

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

Unaudited interim consolidated financial statements as of
September 30, 2020 and 2019 and for the nine-month periods then
ended

Report on review of interim consolidated financial statements

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

Introduction

We have reviewed the accompanying interim consolidated financial statements of Compañía de Minas Buenaventura S.A.A. (a Peruvian public corporation) and Subsidiaries (together the "Group") which comprise the interim consolidated statements of financial position as of September 30, 2020, and the interim consolidated statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the nine-month periods ended September 30, 2020 and 2019, and explanatory notes. The Group's Management is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards approved in Peru by the Board of Deans of the Peruvian Charter of Accountants and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

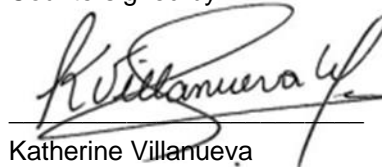
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Lima, Peru

October 29, 2020

Countersigned by:



Katherine Villanueva

C.P.C.C. Register N° 36892

Paredes, Burga & Asociados

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

Consolidated statements of financial position

As of September 30, 2020 (unaudited) and December 31, 2019 (audited)

	Notes	2020 US\$(000)	2019 US\$(000)
Assets			
Current assets			
Cash and cash equivalents	3	264,816	210,046
Trade and other receivables, net	4(a)	185,734	287,712
Inventories, net	5(a)	108,721	97,973
Income tax credit		17,377	31,919
Prepaid expenses		11,160	20,969
		<u>587,808</u>	<u>648,619</u>
Assets held for sale	1(d)	3,874	-
		<u>591,682</u>	<u>648,619</u>
Non-current assets			
Trade and other receivables, net	4(a)	84,878	88,515
Inventories, net	5(a)	312	394
Investments in associates and joint venture	6(a)	1,516,591	1,488,247
Mining concessions, development costs, right-of-use, property, plant and equipment, net	7(a)	1,654,650	1,754,372
Investment properties, net		191	204
Deferred income tax asset, net	13(a)	72,541	74,556
Prepaid expenses		25,027	25,692
Other assets		26,674	26,675
		<u>3,380,864</u>	<u>3,458,655</u>
Total assets		<u>3,972,546</u>	<u>4,107,274</u>
Liabilities and shareholders' equity, net			
Current liabilities			
Bank loans	8	67,992	55,000
Trade and other payables		137,001	166,244
Provisions, contingent liabilities and other liabilities		75,469	72,771
Income tax payable		2,288	5,650
Financial obligations	9(a)	141,451	265,692
Hedge derivative financial instruments	15	1,671	-
		<u>425,872</u>	<u>565,357</u>
Liabilities directly associated with the assets held for sale	1(d)	5,755	-
		<u>431,627</u>	<u>565,357</u>
Non-current liabilities			
Trade and other payables		-	616
Provisions, contingent liabilities and other liabilities		218,550	221,736
Financial obligations	9(a)	397,896	305,996
Contingent consideration liability		23,701	16,410
Deferred income tax liabilities, net	13(a)	32,773	28,959
		<u>672,920</u>	<u>573,717</u>
Total liabilities		<u>1,104,547</u>	<u>1,139,074</u>
Shareholders' equity, net			
Capital stock		750,497	750,497
Investment shares		791	791
Additional paid-in capital		218,450	218,450
Legal reserve		163,194	163,168
Other reserves		269	269
Retained earnings		1,559,553	1,639,658
Other reserves of equity		(2,275)	(1,311)
Shareholders' equity, net attributable to owners of the parent		<u>2,690,479</u>	<u>2,771,522</u>
Non-controlling interest		177,520	196,678
Total shareholders' equity, net		<u>2,867,999</u>	<u>2,968,200</u>
Total liabilities and shareholders' equity, net		<u>3,972,546</u>	<u>4,107,274</u>

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

Interim consolidated statements of profit or loss (unaudited)

For the three-month and nine-month ended September 30, 2020 and 2019

	Notes	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
		2020	2019	2020	2019
		US\$(000)	US\$(000)	US\$(000)	US\$(000)
Continuing operations					
Operating income					
Net sales of goods	11	219,763	218,989	417,080	602,624
Net sales of services		3,675	4,603	9,360	12,340
Royalty income	14(a)	4,757	6,599	14,042	17,434
Total operating income		228,195	230,191	440,482	632,398
Operating costs					
Cost of sales of goods, excluding depreciation and amortization	12	(111,635)	(128,588)	(258,012)	(370,929)
Cost of sales of services, excluding depreciation and amortization		(417)	(650)	(1,020)	(2,133)
Unabsorbed cost due to production stoppage	1(c)	(9,207)	-	(27,924)	-
Depreciation and amortization		(56,856)	(60,211)	(130,495)	(168,729)
Exploration in operating units		(7,598)	(10,119)	(16,063)	(34,829)
Mining royalties		(4,560)	(3,701)	(8,135)	(9,105)
Total operating costs		(190,273)	(203,269)	(441,649)	(585,725)
Gross profit (loss)		37,922	26,922	(1,167)	46,673
Operating expenses, net					
Administrative expenses		(16,808)	(17,445)	(49,843)	(54,849)
Selling expenses		(5,289)	(6,195)	(12,067)	(16,486)
Exploration in non-operating areas		(1,802)	(2,371)	(5,267)	(9,139)
Reversal (provision) of contingents and others		(1,237)	827	(387)	2,089
Other, net		(77)	(8,666)	3,905	(17,636)
Total operating expenses		(25,213)	(33,850)	(63,659)	(96,021)
Operating profit (loss)		12,709	(6,928)	(64,826)	(49,348)
Other income (expense), net					
Share in the results of associates and joint ventures	6(b)	34,212	37,771	16,066	109,988
Financial income		928	1,611	2,240	5,656
Financial costs		(7,410)	(11,994)	(23,130)	(33,679)
Net gain (loss) from currency exchange difference		(776)	(1,455)	(3,891)	(1,672)
Total other income (expense), net		26,954	25,933	(8,715)	80,293
Profit (loss) before income tax		39,663	19,005	(73,541)	30,945
Current income tax	13(c)	(3,230)	(1,583)	(6,337)	(5,326)
Deferred income tax	13(c)	(7,594)	(14,556)	(6,322)	11,439
Profit (loss) from continuing operations		28,839	2,866	(86,200)	37,058
Discontinued operations					
Loss from discontinued operations attributable to equity holders of the parent		(1,468)	(2,129)	(4,280)	(6,643)
Net profit (loss)		27,371	737	(90,480)	30,415
Attributable to:					
Owners of the parent		24,399	4,500	(75,708)	41,464
Non-controlling interest		2,972	(3,763)	(14,772)	(11,049)
		27,371	737	(90,480)	30,415
Basic and diluted profit (loss) per share attributable to equity holders of the parent, stated in U.S. dollars					
		0.10	0.02	(0.30)	0.16
Profit (loss) for continuing operations, basic and diluted per share attributable to equity holders of the parent, expressed in U.S. dollars					
		0.10	0.03	(0.28)	0.19

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

Interim consolidated statements of other comprehensive income (unaudited)

For the three-month and nine-month periods ended September 30, 2020 and 2019

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2020 US\$(000)	2019 US\$(000)	2020 US\$(000)	2019 US\$(000)
Net profit (loss)	<u>27,371</u>	<u>737</u>	<u>(90,480)</u>	<u>30,415</u>
Other comprehensive income of the period:				
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods				
Net change in unrealized gain (loss) on hedge derivative financial instruments	(1,690)	(198)	(1,671)	(2,759)
Income tax effect	499	(434)	493	813
Unrealized gain (loss) on investments	205	778	(232)	496
	<u>(986)</u>	<u>146</u>	<u>(1,410)</u>	<u>(1,450)</u>
Total other comprehensive profit, net of income tax	<u>26,385</u>	<u>883</u>	<u>(91,890)</u>	<u>28,965</u>
Attributable to:				
Equity holders of the parent	23,880	4,055	(76,672)	40,828
Non-controlling interests	<u>2,505</u>	<u>(3,172)</u>	<u>(15,218)</u>	<u>(11,863)</u>
	<u>26,385</u>	<u>883</u>	<u>(91,890)</u>	<u>28,965</u>

