihood of achieving each goal of financial performance as well as the discount factor.

4. Standards issued but not effective

The relevant 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.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but the provision of comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of IFRS 9 would have not significant effect on the classification and measurement of the Group's financial assets and liabilities.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will impact the Group to the extent that it undertakes future transactions of this nature, as this accounting approach differs to that which it would currently apply.

5. Business combination

Acquisition of controlling interest in Canteras del Hallazgo S.A.C. -
On August 18, 2014, Buenaventura acquired from Minera Gold Fields Peru S.A. ("Gold Fields") 51 percent of the voting shares of Canteras del Hallazgo S.A.C., which represent the whole interest of Gold Fields in the equity of such entity.

Canteras del Hallazgo is a privately-held entity incorporated in 2009 and owner of the Chucapaca project, which is located in the Ichuña district, in the General Sanchez Cerro province, in the Moquegua department, Peru. According to previously performed studies, there is evidence of the existence of gold, silver, copper and antimony in the area, specifically in the Canahuire deposit.

The purchase consideration amounted to:

	US$(000)
Cash paid	81,000
Contingent consideration liability	23,026
As of December 31, 2014	104,026

Moreover, the Group recognized a gain of US$59,852,000 in the 2014 consolidated statement of profit or loss as a result of re-measuring the previously held equity interest (US$40,094,000) at its acquisition date fair value (US$99,946,000) in accordance with IFRS 3.

Assets acquired and liabilities assumed -

The fair values of the identifiable assets and liabilities assumed of Canteras del Hallazgo S.A.C. as at the date of acquisition were:

	US$(000)
Assets	
Cash and cash equivalents	684
Income tax credit	29
Value added tax credit	10,599
Mining concessions, property, plant and equipment, net	202,658
	213,970
Liabilities	
Deferred income tax liabilities, net	9,235
Trade and other payables and provisions	724
	9,959
Total identifiable net assets at fair value	204,011

Contingent consideration -

The purchase and sale agreement considered a contingent consideration of US$23,026,000, which corresponds to the present value of the future royalty payments equivalent to 1.5 percent over the future sales of the minerals arising from the mining properties acquired. The fair value has been determined using the income approach. Significant unobservable valuation inputs are provided below:

Annual average of future sales of mineral (US$000)	208,574
Useful life of mining properties	12
Discount rate (%)	10

Significant increase (decrease) in the future sales of mineral would result in higher (lower) fair value of the contingent consideration liability, while significant increase (decrease) in the discount rate would result in lower (higher) fair value of the liability. Changes in the fair value of this contingent consideration have been recognized through profit or loss in the consolidated statement of profit or loss.

As of December 31, 2015, it is highly probable that the Group reaches the projected future sales. The fair value of the contingent consideration determined as of December 31, 2015 reflects this assumption and changes in metal prices. A reconciliation of fair value measurement of the contingent consideration liability is provided below:

	US$(000)
As of January 1, 2014	-
Liability arising on business combination	23,026
As of December 31, 2014	23,026
Unrealized fair value changes recognized in profit or loss	(6,032)
As of December 31, 2015	16,994

The Group has the preferential right of acquisition of the royalty in case Gold Fields decides to sell it.

Merger -
On September 22, 2014, the General Shareholders' meeting of the Company approved the merger of the Company (absorbing entity) and its subsidiary Canteras del Hallazgo S.A.C. (absorbed entity) effective December 3, 2014.

The statement of profit or loss of Canteras del Hallazgo S.A.C. for the eleven-month period ended December 3, 2014 is a follows:

	US$(000)
Administrative expenses	(2,344)
Net loss from currency exchange difference	(2,319)
Net loss	(4,663)

6. Transactions in Soles

Transactions in Soles are completed using exchange rates published by the Superintendent of Banks, Insurance and AFP. As of December 31, 2015, the exchange rates for U.S. dollars published by this Institution were US$0.2934 for buying and US$0.2930 for selling (US$0.3355 for buying and US$0.3346 for selling as of December 31, 2014) and have been applied by the Group for the assets and liabilities accounts, respectively.

As of December 31, 2015 and 2014, the Group had the following assets and liabilities denominated in Soles:

	2015 S/(000)	2014 S/(000)
Asset		
Cash and cash equivalents	53,218	30,431
Trade and other receivables	474,442	399,914
Income tax credit	155,014	160,647
Prepaid expenses	36,984	68,883
	719,658	659,875
Liabilities		
Bank loans	(769,360)	(5,000)
Trade and other payables	(414,385)	(381,036)
Provisions	(71,264)	(78,215)
	(1,255,009)	(464,251)
Net asset (liability) position	(535,351)	195,624

7. Cash and cash equivalents

This caption is made up as follows:

	2015 US$(000)	2014 US$(000)
Cash	417	1,371
Bank accounts	38,102	33,115
Time deposits	40,000	44,026
	78,519	78,512

Bank accounts earn interest at floating rates based on market rates.

As of December 31, 2015, time deposits were kept in prime financial institutions, which generated interest at annual market rates and had original maturities of less than 90 days, according to the immediate cash needs of the Group.

8. Trade and other receivables, net

(a) This caption is made up as follows:

	2015 US$(000)	2014 US$(000)
Trade receivables, net (b)		
Domestic clients	76,078	107,638
Foreign clients	45,162	59,377
Related entities, note 30(b)	9,426	15,081
	130,666	182,096
Allowance for doubtful accounts (e)	(21,741)	(21,741)
	108,925	160,355
Other receivables		
Related entities, note 30(b)	125,487	334
Value added tax credit	73,145	76,532
Refund application of value added tax (c)	40,421	34,805
Tax deposits (d)	12,055	13,843
Claims to third parties	10,870	13,853
Account receivable for sale of buildings	4,343	-
Loans to third parties	2,041	1,212
Interest receivable	1,879	535
Other	3,263	6,786
	273,504	147,900
Total trade and other receivables, net	382,429	308,255
Classification by maturity:		
Current portion	219,862	281,604
Non-current portion	162,567	26,651
Total trade and other receivables, net	382,429	308,255
Classification by nature:		
Financial receivables	268,863	196,918
Non-financial receivables	113,566	111,337
Total trade and other receivables, net	382,429	308,255

(b) Trade accounts receivable are denominated in U.S. dollars, are neither due nor impaired, do not yield interest and have no specific guarantees.

(c) This item mainly corresponds to value added tax pending to be refunded as of December 31, 2015 and 2014. In November 2013 and January 2015, Buenaventura filed claims procedures by S/19,500,000 (equivalent to US$6,541,000) and by S/71,100,000 (equivalent to US$20,862,000), respectively, in connection with undue offsets made by the tax authorities against tax debts of prior years. In January 2016, Buenaventura collected S/71,100,000 after the tax authorities accepted the appeal; the resolution of the appeal process related to the S/19,500,000 claim is pending.

In the opinion of the Group's legal advisors, the tax offset made by the tax authorities have no legal support, so there are enough arguments to obtain a favorable outcome in the claim process initiated by the Group.

(d) Corresponds to deposits held in the Peruvian State bank which only can be used to offset tax obligations.

(e) The provision for doubtful accounts has shown no movement during the years 2015, 2014 and 2013. In the opinion of the Group's Management, the balance of the provision for doubtful accounts is sufficient to cover adequately the risks of failure to date of the consolidated statement of financial position.

9. Inventory, net

(a) This caption is made up as follows:

	2015 US$(000)	2014 US$(000)
Finished goods	12,787	32,375
Products in process	87,275	119,239
Spare parts and supplies	47,912	40,493
	147,974	192,107
Provision for impairment of value of inventory (b)	(20,472)	(7,735)
	127,502	184,372
Classification by use:		
Current portion	101,473	150,284
Non-current portion	26,029	34,088
	127,502	184,372

Products in process include mineral deposits located in the Tajo Norte mining unit. The detail of this mineral as of December 31, 2015 and 2014 is presented below:

	2015		2014	
	US$(000)	DMT	US$(000)	DMT
Type I and II (copper)	73	6,923	1,261	68,782
Type III (lead/zinc)	31,004	1,848,414	45,963	2,746,634
Provision for impairment of value in mineral classified in process (type I, II and III)	(4,975)	-	-	-
	26,102	1,855,337	47,224	2,815,416
Classification by use:				
Current portion	73		13,136	
Non-current portion	26,029		34,088	
	26,102		47,224	

As part of the preparation of the mining unit to extract and process ore at a volume of 18,000 DMT/ day, Management of El Brocal decided to accumulate mineral with metal content in the proximity of the Tajo Norte mine, which has been treated since the first quarter of 2015.

(b) The provision for impairment of value of inventory had the following movement during the years 2015, 2014 and 2013:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Beginning balance	7,735	6,647	3,160
Provision for impairment of finished goods and products in process, note 22(a)	11,621	1,152	3,931
Provision (reversal) of provision for impairment of spare parts and supplies	1,116	(64)	(444)
Final balance	20,472	7,735	6,647

In the opinion of Group's Management, the provision for impairment of value of inventory adequately covers this risk as of the date of the consolidated statements of financial position.

10. Prepaid expenses

(a) This caption is made up as follows:

	2015 US$(000)	2014 US$(000)
Prepaid rentals (b)	29,235	-
Prepaid insurances	3,471	9,655
Deferred costs of works for taxes	1,801	1,462
Deferred royalties and rentals of mining concessions	463	1,697
Other prepaid expenses	2,496	4,140
	37,466	16,954
Classification by maturity:		
Current portion	8,231	16,954
Non-current portion	29,235	-
	37,466	16,954

(b) This item corresponds to the balance of an original prepayment of US$31,007,190 for the lease of hydraulic installations by the subsidiary Empresa de Generacion Huanza S.A. This prepayment is being charged to results during the life of the underlying assets (35 years).

11. Investments in associates

(a) This caption is made up as follows:

	Share in equity			
	2015 %	2014 %	2015 US$(000)	2014 US$(000)
Minera Yanacocha S.R.L.	43.65	43.65	989,130	1,185,971
Sociedad Minera Cerro Verde S.A.A.	19.584	19.584	988,725	982,206
Compañía Minera Coimolache S.A.	40.095	40.095	62,609	52,685
Other minor investments			3,519	3,519
			2,043,983	2,224,381

(b) The table below presents the net share in profit (loss) of associates:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Minera Yanacocha S.R.L.	(196,510)	(174,747)	(251,109)
Sociedad Minera Cerro Verde S.A.A.	6,518	77,891	116,160
Compañía Minera Coimolache S.A.	16,617	22,256	20,804
	(173,375)	(74,600)	(114,145)

Investments held by the Group in its associates Minera Yanacocha S.R.L. (through its subsidiary Compañía Minera Condesa S.A.) and Sociedad Minera Cerro Verde S.A.A., represent the most significant investments of the Group. Its operations are strategic to the Group's activities and participation in their results has been important in relation to profits (losses) of the Group in the years 2015, 2014 and 2013. The following relevant information on these investments is as follows:

Investment in Minera Yanacocha S.R.L. -

The Company, through its subsidiary Compañía Minera Condesa S.A., has an interest of 43.65 percent of Yanacocha. Yanacocha is engaged in gold production and exploration and development of gold and copper in their own concessions or owned by S.R.M.L. Chaupiloma Dos de Cajamarca, with which signed a contract of use of mineral rights.

During the last several years, Yanacocha has been developing the Conga project, which consists in two deposits of gold and porphyry of copper located at northeast of the Yanacocha operating area in the provinces of Celendín, Cajamarca and Hualgayoc (Peru).

Because of local communities and political protests for potential water impacts of the project development activities and construction the projects are suspended since November 2011. To date, Yanacocha's management has been making only water support activities recommended by independent experts, mainly the construction of water reservoirs, before carrying out any development project.

The table below presents key financial data from the financial statements of Yanacocha under IFRS:

	2015 US$(000)	2014 US$(000)
Statements of financial position as of December 31:		
Current assets	1,345,682	1,275,288
Non-current assets	1,619,748	2,207,881
Current liabilities	(85,033)	(189,212)
Non-current liabilities	(651,572)	(614,180)
Shareholders' equity, reported	2,228,825	2,679,777
Groups' interest (43.65%)	972,882	1,169,723
Goodwill	16,248	16,248
	989,130	1,185,971

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Statements of profit or loss as of December 31,			
Net sales	1,031,174	1,165,299	1,406,825
Other operating income	10,625	20,705	29,181
Costs of sales	(751,736)	(910,705)	(983,238)
Cost of other operating income	(2,524)	(22,422)	(28,672)
Operating expenses	(82,846)	(77,781)	(77,534)
Administrative expenses	(26,325)	(38,262)	(67,064)
Selling expenses	(3,534)	(4,458)	(3,740)
Impairment loss of long-lived assets	-	(541,141)	(1,038,548)
Finance income (costs)	(22,061)	(23,206)	(18,025)
Gain (loss) from currency exchange difference	(251)	1,142	2,065
Income (loss) before income tax	152,522	(430,829)	(778,750)
Income tax	(602,717)	30,491	203,471
Net loss reported	(450,195)	(400,338)	(575,279)
Group's interest (43.65%)	(196,510)	(174,747)	(251,109)

During the years 2014 and 2013, Yanacocha recorded impairment charges of its long-lived assets, net of tax, of US$378,799,000 and US$726,984,000, respectively, which reduced Yanacocha´s net equity and, therefore, the equity participation of the Group in this associate in those years. These impairment losses mainly resulted from the postponement of the development activities due to the serious difficulties to get the social license to operate the Conga project.

In December 2015, Yanacocha recorded charges for deferred income tax recoverability by US$510,000,000 since Management considers that is not probable that taxable profit will be available to compensate against the deductible temporary differences.

In February 2016, the Committee agreed unanimously the distribution to the partners, in proportion to its social share, of US$ 300 million, which correspond to the portion of the retained earnings as of December 31, 2014, originated in 2011.

Investment in Sociedad Minera Cerro Verde S.A.A. (Cerro Verde) -
Cerro Verde is engaged in the extraction, production and marketing of cathodes and copper concentrate from its mining unit that is located in Uchumayo, Arequipa, Peru.

