

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

Unaudited interim consolidated financial statements as of March 31,
2020 and 2019 and for the three-month periods then ended

Informe de los auditores independientes

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 March 31, 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 March 31, 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.

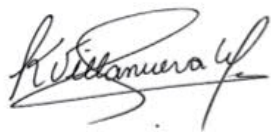
Conclusion

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, Perú
May 18, 2020

Countersigned by:

Paredes, Burga & Asociados



Katherine Villanueva
C.P.C.C. Register N° 36892

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

Consolidated statements of financial position

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

	Notes	2020 US\$(000)	2019 US\$(000)
Assets			
Current assets			
Cash and cash equivalents	3	221,588	210,046
Trade and other receivables, net	4(a)	168,664	287,712
Inventories, net	5(a)	115,085	97,973
Income tax credit		31,007	31,919
Prepaid expenses		17,610	20,969
		<u>553,954</u>	<u>648,619</u>
Non-current assets			
Trade and other receivables, net	4(a)	86,384	88,515
Inventories, net	5(a)	439	394
Investments in associates and joint ventures	6(a)	1,478,303	1,488,247
Mining concessions, development costs, right-of-use, property, plant and equipment, net	7(a)	1,712,897	1,754,372
Investment properties, net		200	204
Deferred income tax asset, net	13(b)	80,006	74,556
Prepaid expenses		25,470	25,692
Other assets		26,975	26,675
		<u>3,410,674</u>	<u>3,458,655</u>
Total assets		<u>3,964,628</u>	<u>4,107,274</u>
Liabilities and shareholders' equity, net			
Current liabilities			
Bank loans	8	55,000	55,000
Trade and other payables		134,223	166,244
Provisions, contingent liabilities and other liabilities		68,987	72,771
Income tax payable		5,306	5,650
Financial obligations	9(a)	260,789	265,692
		<u>524,305</u>	<u>565,357</u>
Non-current liabilities			
Trade and other payables		616	616
Provisions, contingent liabilities and other liabilities		217,417	221,736
Financial obligations	9(a)	299,680	305,996
Contingent consideration liability		16,410	16,410
Deferred income tax liabilities, net	13(b)	27,635	28,959
		<u>561,758</u>	<u>573,717</u>
Total liabilities		<u>1,086,063</u>	<u>1,139,074</u>
Shareholders' equity, net			
Capital stock	10	750,497	750,497
Investment shares		791	791
Additional paid-in capital		218,450	218,450
Legal reserve		163,168	163,168
Other reserves		269	269
Retained earnings		1,564,663	1,639,658
Other reserves of equity		(2,567)	(1,311)
Shareholders' equity, net attributable to owners of the parent		2,695,271	2,771,522
Non-controlling interest		183,294	196,678
Total shareholders' equity, net		<u>2,878,565</u>	<u>2,968,200</u>
Total liabilities and shareholders' equity, net		<u>3,964,628</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 ended March 31, 2020 and 2019

	Notes	2020 US\$(000)	2019 US\$(000)
Continuing operations			
Operating income:			
Net sales of goods	11	105,719	177,131
Net sales of services		3,057	3,471
Royalty income	14(a)	5,726	5,460
Total operating income		<u>114,502</u>	<u>186,062</u>
Operating costs			
Cost of sales of goods, excluding depreciation and amortization	12	(104,957)	(112,952)
Cost of sales of services, excluding depreciation and amortization		(851)	(1,345)
Depreciation and amortization		(36,641)	(49,744)
Exploration in operating units		(6,009)	(11,464)
Mining royalties		(2,359)	(2,093)
Total operating costs		<u>(150,817)</u>	<u>(177,598)</u>
Gross profit (loss)		<u>(36,315)</u>	<u>8,464</u>
Operating expenses, net			
Administrative expenses		(18,121)	(19,417)
Selling expenses		(4,548)	(3,953)
Exploration in non-operating areas		(1,757)	(3,410)
Reversal (provision) of contingents and others		(237)	1,503
Other, net		1,323	(10,154)
Total operating expenses		<u>(23,340)</u>	<u>(35,431)</u>
Operating loss		<u>(59,655)</u>	<u>(26,967)</u>
Other income (expense), net			
Share in the results of associates and joint ventures	6(b)	(22,050)	49,512
Financial costs		(8,374)	(11,529)
Net gain (loss) from currency exchange difference		(1,096)	22
Financial income		764	2,111
Total other income (expense), net		<u>(30,756)</u>	<u>40,116</u>
Profit (loss) before income tax		(90,411)	13,149
Current income tax	13(c)	(1,985)	(1,996)
Deferred income tax	13(c)	6,774	15,247
Profit (loss) from continuing operations		<u>(85,622)</u>	<u>26,400</u>
Discontinued operations			
Loss from discontinued operations attributable to equity holders of the parent		(1,477)	(2,389)
Net profit (loss)		<u>(87,099)</u>	<u>24,011</u>
Attributable to:			
Owners of the parent		(74,995)	27,265
Non-controlling interest		(12,104)	(3,254)
		<u>(87,099)</u>	<u>24,011</u>
Basic and diluted profit (loss) per share attributable to equity holders of the parent, stated in U.S. dollars		(0.30)	0.11
Profit (loss) for continuing operations, basic and diluted per share attributable to equity holders of the parent, expressed in U.S. dollars		(0.30)	0.11