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

Interim consolidated statements of changes in shareholders' equity (unaudited)

For the nine-month ended September 30, 2020 and 2019

	Attributable to equity holders of the parent										
	Capital stock, net of treasury shares			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 net equity US\$(000)
	Number of shares outstanding	Common shares US\$(000)	Investment shares US\$(000)								
As of January 1, 2019	253,715,190	750,497	791	218,450	163,115	269	1,675,909	(703)	2,808,328	221,237	3,029,565
Effect of the implementation of new standards	-	-	-	-	-	-	(957)	-	(957)	-	(957)
As of January 1, 2019	253,715,190	750,497	791	218,450	163,115	269	1,674,952	(703)	2,807,371	221,237	3,028,608
Net profit (loss)	-	-	-	-	-	-	41,464	-	41,464	(11,049)	30,415
Other comprehensive income	-	-	-	-	-	-	-	(636)	(636)	(814)	(1,450)
Total other comprehensive income (loss)	-	-	-	-	-	-	41,464	(636)	40,828	(11,863)	28,965
Dividends declared and paid, note 10	-	-	-	-	-	-	(15,240)	-	(15,240)	(5,419)	(20,659)
Expired dividends	-	-	-	-	1	-	-	-	1	-	1
Transfer and other equity changes	-	-	-	-	-	-	(890)	-	(890)	-	(890)
As of September 30, 2019	253,715,190	750,497	791	218,450	163,116	269	1,700,286	(1,339)	2,832,070	203,955	3,036,025
As of January 1, 2020	253,715,190	750,497	791	218,450	163,168	269	1,639,658	(1,311)	2,771,522	196,678	2,968,200
Net loss	-	-	-	-	-	-	(75,708)	-	(75,708)	(14,772)	(90,480)
Other comprehensive income	-	-	-	-	-	-	-	(964)	(964)	(446)	(1,410)
Total other comprehensive income (loss)	-	-	-	-	-	-	(75,708)	(964)	(76,672)	(15,218)	(91,890)
Dividends declared and paid, note 10	-	-	-	-	-	-	-	-	-	(3,940)	(3,940)
Expired dividends	-	-	-	-	26	-	-	-	26	-	26
Transfer and other equity changes	-	-	-	-	-	-	(4,397)	-	(4,397)	-	(4,397)
As of September 30, 2020	253,715,190	750,497	791	218,450	163,194	269	1,559,553	(2,275)	2,690,479	177,520	2,867,999

Compañía de Minas Buenaventura S.A.A. and Subsidiaries
Interim consolidated statements of cash flows (unaudited)
For the three-month and nine-month periods ended September 30, 2020 and 2019

Notes	For the three-month periods ended September 30,		For the nine-month periods ended September 30,		
	2020 US\$(000)	2019 US\$(000)	2020 US\$(000)	2019 US\$(000)	
Operating activities					
Proceeds from sales	4	188,994	216,206	499,840	608,200
Tax recovered	4	21,781	7,261	36,608	29,546
Royalty received	14(a)	4,199	5,152	16,694	16,087
Proceeds from dividends	14(a)	-	1,545	5,132	30,921
Insurance collection	4(d)	4,381	-	4,381	-
Interest received		120	-	1,603	523
Payments to suppliers and third-parties, and others net		(86,230)	(143,161)	(324,556)	(465,056)
Payments to employees		(32,513)	(33,652)	(98,067)	(106,828)
Payments of income taxes and royalties paid to State		(3,805)	(6,030)	(17,783)	(16,080)
Payments of interest		(4,892)	(6,232)	(17,518)	(20,811)
Payment of mining royalties		(2,838)	(1,569)	(4,471)	(3,146)
Net cash and cash equivalents provided by operating activities		89,197	39,520	101,863	73,356
Investing activities					
Proceeds from sales of mining concessions, property, plant and equipment	4(c)	285	280	21,469	702
Purchase of shares	6(c)	-	-	(13,453)	-
Acquisitions of mining concessions, development costs, Acquisitions of other assets	7	(12,601)	(27,971)	(34,082)	(64,255)
Net cash and cash equivalents used in investing activities		(12,621)	(28,731)	(27,177)	(66,021)
Financing activities					
Proceeds from bank loans	8	10,811	50,000	18,019	55,000
Payments of bank loans	8	-	(50,000)	(5,000)	(95,000)
Payments of financial obligations	9	(15,180)	(10,429)	(29,210)	(33,657)
Dividends paid to controlling shareholders	10	-	-	-	(15,240)
Dividends paid to non-controlling interest	10	(2,660)	(2,319)	(3,940)	(5,419)
Decrease (increase) of restricted bank accounts	4(a)	(244)	(2,367)	215	(2,511)
Net cash and cash equivalents used in financing activities		(7,273)	(15,115)	(19,916)	(96,827)
Net increase (decrease) in cash and cash equivalents during the period, net		69,303	(4,326)	54,770	(89,492)
Cash and cash equivalents at beginning of period	3	195,513	284,034	210,046	369,200
Cash and cash equivalents at period-end	3	264,816	279,708	264,816	279,708
Financing and investing activities not affecting cash flows:					
Changes in mine closures plans		13,879	(27,137)	10,980	(33,042)

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

Notes to the interim consolidated financial statements (unaudited)

As of September 30, 2020 and 2019

1. Identification and business activity

(a) Identification -

Compañía de Minas Buenaventura S.A.A. (hereafter “Buenaventura” or “the Company”) is a publicly traded corporation incorporated in 1953 in Lima city. The Company stocks are 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”), directly or associated with third parties, are principally engaged in the exploration, mining, concentration, smelting and marketing of polymetallic ores and metals.

As of September 30, 2020, the Group operates directly four operating mining units (Uchucchacua, Orcopampa, Julcani and Tambomayo), two mining units with discontinued operations (Poracota and Shila-Paula), one mining unit available for sale (Mallay), and one mining unit under development stage (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; El Molle Verde S.A.C. (hereinafter “Molle Verde”) which operates Trapiche, a mining unit at the development stage; and other entities dedicated to energy generation and transmission services and other activities. All these activities are carried out in Peru.

(c) COVID-19 (Corona Virus Disease 2019) in Peru -

Our operations are subject to risks related to outbreaks of infectious diseases. For example, the recent outbreak of coronavirus COVID-19, a virus causing potentially deadly respiratory tract infections originating and concentrated in China during the year 2019 which was declared a pandemic by the World Health Organization on March 11, 2020, has already and will continue to have a negative effect on the volatility in prices of precious metals. Additionally, a severe market disruption will likely entail decreased demand for our products and otherwise impact our operations and the operations of our customers, suppliers and other stakeholders.

Notes to the interim consolidated financial statements (unaudited)

(continued)

On March 15, 2020, and by means of Supreme Decree No. 044-2020, the Peruvian State declared a State of National Emergency and mandatory social isolation for an initial period of fifteen calendar days, with subsequent extensions, whose final date would be November 30, 2020. During the first phases of this period, constitutional rights related to personal freedom and security, inviolability of the home and freedom of assembly were restricted, except for the provision and access to certain services and essential goods, such as those related to financial institutions, insurance and pensions, as well as complementary and related services. Operations at national level have been resumed according to a phase plan issued by the Peruvian State.

The Peruvian Government, through a supreme decree has authorized mining operators to gradually restart key activities, permitting mining companies in Peru to resume operations on May 11, 2020 that were scaled back sharply during the State of National Emergency. During this initial trial, companies are obligated to implement strict health and safety protocols approved by the Peruvian Mining Ministry to prevent the spread of infections. Health authorities will also conduct regular inspections in plants and mine sites to monitor compliance. In order to comply with these new regulations, the Group has elected to restart operations through a two-phased approach; prioritizing those mines with the most significant production. It is worth highlighting that Group has already presented the required documentation for restarting operations in all of its assets:

Phase 1 (initiated on May 16, 2020)

- Tambomayo
- Uchucchacua
- El Brocal (Tajo Norte and Marcapunta)

Phase 2 (initiated on June 16, 2020)

- Orcopampa
- Julcani
- La Zanja

Finally, regarding Group's Production guidance for the rest of 2020, it is noteworthy that the values are subject to the local and national sanitary performance and therefore has to be carefully evaluated.