The table below presents the key financial data from the financial statements of Cerro Verde under IFRS:

	2015 US$(000)	2014 US$(000)
Statements of financial position as of December 31:		
Current assets	1,056,525	677,652
Non-current assets	6,796,167	5,094,332
Current liabilities	(548,517)	(552,572)
Non-current liabilities	(2,805,801)	(754,322)
Shareholders' equity, reported	4,498,374	4,465,090
Group's interest (19.584%)	880,962	874,443
Goodwill	107,763	107,763
	988,725	982,206

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Statements of profit or loss for the years ended December 31:			
Revenue	1,115,617	1,467,097	1,811,488
Cost of sales	(862,004)	(797,481)	(795,064)
Sales expenses	(56,215)	(54,210)	(68,448)
Other operating income (expenses)	(26,600)	(3,629)	147
Finance costs	(16,010)	(369)	(1,843)
Finance income	512	2,443	2,178
Net gain (loss) of exchange difference	(75,770)	2,284	(1,858)
Profit before income taxes	79,530	616,135	946,600
Income tax	(46,246)	(238,529)	(333,338)
Net profit, reported	33,284	377,606	613,262
Adjustments to conform to the accounting policies of the Group	-	20,124	(20,124)
Net profit, adjusted	33,284	397,730	593,138
Group's interest (19.584%)	6,518	77,891	116,160

Market capitalization:

As of December 31, 2015 and 2014, total market capitalization of 68,555,000 shares maintained by the Group in Cerro Verde was US$994,047,000 and US$1,645,319,000, , respectively (market capitalization value of US$14.50 and US$24.00 per unit, respectively).

Investment in Compañía Minera Coimolache S.A. (Coimolache) -
Coimolache is involved in the production and the sales of gold and silver from its open-pit mining unit located in Cajamarca, Peru.

The table below presents the key financial data from the financial statements of Coimolache under IFRS:

	2015 US$(000)	2014 US$(000)
Statements of financial position as of December 31:		
Current assets	62,823	69,640
Non-current assets	175,351	139,421
Current liabilities	(27,283)	(37,115)
Non-current liabilities	(35,836)	(18,607)
Shareholders' equity, reported	175,055	153,339
Adjustments to conform to the accounting policies of the Group	(18,901)	(21,939)
Shareholders' equity, adjusted	156,154	131,400
Group's interest (40.095%)	62,609	52,685

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Statements of profit or loss for the years ended December 31:			
Revenue	177,347	192,369	209,636
Cost of sales	(104,549)	(100,649)	(124,325)
Administrative expenses	(2,185)	(2,073)	(1,843)
Sales expenses	(1,111)	(1,077)	(522)
Other operating income (expenses)	765	929	779
Finance income	23	47	335
Finance costs	(723)	(583)	(2,385)
Exchange difference	(1,300)	(1,465)	(524)
Profit before income taxes	68,267	87,498	81,151
Income tax	(29,861)	(36,090)	(34,156)
Net profit, reported	38,406	51,408	46,995
Adjustments to conform to the accounting policies of the Group	3,038	4,099	4,892
Net profit, adjusted	41,444	55,507	51,887
Group's interest (40.095%)	16,617	22,256	20,804

12. Mining concessions, development costs, property, plant and equipment, net

(a) Below is presented the movement in cost:

	Balance as of January 1, 2014 US$(000)	Additions US$(000)	Disposals US$(000)	Sales US$(000)	Transfers US$(000)	Merger with Canteras del Hallazgo US$(000)	Transfer to assets held for sale US$(000)	Balance as of December 31, 2014 US$(000)	Additions US$(000)	Disposals US$(000)	Sales US$(000)	Transfers US$(000)	Balance as of December 31, 2015 US$(000)
Cost													
Lands	12,069	10,590	(357)	-	129	130	(560)	22,001	2,293	(1,892)	-	52	22,454
Mining lands	7,215	-	-	-	-	-	-	7,215	-	-	-	-	7,215
Mining concessions	137,309	67	(6,061)	-	-	74,005	(14,526)	190,794	-	-	-	-	190,794
Development costs	354,509	138,527	(2,586)	-	2,575	127,809	(89,377)	531,457	62,765	-	-	(52,459)	541,763
Buildings, constructions and other	516,004	3,467	(2,222)	(1,536)	521,960	688	(40,170)	998,191	1,715	(1,690)	(168)	20,908	1,018,956
Machinery and equipment	567,878	6,716	(6,893)	(20)	214,808	840	(33,246)	750,083	29,550	(887)	(3,799)	52,278	827,225
Transportation units	13,236	484	(1,230)	(658)	78	-	(960)	10,950	491	(245)	(990)	443	10,649
Furniture and fixtures	13,609	1,587	(79)	(5)	1,208	5	(3,300)	13,025	137	(25)	(84)	376	13,429
Units in transit	36,474	3,233	(19,450)	-	(8,421)	-	-	11,836	15,212	(113)	-	(644)	26,291
Work in progress	707,415	114,151	(30,272)	-	(732,337)	-	(1,037)	57,920	81,333	-	-	(71,130)	68,123
Stripping activity asset	79,652	6,069	-	-	-	-	-	85,721	17,790	-	-	3,327	106,838
Mine closure costs	89,531	1,031	(11,464)	-	-	-	(15,012)	64,086	76,799	(2,414)	-	49,132	187,603
	2,534,901	285,922	(80,614)	(2,219)	-	203,477	(198,188)	2,743,279	288,085	(7,266)	(5,041)	2,283	3,021,340
Accumulated depreciation and amortization													
Mining lands	3,202	-	(3,202)	-	-	-	-	-	-	-	-	-	-
Mining concessions	84,059	5,058	-	-	-	-	(11,721)	77,396	54	-	-	-	77,450
Development costs	231,684	35,480	(2,492)	-	-	-	(80,394)	184,278	49,771	-	-	(34,838)	199,211
Buildings, construction and other	281,401	65,962	(932)	-	-	246	(32,632)	314,045	69,353	(1,915)	(81)	39	381,441
Machinery and equipment	342,975	87,215	(5,058)	(8)	-	571	(25,934)	399,761	77,546	(277)	(1,941)	852	475,941
Transportation units	8,405	842	(684)	(562)	-	-	(725)	7,276	1,385	(221)	(916)	408	7,932
Furniture and fixtures	7,979	1,253	(143)	-	-	2	(2,770)	6,321	1,252	(87)	(66)	157	7,577
Stripping activity asset	3,139	3,343	-	-	-	-	-	6,482	6,434	-	-	-	12,916
Mine closure costs	37,586	4,216	(365)	-	-	-	(9,169)	32,268	33,381	(491)	-	34,835	99,993
	1,000,430	203,369	(12,876)	(570)	-	819	(163,345)	1,027,827	239,176	(2,991)	(3,004)	1,453	1,262,461
Provision for impairment of long-lived assets													
Mining concessions	2,805	-	-	-	-	-	(2,805)	-	3,345	-	-	-	3,345
Property, plant and equipment	4,735	794	-	-	-	-	(5,529)	-	27	-	-	-	27
Development costs	8,789	-	-	-	-	-	(8,789)	-	3,803	-	-	-	3,803
Mine closure costs	1,668	-	-	-	-	-	(1,668)	-	4,080	-	-	-	4,080
Work in progress	1,014	-	-	-	-	-	(1,014)	-	-	-	-	-	-
	19,011	794	-	-	-	-	(19,805)	-	11,255	-	-	-	11,255
Net cost	1,515,460							1,715,452					1,747,624

(b) Impairment of long-lived assets

In accordance with its accounting policies and processes, each asset or CGU is evaluated annually at year end, to determine whether there are any indications of impairment. If any such indications of impairment exist, a formal estimate of the recoverable amount is performed.

In assessing whether impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal (FVLCD) and value in use (VIU). Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the recoverable amount for each CGU is estimated based on discounted future estimated cash flows expected to be generated from the continued use of the CGUs using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, and its eventual disposal, based on the latest life of mine (LOM) plans. These cash flows were discounted using a real pre-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU.

The estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are obtained from the planning process, including the LOM plans, one-year budgets and CGU-specific studies.

As a result of the recoverable amount analysis performed during the year, the Group recognized impairment losses related to mine properties for US$11,255,000, in relation to La Zanja and Breapampa mining units.

Key assumptions

The determination of value in use is most sensitive to the following key assumptions:

- Production volumes
- Commodity prices
- Discount rate

Production volumes: Estimated production volumes are based on detailed life-of-mine plans and take into account development plans for the mines agreed by management as part of planning process. Production volumes are dependent on a number of variables, such as: the recoverable quantities; the production profile; the cost of the development of the infrastructure necessary to extract the reserves; the production costs; the contractual duration of mining rights; and the selling price of the commodities extracted.

As each producing mining unit has specific reserve characteristics and economic circumstances, the cash flows of the mines are computed using appropriate individual economic models and key assumptions established by management. The production profiles used were consistent with the reserves and resource volumes approved as part of the Group's process for the estimation of proved and probable reserves and resource estimates.

Commodity prices: Forecast commodity prices are based on management's estimates and are derived from forward price curves and long-term views of global supply and demand, building on past experience of the industry and consistent with external sources. These prices were adjusted to arrive at appropriate consistent price assumptions for the different qualities and type of commodities, or, where appropriate, contracted prices were applied. These prices are reviewed at least annually.

Estimates prices for the current and long-term periods that have been used to estimate future revenues are as follows:

	2016 US$	**2017** US$	**2018** US$	**2019** US$
Gold	1,074/OZ	1,145/OZ	1,200/OZ	1,071/OZ
Silver	15.05/OZ	16.24/OZ	17.34/OZ	18.18/OZ
Copper	5,050/MT	5,250/MT	5,500/MT	5,194/MT
Lead	1,800/MT	1,875/MT	1,995/MT	1,819/MT
Zinc	1,830/MT	1,935/ MT	2,000/MT	1,870/MT

Discount rate: In calculating the value in use, a pre-tax discount rate of 10.03% was applied to the pre-tax cash flows. This discount rate is derived from the Group's post-tax weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on its interest bearing borrowings the Group is obliged to service. The beta factors are evaluated annually based on publicly available market data.

(c) The book value of assets held under finance leases amounted to US$226,429,000 at December 31, 2015 (US$233,826,000 at December 31, 2014) and is presented in various items of property, plant and equipment. Additions during the year include US$262,000 (US$142,315,000 during the year 2014). Leased assets are pledged as security for the related finance lease liabilities.

(d) The amount of capitalized finance costs during the year 2015 was US$1,307,000 (US$20,079,000 during 2014) and is presented under investing activities in the consolidated statements of cash flows. The average rate used to determine the financial cost to be capitalized was 3.90 percent during 2015.

13. **Investment properties, net**

The Group's investment properties consist of administrative offices in seven floors (6,252 meters square), 154 parking spaces and 20 tanks, all in the building "Capital El Derby", located in the district of Surco, Lima, Peru.

The movement of cost and accumulated depreciation for the years 2015 and 2014 is presented below:

	Cost US$(000)	Accumulated depreciation US$(000)	Net cost US$(000)
Balance as of January 1, 2014	-	-	-
Additions	12,103	(903)	11,200
Balance as of December 31, 2014	12,103	(903)	11,200
Additions	-	(481)	(481)
Balance as of December 31, 2015	12,103	(1,384)	10,719

The Group does not have restrictions in the realization of its investment properties.

During 2015, the fair value of the investment property amounted to US$22,583,000 and the rental income from these investment properties amounted to US$1,670,000.

14. **Bank loans**

As of December 31, 2015, the Group maintains bank loans amounting to US$285,302,000, which were obtained for working capital purposes, have current maturity and accrue interest at market annual rates ranging from 1.32% to 5.61% (as of December 31, 2014, the Group held a loan of US$40,000,000, which accrued interest an annual rate of 1.5%).

15. Trade and other payables

This caption is made up as follows:

	2015 US$(000)	2014 US$(000)
Trade payables (b)		
Domestic suppliers	209,107	206,844
Related entities, note 30(b)	1,175	1,794
	210,282	208,638
Other payables		
Accounts payable to non-controlling interests	15,403	15,181
Remuneration and similar benefits payable	10,409	12,879
Taxes payable	9,320	13,409
Royalties payable to the Peruvian State	2,103	2,654
Dividends payable	1,044	1,117
Other liabilities	13,610	15,362
	51,889	60,602
	262,171	269,240
Classification by maturity:		
Current portion	247,114	254,000
Non-current portion	15,057	15,240
Total trade and other payables	262,171	269,240
Classification by nature:		
Financial payables	250,748	253,177
Non-financial payables	11,423	16,063
Total trade and other payables	262,171	269,240

(a) Trade payables arise mainly from the acquisition of material, supplies and spare parts and services provided by third parties. These obligations are mostly denominated in U.S. dollars, have current maturities, accrue no interest and are not secured.

16. Provisions

(a) This caption is made up as follows:

	2015 US$(000)	2014 US$(000)
Provision for closure of mining units and exploration projects (b)	166,403	103,010
Provision for environmental liabilities	8,373	6,708
Provision for environmental contingencies	6,346	1,092
Provision for labor contingencies	3,611	4,729
Provision for obligations with communities	2,883	2,851
Provision for safety contingencies	1,259	6,475
Board of Directors' participation	993	1,385
Workers' profit sharing payable	894	3,916
Stock appreciation rights	330	449
Other provisions	622	851
	191,714	131,466
Classification by maturity:		
Current portion	49,829	67,895
Non-current portion	141,885	63,571
	191,714	131,466

(b) Provision for closure of mining units and exploration projects -
The table below presents the movement of the provision for closure of mining units and exploration projects:

	2015 US$(000)	2014 US$(000)
Beginning balance	103,010	112,042
Changes in estimates (property, plant and equipment and development costs)	74,907	398
Accretion expense, note 27	3,343	1,695
Disbursements	(14,857)	(11,125)
Final balance	166,403	103,010
Classification by maturity:		
Current portion	31,196	44,936
Non-current portion	135,207	58,074
	166,403	103,010

The provision for closure of mining units and exploration projects represents the present value of the closure costs that are expected to be incurred between the years 2016 and 2040. These estimates are based on studies prepared by independent advisers that meet the environmental regulations in effect.

The provision for closure of mining units and exploration projects corresponds mostly to activities that must be carried out for restoring the mining units and areas affected by operation and production activities. The principal works to be performed correspond to earthworks, re-vegetation efforts and dismantling of the plants. Closure budgets are reviewed regularly to take into account any significant change in the studies conducted. Nevertheless, the closure costs of mining units will depend on the market prices for the closure works required, which would reflect future economic conditions. Also, the time when the disbursements will be made depends on the useful life of the mine, which will be based on future metals prices.

