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

Consolidated Financial Statements for the years ended December 31, 2022, 2021 and 2020 and Report of Independent Registered Public Accounting Firm

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

# Consolidated Financial Statements for the years ended December 31, 2022, 2021 and 2020, and Report of Independent Registered Public Accounting Firm

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Tanaka, Valdivia & Asociados
Sociedad Civil de R.L

# Report of Independent Registered Public Accounting Firm

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

*Opinion*

We have audited the consolidated financial statements of Compañía de Minas Buenaventura S.A.A. and subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income (loss), the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB).

*Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs) approved for its application in Peru by the Board of Deans of Peruvian Public Accounting Associations. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Peru, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

# Report of Independent Registered Public Accounting Firm (continued)

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

| | **Impairment of Property, plant, equipment and development cost** |
|---|---|
| *Description of the Matter* | As of December 31, 2022, the net book value of the Group's property, plant, equipment and development costs was US$1,527.2 million. Related disclosures are included in Note 2.4(m) and Note 11(b) to the consolidated financial statements. The Group reviews and evaluates its property, plant, equipment and development costs for impairment, at least once a year, or when events or changes in circumstances indicate that the related book values, at the Cash Generating Unit (CGU) Level, may not be recoverable. When the Group determines the existence of indicators of significant impairment, Management performs an evaluation to determine if there is impairment. There is impairment when the book value of an asset or CGU exceeds its recoverable amount, the recoverable amount being the higher of fair value less costs to sell and value in use. On the other hand, a previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the recoverable amount of the asset or CGU since the last impairment loss was recognized. The Group has estimated the value in use at the level of each CGU to test the impairment of its property, plant, equipment and development costs. During the year 2022, the Group recognized a reversal of the impairment in the Río Seco CGU of US$19.9 million.<br><br>The audit carried out on the impairment assessment of the Group's property, plant, equipment and development costs was complex and involved judgment due to the importance of this estimate in determining the value in use of each CGU. In particular, estimates of value in use were sensitive to significant assumptions such as production volumes, mine life, market price of metals, discount rates reflecting current market assessments of the time value of money, and the specific risks associated with each CGU, including estimated amounts of recoverable minerals and residual value. |

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| | |
|---|---|
| *How We Addressed the Matter in Our Audit* | We obtained an understanding of the design of the controls executed by the Management of the Group on the evaluation process of impairment of property, plant, equipment and development costs, including the process to identify and evaluate possible indicators of impairment and reversal; as well as an understanding of the review carried out by the Group of the significant assumptions, the projected financial information and the methodology used to develop said estimates.<br><br>To test the estimated value in use of the Group's CGUs, we carried out audit procedures that included, evaluating estimation methodology and testing the significant assumptions discussed above, as well as the underlying data used by the Group in its analysis.<br><br>We evaluate projected financial information by comparing commodity prices with available market information and internal business plans. We also assess future production levels used in impairment analyses, which are based on life-of-mine plans, against historical estimates and actual results.<br><br>We engaged our valuation specialists to help us compare commodity price assumptions with market data and analyst forecasts. Additionally, our valuation specialists reviewed the discount rates used, comparing them to current industry and economic trends, and evaluated the specific risk premiums applied. We also perform a sensitivity analysis on changes in discount rates and commodity price assumptions to assess any changes in the recoverable value of the CGUs that might result from changes in these assumptions.<br><br>The Group engages independent consultants to validate the estimated amount of recoverable mineral reserves, which were carried out by qualified persons of the Managament and used as part of the impairment analyses. We assess the competence and objectivity of the independent consultants, as well as the competence of the Group's qualified persons. In addition, we evaluate the Group's estimated amounts of recoverable minerals by comparing them to the historical operating performance of each CGU.<br><br>In addition, we assess the disclosure of this matter in Note 2.4(m) and Note 11(b) to the consolidated financial statements. |

**Uncertain tax positions**

| | |
|---|---|
| *Description of the Matter* | As disclosed in Note 31(d) to the consolidated financial statements, the Group has identified certain contingencies related to income tax associated with the fiscal years 2007 to 2010, 2013 and 2014 and 2017 In these years, the tax authorities pertinent parties have challenged the tax treatment applied by the Group under the Peruvian income tax law. As of December 31, 2022, the Group has recognized an account receivable for payments made under protest to the tax authority for an amount of $617.7 million, as a result of payments made to the tax authorities as part of the tax claim process in Peru, but for which the Group is disputing the validity of the assessment made by the tax authorities. The Group has disclosed, but has not recorded, a provision related to these matters, as Management has concluded that the criteria for the recognition of an income tax liability under IFRS have not been met and that the amounts paid to date will be recoverable based on the technical merits of the income tax positions adopted by the Group. Uncertainty in a tax position may arise when there is uncertainty as to the applicability of income tax law, or the applicability of tax law to a particular transaction, or both. The Group uses significant judgment to determine, based on technical merits, whether its tax position is more likely to be upheld in determining the recoverable amount of income tax-related accounts receivable.<br><br>The audit of the estimate of uncertain tax positions and recoverability related to income tax receivables, before the uncertain tax treatment is resolved, requires a high degree of auditor judgment and a significant audit effort due to the complexity and judgment used by the Group in the determination, based on interpretations of the income tax legislation and legal provisions in Peru. |
| *How We Addressed the Matter in Our Audit* | We obtained an understanding of the design of the controls by the Group's Management on the accounting process for the determination of income tax, including uncertain tax positions and tax contingencies, for this we obtained an understanding of the review carried out by the administration on the technical merits of uncertain tax positions, disputed tax assessments, and determination and approval of the recoverable amount of income tax-related accounts receivable. |

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Our audit procedures included, among others, the evaluation of the assumptions used by the Group to develop its uncertain tax positions based on the Peruvian income tax laws, including the inspection and analysis of these matters by internal lawyers. and external to the Group.

In addition, we engage our tax professionals to assess the technical merits of the Group's tax position and to assess the application of relevant tax law and accounting guidance when assessing the recognition and recoverability of tax-related receivables. to earnings.

In addition, we evaluate the disclosure of this matter in Note 31(d) to the consolidated financial statements.

*Other information included in The Group's 2022 Annual Report*

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read and consider the Annual Report for December 31, 2022, if we conclude that it contains a material misstatement, we will communicate the identified matter to those charged with governance of the Group.

*Responsibilities of management for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

*Auditor's responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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## Report of Independent Registered Public Accounting Firm (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lima, Peru
February 28, 2023

Signed by:

TANAKA, VALDIVIA & ASOCIADOS

Carlos Valdivia
C.P.C. Register N° 27255

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

# Consolidated statements of financial position

As of December 31, 2022 and 2021

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | US$(000) | US$(000) |
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 6 | 253,918 | 376,999 |
| Trade and other receivables | 7(a) | 221,899 | 240,432 |
| Inventories | 8(a) | 88,345 | 86,264 |
| Income tax credit | | 28,046 | 15,456 |
| Prepaid expenses | 9(a) | 19,333 | 20,394 |
| Hedge derivative financial instruments | 34 | 8,839 | - |
| | | 620,380 | 739,545 |
| **Non-current assets** | | | |
| Trade and other receivables | 7(a) | 673,627 | 635,832 |
| Inventories | 8(a) | - | 12,802 |
| Investments in associates and joint venture | 10(a) | 1,520,977 | 1,422,295 |
| Property, plant, equipment and development cost | 11(a) | 1,535,195 | 1,537,870 |
| Deferred income tax asset | 30(b) | 106,170 | 164,351 |
| Prepaid expenses | 9(a) | 23,033 | 23,920 |
| Other non-financial assets | 12(a) | 23,845 | 25,196 |
| | | 3,882,847 | 3,822,266 |
| **Total assets** | | 4,503,227 | 4,561,811 |
| **Liabilities and equity** | | | |
| **Current liabilities** | | | |
| Bank loans | 13 | - | 50,000 |
| Trade and other payables | 14(a) | 247,989 | 259,641 |
| Provisions | 15(a) | 94,171 | 81,039 |
| Income tax payable | | 2,366 | 3,026 |
| Financial obligations | 16(a) | 35,071 | 179,417 |
| Hedge derivative financial instruments | 34 | - | 6,976 |
| | | 379,597 | 580,099 |
| Liability directly associated with the held for sale assets | 1(e) | - | 264,838 |
| | | 379,597 | 844,937 |
| **Non-current liabilities** | | | |
| Trade and other payables | 14(a) | 3,553 | 3,037 |
| Provisions | 15(a) | 204,347 | 232,288 |
| Financial obligations | 16(a) | 703,463 | 878,558 |
| Contingent consideration liability | 29(c) | 16,905 | 17,718 |
| Deferred income tax liabilities | 30(b) | 32,421 | 46,742 |
| | | 960,689 | 1,178,343 |
| **Total liabilities** | | 1,340,286 | 2,023,280 |
| **Equity** | 17 | | |
| Capital stock | | 750,497 | 750,497 |
| Investment shares | | 791 | 791 |
| Additional paid-in capital | | 218,450 | 218,450 |
| Legal reserve | | 163,270 | 163,270 |
| Other reserves | | 31,897 | 269 |
| Other reserves of equity | | 2,184 | (4,477) |
| Retained earnings | | 1,841,761 | 1,239,526 |
| Shareholders' equity attributable to owners of the parent | | 3,008,850 | 2,368,326 |
| Non-controlling interest | 18(a) | 154,091 | 170,205 |
| **Total equity** | | 3,162,941 | 2,538,531 |
| **Total liabilities and equity** | | 4,503,227 | 4,561,811 |

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

# Consolidated statements of profit or loss

For the years ended December 31, 2022, 2021 and 2020

| | Notes | 2022 US$(000) | 2021 US$(000) | 2020 US$(000) |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| **Operating income** | | | | |
| Sales of goods | 20(b) | 801,199 | 863,470 | 637,619 |
| Sales of services | 20(b) | 22,222 | 21,052 | 20,285 |
| Royalty income | 20(b) | 1,381 | 15,928 | 18,638 |
| **Total operating income** | | 824,802 | 900,450 | 676,542 |
| **Cost of sales** | | | | |
| Cost of sales of goods, excluding depreciation and amortization | 21(a) | (461,942) | (529,731) | (393,888) |
| Unabsorbed cost due to production stoppage | 22 | (23,058) | (25,509) | (27,758) |
| Cost of sales of services, excluding depreciation and amortization | 21(b) | (3,163) | (1,269) | (1,554) |
| Depreciation and amortization | | (176,781) | (187,211) | (189,620) |
| Exploration in operating units | 23 | (80,796) | (56,412) | (28,044) |
| Mining royalties | 24 | (17,733) | (12,974) | (11,749) |
| **Total cost of sales** | | (763,473) | (813,106) | (652,613) |
| **Gross profit** | | 61,329 | 87,344 | 23,929 |
| **Operating income (expenses)** | | | | |
| Administrative expenses | 25 | (67,728) | (67,585) | (67,185) |
| Selling expenses | 26 | (20,222) | (20,827) | (18,533) |
| Exploration in non-operating areas | 27 | (14,252) | (11,270) | (8,475) |
| Provision of contingencies and others | | (2,935) | (2,687) | (4,150) |
| Impairment recovery (loss) of long-lived assets | 11(b) | 19,874 | (14,910) | 2,083 |
| Write – off of stripping activity asset | 11(g) | - | (6,763) | (11,633) |
| Other, net | 28(a) | (15,085) | (29,260) | 2,690 |
| **Total operating income (expenses)** | | (100,348) | (153,302) | (105,203) |
| **Operating loss** | | (39,019) | (65,958) | (81,274) |
| Share in the results of associates and joint venture | 10(b) | 176,270 | 240,450 | 62,702 |
| Foreign currency exchange difference | | 26,871 | (18,686) | (4,116) |
| Finance income | 29(a) | 14,443 | 5,952 | 2,411 |
| Finance costs | 29(a) | (54,136) | (60,629) | (37,822) |
| **Profit (loss) before income tax** | | 124,429 | 101,129 | (58,099) |
| Current income tax | 30(c) | (15,633) | (20,375) | (9,924) |
| Deferred income tax | 30(c) | 15,592 | 44,046 | (15,506) |
| **Total income tax** | | (41) | 23,671 | (25,430) |
| **Profit (loss) from continuing operations** | | 124,388 | 124,800 | (83,529) |
| **Discontinued operations** | | | | |
| Profit (loss) from discontinued operations | 1(e) | 478,547 | (387,604) | (66,810) |
| **Profit (loss)** | | 602,935 | (262,804) | (150,339) |
| **Profit (loss) attributable to:** | | | | |
| Owners of the parent | | 602,550 | (264,075) | (135,718) |
| Non-controlling interest | 18(a) | 385 | 1,271 | (14,621) |
| | | 602,935 | (262,804) | (150,339) |
| **Basic and diluted profit (loss) per share, stated in U.S. dollars** | | | | |
| Attributable to owners of parent | 17(e) | 2.37 | (1.04) | (0.53) |
| Attributable to owners of the parent for continuing operations | 17(e) | 0.49 | 0.49 | (0.27) |
| Attributable to owners of the parent for discontinued operations | 17(e) | 1.88 | (1.53) | (0.26) |

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

# Consolidated statements of other comprehensive income (loss)

For the years ended December 31, 2022, 2021 and 2020

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| **Profit (loss)** | 602,935 | (262,804) | (150,339) |
| **Other comprehensive income (loss) to be reclassified to profit or loss, net of income tax** | | | |
| Net change in unrealized gain (loss) on copper and zinc prices hedge, net of income tax , note 34(b) | 10,696 | 6,678 | (11,142) |
| Net change in unrealized gain (loss) on interest rate hedge, net of income tax, note 34(c) | 454 | 1,403 | (1,857) |
| Share of other comprehensive income of associates accounted for using equity method, net of income tax, note 10(d) | (101) | (335) | 264 |
| **Total other comprehensive income (loss) that will be reclassified to profit or loss, net of income tax** | 11,049 | 7,746 | (12,735) |
| **Total comprehensive income (loss)** | 613,984 | (255,058) | (163,074) |
| **Profit (loss) attributable to:** | | | |
| Owners of the parent | 609,211 | (259,026) | (143,933) |
| Non-controlling interest | 4,773 | 3,968 | (19,141) |
| | 613,984 | (255,058) | (163,074) |

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

# Consolidated statements of changes in equity

For the years ended December 31, 2022, 2021 and 2020

| | Shareholders' equity attributable to owners of the parent | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital stock, net of treasury shares | | | | | | Other reserves of equity | | | | | |
| | Number of shares outstanding | Common shares | Investment shares | Additional paid-in capital | Legal reserve | Other reserves | Share in ORI of associates integral de | Cash flow hedge instruments | Retained earnings | Total | Non-controlling interest | Total equity |
| | | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) |
| **As of January 1, 2020** | 253,715,190 | 750,497 | 791 | 218,450 | 163,168 | 269 | (1,311) | - | 1,639,658 | 2,771,522 | 196,678 | 2,968,200 |
| Net loss | – | – | – | – | – | – | – | - | (135,718) | (135,718) | (14,621) | (150,339) |
| Other comprehensive loss | – | – | – | – | – | – | (6,358) | (1,857) | – | (8,215) | (4,520) | (12,735) |
| **Total other comprehensive loss** | – | – | – | – | – | – | (6,358) | (1,857) | (135,718) | (143,933) | (19,141) | (163,074) |
| Dividends declared and paid, note 17(d) | – | – | – | – | – | – | – | - | – | – | (5,140) | (5,140) |
| Other changes in equity | – | – | – | – | – | – | – | - | (155) | (155) | – | (155) |
| Expired dividends, note 17(c) | – | – | – | – | 26 | – | – | - | – | 26 | – | 26 |
| **As of December 31, 2020** | 253,715,190 | 750,497 | 791 | 218,450 | 163,194 | 269 | (7,669) | (1,857) | 1,503,785 | 2,627,460 | 172,397 | 2,799,857 |
| Net profit (loss) | – | – | – | – | – | – | – | - | (264,075) | (264,075) | 1,271 | (262,804) |
| Other comprehensive income | – | – | – | – | – | – | 3,646 | 1,403 | – | 5,049 | 2,697 | 7,746 |
| **Total other comprehensive income (loss)** | – | – | – | – | – | – | 3,646 | 1,403 | (264,075) | (259,026) | 3,968 | (255,058) |
| Dividends declared and paid, note 17(d) | – | – | – | – | – | – | – | – | – | – | (6,160) | (6,160) |
| Other changes in equity | – | – | – | – | – | – | – | – | (184) | (184) | – | (184) |
| Expired dividends, note 17(c) | – | – | – | – | 76 | – | – | – | – | 76 | – | 76 |
| **As of December 31, 2021** | 253,715,190 | 750,497 | 791 | 218,450 | 163,270 | 269 | (4,023) | (454) | 1,239,526 | 2,368,326 | 170,205 | 2,538,531 |
| Net profit | – | – | – | – | – | – | - | - | 602,550 | 602,550 | 385 | 602,935 |
| Other comprehensive loss | – | – | – | – | – | – | 6,207 | 454 | - | 6,661 | 4,388 | 11,049 |
| **Total other comprehensive income (loss)** | – | – | – | – | – | – | 6,207 | 454 | 602,550 | 609,211 | 4,773 | 613,984 |
| Dividends declared and paid, note 17(d) | - | - | - | - | - | - | - | - | (18,542) | (18,542) | (2,647) | (21,189) |
| Effect of changes in share in subsidiaries, note 1(d) | - | - | - | - | - | 31,628 | - | - | 18,240 | 49,868 | (18,240) | 31,628 |
| Other changes in equity | - | - | - | - | - | - | - | - | (13) | (13) | - | (13) |
| **As of December 31, 2022** | 253,715,190 | 750,497 | 791 | 218,450 | 163,270 | 31,897 | 2,184 | - | 1,841,761 | 3,008,850 | 154,091 | 3,162,941 |

## Compañía de Minas Buenaventura S.A.A. and Subsidiaries
# Consolidated statements of cash flows
For the years ended December 31, 2022, 2021 and 2020

| | Notes | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|---|
| **Cash flows of operating activities** | | | | |
| Proceeds from sales of goods and services | | 809,668 | 945,631 | 708,196 |
| Dividends received from associates | 32(a) | 79,140 | 148,411 | 3,649 |
| Recovery of taxes | | 32,793 | 28,191 | 42,967 |
| Royalty received | 32(c) | 5,183 | 17,074 | 18,954 |
| Interest received | | 2,915 | 207 | 1,658 |
| Dividends received from other investments | | - | 3,350 | 2,500 |
| Proceeds from insurance claim | 28(b) | - | 2,358 | 4,381 |
| Payments to suppliers and third parties, and other net | | (580,468) | (608,689) | (434,591) |
| Payments to and for employees | | (123,903) | (125,773) | (129,353) |
| Income tax and royalties paid to Peruvian State | | (82,637) | (34,157) | (25,708) |
| Short-term and low value lease payments | | (41,352) | (35,985) | (19,549) |
| Interest paid | | (41,132) | (14,504) | (21,653) |
| Payments of royalties to third parties | 24 | (11,053) | (6,970) | (6,180) |
| Payments for tax litigation | 7(c) | (7,488) | (552,639) | (22,386) |
| **Net cash flows from (used in) operating activities** | | 41,666 | (233,495) | 122,885 |
| **Cash flows of investing activities** | | | | |
| Collection for sale of participation in Yanacocha | 1(e) | 300,000 | - | - |
| Collection for purchase of La Zanja shares | 1(d) | 45,000 | - | - |
| Proceeds from sale of property, plant and equipment | 7(f) | 13,116 | 739 | 24,416 |
| Proceeds from sale of investments | 28(a) | 1,577 | - | - |
| Proceeds from sale of investments in subsidiaries | 7(f) | - | 3,640 | - |
| Payments for acquisition of property, plant and equipment | 11(a) | (151,973) | (90,309) | (71,546) |
| Acquisition of investment in associate | 10(d) | (1,677) | - | (13,453) |
| Payments for acquisition of other assets | 12(a) | (290) | (357) | (1,641) |
| **Net cash flows from (used in) investing activities** | | 205,753 | (86,287) | (62,224) |
| **Cash flows of financing activities** | | | | |
| Decrease (increase) of restricted time deposits | 7(d) | 29,117 | (29,242) | - |
| Senior notes bonds issued, net of issuance costs | 16(b) | - | 539,300 | - |
| Proceeds from bank loans | 13 | - | 50,000 | 18,019 |
| Payments of financial obligations | 16(g) | (323,057) | (21,585) | (38,994) |
| Payments of bank loans | 13 | (50,000) | (65,793) | (7,197) |
| Dividends paid to controlling interest | 17(d) | (18,542) | - | - |
| Lease payments | 16(g) | (4,638) | (5,205) | (4,080) |
| Dividends paid to non-controlling interest | 17(d) | (2,647) | (6,160) | (5,140) |
| Decrease (increase) of bank accounts in trust | 7(h) | (733) | 17 | 2,134 |
| **Net cash flows from (used in) financing activities** | | (370,500) | 461,332 | (35,258) |
| Increase (decrease) in cash and cash equivalents for the year, net | | (123,081) | 141,550 | 25,403 |
| Cash and cash equivalents at beginning of year | 6 | 376,999 | 235,449 | 210,046 |
| **Cash and cash equivalents at year-end** | 6 | 253,918 | 376,999 | 235,449 |
| **Financing and investing activities not affecting cash flows:** | | | | |
| Leases additions | 16(g) | 11,712 | 2,973 | 5,213 |
| Due from for sales of properties and concessions | 7(a) | 2,119 | 7,481 | 8,233 |
| Changes in estimates of mine closures plans | 15(b) | (21,869) | (3,272) | 31,558 |
| Unrealized income (loss) in investments | 10(d) | (101) | (335) | 264 |

## 1. Identification and business activity

(a) Identification -

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

(b) Business activity -

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

The Company operates directly three operating mining units in Peru (Orcopampa, Julcani and Tambomayo), one mining unit with temporarily suspended operation (Uchucchacua), two discontinued mining units (Poracota and Shila-Paula), and one mining unit under development stage (San Gabriel). In addition, the Company has a controlling interest in (i) Sociedad Minera El Brocal S.A.A. (hereinafter “El Brocal”), which operates the Colquijirca mining unit; (ii) Minera La Zanja S.R.L. (hereinafter “La Zanja”), which operates La Zanja mining unit; (iii) El Molle Verde S.A.C. (hereinafter “Molle Verde”) which operates Trapiche, a mining unit at the development stage; and (iv) other entities dedicated to energy generation and transmission services, and other activities. All these activities are carried out in Peru. In addition, the Group has a non-significant subsidiary in Mexico related to exploration activities.

The legal domicile of the subsidiaries and associates is the same as that of the Company, except for:

- Contacto Corredores de Seguros S.A. whose legal domicile is located at Avenida Del Pinar 180 Offices 902 – 903 Urb. Chacarilla, Surco, Lima, Peru.
- Sociedad Minera Cerro Verde S.A.A. whose legal domicile is located at Calle Jacinto Ibáñez 315, Urb. Parque Industrial, Cercado de Arequipa, Arequipa
- Tinka Resources Ltd. whose legal domicile is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7 Canada.

*Temporary suspension of production at the Uchucchacua mining unit and Río Seco -*

The Uchucchacua mining unit has presented operational problems that were aggravated by the COVID-19 pandemic (delays in the preparation and exploration of the mine), which forced the Company to reduce the production estimates. For this reason, on October 15, 2021 Buenaventura requested that the Ministry of Energy and Mines, approve the temporary suspension of activities at its Uchucchacua mine, specifically those related to mining exploitation activities.

The Company's management has estimated that the temporary suspension at the Uchucchacua mining unit will allow all the efforts of the operations team to be focused on implementing measures aimed at achieving efficiencies and reducing the cost of operations by the time it is decided to restart. The Company's management evaluated and concluded that there is no impairment of the assets of the Uchucchacua mining unit as a result of the analysis of the recoverable amount based on its value in use, as the temporary stoppage has not significantly affected the value in use.

During the temporary suspension of production, measures were be implemented that will aim to achieve greater operational efficiency, focused on the new strategy for the period 2021 - 2023 focused on exploration activities, re-engineering or redesign of the mine, and on the development of the Yumpag project. Additionally, during the period of temporary suspension of production, the Company will focus on improving the relationship with local communities and will continue with the work related to environmental commitments, such as monitoring, water treatment, waste collection, progressive mine closure, among others.

As a result, the industrial activities in the subsidiary Procesadora Industrial Río Seco S.A. (which receives raw materials from the Uchucchacua mining unit) are suspended until the restart of Uchucchacua's operations schedule to the second half of 2023.

*Temporary suspension of production in phase 12 of the north pit of the subsidiary El Brocal* –
On March 19, 2022, a landslide occurred in phase 12 of the north pit, located in the Colquijirca mining unit. As a result of said event, El Brocal temporarily paralyzed its operations in said phase, the extraction of which refers to ore containing lead, zinc and silver.
During the second quarter, El Brocal has been preparing the Preliminary Stabilization Plan for the southwest wall of the pit. On June 28, 2022, El Brocal has received authorization from OSINERGMIN to start rehabilitation works in the landslide area. During July, August and September, work was carried out on the preliminary stabilization plan. On November 30, 2022, OSINERGMIN issued the report on the lifting of the security measure, thus completing the Preliminary Stabilization Stage and the restrictions on paralyzing the affected area were lifted. Since December 2022, El Brocal has continued with rehabilitation activities in said area in accordance with the Final Stabilization Plan approved by OSINERGMIN. In the opinion of the El Brocal Management, it is estimated that the start of ore extraction in the landslide zone will restart in the second quarter of 2023.

This situation has affected the volume of ore extracted and sales of lead/zinc during the second, third and fourth quarters of 2022. The mining activities of the pit have focused mainly on the extraction of waste in the affected area and in other phases of the pit that allow access to the ore. Notwithstanding this, operations at the El Brocal underground mine continue their normal development, as well as the concentrator plants, which are being supplied with lead and zinc ore from the stockpiles located outside the north pit; as well as the copper ore extracted in the underground mine.

*Write – off of mineral stock in the subsidiary El Brocal -*
As a consequence of the landslide of phase 12 of the north pit, the extraction of ore with lead, zinc and silver contents was temporarily halted during the second and third quarters of 2022. In response to this event, the Management of El Brocal decided to treat the short and long term mineral inventory. According to the results of the metallurgical tests carried out by the El Brocal's Operations Area from June to November, it was concluded in said month that said mineral has no economic value, mainly explained by the high oxidation indices detected in the metallurgical test samples. Current restrictions regarding the storage capacity of the tailings dam (final waste from the mining process) cause the priorization of the use of the capacity for a mineral that is economically viable.

In November 2022, the Management of El Brocal decided to write - off the mineral stock for a total of 483,563 DMT, equivalent to US$16,402,000 (97,244 DMT had been provisioned for loss of inventory value, equivalent to US$1,504,000), with a net effect for the year of US$14,898,000, recorded in the last quarter of 2022.

The effect of the mineral write-off on the components of cost of sales is detailed below:

| | **2022** US$(000) |
|---|---|
| Cost of sales of goods, excluding depreciation and amortization | 10,957 |
| Depreciation and amortization | 5,025 |
| Exploration in operating units | 420 |
| **Cost of sales** | 16,402 |

(c) Approval of consolidated financial statements -
The consolidated financial statements as of December 31, 2022 were approved and authorized for issue by the Board of Directors on April 28, 2023 and subsequent events have been considered through that date. They will then be presented for approval at the Company's shareholders meeting. Those shareholders have the authority to approve and or otherwise modify the consolidated financial statements.

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

| | Country of incorporation and business | Ownership as of December 31, | | | |
|---|---|---|---|---|---|
| | | 2022 | | 2021 | |
| | | Direct | Indirect | Direct | Indirect |
| | | % | % | % | % |
| **Mining activities:** | | | | | |
| Compañía de Minas Buenaventura S.A.A. (*) | Peru | 100.00 | - | 100.00 | - |
| Compañía Minera Condesa S.A. | Peru | 100.00 | - | 100.00 | - |
| Compañía Minera Colquirrumi S.A. | Peru | 100.00 | - | 100.00 | - |
| Sociedad Minera El Brocal S.A.A (**) | Peru | 3.19 | 58.24 | 3.19 | 58.24 |
| Inversiones Colquijirca S.A. (**) | Peru | 89.76 | 10.24 | 89.76 | 10.24 |
| S.M.R.L. Chaupiloma Dos de Cajamarca (***) | Peru | 33.00 | 67.00 | 20.00 | 40.00 |
| Minera La Zanja S.R.L. (****) | Peru | 100.00 | - | 53.06 | - |
| Minera Julcani S.A. de C.V. | Mexico | 99.80 | 0.20 | 99.80 | 0.20 |
| El Molle Verde S.A.C. | Peru | 99.98 | 0.02 | 99.98 | 0.02 |
| Apu Coropuna S.R.L. | Peru | 70.00 | - | 70.00 | - |
| Cerro Hablador S.A.C. | Peru | 99.00 | 1.00 | 99.00 | 1.00 |
| Minera Azola S.A.C. | Peru | 99.00 | 1.00 | 99.00 | 1.00 |
| **Energy generation and transmission services:** | | | | | |
| Consorcio Energético de Huancavelica S.A. | Peru | 100.00 | - | 100.00 | - |
| Empresa de Generación Huanza S.A. | Peru | - | 100.00 | - | 100.00 |
| **Insurance brokerage:** | | | | | |
| Contacto Corredores de Seguros S.A. | Peru | 99.98 | 0.02 | 99.98 | 0.02 |
| **Industrial activities:** | | | | | |
| Procesadora Industrial Río Seco S.A. | Peru | 100.00 | - | 100.00 | - |

(*) As of December 31, 2022 and 2021, includes three operating mining units in Peru (Orcopampa, Julcani and Tambomayo), one temporarily suspended operation (Uchucchacua), two discontinued mining units (Poracota and Shila-Paula), and one mining unit under development stage (San Gabriel).