Considering that the start of the quarantine began in the second half of March, the Group's mining units have operated below the planned volume for the nine-month period ended September 30, 2020, which is reflected in the variation in sales. During the nine-month period ended September 30, 2020 sales decreased by US\$185.5 million in relation to the same quarter of the previous year, as well as the increase in inventories of US\$10.7 million, mainly explained by the suspension of dispatches, which resulted in lower sales and higher inventories in process, see notes 5 and 12, respectively. In the second and third quarter of 2020, the Group's production costs amounted to a total amount of US\$27.9 million (net of intercompany eliminations), is made up as follows:

Notes to the interim consolidated financial statements (unaudited)

(continued)

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2020	2019	2020	2019
	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Services provided by third parties	5,837	-	13,885	-
Direct labor	2,708	-	11,057	-
Supplies	662	-	2,982	-
	<u>9,207</u>	<u>-</u>	<u>27,924</u>	<u>-</u>

Depreciation and amortization incurred during the production stoppage amounts to US\$10.8 million for the nine-month ended September 30, 2020 (US\$2.3 million for the three-month ended September 30, 2020), which is included in “Depreciation and amortization” caption in the consolidated statements of profit or loss.

The Group is currently evaluating the potential short-term and long-term implications of COVID-19 on its consolidated financial statements. The ultimate severity of the Coronavirus outbreak is uncertain at this time and therefore we cannot predict the possible impact on the world, the Peruvian economy, the international financial markets, or ultimately on our financial condition. However, as part of the business continuity and progress of operations, the Group has been executing its business plan, which expects substantially that currently registered sales levels will increase in the short and medium term, considering: normal regularization of operations, commercial landscape and increase in metal prices.

(d) Discontinued operations

During the third quarter of 2020, the Group publicly announced its decision to sell its paralyzed mining unit of Mally. 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 cost, due to it is lowest than fair value less cost to sale. At reporting date, the Group sold the assets of the mining unit of Mally and transferred the related liabilities for a total amount of US\$8.6 million.

2. Basis for preparation, presentation, consolidation and changes in accounting policies

2.1. Basis of preparation and presentation -

The unaudited interim consolidated financial statements have been prepared and presented in accordance with IAS 34 - “Interim Financial Reporting”, as issued by the International Accounting Standards Board (hereinafter “IASB”).

The unaudited interim consolidated financial statements have been prepared on a historical cost basis, from the accounting records of the Group, except for financial assets and liabilities at fair value through profit or loss.

The unaudited interim consolidated financial statements are stated in U.S. dollars and all values have been rounded to the nearest thousands, except when otherwise indicated.

Notes to the interim consolidated financial statements (unaudited)

(continued)

The unaudited interim consolidated financial statements provide comparative information for prior periods, however, do not include all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as of December 31, 2019 and for the year then ended.

2.2. New standards and interpretations adopted by the Group -

The accounting policies used by the Group for the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements as of December 31, 2019 and for the year then ended.

Certain standards and amendments apply from January 1, 2020, however, they do not impact the unaudited interim consolidated financial statements of the Group as of September 30, 2020 and, therefore, they have not been disclosed. The Group has not early adopted any standard, interpretation or modification issued and not yet effective.

3. Cash and cash equivalents

This caption is made up as follow:

	As of September 30, 2020	As of December 31, 2019
	US\$(000)	US\$(000)
Cash	250	304
Bank accounts (i)	224,450	37,836
Time deposits (ii)	<u>40,116</u>	<u>171,906</u>
	<u>264,816</u>	<u>210,046</u>

(i) Banks accounts are freely available and earn interest at floating rates based on market rates.

(ii) As of September 30, 2020 and December 31, 2019, time deposits were kept in prime financial institutions, which generated interest at annual market rates and had original current maturities, according to the immediate cash needs of the Group.

Notes to the interim consolidated financial statements (unaudited)

(continued)

4. Trade and other receivables, net

(a) This caption is made up as follows:

	As of September 30, 2020 US\$(000)	As of December 31, 2019 US\$(000)
Trade receivables, net		
Domestic clients	118,491	141,005
Foreign clients	30,575	78,860
Related entities, note 14(b)	6,088	6,247
	<u>155,154</u>	<u>226,112</u>
Allowance for expected credit losses (b)	<u>(22,004)</u>	<u>(22,016)</u>
	<u>133,150</u>	<u>204,096</u>
Other receivables		
Value added tax credit	41,978	54,327
Tax claims	41,150	42,602
Other receivables to third parties	27,636	31,478
Advances to suppliers	17,138	9,275
Tax deposits	6,238	6,788
Refund applications of tax	2,957	3,067
Interest receivables	2,682	3,244
Related entities, note 14(b)	2,358	2,967
Restricted bank accounts	2,152	2,367
Due from for sales of assets (c)	1,356	21,648
Loans to personal	642	1,128
Dividends receivable	-	2,501
Other minor	514	745
Allowance for expected credit losses (b)	<u>(9,339)</u>	<u>(10,006)</u>
	<u>137,462</u>	<u>172,131</u>
Total trade and other receivables, net	<u>270,612</u>	<u>376,227</u>
Classification by maturity:		
Current portion	185,734	287,712
Non-current portion	<u>84,878</u>	<u>88,515</u>
Total trade and other receivables, net	<u>270,612</u>	<u>376,227</u>
Classification by nature:		
Financial receivables	225,677	318,833
Non-financial receivables	<u>44,935</u>	<u>57,394</u>
Total trade and other receivables, net	<u>270,612</u>	<u>376,227</u>
Classification by measurement:		
Trade receivables (without provisional prices)	15,045	38,550
Trade receivables (with provisional prices)	118,105	165,546
Other accounts receivables	<u>137,462</u>	<u>172,131</u>
Total trade and other receivables, net	<u>270,612</u>	<u>376,227</u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

- (b) In the opinion of the Group's Management, the balance of the allowance for expected credit losses is sufficient to cover adequately the risks of failure to date of the consolidated statement of financial position.
- (c) On September 5, 2019, Consorcio Energético de Huancavelica S.A. entered into a contract for the sale of energy transmission systems in the areas of Huancavelica, Trujillo, Cajamarca, Callalli – Ares and Lorema with Conelsur LT S.A.C. for US\$21,023,000, which were collected during the first quarter of 2020.
- (d) Corresponds to the income of the subsidiary El Brocal related to the indemnity for the insurance claim of US\$4,381,000 as a result of the insurance compensation for the damage suffered by the fire in the electric motor of the 16x22 Dominion Mill located on the first plant that occurred in August 2019. As of September 30, 2020, the amount was collected.