As of December 31, 2015, the future value of the provision for closure of mining units and exploration projects was US$212,362,000, which has been discounted using annual risk-free rates ranging from 0.72 to 5.21 percent in periods of 1 to 24 years, resulting in an updated liability of US$166,403,000 (US$103,010,000 as of December 31, 2014). The Group believes that this liability is sufficient to meet the current environmental protection laws approved by the Ministry of Energy and Mines.

As of December 31, 2015, the Group has constituted letters of credit in favor of the Ministry of Energy and Mines for US$110,403,000 (US$76,808,000 as of December 31, 2014) to secure mine closure plans of its mining units.

17. **Financial obligations**

(a) This caption is made up as follow:

	2015 US$(000)	2014 US$(000)
Empresa de Generación Huanza S.A.		
Banco de Crédito del Perú – Finance lease (b)	188,138	199,170
Sociedad Minera El Brocal S.A.A.		
Banco de Crédito del Perú – Leaseback (c)	156,328	165,039
Other obligations	-	5,000
Buenaventura Ingenieros S.A.		
Banco de Crédito del Perú – Finance lease (d)	9,082	13,988
Other obligations	69	-
Contacto Corredores de Seguros S.A.		
BBVA Banco Continental S.A. – Finance lease	93	108
Total financial obligations	353,710	383,305
Classification by maturity:		
Current portion	33,394	69,950
Non-current portion	320,316	313,355
Total financial obligations	353,710	383,305

(b) On December 2, 2009, Empresa de Generación Huanza S.A. entered into a finance lease contract with Banco de Crédito del Perú, with the following terms and conditions:

- Principal: US$119,000,000.
- Annual interest rate: Three-month Libor plus 4.00 percent.
- Term: 6 years since August 2014, with final maturity in November 2020.
- Guarantee: Leased equipment.
- Amortization: Through 26 quarterly variable installments and a final installment of US$44,191,000.

On June 30, 2014, Banco de Credito del Perú extended the finance lease contract above mentioned, through the addition of a new tranche with the following terms and conditions:

- Principal: US$108,780,000.
- Annual interest rate: Three-month Libor plus 4.20 percent.
- Term: 6 years since August 2014, with final maturity in November 2020.
- Guarantee: Leased equipment.
- Amortization: Through an initial installment of US$23,780,000, 26 quarterly variable installments and a final installment of US$68,905,000.

(c) On June 9, 2015, the Board of Directors of El Brocal approved the modification of the sale and finance leaseback contract, with the following terms and conditions:

- Principal: US$166,500,000.
- Annual interest rate: Three-month Libor plus 4.75 percent.
- Term: 5.5 years since June 23, 2015, with final maturity in year 2020.
- Amortization: Through 22 quarterly variable installments.

The financing is secured by the fixed assets leased (equipment, machinery and processing plant located in the Colquijirca mining unit) and by a trust agreement on receivables, sales contracts and cash inflows on commercial contracts.

In connection with the above financing, El Brocal complied with the following financial ratios since the third quarter of 2015:

(i) Debt service coverage ratio: Higher than 1.3.
(ii) Leverage ratio: Less than 1.0.
(ii) Debt ratio:
   (a) Less than 3.00 times as of December 31, 2015;
   (b) Less than 2.75 times from January 1, 2016 to September 30, 2016;
   (c) Less than 2.50 times as of December 31, 2016;
   (d) Less than 2.50 times from January 1, 2017 to September 30, 2017;
   (e) Less than 2.25 times as of December 31, 2017;
   (f) Less than 2.00 times since January 1, 2018.

The compliance with the financial ratios described above is monitored by El Brocal's management. In 2015, Management obtained a waiver for any possible breach of the financial ratios until December 31, 2016.

(d) On March 28, 2014, Buenaventura Ingenieros S.A. entered into a finance lease contract with Banco de Credito del Perú, for the construction of administrative offices, with the following terms and conditions:

- Principal: US$14,944,000.
- Annual interest rate: 4.60 percent.
- Term: 5 years and 4 months since April 2014, with final maturity in July 2019.
- Guarantee: Leased property.
- Amortization: Through 64 monthly installments of US$208,000 each.

(e) The financial obligations held by the Group mature as follows:

Year	2015 US$(000)	2014 US$(000)
2016	-	47,673
2017	40,104	58,406
2018	41,708	60,113
2019	44,956	16,659
2020	193,548	130,504
	320,316	313,355

18. Shareholders' equity, net

(a) Capital stock -

The Group's share capital is stated in Soles (S/) and consists of common shares with voting rights, with a nominal amount of S/10.00 per share. The table below presents the composition of the capital stock as of December 31, 2015 and 2014:

	Number of shares	Capital stock S/(000)	Capital stock US$(000)
Common shares	274,889,924	2,748,899	813,162
Treasury shares	(21,174,734)	(211,747)	(62,665)
	253,715,190	2,537,152	750,497

The market value of the common shares amounted to US$4.28 per share as of December 31, 2015 (US$10.58 per share as of December 31, 2014). These shares presented a trading frequency of 100 percent in the year 2015 (100 percent in the year 2014).

(b) Investment shares -

Investment shares have a nominal value of S/10.00 per share. Holders of investment shares are neither entitled neither to exercise voting rights nor to participate in shareholders' meetings; however, they confer upon the holders thereof the right to participate in the dividends distribution in the same manner as common shares. The table below presents the composition of the investment shares as of December 31, 2015 and 2014:

	Number of shares	Investment shares S/(000)	Investment shares US$(000)
Investment shares	744,640	7,447	2,161
Treasury investment shares	(272,963)	(2,730)	(765)
	471,677	4,717	1,396

The market value of the investment shares amounted to US$4.15 per share as of December 31, 2015 (US$8.72 per share as of December 31, 2014). These shares did not present a trading frequency in 2015 and 2014.

(c) Legal reserve -

The Peruvian Corporations Law requires that a minimum of 10 percent of the distributable earnings for each period, after deducting the income tax, be transferred to a legal reserve until the latter is equal to 20 percent of the capital stock. This legal reserve can be used to offset losses or may be capitalized, with the obligation, in both cases, to replenish it.

Although, the balance of the legal reserve exceeded the limit mentioned above, the Company increased its legal reserve by US$47,000 in 2014.

(d) Dividends declared and paid -

The table below presents the dividends declared and paid in 2014 and 2013:

Meetings	Date	Dividends paid US$(000)	Dividend per share US$
2014 Dividends			
Mandatory Annual Shareholders' Meeting	March 27	3,032	0.01
Board of Directors' Meeting	October 30	6,339	0.02
Less - Dividends of treasury shares		(729)	
		8,642	
2013 Dividends			
Mandatory Annual Shareholders' Meeting	March 26	82,690	0.30
Board of Directors' Meeting	October 30	2,757	0.01
Less - Dividends of treasury shares		(6,568)	
		78,879	

During 2015, no dividends have been declared or paid. According to the current Law, there are no restrictions for the remittance of dividends or repatriation of capital by foreign investors.

(e) Basic and diluted loss per share -

Loss per share is calculated by dividing net profit for the period by the weighted average number of shares outstanding during the year.

The calculation of loss per share attributable to the equity holders of the parent is presented below:

	2015	2014	2013
Loss net (numerator) - US$	(317,210,000)	(76,065,000)	(107,257,000)
Total common and investment shares (denominator)	254,186,867	254,186,867	254,186,867
Loss net per basic share and diluted - US$	(1.25)	(0.30)	(0.42)

The calculation of loss per share from continuing operations attributable to the equity holders of the Parent is presented below:

	2015	2014	2013
Loss net (numerator) - US$	(307,687,000)	(44,951,000)	(23,372,000)
Total common and investment shares (denominator)	254,186,867	254,186,867	254,186,867
Loss net per basic share and diluted - US$	(1.21)	(0.18)	(0.09)

Loss per basic and diluted share is the same in both cases, because there are no diluting effects on loss for the years 2015, 2014 and 2013.

There have been no transactions involving ordinary shares or investment between December 31, 2015 and the date of issuance of these consolidated financial statements.

19. Subsidiaries with material non-controlling interest

(a) Financial information of subsidiaries that have material non-controlling interest are provided below:

	Country of incorporation and operation	2015 %	2014 %	2013 %
Equity interest held by non-controlling interests:				
Sociedad Minera El Brocal S.A.A.	Peru	45.93	45.93	45.93
S.M.R.L. Chaupiloma Dos de Cajamarca	Peru	40.00	40.00	40.00
Minera La Zanja S.R.L.	Peru	46.94	46.94	46.94

	Country of incorporation and operation	2015 US$(000)	2014 US$(000)	2013 US$(000)
Accumulated balances of material non-controlling interest:				
Sociedad Minera El Brocal S.A.A.	Peru	172,542	208,664	190,050
S.M.R.L. Chaupiloma Dos de Cajamarca	Peru	2,357	3,600	2,228
Minera La Zanja S.R.L.	Peru	53,271	85,756	85,029
		228,170	298,020	277,307
Profit (loss) allocated to material non-controlling interest:				
Sociedad Minera El Brocal S.A.A.	Peru	(34,991)	3,450	(3,541)
S.M.R.L. Chaupiloma Dos de Cajamarca	Peru	9,244	10,250	12,302
Minera La Zanja S.R.L.	Peru	(32,486)	725	18,760
Apu Coropuna S.R.L.	Peru	(102)	-	-
		(58,335)	14,425	27,521

(b) The summarized financial information of these subsidiaries, before inter-company eliminations, is presented below:

Statements of financial position as of December 31, 2015:

	Sociedad Minera El Brocal S.A.A. US$(000)	S.M.R.L. Chaupiloma Dos de Cajamarca US$(000)	Minera La Zanja S.R.L. US$(000)	Total US$(000)
Current assets	87,676	9,381	103,540	200,597
Non-current assets	652,197	16	116,792	769,005
Current liabilities	(166,424)	(3,508)	(37,030)	(206,962)
Non-current liabilities	(197,763)	-	(69,816)	(267,579)
Total shareholders' equity, net	375,686	5,889	113,486	495,061
Attributable to:				
Shareholders of the parent	203,144	3,532	60,215	266,891
Non-controlling interests	172,542	2,357	53,271	228,170
	375,686	5,889	113,486	495,061

Statements of financial position as of December 31, 2014:

	Sociedad Minera El Brocal S.A.A. US$(000)	S.M.R.L. Chaupiloma Dos de Cajamarca US$(000)	Minera La Zanja S.R.L. US$(000)	Total US$(000)
Current assets	110,244	14,657	119,591	244,492
Non-current assets	654,819	70	159,245	814,134
Current liabilities	(152,721)	(5,727)	(42,405)	(200,853)
Non-current liabilities	(157,996)	-	(53,742)	(211,738)
Total shareholders' equity, net	454,346	9,000	182,689	646,035
Attributable to:				
Shareholders of the parent	245,682	5,400	96,933	348,015
Non-controlling interests	208,664	3,600	85,756	298,020
	454,346	9,000	182,689	646,035

Statements of profit or loss for the year ended December 31, 2015:

	Sociedad Minera El Brocal S.A.A. US$(000)	S.M.R.L. Chaupiloma Dos de Cajamarca US$(000)	Minera La Zanja S.R.L. US$(000)	Total US$(000)
Revenues	171,294	32,414	161,007	364,715
Cost of sales	(204,556)	(54)	(213,372)	(417,982)
Administrative expenses	(19,168)	(106)	(2,251)	(21,525)
Sales expenses	(9,056)	-	(1,207)	(10,263)
Exploration in non-operating areas	(2,366)	-	(8,954)	(11,320)
Impairment loss of long-lived assets	-	-	(3,803)	(3,803)
Other operating expense, net	(2,657)	-	(687)	(3,344)
Finance income	154	-	16	170
Finance costs	(10,096)	(4)	(3,684)	(13,784)
Net gain (loss) for exchange difference	(3,847)	45	(1,973)	(5,775)
Profit (loss) before income tax	(80,298)	32,295	(74,908)	(122,911)
Income tax	4,109	(9,186)	5,702	625
Net profit (loss)	(76,189)	23,109	(69,206)	(122,286)
Attributable to non-controlling interests	(34,991)	9,244	(32,486)	(58,233)
Dividends paid to non-controlling interests	-	10,488	-	10,488

Statements of profit or loss for the year ended December 31, 2014:

	Sociedad Minera El Brocal S.A.A. US$(000)	S.M.R.L. Chaupiloma Dos de Cajamarca US$(000)	Minera La Zanja S.R.L. US$(000)	Total US$(000)
Revenues	210,002	36,867	185,286	432,155
Cost of sales	(149,969)	(74)	(137,659)	(287,702)
Administrative expenses	(17,617)	(113)	(5,920)	(23,650)
Sales expenses	(7,103)	-	(1,441)	(8,544)
Exploration in non-operating areas	(5,085)	-	(19,689)	(24,774)
Other operating income (expense), net	(50)	(1)	(3,389)	(3,440)
Finance income	-	-	1	1
Finance costs	(4)	(3)	(1,728)	(1,735)
Net loss for exchange difference	(1,039)	(50)	(1,525)	(2,614)
Profit before income tax	29,135	36,626	13,936	79,697
Income tax	(21,621)	(10,996)	(12,388)	(45,005)
Net profit	7,514	25,630	1,548	34,692
Attributable to non-controlling interests	3,450	10,250	725	14,425
Dividends paid to non-controlling interests	-	8,880	-	8,880

Statements of profit or loss for the year ended December 31, 2013:

	Sociedad Minera El Brocal S.A.A. US$(000)	S.M.R.L. Chaupiloma Dos de Cajamarca US$(000)	Minera La Zanja S.R.L. US$(000)	Total US$(000)
Revenues	187,769	44,185	193,298	425,252
Cost of sales	(155,613)	(112)	(115,577)	(271,302)
Administrative expenses	(15,620)	(96)	(2,475)	(18,191)
Sales expenses	(8,763)	-	(528)	(9,291)
Exploration in non-operating areas	(5,220)	-	(3,446)	(8,666)
Other operating expense, net	(656)	(3)	(55)	(714)
Finance income	136	3	37	176
Finance costs	(1,912)	(5)	(1,301)	(3,218)
Net loss for exchange difference	(2,827)	(66)	(777)	(3,670)
Profit (loss) before income tax	(2,706)	43,906	69,176	110,376
Income tax	(5,003)	(13,151)	(29,211)	(47,365)
Net profit (loss)	(7,709)	30,755	39,965	63,011
Attributable to non-controlling interests	(3,541)	12,302	18,760	27,521
Dividends paid to non-controlling interests	2,713	10,820	-	13,533

Statements of cash flow for the year ended December 31, 2015:

	Sociedad Minera El Brocal S.A.A. US$(000)	S.M.R.L. Chaupiloma Dos de Cajamarca US$(000)	Minera La Zanja S.R.L. US$(000)	Total US$(000)
Operating activities	(1,523)	26,474	30,743	55,694
Investing activities	(28,375)	-	(26,761)	(55,136)
Financing activities	31,867	(26,220)	-	5,647
Increase in cash and cash equivalents in the year	1,969	254	3,982	6,205

Statements of cash flow for the year ended December 31, 2014:

	Sociedad Minera El Brocal S.A.A. US$(000)	S.M.R.L. Chaupiloma Dos de Cajamarca US$(000)	Minera La Zanja S.R.L. US$(000)	Total US$(000)
Operating activities	71,682	22,375	17,075	111,132
Investing activities	(131,045)	-	(20,452)	(151,497)
Financing activities	54,642	(22,200)	7,000	39,442
Increase (decrease) in cash and cash equivalents in the year	(4,721)	175	3,623	(923)

Statements of cash flow for the year ended December 31, 2013:

	Sociedad Minera El Brocal S.A.A. US$(000)	S.M.R.L. Chaupiloma Dos de Cajamarca US$(000)	Minera La Zanja S.R.L. US$(000)	Total US$(000)
Operating activities	80,197	34,864	71,621	186,682
Investing activities	(215,758)	7	15,079	(200,672)
Financing activities	121,202	(34,450)	(90,100)	(3,348)
Increase (decrease) in cash and cash equivalents in the year	(14,359)	421	(3,400)	(17,338)

20. Tax situation

(a) Current tax regime -

The Company and its Peruvian subsidiaries are subject to the Peruvian tax regime. In 2015, the income tax rate for enterprises is 28 percent over the taxable income. Non-domiciled companies in Peru or natural persons are affected to a withholding income tax of 4.1 percent over the dividends received.