(**) As of December 31, 2022 and 2021, the participation of the Company in the voting rights of El Brocal is 61.43%. Inversiones Colquijirca S.A. (hereafter "Colquijirca"), the Group's subsidiary (100% as of December 31, 2022 and 2021), has an interest in El Brocal´s capital stock, through which the Company holds an indirect participation in El Brocal of 58.24% as of December 31, 2022 and 2021.

(***) Until March 30, 2022, Buevaventura held a direct and indirect holding of 60% and the remaining 40% was held by Newmont Corporation (hereinafter "Newmont"). On April 1, 2022, the subsidiary S.M.R.L. Chaupiloma Dos de Cajamarca (hereinafter "Chaupiloma") spin-off 40% of its equity in favor of Newmont Perú Royalty S.R.L. corresponding to Newmont's percentage interest in Chaupiloma in favor of Buenaventura. As a result, the direct and indirect participation of Buenaventura in said subsidiary increased from 60% to 100%. This transaction was accounted for as an owner-to-owner transaction. Additionally, the subsidiary transferred all its mining concessions to Minera Yanacocha S.R.L (hereinafter "Yanacocha"), receiving as consideration an amount similar to a percentage of the production sold by Yanacocha, as well as the production of future concessions.

(****) On February 7, 2022, Buenaventura entered into definitive agreements with Newmont to sell all of the shares it owned in Yanacocha. As part of this transaction Newmont transferred in favor of Buenaventura its shares of 46.94% in La Zanja, receiving as consideration an amount calculated on the future production of said mining unit. On the other hand, Newmont paid US$45,000,000 to Buenaventura in order to cover part of the future costs of the La Zanja closure plan, which are presented in the caption "Other reserves" in the consolidated statement of changes in equity for US$31,628,000 (US$45,000,000 net of tax income). This transaction was accounted for as an owner-to-owner transaction. Additionally, the non-controlling interest gain amounting to US$18,240,000 was reclassified under the "Retained earnings" caption in the consolidated statement of changes in equity.

(e) Discontinued operations

During 2022, the Group sold its investment in Minera Yanacocha S.R.L (hereinafter "Yanacocha") classified as discontinued during 2021, under IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. On February 7, 2022, Buenaventura entered into definitive agreements with Newmont Corporation (hereinafter “Newmont”) to sell all of the shares it owned in Yanacocha for a consideration collected in full in February 2022 of US$300,000,000, as well as contingent payments linked to the production of the Sulphides Project that Yanacocha plans to develop and future increases in mineral prices, payments that can amount to up to US$100,000,000.

During 2020, the Group sold its Mallay mining unit classified as discontinued during 2019 under IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. The sales price was US$10 million (US$8.5 million plus Value added tax) with a related cost of US$3.6 million net of income from the reversal of provision for mining unit closure of US$5.1 million. The Company collected US$4.0 million from this transaction and during May 2022 the remaining balance was transferred to a third party by US$6 million. This transaction generates a loss of US$2 million which are presented in “Others, net” caption, see note 28(a).

As of December 31, 2022, 2021 and 2020, the mining units with discontinued operations were Poracota and Shila-Paula (during the year 2021 in addition included Yanacocha and during the year 2020 included also Mallay) are presented below:

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| Sales | - | - | (1) |
| Cost of sales | - | - | - |
| **Gross loss** | - | - | (1) |
| | | | |
| **Operating income (expenses), net** | | | |
| Gain for sale of Yanacocha investment | 300,000 | - | - |
| Reversal of liability included s classified as held for sale of Yanacocha | 265,590 | - | - |
| Reversal of unrealized result of Yanacocha | 356 | - | - |
| Administrative expenses | (683) | (335) | (1,117) |
| Changes in provision for closure of mining units, note 15(b) | (660) | (3,021) | (58) |
| Reversal (provision) of contingent | (113) | (2,136) | 13 |
| Depreciation and amortization, note 11(h) | (9) | (14) | (2,126) |
| Discontinued operation of Yanacocha, note 10(d) | - | (422,394) | (72,219) |
| Changes in environmental liabilities provision | - | (1,014) | - |
| Income from sale of development costs, property, plant and equipment (sale of Mallay mining unit) | - | - | 7,976 |
| Reversal of provision for closure of mining unit (sale of Mallay mining unit), note 15(b) | - | - | 5,093 |
| Income from the sale of supplies from the Mallay unit, note 8(b) | - | - | 1,220 |
| Return of provision for loss of value of inventories for sale of the Mallay unit, note 8(b) | - | - | 843 |
| Cost of sale of property, plant and equipment | - | - | (3,099) |
| Cost of sale of supplies (sale of Mallay mining unit) | - | - | (1,711) |
| Provision for loss of value of inventories, note 8(b) | - | - | (1,220) |
| Others, net | 288 | (79) | (240) |
| | | | |
| **Total operating income (expenses), net** | 564,769 | (428,993) | (66,645) |
| | | | |
| **Operating profit (loss)** | 564,769 | (428,993) | (66,646) |
| Finance costs, note 15(b) | (59) | (25) | (176) |
| Net gain (loss) from currency exchange difference | (2) | - | 12 |
| **Profit (loss) before income tax** | 564,708 | (429,018) | (66,810) |
| Current income tax | (44,747) | - | - |
| Deferred income tax | (41,414) | 41,414 | - |
| | (86,161) | 41,414 | - |
| | | | |
| **Profit (loss) from discontinued operations** | 478,547 | (387,604) | (66,810) |

No net cash flows were generated by the mining units maintained with discontinued operations during 2022, 2021 and 2020.

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

The Group's operations are subject to risks related to outbreaks of infectious diseases. For example, the outbreak of coronavirus COVID-19. Since 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. During the initial phase, 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 a national level have now resumed according to a phase plan issued by the Peruvian State.

In March, April, May and June 2020, direct operations of the Group were limited to those that are critical to ensuring 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. The production stoppage dates were as follows:

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

Considering that the start of the quarantine began in the second half of March 2020, the Group's mining units have operated below the planned volume, which was reflected in the variation in sales. In 2020, the Group's unabsorbed cost due to production stoppage amounted to a total amount of US$27.8 million (net of intercompany eliminations), see note 22.

Depreciation and amortization incurred during the production stoppage amounts to US$10.8 million for the year 2020, which is included in "Depreciation and amortization" caption in the consolidated statements of profit or loss.

In January 2021, in response to the significant increase in the number of infections, the number of deaths and the saturation of the health system, the Peruvian Government decreed compulsory social immobilization in ten regions of the country, with the exception of some sectors such as agriculture, energy, hydrocarbons, mining, construction, etc., thus it did not affect the Company's operations. This second confinement phase was from January 31 until September 30, 2022 according to Supreme Decree N° 118-2022.

(g) *Temporary suspension of the operations of mining units related to social conflicts -*

And the end of 2022, intensified tensions, protests, and social unrest erupted following a change in the country's political leadership. Demonstrations continued into early 2023, and civil unrest continues to disrupt trade and supply chains as of the date of this report. To date, there has been a limited impact on the Group's operations. The Group continues to monitor the situation with priority on safety and security. A prolonged disruption to logistics and supply chains could affect future operations.

*Temporary suspension of the operations of the Julcani mining unit –*

Within the current political situation, groups of people have been mobilizing in various regions of the country, in some cases committing acts of vandalism. On February 5, 2023, people from outside the area of influence of the Julcani mine broke into the mining camp and forced the unit's officials to, among other things, stop operations. In order to ensure the integrity of the workers, all personnel were demobilized and operations were suspended until safety was guaranteed. Both the surrounding communities and the different unions publicly expressed their rejection of the acts of vandalism carried out at the mining unit, after which they issued a formal request to the Company to restart operations at the Julcani mining unit. On February 16, 2023, operations were restarted.

*Blocking of access roads to the north pit of the Colquijirca mining unit -*

The current limitations regarding the land and permits required to expand the operating area of the north pit of the Colquijirca mining unit of the subsidiary El Brocal and the expansion phase of the Huachuacaja tailings dam, have generated that it be scheduled for the current year a partial reduction of the mining sequence, which does not imply the cessation of operations, and requires the reduction of the workforce and services contracted by El Brocal. On the night of January 31, 2023, a group of former workers from a contractor company blocked the access roads to the north pit of Colquijirca mining unit. At the date of this report, the access roads are free.

## 2. Basis for preparation, consolidation and accounting policies

2.1. Basis of preparation -

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, based on the records of the Company, except for the derivative financial instruments and financial assets and liabilities that have been measured at fair value and discontinued operations that have been valued at the lower of (i) their carrying amount and (ii) its fair value less cost to sell.

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

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

The preparation of consolidated financial statements requires that management use judgments, estimates and assumptions, as detailed on note 3.

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

2.2. Basis of consolidation -

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries to the date of the consolidated statements of financial position. Subsidiaries are entities controlled by the Group.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

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

Generally, there is a presumption that a majority of voting rights result in control. When the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, revenue and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, revenue, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction between owners or shareholders (there is no gain or loss).

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.3. Changes in accounting policies and disclosures -

Certain standards and amendments became effective in 2022; however, they did not have a material impact on the consolidated financial statements of the Group and therefore, have not been disclosed. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

*Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 -*

An onerous contract is a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. These amendments had no impact on the consolidated financial statements of the Group as there were no onerous contract during the period.

*Reference to the Conceptual Framework – Amendments to IFRS 3 –*

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

*Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 –*

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no impact on the consolidated financial statements of the Group as there were no proceeds from selling items while bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2.4. Summary of significant accounting policies -

(a) Foreign currencies -

The Group´s consolidated financial statements are presented in U.S. dollars, which is also the parent company's functional currency and the Group's presentation currency. For each entity, the Group determines the functional currency and the items included in the financial statements of each entity are measured using that functional currency. For consolidation purposes, each entity presents its financial statements in U.S. dollars.

*Transactions and balances*

Transactions in foreign currency are initially recorded by each entity in the Group at their respective functional currency spot rates, published by the Superintendence of Banking and Insurance and Pension Fund Administrators (AFP for its acronym in Spanish).

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising from the settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of a hedge. These are recognized in other comprehensive income (OCI) until the hedged items are disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in OCI.

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

(b) Financial instruments -

Initial recognition and subsequent measurement -

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets -

Initial recognition and measurement -

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not at fair value through profit or loss.

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a period established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date.

Subsequent measurement -
For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortized cost.
- Financial assets at fair value through OCI.
- Financial assets at fair value through profit or loss.

*Financial assets at amortized cost -*
The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

This category generally applies to other receivables included in the "Trade and other receivables" caption.

Financial assets at fair value through OCI -
Financial assets are classified and measured at fair value through OCI if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

This category generally applies to the "Hedge derivative financial instruments" caption.

Financial assets at fair value through profit or loss -

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of profit or loss.

This category generally applies to the trade receivables included in the “Trade and other receivables” caption.

Derecognition -

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

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

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

*Impairment of financial assets -*

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are past due according to each contract. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities -

Initial recognition and measurement -

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group’s financial liabilities include trade and other payables, financial obligations, bank loans, financial liabilities for contingent consideration liability and Hedge derivative financial instruments.

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

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

Financial liabilities are classified as held for trading if they are incurred for repurchasing in the near term. This category also includes derivative financial instruments entered by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has designated financial liabilities for contingent consideration as at fair value through profit or loss.

*Financial liabilities at amortized cost (loans and borrowings) -*
After initial recognition, interest-bearing loans and borrowing are subsequently measured at amortized cost using the EIR. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR amortization is included in the "Financial costs" caption in the consolidated statements of profit or loss. This category generally applies to interest-bearing loans and borrowings.

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

(iii) Offsetting of financial instruments -
Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(c) Cash and cash equivalents -
"Cash and cash equivalents" caption presented in the consolidated statements of financial position comprise cash at banks and on hand, and short-term highly liquid deposits with a current maturity and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management. In addition, the Group has restricted cash. See note 6.

(d) Inventories -
Inventories are valued at the lower of cost or net realizable value. Cost is determined using the average method.

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

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

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

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

Any provision for obsolescence of spare parts and supplies is determined by reference to specific items of stock based on inventory turnover level. A regular review is undertaken to determine the extent of any provision for obsolescence.

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

identifiable net assets. Acquisition-related costs are expensed as incurred and included in the “Administrative expenses” caption.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiror.
Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value, with changes in fair value recognized in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured at fair value at the reporting date with changes in the fair value recorded in the consolidated statement of profit or loss.

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

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

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

(f) Investments in associates and joint venture -
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in associates and joint ventures are accounted for using the equity method.

Under this method, the investment in an associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate and joint ventures since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

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

The aggregate of the Group´s share of profit or loss of an associate or joint venture is shown on the face of the consolidated statements of profit or loss outside operating profit and represents profit or loss after tax in the associates and joint ventures.

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

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

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

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

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

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the obligation for mine closing and, borrowing costs for qualifying assets.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. In addition, when a major inspection is performed, its cost is recognized in the carrying amount of plant and equipment as a replacement if the recognition criteria are satisfied. All other maintenance and repair costs are recognized in the consolidated statement of profit or loss as incurred.

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

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

| | **Years** |
|---|---|
| Buildings, construction and other | 2 to 40 |
| Machinery and equipment | 2 to 30 |
| Transportation units | 5 |
| Furniture and fixtures | 4 to 10 |
| Other equipment | 3 to 10 |
| Computer equipment | 3 to 5 |

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

*Disposal of assets -*
An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal, or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of profit or loss when the asset is derecognized.

(i) Leases -
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

*Group as a lessee -*
The Group applies a single recognition and measurement approach for all leases, except for short-term leases with no renewal options and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*i) Right-of-use assets -*
The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the related assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

*ii) Lease liabilities -*
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. The Group does not have variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in the "Financial obligation" caption on the consolidated statements of financial position.

*iii)* *Short-term leases and leases of low-value assets -*
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment without renewal option. It also applies the lease of low-value assets recognition exemption to leases of office equipment, which are considered low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

*Group as a lessor –*
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in "Other, net" in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

(j) Mining concessions -
Mining concessions represent ownership of the right of exploration and exploitation to the Group on mining properties that contains ore reserves acquired. Mining concessions are irrevocable, provided the holder of a mining concession complies with the obligations set forth in the General Mining Law. Such concessions have an indefinite term, subject to payment of an annual concession fee per hectare granted and achievement of minimum annual production for each hectare. Mining concessions are stated at cost and are amortized using a units of production method, based on proven and probable reserves.

If the Group leaves these concessions, the costs associated are written off in the consolidated statements of profit or loss.

Cost includes the fair value attributable to mineral reserves and the portion of mineral resources considered probable of economic extraction at the time of a business combination.

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

Mining concessions are presented in the caption of "Property, plant, equipment and development costs" in the consolidated statements of financial position.

(k) Exploration and mine development costs -

*Exploration costs –*

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

Exploration and evaluation activity includes:

- Researching and analyzing historical exploration data.
- Gathering exploration data through geophysical studies.
- Exploratory drilling and sampling.
- Determining and examining the volume and grade of the resource.
- Surveying transportation and infrastructure requirements.
- Conducting market and finance studies.

*Development costs –*

When the Group's Management approves the feasibility of the conceptual study of a project, the costs incurred to develop such property, including additional costs to delineate the ore body and remove impurities it contains, are capitalized as development costs and included in the "Property, plant, equipment and development cost" caption in the consolidated statements of financial position. These costs are amortized when production begins, on the units-of-production basis over the proven and probable reserves.

The development costs include:

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

Development costs necessary to maintain production are expensed as incurred.

(l) Stripping (waste removal) costs -

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

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

- Future economic benefits are probable.
- The component of the ore body for which access will be improved can be accurately identified.
- The costs associated with the improved access can be reliably measured.

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

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity. The production stripping cost is presented within “Property, plant, equipment and development cost” caption in the consolidated statements of financial position.

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

(m) Impairment of non-financial assets -

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows limited to the life of the mine.

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

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

(n) Provisions -

*General -*

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

*Provision for closure of mining units -*

The Group records a provision for closure of mining units when a legally enforceable obligation arises, which is independent of the full depletion of the mine reserves.

The Group recognizes a provision for closure of mining units once the obligation has been properly measured. The liability is initially recognized at the present value of the estimated costs and is capitalized as part of the carrying amount of the related mining assets (property, plant and equipment). The discounted liability is increased for the change in present value based on discounted rates that reflects current market assessments and the risks specify to the liability. In addition, the capitalized cost is depreciated and/or amortized based on the useful life of the asset. Any gain or loss resulting from the settlement of the obligation is recorded in the current results.

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

If the change in estimate results in an increase in the provision for closure and, therefore, an addition to the carrying value of the mining asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, the Group performs an impairment test.

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

(o) Treasury shares -

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

(p) Revenue recognition -

Revenue from contracts with customers is recognized when control of goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

The Group has concluded that it is the principal in its revenue contracts because it typically controls the goods before transferring them to the customer.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in note 3.

*Sales of goods (concentrates and metals) -*

The Group recognizes revenue from sale of concentrates and metals at the point in time when control of the asset is transferred to the customer. Transfer of control is determined in accordance with the terms of each of the contracts entered with the Group's customers; however, under such contracts, transfer of control generally occurs upon shipment or delivery of the goods, including transportation. The recognized revenue corresponds to an amount that reflects the consideration the Group expects to receive in exchange for those products.

Revenue from sale of concentrates and metals is recorded net of “Commercial deductions”. Commercial deductions correspond to adjustments in price for treatment and refining charges and can include certain penalties that, in accordance with the applicable contract, are deducted from the international fine metal spot price, and that are incurred after the time of sale of the applicable concentrate. The Group deems these deductions to be part of the transaction price. The normal credit term is 5 to 90 days after delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations, to which a portion of the transaction price needs to be allocated. The Group considers that the only performance obligation is the delivery of the goods. In determining the transaction price for the sale of concentrates and metals, the Group considers the effect of variable consideration and the existence of significant financing components.

*Variable consideration -*
If the consideration in the contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal for revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group´s sales of concentrates and metals allow for price adjustments based on the market price at the end of the relevant quotation period (QP) stipulated in the contract. These are referred as to provisional pricing arrangements and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP can generally range between one and four months.

The Group’s sales of concentrates and metals are also subject to slight variations in yield that can occur while such goods are in transit to their destination due to variations in humidity, weight and ore grades. Such variations are recognized directly as part of “Sales of goods” caption within the statements of profit or loss once the Group reaches an agreement with the applicable customer in respect of final amounts sold.

Sales of concentrates and metals at provisional prices include a gain (loss) to be received at the end of QP; this is considered a variable consideration. Changes in the price during the quotation period are recognized in the “Sales of goods” caption of the statements of profit or loss as “Fair value of accounts receivables”. See note 20(b).

For provisional pricing arrangements, any future change that occurs over the QP are embedded within the provisional price trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15. Given the exposure to the commodity price, these provisionally priced trade receivables will fail the cashflow characteristics test within

IFRS 9 and will be required to be measured at fair value through profit or loss from initial recognition and until the date of settlement. The subsequent changes in fair value are recognized in the consolidated statements of profit or loss for each period and presented separately from revenue from contracts with customer as part of “fair value of trade receivables”. See note 20(b). Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices for gold and copper as well as taking into account relevant other fair value considerations set out in IFRS 13, including interest rate and credit risk adjustments.

*Sales of services -*

Services are recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group. The Group uses the output method for measuring progress of the services as the Group has the right to invoice an amount that corresponds directly to the performance completed to date.

*Significant financing components -*

The Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good to the customer and when the customer pays for that good will be one year or less.

*Contract Balances -*

*Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. As of December 31, 2022 and 2021, the Group has no contractual assets.

*Trade receivables -*

A receivable represents the Group´s right to an amount of consideration that is unconditional.

*Contract liabilities -*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If customer pays consideration before the Group transfers the goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. As of December 31, 2022 and 2021, the Group has no contractual liabilities.

*Cost to obtain a contract -*

The Group pays sales commissions as part of the sales of services in the insurance brokerage segment. The Group has elected to apply the optional practical expedient for cost to obtain a contract which allows the Group to immediately expense sales commissions because the amortization period of the assets that the Group otherwise would have used is one year or less.

*Interest income -*

For all financial instruments measured at amortized cost, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the consolidated statements of profit or loss.

*Royalty income -*

The royalty income is recognized when the later of the following events occurs: the subsequent sales occur or the performance obligation is satisfied (or partially satisfied).

*Dividends -*

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

*Rental income -*

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

(q) Benefits to employees -

Salaries and wages, bonuses and vacations are calculated in accordance with IAS 19 - Employee Benefits and are calculated in accordance with current Peruvian legislation on an accrual basis.

Workers' profit sharing -

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

(r) Borrowing costs -

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

(s) Taxes -

*Current income tax -*

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

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred income tax -*

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognized for all taxable temporary differences, except for taxable temporary differences associated with investments in associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognized in correlation to the underlying transaction either in profit and loss, OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right to compensate current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

*Uncertain tax positions –*
The Group determines whether to consider each uncertain tax position separately or together with one or more other uncertain tax positions and uses the approach that better predicts the resolution of the uncertainty. In Peru, there are only two possibilities to measure uncertain Peruvian tax positions: 100% probability of recovery in the event that the Group has a favorable decision on the matter to be evaluated, or 0% probability of recovery, in the event that the Group does not prevail in the procedures before the tax authority. The Group determines, based on its tax compliance and transfer pricing studies whether or not it is probable that its tax positions (including those for the subsidiaries) would be accepted by the tax authorities.

*Peruvian mining royalties and special mining tax –*
In accordance with Law No.28258, as amended by Law No. 29788, mining royalties are either payable as the higher of (i) a specified percentage of tax profit or (ii) 1% of revenues. If the mining royalty is calculated as a percentage of operating profit, marginal rates ranging from 1% to 12% that increase progressively for companies with higher operating margins will apply.

Mining royalties and the special mining tax are accounted for in accordance with IAS 12 - Income Taxes, because they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable income-rather than physical quantities produced or as a percentage of revenue-after adjustment for temporary differences. Legal rules and rates used to calculate the amounts payable are those in effect on the date of the consolidated statements of financial position.

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

*Sales tax -*
Expenses and assets are recognized net of the amount of sales tax, except:

(i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;

(ii) When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

(t) Fair value measurement

The Group measures its financial instruments at fair value at the date of the consolidated statements of financial position.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(u) Derivative financial instruments and hedge accounting -

*Initial recognition and subsequent measurement* -

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

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

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group’s hedges are classified as cash flow hedges. The effective portion of gain or loss on the hedging instrument is initially recognized in the consolidated statements of changes in equity, under the “Other comprehensive income (loss)” caption, while the ineffective portion is recognized immediately in the consolidated statements of profit or loss in the “Finance costs” caption.

(v) Discontinued operations -

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

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

(w) Other non-financial assets -

The “Other non-financial assets” caption includes patents and industrial property, right-of-use assets related to rights of way, and software licenses. Patents and industrial property and right-of-use assets are amortized over their useful economic lives. Software licenses are amortized using the straight-line method over useful lives of 1 to 10 years.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite life are amortized over their useful economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Internally generated intangibles, excluding capitalized development costs, are not capitalized. Instead, the related expenditure is recognized in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

**3. Significant accounting judgments, estimates and assumptions**

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management´s experience and other facts, including the expectations about future events that are believed to be reasonable under the current situation. Uncertainty about these estimates and assumptions could result in outcomes that require material adjustment to the carrying amount of assets and liabilities affected in future periods.

Further information on each of these areas and the impact on the consolidated financial statements and the accounting policies of the Group due to the application of significant accounting judgments, estimates and assumptions that have been used is presented below, as well as in the notes. to the respective consolidated financial statements.

3.1. Judgments

In the process of applying the Group's accounting policies, Management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Contingencies and uncertain tax positions -

By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential impact of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events. To identify uncertainties over income tax treatments, the Group makes a determination as to whether a tax treatment is probable of being accepted by the taxation authorities based on its tax compliance and transfer pricing studies.

Pursuant to Peruvian Law, once there is an adverse decision to a taxpayer at the administrative level, SUNAT is entitled to proceed to deliver notice to the taxpayer demanding payment, regardless of whether the taxpayer decides to appeal the decision at the judiciary level. However, the taxpayer's payment of the SUNAT administrative claim does not entail a settlement of the tax dispute. Instead, this payment is required to be made for the taxpayer to continue the appeal process at the judiciary level and is subject to refund, with interest, if the taxpayer is successful in their judiciary level action.

When measuring the amount to be recorded as an account receivable in light of the payments made at the administrative level, the Group applies IFRIC 23.

(b) Development start date -

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

(c) Production start date -

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

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

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

(d) Useful life of property, plant and equipment
Depreciation is calculated under the straight-line method of accounting considering the lower of estimated useful lives of the assets or estimated reserves of the mining unit. See note 2.4(h) for useful lives.

(e) Recognition of revenue -
The Group applies judgement for determining the timing of satisfaction of services of revenue from contracts with customers. The Group has concluded that revenue related to services such as energy generation and transmission, industrial services, and other services is to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group.

The Group has determined that the output method is the best method in measuring progress of the services mentioned above due to the Group has the right to invoice an amount that corresponds directly to the performance completed to date.

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

(a) Determination of mineral reserves and resources -
Recoverable proven and probable reserves and resources are the part of a mineral deposit than can be economically and legally extracted or produced at the time of the reserve and resources determination. The determination of reserves involves numerous uncertainties with respect to the ultimate geology of the ore bodies, including quantities, grades and recovery rates. Estimating the quantity and grade of reserves and resources requires the Group to determine the size, shape and depth of its ore bodies by analyzing geological data, such as sampling of drill holes, tunnels and other underground workings. In addition to the geology of the Group's mines, assumptions are required to determine the economic feasibility of mining these reserves, including estimates of future commodity prices and demand, the mining methods the Group uses and the related cost incurred to develop and mine its reserves and resources. The process to estimate proven and probable ore reserves and resources is audited by an independent consultant each year.

All estimated reserves and resources represent estimated quantities of mineral proven and probable that under current conditions can be economically and legally processed. Changes could occur on reserve and resource estimates due to, among others, revisions to the data or geological assumptions, changes in prices, production costs and results of exploration activities. Changes in estimated reserves and resources primarily affect the depreciation of development costs, property, plant and equipment related directly to mining activity, the provision for mine closure, the assessment of the deferred asset's recoverability and the amortization period for development costs.

(b) Units of production depreciation -
Reserves and resources are used in determining the depreciation and amortization of mine-specific assets.

This results in a depreciation or amortization charge proportional to the depletion of the anticipated remaining life of mine production. Each mine's life is assessed annually to evaluate: (i) physical life limitations and (ii) present assessments of economically recoverable reserves of the mine property. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Changes are recorded prospectively.

(c) Provision for closure of mining units -
The Group assesses its provision for closure of mining units at each reporting date using a discounted future cash flow model. In determining the amount of the provision, it is necessary to make significant assumptions and estimates, because many factors exist that can affect the final amount of this provision. These factors include estimates of the extent and costs of closure activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates and periods such costs where are expected to be incurred. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future closure costs required.

(d) Inventories -
Inventories are classified as current or non-current depending on the length of time that management estimates will be needed to reach the production state of concentrate extraction for each mining unit.

Net realizable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realize when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Additionally, management considers the time value of money in calculating the net realizable value of its non-current inventories.

Classified minerals, which are materials with metal content that were removed from the pit of the Colquijirca mining unit for treatment at the expansion operation plant, contain lower grade ore than the average of treated minerals and are available to continue in the process of recovery of mineral and concentrates. Because it is generally impracticable to determine the mineral contained in the classified mineral located in the deposit field near Tajo Norte of Colquijirca mining unit by physical count, reasonable estimation methods are employed. The quantity of minerals delivered to classified mineral is based on surveyed volumes of mined material and daily production records. Sampling and assaying of blasthole cuttings determine the estimated copper, lead and zinc grades of material delivered to classified minerals.

For minerals outside leach platform inventories, finished and in-progress goods are measured by estimating the number of tons added and removed. The number of contained gold ounces is based on assay data, and the estimated recovery percentage is based on the expected processing method. Tonnages and ounces of mineral are verified by periodic surveys.