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

Interim consolidated statements of other comprehensive income (unaudited)

For the three-month ended March 31, 2020 and 2019

	2020 US\$(000)	2019 US\$(000)
Net profit (loss)	<u>(87,099)</u>	<u>24,011</u>
Other comprehensive income of the period:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Unrealized results on investments	(1,256)	(441)
Net change in unrealized gain on cash flow hedges	-	(2,931)
Income tax effect	-	864
	<u>(1,256)</u>	<u>(2,508)</u>
Total other comprehensive profit (loss), net of income tax	<u>(88,355)</u>	<u>21,503</u>
Attributable to:		
Owners of the parent	(76,251)	26,397
Non-controlling interest	<u>(12,104)</u>	<u>(4,894)</u>
	<u>(88,355)</u>	<u>21,503</u>

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

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

For the three-month ended March 31, 2020 and 2019

	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 net equity 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 IFRS	-	-	-	-	-	-	(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)	-	-	-	-	-	-	27,265	-	27,265	(3,254)	24,011
Other comprehensive income	-	-	-	-	-	-	-	(868)	(868)	(1,640)	(2,508)
Total other comprehensive income (loss)	-	-	-	-	-	-	27,265	(868)	26,397	(4,894)	21,503
Dividends declared and not paid, note 10	-	-	-	-	-	-	(15,240)	-	(15,240)	-	(15,240)
Dividends declared and paid, note 10	-	-	-	-	-	-	-	-	-	(1,600)	(1,600)
Transfer and other equity changes	-	-	-	-	-	-	(1,172)	-	(1,172)	-	(1,172)
As of March 31, 2019	253,715,190	750,497	791	218,450	163,115	269	1,685,805	(1,571)	2,817,356	214,743	3,032,099
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	-	-	-	-	-	-	(74,995)	-	(74,995)	(12,104)	(87,099)
Other comprehensive income	-	-	-	-	-	-	-	(1,256)	(1,256)	-	(1,256)
Total other comprehensive income (loss)	-	-	-	-	-	-	(74,995)	(1,256)	(76,251)	(12,104)	(88,355)
Dividends declared and paid, note 10	-	-	-	-	-	-	-	-	-	(1,280)	(1,280)
As of March 31, 2020	253,715,190	750,497	791	218,450	163,168	269	1,564,663	(2,567)	2,695,271	183,294	2,878,565

Compañía de Minas Buenaventura S.A.A. and Subsidiaries
Interim consolidated statements of cash flows (unaudited)
For the three-month periods ended March 31, 2020 and 2019

	Notes	2020 US\$(000)	2019 US\$(000)
Operating activities			
Proceeds from sales	4	207,955	182,772
Royalty received	14(a)	5,726	5,460
Value added tax recovered	4	4,342	9,382
Proceeds from dividends	14(a)	-	937
Interest received		1,160	523
Payments to suppliers and third-parties		(145,774)	(174,125)
Payments to employees		(34,412)	(41,610)
Payments of interest		(6,293)	(6,525)
Payments of income taxes		(6,071)	(5,725)
Payment of mining royalties		(1,136)	(441)
		<u>25,497</u>	<u>(29,352)</u>
Net cash and cash equivalents provided by (used in) operating activities			
Investing activities			
Proceeds from sales of mining concessions, property, plant and equipment	4(c)	21,037	147
Purchase of shares	6(c)	(13,453)	-
Acquisitions of mining concessions, development costs, property, plant and equipment	7	(10,046)	(8,516)
Acquisitions of other assets		(691)	(442)
		<u>(3,153)</u>	<u>(8,811)</u>
Net cash and cash equivalents used in investing activities			
Financing activities			
Proceeds from bank loans	8	5,000	5,000
Payments of bank loans	8	(5,000)	(45,000)
Payments of financial obligations	9	(9,688)	(10,347)
Dividends paid to non-controlling interest		(1,280)	(1,600)
Decrease of restricted bank accounts	4(a)	166	304
		<u>(10,802)</u>	<u>(51,643)</u>
Net cash and cash equivalents used in financing activities			
Net increase (decrease) in cash and cash equivalents during the period, net		11,542	(89,806)
Cash and cash equivalents at beginning of period	3	<u>210,046</u>	<u>369,200</u>
Cash and cash equivalents at period-end	3	<u>221,588</u>	<u>279,394</u>
Financing and investing activities not affecting cash flows			
Dividends declared and not paid		-	15,240
Changes in mine closures plans		-	4,523

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

Notes to the interim consolidated financial statements (unaudited)

As of March 31 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 March 31, 2020, the Group operates directly four operating mining units (Uchucchacua, Orcopampa, Julcani and Tambomayo), three mining units with discontinued operations (Mallay, Poracota and Shila-Paula) 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) -

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 negatively cause further 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.

The quarantine period was implemented starting on March 16, 2020 for an initial 15-day period, which was subsequently extended. As of the date of this report, Peru’s government mandated quarantine is expected to end on May 24, 2020. During the quarantine period, production at Buenaventura’s direct operations has remained on care and maintenance, however, the Group continued to process ore on leach pads at its La Zanja mine. Mining activities were limited to the criticality that ensured the functionality of the mine pumping systems, water treatment plants, energy supply, hydroelectric substations, health services and overall minimum safety conditions, administrative supervision, security conditions, including filling and general support, among others.