By means of Law N° 30296 enacted on December 31, 2014, the Peruvian government introduced certain amendments to the Income Tax Law, effective January 1, 2015. The most relevant are listed below:

- There will be a gradual reduction of the corporate income tax from 30 percent to 28 percent in 2015 and 2016; to 27percent in 2017 and 2018; and to 26 percent in 2019 and thereafter.

- There will be a gradual increase of the withholding income tax to dividends from 4.1percent to 6.8 percent in 2015 and 2016; to 8.0 percent in 2017 and 2018; and to 9.3 percent in 2019 and thereafter. These rates will be applicable to the distributed or approved dividends, whichever first occurs, effective January 1, 2015.

- The retained earnings or other items that can generate taxable dividends, obtained until December 31, 2014, will be subject to a rate of 4.1 percent.

(b) Years open to tax review -

During the four years following the year of filing the tax return, the tax authorities have the power to review and, as applicable, correct the income tax computed by the Group. The Income Tax and Value Added Tax returns for the following years are open to review by the Tax Authorities:

Entity	**Years open to review band Tax Authorities**
Compañía de Minas Buenaventura S.A.A.	2011 - 2015
Bisa Construcción S.A.	2011 - 2015
Buenaventura Ingenieros S.A.	2013 - 2015
Compañía Minera Condesa S.A.	2011 - 2015
Compañía Minera Colquirrumi S.A.	2011 - 2015
Consorcio Energético de Huancavelica S.A.	2011 - 2015
Contacto Corredores de Seguros S.A.	2011 - 2015
El Molle Verde S.A.C.	2011 - 2015
Empresa de Generación Huanza S.A.	2011 - 2015
Inversiones Colquijirca S.A.	2011 - 2015
Minera La Zanja S.R.L. (*)	2013 - 2015
Sociedad Minera El Brocal S.A.A. (**)	2013 - 2015
S.M.R.L. Chaupiloma Dos de Cajamarca	2012 - 2015
Procesadora Industrial Río Seco S. A.	2011 - 2015

Entity	Years open to review band Tax Authorities
Apu Coropuna S.R.L.	2013 – 2015
Cerro Hablador S. A. C.	2013 – 2015
Minera Azola S. R. L.	2014 – 2015

Due to the possible interpretations that the Tax Authorities may give to legislation in effect, it is not possible to determine whether or not any of the tax audits will result in increased liabilities for the Group. For that reason, any tax or surcharge that could arise from future tax audits would be applied to the income of the period in which it is determined. In management's opinion and its legal advisors, any possible additional payment of taxes in the entities mentioned before would not have a material effect on the consolidated financial statements as of December 31, 2015 and 2014.

The open tax process of the Group and its associates are presented in note 29 (g).

(c) Tax-loss carryforwards -

The tax-loss carryforward determined by the Group amounts to approximately S/688,178,000 and S/622,419,000 as of December 31, 2015 and 2014, respectively (equivalent to US$201,634,000 and US$208,237,000 respectively). As permitted by the Income Tax Law, the Group has chosen a system that permits to offset these losses with an annual cap equivalent to 50 percent of net future taxable income.

The Group has decided to recognize a deferred income tax asset related to the tax-loss carryforward, due to there it is more likely than not that the tax-loss carryforward can be used to compensate future taxable net income.

(d) Transfer pricing -

For purposes of determining the Income Tax, the transfer prices for transactions with related companies and companies domiciled in territories with little or no taxation must be supported with documentation and information on the valuation methods used and the criteria considered for their determination. Tax Administration can request this information based on analysis of the Group's operations. The Group’s Management and its legal advisers believe that, as a result of the application of these standards, no material contingencies will arise for the Group as of December 31, 2015 and 2014.

21. Net sales

(a) The Group's revenues are mostly from sales of gold and precious metals in the form of concentrates, including silver-lead, silver-gold, zinc and lead-gold-copper concentrates and ounces of gold. The table below presents the net sales to customers by geographic region and product type:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Sales and services by geographic region:			
Metal and concentrates sales			
America	434,675	531,460	690,224
Peru	348,523	434,958	306,693
Europe	60,549	46,585	70,020
Asia	21,215	54,268	67,978
Africa	-	-	921
	864,962	1,067,271	1,135,836
Services rendered			
Peru	50,944	71,642	79,344
America	3,544	-	-
Asia	-	-	241
	54,488	71,642	79,585
	919,450	1,138,913	1,215,421
Sales by product:			
Gold	438,585	551,132	637,032
Silver	316,692	355,239	362,805
Copper	131,356	271,282	182,399
Zinc	102,110	46,903	71,187
Lead	55,445	39,185	55,951
	1,044,188	1,263,741	1,309,374
Commercial deductions	(196,211)	(184,483)	(178,903)
Adjustments to prior period liquidations	7,506	(6,073)	(1,437)
Embedded derivatives from sale of concentrate	(337)	(9,800)	6,140
Hedge operations	9,816	3,886	662
	864,962	1,067,271	1,135,836
Services rendered	54,488	71,642	79,585
	919,450	1,138,913	1,215,421

(b) Concentration of sales -

In 2015, the two customers with sales of more than 10 percent of total net sales represented 66 percent and 22 percent from the total net sales of the Group (62 percent and 17 percent during the year 2014, 65 percent and 13 percent during the year 2013). As of December 31, 2015, 85 percent of the accounts receivable is related to these customers (80 percent as of December 31, 2014). These clients are related to the mining business.

The Group's sales of gold and concentrates are delivered to investment banks and national and international well-known companies. Some of these clients have sales contracts that guarantee supplying them the production from the Group's mines at prices that are based on market quotations.

22. Cost of sales, without considering depreciation and amortization

(a) The cost of sales of goods is made up as follows:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Beginning balance of finished goods and products in process, net of depreciation and amortization	124,810	114,475	129,699
Cost of production			
Services provided by third parties	232,043	264,051	241,024
Consumption of materials and supplies	105,144	102,270	107,073
Direct labor	69,710	77,931	75,768
Electricity and water	35,799	33,369	14,454
Transport	10,261	14,189	7,207
Maintenance and repair	9,334	6,572	6,037
Rentals	6,768	6,241	26,516
Insurances	5,907	7,429	8,303
Cost of concentrate purchased to third parties	-	-	(175)
Provision for impairment of finished goods and product in progress, note 9(b)	11,621	1,152	3,931
Other production expenses	7,496	17,529	15,456
Total cost of production of the period	494,083	530,733	505,594
Final balance of products in process and finished goods, net of depreciation and amortization	(81,180)	(112,156)	(122,128)
Cost of sales of goods, without considering depreciation and amortization	537,713	533,052	513,165

(b) The cost of services is made up as follows:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Direct labor	17,278	38,186	42,922
Services provided by third parties	13,665	12,142	16,840
Electricity and water	6,485	5,827	13,801
Consumption of materials and supplies	5,506	5,958	1,678
Transport	3,876	7,209	95
Rentals	2,550	7,312	21,035
Insurances	1,235	1,231	644
Maintenance and repair	639	472	691
Other expenses	1,458	3,150	16,414
Cost of sales of services, without considering depreciation and amortization	52,692	81,487	114,120

23. Exploration in operating units

This caption is made up as follows

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Services provided by third parties	73,764	80,281	81,491
Consumption of materials and supplies	10,314	10,087	13,267
Direct labor	2,512	2,756	3,263
Rentals	872	896	1,785
Transport	275	1,201	2,180
Insurance	235	159	228
Other minor expenses	3,548	2,472	(301)
	91,520	97,852	101,913

24. Mining royalties

This caption is made up as follows:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Sindicato Minero de Orcopampa S.A., note 29(b)	21,942	21,688	23,843
Royalties paid to the Peruvian State	5,465	6,737	6,057
Others	-	15	502
	27,407	28,440	30,402

25. Administrative expenses

This caption is made up as follows:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Personnel expenses	39,597	37,983	40,133
Sundry expenses	15,175	27,235	18,574
Professional fees	10,364	13,956	7,109
Insurance	5,105	3,726	5,443
Rentals	4,009	3,217	1,635
Donations	3,336	5,034	2,884
Communications	1,281	1,276	1,618
Board of Directors' participation	1,055	1,163	1,575
Consumption of materials and supplies	1,032	1,688	1,701
Maintenance and repairs	973	2,720	473
Other mining taxes	824	1,207	1,532
Travel and mobility	787	908	7,890
Subscriptions	540	779	802
Valuation (reversal) of stock appreciation's rights	(121)	89	(20,207)
Amortization of other assets	2,575	121	3,956
	86,532	101,102	75,118

26. Exploration in non-operating areas

This caption is made up as follows

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Services provided by third parties	18,852	34,582	17,801
Personnel expenses	4,713	6,053	6,359
Consumption of materials and supplies	1,436	3,213	2,490
Rentals	376	1,142	707
Maintenance and repairs	87	139	122
Insurance	84	75	60
Transport	20	168	162
Other expenses	5,042	4,635	5,104
	30,610	50,007	32,805

27. Finance costs and finance revenues

These captions are made up as follows:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Finance revenues:			
Interests on loans to associates	2,286	2,887	3,322
Interests on tax claims	1,297	-	-
Dividends income	500	2	181
Interests over third parties	492	5,380	2,260
Interest on time deposits	419	139	858
	4,994	8,408	6,621
Unrealized variation of the fair value related to contingent consideration liability, note 5	6,032	-	-
	11,026	8,408	6,621
Finance costs:			
Interest on borrowings	19,182	28,058	12,706
Interest on loans	5,565	729	389
Banking expenses	366	673	355
Tax on financial transaction	312	148	271
Interest on commercial obligations	120	-	-
Variation of fair value of financial assets	-	-	1,565
Other finance costs	41	94	1,680
	25,586	29,702	16,966
Capitalized finance cost of qualify assets	(1,307)	(20,079)	(12,706)
Total finance interest	24,279	9,623	4,260
Accrual of the present value for mine and exploration project closure	3,343	1,695	5,636
Total finance costs	27,622	11,318	9,896

28. Deferred income tax

(a) The Group recognizes the effects of timing differences between the accounting and tax basis. This caption is made up as follows:

	As of January 1, 2014 US$(000)	Credit (debit) to the Consolidated statement of profit or loss US$(000)	Credit (debit) to consolidated statements of other comprehensive income US$(000)	Debit to mining concessions resulting from the merger with Canteras del Hallazgo S.A.C. US$(000)	As of December 31, 2014 US$(000)	Credit (debit) to the Consolidated statement of profit or loss US$(000)	Credit (debit) to consolidated statements of other comprehensive income US$(000)	As of December 31, 2015 US$(000)
Deferred asset for income tax included in results								
Tax - loss carryforward	24,275	8,211	-	-	32,486	45,923	-	78,409
Difference in depreciation and amortization rates	57,645	816	-	-	58,461	(6,084)	-	52,377
Provision for closure of mining units, net	20,084	(288)	-	-	19,796	12,848	-	32,644
Environmental liability for Santa Barbara mine	1,429	(190)	-	-	1,239	317	-	1,556
Other minor	20,273	(2,529)	-	-	17,744	1,954	2,565	22,263
	123,706	6,020	-	-	129,726	54,958	2,565	187,249
Less - Allowance for deferred asset	(6,404)	2,167	-	-	(4,237)	(13,929)	-	(18,166)
	117,302	8,187	-	-	125,489	41,029	2,565	169,083
Deferred asset included in retained earnings								
Derivative financial instruments	328	2,212	-	-	2,540	(2,311)	-	229
	117,630	10,399	-	-	128,029	38,718	2,565	169,312
Deferred assets for mining royalties and special mining tax included in results								
Exploration expenses	1,957	(1,509)	-	-	448	(774)	-	(326)
Other minors	180	186	-	-	366	(181)	-	185
	2,137	(1,323)	-	-	814	(955)	-	(141)
Total deferred asset	119,767	9,076	-	-	128,843	37,763	2,565	169,171
Deferred liability for income tax included in results								
Effect of translation into U.S. dollars	(8,076)	(23,417)	-	-	(31,493)	(42,044)	-	(73,537)
Differences in amortization rates for development costs	(18,504)	(19,345)	-	-	(37,849)	5,545		(32,304)
Other minors	(9,277)	(13,886)	(1,033)	(9,235)	(33,431)	(1,958)	807	(34,582)
	(35,857)	(56,648)	(1,033)	(9,235)	(102,773)	(38,457)	807	(140,423)
Deferred liability for mining royalties and special mining tax								
Deemed cost of property, plant and equipment	(203)	38	-	-	(165)	153	-	(12)
Other minors	(182)	528	(170)	-	176	-	-	176
	(385)	566	(170)	-	11	153	-	164
Total deferred liability	(36,242)	(56,082)	(1,203)	(9,235)	(102,762)	(38,304)	807	(140,259)
Deferred income tax asset, net	83,525				26,081			28,912

(b) The deferred tax asset is presented in the consolidated statement of financial position:

	2015 US$(000)	2014 US$(000)
Deferred income tax asset, net	41,574	47,675
Deferred income tax liability, net	(12,662)	(21,594)
	28,912	26,081

(c) The following is the composition of the provision for income taxes shown in the consolidated statement of income for the years 2015, 2014 and 2013:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Income tax			
Current	(14,225)	(19,006)	(57,328)
Deferred	(541)	(47,006)	(29,154)
	(14,766)	(66,012)	(86,482)

(d) Below is a reconciliation of tax expense and the accounting profit multiplied by the statutory tax rate for the years 2015, 2014 and 2013:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Profit (loss) before income tax	(351,256)	35,486	90,631
Loss before income tax for discontinued operations	(9,523)	(31,114)	(83,885)
Profit (loss) before income tax	(360,779)	4,372	6,746
Theoretical loss (gain) for income tax	(101,018)	1,312	2,024
Permanent items and others:			
Share in the results of associates	48,545	22,380	34,244
Effect of translation into U.S. dollars	42,044	30,520	22,644
Impairment of deferred tax asset	13,929	-	-
Effect of change in income tax rate net	2,347	327	-
Mining royalties and special mining tax	663	413	(1,650)
Permanent items	4,450	3,824	18,545
Income tax expense	10,960	58,776	75,807
Mining Royalties and Special Mining Tax	3,806	7,236	10,675
Total income tax	14,766	66,012	86,482

(e) Related to the investment in associates, the Group has not recognized a deferred income tax asset by US$94,528,000 as of December 31, 2015 originated by the difference between the financial and taxable basis of these investments (US$47,623,000 as of December 31, 2014). Management believes that the timing differences will be reversed in the future without taxable effects. There is no legal or contractual obligation that would require the Company's Management to sell its investment in its associates (which event would result in a taxable capital gain based on current tax law).