For minerals inside leach platform inventories, reasonable estimation methods are employed because it is generally impracticable to determine the mineral contained in leach platforms by physical count. The quantity of material delivered to leach platforms are based on surveyed volumes of mined material and daily production records. Sampling and assaying of blasthole cuttings determine the estimated ore grades of material delivered to leach platforms.

(e) Impairment of non-financial assets -

The Group assesses each asset or cash generating unit in each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered the higher of (i) the fair value less costs of disposal and (ii) value in use. The assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, among others. These estimates and assumptions are subject to risk and uncertainty.

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

(f) Deferred income tax asset and recoverability -
Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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

**4. Standards and interpretations issued but not effective**

Certain new accounting standards and interpretations have been issued that are not yet effective as of December 31, 2022, and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

*Amendments to IAS 1: Classification of Liabilities as Current or Non-current -*
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

*Definition of Accounting Estimates - Amendments to IAS 8 -*
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of “Accounting Estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The Group will apply changes in IAS 8 prospectively for any business combination.

*Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 -*
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group’s accounting policy disclosures.

## 5. Transactions in soles

Transactions in soles are completed using exchange rates published by the Superintendent of Banks, Insurance and A.F.P. As of December 31, 2022, the exchange rates for U.S. dollars published by this Institution were US$0.2626 for buying and US$0.2618 for selling (US$0.2516 for buying and US$0.2501 for selling as of December 31, 2021), and have been applied by the Group for the assets and liabilities accounts, respectively.

As of December 31, 2022 and 2021, the Group presents the following assets and liabilities originally denominated in soles by its equivalent in U. S. dollars:

| | **2022** | **2021** |
|---|---|---|
| | US$(000) | US$(000) |
| **Assets** | | |
| Cash and cash equivalents | 8,822 | 8,587 |
| Trade and other receivables | 731,367 | 688,438 |
| Income tax credit | 28,046 | 15,456 |
| | 768,235 | 712,481 |
| **Liabilities** | | |
| Trade and other payables | (84,552) | (72,051) |
| Income tax payable | (25,336) | (21,384) |
| Provisions | (2,365) | (3,026) |
| | (112,253) | (96,461) |
| **Net asset position** | 655,982 | 616,020 |

**6. Cash and cash equivalents**

(a) This caption is made up as follows:

| | 2022 | 2021 |
|---|---|---|
| | US$(000) | US$(000) |
| Cash on hand | 134 | 155 |
| Balances with banks (b) | 43,633 | 215,699 |
| Short-term deposits (c) | 210,151 | 161,145 |
| | 253,918 | 376,999 |

(b) Bank accounts earn interest at floating rates based on market rates.

(c) As of December 31, 2022 and 2021, time deposits were kept in prime financial institutions, which generated interest at annual market rates and have current maturities, according to the immediate cash needs of the Group.

## 7. Trade and other receivables

(a) This caption is made up as follows

| | 2022<br>US$(000) | 2021<br>US$(000) |
|---|---|---|
| **Trade receivables (b)** | | |
| Domestic clients | 127,750 | 135,811 |
| Foreign clients | 40,229 | 31,233 |
| Related entities, note 32(b) | 367 | 4,626 |
| | 168,346 | 171,670 |
| Allowance for expected credit losses (i) | (22,276) | (22,276) |
| | 146,070 | 149,394 |
| **Other receivables** | | |
| Tax claims (c) | 631,478 | 601,056 |
| Value added tax credit | 52,589 | 35,228 |
| Other accounts receivables to third parties | 30,175 | 28,361 |
| Advances to suppliers | 14,392 | 10,921 |
| Tax deposits (e) | 8,296 | 12,711 |
| Refund applications of value added tax (g) | 3,330 | 2,488 |
| Related entities, note 32(b) | 2,842 | 2,298 |
| Closed hedging financial instruments receivable, note 34(b) | 2,506 | - |
| Interest receivable | 2,305 | 2,608 |
| Due from for sales of assets (f) | 2,119 | 7,481 |
| Public Works Tax Deduction | 1,196 | 1,527 |
| Bank accounts in trust (h) | 1,092 | 359 |
| Loans to personnel | 629 | 460 |
| Loans to third parties | 365 | 350 |
| Restricted time deposits (d) | - | 29,242 |
| Other minor | 248 | 401 |
| | 753,562 | 735,491 |
| Allowance for expected credit losses (i) | (4,106) | (8,621) |
| | 749,456 | 726,870 |
| **Total trade and other receivables** | 895,526 | 876,264 |
| **Classification by maturity:** | | |
| Current portion | 221,899 | 240,432 |
| Non-current portion | 673,627 | 635,832 |
| **Total trade and other receivables** | 895,526 | 876,264 |
| **Classification by nature:** | | |
| Financial receivables | 838,411 | 837,021 |
| Non-financial receivables | 57,115 | 39,243 |
| **Total trade and other receivables** | 895,526 | 876,264 |
| **Classification by measurement:** | | |
| Trade receivables (not subject to provisional pricing) | 16,503 | 15,417 |
| Trade receivables (subject to provisional pricing) | 129,567 | 133,977 |
| Other accounts receivables | 749,456 | 726,870 |
| **Total trade and other receivables** | 895,526 | 876,264 |

(b) Trade accounts receivable are denominated in U.S. dollars, are neither due nor impaired (except for those included in our allowance for expected credit losses, see (i)) do not yield interest and have no specific guarantees.

(c) Corresponds to forced payments of tax debts that are in litigation and that, in the opinion of management and its legal advisors, a favorable result should be obtained in the judicial and administrative processes that have been initiated, see note 31(d):

| Detail | Payment Date | 2022 US$(000) | 2021 US$(000) |
|---|---|---|---|
| **Buenaventura -** | | | |
| Payment of tax debt for fiscal year 2007 - 2008. | July 2021 | 414,841 | 398,548 |
| Payment of tax debt for fiscal year 2010. | July 2021 | 93,669 | 89,733 |
| Payment of tax debt for fiscal year 2009. | July 2021 | 50,787 | 48,654 |
| SUNAT seizure for payment on account from January to December 2009; January and February 2010. | December 2019 | 31,581 | 30,255 |
| Forced payment of part of the tax liability debt for fiscal year 2007. | November - December 2020 | 18,925 | 18,130 |
| SUNAT seizure for payment on account on Income Tax 2007-2008. | January 2021 | 5,035 | 4,823 |
| Payment of tax debt for fiscal year 2017. | December 2022 | 2,422 | - |
| Payment of the tax liability debt imputed by SUNAT in the IGV inspection process January-December 2014 to benefit from the gradual nature of the fine. | November 2020 | 1,246 | 1,193 |
| Inminsur's tax liability debt (absorbed by Buenaventura), by the inspection process for the years 1996-1997 and claimed in court. | May 2017 | 787 | 754 |
| Claim payment to OSINERGMIN for the year 2015. | December 2022 | 621 | - |
| Claim payment to OSINERGMIN for the year 2014. | August 2021 | 612 | 587 |
| Forced payment of part of the tax debt for fiscal year 2010. | December 2020 | 474 | 452 |
| | | 621,000 | 593,129 |
| ***El Brocal -*** | | | |
| Forced payment of part of the tax debt for fiscal year 2014. | January 2021 | 1,278 | 1,225 |
| Payment of the fine for the benefit of reducing the fine for fiscal year 2015. | January 2020 | 262 | 251 |
| Payment under protest of the tax liability for fiscal year 2011. | June 2014 | - | 2,096 |
| | | 1,540 | 3,572 |
| ***Río Seco -*** | | | |
| Forced payment of part of the VAT tax liability for 2012. | July to September 2019 | 3,238 | 3,162 |
| Forced payment of part of the tax debt for fiscal year 2020. | November 2022 | 609 | - |
| | | 3,847 | 3,162 |
| ***Huanza -*** | | | |
| Payment under protest of the tax liability for fiscal year 2014 | December 2022 | 1,600 | - |
| ***La Zanja -*** | | | |
| SUNAT seizure for income tax for fiscal year 2016 | October 2022 | 2,353 | - |
| Forced payment of part of the tax debt for fiscal year 2013 - 2015. | April 2021 | 804 | 853 |
| | | 3,157 | 853 |
| ***Chaupiloma -*** | | | |
| SUNAT seizure for income tax for fiscal year 2011 | September 2021 | 334 | 340 |
| | | 631,478 | 601,056 |

(d) As of December 31, 2021, it corresponded to a restricted time deposit hold by Minera La Zanja S.R.L. in favor of Ministry of Energy and Mines for US$29,242,000 to secure current mine closure plans of its mining units and exploration projects that expired on January 12, 2022.

(e) Corresponds to deposits held in the Peruvian State bank and that in accordance with the tax law of Peru which only can be used to offset tax obligations that the Group has with the Tax Authorities.

(f) As of December 31, 2022, the balance also includes the account receivable related to the sale of mining concessions from the subsidiary Chaupiloma to Yanacocha for US$1.9 million (note 1(e)). During 2022, collections related to the sale amounted to US$6.5 million.

As of December 31, 2021, the account receivable for the sale of assets corresponded mainly to the balance for the sale of Mallay mining unit for US$7.3 million, which were transfer to a third party during May 2022 by US$6 million. This transaction generates a loss of US$2 million which are presented in “Others, net” caption.

As of March 2021, the Company collected US$3.6 million related to the sale of the investment in Buenaventura Ingenieros S.A. for a sale amount of US$7.1 million. The remaining balance was compensated with a credit note.

During the first quarter of 2020, US$21.0 million were collected related to the 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. realized on September 5, 2019.

(g) Corresponds mainly to current year refunds applications that are pending as of December 31, 2022.

(h) Corresponds mainly to collections that are deposited into restricted bank accounts that only can be used for the payment of financial obligations held by the subsidiary Empresa de Generación Huanza S.A. (hereafter “Huanza”), according to the finance lease signed with Banco de Crédito del Perú in 2009. Below is presented the movement:

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| **Beginning balance** | 359 | 376 | 2,510 |
| Increase | 733 | - | - |
| Decrease | - | (17) | (2,134) |
| **Final balance** | 1,092 | 359 | 376 |

(i) Below is presented the movement in the allowance for expected credit losses:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| **Beginning balance** | 30,897 | 31,845 | 32,022 |
| Provision for other receivables, note 28(a) | 253 | 409 | 4 |
| Provision for trade receivables, note 25 | - | - | 126 |
| Provision of the year | 253 | 409 | 130 |
| Foreign exchange difference | (59) | (197) | (307) |
| Write off during the year | (4,709) | (1,160) | - |
| **Final balance** | 26,382 | 30,897 | 31,845 |
| Trade receivables | 22,276 | 22,276 | 22,128 |
| Other receivables | 4,106 | 8,621 | 9,717 |
| | 26,382 | 30,897 | 31,845 |

The allowance for expected credit losses of other receivables is related to accounts receivable from third parties. There is no allowance for expected credit losses of related parties' accounts as they are expected to be fully recoverable.

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 non-payment as of the consolidated statement of financial position.

## 8. Inventories

(a) This caption is made up as follows:

| | 2022 | 2021 |
|---|---|---|
| | US$(000) | US$(000) |
| Finished goods | 1,267 | 1,396 |
| Products in process (b) | 27,212 | 41,619 |
| Spare parts and supplies | 89,708 | 86,825 |
| | 118,187 | 129,840 |
| Provision for impairment of inventory (c) | (29,842) | (30,774) |
| | 88,345 | 99,066 |
| **Classification by use:** | | |
| Current portion | 88,345 | 86,264 |
| Non-current portion | - | 12,802 |
| | 88,345 | 99,066 |

(b) Products in process primarily relate to mineral in process of El Brocal amounting to US$3.9 million (935,448 Dried Metric Ton amounting to US$29.1 million as of December 31, 2021). See note 1(b).

(c) The provision for impairment of inventory had the following movements:

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| **Beginning balance** | 30,774 | 31,117 | 25,402 |
| ***Continuing operations:*** | | | |
| *Finished and in progress goods, note 21(a) -* | | | |
| Provision | 7,243 | 6,877 | 8,920 |
| Reversal | (8,314) | (12,348) | (3,866) |
| | (1,071) | (5,471) | 5,054 |
| *Spare parts and supplies, note 28(a) -* | | | |
| Provision | 22,533 | 22,394 | 17,266 |
| Reversal | (22,394) | (17,266) | (15,762) |
| | 139 | 5,128 | 1,504 |
| ***Discontinued operations:*** | | | |
| *Spare parts and supplies, note 1(e) -* | | | |
| Provision | - | - | 1,220 |
| Reversal | - | - | (843) |
| | - | - | 377 |
| *Sale of discontinued mining unit, note 1(e) -* | - | - | (1,220) |
| **Final balance** | 29,842 | 30,774 | 31,117 |

In the opinion of Group's management, the provision for impairment of inventory adequately covers the risk of obsolescence and the net realizable test as of the date of the consolidated statements of financial position.

## 9. Prepaid expenses

(a) This caption is made up as follows:

| | 2022<br>US$(000) | 2021<br>US$(000) |
|---|---|---|
| Right to use facilities paid in advance (b) | 23,920 | 24,806 |
| Prepaid insurance | 15,065 | 15,588 |
| Deferred costs of works for taxes | 1,929 | 2,934 |
| Other prepaid expenses | 1,452 | 986 |
| | 42,366 | 44,314 |
| **Classification by maturity:** | | |
| Current portion | 19,333 | 20,394 |
| Non-current portion | 23,033 | 23,920 |
| | 42,366 | 44,314 |

(b) Corresponds mainly to payments made in advance to EDEGEL for an original amount of US$31,007,190 corresponding to the right to use the capacity of the hydraulic system of EDEGEL by the subsidiary Empresa de Generación Huanza S.A. This prepayment is being charged to results during the life of the underlying assets (35 years) since January 2015.

**10. Investments in associates and joint venture**

(a) This caption is made up as follows:

| | Share in equity | | | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | % | % | US$(000) | US$(000) |
| **Associates** | | | | |
| Sociedad Minera Cerro Verde S.A.A. | 19.58 | 19.58 | 1,408,260 | 1,305,377 |
| Compañía Minera Coimolache S.A. | 40.10 | 40.10 | 98,388 | 101,683 |
| Tinka Resources Ltd. | 19.32 | 19.30 | 10,678 | 11,573 |
| | | | 1,517,326 | 1,418,633 |
| **Joint venture (d)** | | | 2,486 | 2,497 |
| **Other minor investments** | | | 1,165 | 1,165 |
| | | | 1,520,977 | 1,422,295 |

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

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| **Associates** | | | |
| Sociedad Minera Cerro Verde S.A.A. | 181,221 | 233,342 | 53,767 |
| Compañía Minera Coimolache S.A. | (2,493) | 8,170 | 10,055 |
| Tinka Resources Ltd. | (2,447) | (1,098) | (868) |
| | 176,281 | 240,414 | 62,954 |
| **Joint venture** | (11) | 36 | (252) |
| | 176,270 | 240,450 | 62,702 |

**Investment in Sociedad Minera Cerro Verde S.A.A. (Cerro Verde) -**

Cerro Verde is engaged in the extraction, production and marketing of cathodes and copper concentrate from its mining unit that is located in Uchumayo, Arequipa, Peru.

*Key financial data -*

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

| | 2022 | 2021 |
|---|---|---|
| | US$(000) | US$(000) |
| **Statements of financial position as of December 31:** | | |
| Current assets | 1,946,762 | 2,157,182 |
| Non-current assets | 6,047,101 | 5,967,382 |
| Current liabilities | (564,058) | (1,252,095) |
| Non-current liabilities | (778,378) | (745,463) |
| **Equity** | 6,651,427 | 6,127,006 |
| Group’s interest | 1,300,497 | 1,197,614 |
| Goodwill | 107,763 | 107,763 |
| | 1,408,260 | 1,305,377 |

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| **Statements of profit or loss for the years ended December 31:** | | | |
| Sales of goods | 3,975,295 | 4,199,448 | 2,538,593 |
| Net profit from continued operations | 925,353 | 1,191,474 | 274,544 |
| Group's share in results | 181,221 | 233,342 | 53,767 |

The Group's management determined that there was no objective evidence that its investment in Cerro Verde is impaired as of December 31, 2022 and 2021.

*Market capitalization:*

As of December 31, 2022 and 2021, total market capitalization of shares maintained by the Group in Cerro Verde was US$2,043 million and US$2,552 million, respectively (market capitalization value by each share of US$29.80 and US$37.23, respectively).

**Investment in Compañía Minera Coimolache S.A. (Coimolache) -**

Coimolache is involved in the production and the sales of gold and silver from its open-pit mining unit located in Cajamarca, Peru.

*Key financial data -*

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

| | 2022<br>US$(000) | 2021<br>US$(000) |
|---|---|---|
| **Statements of financial position as of December 31:** | | |
| Current assets | 208,382 | 216,581 |
| Non-current assets | 157,203 | 184,635 |
| Current liabilities | (21,565) | (36,521) |
| Non-current liabilities | (95,822) | (106,129) |
| **Equity** | 248,198 | 258,566 |
| Adjustments to conform to the accounting policies of the Group | (2,804) | (4,954) |
| **Equity, adjusted** | 245,394 | 253,612 |
| Group's interest | 98,388 | 101,683 |

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| **Statements of profit or loss for the years ended December 31:** | | | |
| Sales of goods | 159,003 | 215,481 | 203,163 |
| Net profit (loss) from continued operations | (8,368) | 18,294 | 22,786 |
| Adjustments to conform to the accounting policies | 2,150 | 2,083 | 2,293 |
| **Net profit (loss), adjusted** | (6,218) | 20,377 | 25,079 |
| Group's share in results | (2,493) | 8,170 | 10,055 |

The Group's management determined that there was no objective evidence that its investment in Coimolache is impaired as of December 31, 2022 and 2021.

**Investment in Tinka Resources Ltd. (Tinka) -**

Tinka is a Canadian junior exploration and development mining company with its flagship property being the project of 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.

*Key financial data -*

The table below presents the key financial data from the financial statements of Tinka used under IFRS in 2022 (financial statements as of September 30, 2022) and in 2021 and 2020 (financial statements as of November 30, 2021 and 2020, respectively):

| | 2022<br>US$(000) | 2021<br>US$(000) |
|---|---|---|
| **Statements of financial position:** | | |
| Current assets | 13,007 | 8,667 |
| Non-current assets | 50,454 | 50,461 |
| Current liabilities | (473) | (211) |
| **Equity** | 62,988 | 58,917 |
| Adjustments to conform to the accounting policies of the Group | (7,719) | 1,042 |
| **Equity, adjusted** | 55,269 | 59,959 |
| Group's interest | 10,678 | 11,573 |

| | 2022 US$(000) | 2021 US$(000) | 2020 US$(000) |
|---|---|---|---|
| **Statements of profit or loss for the years:** | | | |
| Sales of goods | - | - | - |
| Net loss from continued operations | (4,383) | (1,109) | (2,311) |
| Adjustments to conform to the Group accounting policies | (8,283) | (4,583) | (2,189) |
| Net loss, adjusted | (12,666) | (5,692) | (4,500) |
| Group's share in results | (2,447) | (1,098) | (868) |

For the years 2022, 2021 and 2020, the Group has used the latest financial statements available from its associate Tinka, the difference between the period reported by the associate and the date of issuance of these financial statements being less than 3 months. There have been no significant transactions or events between the reporting date of the associate's financial statements and the consolidated financial statements as of December 31, 2022, 2021 and 2020. The Group's management determined that there was no objective evidence that its investment in Tinka is impaired as of December 31, 2022 and 2021.

*Market capitalization:*
As of December 31, 2022 and 2021, total market capitalization of shares maintained by the Group was US$11.0 million respectively (market capitalization value by each share of US$0.14 and US$0.16, respectively).

(c) The Group, through its subsidiary El Brocal, has an interest of 8% in Transportadora Callao S.A., a joint venture whose objective was the construction of a fixed conveyor belt of minerals and deposits in the Port of Callao. In May 2014, Transportadora Callao started operations and currently its main activity is the operation of that terminal.

The table below presents the key financial data from the joint venture under IFRS:

| | 2022 US$(000) | 2021 US$(000) |
|---|---|---|
| **Statements of financial position as of December 31:** | | |
| Current assets | 14,760 | 19,898 |
| Non-current assets | 77,435 | 87,634 |
| Current liabilities | (17,608) | (14,403) |
| Non-current liabilities | (53,768) | (72,444) |
| **Equity** | 20,819 | 20,685 |
| Adjustments to conform to the Group accounting policies | 10,256 | 10,528 |
| **Equity, adjusted** | 31,075 | 31,213 |
| Group's share in results | 2,486 | 2,497 |

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| **Statements of profit or loss for the years ended December 31:** | | | |
| Revenue | 27,538 | 22,937 | 18,560 |
| Net profit (loss) from continuing operations | 322 | 191 | (2,554) |
| Adjustments to conform to the Group accounting policies | (459) | 259 | (596) |
| | (137) | 450 | (3,150) |
| Group interests | (11) | 36 | (252) |

(d) Changes in this caption are as follows:

| | 2022 | 2021 |
|---|---|---|
| | US$(000) | US$(000) |
| **As of January 1,** | 1,422,295 | 1,488,775 |
| Net share in profit of associates and joint venture | 176,270 | 240,450 |
| Contributions granted and paid, note 32(a) | 1,677 | - |
| Dividends declared and collected, note 32(a) | (79,140) | (148,411) |
| Unrealized results on investments | (101) | (335) |
| Reclassification of share of the year in losses of Yanacocha to discontinued operations, note 1(e) | - | (422,394) |
| Reclassification to held for sale of the investment in Yanacocha, note 1(e) | - | 264,838 |
| Equity reduction of minor investments | - | (580) |
| Translation adjustments and other | (24) | (48) |
| **As of December 31,** | 1,520,977 | 1,422,295 |

**11. Property, plant, equipment and development costs**

(a) Below is presented the movement:

| | Balance as of January 1, 2021 US$(000) | Additions US$(000) | Disposals US$(000) | Sales US$(000) | Changes in estimations US$(000) | Reclassifications and transfers US$(000) | Balance as of December 31, 2021 US$(000) | Additions US$(000) | Disposals US$(000) | Sales US$(000) | Changes in estimations US$(000) | Reclassifications and transfers US$(000) | Balance as of December 31, 2022 US$(000) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | | | | | | |
| Lands | 17,650 | - | - | - | - | 53 | 17,703 | - | - | - | - | 1,062 | 18,765 |
| Mining concessions (f) | 151,873 | - | - | - | - | - | 151,873 | - | - | - | - | - | 151,873 |
| Development costs | 813,232 | 31,749 | - | - | - | - | 844,981 | 59,702 | - | - | - | - | 904,683 |
| Buildings, constructions and other | 1,343,060 | 31 | (11) | - | - | 7,315 | 1,350,395 | - | (123) | - | - | 3,510 | 1,353,782 |
| Machinery and equipment | 883,192 | 5 | (393) | (249) | - | 19,842 | 902,397 | 10 | (41,053) | (34) | - | 12,695 | 874,015 |
| Transportation units | 8,409 | 70 | (152) | (934) | - | 269 | 7,662 | 15 | (277) | (1,816) | - | 73 | 5,657 |
| Furniture and fixtures | 11,737 | 33 | (98) | - | - | 98 | 11,770 | - | (702) | (4) | - | 7 | 11,071 |
| Units in transit | 3,381 | - | (506) | - | - | - | 2,875 | 12,811 | - | - | - | - | 15,686 |
| Work in progress | 34,934 | 40,768 | (1,838) | - | - | (27,577) | 46,287 | 65,577 | (3,049) | - | - | (17,347) | 91,468 |
| Stripping activity asset (g) | 152,597 | 17,653 | (6,763) | - | - | - | 163,487 | 26,669 | - | - | - | - | 190,156 |
| Right-of-use asset (e) | 16,259 | - | - | - | 2,973 | - | 19,232 | - | - | - | 11,712 | - | 30,944 |
| Mine closure costs | 335,654 | - | - | - | (3,272) | - | 332,382 | - | - | - | (21,869) | - | 310,513 |
| | 3,771,978 | 90,309 | (9,761) | (1,183) | (299) | - | 3,851,044 | 164,784 | (45,204) | (1,854) | (10,157) | - | 3,958,613 |
| **Accumulated depreciation and amortization:** | | | | | | | | | | | | | |
| Mining concessions (f) | 40,270 | 7 | - | - | - | - | 40,277 | 6 | - | - | - | - | 40,283 |
| Development costs | 340,999 | 20,582 | - | - | - | - | 361,581 | 26,907 | - | - | - | - | 388,488 |
| Buildings, construction and other | 698,324 | 66,445 | (3) | - | - | 928 | 765,694 | 58,345 | (121) | - | - | - | 823,918 |
| Machinery and equipment | 686,466 | 56,384 | (340) | (170) | - | - | 742,340 | 42,698 | (40,355) | (34) | - | - | 744,649 |
| Transportation units | 7,083 | 604 | (143) | (894) | - | - | 6,650 | 478 | (153) | (1,803) | - | - | 5,172 |
| Furniture and fixtures | 9,824 | 601 | (97) | - | - | - | 10,328 | 548 | (651) | (4) | - | - | 10,221 |
| Stripping activity asset | 111,455 | 14,039 | - | - | - | 6,665 | 132,159 | 21,769 | - | - | - | - | 153,928 |
| Right-of-use asset (e) | 9,081 | 4,813 | - | - | - | - | 13,894 | 4,290 | - | - | - | - | 18,184 |
| Mine closure costs | 191,840 | 14,819 | - | - | - | 7,173 | 213,832 | 18,198 | - | - | - | - | 232,030 |
| | 2,095,342 | 178,294 | (583) | (1,064) | - | 14,766 | 2,286,755 | 173,239 | (41,280) | (1,841) | - | - | 2,416,873 |
| **Provision for impairment of long-lived assets:** | | | | | | | | | | | | | |
| Mine closure costs | 13,207 | - | (3,828) | - | (7,173) | (7,173) | 2,206 | - | - | - | - | - | 2,206 |
| Development costs | 10,153 | - | - | - | (6,665) | (6,665) | 3,488 | - | - | - | - | - | 3,488 |
| Property, plant and other | 2,915 | 19,874 | (1,136) | - | (928) | (928) | 20,725 | - | (19,874) | - | - | - | 851 |
| | 26,275 | 19,874 | (4,964) | - | (14,766) | (14,766) | 26,419 | - | (19,874) | - | - | - | 6,545 |
| **Net cost** | 1,650,361 | | | | | | 1,537,870 | | | | | | 1,535,195 |

(b) Impairment of long-lived assets

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

In assessing whether impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of (i) the CGU's fair value less costs of disposal (FVLCD) and (ii) its value in use (VIU). Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place.

Consequently, the recoverable amount for each CGU is estimated based on discounted future estimated cash flows expected to be generated from the continued use of the CGUs using market-based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, and its eventual disposal, based on the latest life of mine (LOM) plans. Capital and operating expenditure associated with our climate change initiatives are, to the extent necessary, taken into account when determining the recoverable amount of each CGU. The Group's environmental management follows industry best practices, seeking to innovate in water management and mine closure, looking forward to supporting the sustainability of operations. The use of clean technologies to reduce fresh water consumption and waste generation, together with the application of adequate environmental protection standards and procedures in the management of operations are essential for Buenaventura. The challenges that come from higher environmental and social expectations of the environment are being addressed appropriately, encouraging research to improve the prevention and control of the environmental impacts of our activities.

These cash flows were discounted using a real post-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU.

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

During 2022, the Group identified impairment indicators in Orcopampa, Uchucchacua, La Zanja and Río Seco. The Group evaluated and concluded that there is no impairment as a result of the analysis of the recoverable amount in Orcopampa, Uchucchacua and La Zanja mining units. The Group reconized a recovery of impairment of long-lived assets for US$19.9 million in Río Seco. The main factors considered in the impairment analysis were reserves, prices and mining useful life.

During 2021, the Group identified impairment indicators in Orcopampa, Uchucchacua, La Zanja and Río Seco. The Group evaluated and concluded that there is no impairment as a result of the analysis of the recoverable amount of said units based on their value in use for Orcopampa, Uchucchacua, and La Zanja. As a result of the analysis of the recoverable amountas of December 31, 2021 in Río Seco, the Group recognized an impairment of assets for US$19.9 million. In addition, the La Zanja mining recognized a reversal of impairment of US$5.0 million, (net effect of US$14.9 million). The main factors considered in the impairment analysis were reserves, prices and mining useful life.

During 2020, the Group identified impairment indicators in its Julcani, Orcopampa, Uchucchacua, El Brocal and La Zanja. The Group evaluated and concluded that there is no impairment as a result of the analysis of the recoverable amount of said units based on their value in use. The main factors considered in the impairment analysis were reserves, prices and mining useful lives. As a result of the analysis of the recoverable amount as of December 31, 2020, Buenaventura recognized a reversal for impairment of long-lived assets for US$2.1 million derived from the evaluation of its Julcani mining unit. The main factors considered in the impairment analysis were the increase in metal price projections and the life of mine plans. The recoverable amounts of the Julcani mining unit are based on management's estimations of the value in use.