Notes to the interim consolidated financial statements (unaudited)

(continued)

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 nationwide lockdown. 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 (will begin 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 first quarter of 2020, which is reflected in the variation in sales. During the first quarter sales decreased by US\$29.5 million in relation to the same quarter of the previous year, as well as the increase in inventories of US\$18.1 million, mainly explained by the suspension of dispatches, which resulted in lower sales and higher inventories in process, see notes 5 and 11.

The Group is currently evaluating the potential short-term and long-term implications of COVID-19 on its consolidated financial statements. The potential impacts to the Group's consolidated financial statements include, but are not limited to impairment of goodwill, impairment of investments, impairment of long lived assets, fair value of contingent liability, Allowance for expected credit losses, unrecognized deferred tax, and valuation of inventory. The ultimate severity of the Coronavirus outbreak is uncertain at this time and therefore we cannot predict the impact it may have on the world, the Peruvian economy, international financial markets, or ultimately on our financial condition, results of operations, production, sales, margins and cash flow from operations, our access to debt markets, covenants compliance, asset impairments, among others.

Notes to the interim consolidated financial statements (unaudited)

(continued)

2. Basis for preparation, 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.

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 March 31, 2020 and, therefore, they have not been disclosed. The Group has not early adopted any standard, interpretation or modification issued and not yet effective.

Notes to the interim consolidated financial statements (unaudited)

(continued)

3. Cash and cash equivalents

This caption is made up as follow:

	As of March 31, 2020	As of December 31, 2019
	US\$(000)	US\$(000)
Cash	242	304
Bank accounts (i)	135,586	37,836
Time deposits (ii)	<u>85,760</u>	<u>171,906</u>
	<u>221,588</u>	<u>210,046</u>

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

(ii) As of March 31, 2020 and December 31, 2019, 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

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 March 31, 2020 US\$(000)	As of December 31, 2019 US\$(000)
Trade receivables, net		
Domestic clients	73,434	141,005
Foreign clients	37,962	78,860
Related entities, note 14(b)	<u>7,105</u>	<u>6,247</u>
	118,501	226,112
Allowance for expected credit losses (b)	<u>(22,010)</u>	<u>(22,016)</u>
	<u>96,491</u>	<u>204,096</u>
Other receivables		
Value added tax credit	58,803	53,754
Tax claims	41,583	42,602
Other receivables to third parties	32,789	31,478
Advances to suppliers	14,882	9,275
Tax deposits	7,704	6,644
Refund applications of value added tax	2,773	3,643
Interest receivables	2,598	3,244
Related entities, note 14(b)	2,353	2,967
Restricted bank accounts	2,344	2,510
Loans to personal	1,115	1,128
Due from for sales of assets (c)	562	21,648
Dividends receivable	-	2,501
Other minor	932	743
Allowance for expected credit losses (b)	<u>(9,881)</u>	<u>(10,006)</u>
	<u>158,557</u>	<u>172,131</u>
Total trade and other receivables, net	<u>255,048</u>	<u>376,227</u>
Classification by maturity:		
Current portion	168,664	287,712
Non-current portion	<u>86,384</u>	<u>88,515</u>
Total trade and other receivables, net	<u>255,048</u>	<u>376,227</u>
Classification by nature:		
Financial receivables	193,472	318,830
Non-financial receivables	<u>61,576</u>	<u>57,397</u>
Total trade and other receivables, net	<u>255,048</u>	<u>376,227</u>
Classification by measurement:		
Trade receivables (without provisional prices)	(17,071)	38,550
Trade receivables (with provisional prices)	113,562	165,546
Other accounts receivables	<u>158,557</u>	<u>172,131</u>
	<u>255,048</u>	<u>376,227</u>

(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.

Notes to the interim consolidated financial statements (unaudited)

(continued)

- (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.

5. Inventories, net

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

	As of March 31, 2020	As of December 31, 2019
	US\$(000)	US\$(000)
Finished goods	1,949	2,084
Products in process	75,231	47,652
Spare parts and supplies	<u>74,432</u>	<u>74,033</u>
	151,612	123,769
Provision for impairment of value of inventory (b)	<u>(36,088)</u>	<u>(25,402)</u>
	<u>115,524</u>	<u>98,367</u>
Classification by use:		
Current portion	115,085	97,973
Non-current portion	<u>439</u>	<u>394</u>
	<u>115,524</u>	<u>98,367</u>

- (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 during the three-month periods ended as of March 31, 2020 and 2019:

	2020	2019
	US\$(000)	US\$(000)
Beginning balance	25,402	23,163
<i>Continuing operations:</i>		
Provision for impairment of finished and in progress goods, note 12	15,402	5,569
Reversal for impairment of finished and in progress goods, note 12	<u>(4,716)</u>	<u>(4,640)</u>
Final balance	<u>36,088</u>	<u>24,092</u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

6. Investments in associates and joint venture

(a) This caption is made up as follows:

	Share in equity		As of	As of
	2020	2019	March 31,	December
	%	%	2020	31, 2019
			US\$(000)	US\$(000)
Associates				
Sociedad Minera Cerro Verde S.A.A.	19.584	19.584	1,143,508	1,155,358
Minera Yanacocha S.R.L.	43.650	43.650	219,143	230,000
Compañía Minera Coimolache S.A.	40.095	40.095	97,811	98,427
Tinka Resources Ltd. (c)	19.300	-	13,453	-
			<u>1,473,915</u>	<u>1,483,785</u>
Joint ventures			2,553	2,627
Other minor investments			<u>1,835</u>	<u>1,835</u>
			<u>1,478,303</u>	<u>1,488,247</u>

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

	2020	2019
	US\$(000)	US\$(000)
Associates		
Sociedad Minera Cerro Verde S.A.A.	(11,851)	39,204
Minera Yanacocha S.R.L.	(9,510)	9,667
Compañía Minera Coimolache S.A.	<u>(615)</u>	<u>641</u>
	<u>(21,976)</u>	<u>49,512</u>
Joint ventures		
	<u>(74)</u>	<u>-</u>
	<u>(22,050)</u>	<u>49,512</u>

(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 expiring 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	10,878	(52,213)	-	(41,335)
Reclassifications	(182)	130	-	(52)
Disposals / Sales	(43)	(45)	-	(88)
As of March 31, 2020	<u>3,791,979</u>	<u>(2,050,724)</u>	<u>(28,358)</u>	<u>1,712,897</u>
As of January 1, 2019	3,727,403	(1,853,513)	(26,275)	1,847,615
Additions	13,039	(51,806)	-	(38,767)
Reclassifications	(2,741)	-	-	(2,741)
Disposals / Sales	(4,205)	414	-	(3,791)
Effect of the implementation of IFR 16	18,528	(2,286)	-	16,242
As of March 31, 2019	<u>3,752,024</u>	<u>(1,907,191)</u>	<u>(26,275)</u>	<u>1,818,558</u>

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

	As of March 31, 2020 US\$(000)	As of December 31, 2019 US\$(000)
Right in use		
Buildings	4,293	5,393
Transportation units	895	7,009
Machinery and equipment	561	3,840
Final balance	<u>5,749</u>	<u>16,242</u>

(c) In connection with the decline in metal prices, the Group evaluated its long-lived assets, other than indefinite-lived intangible assets, for impairment as of March 31, 2020.

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.

Notes to the interim consolidated financial statements (unaudited)

(continued)

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 March 31, 2020. Should metal prices decline further 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	5,000	5,000
Disbursements	<u>(5,000)</u>	<u>(45,000)</u>
Balance as of March 31,	<u>55,000</u>	<u>55,000</u>

As of March 31, 2020, bank loans were obtained for working capital purposes, have current maturity and accrue interest at market annual rates ranging from 2% to 2.47% (annual rates ranging from 2% to 2.95% as of December 31, 2019).

9. Financial obligations

(a) This caption is made up as follow:

	As of March 31, 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	<u>15,000</u>	<u>15,000</u>
	275,000	275,000
Debt issuance costs	<u>(3,100)</u>	<u>(2,504)</u>
	271,900	272,496
Sociedad Minera El Brocal S.A.A.		
Banco de Crédito del Perú – Finance lease (c)	156,499	161,894
Debt issuance costs	<u>(683)</u>	<u>(709)</u>
	155,816	161,185
Empresa de Generación Huanza S.A.	126,211	130,504
Obligations for leases	<u>6,542</u>	<u>7,503</u>
Total financial obligations	<u>560,469</u>	<u>571,688</u>
Classification by maturity:		
Current portion	260,789	265,692
Non-current portion	<u>299,680</u>	<u>305,996</u>
Total financial obligations	<u>560,469</u>	<u>571,688</u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

The compliance with the clauses described in the annual audited report is overseen by the Group's Management. As of March 31, 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).
- (c) In April 2020, the subsidiary El Brocal arranged with the Banco de Crédito del Perú to defer the payment of the second installment, scheduled for April 30, 2020, for an amount of US\$5,396,000 (includes capital only), to a 180 days. In this way, the schedule established for the following installments will not be affected.

10. Dividends

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. Regarding the new dates for the Annual Mandatory Meeting, these will be duly agreed by the Board of Directors and informed to the shareholders, complying with the guidelines that in this regard, establish the Superintendence of the Securities Market of Peru.

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), which were paid during the second quarter of the 2019.

Notes to the interim consolidated financial statements (unaudited)

(continued)

11. Net sales of goods

The table below presents the detail of net sales of goods to clients for the three-month periods ended March 31, 2020 and 2019:

	2020 US\$(000)	2019 US\$(000)
Sales by metal:		
Silver	51,642	54,025
Copper	46,865	50,918
Gold	34,235	46,295
Zinc	27,911	41,477
Lead	12,386	19,248
Manganese sulfate	1,667	2,193
	<u>174,706</u>	<u>214,156</u>
Commercial deductions	(50,043)	(45,545)
Contracts with customers for sale of goods	124,663	168,611
Fair value of accounts receivables	(12,969)	2,715
Adjustments to prior period liquidations	(5,975)	3,318
Hedge operations	-	2,487
Net sale of goods	<u>105,719</u>	<u>177,131</u>