5. Inventories, net

- (a) This caption is made up as follows:

	As of September 30, 2020	As of December 31, 2019
	US\$(000)	US\$(000)
Finished goods	2,546	2,084
Products in process	62,104	47,652
Spare parts and supplies	78,455	74,033
	<u>143,105</u>	<u>123,769</u>
Provision for impairment of value of inventory (b)	<u>(34,072)</u>	<u>(25,402)</u>
	<u>109,033</u>	<u>98,367</u>
Classification by use:		
Current portion	108,721	97,973
Non-current portion	<u>312</u>	<u>394</u>
	<u>109,033</u>	<u>98,367</u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

- (b) In the opinion of Group's Management, the provision for impairment of value of inventories adequately covers this risk as of the date of the consolidated statements of financial position. The provision for impairment of value of inventory had the following movement:

	2020 US\$(000)	2019 US\$(000)
Balance as of January 1,	25,402	23,163
<i>Continuing operations:</i>		
Provision for impairment of finished and in progress goods, note 12	12,713	4,392
Reversal for impairment of finished and in progress goods, note 12	(4,716)	(9,472)
Provision of provision for impairment of spare parts and supplies	17,278	8,672
Reversal of provision for impairment of spare parts and supplies	(15,762)	(4,613)
<i>Transfer to assets classified as held for sale, note 1(d)</i>	(1,221)	-
<i>Discontinued operations:</i>		
Provision for impairment of finished and in progress goods	1,221	843
Reversal for impairment of finished and in progress goods	(843)	(523)
Balance as of September 30,	<u>34,072</u>	<u>22,462</u>

6. Investments in associates and joint venture

- (a) This caption is made up as follows:

	<u>Share in equity</u>		As of	As of
	2020	2019	September	December,
	%	%	2020	2019
			US\$(000)	US\$(000)
Associates				
Sociedad Minera Cerro Verde S.A.A.	19.584	19.584	1,179,629	1,155,359
Minera Yanacocha S.R.L.	43.650	43.650	220,729	230,000
Compañía Minera Coimolache S.A.	40.095	40.095	97,252	98,426
Tinka Resources Ltd.	19.300	-	14,745	-
			<u>1,512,355</u>	<u>1,483,785</u>
Joint ventures			1,835	2,627
Other minor investments			<u>2,401</u>	<u>1,835</u>
			<u>1,516,591</u>	<u>1,488,247</u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

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

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2020	2019	2020	2019
	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Associates				
Sociedad Minera Cerro Verde S.A.A.	22,670	8,918	24,270	58,557
Compañía Minera Coimolache S.A.	3,896	5,403	1,456	7,126
Minera Yanacocha S.R.L.	8,137	23,435	(9,001)	44,334
Tinka Resources Ltd.	(316)	–	(433)	–
	34,387	37,756	16,292	110,017
Joint ventures				
	(175)	15	(226)	(29)
	34,212	37,771	16,066	109,988

- (c) Investment in Tinka Resources Ltd. -

In January 2020, Buenaventura acquired from Tinka Resources Ltd. (hereinafter “Tinka”) 19.30 per cent of common shares on a non-diluted basis, through private placement financing, which represents 65,843,620 common shares of Tinka at a price of C\$0.243 per common share, for gross proceeds to Tinka of C\$16 million (equivalent to US\$13.4 million). The Common Shares issued under the Buenaventura Subscription have a twenty-four-month equity lock-up expiring on January 14, 2022 as well as certain customary standstill provisions. The Common Shares issued pursuant to the Private Placement are subject to a four-month hold period pursuant to Canadian securities laws expired on May 14, 2020.

Tinka is a Canadian junior exploration and development mining company with its flagship property being the Ayawilca. Ayawilca is carbonate replacement deposit (CRD) in the zinc-lead-silver belt of central Peru, in Cerro de Pasco, 200 kilometers northeast of Lima. Tinka is listed on the Lima and Canada Stocks Exchanges.

Notes to the interim consolidated financial statements (unaudited)

(continued)

7. Mining concessions, development costs, right-of-use, property, plant and equipment, net

(a) This caption is made up as follow:

	Cost US\$(000)	Accumulated depreciation / amortization US\$(000)	Provision for impairment of long-lived assets US\$(000)	Net cost US\$(000)
As of January 1, 2020	3,781,326	(1,998,596)	(28,358)	1,754,372
Additions	47,325	(143,217)	-	(95,892)
Transfer to assets classified as held for sale	(98,747)	95,597	-	(3,150)
Reclassifications	(311)	221	-	(90)
Disposals / Sales	<u>(7,524)</u>	<u>6,934</u>	<u>-</u>	<u>(590)</u>
As of September 30, 2020	<u>3,722,069</u>	<u>(2,039,061)</u>	<u>(28,358)</u>	<u>1,654,650</u>
As of January 1, 2019	3,727,403	(1,853,513)	(26,275)	1,847,615
Additions	97,297	(160,429)	-	(63,132)
Reclassifications	(4,884)	-	-	(4,884)
Effect of the implementation of IFRS 16 (b)	11,678	(4,246)	-	7,432
Disposals / Sales	<u>(12,875)</u>	<u>1,689</u>	<u>-</u>	<u>(11,186)</u>
As of September 30, 2019	<u>3,818,619</u>	<u>(2,016,499)</u>	<u>(26,275)</u>	<u>1,775,845</u>

(b) The net assets for right in use maintained by the Group correspond:

	As of September 30, 2020 US\$(000)	As of December 31, 2019 US\$(000)
Buildings	3,670	4,602
Transportation units	670	1,112
Machinery and equipment	<u>238</u>	<u>471</u>
	<u>4,578</u>	<u>6,185</u>

(c) The Group evaluated its long-lived assets, other than indefinite-lived intangible assets, for impairment as of September 30, 2020.

Notes to the interim consolidated financial statements (unaudited)

(continued)

The Group's long-lived asset impairment evaluation required to make several assumptions in determining estimates of future cash flows of its individual mining operations. The assumptions include mainly: i) near- and long-term metal price assumptions estimates of commodity-based; ii) discount rate that reflect the current market assessments of the time value of money and the risks specific to the its mining operations; iii) other input costs; iv) proven and probable mineral reserves estimates, including the timing and costs to develop and produce the reserves; and v) the value of mineral resources not yet included in proven and probable mineral reserves. Projected long-term average metal prices represented the most significant assumption used in the cash flow estimates.

The Group's evaluation of long-lived assets (other than indefinite-lived intangible assets) did not result in the recognition of significant impairments as of September 30, 2020. Should metal prices decline in future quarters; the Group will continue to evaluate its long-lived assets for impairment.

8. Bank loans

This caption is made up as follows:

	2020 US\$(000)	2019 US\$(000)
Balance as of January 1,	55,000	95,000
New loans	18,019	55,000
Disbursements	(5,000)	(95,000)
Exchange difference	(27)	-
Balance as of September 30,	<u>67,992</u>	<u>55,000</u>

As of September 30, 2020, bank loans were obtained for working capital purposes, have current maturity and accrue interest at market annual rates ranging from 1.65% to 4.9% (annual rates ranging from 2% to 2.95% as of December 31, 2019).

Notes to the interim consolidated financial statements (unaudited)

(continued)

9. Financial obligations

(a) This caption is made up as follow:

	As of September 30, 2020 US\$(000)	As of December 31, 2019 US\$(000)
Compañía de Minas Buenaventura S.A.A.(b)		
BBVA Banco Continental	61,667	61,667
Banco de Crédito del Perú	61,667	61,667
CorpBanca New York Branch	61,666	61,666
Banco Internacional del Perú	30,000	30,000
ICBC Perú Bank	25,000	25,000
Banco Latinoamericano de Comercio Exterior S.A.	20,000	20,000
Banco de Sabadell, Miami Branch	15,000	15,000
	<u>275,000</u>	<u>275,000</u>
Debt issuance costs	<u>(3,525)</u>	<u>(2,504)</u>
	271,475	272,496
Sociedad Minera El Brocal S.A.A. (c)		
Banco de Crédito del Perú	145,704	161,894
Debt issuance costs	<u>(626)</u>	<u>(709)</u>
	145,078	161,185
Empresa de Generación Huanza S.A. (d)		
Obligations for leases	117,484	130,504
	<u>5,310</u>	<u>7,503</u>
Total financial obligations	<u>539,347</u>	<u>571,688</u>
Classification by maturity:		
Current portion	141,451	265,692
Non-current portion	<u>397,896</u>	<u>305,996</u>
Total financial obligations	<u>539,347</u>	<u>571,688</u>

The compliance with the clauses described in the annual audited report is overseen by the Group's Management. As of September 30, 2020, the Group complies with the consolidated financial ratios agreed with the Banks.

(b) On April 2, 2020, Buenaventura entered into a second amendment to the Syndicated Term Loan, pursuant to which, borrowings under the Syndicated Term Loan bear interest at a rate per annum equal to LIBOR plus 1.90%. Principal under the Syndicated Term Loan shall be payable in five consecutive and semi-annual installments of US\$41,250,000 beginning in October 2022 and one final payment of US\$68,750,000 in April 2025 (on which date all amounts outstanding shall be payable).