Below are the amounts of the recovery amounts as of December 2022, 2021 and 2020:

| | **2022**<br>US$ | **2021**<br>US$ | **2020**<br>US$ |
|---|---|---|---|
| Uchucchacua | 146,114 | 196,545 | 244,795 |
| Río Seco | 50,808 | 18,671 | N/A |
| Orcopampa | 51,911 | 43,128 | 57,650 |
| La Zanja | 35,011 | 51,044 | 20,736 |
| Julcani | N/A | N/A | 40,642 |
| El Brocal | N/A | N/A | 761,081 |

*Key assumptions*

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

- Production volumes
- Commodity prices
- Discount rate
- Residual value

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

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

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

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

As of December 31, 2022 -

| | **2023**<br>US$ | **2024-2026**<br>US$ |
|---|---|---|
| Gold | 1,750 /Oz | 1,735 /Oz |
| Silver | 21.00 / Oz | 23.17 / Oz |
| Copper | 7,900 / MT | 9,625 / MT |
| Zinc | 3,000 / MT | 2,648 / MT |
| Lead | 1,900 / MT | 2,181 / MT |

As of December 31, 2021 -

| | **2022**<br>US$ | **2023-2025**<br>US$ |
|---|---|---|
| Gold | 1,700 / Oz | 1,764 / Oz |
| Silver | 24.00 / Oz | 27.30 / Oz |
| Copper | 8,500 / MT | 8,705 / MT |
| Zinc | 2,600 / MT | 2,616 / MT |
| Lead | 2,000 / MT | 2,313 / MT |

(*) OZ= Ounces, MT = Metric Tonne.

Discount rate:
In calculating the value in use, as of December 31, 2022 and 2021 the following discount rates were applied to the post-tax cash flows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | **Post-Tax** | **Pre-Tax** | **Post-Tax** | **Pre-Tax** |
| | % | % | % | % |
| Uchucchacua | 8.12 | 12.52 | 6.04 | 9.31 |
| Orcopampa | 8.12 | 12.52 | 6.04 | 9.31 |
| Río Seco | 10.60 | 16.34 | 7.86 | 12.12 |
| La Zanja | 9.13 | 14.08 | 7.01 | 10.81 |

These discount rates are derived from the Group's post-tax weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on its interest-bearing borrowings the Group is obliged to service. The Beta factors are evaluated annually based on publicly available market data.

(c) The book value of assets held under finance leases, and assets under trustworthy equity, amounted to US$250.5 million as of December 31, 2022 (US$270.8 million as of December 31, 2021) and is presented in various items of "Property, plant, equipment and development cost" caption. During 2022 and 2021, no acquisitions of assets under lease agreements were made. Leased assets are pledged as security for the related finance lease liabilities.

(d) During 2022, 2021 and 2020, no borrowing costs were capitalized.

(e) Right-of-use assets
The net assets for right-of-use assets maintained by the Group correspond to the following:

| | **2022** US$(000) | **2021** US$(000) |
|---|---|---|
| Buildings | 10,484 | 2,088 |
| Transportation units | 1,380 | 2,501 |
| Machinery and equipment | 896 | 749 |
| | 12,760 | 5,338 |

During 2022, the additions to the right-of-use assets were US$11.7 million and no disposals were made (additions of US$3.0 million and no disposals were made during 2021).

(f) Mining concessions includes goodwill of El Brocal for an amount to US$34.0 million as of December 31, 2022 and 2021.

(g) During June 2021, as a result of the reserves review, the subsidiary El Brocal wrote off the phase 6 for a total of 1,181,280 DMT at a value of US$6,763,000. The write-off corresponds to a new estimation of reserves of the superficial operation as a result of the topographical information. The balance as of December 31, 2021 of this phase is 5,730 DMT valued in US$118,000 which were comsumed during 2022.

In December 2020, as a result of the review of the mineral reserve balances, the subsidiary El Brocal wrote off the phase 9 for a total of 1,102,117 DMT at a value of US$11,633,000. The write-off corresponds to a loss of reserves due to variation in technical and economic parameters such as: decrease in estimated prices; increased cut-off; percentage decrease in payable items; and new block model.

(h) Bellow is distribution of the depreciation expenses of the year:

| | **2022**<br>US$(000) | **2021**<br>US$(000) |
|---|---|---|
| Cost of sales of goods | 147,032 | 159,652 |
| Unabsorbed cost due to production stoppage | 14,877 | 4,569 |
| Cost of sales of services | 8,153 | 8,109 |
| Administrative expenses | 1,886 | 4,741 |
| Fixed assets | 1,039 | 963 |
| Exploration in non-operating areas | 101 | 114 |
| Selling expenses | 93 | 84 |
| Other, net | 49 | 48 |
| Discontinued operations, note 1(e) | 9 | 14 |
| | 173,239 | 178,294 |

## 12. Other non-financial assets

(a) Below is presented the movement:

| | **Balance as of January 1, 2021**<br>US$(000) | **Additions**<br>US$(000) | **Disposals**<br>US$(000) | **Balance as of December 31, 2021**<br>US$(000) | **Additions**<br>US$(000) | **Balance as of December 31, 2022**<br>US$(000) |
|---|---|---|---|---|---|---|
| **Cost:** | | | | | | |
| Patents and industrial property (b) | 14,709 | 292 | - | 15,001 | 215 | 15,216 |
| Rights-of-use (c) | 13,720 | - | - | 13,720 | - | 13,720 |
| Software licenses | 10,814 | 65 | (17) | 10,862 | 75 | 10,937 |
| | 39,243 | 357 | (17) | 39,583 | 290 | 39,873 |
| **Accumulated amortization:** | | | | | | |
| Rights-of-use (c) | 8,165 | 718 | - | 8,883 | 705 | 9,588 |
| Software licenses | 4,575 | 929 | - | 5,504 | 936 | 6,440 |
| | 12,740 | 1,647 | - | 14,387 | 1,641 | 16,028 |
| **Cost, net** | 26,503 | | | 25,196 | | 23,845 |

(b) The copper plant project is a technological initiative of the Company to develop a viable technical and economic solution for the treatment of complex copper concentrates. This project comprises several stages of development from a laboratory level, pilot to a demonstration stage.

(c) Corresponds to the mineral servitude agreements signed with the communities surrounding the Group's operations, through which the Group is authorized to carry out exploration, development, exploitation and general work activities.

## 13. Bank loans

The movement is presented below:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| **Beginning balance** | 50,000 | 65,793 | 55,000 |
| New loans | - | 50,000 | 18,019 |
| Payments | (50,000) | (65,793) | (7,197) |
| Exchange difference | - | - | (29) |
| **Final balance** | - | 50,000 | 65,793 |

As of December 31, 2021, corresponded a loan with an interest at market annual rates of 1.65%. This loan was fully paid on March 17, 2022.

## 14. Trade and other payables

(a) This caption is made up as follows:

| | 2022 | 2021 |
|---|---|---|
| | US$(000) | US$(000) |
| **Trade payables (b)** | | |
| Domestic suppliers | 181,071 | 190,549 |
| Related entities, note 32(b) | 163 | 113 |
| | 181,234 | 190,662 |
| **Other payables** | | |
| Remuneration and similar benefits payable | 35,996 | 35,393 |
| Interest payable | 14,911 | 16,606 |
| Taxes payable | 8,910 | 11,880 |
| Exploration expenses payable | 4,053 | - |
| Royalties payable to the Peruvian State | 1,895 | 2,765 |
| Dividends payable (c) | 639 | 567 |
| Related entities, note 32(b) | 20 | 14 |
| Closed hedge instruments accounts payables | - | 1,234 |
| Other liabilities | 3,884 | 3,557 |
| | 70,308 | 72,016 |
| **Total trade and other payables** | 251,542 | 262,678 |
| **Classification by maturity:** | | |
| Current portion | 247,989 | 259,641 |
| Non-current portion | 3,553 | 3,037 |
| **Total trade and other payables** | 251,542 | 262,678 |
| **Classification by nature:** | | |
| Financial payables | 240,737 | 248,033 |
| Non-financial payables | 10,805 | 14,645 |
| **Total trade and other payables** | 251,542 | 262,678 |

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

(c) The movement of dividends payable is presented below:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| **Beginning balance** | 567 | 638 | 604 |
| *Dividends declared and paid, note 17(d) -* | | | |
| Declared dividends to controlling shareholders | 18,542 | - | - |
| Dividends paid to controlling shareholders | (18,542) | - | - |
| Declared dividends to non-controlling shareholders | 2,647 | 6,160 | 5,140 |
| Dividends paid to non-controlling shareholders | (2,647) | (6,160) | (5,140) |
| Expired dividends*, note 17(c) -* | - | (76) | (26) |
| Other | 72 | 5 | 60 |
| **Ending balance** | 639 | 567 | 638 |

## 15. Provisions

(a) This caption is made up as follows:

| | **As of January 1, 2022** | **Changes** | **Accretion expense** | **Reclassifi cations and others** | **Disbursements** | **As of December 31, 2022** |
|---|---|---|---|---|---|---|
| | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) |
| Closure of mining units and exploration projects (b) | 271,987 | (8,872) | 5,129 | 992 | (14,989) | 254,247 |
| Environmental liabilities | 19,956 | (228) | 59 | (992) | (2,534) | 16,261 |
| Environmental contingencies | 5,164 | 3,459 | - | 246 | (453) | 8,416 |
| Safety contingencies | 5,632 | 870 | - | 258 | (44) | 6,716 |
| Labor contingencies | 4,421 | 489 | - | 233 | (12) | 5,131 |
| Tax contingencies | 3,409 | 1,596 | - | - | - | 5,005 |
| Obligations with communities | 2,595 | (637) | - | 147 | - | 2,105 |
| Other provisions | 163 | 377 | - | 97 | - | 637 |
| | 313,327 | (2,946) | 5,188 | 981 | (18,032) | 298,518 |
| **Classification by maturity:** | | | | | | |
| Current portion | 81,039 | | | | | 94,171 |
| Non-current portion | 232,288 | | | | | 204,347 |
| | 313,327 | | | | | 298,518 |

(b) Provision for closure of mining units and exploration projects -

The table below presents the movement of the provision for closure of mining units and exploration projects:

| | 2022<br>US$(000) | 2021<br>US$(000) |
|---|---|---|
| **Beginning balance** | 271,987 | 277,689 |
| Additions (reversals) in estimates and reclassifications: | | |
| Continuing mining units, note 11(a) | (21,869) | (3,272) |
| Continuing mining units, note 28(a) | (302) | - |
| Discontinued mining units, note 1(e) | 660 | 3,021 |
| Exploration projects, note 28(a) | 13,631 | 2,030 |
| | (7,880) | 1,779 |
| Accretion expense: | | |
| Continuing mining units, note 29(a) | 4,932 | 5,522 |
| Exploration projects, note 29(a) | 138 | 76 |
| Discontinued mining units, note 1(e) | 59 | 25 |
| Disbursements | (14,989) | (13,104) |
| **Ending balance** | 254,247 | 271,987 |
| **Classification by maturity:** | | |
| Current portion | 60,644 | 54,013 |
| Non-current portion | 193,603 | 217,974 |
| | 254,247 | 271,987 |

The provision for closure of mining units and exploration projects represents the present value of the closure costs that are expected to be incurred between the years 2023 and 2041. The Group recognizes the provision of closure of mining units and explorations projects based on estimates of studies and activities that meet the environmental regulations in effect and that will be approved by the Ministry of Energy and Mines. The Group recognizes the provision of continued operations based on its analysis and estimates prepared by independent advisors and reviewed by the Group´s management. Provisions related to discontinued operations are based on estimates prepared by internal advisors.

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

As of December 31, 2022, the future value of the provision for closure of mining units and exploration projects was US$319.59 million, which has been discounted using annual risk-free rates from minimums of 4.77 and at a maximum range of 6.55 percent, in a period of 1 to 19 years, obtaining as a result an updated liability amounting to US$254.2 million (as of December 31, 2021, the provision was US$272.0 million). The Group believes that this liability is sufficient to meet the current environmental protection laws approved by the Ministry of Energy and Mines.

As of December 31, 2022, the Group has constituted letters of credit in favor of the Ministry of Energy and Mines for US$171.8 million (US$155.9 million as of December 31, 2021) to secure current mine closure plans of its mining units, exploration projects and environmental liabilities to date.

## 16. Financial obligations

(a) This caption is made up as follow:

| | 2022<br>US$(000) | 2021<br>US$(000) |
|---|---|---|
| **Compañía de Minas Buenaventura S.A.A.** | | |
| ***Bonds -*** | | |
| Senior Notes at 5.50% due 2026 (b) | 541,980 | 540,017 |
| ***Financial obligations (c) -*** | | |
| BBVA Banco Continental | - | 61,667 |
| Banco de Crédito del Perú | - | 66,667 |
| CorpBanca New York Branch | - | 61,666 |
| Banco Internacional del Perú | - | 30,000 |
| ICBC Perú Bank | - | 40,000 |
| Banco de Sabadell, Miami Branch | - | 15,000 |
| | - | 275,000 |
| Debt issuance costs | - | 6,284 |
| | - | 281,284 |
| **Sociedad Minera El Brocal S.A.A. (d)** | | |
| Banco de Crédito del Perú – Financial obligation | 97,136 | 118,722 |
| Debt issuance costs | (160) | (611) |
| | 96,976 | 118,111 |
| **Empresa de Generación Huanza S.A. (e)** | | |
| Banco de Crédito del Perú – Finance lease | 86,625 | 113,096 |
| Debt issuance costs | - | (312) |
| | 86,625 | 112,784 |
| ***Lease liabilities* (h)** | | |
| Finance lease | 12,953 | 5,779 |
| **Total financial obligations** | 738,534 | 1,057,975 |
| **Classification by maturity:** | | |
| Current portion | 35,071 | 179,417 |
| Non-current portion | 703,463 | 878,558 |
| **Total financial obligations** | 738,534 | 1,057,975 |

(b) In order to comply with its tax obligations, the Buenaventura's Shareholders' Meeting held on May 21, 2021 and its board of directors meeting held on July 12, 2021 approved the issue of senior unsecured notes (hereinafter "the notes") which were issued on July 23, 2021 with the following terms:

- Denomination of Issue: US$550,000,000 5.500% Senior Notes due 2026.
- Principal Amount: US$550,000,000.
- Issue Date: July 23, 2021.
- Maturity Date: July 23, 2026.
- Issue Price: 99.140% of the principal amount.
- Interest Rate: 5.500% per annum.
- Offering Format: private placement under Rule 144A and Regulation S of the U.S. Securities Act of 1933.
- Expected Listing: Buenaventura will apply to list the bonds on the Singapore Exchange Securities Trading Limited ('SGX-ST').

The notes were offered in a private placement to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended (hereinafter the "Securities Act"), and outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act. The Notes are fully and unconditionally guaranteed jointly and severally by Compañía Minera Condesa S.A., Inversiones Colquijirca S.A., Procesadora Industrial Río Seco S.A. and Consorcio Energético Huancavelica S.A.

As part of the commitments of the notes, Buenaventura must be in compliance with certain obligations if it wants to enter into any of the following transactions i) incurrence in additional debt, ii) asset sales, iii) making certain investments, paying dividends, purchase Buenaventura's equity interests or making any principal payment prior to any scheduled final maturity or schedule repayment of any indebtedness that is subordinated to the notes (known as "restricted payments"), iv) creation of liens and v) merger, consolidation or sale of assets. These covenants are known as "Limitations on incurrence of indebtedness", "Limitation on Asset Sales", "Limitation on Restricted Payments", "Limitation on Liens" and "Limitation on Merger, Consolidation or Sale of Assets", respectively, which have also exceptions that let the Company operate in the ordinary course of business.

(c) On June 27, 2016, Buenaventura entered into a long-term finance contract with seven Peruvian and foreign banks for a principal amount of US$275,000,000. In 2018, April 2020, April 2021, May 2021 Buenaventura signed the first, second, third and fourth amendments to the Syndicated Term Loan to modify some terms and conditions including, the issue of Notes in accordance with Rule 144A and Regulation S, under the Securities Act of 1933.

On January 3, 2022, the Company made a US$100 million prepayment of the syndicated loan and the remaining balance of US$175 million was paid on March 2, 2022. Additionally, the related hedging derivative financial instruments was liquidated.

(d) On October 29, 2019, El Brocal entered into a new financial obligation of US$161,893,850 with Banco de Crédito del Perú in order to cancel the two previous obligations: (i) Finance leaseback; and (ii) Mid-term financial obligation. The new financial obligation has the following terms and conditions:

- Principal (Part A): US$113,325,695.
- Principal (Part B): US$48,568,155.
- Annual interest rate (Part A): 3.76%.
- Annual interest rate (Part B): Three-month LIBOR plus 2.39%
- Term (Part A): 5 years since October 2019 until October 2024.
- Term (Part B): 7 years since October 2019 until October 2026.

According to the lease contract mentioned above, El Brocal is required to maintain the following financial ratios as defined in the agreement:

(i) Debt service coverage ratio: Higher than 1.3.
(ii) Leverage Ratio: Less than 1.0 times.
(iii) Indebtedness ratio: Less than 2.25 times.

The financial obligation is collateralized by a security agreement in respect of assets; certain contractual rights, flows and account balances, a real estate mortgage; and a mortgage on certain mining concessions.

The compliance with the financial ratios is monitored by El Brocal' s Management. As of December 31, 2022 and 2021, El Brocal complies with the coverage and indebtedness ratios.

(e) On December 2, 2009, Huanza entered into a finance lease contract with Banco de Crédito del Perú. On October 29, 2020, as part of the Group its strategy of preserving cash, Huanza negotiated a reduction of the fixed rate of interest and agreed to a modification of the following terms and conditions:

- Principal: final installment of US$44,191,000 (original amount of US$119,000,000).
- Annual interest rate: LIBOR 30 days plus 2.10%.
- Term: 18 months since November 2, 2020, with final maturity in May 2022.
- Guarantee: Leased equipment.
- Amortization: a final installment of US$44,191,000.

On June 30, 2014, Banco de Credito del Perú extended the finance lease contract above mentioned, through the addition of a new tranche. On October 29, 2020, as part of the Group's strategy of preserving cash, Huanza negotiated a reduction of the fixed rate of interest and agreed a modification of the following terms and conditions:

- Principal: final installment of US$68,905,000 (original amount of US$103,373,000)
- Annual interest rate: LIBOR 30 days plus 2.10%
- Term: 18 months since November 2, 2020, with final maturity in May 2022.
- Guarantee: Leased equipment.
- Amortization: a final installment of US$68,905,000.

On April 29, 2022, Banco de Credito del Peru and Empresa de Generación Huanza signed an addendum considering a prior amortization of outstanding principal of US$9,191,364 (Tranche I) and US$13,904,800 (Tranche II). Below we detail the main additional terms and conditions:

**Tranche I:**

- Principal: US$35,000,000
- Annual interest rate: 5.05 %.
- Term: 60 months since May 2, 2022 with final maturity in 2027.
- Guarantee: Leased equipment.
- Amortization: Through 20 fixed quarterly installments and a final installment of US$22,531,250 at the end of the payment term.

**Tranche II:**

- Principal: US$55,000,000
- Annual interest rate: 5.05 %.
- Term: 60 months since May 2, 2022 with final maturity in 2027.
- Guarantee: Leased equipment.
- Amortization: Through 20 fixed quarterly installments and a final installment of US$35,406,250 at the end of the payment term.

In addition, Huanza granted a security interest for 100% of shares.

According to the lease contract mentioned above, Huanza is required to maintain the following financial ratios:

- Debt service coverage ratio: Higher than 1.1.
- Minimum equity of US$30,000,000.

Management performed an analysis to determine if the modification of the terms and conditions in October 2020 were substantially different terms and shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The Group concluded that the terms are not substantially different, due to the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate were less than 10 per cent different compared to the discounted present value of the remaining cash flows of the original financial liability.

On December 2, 2009, Huanza signed a “Guarantee Trust Agreement” (hereinafter “the contract”), related to the financial lease agreement described above. In said contract, Huanza and Buenaventura are the trustors, the Bank is the trustee and La Fiduciaria S.A. is the fiduciary. The objective of the contract is the constitution of a trust equity with irrevocable character, which serves entirely as a guarantee of the total payment of the guaranteed obligations, which are based on the agreements, renewals, extensions or modifications established in the financial lease documents.

Under this contract, Huanza promised to grant the following:

- Trust of flows with respect to all the income of the hydroelectric power station of Huanza, including the income from sales of power and energy, through which Huanza is obliged to receive all the cash flows of commercial income through a collection account, as well as carry out certain mandatory actions that guarantee the channeling of flows mentioned above.

- Trust of assets of the station, the lands, the assets of Huanza necessary for the operation of the station that are not under the Financial Lease Agreement and the actions of Huanza, as well as the right of collection on future flows that would correspond to amounts received by Huanza before the eventual public auction of the rights and assets of the concession because of the expiration of the concession.

- The conditional transfer, by which Huanza assigns to the Bank the rights and obligations derived from the agreements and contracts signed by Huanza for the construction of the Plant.

- Letters of Guarantee, by means of which, Buenaventura is constituted as Huanza' s solidarity guarantor, guaranteeing in favor of the Bank the fulfillment of the obligations breached by Huanza.

As of December 31, 2022 and 2021, Huanza complied with these commitments, including that related to the channeling of all the cash flows received for commercial income through a collection account.

(f) The long-term portion of the financial obligations held by the Group matures as follows:

| | **2022** | **2021** |
|---|---|---|
| | US$(000) | US$(000) |
| Between 1 and 2 years (Year 2024) | 105,986 | 108,606 |
| Between 2 and 5 years (Year 2025 to 2027) | 601,419 | 774,153 |
| More than 5 years (since 2028) | 4,238 | - |
| | 711,643 | 882,759 |
| Debt issuance costs | (8,180) | (4,201) |
| | 703,463 | 878,558 |

(g) Below is presented the movement of the debt excluding interest:

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| **Beginning balance** | 1,057,975 | 531,653 | 571,688 |
| Bonds - | | | |
| Senior Notes bonds issue | - | 550,000 | - |
| Debt issuance costs | - | (10,700) | - |
| Amortization of debt issuance costs in results, note 29(a) | 1,963 | 717 | - |
| Financial obligations - | | | |
| Payments | (323,057) | (21,585) | (38,994) |
| Reversal of the amortized cost of the syndicated loan, note 29(a) | (8,855) | - | - |
| Amortization of debt issuance costs in results, note 29(a) | 2,820 | 885 | 976 |
| Effect of amortized cost, note 29(a) | 515 | 8,837 | (361) |
| Increase (reduction) of debt restructuring costs | - | 225 | (1,992) |
| Lease obligations - | | | |
| Additions | 11,712 | 2,972 | 5,213 |
| Accretion expense, note 29(a) | 99 | 176 | 180 |
| Payments | (4,638) | (5,205) | (4,080) |
| Disposals | - | - | (977) |
| **Final balance** | 738,534 | 1,057,975 | 531,653 |

(h) Lease liabilities related to the right of use asset are as follows:

| | 2022<br>US$(000) | 2021<br>US$(000) |
|---|---|---|
| Buildings (j) | 8,814 | 2,532 |
| Transportation units (i) | 2,719 | 2,386 |
| Machinery and equipment | 1,420 | 861 |
| | 12,953 | 5,779 |
| **Classification by maturity:** | | |
| Current portion | 3,639 | 4,098 |
| Non-current portion | 9,314 | 1,681 |
| | 12,953 | 5,779 |

Lease payments are presented in the consolidated statements of cash flows in “Lease payments” caption as part of the financing activities. Interest’s expense related to the lease liabilities for the years 2022, 2021 and 2020 is presented in the “Financial costs” caption, note 29(a).

(i) *Transportation units -*

The Group has lease contracts for mining vehicles used in its operations. Leases of mining vehicles generally have lease terms between one and three years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. No contracts require the Group to maintain certain financial ratios nor includes variable lease payments.

The Group also has certain leases of assets with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

(j) *Buildings -*

Lease liabilities related to buildings mainly correspond to a lease contract entered by Buenaventura on its administrative offices in Lima located in Las Begonias Street N°415, San Isidro, Lima, Peru, with a lease term of 10 years since the year 2013 and fixed payments. The Group has the option to lease the assets for two additional term of 5 years each. As of December 31, 2022, the Group is negotiating the renewal of the contract.

The minimum future rents payable as of December 31, 2022 and 2021 are as follows:

| | **2022** | **2021** |
|---|---|---|
| | US$(000) | US$(000) |
| Less than 1 year (2023) | 1,313 | 1,470 |
| Between 1 and 5 years (2024-2027) | 3,264 | 757 |
| More than 5 years (since 2028) | 4,238 | - |
| | 8,815 | 2,227 |

## 17. Equity

(a) Capital stock -

The Group's share capital is stated in soles and consisted of authorized, fully paid and voting common shares with a nominal amount of S/10.00 per share. The table below presents the composition of the capital stock as of December 31, 2022 and 2021:

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

The market value of the common shares amounted to S/27.9 per share as of December 31, 2022 (S/28.05 per share as of December 31, 2021). These shares present trading frequencies of 25% and 15% in the years 2022 and 2021, respectively.

(b) Investment shares -

Investment shares have a nominal value of S/10.00 per share. Holders of investment shares are neither entitled to exercise voting rights nor to participate in shareholders' meetings; however, they confer upon the holders thereof the right to participate in the dividend's distribution. The table below presents the composition of the investment shares as of December 31, 2022 and 2021:

| | Number of shares | Investment shares | Investment shares |
|---|---|---|---|
| | | S/(000) | US$(000) |
| Investment shares | 744,640 | 7,447 | 2,161 |
| Treasury investment shares | (472,963) | (4,730) | (1,370) |
| | 271,677 | 2,717 | 791 |

The market value of the investment shares amounted to S/16.00 per share as of December 31, 2022 and 2021. These shares did not have a trading frequency in 2022 and 2021.

(c) Legal reserve -

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

Although, the balance of the legal reserve exceeded the limit mentioned above, the Group increased its legal reserve by US$76,000 and US$26,000 in the years 2021 and 2020 respectively as a result of the expired dividends. During 2022, there were no increases in the legalr reserve as a result of the expired dividends. According to the General Corporate Law, dividends expire ten years after the payment due.

(d) Dividends declared and paid -

During years 2021 and 2020 no distribution of dividends was made. The table below presents the dividends declared and paid in 2022:

| Meetings | Date | Dividends declared and paid | Dividend per share |
|---|---|---|---|
| | | US$(000) | US$ |
| **2022 Dividends** | | | |
| Mandatory Annual Shareholders' Meeting | March 31 | 20,067 | 0.073 |
| Less - Dividends of treasury shares | | (1,525) | |
| | | 18,542 | |

According to the current Law, there are no restrictions for the remittance of dividends or repatriation of capital by foreign investors.

Dividends declared by S.M.R.L. Chaupiloma Dos de Cajamarca corresponding to non-controlling interest were US$2,647,000, US$6,160,000 and US$5,140,000 for the years 2022, 2021 and 2020, respectively.

(e) Basic and diluted profit (loss) per share -

Profit (loss) per share is calculated by dividing net profit (loss) for the period by the weighted average number of shares outstanding during the year. The calculation of profit (loss) per share attributable to the equity holders of the parent is presented below:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Profit (loss) for the year (numerator) - US$ | 602,550,000 | (264,075,000) | (135,718,000) |
| Total common and investment shares (denominator) | 253,986,867 | 253,986,867 | 253,986,867 |
| Profit (loss) per basic share and diluted - US$ | 2.37 | (1.04) | (0.53) |

The calculation of profit (loss) per share from continuing operations attributable to the equity holders of the parent is presented below:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Profit (loss) for the year (numerator) - US$ | 124,003,000 | 123,529,000 | (68,916,000) |
| Total common and investment shares (denominator) | 253,986,867 | 253,986,867 | 253,986,867 |
| Profit (loss) per basic share and diluted - US$ | 0.49 | 0.49 | (0.27) |

The calculation of profit (loss) per share from discontinuing operations attributable to the equity holders of the parent is presented below:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Profit (loss) for the year (numerator) - US$ | 478,547,000 | (387,604,000) | (66,802,000) |
| Total common and investment shares (denominator) | 253,986,867 | 253,986,867 | 253,986,867 |
| Profit (loss) per basic share and diluted - US$ | 1.88 | (1.53) | (0.26) |

Common and investment shares outstanding at the close of the years 2022, 2021 and 2020 was 253,986,867.

In accordance with the Income Tax Law, the Company is subject to a tax of 5% of the income tax is established on dividends or any other form of distribution of profits.