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

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

	2020 US\$(000)	2019 US\$(000)
Beginning balance of finished goods and products in process, net of depreciation and amortization	<u>31,939</u>	<u>49,206</u>
Cost of production:		
Services provided by third parties	41,214	41,016
Direct labor	19,716	19,149
Consumption of materials and supplies	18,422	23,085
Electricity and water	10,478	10,967
Maintenance and repair	4,179	4,179
Short-term and low-value lease	3,958	4,601
Insurances	3,160	2,877
Transport	2,996	3,326
Other production expenses	2,800	2,197
Provision for impairment of finished goods and product in progress	10,686	929
Total cost of production of period	117,609	112,326
Final balance of products in process and finished goods, net of depreciation and amortization	<u>(44,591)</u>	<u>(48,580)</u>
Cost of sales of goods, without considering depreciation and amortization	<u>104,957</u>	<u>112,952</u>

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 March 31, 2020	As of December 31, 2019
	US\$(000)	US\$(000)
Deferred asset for income tax included in results		
Tax - loss carryforward	142,552	131,328
Difference in depreciation and amortization rates	46,795	48,607
Provision for closure of mining units, net	33,217	30,900
Impairment loss of long-lived assets	7,968	8,048
Other minor	26,450	21,503
	<u>256,982</u>	<u>240,386</u>
Deferred assets for mining royalties and special mining tax included in results	1,242	30
	<u>1,242</u>	<u>30</u>
Total deferred asset	<u>258,224</u>	<u>240,416</u>
Deferred liability for income tax included in results		
Differences in amortization rates for development costs	(66,696)	(69,345)
Effect of translation into U.S. dollars	(62,439)	(46,276)
Other minors	(76,479)	(79,030)
	<u>(205,614)</u>	<u>(194,651)</u>
Deferred liability for mining royalties and special mining tax included in results	(239)	(168)
	<u>(239)</u>	<u>(168)</u>
Total deferred liability	<u>(205,853)</u>	<u>(194,819)</u>
Deferred income tax asset, net	<u>52,371</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	80,006	74,556
Deferred income tax liability	<u>(27,635)</u>	<u>(28,959)</u>
	<u>52,371</u>	<u>45,597</u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

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

	2020 US\$(000)	2019 US\$(000)
Profit (loss) before income tax	(90,411)	13,149
Profit for discontinued operations	<u>(1,477)</u>	<u>(2,389)</u>
Profit (loss) before income tax	(91,888)	10,760
Theoretical loss (income) for income tax	27,107	(3,174)
Permanent items and others:		
Effect of translation into U.S. dollars	(16,163)	10,108
Share in the results of associates and joint ventures	(6,505)	14,606
Permanent items	(49)	(8,215)
Mining royalties and special mining tax	<u>-</u>	<u>(17)</u>
Income tax benefit	4,390	13,308
Mining Royalties and Special Mining Tax	<u>399</u>	<u>(57)</u>
Total income tax	<u>4,789</u>	<u>13,251</u>
Classification by type of tax:		
Income tax expense		
Current	(1,985)	(1,962)
Deferred	<u>6,375</u>	<u>15,270</u>
	4,390	13,308
Mining Royalties and Special Mining Tax		
Current	-	(34)
Deferred	<u>399</u>	<u>(23)</u>
	<u>399</u>	<u>(57)</u>
Total income tax	<u>4,789</u>	<u>13,251</u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

- (d) Deferred income tax asset is presented net of the portion unrecognized that the Group estimates will not be probable that taxable profits will be available against which the deferred tax asset can be utilized:

	Total deferred tax asset	Unrecognized deferred tax	Net deferred tax asset
	US\$(000)	US\$(000)	US\$(000)
As of March 31, 2020 -			
Tax - loss carryforward	151,551	(8,999)	142,552
Difference in depreciation and amortization rates	66,339	(19,544)	46,795
Provision for closure of mining units, net	54,572	(21,355)	33,217
Impairment loss of long-lived assets	7,968	-	7,968
Other minor	26,450	-	26,450
	<u>306,880</u>	<u>(49,898)</u>	<u>256,982</u>
As of December 31, 2019 -			
Tax - loss carryforward	139,480	(8,152)	131,328
Difference in depreciation and amortization rates	68,151	(19,544)	48,607
Provision for closure of mining units, net	53,418	(22,518)	30,900
Impairment loss of long-lived assets	8,048	-	8,048
Other minor	21,503	-	21,503
	<u>290,600</u>	<u>(50,214)</u>	<u>240,386</u>

- (e) As of March 31, 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.

Notes to the interim consolidated financial statements (unaudited)

(continued)

14. Related entities transactions

- (a) Main transactions made by the Group with its associates during the three-month periods ended March 31, 2020 and 2019 are presented below:

	2020 US\$(000)	2019 US\$(000)
Collections and disbursements for:		
Dividends declared and not collected	-	29,376
Dividends declared and collected	-	937
Sales of:		
Energy	693	617
Mineral	211	192
Supplies	7	1
Income by:		
Royalties	5,726	5,460
Administrative services (treasury, systems, marketing, accounting, logistics, legal and others)	536	567
Operational management services	266	320
Energy transmission	71	72
Management services	54	54
Services for environmental activities and exploration	47	54
Occupational safety services	44	72
Interests received from joint ventures	21	20
Expense reimbursements	1	16
Purchases from:		
Supplies	826	18

Notes to the interim consolidated financial statements (unaudited)

(continued)