Notes to the interim consolidated financial statements (unaudited)

(continued)

- (c) In April and July 2020, the subsidiary El Brocal arranged with the Banco de Crédito del Perú to defer the payment of the second and third installment, scheduled for April 30, and July 30, 2020 for an amount of US\$5,396,000 each (includes capital only) through 2 promissory notes to a 180 days. The due dates of these promissory notes are October 27, 2020 and January 26, 2021, the sum of both amounts for a total of US\$10,793,000, together with the use of a line of credit for payment to suppliers for an amount of US\$2,199,000, are presented under "Bank loans" caption (US\$12,992,000).
- (d) At reporting date, and continuing with the strategy of preserving cash, the final leasing payment of Empresa de Generación Huanza S.A. (US\$113 million) has been refinanced on October 29, 2020 and extending the maturity for 18 months at rate of Libor 30 days plus 2.10%.

10. Dividends declared and paid

Due to the State of National Emergency declared in the country and the restrictions to the mining industry, which limit it only to the execution of critical activities, the Board agreed in a non-face-to-face session on April 15, 2020, to exclude distribution of dividends from the agenda of the call to the Annual Mandatory Meeting initially scheduled for March 2020, which took place in July 15, 2020.

By means of Mandatory Annual Shareholders' Meeting held on March 25, 2019, a distribution of dividends was approved for US\$0.06 per share, equivalent to US\$16,538,000 (US\$15,240,000 net of treasury shares).

Dividends declared by S.M.R.L. Chaupiloma Dos de Cajamarca corresponding to non-controlling interest were US\$3,940,000 and US\$5,419,000 for the nine-month periods ended September 30, 2020 and 2019, respectively.

Notes to the interim consolidated financial statements (unaudited)

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11. Net sales of goods

The table below presents the detail of net sales of goods to clients for the three-month and nine-month periods ended September 30, 2020 and 2019:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2020 US\$(000)	2019 US\$(000)	2020 US\$(000)	2019 US\$(000)
Sales by metal				
Gold	82,257	71,677	160,642	177,721
Silver	76,040	81,393	151,971	215,094
Copper	56,819	67,012	117,708	173,771
Zinc	47,800	26,298	80,994	116,858
Lead	15,746	20,616	33,772	67,945
Manganese sulfate	1,197	1,698	3,249	4,135
	<u>279,859</u>	<u>268,694</u>	<u>548,336</u>	<u>755,524</u>
Commercial deductions	<u>(56,429)</u>	<u>(52,511)</u>	<u>(126,430)</u>	<u>(154,041)</u>
Contracts with customers for sale of goods	223,430	216,183	421,906	601,483
Fair value of accounts receivables	(6,491)	(187)	(5,416)	(4,198)
Hedge operations	(2,566)	1,300	(2,566)	4,322
Adjustments to liquidations	<u>5,390</u>	<u>1,693</u>	<u>3,156</u>	<u>1,017</u>
Net sale of goods	<u>219,763</u>	<u>218,989</u>	<u>417,080</u>	<u>602,624</u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

12. Cost of sales of goods, without considering depreciation and amortization

The cost of sales of goods is made up as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2020 US\$(000)	2019 US\$(000)	2020 US\$(000)	2019 US\$(000)
Beginning balance of finished goods and products in process, net of depreciation and amortization	47,343	43,069	31,939	49,206
Cost of production				
Services provided by third parties	38,248	49,230	90,553	141,005
Consumption of materials and supplies	21,591	22,668	49,904	71,539
Direct labor	16,210	19,656	44,227	59,291
Electricity and water	10,933	10,441	25,242	33,071
Maintenance and repair	8,299	5,723	13,379	13,585
Short-term and low-value lease	4,286	5,386	10,216	14,776
Insurances	3,045	2,995	8,169	8,882
Transport	3,562	4,390	7,635	12,339
Other production expenses	3,072	3,148	7,245	7,475
Provision (reversal) for impairment of finished goods and product in progress	(6,460)	(2,958)	7,997	(5,080)
Total cost of production	102,786	120,679	264,567	356,883
Final balance of products in process and finished goods, net of depreciation and amortization	(38,494)	(35,160)	(38,494)	(35,160)
Cost of sales of goods, without considering depreciation and amortization	111,635	128,588	258,012	370,929

Notes to the interim consolidated financial statements (unaudited)

(continued)

13. Income tax

- (a) Below is the composition and movement of those items that are related to deferred income taxes, according to the items that originated them:

	As of September 30, 2020	As of December 31, 2019
	US\$(000)	US\$(000)
Deferred asset for income tax included in results		
Tax - loss carryforward	150,436	131,328
Difference in depreciation and amortization rates	43,341	48,607
Provision for closure of mining units, net	35,442	30,900
Impairment loss of long-lived assets	7,874	8,048
Other minor	25,347	21,503
	<u>262,440</u>	<u>240,386</u>
Deferred assets for mining royalties and special mining tax included in results	-	30
Hedge derivative financial instruments	<u>493</u>	<u>-</u>
Total deferred asset	<u>262,933</u>	<u>240,416</u>
Deferred liability for income tax included in results		
Effect of translation into U.S. dollars	(78,954)	(46,276)
Differences in amortization rates for development costs	(67,643)	(69,345)
Other minors	(76,481)	(79,030)
	<u>(223,078)</u>	<u>(194,651)</u>
Deferred liability for mining royalties and special mining tax included in results	<u>(87)</u>	<u>(168)</u>
Total deferred liability	<u>(223,165)</u>	<u>(194,819)</u>
Deferred income tax asset, net	<u>39,768</u>	<u>45,597</u>

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

	2020	2019
	US\$(000)	US\$(000)
Deferred income tax asset	72,541	74,556
Deferred income tax liability	<u>(32,773)</u>	<u>(28,959)</u>
	<u>39,768</u>	<u>45,597</u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

- (c) Below is a reconciliation of tax income (expense) and the accounting profit (loss) multiplied by the statutory tax rate:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2020 US\$(000)	2019 US\$(000)	2020 US\$(000)	2019 US\$(000)
Profit (loss) before income tax	39,663	19,005	(73,541)	30,945
Loss for discontinued operations	<u>(1,468)</u>	<u>(2,129)</u>	<u>(4,280)</u>	<u>(6,643)</u>
Profit (loss) before income tax	38,195	16,876	(77,821)	24,302
Theoretical income (loss) for income tax	(11,268)	(4,978)	22,957	(7,169)
Permanent items and others:				
Effect of translation into U.S. dollars	(5,335)	(12,307)	(32,678)	3,731
Permanent items	(2,038)	(4,216)	(5,631)	(11,161)
Unrecognized deferred asset	(1,014)	(5,834)	(912)	(11,711)
Share in the results of associates and joint ventures	<u>10,046</u>	<u>11,142</u>	<u>4,739</u>	<u>32,446</u>
Income tax benefit (loss)	(9,609)	(16,193)	(11,525)	6,136
Mining royalties and special mining tax	<u>(1,215)</u>	<u>54</u>	<u>(1,134)</u>	<u>(23)</u>
Total income tax	<u>(10,824)</u>	<u>(16,139)</u>	<u>(12,659)</u>	<u>6,113</u>
Classification by type of tax:				
Income tax expense				
Current	(2,045)	(1,583)	(5,152)	(5,266)
Deferred	<u>(7,564)</u>	<u>(14,610)</u>	<u>(6,373)</u>	<u>11,402</u>
	(9,609)	(16,193)	(11,525)	6,136
Mining Royalties and Special Mining Tax				
Current	(1,185)	-	(1,185)	(60)
Deferred	<u>(30)</u>	<u>54</u>	<u>51</u>	<u>37</u>
	(1,215)	54	(1,134)	(23)
Total income tax	<u>(10,824)</u>	<u>(16,139)</u>	<u>(12,659)</u>	<u>6,113</u>

Notes to the interim consolidated financial statements (unaudited)

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- (d) Deferred income tax asset is presented net of the portion unrecognized amounting to US\$51,172,000 and US\$50,214,000 as of September 30, 2020 and December 31, 2019, respectively, related to the deferred assets of Tax - loss carryforward, difference in depreciation and amortization rates, and provision for closure of mining units, net. The Group estimates will not be probable that taxable profits will be available against which the deferred tax asset can be utilized.
- (e) As of September 30, 2020 no changes have occurred in the open tax processes of the Group compared to the ones disclosed in note 29 of the consolidated annual financial statements as of December 31, 2019.