29. Commitments and contingencies

Commitments

(a) Environmental –

The Group's exploration and exploitation activities are subject to environmental protection standards.

Law No. 28090 regulates the obligations and procedures that must be met by the holders of mining activities for the preparation, filing and implementation of Mine Closure Plans, as well as the establishment of the corresponding environmental guarantees to secure fulfillment of the investments, subject to the principles of protection, preservation and recovery of the environment.

Law No. 28271 regulates environmental liabilities in mining activities. This Law has the objective of ruling the identification of mining activity's environmental liabilities and financing the remediation of the affected areas. According to this law, environmental liabilities refer to the impact caused to the environment by abandoned or inactive mining operations.

The Group considers that the recorded liability is sufficient to meet the current regulatory environment in Peru.

(b) Leased concessions -

The Group pays 10 percent on the valued production of mineral obtained from the concessions leased by Sindicato Minero Orcopampa S.A. This concession is in force until the year 2043. See note 24.

(c) Letter of guarantee granted by Buenaventura -

Letter of guarantee - Huanza

On December 2, 2009, Banco de Credito del Perú signed a finance lease contract for US$119 million with Consorcio Energético de Huancavelica S.A., Empresa de Generación Huanza S.A. and Buenaventura. This financing is in favor of Empresa de Generación Huanza S.A., and is guaranteed by Buenaventura. On February 8, 2016, the bank released the guarantee granted by Buenaventura.

(d) Operating lease commitments (the Group as a lessee) -

The Group has entered into operating leases on its administrative offices in Lima located in Las Begonias Street N°415, San Isidro, Lima, Peru, with a lease term of 10 years. The Group has the option to lease the assets for two additional term of 5 years each.

Future minimum rentals payable as of December 31, 2015 and 2014 are the following:

	2015 US$(000)	2014 US$(000)
Within one year	1,543	1,543
After one year but not more than five years	6,173	6,173
More than five years	4,244	5,787
	11,960	13,503

(e) Operating lease commitments (the Group as a lessor) -

The Group leases for several of its assets. These leases have purchase options. Below is a table showing future minimum lease payments and the present value of these payments:

	2015		2014	
	Minimum payments US$(000)	Present value of payments US$(000)	Minimum payments US$(000)	Present value of payments US$(000)
Within a year	47,957	31,956	79,248	64,087
After one year but not more than five years	366,637	321,685	360,132	314,218
Total minimum lease payments	414,594	353,641	439,380	378,305
Less - amounts representing finance charges	(60,953)	-	(61,075)	-
Present value of minimum lease payments	353,641	353,641	378,305	378,305

Contingencies

(f) Legal procedures -

Buenaventura -

Buenaventura is a party in legal procedures that have arisen in the normal course of its activities. Nevertheless, in the opinion of Buenaventura's Management, none of these procedures, individually or as a whole, could result in material contingencies for the consolidated financial statements.

The possible contingencies amount to US$2,031,000 and US$1,573,000 as of December 31, 2015 and 2014, respectively.

Yanacocha -
Mercury spill in Choropampa
In June 2000, a carrier hired by Yanacocha spilled approximately 151 kilograms of mercury in the vicinity of the town of Choropampa, Peru, located 85 kilometers (53 miles) southeast of the mine. To date, Yanacocha has held court settlements with people affected by the incident. At December 31, 2015, there are 6 applicants with pending process. Yanacocha cannot reasonably predict the outcome of any of these claims; however, it is estimated that the maximum additional expense related to these demands will be US$1.5 million.

Action for Constitutional Relief against Conga Project Exploitation
On October 19, 2012, Marco Antonio Arana Zegarra ("Marco Arana") initiated an action for constitutional relief against the Mines and Energy Ministry and Yanacocha requesting that the Court orders to cease any threats of violation to life in an adequate and balanced environment; so that Court declare the suspension of the exploitation of the Conga Project and avoid Directorial Resolution No.351-2010-MEM/AM dated on October 27, 2010 that approved the Conga Environmental Impact Assessment.

By Court resolution No.1 dated October 23, 2012, the action was dismissed. On November 5, 2012, resolution No.1 was appealed by plaintiff and the hearing at Superior Court was held on March 4, 2013. The Cajamarca Superior Court confirmed the ruling of the judge that dismissed the claim.

On May 23, 2013, Marco Arana filed for a Constitutional remedy against the Cajamarca Superior Court decision and on June 3, 2013, the Cajamarca Superior Court accepted the Constitutional remedy filed by Marco Arana and the file has been sent to the Constitutional Court. On September 25, 2013, the Constitutional Court heard oral arguments from the parties and we are waiting their decision. To date the case maintains the same status.

(g) Open tax procedures –
Buenaventura -

- During 2012 and 2014, the tax authority (SUNAT) reviewed the income tax for 2007 and 2008. As a result, SUNAT do not recognize tax declared deductions by S/1,056,310,000 (equivalent to US$309,493,000) in 2007 and S/1,530,985,000 (equivalent to US$448,575,000) in 2008. The main unrecognized deduction is the payment made for the removal of the price component of its commercial contracts of gold. In the opinion of management and its legal counsel, the objections are unfounded so Buenaventura should get a favorable result in the initiated claim process.

- During 2015, the tax authorities reviewed the income tax of 2009 and 2010. As a result, they did not recognize Buenaventura declared tax deductions by S/76,023,000 (equivalent to US$22,275,000). The main unrecognized deductions by Buenaventura are: the non-deductibility of bonuses paid to contractors, a provision of doubtful accounts not accepted as an expense and income unduly deducted. The possible contingencies for the years 2009 and 2010 amount to S/525,921,000 (equivalent to US$154,093,000) as of December 31, 2015. In the opinion of Management and its legal counsel, the Company should get a favorable result in the initiated claim process (by 2009) and will start (by 2010).

Subsidiaries -

- During 2015, the tax authorities reviewed the income tax of the subsidiary Buenaventura Ingenieros S.A (BISA) for the fiscal years 2011 and 2012. The main unrecognized deductions are related to the deduction of bonuses paid to staff as well as the omission of income from transfer of fuel to suppliers, amounting to S/21,034,000 (equivalent to US$6,163,000). In addition, the tax authority requires the payment of the value added tax related to allegedly omitted revenues in the transfer of fuel to suppliers. The possible contingencies for income tax for the years 2011 and 2012 amount to S/9,471,000 (equivalent to US$2,775,000) and for the value added tax amount to S/3,467,000 (US$1,016,000) as of December 31, 2015. In the opinion of Management of this subsidiary and its legal advisors, BISA should get a favorable result in the initiated claim process (for income tax of 2011 and value added tax for the years 2011 and 2012) and in the claim to be initiated (for income tax of 2012).

- During the years 2014 and 2015, the tax authority issued tax assessments for the income tax of the subsidiary Sociedad Minera El Brocal S.A.A. (El Brocal) for the years 2011 and 2012. The main objections are related to the deduction of the derivative financial instruments loss and the tax treatment of the mining royalties and amount to S/11,586,000 (equivalent to US$3,395,000). With respect to the objections of 2011, El Brocal decided to pay under protest the income tax assessment by S/8,333,000 (equivalent to US$2,442,000) so it can have access to a discount benefit of the fine and appealed to the Tax Court. In connection with the possible tax debt of 2012 by S/3,576,000 (equivalent to US$1,048,000), El Brocal has appealed to the Tax Court. In the opinion of Management of the subsidiary and its legal advisors, El Brocal should get a favorable result in the initiated claim process.

- In addition, the tax authority has issued tax assessments as a result of the audit of other subsidiaries of the Group by S/12,096,000 (equivalent to US$3,544,000). In the opinion of Management and its legal counsel, the assessments are of possible occurrence; however, management of the subsidiaries expects to get a favorable result in the initiated claim process.

Associates -

Cerro Verde –

- *Mining Royalties*

  SUNAT, the Peruvian tax authority, has assessed mining royalties on materials processed by Cerro Verde´s concentrator, which commenced operations in late 2006. These assessments cover the period December 2006 to December 2007 and the years 2008 and 2009. In July 2013, the Peruvian Tax Tribunal issued two decisions affirming assessments for the period December 2006 through December 2008. Decisions by the Tax Tribunal ended the administrative stage of the appeal procedures for these assessments.

In September 2013, Cerro Verde filed judiciary appeals related to the assessments because Cerro Verde believes that its 1998 stability agreement exempted all minerals extracted from its mining concessions from royalties, irrespective of the method used for processing those minerals. With respect to the judiciary appeal related to the assessment for the year 2008, on December 17, 2014, the Eighteenth Contentious Administrative Court rendered its decision upholding Cerro Verde's position and nullifying SUNAT's assessment and the Tax Tribunal´s resolution (S/.106.4 million). In December 2014, SUNAT and the Tax Court appealed this decision. The court's position also invalidates all penalties and interest assessed by SUNAT for that period (S/.139.7 million). On January 29, 2016, the 6th Superior Justice Court nullified the decision of the Eighteenth Contentious Administrative Court. Cerro Verde will appeal the decision to the Supreme Court.

On October 1, 2013, SUNAT served Cerro Verde a demand for payment totaling S/.492 million (approximately US$144 million based on December 31, 2015 exchange rates, including interest and penalties of US$85 million) based on the Tax Tribunal's decisions for the period December 2006 to December 2008. As permitted by law, Cerro Verde requested, and was granted, an installment payment program that deferred payment for six months and thereafter satisfies the amount via 66 equal monthly payments. As of December 31, 2015, Cerro Verde has made payments totaling S/219 million (equivalent to US$64 million) under the installment program. Based on the results rendered by the Eighteenth Contentious Administrative Court as is described in the previous paragraph, Cerro Verde requested an injunction that was accepted by the Judiciary and implied a modification of the installment program excluding the 2008 portion through SUNAT's resolution notified to Cerro Verde on October 29, 2015.

In July 2013, a hearing on SUNAT's assessment for 2009 was held, but no decision has been issued by the Tax Tribunal for that year. As of December 31, 2015, the amount of the assessment, including interest and penalties, for the year 2009 was S/247 million (approximately US$72 million based on December 31, 2015, exchange rates). As of December 31, 2015, Cerro Verde estimates that the total exposure associated with mining royalties for the period from December 2006 to December 2013, including accumulated interest and penalties, amounted to approximately US$500 million at December 31, 2015 exchange rates.

As of December 31, 2015, no amounts were accrued for these assessments or for the amounts paid under the installment payment program because management and its external legal advisors believe Cerro Verde's 1998 stability agreement exempted it from these royalties and believes that the resolution will be favorable to Cerro Verde and any payments should be recoverable.

- *Other taxes*

  Cerro Verde has also received assessments from SUNAT for additional taxes (other than the mining royalty explained above), including penalties and interest. Cerro Verde has filed or will file objections to the assessments because it believes it has properly determined and paid its taxes. A summary of these assessments follows:

Fiscal Year	Taxes US$(000)	Interest and fines US$(000)	Total US$(000)
2002 – 2005	16,037	52,800	68,837
2006	6,545	47,662	54,207
2007	12,376	17,809	30,185
2008	20,797	12,968	33,765
2009	56,198	47,719	103,917
2010	65,997	89,404	155,401
2014	5,512	-	5,512
2015	3,753	-	3,753
	187,215	268,362	455,577

  As of December 31, 2015, Cerro Verde has paid US$180,741,000 on these disputed tax assessments, which it believes is collectible.

Yanacocha -

- SUNAT challenged the withholding tax rate applied on the technical assistance services provided by non-resident supplier. The services were executed in Peru and also abroad; however, Yanacocha was not able to prove it during the tax audit. Based on that, SUNAT considers that the services were wholly executed in Peru; hence, the withholding tax rate must be 30% instead of 12%. The amount of the contingency involved is S/ 12.4 million (US$ 3.6 million). In Management's and its legal counsel's opinion, that interpretation has no support so Yanacocha should get a favorable outcome in the appeal initiated.

- SUNAT considers that the bonus for closing the collective agreement and the collateral benefits granted to the unionized and non-unionized employees qualify as remunerative concepts; hence, taxed with the contribution to ESSALUD. The contingency amounts to S/ 6.5 million (US$ 2 million).

In Management's and its legal counsel's opinion, that interpretation has no support so Yanacocha should get a favorable outcome in the appeal initiated against the tax authorities.