## 18. Subsidiaries with material non-controlling interest

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

| | Country of incorporation and operation | 2022 | 2021 and 2020 |
|---|---|---|---|
| | | % | % |
| **Equity interest held by non-controlling interests:** | | | |
| Sociedad Minera El Brocal S.A.A. | Peru | 38.57 | 38.57 |
| Apu Coropuna S.R.L. | Peru | 30.00 | 30.00 |
| S.M.R.L. Chaupiloma Dos de Cajamarca, note 1(d) | Peru | - | 40.00 |
| Minera La Zanja S.R.L., note 1(d) | Peru | - | 46.94 |

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| **Accumulated balances of material non-controlling interest:** | | | |
| Sociedad Minera El Brocal S.A.A. | 154,175 | 148,792 | 144,501 |
| Apu Coropuna S.R.L. | (84) | 65 | 127 |
| Minera La Zanja S.R.L. | - | 20,064 | 26,121 |
| S.M.R.L. Chaupiloma Dos de Cajamarca | - | 1,284 | 1,648 |
| | 154,091 | 170,205 | 172,397 |
| **Profit (loss) allocated to material non-controlling interest:** | | | |
| Sociedad Minera El Brocal S.A.A. | 239 | 4,322 | (12,895) |
| S.M.R.L. Chaupiloma Dos de Cajamarca | 811 | 4,396 | 5,201 |
| Minera La Zanja S.R.L. | (516) | (7,385) | (6,905) |
| Apu Coropuna S.R.L. | (149) | (62) | (22) |
| | 385 | 1,271 | (14,621) |

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

Statements of financial position as of December 31, 2022:

| | Sociedad Minera El Brocal S.A.A. | Apu Coropuna S.R.L. |
|---|---|---|
| | US$(000) | US$(000) |
| Current assets | 197,691 | 471 |
| Non-current assets | 470,539 | - |
| Current liabilities | (167,718) | (11) |
| Non-current liabilities | (123,280) | (740) |
| **Equity** | 377,232 | (280) |
| Attributable to: | | |
| Shareholders of the Group | 223,057 | (196) |
| Non-controlling interests | 154,175 | (84) |
| | 377,232 | (280) |

Statements of financial position as of December 31, 2021:

| | Sociedad Minera El Brocal S.A.A. | Apu Coropuna S.R.L. | Minera La Zanja S.R.L. | S.M.R.L. Chaupiloma Dos de Cajamarca |
|---|---|---|---|---|
| | US$(000) | US$(000) | US$(000) | US$(000) |
| Current assets | 190,658 | 556 | 84,953 | 4,604 |
| Non-current assets | 504,173 | 400 | 41,490 | 323 |
| Current liabilities | (158,745) | - | (25,381) | (1,718) |
| Non-current liabilities | (168,774) | (740) | (61,150) | - |
| **Equity** | 367,312 | 216 | 39,912 | 3,209 |
| Attributable to: | | | | |
| Shareholders of the Group | 218,520 | 151 | 19,848 | 1,925 |
| Non-controlling interests | 148,792 | 65 | 20,064 | 1,284 |
| | 367,312 | 216 | 39,912 | 3,209 |

Statements of profit or loss for the years 2022, 2021 and 2020:

| | Sociedad Minera El Brocal S.A.A. | Apu Coropuna S.R.L. | Minera La Zanja S.R.L. | S.M.R.L. Chaupiloma Dos de Cajamarca |
|---|---|---|---|---|
| | US$(000) | US$(000) | US$(000) | US$(000) |
| **Year 2022 -** | | | | |
| Revenues | 400,994 | - | 19,364 | 1,381 |
| Profit (loss) for the year | 362 | (496) | (11,646) | 4,376 |
| Attributable to non-controlling interests | 239 | (149) | (516) | (811) |
| **Year 2021 -** | | | | |
| Revenues | 410,390 | - | 39,380 | 15,928 |
| Profit (loss) for the year | 10,562 | (206) | (10,218) | 10,989 |
| Attributable to non-controlling interests | 4,322 | (62) | (7,385) | 4,396 |
| **Year 2020 -** | | | | |
| Revenues | 255,275 | - | 33,033 | 18,638 |
| Profit (loss) for the year | (31,541) | (44) | (14,712) | 13,004 |
| Attributable to non-controlling interests | (12,895) | (22) | (6,905) | 5,201 |

Statements of cash flow for the years 2022, 2021 and 2020:

| | Sociedad Minera El Brocal S.A.A. | Apu Coropuna S.R.L. | Minera La Zanja S.R.L. | S.M.R.L. Chaupiloma Dos de Cajamarca |
|---|---|---|---|---|
| | US$(000) | US$(000) | US$(000) | US$(000) |
| **Year 2022 -** | | | | |
| Operating activities | 77,223 | (85) | - | - |
| Investing activities | (62,579) | - | - | - |
| Financing activities | (23,778) | - | - | - |
| | (9,134) | (85) | - | - |
| **Year 2021 -** | | | | |
| Operating activities | 104,858 | (1,227) | (50,647) | 10,838 |
| Investing activities | (37,618) | - | (998) | - |
| Financing activities | (57,176) | - | - | (11,900) |
| | 10,064 | (1,227) | (51,645) | (1,062) |
| **Year 2020 -** | | | | |
| Operating activities | 53,304 | (74) | (5,751) | 13,738 |
| Investing activities | (24,699) | - | (825) | - |
| Financing activities | (1,954) | - | - | (12,850) |
| | 26,651 | (74) | (6,576) | 888 |

**19. Tax situation**

(a) Current tax regime -

The Company and its Peruvian subsidiaries are subject to the Peruvian tax regime. By means of Law N° 1261 enacted on December 10, 2016, the Peruvian government introduced certain amendments to the Income Tax Law, effective January 1, 2017. The most relevant are listed below:

- A corporate income tax rate of 29.5% is set.
- A tax of 5% of the income tax is established to the dividends or any other form of distribution of profits. The rate applicable to dividends will be considered taking into account the year in which the results or profits that form part of the distribution has been obtained. The rate will be considered according to the following: 4.1% with respect to the results obtained until December 31, 2014; 6.8% with respect to the results obtained during the years 2015 and 2016; and 5% with respect to the results obtained from January 1, 2017.
- It has been established that the distribution of dividends to be made corresponds to the oldest retained earnings.

In July 2018, Law No. 30823 was published. Under this Law, the Congress delegated to the Executive Power the power to legislate on various issues, including tax and financial matters. In this sense, the main tax regulations issued are the following:

(i) The Tax Code was modified in order to provide greater guarantees to taxpayers in the application of the general anti-avoidance rule (Rule XVI of the Preliminary Title of the Tax Code); as well as to provide the Tax Administration with tools for its effective implementation.

(ii) Rules were established for the accrual of income and expenses for tax purposes as of January 1, 2019. Until 2018, there was no regulatory definition of this concept, so in many cases the accounting standards for its interpretation.

(iii) Through Legislative Decree No. 1424 published on September 13, 2018, modifications were introduced in the Income Tax Law on the limit on the deduction for interest expenses. Since fiscal year 2021, net interest expenses will not be deductible in the part that exceeds 30% of the fiscal EBITDA of the previous fiscal year. It has been established that the amount of interest expenses that exceeds the amount of interest income, computable to determine net income, is considered net interest. Likewise, fiscal EBITDA is considered to be net income after compensation for losses plus net interest, depreciation and amortization. The net interest that cannot be deducted due to the application of this limit may be added to that corresponding to the four immediately following fiscal years. On December 30, 2021, the regulations were published through Supreme Decree No. 402-2021 establishing, among other points, that, in cases in which the taxpayer does not obtain net income in the taxable year or having obtained it, the amount of the losses of previous years compensable with that were equal to or greater, the tax EBITDA will be equal to the sum of the net interest, depreciation and amortization deducted in said year.

Through Legislative Decree No. 1488, published on May 10, 2020, a special depreciation regime is established, exceptionally and temporarily, for taxpayers of the General Income Tax Regime, the main aspects of which are the following:

- As of fiscal year 2021, buildings and constructions acquired in fiscal years 2020 to 2022, will be depreciated applying an annual percentage of 20% until their total depreciation, provided that the following conditions are met:
  (i) Are totally affected by the production of third category taxable income.
  (ii) Construction would have started as of January 1, 2020. For these purposes, the beginning of construction is understood to be the moment when the building license or other document established by the Regulation is obtained and in the case of processing plants and other construction of processing concessions, when the construction authorization is obtained.
  (iii) Until December 31, 2022, the construction has a work progress of at least 80%. In the case of constructions that have not been completed until December 31, 2022, it is presumed that the work in progress to that date is less than 80%, unless the taxpayer proves otherwise. It is understood that the construction has been completed when the approval of the work or other document established by the Regulation has been obtained from the municipality and in the case of processing plants when the administrative act that approves the verification inspection of the construction of works has been obtained.

- As of fiscal year 2021, assets acquired in fiscal years 2020 to 2021, affected by the production of taxable income, will be depreciated by applying the following annual percentages until they are fully depreciated:
  - Data processing equipment: 50%
  - Machinery and equipment: 20%
  - Land transport vehicle (except railways) with EURO IV, Tier II and EPA 2007 technology, used by authorized companies: 33.3%
  - Hybrid or electric land transport vehicle (except railways): 50%.

On December 27, 2021, Law 31380 was published in which Congress delegates to the Executive Branch the power to legislate for a period of 90 days on tax, financial and economic reactivation matters for a period of 90 calendar days.

(i) Changes were made to the Tax Code in order to optimize the procedures that reduce litigation, demanding clarity in the petitions for challenging appeals, establishing new assumptions for the issuance of mandatory jurisprudence and avoiding the coexistence of procedures on the same matter with respect to the same taxpayer, among others.

(ii) It is provided that the default interest corresponding to advances and payments on account not paid on time is applicable even when, after the maturity or determination of the main obligation, the base of the payment on account or the applicable coefficient has been modified or the system used for its determination, as a result of a tax declaration.

On March 31, 2020, Superintendence Resolution 066-2020/SUNAT was published, establishing new default interest rates in force as of April 1, 2020. Thus, the default interest rate in national currency went from 1.2% to 1% and in the case of foreign currency it went from 0.6% to 0.5%. Likewise, the interest rates for the return of undue or excessive payments in national currency went from 0.50% to 0.42%, while in foreign currency it went from 0.30% to 0.25%. In the case of the interest for return for withholding and/or perceptions not applied to the IGV, it went from 1.2% to 1%.

Subsequently, on March 31, 2021, Superintendence Resolution 044-2021/SUNAT was published, establishing that the default interest rate in national currency goes from 1.0% to 0.9% per month, effective as of April 1, 2021. The other rates have not changed.

(b) Years open to tax review -

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

| **Entity** | **Years open to review by the Tax Authorities** |
|---|---|
| Compañía de Minas Buenaventura S.A.A. | 2018-2022 |
| Compañía Minera Condesa S.A. | 2017-2019,2021,2022 |
| Compañía Minera Colquirrumi S.A. | 2017-2022 |
| Consorcio Energético de Huancavelica S.A. | 2017-2022 |
| Contacto Corredores de Seguros S.A. | 2016-2022 |
| El Molle Verde S.A.C. | 2017-2022 |
| Empresa de Generación Huanza S.A. | 2017-2022 |
| Inversiones Colquijirca S.A. | 2017-2022 |
| Minera La Zanja S.R.L. | 2019-2022 |
| Sociedad Minera El Brocal S.A.A. | 2017-2022 |
| S.M.R.L. Chaupiloma Dos de Cajamarca | 2017-2022 |
| Procesadora Industrial Río Seco S. A. | 2017-2019,2021,2022 |
| Apu Coropuna S.R.L. | 2017-2022 |
| Cerro Hablador S. A. C. | 2017-2022 |
| Minera Azola S. R. L. | 2017-2022 |

As of the date of issuance of these consolidated financial statements, Buenaventura is being audited by the Tax Administration for income tax for the taxable year of 2018, for the year 2017 of the subsidiary Consorcio Energético de Huancavelica S.A., and Huanza for the year 2020. In adittion, Tax Administration is initiating the Buenaventura audit for the taxable year of 2019 and subsidiaries El Brocal for the taxable year of 2017, and La Zanja and Río Seco for the taxable year of 2021.

Due to the possible interpretations that the Tax Authorities may give to legislation in effect, it is not possible to determine whether any of the tax audits will result in increased liabilities for the Group. For that reason, any tax or surcharge that could arise from future tax audits would be applied to the income of the period in which it is determined. In management's opinion and its legal advisors, any possible additional payment of taxes in the entities mentioned before would not have a material effect on the consolidated financial statements as of December 31, 2022 and 2021.

The open tax process of the Group and its associates are described in note 31(d).

(c) Tax-loss carryforwards -

As of December 2022 and 2021, the tax-loss carryforward determined by the Group amounts to approximately S/3,281,909,000 and S/3,124,358,000, respectively (equivalent to US$859,781,000 and US$781,480,000 respectively). As permitted by the Income Tax Law, the Group has chosen a system that permits to offset these losses against future net taxable income subject to an annual cap equivalent to 50% of net taxable income.

The Group recognized a deferred income tax asset related to the tax-loss carryforward of those entities where it is probable that a carryforward can be used to offset future taxable profits. See note 31.

(d) Transfer pricing -

For purposes of determining its income tax, the transfer prices for transactions with related companies and companies domiciled in territories with little or no taxation must be supported with documentation and information on the valuation methods used and the criteria considered for their determination. The tax administration can request this information based on analysis of the Group's operations. The Group’s management and its legal advisers believe that, as a result of the application of these standards, no material contingencies will arise for the Group as of December 31, 2022 and 2021.

## 20. Sales

(a) The Group's sales are mostly from sales of gold and precious metals in the form of concentrates, including silver-lead, silver-gold, zinc and lead-gold-copper concentrates and ounces of gold. Set out below is the disaggregation of the Group's revenue from contracts with customers:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| **Revenues by geographic region:** | | | |
| **Metal and concentrates sales -** | | | |
| Peru | 533,765 | 702,962 | 389,854 |
| America – other than Peru | 178,724 | 145,988 | 163,500 |
| Asia | 36,796 | 23,637 | 42,210 |
| Europe | 33,412 | 51,803 | 39,110 |
| | 782,697 | 924,390 | 634,674 |
| **Services -** | | | |
| Peru | 22,095 | 20,936 | 20,173 |
| America – other than Peru | 127 | 96 | 92 |
| Europe | - | 20 | 20 |
| | 22,222 | 21,052 | 20,285 |
| **Royalties -** | | | |
| Peru | 1,381 | 15,928 | 18,638 |
| | 806,300 | 961,370 | 673,597 |
| **Revenues by type of good or services:** | | | |
| **Sales by metal -** | | | |
| Copper | 367,278 | 340,522 | 181,311 |
| Gold | 299,747 | 262,676 | 229,590 |
| Silver | 157,923 | 316,930 | 230,498 |
| Zinc | 107,486 | 143,580 | 120,546 |
| Lead | 32,951 | 51,907 | 48,426 |
| Manganese sulfate | 361 | 4,976 | 4,051 |
| Antimony | 28 | - | - |
| | 965,774 | 1,120,591 | 814,422 |
| Commercial deductions, note 2.4(q) | (183,077) | (196,201) | (179,748) |
| **Sales of goods, note 20(b)** | 782,697 | 924,390 | 634,674 |
| **Sales of services, note 20(b)** | 22,222 | 21,052 | 20,285 |
| **Royalties income, note 20(b)** | 1,381 | 15,928 | 18,638 |
| **Total revenue from contracts with customers** | 806,300 | 961,370 | 673,597 |
| | | | |
| **Revenues by type of recognition:** | | | |
| Goods transferred at a point in time | 782,697 | 924,390 | 634,674 |
| Services transferred over time | 22,222 | 21,052 | 20,285 |
| Royalties at a point of time | 1,381 | 15,928 | 18,638 |
| | 806,300 | 961,370 | 673,597 |

(b) Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the consolidated statement of profit or loss:

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| Contracts with customers for sale of goods (a) | 782,697 | 924,390 | 634,674 |
| Hedge operations, note 34(a) | 12,774 | (51,952) | (6,464) |
| Adjustments to prior period liquidations | (920) | (5,137) | 4,255 |
| Fair value of accounts receivables | 6,648 | (3,831) | 5,154 |
| **Sale of goods** | 801,199 | 863,470 | 637,619 |
| **Sale of services, note 20(a)** | 22,222 | 21,052 | 20,285 |
| **Royalty income, note 20(a)** | 1,381 | 15,928 | 18,638 |
| | 824,802 | 900,450 | 676,542 |

(c) Performance obligations -
The performance obligation of the sale of goods is satisfied upon delivery of the goods and payment is generally due within 5 to 90 days from delivery. Performance obligation of services is satisfied over-time and payment is generally due upon completion and acceptance of service.

(d) Concentration of sales -
In 2022, the 4 customers with sales of more than 10% of total sales represented 32, 23, 22 and 10 from the total sales of Group. In 2021, the four customers with sales of more than 10% of total sales represented 37%, 19%, 17% and 15% from the total sales of the Group (four customers with sales of more than 10% of total sales represented 26%, 23%, 16% and 15% during 2020). As of December 31, 2022, 71% of the accounts receivable correspond to these customers (68% as of December 31, 2021). These customers are related to the mining business.

The Group's sales of gold and concentrates are delivered to investment banks and national and international well-known companies. Some of these customers have long-term sales contracts with the Group that guarantee supplying them the production from the Group’s mines.

**21. Cost of sales of goods and services, without considering depreciation and amortization**

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

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| **Beginning balance of finished goods and products in process, net of depreciation and amortization** | 30,031 | 31,797 | 31,938 |
| **Cost of production** | | | |
| Services provided by third parties | 185,028 | 224,979 | 143,652 |
| Consumption of materials and supplies | 94,929 | 107,908 | 70,942 |
| Direct labor | 67,704 | 75,099 | 62,885 |
| Short-term and low-value lease | 29,329 | 31,309 | 16,289 |
| Electricity and water | 21,510 | 17,657 | 36,504 |
| Maintenance and repair | 21,099 | 25,681 | 22,235 |
| Insurance | 16,118 | 16,091 | 12,036 |
| Transport | 13,528 | 17,449 | 12,234 |
| Other | 6,404 | 17,263 | 11,916 |
| Provision (reversal) for impairment of finished goods and product in progress, note 8(c) | (1,071) | (5,471) | 5,054 |
| **Total cost of production** | 454,578 | 527,965 | 393,747 |
| Final balance of finished goods and products in process | (33,624) | (30,031) | (31,797) |
| Write – off of products in process | 10,957 | - | - |
| **Final balance of finished goods and products in process, net of depreciation and amortization** | (22,667) | (30,031) | (31,797) |
| **Cost of sales of goods, without considering depreciation and amortization** | 461,942 | 529,731 | 393,888 |

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

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| Services provided by third parties | 1,681 | 594 | 189 |
| Electricity and water | 1,204 | 556 | 668 |
| Insurances | 134 | 46 | 81 |
| Maintenance and repair | 46 | 31 | 55 |
| Consumption of materials and supplies | 31 | 11 | 20 |
| Transport | 14 | 9 | 87 |
| Short-term and low-value lease | 3 | - | 6 |
| Direct labor | - | - | 371 |
| Other minor cost of services | 50 | 22 | 77 |
| | 3,163 | 1,269 | 1,554 |

## 22. Unabsorbed cost due to production stoppage

This caption is made up as follows:

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| Services provided by third parties | 7,608 | 19,214 | 8,373 |
| Direct labor | 6,505 | 3,418 | 11,075 |
| Electricity and water | 2,510 | 22 | 250 |
| Mining easement | 1,285 | 160 | 107 |
| Short-term and low-value lease | 1,180 | 668 | 1,394 |
| Consumption of materials and supplies | 1,155 | 781 | 2,817 |
| Insurances | 867 | 456 | 1,736 |
| Maintenance and repair | 330 | 275 | 498 |
| Transport | 301 | 87 | 291 |
| Rights | 214 | - | 100 |
| Other | 1,103 | 428 | 1,117 |
| | 23,058 | 25,509 | 27,758 |

During the year 2022 and 2021, the unabsorbed production costs of the mining units correspond to the stoppage of production of the Uchucchacua mining unit and Río Seco, see note 1(b).

During 2020, the unabsorbed production costs of the mining units correspond to the stoppage of the Group's production as a result of the State of National Emergency and mandatory social isolation related to the COVID-19 pandemic, see note 1(f).

## 23. Exploration in operating units

This caption is made up as follows:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| **Beginning balance of finished goods and products in process, net of depreciation and amortization** | 2,036 | 1,296 | 444 |
| **Cost of exploration in operating units** | | | |
| Services provided by third parties | 51,912 | 45,437 | 20,406 |
| Purchase of land | 10,066 | - | 2,162 |
| Direct labor | 7,097 | 3,891 | 3,361 |
| Short-term and low-value lease | 5,016 | 2,641 | 766 |
| Consumption of materials and supplies | 4,502 | 3,839 | 1,426 |
| Transport | 470 | d 108 | 12 |
| Maintenance and repair | 211 | 165 | 9 |
| Electricity and water | 72 | 834 | 471 |
| Other | 402 | 237 | 283 |
| **Total exploration in operating units** | 79,748 | 57,152 | 28,896 |
| Final balance of finished goods and products in process | (1,408) | (2,036) | (1,296) |
| Write – off of products in process | 420 | - | - |
| **Final balance of finished goods and products in process, net of depreciation and amortization** | (988) | (2,036) | (1,296) |
| | 80,796 | 56,412 | 28,044 |

As of December 31, 2022, 2021 and 2020, disbursements of exploration in operating amount to US$80.8 million, US$56.4 million and US$28.0 million, respectively, which are presented in the “Payments to suppliers and third parties, and other net” caption of the consolidated statements of cash flows.

## 24. Mining royalties

This caption is made up as follows:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| Sindicato minero de Orcopampa S.A., note 31(b) | 11,053 | 6,970 | 6,180 |
| Royalties paid to the Peruvian State | 6,680 | 6,004 | 5,569 |
| | 17,733 | 12,974 | 11,749 |

## 25. Administrative expenses

This caption is made up as follows:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| Personnel expenses | 32,697 | 32,209 | 34,500 |
| Professional fees | 10,920 | 12,393 | 10,517 |
| Sundry charges | 9,070 | 8,968 | 7,766 |
| Board of Directors' compensation | 3,873 | 1,992 | 2,178 |
| Depreciation and amortization | 2,460 | 3,680 | 3,700 |
| Short-term and low-value lease | 1,554 | 294 | 611 |
| Software licenses | 1,420 | 1,723 | 1,731 |
| Subscriptions and quotes | 1,366 | 1,426 | 1,405 |
| Insurance | 1,302 | 1,748 | 1,272 |
| Communications | 825 | 854 | 973 |
| Maintenance and repairs | 546 | 546 | 579 |
| Transport | 525 | 278 | 255 |
| Canons and tributes | 447 | 369 | 318 |
| Donations | 251 | 607 | 708 |
| Consumption of materials and supplies | 242 | 398 | 393 |
| Travel and mobility | 230 | 100 | 153 |
| Allowance for expected credit losses, note 7(i) | - | - | 126 |
| | 67,728 | 67,585 | 67,185 |

## 26. Selling expenses

This caption is made up as follows:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| Transportation services | 13,778 | 14,138 | 12,242 |
| Canons and tributes | 2,496 | 2,820 | 2,118 |
| Shipping services and expenses | 2,272 | 2,252 | 2,519 |
| Personnel expenses | 604 | 595 | 520 |
| Laboratory analysis and tests | 401 | 379 | 352 |
| Other | 671 | 643 | 782 |
| | 20,222 | 20,827 | 18,533 |

## 27. Exploration in non-operating areas

This caption is made up as follows:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| Services provided by third parties | 6,324 | 4,742 | 3,326 |
| Personnel expenses | 2,898 | 2,748 | 1,705 |
| Land | 1,190 | 967 | 420 |
| Short-term and low-value lease | 917 | 612 | 327 |
| Laboratory analysis and tests | 862 | 508 | 225 |
| Professional fees | 557 | 439 | 1,538 |
| Consumption of materials and supplies | 467 | 251 | 201 |
| Transport | 173 | 191 | 89 |
| Other | 864 | 812 | 644 |
| | 14,252 | 11,270 | 8,475 |

During 2022, disbursements of exploration in non-operating areas amount to US$14.2 million mainly (US$11.3 million and US$8.5 million in 2021 and 2020), which are presented in the "Payments to suppliers and third parties, and other net" caption of the consolidated statements of cash flows. Below is presented the detail of the main projects of exploration in non-operating areas:

| | **2022** | **2021** | **2020** |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| Emperatriz | 5,243 | 5,742 | 4,600 |
| Marcapunta | 4,008 | 1,383 | 86 |
| Ccelloccasa | 1,748 | 405 | 193 |
| Projects - Management | 1,464 | 1,441 | 957 |
| General explorations 02 | 1,361 | 969 | 976 |
| San Gabriel | 282 | 1,010 | - |
| Don Jorge | 131 | 135 | 109 |
| ADGEMINCO Explorations | - | 119 | 1,311 |
| Other | 15 | 66 | 243 |
| | 14,252 | 11,270 | 8,475 |

## 28. Other, net

(a) This caption is made up as follows:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| **Other income** | | | |
| Sale of supplies and merchandise to third parties | 44,392 | 33,014 | 19,581 |
| Reversal for impairment of spare parts and supplies, note 8(c) | 22,394 | 17,266 | 15,762 |
| Income from transfer of ownership of mining rights, note 1(d) | 8,455 | - | - |
| Income from previous years | 3,218 | 2,505 | 475 |
| Sale of services to third parties | 2,277 | 10,473 | 5,626 |
| Additional income from sale of investments | 1,577 | - | - |
| Insurance recovery | 881 | 357 | 3 |
| Sale of assets to third parties | 791 | 685 | 1,356 |
| Changes in provision for mine closure, note 15(b) | 302 | - | - |
| Changes in provision for environmental liabilities (c) | 228 | - | - |
| Income from dividends in other investments | 205 | 3,350 | - |
| Sale of supplies to related parties, note 32(a) | 179 | 169 | 890 |
| Insurance claim recovery (b) | - | 2,358 | 4,381 |
| Revenue from commercial claims | - | - | 3,800 |
| Sale of investment in subsidiary | - | - | 250 |
| Other | 976 | 507 | 2,012 |
| | 85,875 | 70,684 | 54,136 |
| **Other expenses** | | | |
| Cost of sale of supplies and merchandise to third parties | (45,520) | (35,831) | (26,463) |
| Provision for impairment of spare parts and supplies, note 8(c) | (22,533) | (22,394) | (17,266) |
| Changes in provisions for exploration projects, note 15(b) | (13,631) | (2,030) | (642) |
| Cost of sale of services to third parties | (6,591) | (10,440) | (3,311) |
| Withdrawals and disposals of property, machinery and equipment, note 11(a) | (3,924) | (1,909) | (586) |
| Penalty of account receivable for tax claim, note 31(d) | (2,322) | - | - |
| Net loss on transfer of contractual trasnfer, note 1(e) | (2,000) | - | - |
| Fines and interest related to contingencies | (1,612) | - | - |
| Expenses from previous years | (1,296) | (1,520) | (1,402) |
| Administrative expenses | (569) | (977) | (245) |
| Personnel expenses | (379) | (5,645) | - |
| Allowance for expected credit losses, note 7(i) | (253) | (409) | (4) |
| Net cost of property, machinery and equipment to third parties, note 11(a) | (13) | (119) | (192) |
| Changes in environmental liabilities provision (c) | - | (15,533) | (124) |
| Disposal cost of sale of supplies and merchandise to related parties | - | (72) | (1,211) |
| Other minors | (317) | (3,065) | - |
| | (100,960) | (99,944) | (51,446) |
| | (15,085) | (29,260) | 2,690 |

(b) During 2022, there were no collections related to indemnity for the insurance claim.

For the year 2021, it corresponds to the income of the subsidiary El Brocal related to the indemnity for the insurance claim of US$2,358,000 as a result of the insurance compensation for the damage suffered by the act of vandalism, which occurred in December 2020. On September 3, 2021, the amount was fully collected.

For the year 2020, corresponds 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 Dominium Mill located on the first plant that occurred in August 2019, which were collected as of December 31, 2020.

(c) As of December 31, 2021, the subsidiary El Brocal updated its closure plan for environmental liabilities of Santa Bárbara and Delta Ulpamayo. For the preparation of the Santa Bárbara closure plan, the collaboration of a specialized external company was assigned. The total budget of both environmental liabilities is US$13,095,000, which has been discounted using a rate in a range of 4.772% to 5.755 % over a period of 7 years, resulting in an updated liability amounting to US$11,460,000 (US$12,658,000 as of December 31, 2021).