On September 22, 2020, the Constitutional Court in a public hearing declared unfunded a claim of unconstitutionality of the first transitory complementary provision of legislative decree No. 1421, referring to prescription. In the Group's legal advisor opinion, the ruling of the Constitutional Court has no impact on the substantive issues of the processes that the Group maintains with the tax authority.

As of the date of the report, the processes held in the administrative and judicial instances for the substantive controversy are still ongoing and has not substantially greater changes than what revealed as of December 31, 2019.

Notes to the interim consolidated financial statements (unaudited)

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14. Related entities transactions

- (a) Main transactions made by the Group with its associates during the three-month and nine-month periods ended September 30, 2020 and 2019 are presented below:

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2020	2019	2020	2019
	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Collections and disbursements for:				
Dividends declared and collected	-	1,545	5,132	30,921
Sales of:				
Energy	852	778	2,195	2,168
Mineral	-	280	211	589
Supplies	26	753	36	1,259
Income by:				
Royalties	4,757	6,599	14,042	17,434
Administrative services (treasury, systems, marketing, accounting, logistics, legal and others)	514	301	1,581	1,434
Operational management services	255	373	784	1,014
Energy transmission	70	71	211	215
Management services	54	54	162	162
Occupational safety services	42	61	129	205
Interests received from joint ventures	22	20	93	103
Services for environmental activities and exploration	21	22	89	66
Expense reimbursements	-	18	1	50
Personnel expenses	-	-	-	2
Purchases from:				
Supplies	19	753	858	1,245

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- (b) As a result of the transactions indicated and other minors, the Group had the following accounts receivable and payable from/to related entities:

	As of September 30, 2020 US\$(000)	As of December 31, 2019 US\$(000)
Trade receivables, note 4(a)		
Minera Yanacocha S.R.L. (associate)	5,769	5,920
Compañía Minera Coimolache S.A. (associate)	319	327
	<u>6,088</u>	<u>6,247</u>
Other receivables, note 4(a)		
Transportadora Callao S.A. (c) (joint ventures)	2,014	1,951
Compañía Minera Coimolache S.A. (associate)	344	1,016
	<u>2,358</u>	<u>2,967</u>
	<u>8,446</u>	<u>9,214</u>
Trade payables		
Compañía Minera Coimolache S.A. (associate)	583	27
Sociedad Minera Cerro Verde S.A.A. (associate)	-	2
	<u>583</u>	<u>29</u>
Other payables		
Other minor	36	51
	<u>619</u>	<u>80</u>

The trade and other receivables from related entities corresponds mainly to disbursements made to these entities in order to finance their operating activities, which generate interest at fixed market rates.

- (c) The account receivable from Consorcio Transportadora Callao S.A. corresponds to the disbursements made between 2011 and 2013 by the subsidiary El Brocal in order to participate in the joint venture, whose objective was the construction of a fixed conveyor belt of minerals and deposits in the Port of Callao. This account receivable generates interest at an annual rate of 5.82 percent and according to the established schedule is charge in eight semi-annual installments from June 2019 to December 2022.

Notes to the interim consolidated financial statements (unaudited)

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15. Derivative financial instruments

Hedge derivative financial instruments of copper and zinc-

The volatility of copper and zinc prices 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 copper and zinc price in accordance with existing concentrate sales commitments, which are related to 50 percent of the annual production of copper and 25 percent of the production of two years of zinc, according to the risk strategy approved by the Board of Directors of El Brocal.

As of September 30, 2020, the fair value of the hedge contracts amounts to a liability of US\$1,671,000 (as of December 31, 2019, there were not any hedge contract). The counterparty as of September 30, 2020, net of deferred income tax, amounts to a negative balance of US\$1,178,000 and it is show in the equity account of "Other reserves of equity". As of September 30, 2020, the effect in profit or loss was a loss of US\$2,566,000 shown decreased in sales revenue (a gain of US\$4,322,000 as of September 30, 2019), see note 11.

The table below presents the composition of open transactions included in the hedge derivative financial instruments as of September 30, 2020:

Quotation period	Concentrate	Metric Ton	Quotations		Fair value US\$(000)
			Fixed US\$/TMF	Futures US\$/TMF	
October 2020	Copper	2,500	6,414	6,676	(656)
November 2020	Copper	2,800	6,597	6,676	(496)
December 2020	Copper	1,250	6,500	6,675	(218)
January 2021	Copper	1,250	6,500	6,674	(218)
February 2021	Copper	1,250	6,500	6,674	(218)
March 2021	Copper	2,250	6,633	6,675	(94)
April 2021	Copper	2,000	6,750	6,677	146
May 2021	Copper	1,000	6,690	6,678	12
June 2021	Copper	1,000	6,750	6,679	71
		<u>15,300</u>			<u>(1,671)</u>

Notes to the interim consolidated financial statements (unaudited)

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16. 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.
- 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.).
- 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. In addition, 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 that are managed independently.

Notes to the interim consolidated financial statements (unaudited) (continued)