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

	As of March 31, 2020 US\$(000)	As of December 31, 2019 US\$(000)
Trade receivables		
Minera Yanacocha S.R.L. (associate)	6,870	5,920
Compañía Minera Coimolache S.A. (associate)	235	327
	<u>7,105</u>	<u>6,247</u>
Other receivables		
Transportadora Callao S.A. (c) (joint ventures)	1,972	1,951
Compañía Minera Coimolache S.A. (associate)	381	1,016
	<u>2,353</u>	<u>2,967</u>
	<u>9,458</u>	<u>9,214</u>
Trade payables		
Compañía Minera Coimolache S.A. (associate)	312	27
Sociedad Minera Cerro Verde S.A.A. (associate)	-	2
	<u>312</u>	<u>29</u>
Other payables		
Other minor	1,326	51
	<u>1,638</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)

(continued)

15. 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)

	Colquijirca (Mining operation) US\$(000)	Uchucchacua (Mining operation) US\$(000)	Tambomayo (Mining operation) US\$(000)	La Zanja (Mining operation) US\$(000)	Julcani (Mining operation) US\$(000)	Orcopampa (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)	Adjustme nts and eliminati ons US\$(000)	Total US\$(000)
As of March 31, 2020																
Results:																
Continuing operations																
Operating income:																
Net sales of goods	42,639	24,866	9,910	5,503	5,606	15,087	-	-	-	-	-	7,287	-	110,898	(5,179)	105,719
Net sales of services	-	-	-	-	-	-	-	13,000	2,050	-	154	4,877	-	20,081	(17,024)	3,057
Royalty income	-	-	-	-	-	-	-	-	-	5,726	-	-	-	5,726	-	5,726
Total operating income	42,639	24,866	9,910	5,503	5,606	15,087	-	13,000	2,050	5,726	154	12,164	-	136,705	(22,203)	114,502
Operating costs																
Cost of sales of goods, excluding depreciation and amortization	(46,166)	(31,098)	(12,283)	(7,555)	(6,499)	(9,917)	-	-	-	-	-	(7,341)	-	(120,839)	15,882	(104,957)
Cost of sales of services, excluding depreciation and amortization	-	-	-	-	-	-	-	(5,773)	-	-	-	(1,327)	-	(7,100)	6,249	(851)
Depreciation and amortization	(16,628)	(4,963)	(5,765)	(1,299)	(1,597)	(1,540)	-	(2,348)	-	-	-	(2,653)	-	(36,794)	153	(36,641)
Exploration in operating units	(1,313)	(2,104)	(490)	-	(1,069)	(1,033)	-	-	-	-	-	-	-	(6,009)	-	(6,009)
Mining royalties	(522)	(301)	(106)	(57)	(75)	(1,296)	-	-	-	-	-	-	-	(2,357)	(2)	(2,359)
Total operating costs	(64,629)	(38,466)	(18,624)	(8,911)	(9,240)	(13,786)	-	(8,122)	-	-	-	(11,321)	-	(173,099)	22,282	(150,817)
Gross profit (loss)	(21,990)	(13,600)	(8,714)	(3,408)	(3,634)	1,301	-	4,878	2,050	5,726	154	843	-	(36,394)	79	(36,315)
Operating expenses, net																
Administrative expenses	(2,008)	(4,865)	(1,261)	(592)	(1,196)	(2,599)	(499)	(834)	(2,243)	(19)	(109)	(294)	(1,845)	(18,364)	243	(18,121)
Selling expenses	(2,469)	(1,114)	(514)	(18)	(96)	(60)	-	(182)	-	-	-	(249)	-	(4,702)	154	(4,548)
Exploration in non-operating areas	-	(1)	-	(1,143)	-	-	-	-	-	-	-	-	(621)	(1,765)	8	(1,757)
Reversal (provision) of contingents and others	(292)	(17)	65	2	41	(118)	215	7	-	-	-	-	(1,400)	(237)	-	(237)
Other, net	(561)	3,807	(441)	(66)	(99)	(866)	(293)	(71)	-	-	(10)	175	285	1,840	(517)	1,323
Total operating expenses	(5,330)	(2,190)	(2,151)	(1,817)	(1,350)	(3,663)	(577)	(1,080)	(2,243)	(19)	(119)	(368)	(2,321)	(23,228)	(112)	(23,340)
Operating profit (loss)	(27,320)	(15,790)	(10,865)	(5,225)	(4,984)	(2,362)	(577)	3,798	(193)	5,707	35	475	(2,321)	(59,622)	(33)	(59,655)
Other income (expense), net																
Share in the results of associates and joint ventures	(74)	-	-	-	-	-	-	3,985	-	-	(22,483)	-	(36,897)	(55,469)	33,419	(22,050)
Financial costs	(2,299)	(71)	(95)	(367)	(157)	(152)	(99)	(1,510)	2	-	-	(87)	(3,742)	(8,577)	203	(8,374)
Net gain (loss) from currency exchange difference	(260)	115	61	(190)	35	36	(423)	(24)	36	(16)	(5)	(460)	(1)	(1,096)	-	(1,096)
Financial income	40	-	-	294	-	-	1	64	-	9	-	36	506	950	(186)	764
Total other income (expense), net	(2,593)	44	(34)	(263)	(122)	(116)	(521)	2,515	38	(7)	(22,488)	(511)	(40,134)	(64,192)	33,436	(30,756)
Profit (loss) before income tax	(29,913)	(15,746)	(10,899)	(5,488)	(5,106)	(2,478)	(1,098)	6,313	(155)	5,700	(22,453)	(36)	(42,455)	(123,814)	33,403	(90,411)
Current income tax	-	-	-	-	-	-	-	(153)	-	(1,724)	(16)	(239)	-	(2,132)	147	(1,985)
Deferred income tax	3,862	-	-	(1,076)	-	-	-	1,306	-	-	-	(685)	3,514	6,821	(147)	6,774
Profit (loss) from continuing operations	(26,051)	(15,746)	(10,899)	(6,564)	(5,106)	(2,478)	(1,098)	7,466	(155)	3,976	(22,469)	(960)	(38,941)	(119,025)	33,403	(85,622)
Loss from discontinued operations																(1,477)
Net loss																(87,099)
Total assets	690,384	136,637	385,834	130,427	34,205	50,230	406,105	381,683	10,560	10,733	433,921	93,905	2,332,407	5,097,031	(1,132,40)	3,964,628
Total liability	320,331	44,039	26,307	66,634	34,994	36,699	21,416	175,162	2,901	5,990	160	11,446	399,312	1,145,391	(59,328)	1,086,063
Investments in associates and joint ventures	-	-	-	-	-	-	-	93,770	-	-	221,086	-	2,056,240	2,371,096	(892,793)	1,478,303
Other disclosures as of March 31, 2020																
CAPEX	1,005	2,638	615	124	83	8	5,163	192	-	-	-	191	27	10,046	-	10,046