## 29. Finance costs and finance income

(a) This caption is made up as follows:

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| **Finance revenues:** | | | |
| Interest on time deposits | 3,521 | 338 | 1,074 |
| Interests on third parties loans | 449 | 203 | 355 |
| Interests on loans to related parties, note 32(a) | 94 | 89 | 114 |
| Interests from financial instruments | 74 | 114 | - |
| Interests on tax claims | - | 75 | 352 |
| Other finance revenues | 565 | 303 | 155 |
| | 4,703 | 1,122 | 2,050 |
| Reversal of the amortized cost of the syndicated loan, note 16(g) | 8,855 | - | - |
| Unrealized change of the fair value related to contingent consideration liability (b) | 813 | 4,382 | - |
| Accrual of other account receivable | 72 | 448 | - |
| Financial obligations amortized costs, note 16(g) | - | - | 361 |
| **Total finance revenues** | 14,443 | 5,952 | 2,411 |

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| **Finance costs:** | | | |
| Interest related to senior notes, note 16 | 31,771 | 13,343 | - |
| Interest on borrowings and loans, note 16 | 10,865 | 17,166 | 23,178 |
| Settlement of hedging financial instruments, note 34(c) | 818 | 1,547 | 146 |
| Tax on financial transactions | 189 | 193 | 107 |
| Interest on loans | 26 | 43 | 55 |
| Commissions for bond letters issued to SUNAT | - | 12,124 | - |
| Interest on commercial obligations | - | - | 626 |
| Other finance costs | - | - | 37 |
| | 43,669 | 44,416 | 24,149 |
| Accretion expense for mine closure and exploration projects, note 15(b) | 5,070 | 5,598 | 6,672 |
| Accrual of debt issuance costs, note 16(g) | 2,820 | 885 | 976 |
| Accrual of costs for bond issuance, note 16(g) | 1,963 | 717 | - |
| Amortized cost of financial obligations, note 16(g) | 515 | 8,837 | - |
| Accretion expense for leases related to rights in use, note 16(g) | 99 | 176 | 180 |
| Unrealized change of the fair value related to contingent consideration liability (b) | - | - | 5,690 |
| Other finance costs | - | - | 155 |
| | 54,136 | 60,629 | 37,822 |

(b) Contingent consideration -

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

Through the merger with Canteras del Hallazgo S.A.C, the Group is the owner of the Chucapaca project, which is located in the Ichuña district, in the General Sanchez Cerro province, in the Moquegua department, Peru. According to previously performed studies, there is evidence of the existence of gold, silver, copper and antimony in the area, specifically in the Canahuire deposit.

The purchase and sale agreement considered a contingent consideration of US$23,026,000, which corresponds to the present value of the future royalty payments equivalent to 1.5% over the future sales of the minerals arising from the mining properties acquired. The fair value of the future royalty payments was determined using the income approach.

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

As of December 31, 2022 and 2021, it is highly probable that the Group reaches the projected future sales. The fair value of the contingent consideration determined as of December 31, 2022 and 2021 reflects this assumption and changes in metal prices.

(b) A reconciliation of fair value measurement of the contingent consideration liability is provided below:

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| **Beginning balance** | 17,718 | 22,100 | 16,410 |
| Variation of the fair value in profit and loss | (813) | (4,382) | 5,690 |
| **Ending balance** | 16,905 | 17,718 | 22,100 |

Significant unobservable valuation inputs are provided below:

| | 2022 | 2021 |
|---|---|---|
| Annual average of future sales of mineral (US$000) | 208,912 | 193,972 |
| Useful life of mining properties | 14 | 14 |
| Pre-tax discount rate (%) | 13.2 | 9.7 |

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

**30. Deferred income tax**

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

| | As of January 1, 2021 | Credit (debit) to consolidated statement of profit or loss | Credit (debit) to discontinued operations (note 1(e)) | Credit (debit) to consolidated statements of other comprehensive income | As of December 3 1, 2021 | Credit (debit ) to consolidate d statement of profit or los s | Credit (debit ) to discontinue d operations (note 1(e)) | Credit (debit ) to consolidate d statements of changes in equity (note 1(d)) | Credit (debit) to consolidate d statements of other comprehens ive income | As of December 31, 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) | US$(000) |
| **Deferred asset for income tax** | | | | | | | | | | |
| Tax - loss carryforwards | 158,513 | 28,368 | - | - | 186,881 | 16,450 | - | (13,372) | - | 189,959 |
| Difference in depreciation and amortization rates | 63,903 | (11,406) | - | - | 52,497 | (9,705) | - | - | - | 42,792 |
| Provision for closure of mining units, net | 14,200 | 16,151 | - | - | 30,351 | (1,660) | - | - | - | 28,691 |
| Provision for impairment of value of inventory | 7,299 | 1,709 | - | – | 9,008 | (254) | - | - | - | 8,754 |
| Contingent consideration liability | 6,512 | (1,285) | – | – | 5,227 | (228) | - | - | - | 4,999 |
| Provision for bonuses to employees and officers | 5,078 | 618 | | | 5,696 | (2,724) | - | - | - | 2,972 |
| Impairment loss of long-lived assets provision | 1,930 | – | – | – | 1,930 | - | - | - | - | 1,930 |
| Contractors claims provisions | 1,678 | 3,558 | – | – | 5,236 | (4,100) | - | - | - | 1,136 |
| Provision for sale of investment in associate | – | – | 50,444 | – | 50,444 | - | (50,444) | - | - | - |
| Other | 2,619 | 6,946 | – | – | 9,565 | 2,133 | - | - | - | 11,698 |
| | 261,732 | 44,659 | 50,444 | – | 356,835 | (88) | (50,444) | (13,372) | - | 292,931 |
| Derivative financial instruments | 5,440 | – | – | (3,382) | 2,058 | - | - | - | (2,058) | - |
| | 267,172 | 44,659 | 50,444 | (3,382) | 358,893 | (88) | (50,444) | (13,372) | (2,058) | 292,931 |
| **Deferred assets for mining royalties and special mining tax** | – | – | – | – | - | 51 | - | - | - | 51 |
| **Total deferred asset** | 267,172 | 44,659 | 50,444 | (3,382) | 358,893 | (37) | (50,444) | (13,372) | (2,058) | 292,982 |
| | | | | | | | | | | |
| **Deferred liability for income tax** | | | | | | | | | | |
| Effect of translation into U.S. dollars | (78,129) | (895) | (9,030) | - | (88,054) | 20,153 | 9,030 | - | - | (58,871) |
| Differences in amortization rates for development costs | (64,836) | 558 | - | - | (64,278) | (1,682) | - | - | - | (65,960) |
| Difference in depreciation and amortization rates | (47,035) | (2,078) | - | - | (49,113) | (10,509) | - | - | - | (59,622) |
| Fair value of mining concessions | (14,898) | - | - | - | (14,898) | - | - | - | - | (14,898) |
| Other | (26,369) | 1,707 | - | - | (24,662) | 7,575 | - | - | - | (17,087) |
| | (231,267) | (708) | (9,030) | - | (241,005) | 15,537 | 9,030 | - | - | (216,438) |
| Derivative financial instruments | - | - | - | - | - | - | - | - | (2,608) | (2,608) |
| | (231,267) | (708) | (9,030) | - | (241,005) | 15,537 | 9,030 | - | (2,608) | (219,046) |
| **Deferred liability for mining royalties and special mining tax** | (374) | 95 | - | - | (279) | 92 | - | - | - | (187) |
| **Total deferred liability** | (231,641) | (613) | (9,030) | - | (241,284) | 15,629 | 9,030 | - | (2,608) | (219,233) |
| | | | | | | | | | | |
| **Deferred income tax asset, net** | 35,531 | 44,046 | 41,414 | (3,382) | 117,609 | 15,592 | (41,414) | (13,372) | (4,666) | 73,749 |

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

| | 2022 | 2021 |
|---|---|---|
| | US$(000) | US$(000) |
| Deferred income tax asset, net | 106,170 | 164,351 |
| Deferred income tax liability, net | (32,421) | (46,742) |
| | 73,749 | 117,609 |

(c) The following is the composition of the provision for income taxes shown in the consolidated statement of income for the years 2022, 2021 and 2020:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| **Income tax expense** | | | |
| Current | (12,091) | (13,128) | (8,446) |
| Deferred | 15,449 | 43,951 | (15,270) |
| | 3,358 | 30,823 | (23,716) |
| **Mining Royalties and Special Mining Tax** | | | |
| Current | (3,542) | (7,247) | (1,478) |
| Deferred | 143 | 95 | (236) |
| | (3,399) | (7,152) | (1,714) |
| **Total income tax** | (41) | 23,671 | (25,430) |

(d) Below is a reconciliation of tax benefit (expense) and the accounting profit (loss) before income tax multiplied by the statutory tax rate for the years 2022, 2021 and 2020:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| **Profit (loss) before income tax** | 124,429 | 101,129 | (58,099) |
| Profit (loss) from discontinued operations before income tax | 564,708 | (429,018) | (66,810) |
| **Profit (loss) before income tax** | 689,137 | (327,889) | (124,909) |
| Theoretical income tax benefit (expense) | (203,295) | 96,727 | 36,848 |
| **Permanent items and others:** | | | |
| Investment in associate available for sale | 83,192 | (83,192) | (21,305) |
| Share in the results of associates and joint venture | 52,000 | 70,933 | 18,497 |
| Effect of translation into U.S. dollars | 20,153 | (895) | (31,853) |
| Foreign exchange difference of permanent items | (14,051) | (9,001) | (10,524) |
| Non-deductible expenses | (13,144) | 2,048 | (14,310) |
| Non-deductible work-in-process write - off | (4,839) | - | - |
| Income tax from previous years | (1,982) | - | - |
| Mining royalties and special mining tax | (837) | (3,253) | 1,273 |
| Non-deductible deferred tax for striping cost | - | (1,130) | (2,342) |
| **Income tax income (expense)** | (82,803) | 72,237 | (23,716) |
| **Mining Royalties and Special Mining Tax** | (3,399) | (7,152) | (1,714) |
| **Total income tax** | (86,202) | 65,085 | (25,430) |
| Income tax from continuing operations | (41) | 23,671 | (25,430) |
| Income tax from discontinued operations | (86,161) | 41,414 | - |
| | (86,202) | 65,085 | (25,430) |

(e) Related to the investment in associates, the Group has not recognized a deferred income tax asset of US$35.7 million as of December 31, 2022, originated by the difference between the financial and taxable basis of these investments (US$64.8 million as of December 31, 2021). Management believes that the timing differences will be reversed in the future without taxable effects. There is no legal or contractual obligation that would require the Company's management to sell its investment in its associates (which event would result in a taxable capital gain based on current tax law).

## 31. Commitments and contingencies

Commitments

(a) Environmental -

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

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

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

The Groups considers that the recorded liability is sufficient to comply with the environmental regulations of Peru.

(b) Leased concessions -

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

Contingencies

(c) Legal procedures -

*Buenaventura -*

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

The possible environmental, labor, safety, and communities' contingencies amount to US$3.8 million and US$4.1 million as of December 31, 2022 and 2021, respectively. The possible tax contingencies amount to US$28.8 million and US$29.3 million as of December 31, 2022 and 2021, respectively, see note 31(d).

(d) Open tax procedures –

*Buenaventura –*

During 2012 and 2014, the Superintendencia Nacional de Aduanas y de Administración Tributaria (SUNAT) reviewed the income tax for 2007 and 2008. As a result, SUNAT does not recognize tax declared deductions of S/1,056,310,000 (equivalent to US$276,440,000) for the year 2007 and S/1,530,985,000 (equivalent to US$400,781,000) for the year 2008. The main unrecognized deduction is the payment made for the removal of the price component of its commercial contracts of gold. In the opinion of management and its legal counsel, the objections are unfounded so Buenaventura expects to receive a favorable result in the initiated claim process.

In November 2018, the Tax Court resolved the appeal proceedings not recognizing the contracts of physical deliveries and the contractual obligation and considers that the payments correspond to an advance financial settlement of Contracts of Derivative Financial Instruments and that the Company would not have accredited the purpose of hedge and the risks covered. The Company's management with the support of its legal advisers initiated various administrative and judicial actions to present their arguments and defend their rights.

On November 10, 2020, the Tax Court confirmed the reliquidation of the tax debt determined by SUNAT corresponding to 2007 and 2008. With this ruling, on November 13, 2020, SUNAT notified the Company of the start of the compulsory collection of such taxes for S/1,567,297,000 (equivalent to US$410,287,000), composed of S/192,049,000 (equivalent to US$50,275,000) of income tax and S/1,375,248,000 (equivalent to US$360,013,000) of interest and penalties.

The Company made payments under protest during the months of November and December 2020 for S/72,065,000 (equivalent to US$18,925,000), which are recorded in the caption “Trade and other accounts receivable, net”, note 7(c). Based on the opinion of the Company’s legal advisers, management expects to obtain a favorable result in the judicial process initiated.

The Company requested to SUNAT for an installment payment program that deferred payment for six months and thereafter satisfies the amount via 66 equal monthly payments, amounting to S/1,505,948,000 (equivalent to US$394,227,000), for which has been delivered, as a guarantee, letters of guarantee for the total amount plus 5% according to the tax requests for a total of S/1,580,126,000 (equivalent to US$413,646,000). The application was approved by SUNAT on January 5, 2021 and payments were schedule to begin in July 2021 considering a monthly interest rate according to the tax regulations of 0.8% per month until March 31, 2021 and 0.72% per month from April 1 onwards.

On July 30, 2021, the Company paid the full amount of the tax liability related to the 2007 and 2008 tax processes that were subject to deferment and installment. The total amount paid of S/1,584,227,000 (equivalent to US$416,026,000), which includes the updating of interest as of July 30, 2021 for S/78,279,000 (equivalent to US$20,492,000). As a result of this payment, SUNAT's resolutions of deferment and installment of the tax amount have been rendered null and void and the letters of credit that were delivered as collateral for said liability have been returned to the Issuing Banks. The amount of S/1,579,716,000 (equivalent to US$414,841,000), net of tha part accepted by the Company, the account receivable has been recognized in the heading “Trade and other accounts receivable, net”, see note 7(c). Based on the opinion of the Company’s legal advisers, management expects to obtain a favorable result in the judicial process initiated.

On December 19, 2018, the Company with the support of its legal advisors filed contentious administrative lawsuits before the Judiciary regarding the controversy of taxable years 2007 and 2008.

On December 30, 2020, the Company was notified that the claim corresponding to fiscal year 2007 has been declared unfounded by the Nineteenth Administrative Litigation Court with a Subspecialty in Tax and Customs Issues. On January 11, 2021, the Company with the support of its legal advisors filed an appeal against said judgment, which will be submitted to the Superior Court.

On May 3, 2021, the Seventh Superior Chamber declared the First Instance Judgment null and void due to an evident lack of motivation and procedural consistency. On July 15, 2021, the new oral report was made before the Court of First Instance. On January 7, 2022, the new Judgment of the Court of First Instance was issued, declaring the lawsuit unfounded. According to the sponsoring lawyers, said ruling fails to comply with the mandate of the Seventh Chamber, again incurring grounds for annulment. On January 18, 2022, the appeal of the new sentence has been filed.

On November 7, 2022, the Seventh Chamber declared the Company's claim unfounded. On December 21, 2022, the Company and its sponsoring attorneys filed an appeal requesting the annulment of the ruling of the Seventh Chamber and ordering the issuance of a new ruling without violating the right to due motivation of judicial decisions and the principles of reasoned appreciation and joint assessment of the evidence. As of the date of issuance of this report, the appeal for cassation is pending and it is submitted to the Supreme Court.

The lawsuit referring to fiscal year 2008 is pending resolution in the Twenty-Second Administrative Litigation Court.

During 2015, SUNAT reviewed the income tax of 2009 and 2010. As a result, they did not recognize Buenaventura declared tax deductions of S/76,023,000 (equivalent to US$19,901,000) and the compensation of tax losses of S/561,758,000 (equivalent to US$147,057,000). The main unrecognized deductions by Buenaventura are: the non-deductibility of bonuses paid to contractors, a provision of doubtful accounts not accepted as an expense and income unduly deducted. The Company's Management and its legal advisors consider that the objections are unfounded, and therefore the claim and appeal processes have been initiated.

In December 2018, the Tax Court resolved the appeal files confirming reparations S/66,623,000 (equivalent to US$17,441,000) related to the provision for collection of doubtful receivables as an expense and unfounded income unduly deducted and the compensation of tax losses from previous years. The Company's management, with the support of its legal advisors, has initiated administrative and judicial actions to present its arguments and make its rights prevail.

In December 2019, SUNAT initiated actions of forced collection of interest and fines for the reliquidation that it has made of prepayments from January to December 2009 and January to February 2010. These are based on the 2007 and 2008 annual tax fiscal years, which were recalculated by SUNAT with the objections mentioned in the first and second paragraphs and which are questioned in the judicial process. On December 20, 2019, SUNAT executed the forced collection of S/120,262,000 (equivalent to US$31,581,000). In the opinion of the legal advisors of the Company, favorable results are expected to be obtained in the judicial process that has been initiated, therefore an account receivable have been recognized in the heading “Trade and other accounts receivable, net”, see note 7(c).

On December 4, 2020, the Tax Court confirmed the reliquidation of the tax debt determined by SUNAT for the year 2010. With this ruling, on December 11, 2020, SUNAT has notified the Company of the initiation of the compulsory collection of the taxes for fiscal year 2010 for S/340,074,000 (equivalent to US$89,025,000).

The Company made payments under dispute in December 2020 for S/1,800,000 (equivalent to US$474,000) which are recorded in the caption “Trade and other receivables, net”, see note 7(c). Based on the opinion of the Company’s legal advisers, management expects to obtain a favorable result in the judicial process initiated.

On January 5, 2021, the Company requested to SUNAT for an installment payment program that deferred payment for six months and thereafter satisfies the amount via 66 equal monthly payments, amounting to S/339,928,000 (equivalent to US$88,926,000), for which letters of guarantee for the total amount plus 5% according to the tax requests for a total of S/357,944,000 (equivalent to US$93,703,000). The application was approved by SUNAT on January 14, 2021 and payments began to be made in July 2021.

On July 30, 2021, the Company paid the full amount of the tax liability referring to fiscal year 2010, which was subject to deferral and installment. The total amount paid of S/356,691,000 (equivalent to US$93,669,000) which includes the updating of interest as of July 30, 2021 for S/16,762,000 (equivalent to US$4,388,000) recorded in the caption “Trade and other receivables, net”, see note 7(c). As a result of this payment, SUNAT's resolutions of deferment and installment of the tax debt have been rendered null and void and the letters of credit that were delivered as collateral for said disputed tax assessment have been returned to the issuing banks.

On December 14, 2020, the Tax Court confirmed the reliquidation of the tax liability determined by SUNAT for fiscal year 2009. With this ruling, on December 17, 2020, SUNAT notified the Company of the initiation of the compulsory collection of the disputed amounts for fiscal year 2009 for S/202,614,000 (equivalent to US$53,207,000).

The Company made payments under protest in January 2021 for S/19,171,000 (equivalent to US$5,035,000) which are recorded in the caption “Trade and other receivables, net”, note 7(c). Based on the opinion of the Company’s legal advisers, management expects to obtain a favorable result in the judicial process initiated with regards to this matter.

On January 14, 2021, the Company requested to SUNAT for an installment payment program that deferred payment for six months and thereafter satisfies the amount via 66 equal monthly payments, amounting to S/184,922,000 (equivalent to US$48,409,000) for which has been delivered, as collateral, letters of credit for the total amount plus 5% according to the tax requests for a total of S/194,398,000 (equivalent to US$50,890,000). The application has been approved by SUNAT on January 27, 2021 and payments began to be made from July 2021.

On July 30, 2021, the Company paid the full amount of the disputed tax debt referring to fiscal year 2009, which was subject to deferral and installment. The total amount paid of S/193,398,000 (equivalent to US$50,787,000) which includes the updating of interest as of July 30, 2021 for S/8,477,000 (equivalent to US$2,226,000) recorded in the caption “Trade and other receivables, net”, see note 7(c). As a result of this payment, SUNAT's resolutions of deferment and installment of the tax assessment have been rendered null and void and the letters of credit that were delivered as collateral for said amount have been returned to the Issuing Banks.

On March 5, 2019, the Company and its sponsoring attorneys have filed contentious-administrative lawsuits before the Judiciary regarding taxable years 2009 and 2010.

The lawsuit referring to the 2009 taxable year is pending resolution in the Twenty-Second Administrative Litigation Court.

On November 1, 2020, the Company was notified that the lawsuit corresponding to fiscal year 2010 filed before the Nineteenth Administrative Litigation Court with a Subspecialty in Tax and Customs Issues has been declared founded in relation to the unsupported income unduly deducted from taxable income. On November 9, 2020, the Company and its sponsoring attorneys filed a partial appeal against said judgment, which has been submitted to the Superior Court. On January 7, 2021, the Company was notified with the second instance judgment, issued by the Sixth Superior Chamber declaring the first instance judgment null ordering the Court to issue a new judgment. On January 21, 2021, the Company with the support of its legal advisors have presented the Appeal for Cassation that must be raised to the Supreme Court. The Sixth Chamber has reserved the processing of the cassation appeal and has referred the file to the Nineteenth Court to issue a new ruling on the grounds that a part of the second instance judgment declared the first instance judgment null.

On the other hand, on March 4, 2019, the Tax Administration filed a contentious-administrative lawsuit against the end of the Tax Court Resolutions for the years 2009 and 2010 that raised the objections for bonuses paid to contractors; being that, with respect to the year 2010, the claim was declared well founded in first instance and subsequently said ruling was confirmed in second instance.

In purported compliance with the second instance judgment, on October 5, 2021, the Tax Court modified the ruling contained in its initial Resolution and ruled against the Company's position for the bonuses paid to contractors in fiscal year 2010 for S/4,526,000 (equivalent to US$1,185,000). On January 19, 2022, the Company filed a contentious-administrative lawsuit against the new Resolution of the Tax Court, which is pending resolution. Likewise, the Company and its sponsoring lawyers filed an opposition brief that was declared admissible. On September 29, 2022, the Tax Court has correctly complied with the judicial mandate, annulling the objection for bonuses in the defendant end, the same one that has been objected by the Tax Administration. As of the date of issuance of this report, the file is pending resolution in the Twentieth Administrative Court.

The judicial process associated with the 2009 financial year related to contractor bonuses for S/4,695,000 (equivalent to US$1,229,000) is pending in the first instance.

During the year 2018, SUNAT has audited the income tax declaration for 2014. As a result of this audit, SUNAT does not recognize the Company deductions declared for S/94,898,000 (equivalent to US$24,842,000). The main disagreements are related to the non-deductibility of bonus paid to contractors, which also affects the compensation of tax losses that can be withheld and the use of balances in favor that are not recognized by SUNAT. In the opinion of management and its legal advisors, these repairs don’t have technical support, so that a favorable result in the claim process that they have initiated is expected to be obtained.

On November 12, 2020, the Tax Court (last administrative instance) resolved the appeal, declaring founded, in part, the payment of bonuses to contractors and confirming the non-recognition of compensation for tax losses. The Company's management with the support of its legal advisors are initiating administrative and judicial actions to present their arguments and make their rights prevail.

As of December 31, 2022, the total possible contingencies related to these audits amount to S/41,358,000 (equivalent to US$10,827,000) and S/39,590,000 (equivalent to US$10,364,000) as of December 31, 2021.

On February 15, 2021, the Company and its sponsoring lawyers have filed a contentious-administrative lawsuit before the Judicial Branch regarding the ruling of the Tax Court.

The lawsuit referring to the taxable year 2014 is pending resolution in the Nineteenth Contentious-Administrative Court.

During the year 2019, SUNAT reviewed the income tax of the year 2013. As a result, SUNAT did not recognize Buenaventura's declared tax deductions. The main assertions made by the SUNAT include the non-deductibility of bonuses paid to contractors, the compensation of tax losses that can be withheld and the use of balances in favor that are not recognized by SUNAT.

On March 15, 2021, the Tax Court (last administrative instance) has resolved the appeal, declaring, in part, the payment of bonuses to contractors and confirming the lack of compensation for tax losses and use of balance in favor for a total of S/139,235,000 (equivalent to US$36,449,000). The Company's Management with the support of its legal advisors have initiated administrative actions questioning the re-assessment of the tax debt and the recognition of balances in favor of the previous year. On December 16, 2022, the Tax Court has partially agreed with the Company and we are awaiting the new re-settlement of the tax debt by SUNAT.

As of December 31, 2022 the total possible contingencies related to these audits amount to S/57,909,000 (equivalent to US$15,160,000) and S/55,465,000 (equivalent to US$14,520,000) as of December 31, 2021.

On June 11, 2021, the Company and its sponsoring lawyers have filed a contentious-administrative lawsuit before the Judicial Branch regarding the ruling of the Tax Court.

On May 9, 2022, the Twentieth Administrative Court declared the Company's claim unfounded. On May 16, 2022, with the support of the sponsoring attorneys, the Company has filed the appeal. On October 4, 2022, the Seventh Superior Chamber notified the sentence confirming the first instance ruling.

On October 18, 2022, the Company and its sponsoring lawyers have filed the appeal and are waiting for the Fifth Transitory Chamber of Constitutional and Social Law of the Supreme Court to set a date for qualifying the appeal.

During the year 2022, the Tax Administration has audited the income tax return for the year 2017. As a result of said audit, SUNAT does not recognize deductions for the Company declared for S/39,720,000 (equivalent to US$10,398,000) mainly for the non-recognition of investment in development costs and the non-recognition of the compensation of carry-over tax losses from previous years for S/127,929,000 (equivalent to US$33,489,000). In the opinion of Management and its legal advisors, these objections are not supported, so a favorable result would be obtained in the claim process that has been initiated.

Likewise, during the years 2021 and 2022, the Tax Administration has reviewed the declaration of transfer prices and the operations between related parties carried out in the tax year 2017. As a result of said examination, SUNAT does not recognize the Company declared deductions for services of related parties for S/3,341,000 (equivalent to US$875,000).

As a consequence of the aforementioned examination processes, the Tax Administration has charged a tax debt of S/17,493,000 (equivalent to US$4,579,000). Between December 23 and 28, 2022, the Company has paid the tax debt in order to avail itself of the benefit of the fine reduction, disbursing S/9,266,000 (equivalent to US$2,426,000). The amount referred to the unaccepted repairs of S/9,224,000 (equivalent to US$2,400,000) has been recorded under the heading "Trade accounts receivable and other accounts receivable", see note 7(c) in the Company's financial statements.

During the year 2019, SUNAT reviewed the income tax of the year 2014. As a result, SUNAT did not recognize Buenaventura’s declared tax deductions related to the deductibility of bonuses paid to contractors for S/2,067,000 (equivalent to US$541,000). Based on the opinion of the Company’s legal advisers, management expects to obtain a favorable result in the judicial process initiated.

On November 17, 2020, SUNAT has resolved the claim appeal, confirming the objections made in the inspection process. The Company has paid the tax amount of S/4,744,000 (equivalent to US$1,246,000) to reduce the amount of the fines that would otherwise be payable and has recorded in the caption "Trade and other accounts receivable, net ", see note 7(c), based on the opinion of its legal advisors who are of the opinion that there are sound arguments to obtain a favorable result in the appeal process that has been initiated before the Tax Court.

On July 23, 2021, the Tax Court (last administrative instance) has resolved the appeal declaring founded, in part, the claim for the repair of the tax credit for the bonuses paid to contractors and its impact on the carryover of the balance in favor of the exporter. Based on the opinion of the Company’s legal advisers, management expects to obtain a favorable result in the judicial process initiated.

On December 10, 2021, SUNAT filed a lawsuit against the Resolution of the Tax Court in which it revoked the repair for bonds. The Company and its sponsoring lawyers believe that there are elements to obtain a favorable result in the judicial process.

*Subsidiaries -*

Sociedad Minera El Brocal S.A.A. -

On May 30, 2014, SUNAT issued tax and fines assessments related to the 2011 income tax of El Brocal. They do not recognize the deduction of the loss in derivative financial instruments, the expense in mining royalties and the expenses of feeding of third parties within the terms of law. El Brocal filed an appeal that is pending resolution to date. It should be noted that on June 18, 2014, El Brocal decided to pay under protest the income tax assessment of S/8,067,533 (equivalent to US$2,188,000) so it can have access to reduced fine. This payment has been recorded as part of account receivables in the caption “Trade and other accounts receivable, net”, see note 7(c).

On January 8, 2015, SUNAT notified El Brocal of a tax assessment for the 2012 income tax year related to deductions claimed by the subsidiary and rejected by SUNAT. As a result of the rejection of these deductions, SUNAT notified a tax assessment for income tax payments from January to December 2012, which amounts to S/4,030,000 (equivalent to US$2,108,000). El Brocal has filed an appeal to the Tax Court, which is pending resolution.

On June 14, 2017, SUNAT notified El Brocal of its determinations and fine resolutions as a result of the inspection procedure initiated for the 2013 income tax year where the balances in favor and the taxable tax loss are repaired. These resolutions were claimed without favorable results. On January 24, 2018, El Brocal filed the appeal before the Tax Court.

On May 13, 2019, the Tax Court notified El Brocal through Resolution No. 3062-3-2019 that its appeal of the taxable years 2011, 2012 and 2013 had been resolved to prohibit the deduction of the expense for food and confirmed the observations related to the deductibility of losses on derivative financial instruments and the expense associated with the payment of mining royalties of the 2011, 2012 and 2013 fiscal years.

As a result of the aforementioned resolution, the Tax Administration has notified the compliance resolutions re-assessing the income tax and the effects on payments on account for the years 2012 and 2013. El Brocal has filed an appeal before the Tax Court after which SUNAT will proceed to the reliquidation of the tax debt.