	Tambomayo (Mining operation)	Uchucchacua (Mining operation)	Orcopampa (Mining operation)	Julcani (Mining operation)	Colquijirca (Mining operation)	La Zanja (Mining operation)	Exploration and development mining projects	Energy generation and transmission	Insurance brokerage	Rental of mining concessions	Holding of investment in shares	Industrial activities	Corporate	Total operating segments	Adjustments and eliminations	Total
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
As of September 30, 2020																
Results:																
Continuing operations																
Operating income:																
Net sales of goods	94,059	61,215	55,289	16,433	161,783	23,427	-	-	-	-	-	25,631	-	437,837	(20,757)	417,080
Net sales of services	-	-	-	-	-	-	-	34,568	5,576	-	454	10,860	-	51,458	(42,098)	9,360
Royalty income	-	-	-	-	-	-	-	-	-	14,042	-	-	-	14,042	-	14,042
Total operating income	94,059	61,215	55,289	16,433	161,783	23,427	-	34,568	5,576	14,042	454	36,491	-	503,337	(62,855)	440,482
Operating costs																
Cost of sales of goods, excluding depreciation and amortization	(42,638)	(64,877)	(23,130)	(10,231)	(116,041)	(20,234)	-	-	-	-	-	(26,607)	-	(303,758)	45,746	(258,012)
Cost of sales of services, excluding depreciation and amortization	-	-	-	-	-	-	-	(12,528)	-	-	-	(3,122)	-	(15,650)	14,630	(1,020)
Unabsorbed cost due to production stoppage	(822)	(9,630)	(3,849)	(5,333)	(10,215)	(203)	-	-	-	-	-	(598)	-	(30,650)	2,726	(27,924)
Depreciation and amortization	(44,465)	(13,309)	(5,858)	(4,856)	(42,290)	(4,965)	-	(7,038)	-	-	-	(8,174)	-	(130,955)	460	(130,495)
Exploration in operating units	(4,492)	(3,764)	(2,862)	(1,795)	(3,148)	-	-	-	-	-	-	-	-	(16,061)	(2)	(16,063)
Mining royalties	(756)	(752)	(4,985)	(199)	(1,209)	(234)	-	-	-	-	-	-	-	(8,135)	-	(8,135)
Total operating costs	(93,173)	(92,332)	(40,684)	(22,414)	(172,903)	(25,636)	-	(19,566)	-	-	-	(38,501)	-	(505,209)	63,560	(441,649)
Gross profit (loss)	886	(31,117)	14,605	(5,981)	(11,120)	(2,209)	-	15,002	5,576	14,042	454	(2,010)	-	(1,872)	705	(1,167)
Operating expenses, net																
Administrative expenses	(11,020)	(7,180)	(6,505)	(2,023)	(5,962)	(1,492)	(1,487)	(2,107)	(7,065)	(62)	(309)	(910)	(4,555)	(50,677)	834	(49,843)
Selling expenses	(2,452)	(2,570)	(325)	(237)	(5,898)	(80)	-	(565)	-	-	-	(397)	-	(12,524)	457	(12,067)
Exploration in non-operating areas	-	(9)	-	-	-	(3,382)	-	-	-	-	-	-	(1,897)	(5,288)	21	(5,267)
Reversal (provision) of contingents and others	54	292	(132)	(166)	(498)	2	215	506	-	(325)	-	-	(335)	(387)	-	(387)
Other, net	(1,439)	2,889	(2,032)	21	4,615	(544)	(755)	751	-	31	(10)	532	1,815	5,874	(1,969)	3,905
Total operating expenses	(14,857)	(6,578)	(8,994)	(2,405)	(7,743)	(5,496)	(2,027)	(1,415)	(7,065)	(356)	(319)	(775)	(4,972)	(63,002)	(657)	(63,659)
Operating profit (loss)	(13,971)	(37,695)	5,611	(8,386)	(18,863)	(7,705)	(2,027)	13,587	(1,489)	13,686	135	(2,785)	(4,972)	(64,874)	48	(64,826)
Other income (expense), net																
Share in the results of associates and joint ventures	-	-	-	-	(226)	-	-	5,384	-	-	(22,397)	-	(15,650)	(32,889)	48,955	16,066
Financial income	-	-	-	-	188	832	1	380	27	9	-	37	1,599	3,073	(833)	2,240
Financial costs	(290)	(207)	(515)	(472)	(7,108)	(1,103)	(296)	(3,733)	(46)	(1)	-	(147)	(10,008)	(23,926)	796	(23,130)
Net gain (loss) from currency exchange difference	119	295	108	49	(238)	(390)	(1,213)	(351)	47	(43)	63	(914)	(1,423)	(3,891)	-	(3,891)
Total other income (expense), net	(171)	88	(407)	(423)	(7,384)	(661)	(1,508)	1,680	28	(35)	(22,334)	(1,024)	(25,482)	(57,633)	48,918	(8,715)
Profit (loss) before income tax	(14,142)	(37,607)	5,204	(8,809)	(26,247)	(8,366)	(3,535)	15,267	(1,461)	13,651	(22,199)	(3,809)	(30,454)	(122,507)	48,966	(73,541)
Current income tax	(92)	(60)	(54)	(16)	(947)	(16)	-	(530)	(31)	(4,192)	(158)	(241)	-	(6,337)	-	(6,337)
Deferred income tax	-	-	-	-	(3,534)	(4,286)	-	(3,672)	243	-	-	(679)	5,606	(6,322)	-	(6,322)
Profit (loss) from continuing operations	(14,234)	(37,667)	5,150	(8,825)	(30,728)	(12,668)	(3,535)	11,065	(1,249)	9,459	(22,357)	(4,729)	(24,848)	(135,166)	48,966	(86,200)
Loss from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,280)
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(90,480)
Other disclosures as of September 30, 2020:																
Total assets	342,433	129,279	50,159	33,232	707,835	132,466	416,758	358,283	9,397	6,715	434,553	96,770	2,360,316	5,078,196	(1,105,650)	3,972,546
Total liability	28,976	40,229	42,914	34,476	343,613	74,837	20,701	165,165	2,832	3,137	250	18,024	385,019	1,160,173	(55,626)	1,104,547
Investments in associates and joint venture	-	-	-	-	2,400	-	-	95,170	-	-	426,406	-	2,064,662	2,588,638	(1,072,047)	1,516,591
CAPEX	1,077	4,978	173	296	6,214	563	17,661	192	7	-	-	2,865	56	34,082	-	34,082

Notes to the interim consolidated financial statements (unaudited) (continued)

	Tambomayo (Mining operation) US\$(000)	Uchucchacua (Mining operation) US\$(000)	Orcopampa (Mining operation) US\$(000)	Julcani (Mining operation) US\$(000)	Colquijirca (Mining operation) US\$(000)	La Zanja (Mining operation) US\$(000)	Exploration and development mining projects 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)	Total operating segments US\$(000)	Adjustments and eliminations US\$(000)	Total US\$(000)
As of September 30, 2019																
Results:																
Continuing operations																
Operating income:																
Net sales of goods	137,146	141,566	36,922	29,157	219,653	34,108	-	-	-	-	-	4,134	-	602,686	(62)	602,624
Net sales of services	-	-	-	-	-	-	-	44,499	6,278	-	461	14,580	-	65,818	(53,478)	12,340
Royalty income	-	-	-	-	-	-	-	-	-	17,434	-	-	-	17,434	-	17,434
Total operating income	137,146	141,566	36,922	29,157	219,653	34,108	-	44,499	6,278	17,434	461	18,714	-	685,938	(53,540)	632,398
Operating costs																
Cost of sales of goods, excluding depreciation and amortization	(56,355)	(92,516)	(41,134)	(20,085)	(161,283)	(28,211)	-	-	-	-	-	(6,303)	-	(405,887)	34,958	(370,929)
Cost of sales of services, excluding depreciation and amortization	-	-	-	-	-	-	-	(15,790)	-	-	-	(4,703)	-	(20,493)	18,360	(2,133)
Exploration in operating units	(9,323)	(6,886)	(7,709)	(4,501)	(6,409)	(1)	-	-	-	-	-	-	-	(34,829)	-	(34,829)
Depreciation and amortization	(62,698)	(15,836)	(5,416)	(5,697)	(55,528)	(7,354)	-	(7,606)	-	-	-	(9,053)	-	(169,188)	459	(168,729)
Mining royalties	(1,353)	(1,455)	(3,467)	(310)	(2,185)	(335)	-	-	-	-	-	-	-	(9,105)	-	(9,105)
Total operating costs	(129,729)	(116,693)	(57,726)	(30,593)	(225,405)	(35,901)	-	(23,396)	-	-	-	(20,059)	-	(639,502)	53,777	(585,725)
Gross profit (loss)	7,417	24,873	(20,804)	(1,436)	(5,752)	(1,793)	-	21,103	6,278	17,434	461	(1,345)	-	46,436	237	46,673
Operating expenses, net																
Administrative expenses	(12,870)	(13,086)	(3,431)	(2,326)	(6,006)	(2,162)	(1,849)	(2,314)	(7,517)	(101)	(295)	(865)	(2,936)	(55,758)	909	(54,849)
Selling expenses	(2,441)	(4,425)	(166)	(277)	(7,537)	(270)	-	(900)	-	-	-	(1,001)	-	(17,017)	531	(16,486)
Exploration in non-operating areas	-	(2,338)	-	-	(1,693)	(1,729)	(85)	-	-	-	-	-	(3,313)	(9,158)	19	(9,139)
Reversal (provision) of contingents and others	164	112	(59)	(180)	1,209	28	(35)	169	-	-	-	-	681	2,089	-	2,089
Other, net	(2,398)	(3,608)	(7,980)	(542)	(5,425)	(1,164)	(221)	663	-	135	79	477	4,023	(15,961)	(1,675)	(17,636)
Total operating expenses	(17,545)	(23,345)	(11,636)	(3,325)	(19,452)	(5,297)	(2,190)	(2,382)	(7,517)	34	(216)	(1,389)	(1,545)	(95,805)	(216)	(96,021)
Operating profit (loss)	(10,128)	1,528	(32,440)	(4,761)	(25,204)	(7,090)	(2,190)	18,721	(1,239)	17,468	245	(2,734)	(1,545)	(49,369)	21	(49,348)
Other income (expense), net																
Share in the results of associates and joint ventures	-	-	-	-	(29)	-	-	7,198	(5)	-	36,009	-	99,631	142,804	(32,816)	109,988
Financial income	-	-	-	-	320	1,535	10	189	8	26	7	191	4,180	6,466	(810)	5,656
Financial costs	(359)	(398)	(462)	(591)	(8,415)	(3,274)	(413)	(5,826)	(16)	(3)	(6)	(763)	(14,006)	(34,532)	853	(33,679)
Net gain (loss) from currency exchange difference	3	(133)	8	(7)	(283)	(20)	(271)	(37)	(129)	(1)	(10)	(49)	(743)	(1,672)	-	(1,672)
Total other income (expense), net	(356)	(531)	(454)	(598)	(8,407)	(1,759)	(674)	1,524	(142)	22	36,000	(621)	89,062	113,066	(32,773)	80,293
Profit (loss) before income tax	(10,484)	997	(32,894)	(5,359)	(33,611)	(8,849)	(2,864)	20,245	(1,381)	17,490	36,245	(3,355)	87,517	63,697	(32,752)	30,945
Current income tax	-	-	-	-	(25)	(35)	-	(112)	54	(5,165)	(43)	-	-	(5,326)	-	(5,326)
Deferred income tax	-	-	-	-	9,932	(4,493)	-	(4,994)	449	-	-	947	9,598	11,439	-	11,439
Profit (loss) from continuing operations	(10,484)	997	(32,894)	(5,359)	(23,704)	(13,377)	(2,864)	15,139	(878)	12,325	36,202	(2,408)	97,115	69,810	(32,752)	37,058
Loss from discontinued operations																(6,643)
Net profit																30,415
Other disclosures:																
Total assets	425,297	146,486	46,750	41,858	725,973	138,458	398,838	382,481	13,822	6,252	458,212	104,335	2,371,464	5,260,226	(1,152,952)	4,107,274
Total liability	34,142	42,265	36,945	35,045	329,869	68,100	23,223	183,426	6,007	2,286	101	20,918	407,153	1,189,480	(50,406)	1,139,074
Investments in associates and joint venture	-	-	-	-	-	-	-	89,786	-	-	232,154	-	2,073,745	2,395,685	(907,438)	1,488,247
Other disclosures:																
CAPEX as of September 30, 2019	3,741	22,635	1,191	483	19,501	1,510	14,576	21	80	-	-	80	437	64,255	-	64,255