30. Transactions with associates companies

(a) The Group has carried out the following transactions with its associates in the years 2015, 2014 and 2013:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Royalties collected to Minera Yanacocha S.R.L.:			
S.M.R.L. Chaupiloma Dos de Cajamarca (c)	32,414	36,867	44,185
Services provided to Minera Yanacocha S.R.L. by:			
Consorcio Energético de Huancavelica S.A. (electric power transmission)	1,694	915	915
Buenaventura Ingenieros S.A (execution of specific work orders)	845	699	699
Dividends received by:			
Compañía Minera Coimolache S.A.	6,691	12,938	9,803
Loans granted to:			
Sociedad Minera Cerro Verde S.A.A.	124,800	-	-
Sales of supplies to Compañía Minera Coimolache S.A. by:			
Minera La Zanja S.R.L.	74	10	-
Compañía de Minas Buenaventura S.A.A.	56	913	32
Sales of mineral to Minera Yanacocha S.R.L. by:			
Compañía de Minas Buenaventura S.A.A.	2,114	3,258	7,146
Energy sales to Compañía Minera Coimolache S.A. by:			
Empresa de Generación Huanza S.A.	1,676	233	-
Interest income over loans granted by Compañía Minera Coimolache S.A. to:			
Consorcio Energético de Huancavelica S.A.A.	19	35	51
Supplies purchase to Compañía Minera Coimolache S.A. by:			
Compañía de Minas Buenaventura S.A.A.	29	6	59
Minera La Zanja S.R.L.	6	24	12
Contributions and investments made to:			
Canteras del Hallazgo S.A.C.	-	2,012	6,988

(b) As a result of the transactions indicated in the paragraph (a), the Group had the following accounts receivable and payable from/to associates:

	2015 US$(000)	2014 US$(000)
Trade receivables -		
Minera Yanacocha S.R.L. (c)	8,760	14,566
Compañía Minera Coimolache S.A.	666	515
	9,426	15,081
Other receivables		
Sociedad Minera Cerro Verde S.A.A. (d)	124,988	-
Compañía Minera Coimolache S.A.	499	334
	125,487	334
Total trade and other receivables	134,913	15,415
Classification by maturity:		
Current portion	9,925	15,415
Non-current portion	124,988	-
Total trade and other receivables	134,913	15,415
Trade payables -		
Compañía Minera Coimolache S.A.	892	1,384
Minera Yanacocha S.R.L.	283	410
Total trade and other payables	1,175	1,794
Classification by maturity:		
Current portion	1,175	1,611
Non-current portion	-	183
Total trade and other payables	1,175	1,794

(c) S.M.R.L. Chaupiloma Dos de Cajamarca -
In accordance with mining lease, amended and effective on January 1, 1994, Minera Yanacocha S.R.L. pays the Group a 3% royalty based on quarterly production sold at current market prices, after deducting refinery and transportation costs. The royalty agreement expires in 2032.

(d) Sociedad Minera Cerro Verde S.A. -
In December 2014, Cerro Verde entered into shareholder loan agreements with, or affiliates of, Freeport Minerals Corporation, Compañía de Minas Buenaventura S.A.A. and SMM Cerro Verde Netherlands B.V., for up to US$800 million. As of December 31, 2015, Cerro Verde had borrowed US$600.9 million under these loan agreements (US$125 million with Buenaventura as of December 31, 2015). The loans mature on December 22, 2019, unless at that time there is

senior financing associated with the expansion project that is senior to the loans, in which case the loans mature two years following the maturity of the senior financing.

(e) Key officers -

As of December 31, 2015 and 2014, directors, officers and employees of the Group have been involved, directly and indirectly, in financial transactions with certain subsidiaries. As of December 31, 2015 and 2014, loans to employees, directors and key personnel amounts to US$61,000 and US$27,000, respectively, are paid monthly and earn interest at market rates.

There are no loans to the Group's directors and key personnel guaranteed with Buenaventura or any of its Subsidiaries' shares.

The Group's key executives' compensation (including the related income taxes assumed by the Group) as of December 31, 2015 and 2014 are presented below:

	2015 US$(000)	2014 US$(000)
Accounts payable:		
Salaries	3,381	1,225
Directors' compensations	1,047	1,090
Share-based compensation plans	330	461
Total	4,758	2,776
Disbursements:		
Salaries	7,864	8,423
Share-based compensation plans	-	1,599
Total	7,864	10,022

31. Disclosure of information on segments

Management has determined its operating segments based on reports that the Group's Chief Operating Decision Maker (CODM) uses for making decisions. The Group is organized into business units based on its products and services, activities and geographic locations. The broad categories of the Group's business units are:

- Production and sale of minerals
- Exploration and development activities
- Construction and engineering services
- Energy generation and transmission services
- Insurance brokerage
- Rental of mining concessions
- Holding of investment in shares (mainly in the associate company Minera Yanacocha S.R.L. and the Group's subsidiary S.M.R.L. Chaupiloma Dos de Cajamarca)
- Industrial activities.

The CODM monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Group's consolidated financial statements. Also, the Group's financing and income taxes are managed at the corporate level and are not allocated to the operating segments, except for those entities which are managed independently.

Corporate information mainly includes the following:

In segment information of profit and loss –

- Sales to third parties of gold purchased by the Parent company from La Zanja mining unit and the corresponding cost of sale as well as other intercompany sales.
- Administrative expenses, other income (expenses), exchange gain (loss), finance costs and income and income tax that cannot be directly allocated to the operational mining units owned by the Parent company (Uchucchacua, Orcopampa, Julcani, Mallay and Breapampa).
- Exploration activities in non-operating areas, carried out directly by the Parent company and not by the consolidated separate legal entities.
- Participation in subsidiaries and associate companies of the Parent company, which are accounted for using the equity method.
- Gain on business combination occurred in 2014, see note 5 to the consolidated financial statements.

In the segment information of assets and liabilities –

- Investments in Sociedad Minera Cerro Verde S.A.A. and Compañía Minera Coimolache S.A., associate companies which are directly owned by the Parent company and are accounted for using the equity method; see note 11 to the consolidated financial statements.
- Assets and liabilities of the operational mining units owned directly by the Parent company since this is the way the CODM analyzes the business. Assets and liabilities of other operating segments are allocated based on the assets and liabilities of the legal entities included in those segments.

Adjustments and eliminations mainly include the following:

In segment information of consolidated statements of profit and loss –

- The elimination of any profit or loss of investments accounted for under the equity method and not consolidated by the Group corresponding to the associate companies: Minera Yanacocha S.R.L., Sociedad Minera Cerro Verde S.A.A. and Compañía Minera Coimolache S.A.
- The elimination of intercompany sales and cost of sales.
- The elimination of any equity pickup profit or loss of the subsidiaries of the Parent company.

In the segment information of assets and liabilities –

- The elimination of the assets and liabilities of the investments accounted for under the equity method and not consolidated, corresponding to the associate companies: Minera Yanacocha S.R.L., Sociedad Minera Cerro Verde S.A.A. and Compañía Minera Coimolache S.A.
- The elimination of any equity pickup investments of the subsidiaries of the Parent company.
- The elimination of intercompany receivables and payables.

Refer to Note 21 (a) to the consolidated financial statements where the Group reports revenues from external customers for each product and service, and revenues from external customers attributed to Peru and foreign countries. The revenue information is based on the locations of customers.

Refer to Note 21 (b) to the consolidated financial statements for information about major customers (clients representing more than 10 percent of the Group's revenues).

All non-current assets are located in Peru.

	Ucchuchacua (Operation) US$(000)	Orcopampa (Operation) US$(000)	Julcani (Operation) US$(000)	Mallay (Operation) US$(000)	Breapampa (Operation) US$(000)	Colquijirca (Operation) US$(000)	La Zanja (Operation) US$(000)	Exploration and development mining projects US$(000)	Construction and engineering US$(000)	Energy generation and transmission US$(000)	Insurance brokerage US$(000)	Rental of mining concessions US$(000)	Holding of investment in shares US$(000)	Industrial activities US$(000)	Corporate US$(000)	Equity accounted investees: Minera Yanacocha S.R.L. US$(000)	Equity accounted investees: Sociedad Minera Cerro Verde S.A.A US$(000)	Equity accounted investees: Compañía Minera Coimolache S.A. US$(000)	Total operating segments US$(000)	Adjustments and eliminations US$(000)	Total US$(000)
Year 2015																					
Results:																					
Continuing operations																					
Operating income																					
Net sale of goods	166,055	254,118	50,254	32,018	22,343	171,294	161,007	-	-	-	-	-	-	-	168,667	1,031,174	1,115,617	177,347	3,349,894	(2,484,932)	864,962
Net sale of services	-	-	-	-	-	-	-	-	48,758	48,339	11,929	-	-	17,048	-	10,625	-	-	136,699	(82,211)	54,488
Royalty income	-	-	-	-	-	-	-	-	-	-	-	32,414	-	-	-	-	-	-	32,414	-	32,414
Total operating income	166,055	254,118	50,254	32,018	22,343	171,294	161,007	-	48,758	48,339	11,929	32,414	-	17,048	168,667	1,041,799	1,115,617	177,347	3,519,007	(2,567,143)	951,864
Operating costs																					
Cost of sales	(126,728)	(112,707)	(26,725)	(20,709)	(11,529)	(158,804)	(106,750)	-	-	-	-	-	-	-	(169,236)	(751,736)	(862,004)	(104,549)	(2,451,477)	1,913,764	(537,713)
Cost of services	-	-	-	-	-	-	-	-	(48,544)	(20,767)	-	-	-	(16,820)	-	(2,524)	-	-	(88,655)	35,963	(52,692)
Exploration in operating units	(27,784)	(41,705)	(12,699)	(7,539)	(1,821)	-	(41)	-	-	-	-	-	-	-	-			-	(91,589)	69	(91,520)
Depreciation and amortization	(15,767)	(17,313)	(11,349)	(15,439)	(9,882)	(45,752)	(104,984)	(17)	(850)	(10,260)	-	(54)	(226)	(9,545)	(1,027)	-	-	-	(242,465)	-	(242,465)
Mining royalties	(1,142)	(23,877)	(337)	(234)	(219)	-	(1,597)	-	-	-	-	-	-	-	(1)	-	-	-	(27,407)	-	(27,407)
Total operating costs	(171,421)	(195,602)	(51,110)	(43,921)	(23,451)	(204,556)	(213,372)	(17)	(49,394)	(31,027)	-	(54)	(226)	(26,365)	(170,264)	(754,260)	(862,004)	(104,549)	(2,901,593)	1,949,796	(951,797)
Gross profit (loss)	(5,366)	58,516	(856)	(11,903)	(1,108)	(33,262)	(52,365)	(17)	(636)	17,312	11,929	32,360	(226)	(9,317)	(1,597)	287,539	253,613	72,798	617,414	(617,347)	67
Operating expenses																					
Administrative expenses	(10,739)	(16,698)	(3,623)	(2,080)	(2,160)	(19,181)	(2,251)	(1,444)	(7,859)	(3,422)	(11,296)	(106)	(209)	(654)	(11,370)	(26,325)	-	(2,185)	(121,602)	35,070	(86,532)
Exploration in non-operating areas	-	-	-	-	-	(2,366)	(8,954)	(15,892)	-	-	-	-	-	-	(5,685)	-	-	-	(32,897)	2,287	(30,610)
Selling expenses	(3,552)	(851)	(1,055)	(1,424)	(116)	(9,056)	(1,207)	-	-	(806)	-	-	-	(1,411)	(3)	(3,534)	(56,215)	(1,111)	(80,341)	60,860	(19,481)
Other, net	1,836	(1,182)	(125)	(67)	172	(2,657)	(687)	(1,095)	7,417	(305)	(4)	-	793	98	6,329	(82,846)	(26,600)	765	(98,158)	98,367	209
Impairment loss of long-lived assets					(7,452)	-	(3,803)	-	-	-	-	-	-	-	-	-	-	(672)	(11,927)	672	(11,255)
Total operating expenses, net	(12,455)	(18,731)	(4,803)	(3,571)	(9,556)	(33,260)	(16,902)	(18,431)	(442)	(4,533)	(11,300)	(106)	584	(1,967)	(10,729)	(112,705)	(82,815)	(3,203)	(344,925)	197,256	(147,669)
Operating profit (loss)	(17,821)	39,785	(5,659)	(15,474)	(10,664)	(66,522)	(69,267)	(18,448)	(1,078)	12,779	629	32,254	358	(11,284)	(12,326)	174,834	170,798	69,595	272,489	(420,091)	(147,602)
Other income (expense),net																					
Share in the results of associates under equity method	-	-	-	-	-	-	-	-	6,561	478	2	-	(187,269)	-	(268,463)	-	-	-	(448,691)	275,316	(173,375)
Finance costs	(195)	(235)	(152)	(108)	(50)	(10,096)	(3,684)	(215)	(1,413)	(8,817)	(21)	(4)	(1)	(842)	(4,043)	-22,734	(16,010)	(51)	(68,671)	41,049	(27,622)
Net gain (loss) from currency exchange difference	539	461	378	75	10	(3,832)	(1,973)	(1,797)	(1,393)	(1,586)	(165)	45	4	(2,162)	(2,287)	(251)	(75,770)	(1,300)	(91,004)	77,321	(13,683)
Finance income	5	5	2	-	-	154	16	-	182	23	13	-	-	-	10,785	673	512	23	12,393	(1,367)	11,026
Total other income (expense), net	349	231	228	(33)	(40)	(13,774)	(5,641)	(2,012)	3,937	(9,902)	(171)	41	(187,266)	(3,004)	(264,008)	(22,312)	(91,268)	(1,328)	(595,973)	392,319	(203,654)
Profit (loss) before income tax	(17,472)	40,016	(5,431)	(15,507)	(10,704)	(80,296)	(74,908)	(20,460)	2,859	2,877	458	32,295	(186,908)	(14,288)	(276,334)	152,522	79,530	68,267	(323,484)	(27,772)	(351,256)
Income tax	(518)	(602)	(140)	(78)	(3)	4,109	5,702	-	(4,386)	(3,887)	(299)	(9,186)	(87)	584	(5,975)	(602,717)	(46,246)	(29,861)	(693,590)	678,824	(14,766)
Profit (loss) from continued operations	(17,990)	39,414	(5,571)	(15,585)	(10,707)	(76,187)	(69,206)	(20,460)	(1,527)	(1,010)	159	23,109	(186,995)	(13,704)	(282,309)	(450,195)	33,284	38,406	(1,017,074)	651,052	(366,022)
Loss from discontinued operations, see note 1(e)																					(9,523)
Net loss																					(375,545)
Total assets	-	-	-	-	-	739,941	220,331	53,214	31,463	393,318	5,979	9,397	997,835	118,012	3,677,307	2,965,430	7,852,692	238,175	17,303,094	(12,755,913)	4,547,181
Total liability	-	-	-	-	-	364,455	106,846	3,514	29,599	235,695	3,457	3,508	2,831	31,479	516,241	736,605	3,354,318	63,119	5,451,667	(4,293,722)	1,157,945
Other segment information																					
Investment in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,519	989,130	988,725	62,609	2,043,983	-	2,043,983
Additions to mining concessions, development costs, property, plant and equipment	22,669	3,151	4,795	3,234	1,988	55,073	62,968	57,173	527	6,159	85	-	1,205	2,140	66,918	-	-	-	288,085	-	288,085