	Colquijirca (Mining operation) US\$(000)	Uchucchacua (Mining operation) US\$(000)	Tambomayo (Mining operation) US\$(000)	La Zanja (Mining operation) US\$(000)	Julcani (Mining operation) US\$(000)	Orcopampa (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 March 31, 2019																	
Results:																	
Continuing operations																	
Operating income:																	
Net sales of goods	73,029	36,917	33,058	16,860	9,290	5,784	-	-	-	-	-	2,193	-	177,131	-	177,131	
Net sales of services	-	-	-	-	-	-	-	14,907	1,699	-	-	154	4,776	-	21,536	(18,065)	3,471
Royalty income	-	-	-	-	-	-	-	-	-	5,460	-	-	-	-	5,460	-	5,460
Total operating income	73,029	36,917	33,058	16,860	9,290	5,784	-	14,907	1,699	5,460	154	6,969	-	204,127	(18,065)	186,062	
Operating costs																	
Cost of sales of goods, excluding depreciation and amortization	(52,763)	(26,737)	(14,620)	(12,834)	(6,931)	(8,166)	-	-	-	-	-	(1,697)	-	(124,748)	11,796	(112,952)	
Cost of sales of services, excluding depreciation and amortization	-	-	-	-	-	-	-	(5,090)	-	-	-	(1,831)	-	(6,921)	5,576	(1,345)	
Depreciation and amortization	(18,844)	(5,711)	(12,929)	(3,327)	(1,854)	(1,624)	-	(2,539)	-	-	-	(3,031)	-	(49,859)	115	(49,744)	
Exploration in operating units	(1,940)	(2,155)	(3,244)	(1)	(1,586)	(2,538)	-	-	-	-	-	-	-	(11,464)	-	(11,464)	
Mining royalties	(662)	(369)	(323)	(161)	(91)	(497)	-	-	-	-	-	-	-	(2,093)	-	(2,093)	
Total operating costs	(74,209)	(34,962)	(31,116)	(16,323)	(10,462)	(13,825)	-	(7,629)	-	-	-	(6,559)	-	(195,085)	17,487	(177,598)	
Gross profit (loss)	(1,180)	1,955	1,942	537	(1,172)	(8,041)	-	7,278	1,699	5,460	154	410	-	9,042	(578)	8,464	
Operating expenses, net																	
Administrative expenses	(2,517)	(4,722)	(4,031)	(809)	(1,548)	(735)	(658)	(941)	(2,243)	(59)	(123)	(344)	(745)	(19,475)	58	(19,417)	
Selling expenses	(1,919)	(956)	(365)	(57)	(82)	(14)	-	(404)	-	-	-	(287)	-	(4,084)	131	(3,953)	
Exploration in non-operating areas	(348)	(1,723)	-	(447)	-	-	(78)	-	-	-	-	-	(822)	(3,418)	8	(3,410)	
Reversal (provision) of contingents and others	(201)	249	50	67	(86)	197	20	122	-	-	-	1,085	-	1,503	-	1,503	
Other, net	(2,278)	(801)	(995)	(715)	(292)	(6,110)	(70)	324	-	50	-	131	519	(10,237)	83	(10,154)	
Total operating expenses	(7,263)	(7,953)	(5,341)	(1,961)	(2,008)	(6,662)	(786)	(899)	(2,243)	(9)	(123)	(500)	37	(35,711)	280	(35,431)	
Operating profit (loss)	(8,443)	(5,998)	(3,399)	(1,424)	(3,180)	(14,703)	(786)	6,379	(544)	5,451	31	(90)	37	(26,669)	(298)	(26,967)	
Other income (expense), net																	
Share in the results of associates and joint ventures	(109)	-	-	-	-	-	-	3,330	-	-	4,523	-	48,621	56,365	(6,853)	49,512	
Financial costs	(2,728)	(208)	(29)	(2,264)	(249)	(195)	(124)	(2,028)	-	(2)	(262)	(4,025)	(12,114)	585	(11,529)	(11,529)	
Net gain (loss) from currency exchange difference	(145)	(117)	(66)	70	(15)	(42)	244	100	(74)	(36)	(8)	183	(73)	21	1	22	
Financial income	159	-	-	536	-	-	2	94	-	14	-	55	1,620	2,480	(369)	2,111	
Total other income (expense), net	(2,823)	(325)	(95)	(1,658)	(264)	(237)	122	1,496	(74)	(24)	4,515	(24)	46,143	46,752	(6,636)	40,116	
Profit (loss) before income tax	(11,266)	(6,323)	(3,494)	(3,082)	(3,444)	(14,940)	(664)	7,875	(618)	5,427	4,546	(114)	46,180	20,083	(6,934)	13,149	
Current income tax	-	-	-	(35)	-	-	1	(326)	-	(1,579)	(3)	(54)	-	(1,996)	-	(1,996)	
Deferred income tax	5,316	-	-	(2,063)	-	-	-	(663)	-	-	-	560	12,087	15,247	-	15,247	
Profit (loss) from continuing operations	(5,950)	(6,323)	(3,494)	(5,170)	(3,444)	(14,940)	(663)	6,886	(618)	3,848	4,543	392	58,267	33,334	(6,934)	26,400	
Loss from discontinued operations																	
																(2,389)	
Net profit																24,011	
Total assets as of December 31, 2019	725,973	146,486	425,297	138,458	41,858	46,750	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 as of December 31, 2019	329,869	42,266	34,142	68,100	35,045	36,945	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 ventures as of December 31, 2019	-	-	-	-	-	-	-	89,786	-	-	232,154	-	2,073,745	2,395,685	(907,438)	1,488,247	
Other disclosures as of March 31, 2019																	
CAPEX	3,921	976	203	115	210	795	2,236	-	-	-	-	34	26	8,516	-	8,516	