Notes to the interim consolidated financial statements (unaudited) (continued)

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Tambomayo (Operation) US\$(000)	Uchucchacua (Operation) US\$(000)	Orcopampa (Operation) US\$(000)	Julcani (Operation) US\$(000)	Colquijirca (Operation) US\$(000)	La Zanja (Operation) 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)	Total operating segments US\$(000)	Adjustments and eliminations US\$(000)	Total US\$(000)
Revenues by type of customers:															
As of September 30, 2020															
Sales by customers -															
External	94,059	61,215	55,289	16,433	161,943	2,510	-	-	-	-	25,631	-	417,080	-	417,080
Inter-segment	-	-	-	-	(160)	20,917	-	-	-	-	-	-	20,757	(20,757)	-
	<u>94,059</u>	<u>61,215</u>	<u>55,289</u>	<u>16,433</u>	<u>161,783</u>	<u>23,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,631</u>	<u>-</u>	<u>437,837</u>	<u>(20,757)</u>	<u>417,080</u>
Services -															
External	-	-	-	-	-	-	3,784	5,576	-	-	-	-	9,360	-	9,360
Inter-segment	-	-	-	-	-	-	30,784	-	-	454	10,860	-	42,098	(42,098)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,568</u>	<u>5,576</u>	<u>-</u>	<u>454</u>	<u>10,860</u>	<u>-</u>	<u>51,458</u>	<u>(42,098)</u>	<u>9,360</u>
Royalties -															
External	-	-	-	-	-	-	-	-	14,042	-	-	-	14,042	-	14,042
	<u>94,059</u>	<u>61,215</u>	<u>55,289</u>	<u>16,433</u>	<u>161,783</u>	<u>23,427</u>	<u>34,568</u>	<u>5,576</u>	<u>14,042</u>	<u>454</u>	<u>36,491</u>	<u>-</u>	<u>503,337</u>	<u>(62,855)</u>	<u>440,482</u>
As of September 30, 2019															
Sales by customers -															
External	137,146	141,566	36,922	29,157	219,591	34,108	-	-	-	-	4,134	-	602,624	-	602,624
Inter-segment	-	-	-	-	62	-	-	-	-	-	-	-	62	(62)	-
	<u>137,146</u>	<u>141,566</u>	<u>36,922</u>	<u>29,157</u>	<u>219,653</u>	<u>34,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,134</u>	<u>-</u>	<u>602,686</u>	<u>(62)</u>	<u>602,624</u>
Services -															
External	-	-	-	-	-	-	6,062	6,278	-	-	-	-	12,340	-	12,340
Inter-segment	-	-	-	-	-	-	38,437	-	-	461	14,580	-	53,478	(53,478)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,499</u>	<u>6,278</u>	<u>-</u>	<u>461</u>	<u>14,580</u>	<u>-</u>	<u>65,818</u>	<u>(53,478)</u>	<u>12,340</u>
Royalties -															
External	-	-	-	-	-	-	-	-	17,434	-	-	-	17,434	-	17,434
	<u>137,146</u>	<u>141,566</u>	<u>36,922</u>	<u>29,157</u>	<u>219,653</u>	<u>34,108</u>	<u>44,499</u>	<u>6,278</u>	<u>17,434</u>	<u>461</u>	<u>18,714</u>	<u>-</u>	<u>685,938</u>	<u>(53,540)</u>	<u>632,398</u>

Notes to the interim consolidated financial statements (unaudited) (continued)

17. Fair value measurement

This note provides an update on the judgements and estimates made by the group in determining the fair values of the financial instruments since the last annual financial report.

(a) *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	Quoted prices in active markets (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)
	US\$(000)	US\$(000)	US\$(000)	US\$(000)
As of September 30, 2020 -				
Assets and liabilities measured at fair value:				
Fair value of account receivable	118,105	-	118,105	-
Contingent consideration liability	23,701	-	-	23,701
Hedge derivative financial instruments	1,671	-	1,671	-
As of December 31, 2019 -				
Assets and liabilities measured at fair value:				
Fair value of account receivable	165,546	-	165,546	-
Contingent consideration liability	16,410	-	-	16,410

(b) *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 account receivable is determined using valuation techniques with information directly observable in the market (future metal quotations).

(c) *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 fair value of the assets and financial liabilities as of September 30, 2020 and December 31, 2019.

There were no transfers between Level 1 and Level 2 during 2020.

During 2020 and 2019, the fair value of the investment property amounted to US\$544,000. There is not an independent valuation for investment property.

Notes to the interim consolidated financial statements (unaudited) (continued)

(d) *Fair value measurements using significant unobservable inputs (level 3) –*

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value as of September 30, 2020	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Contingent consideration liability	23,701	Rate before tax	6.92%	A change in the discount rate by 10% (rate of 7.61%) higher/lower, the fair value would increase/decrease in US\$1.2 million.
		Expected revenues annual average (US\$000)	203,396	If expected sales change by 10% higher/lower, the fair value would increase/decrease in US\$2.4 million.

18. Events after the reporting period

In addition to those events presented in notes 1(d) and 9(d), there were no significant events identified after the balance sheet date until the Board (October 29, 2020) that are required to be disclosed.



COLEGIO DE CONTADORES PUBLICOS DE LIMA

Constancia de Habilitación

El Decano y el Director Secretario del Colegio de Contadores Públicos de Lima, que suscriben, declaran que, en base a los registros de la institución, se ha verificado que:

**PAREDES, BURGA & ASOCIADOS S. CIVIL DE
R.L.
REGISTRO DE SOCIEDAD: SO761**

Se encuentra **HABIL**, para el ejercicio de las funciones profesionales que le faculta la Ley N.º 13253 y su modificación Ley N.º 28951 y conforme al Estatuto y Reglamento Interno de este Colegio; en fe de lo cual y a solicitud de parte, se le extiende la presente constancia para los efectos y usos que estime conveniente. Esta constancia tiene vigencia hasta el 31 de MARZO del 2021.

Lima 07 de Mayo de 2020.


CPC. GUILLERMINA ZAVALA PAUCAR
DECANA


CPC. GLADYS MILAGROS BAZAN ESPINOZA
DIRECTORA SECRETARIA