																Equity accounted investees					
	Ucchuchacua (Operation) US$(000)	Orcopampa (Operation) US$(000)	Julcani (Operation) US$(000)	Mallay (Operation) US$(000)	Breapampa (Operation) US$(000)	Colquijirca (Operation) US$(000)	La Zanja (Operation) US$(000)	Exploration and development mining projects US$(000)	Construction and engineering US$(000)	Energy generation and transmission US$(000)	Insurance brokerage US$(000)	Rental of mining concessions US$(000)	Holding of investment in shares US$(000)	Industrial activities US$(000	Corporate US$(000)	Minera Yanacocha S.R.L. US$(000)	Sociedad Minera Cerro Verde S.A.A US$(000)	Compañía Minera Coimolache S.A. US$(000)	Total operating segments US$(000)	Adjustments and eliminations US$(000)	Total US$(000)
Year 2014																					
Results:																					
Continuing operations																					
Operating income																					
Net sale of goods	202,543	264,049	49,767	42,974	108,468	210,002	185,286	-	-	-	-	-	-	-	187,503	1,165,299	1,467,097	192,369	4,075,357	(3,008,086)	1,067,271
Net sale of services	-	-	-	-	-	-	-	-	66,853	38,906	10,608	-	-	13,976	-	20,705	-	-	151,048	(79,406)	71,642
Royalty income	-	-	-	-	-	-	-	-	-	-	-	36,867	-	-	-	-	-	-	36,867	-	36,867
Total operating income	202,543	264,049	49,767	42,974	108,468	210,002	185,286	-	66,853	38,906	10,608	36,867	-	13,976	187,503	1,186,004	1,467,097	192,369	4,263,272	(3,087,492)	1,175,780
Operating costs																					
Cost of sales	(149,251)	(113,467)	(26,364)	(22,583)	(37,897)	(122,995)	(84,381)	-	-	-	-	-	-	-	(186,650)	(910,705)	(797,481)	(100,649)	(2,552,423)	2,019,371	(533,052)
Cost of services	-	-	-	-	-	-	-	-	(68,964)	(19,252)	-	-	-	(12,703)	-	(22,422)	-	-	(123,341)	41,854	(81,487)
Exploration in operating units	(26,633)	(51,814)	(10,981)	(7,807)	(495)	-	(120)	-	-	-	-	-	-	-	(2)	-	-	-	(97,852)	-	(97,852)
Depreciation and amortization	(15,293)	-23,266	(11,769)	(24,742)	(35,699)	(26,974)	(53,158)	-	(717)	(8,683)	-	(74)	(231)	(7,224)	(868)	-	-	-	(208,698)	-	(208,698)
Mining royalties	(1,893)	(24,113)	(466)	(401)	(1,012)	-	(555)	-	-	-	-	-	-	-	-	-	-	-	(28,440)	-	(28,440)
Total operating costs	(193,070)	(212,660)	(49,580)	(55,533)	(75,103)	(149,969)	(138,214)	-	(69,681)	(27,935)	-	(74)	(231)	(19,927)	(187,520)	(933,127)	(797,481)	(100,649)	(3,010,754)	2,061,225	(949,529)
Gross profit (loss)	9,473	51,389	187	(12,559)	33,365	60,033	47,072	-	(2,828)	10,971	10,608	36,793	(231)	(5,951)	(17)	252,877	669,616	91,720	1,252,518	(1,026,267)	226,251
Operating expenses																					
Administrative expenses	(12,351)	(16,077)	(3,289)	(2,719)	(7,349)	(17,634)	(5,920)	(3,184)	(16,135)	(4,354)	(8,901)	(113)	(208)	(376)	(7,828)	(38,262)	-	(2,073)	(146,773)	45,671	(101,102)
Exploration in non-operating areas	-	(7,294)	-	-	-	(5,085)	(19,689)	(14,399)	-	-	-	-	-	-	(3,540)	-	-	-	(50,007)	-	(50,007)
Selling expenses	(3,416)	(955)	(1,067)	(1,755)	(393)	(7,103)	(1,441)	-	-	(323)	-	-	-	(147)	(5)	(4,458)	(54,210)	(1,078)	(76,351)	59,746	(16,605)
Other, net	1,338	657	(4,661)	921	(110)	226	(2,833)	569	8,070	7,718	109	(1)	651	(77)	3,930	(77,781)	(3,629)	929	(63,974)	67,033	3,059
Impairment loss of long-lived assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(541,141)	-	-	(541,141)	541,141	-
Total operating expenses, net	(14,429)	(23,669)	(9,017)	(3,553)	(7,852)	(29,596)	(29,883)	(17,014)	(8,065)	3,041	(8,792)	(114)	443	(600)	(7,443)	(661,642)	(57,839)	(2,222)	(878,246)	713,591	(164,655)
Operating profit (loss)	(4,956)	27,720	(8,830)	(16,112)	25,513	30,437	17,189	(17,014)	(10,893)	14,012	1,816	36,679	212	(6,551)	(7,460)	(408,765)	611,777	89,498	374,272	(312,676)	61,596
Other income (expense),net																					
Share in the results of associates under equity method	-	-	-	-	-	-	-	-	(6,987)	(2,186)	-	-	(160,379)	-	(91,962)	-	-	-	(261,514)	186,914	(74,600)
Finance costs	(294)	(170)	(153)	(67)	(43)	(4)	(1,728)	(140)	(1,223)	(8,838)	(15)	(3)	(2)	(722)	(760)	(23,504)	(369)	(583)	(38,618)	27,300	(11,318)
Net gain (loss) from currency exchange difference	354	332	124	66	5	(1,031)	(1,525)	(446)	(757)	(1,021)	8	(50)	(4)	(1,107)	(3,400)	1,142	2,284	(1,465)	(6,491)	(1,961)	(8,452)
Gain on business combination	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59,852	-	-	-	59,852	-	59,852
Finance income	10	13	4	-	-	(278)	-	-	-	-	8	-	-	-	3,951	298	2,443	47	6,496	1,912	8,408
Total other income (expense), net	70	175	(25)	(1)	(38)	(1,313)	(3,253)	(586)	(8,967)	(12,045)	1	(53)	(160,385)	(1,829)	(32,319)	(22,064)	4,358	(2,001)	(240,275)	214,165	(26,110)
Profit (loss) before income tax	(4,886)	27,895	(8,855)	(16,113)	25,475	29,124	13,936	(17,600)	(19,860)	1,967	1,817	36,626	(160,173)	(8,380)	(39,779)	(430,829)	616,135	87,497	133,997	(98,511)	35,486
Income tax	-	-	-	-	-	(21,621)	(12,388)	-	567	(4,835)	(368)	(10,996)	(48)	978	(17,301)	30,491	(238,529)	(36,089)	(310,139)	244,127	(66,012)
Profit (loss) from continued operations	(4,886)	27,895	(8,855)	(16,113)	25,475	7,503	1,548	(17,600)	(19,293)	(2,868)	1,449	25,630	(160,221)	(7,402)	(57,080)	(400,338)	377,606	51,408	(176,142)	145,616	(30,526)
Loss from discontinued operations, see note 1(e)																					(31,114)
Net loss																					(61,640)
Total assets	-	-	-	-	-	765,143	278,836	50,370	87,546	403,660	6,265	14,727	1,208,772	130,803	3,778,132	3,483,169	5,771,984	205,059	16,184,466	(11,512,192)	4,672,274
Total liability	-	-	-	-	-	311,001	96,147	5,726	95,466	225,409	3,109	5,727	166	29,472	294,027	803,392	1,306,894	51,720	3,228,256	(2,318,107)	910,149
Other segment information																					
Investment in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,519	1,185,971	982,206	52,685	2,224,381	-	2,224,381
Additions to mining concessions, development costs, property, plant and equipment	12,668	8,963	699	963	3,544	105,477	29,113	83,723	7,516	17,948	227	-	-	-	15,081	-	-	-	285,922	-	285,922

	Ucchuchacua (Operation) US$(000)	Orcopampa (Operation) US$(000)	Julcani (Operation) US$(000)	Mallay (Operation) US$(000)	Breapampa (Operation) US$(000)	Colquijirca (Operation) US$(000)	La Zanja (Operation) US$(000)	Exploration and development mining projects US$(000)	Construction and engineering US$(000)	Energy generation and transmission US$(000)	Insurance brokerage US$(000)	Rental of mining concessions US$(000)	Holding of investment in shares US$(000)	Corporate US$(000)	Minera Yanacocha S.R.L. US$(000)	Sociedad Minera Cerro Verde S.A.A US$(000)	Compañía Minera Coimolache S.A. US$(000)	Total operating segments US$(000)	Adjustments and eliminations US$(000)	Total US$(000)
Year 2013																				
Results:																				
Continuing operations																				
Operating income																				
Net sale of goods	205,218	324,343	45,995	44,896	119,871	187,769	193,298	1,504	-	-	-	-	-	206,240	1,406,825	1,811,488	209,636	4,757,083	(3,621,247)	1,135,836
Net sale of services	-	-	-	-	-	-	-	-	96,523	33,809	8,455	-	-	-	29,181	-	-	167,968	(88,383)	79,585
Royalty income	-	-	-	-	-	-	-	-	-	-	-	44,185	-	-	-	-	-	44,185	-	44,185
Total operating income	205,218	324,343	45,995	44,896	119,871	187,769	193,298	1,504	96,523	33,809	8,455	44,185	-	206,240	1,436,006	1,811,488	209,636	4,969,236	(3,709,630)	1,259,606
Operating costs																				
Cost of sales	(113,631)	(128,184)	(17,585)	(24,282)	(49,535)	(119,969)	(85,980)	(555)	-	-	-	-	-	(208,968)	(983,238)	(795,064)	(124,325)	(2,651,316)	2,138,151	(513,165)
Cost of services	-	-	-	-	-	-	-	-	(91,804)	(25,412)	-	-	-	-	(28,672)	-	-	(145,888)	31,768	(114,120)
Exploration in operating units	(25,311)	(57,871)	(7,054)	(9,342)	(2,974)	-	(1,236)	(2,441)	-	-	-	-	-	-	-	-	-	(106,229)	4,316	(101,913)
Depreciation and amortization	(10,844)	(28,964)	(4,586)	(20,348)	(25,501)	(35,644)	(27,930)	(9)	(264)	(1,751)	-	(112)	(1,434)	(524)	-	-	-	(157,911)	(1,229)	(159,140)
Mining royalties	(1,675)	(26,448)	(405)	(365)	(968)	-	(431)	(110)	-	-	-	-	-	-	-	-	-	(30,402)	-	(30,402)
Total operating costs	(151,461)	(241,467)	(29,630)	(54,337)	(78,978)	(155,613)	(115,577)	(3,115)	(92,068)	(27,163)	-	(112)	(1,434)	(209,492)	(1,011,910)	(795,064)	(124,325)	(3,091,746)	2,173,006	(918,740)
Gross profit (loss)	53,757	82,876	16,365	(9,441)	40,893	32,156	77,721	(1,611)	4,455	6,646	8,455	44,073	(1,434)	(3,252)	424,096	1,016,424	85,311	1,877,490	(1,536,624)	340,866
Operating expenses																				
Administrative expenses	(11,818)	(20,381)	(1,949)	(2,607)	(7,128)	(15,637)	(2,475)	(2,330)	(8,282)	(2,571)	(7,801)	(96)	(5,916)	13,342	(67,064)	-	(1,843)	(144,556)	69,438	(75,118)
Exploration in non-operating areas	-	-	-	-	-	(5,220)	(6,563)	(2,444)	-	-	-	-	-	(21,928)	-	-	-	(36,155)	3,350	(32,805)
Selling expenses	(3,346)	(3)	(755)	(1,423)	-	(8,763)	(528)	(10)	-	-	-	-	-	(13)	(3,740)	(68,448)	(522)	(87,551)	72,709	(14,842)
Other, net	2,592	1,822	209	108	(158)	(656)	(18)	1,910	422	50	94	(3)	657	(9,674)	(77,534)	147	779	(79,253)	76,395	(2,858)
Impairment loss of long-lived assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,038,548)	-	-	(1,038,548)	1,038,548	-
Total operating expenses, net	(12,572)	(18,562)	(2,495)	(3,922)	(7,286)	(30,276)	(9,584)	(2,874)	(7,860)	(2,521)	(7,707)	(99)	(5,259)	(18,273)	(1,186,886)	(68,301)	(1,586)	(1,386,063)	1,260,440	(125,623)
Operating profit (loss)	41,185	64,314	13,870	(13,363)	33,607	1,880	68,137	(4,485)	(3,405)	4,125	748	43,974	(6,693)	(21,525)	(762,790)	948,123	83,725	491,427	(276,184)	215,243
Other income (expense),net																				
Share in the results of associates under equity method	-	-	-	-	-	-	-	-	(1,511)	(3,140)	-	-	(238,810)	(104,219)	-	-	-	(347,680)	233,535	(114,145)
Finance costs	(561)	(832)	(477)	(544)	(163)	(47)	(1,301)	(344)	(232)	(1,992)	(96)	(5)	(3)	(3,731)	(18,745)	(1,843)	(2,385)	(33,301)	23,405	(9,896)
Net gain (loss) from currency exchange difference	325	92	63	64	(64)	(4,544)	(777)	81	(111)	(1,355)	119	(66)	(17)	(985)	2,065	(1,858)	(524)	(7,492)	300	(7,192)
Finance income	18	29	-	-	-	-	-	1	6	-	7	3	-	4,693	720	2,178	335	7,990	(1,369)	6,621
Total other income (expense), net	(218)	(711)	(414)	(480)	(227)	(4,591)	(2,078)	(262)	(1,848)	(6,487)	30	(68)	(238,830)	(104,242)	(15,960)	(1,523)	(2,574)	(380,483)	255,871	(124,612)
Profit (loss) before income tax	40,967	63,603	13,456	(13,843)	33,380	(2,711)	66,059	(4,747)	(5,253)	(2,362)	778	43,906	(245,523)	(125,767)	(778,750)	946,600	81,151	110,944	(20,313)	90,631
Income tax	-	-	-	-	-	(5,003)	(29,211)	(17)	(72)	(3,228)	(269)	(13,151)	(67)	(35,464)	203,471	(333,338)	(34,156)	(250,505)	164,023	(86,482)
Profit (loss) from continued operations	40,967	63,603	13,456	(13,843)	33,380	(7,714)	36,848	(4,764)	(5,325)	(5,590)	509	30,755	(245,590)	(161,231)	(575,279)	613,262	46,995	(139,561)	143,710	4,149
Loss from discontinued operations, see note 1(e)																				(83,885)
Net loss																				(79,736)
Total assets	-	-	-	-	-	687,187	270,911	37,366	54,372	430,588	5,801	9,008	1,387,667	3,603,191	3,754,692	4,828,201	203,749	15,272,733	(10,720,466)	4,552,267
Total liability	-	-	-	-	-	243,749	89,767	9,174	39,744	269,466	2,774	3,439	137	272,832	674,642	740,717	69,542	2,415,983	(1,688,137)	727,846
Other segment information																				
Investment in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	41,931	1,360,689	904,315	43,367	2,350,302	-	2,350,302
Additions to mining concessions, development costs, property, plant and equipment	16,038	11,023	8,927	16,643	16,233	216,477	89,308	89,313	12,307	48,532	126	-	-	42,699	-	-	-	567,626	-	567,626