Disaggregated revenue information

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

	Uchucchacua (Operation) US\$(000)	Tambomayo (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 March 31, 2020															
Sales by customers -															
External	24,866	9,910	15,087	5,606	42,639	330	-	-	-	-	7,281	-	105,719	-	105,719
Inter-segment	-	-	-	-	-	5,173	-	-	-	-	6	-	5,179	(5,179)	-
	24,866	9,910	15,087	5,606	42,639	5,503	-	-	-	-	7,287	-	110,898	(5,179)	105,719
Services -															
External	-	-	-	-	-	-	1,007	2,050	-	-	-	-	3,057	-	3,057
Inter-segment	-	-	-	-	-	-	11,993	-	-	154	4,877	-	17,024	(17,024)	-
	-	-	-	-	-	-	13,000	2,050	-	154	4,877	-	20,081	(17,024)	3,057
Royalties -															
External	-	-	-	-	-	-	-	-	5,726	-	-	-	5,726	-	5,726
	24,866	9,910	15,087	5,606	42,639	5,503	13,000	2,050	5,726	154	12,164	-	136,705	(22,203)	114,502
As of March 31, 2019															
Sales by customers -															
External	36,917	33,058	5,784	9,290	73,029	16,860	-	-	-	-	2,193	-	177,131	-	177,131
Inter-segment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	36,917	33,058	5,784	9,290	73,029	16,860	-	-	-	-	2,193	-	177,131	-	177,131
Services -															
External	-	-	-	-	-	-	1,772	1,699	-	-	-	-	3,471	-	3,471
Inter-segment	-	-	-	-	-	-	13,136	-	-	154	4,776	-	18,065	(18,065)	-
	-	-	-	-	-	-	14,907	1,699	-	154	4,776	-	21,536	(18,065)	3,471
Royalties -															
External	-	-	-	-	-	-	-	-	5,460	-	-	-	5,460	-	5,460
	36,917	33,058	5,784	9,290	73,029	16,860	14,907	1,699	5,460	154	6,969	-	204,127	(18,065)	186,062

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

16. 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:

	Total	Fair value measurement using:		
		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 March 31, 2020-				
Assets and liabilities measured at fair value:				
Fair value of account receivable	113,562	-	113,562	-
Contingent consideration liability	16,410	-	-	16,410
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 March 31, 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:

<u>Description</u>	<u>Fair value as of March 31, 2020</u>	<u>Unobservable inputs</u>	<u>Range of inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
Contingent consideration liability	16,410	Rate before tax	10%	A change in the discount rate by 10% (rate of 11%) higher/lower, the fair value would increase/decrease in US\$1.2 million.
		Expected revenues annual average (US\$000)	190,815	If expected sales change by 10% higher/lower, the fair value would increase/decrease in US\$1.6 million.

17. Events after the reporting period

In addition to those events presented in notes 9(b), 9(c) and 10, there were no significant events identified after the balance sheet date until the Board (May 18, 2020) that are required to be disclosed.

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CONSULTA EN LINEA**HABILIDAD DE SOCIEDADES AUDITORAS****BUSQUEDA DE COLEGIADOS****CODIGO SO761**

CODIGO	NOMBRE	CADUCIDAD	ESTADO
SO761	PAREDES, BURGA & ASOCIADOS S. CIVIL DE R.L.	2021-03-31	HABILITADO

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