On August 9, 2019, El Brocal filed an administrative contentious lawsuit against the decision of the Tax Court since El Brocal had provided reliable documentation regarding the basis for the deductibility associated with the loss on derivative financial instruments and payment of mining royalties. El Brocal's lawsuit was declared unfounded in the first and second instance and on April 21, 2022, the appeal was filed. Through the Qualification Order dated June 27, 2022, the Supreme Court has declared the appeal filed inadmissible.

In 2022, El Brocal has recorded the amount of the tax debt paid in 2014 in the amount of S/8,333,000 (equivalent to US$2,188,000) and has been recorded as part of account receivables in the caption “Trade and other accounts receivable, net”, see note 7(c). It includes an amount S/4,044,000 (equivalent to US$1,062,000) correspond to income tax and are presented under the heading "Current income tax", see note 30(b). Also the amount of S/4,289,000 (equivalent to US$1,126,000) correspond to the fine plus default interest and are presented under the heading "Other, net ", see note 28(a).

In addition, contingencies for the effects of prepayments of income tax for fiscal years 2012 and 2013 for S/4,922,000 (equivalent to US$1,289,000) have been recorded in results for the period. Said amount corresponds to fines plus default interest and is presented in the caption “Other, net”, see note 28(a).

On September 21, 2022, the Company and its sponsoring lawyers have filed an amparo claim against the Qualification Order to have it declared null and things are restored to the previous state and the appeal for cassation is ordered to be processed. In the opinion of the sponsoring lawyers, El Brocal has defense arguments to obtain a favorable result.

During 2019, SUNAT reviewed the tax return for El Brocal’s fiscal year 2015. As a result of this review, SUNAT communicated on December 31, 2019 its determination and resolutions where it questions the depreciation rate of two tailings and the deduction of the development costs of the Smelter Project for a total S/13,930,000 (equivalent to US$3,647,000) determining a debt of S/3,412,000 (equivalent to US$893,000). Management of El Brocal and its legal advisors considered that the findings rendered by the SUNAT are not supported by the technical merits of the positions taken by the SUNAT and have started the claim process.

On January 27, 2020, El Brocal made a payment of the resolution in order to benefit from the fine reduction. The amount disbursed is S/1,456,000 (equivalent to US$382,000).

On December 18, 2020, SUNAT has resolved the claim resource, leaving without effect the observation referring to the deduction of the development costs of the Tajo Smelter Project and has confirmed the repair for the depreciation of the tailings for S/6,108,000 (equivalent to US$1,575,000). As a result, SUNAT has returned part of the fine of S/459,000 (equivalent to US$121,000) for which, as of December 31, 2021, a receivable is recognized of S/997,000 (equivalent to US$262,000), note 7(c). Management of El Brocal and its legal advisors consider that the objection has no basis, and therefore on January 12, 2021 they have started the appeal process before the Tax Court.

During 2020, SUNAT reviewed the income tax return for the year 2014. As a result of this review, SUNAT notified El Brocal on December 30, 2020 of its determination Resolutions and the Fine where it questions the depreciation rate of two tailings dams, the deduction of the development costs of the Tajo Smelter Project and certain operating expenses for a total of S/16,582,000 (equivalent to US$4,341,000) determining an amount to be paid of S/10,902,000 (equivalent to US$2,854,000). El Brocal's management and its legal advisors consider that the findings have no technical merit and have initiated the claim process.

On January 7, 2021, El Brocal paid the tax assessment under protest in order to benefit from a reduction of the fine. The amount disbursed of S/7,871,000 (equivalent to US$2,067,000) has been recorded in the caption "Trade and other accounts receivable, net ", see note 7(c).

On May 21, 2021, SUNAT has resolved the claim remedy, leaving without effect the observation referring to the deduction of the development costs of the Tajo Smelter Project and has confirmed the repair for the depreciation of the tailings for S/6,018,000 (equivalent to to US$1,575,000) and operating expenses for S/5,384,000 (equivalent to US$1,410,000). As a consequence of said ruling, SUNAT has returned part of the fine for S/3,003,000 (equivalent to US$789,000), therefore, as of December 31, 2021, an account receivable has been registered, net of S/4,868,000 (equivalent to US$1,278,000), note 7(c). Management of El Brocal and its legal advisors consider that the SUNAT's findings are unfounded and the appeal process has begun before the Tax Court on June 11, 2021.

During the years 2021 and 2022, the Tax Administration has reviewed the income tax return for the year 2016. As a consequence of said review, SUNAT has notified on August 31, 2022 the Determination and Fine Resolutions where questions the depreciation rate of two tailing dams and the deduction of the development costs of the Tajo Smelter Project for a total of S/20,380,000 (equivalent to US$5,335,000) determining a decrease in the tax loss of El Brocal. The Management of El Brocal and its legal advisors consider that the objections are unfounded, which is why they have started the claim process.

*Minera La Zanja S.R.L. -*

During the years 2016, 2017 and 2018, SUNAT audited the income tax return for the years 2013 and 2015; as a result, SUNAT does not recognize deductions for payments of profit sharing of workers, payments for police protection, balance of profit sharing and the exchange difference associated with the provision for mine closures. On November 20, 2020, the Tax Court has confirmed the position associated with the profit sharing and the exchange difference for the provision for mine closure. As a result, on March 18, 2021, SUNAT has revised the imputed amount to be paid for the years 2013 and 2015 for S/3,438,000 (equivalent to US$900,000) that La Zanja has proceeded to pay.

The possible contingencies for the two deductions not recognized by SUNAT and the Tax Court amount to S/3,060,000 (equivalent to US$804,000). As mentioned in the previous paragraph, La Zanja has had to pay the corresponding debt under protest and it is recorded under the "Trade accounts receivable and other accounts receivable" caption, see note 7(c).

In the opinion of management of La Zanja and its legal advisors, the interpretation of the Tax Court on profit sharing and the exchange difference of the mine closure provision is unsupported, on March 9, 2021, has initiated a contentious-administrative lawsuit that is pending resolution in the Twenty-First Court of Administrative Litigation with Tax Subspecialty of Lima.

During the year 2021, as a result of the review of the Affidavit of the year 2017, La Zanja has recognized tax contingencies related to the balance in favor of the income tax of the taxable year 2017 for the amount of S/1,124,000 (equivalent to US$294,000), since in the opinion of Management and its tax advisors this contingency is probable.

In the course of 2022, as a result of the review of the 2016 Affidavit, the Tax Administration has reliquidated and determined a lower tax paid in 2016 for S/4,288,000 (equivalent to US$1,123,000), as a result of the decrease in the balance in favor of fiscal year 2015 due to the repair of the exchange difference from the closure of mines in said fiscal year and which, updated with fines and interest, imputed a debt of S/11,215,000 (equivalent to US$2,936,000). The Management of La Zanja and its legal advisors consider that the objection has no basis, and therefore they have started the claim process.

On October 25, 2022, La Zanja has paid the imputed tax debt in order to benefit from the fine reduction. The disbursed amount of S/8,959,000 (equivalent to US$2,353,000) was recorded as a long-term account receivable in the financial statements.

During the year 2022, the Tax Administration has reviewed the income tax declaration for the year 2018. As a consequence of said review, on December 28, 2022, SUNAT has notified the Determination Resolutions where it questions payments to two mining contractors for S/7,777,000 (equivalent to US$2,036,000), an operating expense of S/4,738,000 (equivalent to US$1,240,000) and the no recognition of the balance in favor of fiscal year 2017 of S/624,000 (equivalent to US$163,000), reducing the tax loss of financial year 2018 and the corresponding balance in favor. The Management of La Zanja and its legal advisors consider that the objections are unsupported, which is why the claim process began.

As a result of said review, La Zanja has recognized tax contingencies related to the ignorance of the balance in favor of income tax for the taxable year 2017 for the amount of S/1,598,000 (equivalent to US$418,000), given that in the opinion of La Zanja and of your tax advisors this contingency is probable.

*Empresa de Generación Huanza S.A. -*
During 2015, SUNAT audited the 2014 income tax return of the Company’s subsidiary Huanza. As a result, a portion of the depreciation of its fixed assets was not recognized for S/27,532,000 (equivalent to US$7,207,000). The possible contingency amounts to S/7,993,000 (equivalent to US$1,081,000) as of December 31, 2022 (S/7,532,000 equivalent to US$1,081,000as of December 31, 2021). In the opinion of Huanza’s management and of its legal advisors, this interpretation has no basis and therefore Huanza expects to obtain a favorable result in the appeal process that has begun.

On April 8, 2022, the Tax Court issued Resolution No. 01851-10-2022 partially lifting the questioning of SUNAT made in the inspection stage.

In December 2022, SUNAT has settled the tax debt and required the respective payment. On December 30, 2022, the Company has made the payment of the imputed tax debt updated with interest to that date for a total amount of S/6,090,000 (equivalent to US$1,600,000) without this meaning that it accepts the decision of the Court Fiscal.

In the opinion of the sponsoring lawyers, the Company should obtain a favorable result in the judicial process that it is going to file before the Judiciary within the Law term, for which the disbursement made has been recorded in the non-current portion of the item "Accounts receivable trade and other accounts receivable” in the Company's financial statements, note 7(c).

*Procesadora Industrial Río Seco S.A. -*

The Customs Division of the SUNAT has determined an alleged omission in the payment of the General Sales Tax of S/1,815,000 (equivalent to US$475,000) in an import made in 2012 of certain equipment for the construction of Río Seco’s industrial plant. SUNAT supported its position that Río Seco should have included the amount of the consideration paid by Río Seco for the engineering services provided by its suppliers abroad in the customs value. In the opinion of management and its legal advisors, this observation is not substantiated and a favorable ruling is expected to be obtained in the complaint and appeal process.

On March 13, 2019, the Tax Court issued Resolution No. 0844-A-2019 that confirmed the observation of the Tax Administration.

On May 17, 2019, SUNAT initiated coercive collection actions for the tax amount assessed. Río Seco initiated several administrative and judicial actions to suspend the payment, without favorable results. During July to September 2019, Tax Administration executed the forced collection of the tax to be paid amounting to S/11,153,000 (equivalent to US$3,238,000). In the opinion of the legal advisors of Río Seco, a favorable result should be obtained in the judicial process that has been initiated, and therefore the amount paid has been recorded in the heading “Trade and other receivables, net”, see note 7(c).

On June 13, 2019, Río Seco has filed an administrative contentious lawsuit against the Tax Court's Resolution seeking to overturn the Tax Administration's objection.

During the year 2022, the Tax Administration has reviewed the income tax return for the year 2020. As a consequence of said review, SUNAT has notified on November 30, 2022 the Determination and Fine Resolutions questioning the deduction of S/ 16,618,000 (equivalent to US$4,350,000) mainly due to the no recognition of the depreciation of a part of its fixed assets for S/15,917,000 (equivalent to US$4,167,000) and determining a debt of S/2,882,000 (equivalent to US$754,000). The Management of Río Seco and its legal advisors consider that the objections are unfounded, and therefore the claim process has begun.

On December 28, 2022, Río Seco has paid the tax debt in order to benefit from the fine reduction. The disbursed amount of S/2,318,000 (equivalent to US$609,000) has been recorded under the caption “Trade accounts receivable and other accounts receivable”, see note 7(c).

*Chaupiloma -*

SUNAT has issued determination resolutions for fiscal years 2001, 2005, 2008, 2009, 2010, 2011 and 2013 challenging the recognition of the amortization of the investment in the mining concessions that was carried out according to the provisions of the Income Tax Law and that, according to SUNAT, said amortization should have been carried out according to the provisions of the General Mining Law applicable to the owners of mining activities. Deductions not recognized by SUNAT are S/10,500,000 (equivalent to US$2,749,000). In successive rulings, the Tax Court has confirmed that the amortization and deduction made by the Company has been carried out in accordance with the applicable law and has rendered the determination resolutions null. SUNAT has appealed to the Judiciary and has filed contentious-administrative lawsuits for the fiscal years 2008-2009, 2011 and 2013 to which Chaupiloma is responding to. In the opinion of management and Chaupiloma's legal advisors, it is expected that a favorable result will be obtained in the different judicial processes that are in process.

On June 11, 2021, the Tax Court resolved the audit file for fiscal years 2001-2005, ruling that the amortization taken for the year 2001 was not deductible because the concessions were not being exploited in said period. The Company has paid, under protest, the tax amount for 2001 of S/1,270,000 (equivalent to US$334,000), which has been recorded in the caption "Trade and other accounts receivable, net", see note 7(c) since in the opinion of Chaupiloma’s management and its legal advisors expect a favorable result to be obtained through the legal proceedings that have been initiated.

On November 8, 2022, the Company obtained an unfavorable ruling in the last instance (Supreme Court) regarding the 2011 Income Tax. The Tax Administration is pending to re-settlement the debt associated with the file.

*Associates -*

*Cerro Verde -*

Mining Royalties

On June 23, 2004, Law N ° 28528 - Law of Mining Royalty was approved under which the owners of mining concessions had to be paid as financial compensation for the exploitation of metallic and non-metallic mineral resources. A mining royalty was determined applying rates that ranged between 1% and 3% on the value of the concentrate or its equivalent, according to the price quotation of the international market published by the Ministry of Energy and Mines. Based on the terms of an agreement signed in 1998 with the government of Peru, Cerro Verde determined that the payment of mining royalties was not applicable, because the new law was signed after the signing of the contract with the Peruvian Government. However, under the terms of its new guarantee contract, which became effective on January 1, 2014, Cerro Verde began to pay mining royalties and special mining tax for all its production based on Law No. 29788, which is calculated based on the operating profit with rates that fluctuate between 1% and 12%. The amount to be paid for the mining royalty will be the highest amount that results from calculating the result of applying the applicable tax rate on the quarterly operating profit (the rate is established based on the operating margin for the quarter) or 1% of revenues generated by sales made in the calendar quarter.

SUNAT has also assessed mining royalties on materials processed by Cerro Verde´s concentrator, which commenced operations in late 2006. These assessments cover the period December 2006 to December 2013. Cerro Verde contested each of these assessments because it believes that its 1998 stability agreement exempts it from royalties all minerals extracted from its mining concession, irrespective of the method used for processing such minerals. No assessments can be issued for years after 2013, as Cerro Verde began paying royalties on all of its production in January 2014 under its new 15 - year stability agreement.

Since 2017, Cerro Verde has recorded payments related to the tax observations for mining royalties and special tax on mining for the period from December 2006 to December 2013. Since 2014, Cerro Verde has recorded payments of S/2.9 billion (equivalent to US$791.9 million at payment exchange rate) for disputed assessments for the period from December 2006 to December 2013 through monthly fractionation programs, which were completed paid in advance in August 2021.

On February 2020, Cerro Verde filed arbitration proceedings with the International Centre for Settlement of Investment Disputes (CIADI) and on October 19, 2021, Cerro Verde formally filed the arbitration claim. During the year 2022, the first hearings were held both for the responses of the Peruvian government and the replies by Cerro Verde. For the year 2023, the hearings will continue and a pronouncement of the court is estimated for the year 2024.

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

| **Year** | **Taxes US$(000)** | **Penalty and interest US$(000)** | **Total US$(000)** |
|---|---|---|---|
| 2003 – 2005 | 8,684 | 39,366 | 48,050 |
| 2006 | 10,840 | 51,955 | 62,795 |
| 2007 | 11,579 | 22,102 | 33,681 |
| 2008 | 16,906 | 16,923 | 33,829 |
| 2009 | 56,000 | 51,604 | 107,604 |
| 2010 | 53,566 | 125,047 | 178,613 |
| 2011 | 40,802 | 66,506 | 107,308 |
| 2012 | 869 | 6,917 | 7,786 |
| 2013 | 48,402 | 65,849 | 114,251 |
| 2014 | 5,434 | 724 | 6,158 |
| 2015 | 2,986 | 23,205 | 26,191 |
| 2016 | 60,041 | 3,268 | 63,309 |
| 2017 | 4,815 | 2,920 | 7,735 |
| | 320,924 | 476,386 | 797,310 |

As of December 31, 2022, Cerro Verde has paid US$741.3 million about these disputed tax assessments. A reserve has been applied against these payments for a total of US$408.0 million resulting in a net account receivable of US$333.3 million (US$246.2 million as of December 31, 2021) which Cerro Verde expects will be recovered.

(e) *Letters of credit -*

*Letters of credit with regional governments and others -*

In addition to the letters of credit related to the plans for the closure of mines and projects, mentioned in the note 15(b), the Group maintains letters of credit with regional governments and others for US$1,420,000 as of December 31, 2022 (US$1,291,000 as of December 31, 2021).

## 32. Transactions with related companies and joint venture

(a) The Group has carried out the following transactions with its related companies and joint venture in the years 2022, 2021 and 2020:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| | US$(000) | US$(000) | US$(000) |
| ***Associates -*** | | | |
| Revenues from: | | | |
| Royalties | 3,415 | 3,255 | 3,173 |
| Energy | 1,381 | 15,928 | 18,638 |
| Supplies, note 28(a) | 179 | 169 | 890 |
| Mineral | - | - | 211 |
| **Purchase of:** | | | |
| Supplies | 57 | 53 | 55 |
| **Services rendered to:** | | | |
| Administrative and Management services | 816 | 802 | 672 |
| Operation and maintenance services related to energy transmission | 310 | 262 | 280 |
| Services of energy transmission | 183 | 153 | 320 |
| Constructions services | - | 8 | 72 |
| **Contributions granted and paid from:** | | | |
| Tinka Resources Ltd. | 1,676 | - | - |
| **Dividends received and collected from:** | | | |
| Sociedad Minera Cerro Verde S.A.A. | 78,338 | 137,091 | - |
| Compañía Minera Coimolache S.A. | 802 | 11,320 | 3,649 |
| | 79,140 | 148,411 | 3,649 |
| ***Joint Venture -*** | | | |
| **Interest income:** | | | |
| Transportadora Callao S.A., note 29(a) | 94 | 89 | 114 |
| ***Non-controlling shareholders -*** | | | |
| **Dividends paid to:** | | | |
| Newmont Peru Limited - Sucursal del Perú | 2,647 | 6,160 | 5,140 |

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

| | 2022 | 2021 |
|---|---|---|
| | US$(000) | US$(000) |
| **Trade and other receivables, note 7(a)** | | |
| Minera Yanacocha S.R.L. | 312 | 4,314 |
| Compañía Minera Coimolache S.A. | 55 | 312 |
| | 367 | 4,626 |
| **Other receivables, note 7(a)** | | |
| Transportadora Callao S.A. | 1,612 | 1,855 |
| Compañía Minera Coimolache S.A. | 1,025 | 443 |
| Ferrocarril Central Andino S.A. | 150 | - |
| Banco Pichincha | 55 | - |
| | 2,842 | 2,298 |
| | 3,209 | 6,924 |
| **Trade and other payables, note 14(a)** | | |
| Compañía Minera Coimolache S.A. | 163 | 113 |
| **Other payables, note 14(a)** | | |
| Other minor | 20 | 14 |
| | 183 | 127 |

As of December 31, 2022 and 2021, there is no allowance for expected credit losses related to related parties accounts.

(c) S.M.R.L. Chaupiloma Dos de Cajamarca −

Until February 7, 2022, Minera Yanacocha S.R.L. (hereinafter “Yanacocha”) paid the Group a 3% royalty based on quarterly production sold at current market prices, after deducting refinery and transportation costs in accordance with mining lease, amended and effective on January 1, 1994. As of that date, the subsidiary transferred all its mining concessions to Yanacocha, see note 1(d), receiving as consideration an amount similar to a percentage of Yanacocha's sold production, as well as the production of future concessions.

(d) Key officers -

As of December 31, 2022 and 2021, loans to employees, directors and key personnel amounts to US$1,000 and US$3,000, respectively, are payable monthly and earn interest at market rates.

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

The Group's key executives' compensation (including the related income taxes assumed by the Group) for the years ended 2022 and 2021 are presented below:

| | 2022 | 2021 |
|---|---|---|
| | US$(000) | US$(000) |
| **Accounts payable:** | | |
| Bonus to officers | 14,861 | 11,650 |
| Directors' remuneration | 3,455 | 1,639 |
| Salaries | 933 | 847 |
| Total | 19,249 | 14,136 |
| **Payments:** | | |
| Salaries | 10,230 | 10,278 |
| Directors' remuneration | 2,956 | 1,841 |
| Total | 13,186 | 12,119 |
| **Expenses:** | | |
| Salaries | 11,163 | 11,125 |
| Directors' remuneration | 3,455 | 3,499 |
| Total | 14,618 | 14,624 |

(e) The account receivable from Consorcio Transportadora Callao corresponds to the disbursements made between 2011 and 2013 by the subsidiary El Brocal in order to participate in the joint venture (see note 10(c)). This account receivable generates interest at an annual fixed rate of 5.82% and it is estimated that it will be collected from the year 2023.

## 33. 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 the following:

- Production and sale of minerals (mining units in operation).
- Exploration and development projects.
- Energy generation and transmission services.
- Insurance brokerage.
- Rental of mining concessions.
- Holding of investment in shares.
- Industrial activities.

The accounting policies used by the Group in reporting segments internally are the same as those contained in the notes of the consolidated financial statements.

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, which are managed independently.

Corporate information mainly includes the following:

In the segment information of profit or loss -

- Administrative expenses, other income (expenses), exchange gain (loss), finance costs and income and income tax that cannot be directly allocated to the operational mining units owned by the Parent company (Orcopampa, Julcani and Tambomayo) and one temporarily suspended operation (Uchucchacua).
- Exploration activities in non-operating areas, carried out directly by the Parent company and not by the consolidated separate legal entities.
- Participation in subsidiaries and associate companies of the Company, which are accounted for using the equity method.

*In the segment information of assets and liabilities -*

- Investments in Sociedad Minera Cerro Verde S.A.A. Tinka Resources Ltd. and Compañía Minera Coimolache S.A., associate companies that are directly owned by the Parent company and are accounted for using the equity method; see note 10 to the consolidated financial statements.
- Assets and liabilities of the operational mining units owned directly by the Parent company since this is the way the CODM analyzes the business. Assets and liabilities of other operating segments are allocated based on the assets and liabilities of the legal entities included in those segments.

Adjustments and eliminations mainly include the following:

*In the segment information of consolidated statements of profit or loss –*

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

*In the segment information of assets and liabilities –*

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

Refer to note 20(a) to the consolidated financial statements for disclosures related to revenues from external customers for each product and service, and revenues from external customers attributed to Peru and foreign countries. Revenue information is based on the locations of customers.

Refer to note 20(d) to the consolidated financial statements for information about major customers (representing more than 10% of the Group's revenues). All non-current assets are located in Peru.

| | Uchucchacua (Temporary suspension) | Orcopampa (Operation) | Julcani (Operation) | Tambomayo (Operation) | Colquijirca (Operation) | La Zanja (Operation) | Exploration and development mining projects | Energy generation and transmission | Insurance brokerage | Rental of mining concessions | Holding of investment in shares | Industrial activities (Temporary suspension) | Corporate | Equity accounted investees | | | Total operating segments | Adjustments and eliminations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | Sociedad Minera Cerro Verde S.A.A | Compañía Minera Coimolache S.A. | Tinka Resources Ltd. | | | |
| | 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) | US$(000) | US$(000) | US$(000) |
| **Year 2022** | | | | | | | | | | | | | | | | | | | |
| **Results:** | | | | | | | | | | | | | | | | | | | |
| **Continuing operations** | | | | | | | | | | | | | | | | | | | |
| **Operating income** | | | | | | | | | | | | | | | | | | | |
| Sales of goods | 5,281 | 134,268 | 54,573 | 151,789 | 400,994 | 52,260 | – | – | – | – | – | 53,073 | – | 3,975,295 | 159,003 | – | 4,986,536 | (4,185,337) | 801,199 |
| Sales of services | – | – | – | – | – | – | – | 52,433 | 17,207 | – | 421 | – | – | – | – | – | 70,061 | (47,839) | 22,222 |
| Royalty income | – | – | – | – | – | – | – | – | – | 1,381 | – | – | – | – | – | – | 1,381 | - | 1,381 |
| **Total operating income** | 5,281 | 134,268 | 54,573 | 151,789 | 400,994 | 52,260 | – | 52,433 | 17,207 | 1,381 | 421 | 53,073 | – | 3,975,295 | 159,003 | – | 5,057,978 | (4,233,176) | 824,802 |
| **Operating .costs** | | | | | | | | | | | | | | | | | | | |
| Cost of sales of goods, excluding depreciation and amortization | – | (58,108) | (30,215) | (76,214) | (267,997) | (49,903) | – | – | – | – | – | (52,122) | – | (2,367,767) | (114,513) | – | (3,016,839) | 2,554,897 | (461,942) |
| Unabsorbed cost due to production stoppage | (24,916) | – | – | – | – | – | – | – | – | – | – | (1,973) | – | – | – | – | (26,889) | 3,831 | (23,058) |
| Cost of sales of services, excluding depreciation and | – | – | – | – | – | – | – | (24,861) | – | – | – | – | – | – | – | – | (24,861) | 21,698 | (3,163) |
| Depreciation and amortization | (9,000) | (7,757) | (6,444) | (59,125) | (72,390) | (7,459) | – | (9,040) | – | – | – | (6,396) | – | – | (42,950) | – | (220,561) | 43,780 | (176,781) |
| Exploration in operating units | (32,592) | (11,594) | (6,747) | (9,980) | (16,452) | (3,212) | – | – | – | – | – | – | – | – | (8,967) | – | (89,544) | 8,748 | (80,796) |
| Mining royalties | (46) | (12,220) | (472) | (1,322) | (3,168) | (506) | – | – | – | – | – | – | – | – | (1,500) | – | (19,234) | 1,501 | (17,733) |
| **Total operating costs** | (66,554) | (89,679) | (43,878) | (146,641) | (360,007) | (61,080) | – | (33,901) | | | | (60,491) | | (2,367,767) | (167,930) | – | (3,397,928) | 2,634,455 | (763,473) |
| **Gross profit (loss)** | (61,273) | 44,589 | 10,695 | 5,148 | 40,987 | (8,820) | | 18,532 | 17,207 | 1,381 | 421 | (7,418) | | 1,607,528 | (8,927) | – | 1,660,050 | (1,598,721) | 61,329 |
| **Operating expenses, net** | | | | | | | | | | | | | | | | | | | |
| Administrative expenses | (651) | (12,406) | (5,028) | (14,076) | (8,744) | (3,061) | (1,528) | (2,948) | (12,694) | (218) | (617) | (442) | (5,966) | – | (4,139) | (4,383) | (76,901) | 9,173 | (67,728) |
| Selling expenses | (3,634) | (560) | (389) | (5,126) | (9,649) | (179) | – | (770) | – | – | – | (177) | – | (157,373) | (1,018) | – | (178,875) | 158,653 | (20,222) |
| Exploration in non-operating areas | (15) | – | – | – | (4,008) | (5,243) | (282) | – | – | – | – | – | (4,737) | – | – | – | (14,285) | 33 | (14,252) |
| Reversal (provision) of contingencies and others | (44) | 544 | (1,776) | (228) | (1,706) | (353) | 108 | (440) | – | (98) | – | – | 442 | – | 74 | – | (3,477) | 542 | (2,935) |
| Impairment recovery (loss) of long-lived assets | – | – | – | – | – | – | – | – | – | – | – | 19,874 | – | – | – | – | 19,874 | - | 19,874 |
| Other, net | 2,453 | 124 | (793) | (815) | (7,777) | (7,374) | (931) | (196) | – | 8,162 | (2,472) | 321 | (6,090) | (23,933) | 317 | – | (39,004) | 23,919 | (15,085) |
| **Total operating expenses, net** | (1,891) | (12,298) | (7,986) | (20,245) | (31,884) | (16,210) | (2,633) | (4,354) | (12,694) | 7,846 | (3,089) | 19,576 | (16,351) | (181,306) | (4,766) | (4,383) | (292,668) | 192,320 | (100,348) |
| **Operating income (loss)** | (63,164) | 32,291 | 2,709 | (15,097) | 9,103 | (25,030) | (2,633) | 14,178 | 4,513 | 9,227 | (2,668) | 12,158 | (16,351) | 1,426,222 | (13,693) | (4,383) | 1,367,382 | (1,406,401) | (39,019) |
| Share in the results of associates and joint venture | – | – | – | – | (10) | – | – | 7,008 | – | – | 4,756 | – | 164,823 | – | – | – | 176,577 | (307) | 176,270 |
| Net gain (loss) from currency exchange difference | (290) | 99 | 100 | (11) | 526 | 336 | 604 | (207) | (45) | 1 | (693) | 1,218 | 25,235 | 980 | (51) | – | 27,802 | (931) | 26,871 |
| Finance income | 12 | 2 | 4 | 4 | 879 | 614 | 11 | 394 | – | 5 | 308 | 54 | 12,226 | 17,235 | 1,961 | – | 33,709 | (19,266) | 14,443 |
| Finance costs | (496) | (546) | (382) | (302) | (6,470) | (1,318) | (297) | (5,337) | (48) | (2) | (29) | (25) | (38,900) | (10,537) | (2,158) | – | (66,847) | 12,711 | (54,136) |
| **Profit (loss) before income tax** | (63,938) | 31,846 | 2,431 | (15,406) | 4,028 | (25,398) | (2,315) | 16,036 | 4,420 | 9,231 | 1,674 | 13,405 | 147,033 | 1,433,900 | (13,941) | (4,383) | 1,538,623 | (1,414,194) | 124,429 |
| Current income tax | (19) | (465) | (175) | (527) | (6,125) | (187) | – | (3,238) | (1,197) | (2,714) | 1,289 | – | (731) | (445,078) | (2,951) | – | (462,118) | 446,485 | (15,633) |
| Deferred income tax | – | – | – | – | 2,459 | (15,945) | – | 805 | 11 | – | (107) | 3,208 | 25,128 | (63,469) | 8,524 | – | (39,386) | 54,978 | 15,592 |
| **Total income tax** | (19) | (465) | (175) | (527) | (3,666) | (16,132) | | (2,433) | (1,186) | (2,714) | 1,182 | 3,208 | 24,397 | (508,547) | 5,573 | – | (501,504) | 501,463 | (41) |
| **Profit (loss) from continuing operations** | (63,957) | 31,381 | 2,256 | (15,933) | 362 | (41,530) | (2,315) | 13,603 | 3,234 | 6,517 | 2,856 | 16,613 | 171,430 | 925,353 | (8,368) | (4,383) | 1,037,119 | (912,731) | 124,388 |
| Discontinued operations gain | | | | | | | | | | | | | | | | | | | 478,547 |
| **Profit for the year** | | | | | | | | | | | | | | | | | | | 602,935 |
| **Total assets** | 127,479 | 62,083 | 34,131 | 197,550 | 668,230 | 79,038 | 496,198 | 377,679 | 14,436 | 3,306 | 231,820 | 74,266 | 3,047,322 | 7,993,863 | 365,585 | 63,461 | 13,836,447 | (9,333,220) | 4,503,227 |
| **Total liabilities** | 55,792 | 52,429 | 31,388 | 29,654 | 290,998 | 80,655 | 21,844 | 131,540 | 6,107 | 139 | 226 | 7,981 | 655,598 | 1,342,436 | 117,388 | 473 | 2,824,648 | (1,484,362) | 1,340,286 |
| **Other segment information** | | | | | | | | | | | | | | | | | | | |
| Investments in associates and joint venture | – | – | – | – | 2,486 | – | – | 121,650 | – | – | 213,682 | – | 2,099,568 | – | – | – | 2,437,386 | (916,409) | 1,520,977 |
| Acquisition of long-lived assets | 32,000 | 3,584 | 1,559 | 3,175 | 62,593 | 1,719 | 46,459 | 1,487 | 25 | – | 3 | 265 | 500 | – | – | – | 153,369 | (1,396) | 151,973 |
| Changes in estimates of mine closures plans | (3,107) | 5,112 | 3,585 | (856) | (11,322) | (8,705) | (6,576) | – | – | – | – | – | – | – | – | – | (21,869) | – | (21,869) |