Reconciliation of segment profit (loss)

The reconciliation of segment profit (loss) to the consolidated profit (loss) from continued operations follows:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Segments loss	(1,017,074)	(176,142)	(139,561)
Elimination of profit of equity accounted investees, not consolidated (owned by third parties)	203,912	(108,861)	(195,573)
Elimination of intercompany sales	(232,380)	(242,022)	(252,500)
Elimination of intercompany cost of sales	228,914	229,968	238,620
Elimination of equity pick up loss of the subsidiaries and associates of the Parent company	448,691	261,514	347,680
Others	1,915	5,017	5,483
Consolidated profit (loss) from continued operations	(366,022)	(30,526)	4,149

Reconciliation of segment assets

The reconciliation of segment assets to the consolidated assets follows:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Segments assets	17,303,094	16,184,466	15,272,733
Elimination of assets of equity accounted investees, not consolidated (owned by third parties)	(8,128,519)	(6,727,205)	(6,108,111)
Elimination of equity pick up investments of the subsidiaries and associates of the Parent company	(4,486,717)	(4,615,191)	(4,398,677)
Elimination of intercompany receivables	(138,703)	(156,456)	(203,236)
Others	(1,974)	(13,340)	(10,442)
Consolidated assets	4,547,181	4,672,274	4,552,267

Reconciliation of segment liabilities

The reconciliation of segment liabilities to the consolidated liabilities follows:

	2015 US$(000)	2014 US$(000)	2013 US$(000)
Segments liabilities	5,451,667	3,228,256	2,415,983
Elimination of liabilities of equity accounted investees, not consolidated	(4,154,042)	(2,162,006)	(1,484,901)
Elimination of intercompany payables	(138,703)	(156,456)	(203,236)
Others	(977)	355	-
Consolidated liabilities	1,157,945	910,149	727,846

32. Derivative financial instruments

(a) The volatility of copper prices during the last years has caused the management of the subsidiary El Brocal to enter into future contracts. These contracts are intended to reduce the volatility of the cash flows attributable to the fluctuations in the cooper price, according to the risk strategy approved by the Board of Directors of this subsidiary. Based on this strategy, no more than 50% of existing sales commitments of copper concentrate are under future contracts.

As of December 31, 2015, El Brocal does not have open forward contracts (an asset of US$3,688,000 as of December 31, 2014, which balancing entry, net of the deferred income tax, amounted to a positive balance of US$2,485,000 and is presented in the "other reserves" caption of equity).

(b) Embedded derivative of commercial contracts -
The Group's sales of concentrates are based on commercial contracts, under which a provisional sales value is determined based on future quotations (forward). The adjustment to sales is considered an embedded derivative, which is required to be separated from the host contract. Commercial contracts are linked to market prices (London Metal Exchange) at the dates of the expected settlements of the open positions as of December 31, 2015 and 2014. The embedded derivative does not qualify for hedge accounting; therefore, changes in the fair value are recorded as an adjustment to net sales.

Embedded derivatives held by the Group as of December 31, 2015 are:

			Quotations		
Metal	**Quantity**	**Period of quotations 2016**	**Provisional** US$	**Future** US$	**Fair value, net** US$(000)
Copper	41,359 DMT	January – April	4,629.00 – 5,223.05	4,525.50 - 4,796.00	(1,549)
Gold	16,145 OZ	January	961.79 – 1,070.10	1,086.65 – 1,109.09	(633)
Silver	3,215,862 OZ	Enero - March	12.66 – 15.71	14.30 – 14.31	(244)
Lead	16,990 DMT	January – April	1,641.40 – 1,732.13	1,658.00 – 1,789.00	408
Zinc	12,329 DMT	January – March	1,510.41 – 1,672.50	1,495.75 – 1,609.00	316
Gold	342 OZ	January – April	1,066.26 – 1,124.53	1,109.05 – 1,109.27	8
Total asset, net					(1,694)

Embedded derivatives held by the Group as of December 31, 2014 are:

Metal	Quantity	Period of quotations 2015	Quotations Provisional US$	Future US$	Fair value, net US$(000)
Copper	67,815 DMT	January - June	6,408.10 - 6,907.73	6,118.00 - 6,186.00	(7,558)
Silver	2,361,515 OZ	January - April	15.62 - 19.03	16.35 - 16.38	(631)
Lead	6,975 DMT	January - April	1,869.30 - 2,178.60	1,840.00 - 1,851.88	(628)
Zinc	13,521 DMT	January - March	2,171.71 - 2,380.00	2,122.50 - 2,129.25	(296)
Gold	36,442 OZ	January - February	1,194.00 - 1,227.00	1,201.84 - 1,216.45	41
Total liability, net					(9,072)

(c) **Hedge of the risk of fluctuation of foreign exchange rates**

During 2015, the volatility of the foreign exchange rate between the Soles and the U.S. dollars, which is the functional and reporting currency of Buenaventura and El Brocal, has driven the Group's Management to undertake hedge contracts of foreign currency exposure over their bank loans mentioned in note 14. Buenaventura and El Brocal have signed forwards hedging contracts, which have been designated as hedging derivative cash flow because they are intended to cover the risk of fluctuations in the exchange rates of the financial obligations in soles.

Key deadlines of the hedging contract have been negotiated to match the terms and amounts of their obligations.

As of December 31, 2015, fair value of these hedge derivate financial instruments over exchange rates of current bank loans is a liability of US$10,643,000 and the effectiveness of these contracts has not been observed since it has not arisen any significant element of ineffectiveness.

33. Financial - risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise of trade accounts and other payables, and financial obligations. The main purpose of these financial instruments is to finance the Group's operations. The Group's principal financial assets include cash and cash equivalents and trade and other receivables that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's Management oversees the management of these risks. It is supported by a committee that advises on financial risks. This committee provides assurance to management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purpose are carried out by internal specialists that have the appropriate skills, experience and supervision.

There were no changes in the objectives, policies or processes during the years ended December 31, 2015 and 2014.

The Board of Directors reviews and agrees policies for managing each of these risks, which are described below:

(a) Market risk -

Market risk is the risk that the fair value of the future cash flows from financial instruments will fluctuate because of changes in market prices. Market risks that apply to the Group comprise three types of risk: exchange rate risk, commodity risk and interest rate risk. Financial instruments affected by market risks include time deposits, financial obligations, embedded derivatives and derivative financial instruments.

The sensitivity analyses in this section relate to the positions as of December 31, 2015, 2014 and 2013, and have been prepared considering that the proportion of financial instruments in foreign currency are constant.

(a.1) Exchange rate risk

The exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange relates primarily to the Group´s operating activities in Soles. The Group mitigates the effect of exposure to exchange-rate risk by carrying out almost all of its transactions in its functional currency.

On the other hand, the Group has contracted hedges exchange rate to mitigate this risk on their loans obtained in soles. Excluding loans in soles, Management maintains smaller amounts in Soles in order to cover its needs in this currency (primarily taxes).

A table showing the effect on results of a reasonable change in foreign-currency exchange rates is presented below, with all other variables kept constant:

	Exchange-rate increase/decrease	**Effect on loss before income tax** US$(000)
2015		
Exchange rate	+10%	6,233
Exchange rate	-10%	(7,618)
2014		
Exchange rate	+10%	5,950
Exchange rate	-10%	(7,271)
2013		
Exchange rate	+10%	20,989
Exchange rate	-10%	(25,225)

(a.2) Commodity price risk

The Group is affected by the price volatility of the commodities. The price of mineral sold by the Group has fluctuated historically and is affected by numerous factors beyond its control. The Group manages its commodity price risk primarily through the use of sales commitments in customer contracts and hedge contracts for the metals sold by the subsidiary El Brocal.

The subsidiary El Brocal entered into derivative contracts that qualified as cash flow hedges, with the intention of covering the risk resulting from the fall in the prices of the metals. These derivative contracts are recorded as assets or liabilities in the statements of financial position and are stated at fair value. To the extent that these hedges were effective in offsetting future cash flows from the sale of the related production, changes in fair value are deferred in an equity account. The deferred amounts were reclassified to the appropriate sales when production was sold.

(a.3) Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes' in market interest rates relates to the Groups' long-term financial obligations with floating interest rates.

A table showing the effect in profit or loss of the variations of interest rates:

	increase/decrease of Libor rate (percentage rates)	**Effect on results** US$(000)
2015		
Interest rate	+10	294
Interest rate	-10	(294)
2014		
Interest rate	+10	110
Interest rate	-10	(110)
2013		
Interest rate	+10	58
Interest rate	-10	(58)

(b) Credit risk -

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivable) and from its financing activities, including deposits with banks and other financial instruments.

The Group invests the excess cash in financial leading institutions, sets conservative credit policies and constantly evaluates the market conditions in which it operates.

Trade accounts receivable are denominated in U.S. dollars. The Group's sales are made to domestic and foreign customers. See concentration of spot sales in note 21(b). An impairment analysis is performed on an individual basis.

Credit risk is limited to the carrying amount of the financial assets to the date of consolidated statements of financial position which is composed by cash and cash equivalents, trade and other receivables and derivative financial instruments.

(c) Liquidity risk -

Prudent management of liquidity risk implies maintaining sufficient cash and cash equivalents and the possibility of committing or having financing committed through an adequate number of credit sources. The Group maintains suitable levels of cash and cash equivalents and has sufficient credit capacity to get access to lines of credit in leading financial entities.

The Group continually monitors its liquidity risk based on cash flow projections.

An analysis of the Group's financial liabilities classified according to their aging is presented below, based on undiscounted contractual payments:

	Less than 1 year US$(000)	**Between 1 and 2 years** US$(000)	**Between 2 and 5 years** US$(000)	**More than 5 years** US$(000)	**Total** US$(000)
As of December 31, 2015 -					
Bank loans	298,984	-	-	-	298,984
Trade and other payables	235,691	-	-	15,057	250,748
Derivative financial instruments	10,643	-	-	-	10,643
Embedded derivative for sale of concentrates	1,694	-	-	-	1,694
Financial obligation	62,560	92,571	238,504	-	393,635
Contingent consideration liability	-	-	8,050	29,118	37,168
Total	609,572	92,571	246,554	44,175	992,872
As of December 31, 2014 -					
Bank loans	40,600	-	-	-	40,600
Trade and other payables	237,937	-	-	15,240	253,177
Embedded derivative for sale of concentrates	9,072	-	-	-	9,072
Financial obligation	71,196	47,673	135,178	130,504	384,551
Contingent consideration liability	-	-	5,463	36,156	41,619
Total	358,805	47,673	140,641	181,900	729,019

(d) Capital management -

For purposes of the Group's capital management, capital is based on all equity accounts. The objective of capital management is to maximize shareholder value.

The Group manages its capital structure and makes adjustments to meet the changing economic market conditions. The Group's policy is to fund all projects of short and long term with their own operating resources. To maintain or adjust the capital structure, the Group may change the policy of paying dividends to shareholders, return capital to shareholders or issue new shares.

34. Fair value measurement

Fair value disclosure of assets and liabilities according to its hierarchy -

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

		Fair value measurement using		
	Total US$(000)	**Quoted prices in active markets (Level 1)** US$(000)	**Significant observable inputs (Level 2)** US$(000)	**Significant non-observable inputs (Level 3)** US$(000)
As of December 31, 2015				
Liabilities measured at fair value:				
- Embedded derivatives for concentrates sales, net	1,694	-	1,694	-
- Contingent consideration liability	16,994	-	-	16,994
- Hedge instruments	10,282	-	10,282	-
As of December 31, 2014				
Assets measured at fair value:				
Financial assets at fair value with changes in profit or loss	3,688	-	3,688	-
Liabilities measured at fair value:				
Derivative financial liabilities:				
- Embedded derivatives for concentrates sales, net	9,072	-	9,072	-
- Contingent consideration liability	23,026	-	-	23,026

Financial instruments whose fair value is similar to their book value -

For financial assets and liabilities such as cash and cash equivalents, trade and other receivables, trade and other payables that are liquid or have short-term maturities (less than three months), it is estimated that their book value is similar to their fair value. The derivatives are also recorded at the fair value so that differences do not need to be reported.

The fair value of embedded derivatives is determined using valuation techniques with information directly observable in the market (future metal quotations).

Financial instruments at fixed and variable rates -
The fair value of financial assets and liabilities at fixed and variable rates at amortized cost is determined by comparing the market interest rates at the time of their initial recognition to the current market rates with regard to similar financial instruments. The estimated fair value of deposits that accrue interest is determined by means of cash flows discounted using the prevailing market interest rates in the currency with similar maturities and credit risks.

Based on the foregoing, there are no important existing difference between the value in books and the reasonable value of the assets and financial liabilities as of December 31, 2015 and 2014.