| | Uchucchacua (Temporary suspension) | Orcopampa (Operation) | Julcani (Operation) | Tambomayo (Operation) | Colquijirca (Operation) | La Zanja (Operation) | Exploration and development mining projects | Energy generation and transmission | Insurance brokerage | Rental of mining concessions | Holding of investment in shares | Industrial activities (Temporary suspension) | Corporate | Equity accounted investees: Sociedad Minera Cerro Verde S.A.A | Equity accounted investees: Compañía Minera Coimolache S.A. | Equity accounted investees: Tinka Resources Ltd. | 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) | US$(000) | US$(000) | US$(000) |
| **Year 2021** | | | | | | | | | | | | | | | | | | | |
| **Results:** | | | | | | | | | | | | | | | | | | | |
| **Continuing operations** | | | | | | | | | | | | | | | | | | | |
| **Operating income** | | | | | | | | | | | | | | | | | | | |
| Sales of goods | 79,375 | 89,567 | 56,065 | 181,021 | 410,390 | 39,380 | – | – | – | – | – | 47,024 | – | 4,199,448 | 215,481 | – | 5,317,751 | (4,454,281) | 863,470 |
| Sales of services | – | – | – | – | – | – | – | 53,083 | 15,651 | – | 551 | 13,876 | – | – | – | – | 83,161 | (62,109) | 21,052 |
| Royalty income | – | – | – | – | – | – | – | – | – | 15,928 | – | – | – | – | – | – | 15,928 | – | 15,928 |
| **Total operating income** | 79,375 | 89,567 | 56,065 | 181,021 | 410,390 | 39,380 | – | 53,083 | 15,651 | 15,928 | 551 | 60,900 | – | 4,199,448 | 215,481 | – | 5,416,840 | (4,516,390) | 900,450 |
| **Operating costs** | | | | | | | | | | | | | | | | | | | |
| Cost of sales of goods, excluding depreciation and amortization | (95,359) | (56,183) | (31,319) | (82,531) | (248,021) | (46,531) | – | – | – | – | – | (46,811) | – | (2,272,989) | (106,088) | – | (2,985,832) | 2,456,101 | (529,731) |
| Unabsorbed cost due to production stoppage | (25,326) | – | – | – | – | – | – | – | – | – | – | (1,050) | – | – | – | – | (26,376) | 867 | (25,509) |
| Cost of sales of services, excluding depreciation and amortization | – | – | – | – | – | – | – | (20,781) | – | – | – | (3,940) | – | – | – | – | (24,721) | 23,452 | (1,269) |
| Depreciation and amortization | (14,083) | (8,409) | (6,849) | (63,638) | (68,830) | (5,449) | – | (8,995) | – | – | – | (11,569) | – | – | (43,698) | – | (231,520) | 44,309 | (187,211) |
| Exploration in operating units | (11,090) | (11,466) | (6,107) | (10,076) | (17,099) | (574) | – | – | – | – | – | – | – | – | (6,191) | – | (62,603) | 6,191 | (56,412) |
| Mining royalties | (998) | (7,636) | (599) | (1,712) | (1,626) | (403) | – | – | – | – | – | – | – | – | (529) | – | (13,503) | 529 | (12,974) |
| **Total operating costs** | (146,856) | (83,694) | (44,874) | (157,957) | (335,576) | (52,957) | – | (29,776) | – | – | – | (63,370) | – | (2,272,989) | (156,506) | – | (3,344,555) | 2,531,449 | (813,106) |
| **Gross profit (loss)** | (67,481) | 5,873 | 11,191 | 23,064 | 74,814 | (13,577) | – | 23,307 | 15,651 | 15,928 | 551 | (2,470) | – | 1,926,459 | 58,975 | – | 2,072,285 | (1,984,941) | 87,344 |
| **Operating expenses, net** | | | | | | | | | | | | | | | | | | | |
| Administrative expenses | (6,758) | (7,649) | (4,737) | (15,382) | (7,229) | (2,932) | (1,447) | (2,942) | (11,796) | (242) | (1,687) | (1,102) | (4,534) | – | (3,718) | (5,692) | (77,847) | 10,262 | (67,585) |
| Selling expenses | (3,738) | (401) | (480) | (5,485) | (9,946) | (124) | – | (740) | – | – | – | (559) | – | – | (1,114) | – | (22,587) | 1,760 | (20,827) |
| Exploration in non-operating areas | (65) | – | – | – | (1,383) | (5,742) | (1,011) | – | – | – | – | – | (3,100) | – | – | – | (11,301) | 31 | (11,270) |
| Write – off of stripping activity asset | – | – | – | – | (6,763) | – | – | – | – | – | – | – | – | – | – | – | (6,763) | – | (6,763) |
| Reversal (provision) of contingencies and others | (1,291) | 70 | 320 | 25 | (356) | (1,029) | 132 | 111 | – | 15 | – | 9 | (436) | – | – | – | (2,430) | (257) | (2,687) |
| Impairment recovery (loss) of long-lived assets | – | – | – | – | – | 4,964 | – | – | – | – | – | (19,874) | – | – | – | – | (14,910) | – | (14,910) |
| Other, net | (7,865) | (501) | (844) | (4,797) | (12,571) | (44) | (371) | 134 | – | 34 | (44) | (82) | (80) | – | 156 | – | (26,875) | (2,385) | (29,260) |
| **Total operating expenses, net** | (19,717) | (8,481) | (5,741) | (25,639) | (38,248) | (4,907) | (2,697) | (3,437) | (11,796) | (193) | (1,731) | (21,608) | (8,150) | – | (4,676) | (5,692) | (162,713) | 9,411 | (153,302) |
| **Operating income (loss)** | (87,198) | (2,608) | 5,450 | (2,575) | 36,566 | (18,484) | (2,697) | 19,870 | 3,855 | 15,735 | (1,180) | (24,078) | (8,150) | 1,926,459 | 54,299 | (5,692) | 1,909,572 | (1,975,530) | (65,958) |
| Share in the results of associates and joint venture | – | – | – | – | 36 | – | – | 20,525 | (15) | – | (411,974) | – | 236,593 | – | – | – | (154,835) | 395,285 | 240,450 |
| Finance income | – | – | – | – | 388 | 196 | – | 124 | – | – | – | 12 | 5,659 | – | 247 | – | 6,626 | (674) | 5,952 |
| Finance costs | (431) | (493) | (484) | (270) | (7,126) | (1,361) | (238) | (4,731) | (52) | (2) | (1) | (98) | (45,719) | (28,775) | (2,613) | – | (92,394) | 31,765 | (60,629) |
| Net gain (loss) from currency exchange difference | (2,010) | (129) | (612) | (641) | (2,346) | (296) | (1,210) | (377) | 397 | (83) | (7) | (1,824) | (9,542) | 29,493 | (1,819) | – | 8,994 | (27,680) | (18,686) |
| **Profit (loss) before income tax** | (89,639) | (3,230) | 4,354 | (3,486) | 27,518 | (19,945) | (4,145) | 35,411 | 4,185 | 15,650 | (413,162) | (25,988) | 178,841 | 1,927,177 | 50,114 | (5,692) | 1,677,963 | (1,576,834) | 101,129 |
| Current income tax | (57) | (65) | (41) | (132) | (12,220) | – | – | (1,132) | (1,673) | (4,661) | (121) | (291) | – | (704,455) | (27,702) | – | (752,550) | 732,175 | (20,375) |
| Deferred income tax | – | – | – | – | (4,736) | 4,212 | – | 6,824 | 70 | – | – | (1,401) | 38,987 | (31,248) | (4,118) | – | 8,590 | 35,456 | 44,046 |
| **Total income tax** | (57) | (65) | (41) | (132) | (16,956) | 4,212 | – | 5,692 | (1,603) | (4,661) | (121) | (1,692) | 38,987 | (735,703) | (31,820) | | (743,960) | 767,631 | 23,671 |
| **Profit (loss) from continuing operations** | (89,696) | (3,295) | 4,313 | (3,618) | 10,562 | (15,733) | (4,145) | 41,103 | 2,582 | 10,989 | (413,283) | (27,680) | 217,828 | 1,191,474 | 18,294 | (5,692) | 934,003 | (809,203) | 124,800 |
| Discontinued operations loss | | | | | | | | | | | | | | | | | | | (387,604) |
| **Loss for the year** | | | | | | | | | | | | | | | | | | | (262,804) |
| **Total assets** | 111,885 | 47,734 | 30,449 | 264,521 | 694,831 | 121,681 | 442,335 | 385,626 | 19,152 | 4,927 | 261,803 | 63,551 | 3,016,730 | 8,124,564 | 414,986 | 59,128 | 14,063,903 | (9,502,092) | 4,561,811 |
| **Total liabilities** | 62,279 | 48,659 | 32,912 | 36,551 | 327,519 | 81,770 | 21,764 | 153,090 | 6,343 | 1,717 | 275,814 | 13,920 | 1,243,575 | 1,997,558 | 150,751 | 211 | 4,454,433 | (2,431,153) | 2,023,280 |
| **Other segment information** | | | | | | | | | | | | | | | | | | | |
| Investments in associates and joint venture | – | – | – | – | 2,497 | – | – | 99,352 | – | – | 207,233 | – | 1,971,506 | – | – | – | 2,280,588 | (858,293) | 1,422,295 |
| Acquisition of long-lived assets | 16,109 | 2,983 | 2,362 | 3,935 | 37,649 | 999 | 22,513 | 754 | 139 | – | – | 1,744 | 1,122 | – | – | – | 90,309 | – | 90,309 |
| Changes in estimates of mine closures plans | (517) | (390) | (108) | (308) | (1,410) | 175 | (679) | – | – | – | – | – | (35) | – | – | – | (3,272) | – | (3,272) |

| | | | | | | | | | | | | | | Equity accounted investees | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Uchucchacua (Temporary suspension) US$(000) | Orcopampa (Operation) US$(000) | Julcani (Operation) US$(000) | Tambomayo (Operation) US$(000) | Colquijirca (Operation) US$(000) | La Zanja (Operation) US$(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$(000) | Industrial activities (Temporary suspension) US$(000) | Corporate US$(000) | Sociedad Minera Cerro Verde S.A.A US$(000) | Compañía Minera Coimolache S.A. US$(000) | Tinka Resources Ltd. US$(000) | Total operating segments US$(000) | Adjustments and eliminations US$(000) | Total US$(000) |
| **Year 2020** | | | | | | | | | | | | | | | | | | | |
| **Results:** | | | | | | | | | | | | | | | | | | | |
| **Continuing operations** | | | | | | | | | | | | | | | | | | | |
| **Operating income** | | | | | | | | | | | | | | | | | | | |
| Sales of godos | 90,420 | 77,825 | 32,034 | 142,833 | 255,275 | 33,033 | – | – | – | – | – | 36,541 | – | 2,538,593 | 203,163 | – | 3,409,717 | (2,772,098) | 637,619 |
| Sales of services | – | – | – | – | – | – | – | 48,254 | 14,753 | – | 607 | 15,335 | – | – | – | – | 78,949 | (58,664) | 20,285 |
| Royalty income | – | – | – | – | – | – | – | – | – | 18,638 | – | – | – | – | – | – | 18,638 | – | 18,638 |
| **Total operating income** | 90,420 | 77,825 | 32,034 | 142,833 | 255,275 | 33,033 | – | 48,254 | 14,753 | 18,638 | 607 | 51,876 | – | 2,538,593 | 203,163 | – | 3,507,304 | (2,830,762) | 676,542 |
| **Operating costs** | | | | | | | | | | | | | | | | | | | |
| Cost of sales of goods, excluding depreciation and amortization | (100,097) | (37,139) | (16,679) | (64,107) | (170,148) | (31,978) | – | – | – | – | – | (38,607) | – | (1,939,262) | (91,089) | – | (2,546,139) | 2,152,251 | (393,8 |
| Unabsorbed cost due to production stoppage | (9,630) | (3,849) | (5,167) | (822) | (10,216) | (203) | – | – | – | – | – | (597) | – | – | – | – | (30,484) | 2,726 | (27,7 |
| Cost of sales of services, excluding depreciation and amortization | – | – | – | – | – | – | – | (17,868) | – | – | – | (5,075) | – | – | – | – | (22,943) | 21,389 | (1,554) |
| Depreciation and amortization | (16,752) | (8,102) | (6,412) | (72,714) | (59,433) | (6,595) | – | (9,347) | – | – | – | (10,876) | – | – | (52,732) | – | (190,231) | 611 | (189,620) |
| Exploration in operating units | (6,731) | (5,198) | (3,167) | (7,157) | (5,790) | (1) | – | – | – | – | – | – | – | – | (3,586) | – | (28,044) | – | (28,044) |
| Mining royalties | (1,068) | (6,943) | (278) | (1,228) | (1,902) | (330) | – | – | – | – | – | – | – | – | (715) | – | (11,749) | – | (11,749) |
| **Total operating costs** | (134,278) | (61,231) | (31,703) | (146,028) | (247,489) | (39,107) | – | (27,215) | – | – | – | (55,155) | – | (1,939,262) | (148,122) | – | (2,829,590) | 2,176,977 | (652,613) |
| **Gross profit (loss)** | (43,858) | 16,594 | 331 | (3,195) | 7,786 | (6,074) | – | 21,039 | 14,753 | 18,638 | 607 | (3,279) | – | 599,331 | 55,041 | – | 677,714 | (653,785) | 23,929 |
| **Operating expenses, net** | | | | | | | | | | | | | | | | | | | |
| Administrative expenses | (9,140) | (7,948) | (3,288) | (14,548) | (7,536) | (2,434) | (1,649) | (2,863) | (10,939) | (112) | (398) | (1,498) | (5,965) | – | (4,043) | (2,311) | (74,672) | 7,487 | (67,185) |
| Selling expenses | (3,806) | (436) | (438) | (3,862) | (9,070) | (104) | – | (784) | – | – | – | (687) | – | – | (1,290) | – | (20,477) | 1,944 | (18,533) |
| Write – off of stripping activity asset | – | – | – | – | (11,633) | – | – | – | – | – | – | – | – | – | – | – | (11,633) | – | (11,633) |
| Exploration in non-operating areas | (27) | – | – | – | (86) | (4,769) | – | – | – | – | – | – | (3,623) | – | – | – | (8,505) | 30 | (8,475) |
| Reversal (provision) of contingencies and others | 28 | (322) | (195) | 10 | (1,145) | 173 | 33 | 501 | – | – | – | 9 | (3,242) | – | – | – | (4,150) | – | (4,150) |
| Impairment recovery (loss) of long-lived assets | – | – | 2,083 | – | – | – | – | – | – | – | – | – | – | – | – | – | 2,083 | – | 2,083 |
| Other, net | 2,776 | (1,922) | (212) | (1,376) | 4,547 | (712) | (593) | 796 | – | 63 | (10) | 989 | 1,186 | – | 188 | – | 5,720 | (3,030) | 2,690 |
| **Total operating expenses, net** | (10,169) | (10,628) | (2,050) | (19,776) | (24,923) | (7,846) | (2,209) | (2,350) | (10,939) | (49) | (408) | (1,187) | (11,644) | – | (5,145) | (2,311) | (111,634) | 6,431 | (105,203) |
| **Operating income (loss)** | (54,027) | 5,966 | (1,719) | (22,971) | (17,137) | (13,920) | (2,209) | 18,689 | 3,814 | 18,589 | 199 | (4,466) | (11,644) | 599,331 | 49,896 | (2,311) | 566,080 | (647,354) | (81,274) |
| Share in the results of associates and joint venture | – | – | – | – | (253) | – | – | 4,331 | – | – | (67,018) | – | 43,358 | – | – | – | (19,582) | 82,284 | 62,702 |
| Finance income | – | – | – | – | 257 | 780 | 1 | 1,622 | 27 | 9 | – | 38 | 1,405 | 2,350 | 411 | – | 6,900 | (4,489) | 2,411 |
| Finance costs | (268) | (913) | (636) | (390) | (9,175) | (1,484) | (387) | (4,690) | (55) | (2) | (1) | (175) | (21,322) | (142,675) | (2,532) | – | (184,705) | 146,883 | (37,822) |
| Net gain (loss) from currency exchange difference | (72) | 126 | 78 | 130 | (404) | (306) | (808) | (402) | 65 | (49) | 91 | (984) | (1,576) | 52,464 | (1,267) | – | 47,086 | (51,202) | (4,116) |
| **Profit (loss) before income tax** | (54,367) | 5,179 | (2,277) | (23,231) | (26,712) | (14,930) | (3,403) | 19,550 | 3,851 | 18,547 | (66,729) | (5,587) | 10,221 | 511,470 | 46,508 | (2,311) | 415,779 | (473,878) | (58,099) |
| Current income tax | (60) | (55) | (16) | (93) | (1,483) | (17) | – | (780) | (1,475) | (5,543) | (177) | (171) | – | (236,926) | (24,801) | – | (271,597) | 261,673 | (9,924) |
| Deferred income tax | – | – | – | – | (3,346) | 235 | – | (9,388) | 172 | – | – | (347) | (2,888) | – | 1,079 | – | (14,483) | (1,023) | (15,506) |
| **Total income tax** | (60) | (55) | (16) | (93) | (4,829) | 218 | – | (10,168) | (1,303) | (5,543) | (177) | (518) | (2,888) | (236,926) | (23,722) | – | (286,080) | 260,650 | (25,430) |
| **Profit (loss) from continuing operations** | (54,427) | 5,124 | (2,293) | (23,324) | (31,541) | (14,712) | (3,403) | 9,382 | 2,548 | 13,004 | (66,906) | (6,105) | 7,333 | 274,544 | 22,786 | (2,311) | 129,699 | (213,228) | (83,529) |
| Discontinued operations loss | | | | | | | | | | | | | | | | | | | (66,810) |
| **Loss for the year** | | | | | | | | | | | | | | | | | | | (150,339) |
| **Total assets** | 145,287 | 47,855 | 45,999 | 329,384 | 720,150 | 134,562 | 425,731 | 357,830 | 15,932 | 6,813 | 362,419 | 90,337 | 2,343010 | 7,767,459 | 418,966 | 64,539 | 13,276,273 | (9,296,656) | 3,979,617 |
| **Total liabilities** | 62,024 | 46,787 | 34,431 | 38,923 | 366,705 | 78,916 | 22,695 | 166,396 | 5,569 | 2,694 | 340 | 13,025 | 410,197 | 2,132,131 | 150,463 | 876 | 3,532,172 | (2,352,412) | 1,179,760 |
| **Other segment information** | | | | | | | | | | | | | | | | | | | |
| Investments in associates and joint venture | – | – | – | – | 2,374 | – | – | 94,117 | – | – | 159,529 | – | 2,040,598 | – | – | – | 2,296,618 | (807,843) | 1,488,775 |
| Acquisition of long-lived assets | 10,443 | 1,064 | 1,059 | 3,531 | 23,955 | 825 | 24,648 | 371 | 106 | – | – | 4,611 | 933 | – | – | – | 71,546 | – | 71,546 |
| Changes in estimates of mine closures plans | 11,745 | 5,042 | 771 | 1,186 | 2,437 | 9,569 | 808 | – | – | – | – | – | – | – | – | – | 31,558 | – | 31,558 |

**Reconciliation of segment profit (loss)**

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

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| **Segments profit (loss)** | 1,037,119 | 934,003 | 129,699 |
| Elimination of profit of equity accounted investees, not consolidated (owned by third parties) | (912,602) | (1,204,076) | (295,019) |
| Elimination of intercompany sales | (98,879) | (101,460) | (89,006) |
| Elimination of cost of sales and operating expenses intercompany | 98,879 | 101,460 | 89,593 |
| Elimination of share in the results of subsidiaries and associates | (307) | 395,285 | 82,284 |
| Other | 178 | (412) | (1,080) |
| **Consolidated profit (loss) from continuing operations** | 124,388 | 124,800 | (83,529) |

**Reconciliation of segment assets**

The reconciliation of segment assets to the consolidated assets follows:

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| **Segments assets** | 13,836,447 | 14,063,903 | 13,276,273 |
| Elimination of assets of equity accounted investees, not consolidated (owned by third parties) | (8,422,909) | (8,598,678) | (8,250,964) |
| Elimination of the subsidiaries and associates of the Parent company | (920,601) | (914,940) | (1,005,368) |
| Elimination of intercompany receivables | (16,921) | (15,188) | (57,810) |
| Other | 27,211 | 26,714 | 17,486 |
| **Consolidated assets** | 4,503,227 | 4,561,811 | 3,979,617 |

**Reconciliation of segment liabilities**

The reconciliation of segment liabilities to the consolidated liabilities follows:

| | 2022<br>US$(000) | 2021<br>US$(000) | 2020<br>US$(000) |
|---|---|---|---|
| **Segments liabilities** | 2,824,648 | 4,454,433 | 3,532,172 |
| Elimination of liabilities of equity accounted investees, not consolidated | (1,460,297) | (2,148,520) | (2,283,470) |
| Elimination of intercompany payables | (24,140) | (282,530) | (68,961) |
| Other | 75 | (103) | 19 |
| **Consolidated liabilities** | 1,340,286 | 2,023,280 | 1,179,760 |

**Disaggregated revenue information**

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

| | Uchucchacua (Temporary suspension) US$(000) | Orcopampa (Operation) US$(000) | Julcani (Operation) US$(000) | Tambomayo (Operation) US$(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 (Temporary suspension) US$(000) | Total operating segments US$(000) | Adjustments and eliminations US$(000) | Total US$(000) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year 2022** | | | | | | | | | | | | | | |
| **Revenues by type of customers:** | | | | | | | | | | | | | | |
| **Sales by customers -** | | | | | | | | | | | | | | |
| External | 5,052 | 134,158 | 50,652 | 152,537 | 385,731 | 1,220 | – | – | – | – | 53,347 | 782,697 | – | 782,697 |
| Inter-segment | – | – | – | – | – | 50,338 | – | – | – | – | – | 50,338 | (50,338) | – |
| | 5,052 | 134,158 | 50,652 | 152,537 | 385,731 | 51,558 | – | – | – | – | 53,347 | 833,035 | (50,338) | 782,697 |
| **Services -** | | | | | | | | | | | | | | |
| External | – | – | – | – | – | – | 5,015 | 17,207 | – | – | – | 22,222 | – | 22,222 |
| Inter-segment | – | – | – | – | – | – | 47,418 | – | – | 421 | – | 47,839 | (47,839) | – |
| | – | – | – | – | – | – | 52,433 | 17,207 | – | 421 | – | 70,061 | (47,839) | 22,222 |
| **Royalties -** | | | | | | | | | | | | | | |
| External | – | – | – | – | – | – | – | – | 1,381 | – | – | 1,381 | – | 1,381 |
| | 5,052 | 134,158 | 50,652 | 152,537 | 385,731 | 51,558 | 52,433 | 17,207 | 1,381 | 421 | 53,347 | 904,477 | (98,177) | 806,300 |
| **Revenues by geographic region:** | | | | | | | | | | | | | | |
| **Metal and concentrates sales -** | | | | | | | | | | | | | | |
| Peru | 2,733 | 20,475 | 46,124 | 140,593 | 322,372 | 51,558 | – | – | – | – | 248 | 548,103 | (50,338) | 533,765 |
| America - other than Peru | – | 113,683 | – | 11,942 | – | – | – | – | – | – | 53,099 | 178,724 | – | 178,724 |
| Europa | 2,319 | – | 25 | 2 | 31,066 | – | – | – | – | – | – | 33,412 | – | 33,412 |
| Asia | – | – | 4,503 | – | 32,293 | – | – | – | – | – | – | 36,796 | – | 36,796 |
| | 5,052 | 134,158 | 50,652 | 152,537 | 385,731 | 51,558 | – | – | – | – | 53,347 | 833,035 | (50,338) | 782,697 |
| **Services -** | | | | | | | | | | | | | | |
| Peru | – | – | – | – | – | – | 52,433 | 17,080 | – | 421 | – | 69,934 | (62,109) | 20,936 |
| America - other than Peru | – | – | – | – | – | – | – | 127 | – | – | – | 127 | – | 127 |
| Europa | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| | – | – | – | – | – | – | 52,433 | 17,207 | – | 421 | – | 70,061 | (47,839) | 22,222 |
| **Royalties -** | | | | | | | | | | | | | | |
| Peru | – | – | – | – | – | – | – | – | 1,381 | – | – | 1,381 | – | 1,381 |
| | 5,052 | 134,158 | 50,652 | 152,537 | 385,731 | 51,558 | 52,433 | 17,207 | 1,381 | 421 | 53,347 | 904,477 | (98,177) | 806,300 |
| **Revenues by type of good or services:** | | | | | | | | | | | | | | |
| **Sales by metal -** | | | | | | | | | | | | | | |
| Silver | 8,363 | 755 | 51,232 | 32,269 | 62,951 | 2,218 | – | – | – | – | 2,245 | 160,033 | (2,110) | 157,923 |
| Gold | – | 134,200 | 28 | 84,003 | 29,326 | 51,908 | – | – | – | – | 50,888 | 350,353 | (50,606) | 299,747 |
| Copper | – | – | 516 | – | 366,762 | – | – | – | – | – | – | 367,278 | – | 367,278 |
| Zinc | 400 | – | – | 40,087 | 66,999 | – | – | – | – | – | – | 107,486 | – | 107,486 |
| Lead | (55) | – | 856 | 19,616 | 12,534 | – | – | – | – | – | – | 32,951 | – | 32,951 |
| Manganese sulfate | – | – | – | – | – | – | – | – | – | – | 361 | 361 | – | 361 |
| Antimony | – | – | 28 | – | – | – | – | – | – | – | – | 28 | – | 28 |
| | 8,708 | 134,955 | 52,660 | 175,975 | 538,572 | 54,126 | – | – | – | – | 53,494 | 1,018,490 | (52,716) | 965,774 |
| Commercial deductions | (3,656) | (797) | (2,008) | (23,438) | (152,841) | (2,568) | – | – | – | – | (147) | (185,455) | 2,378 | (183,077) |
| | 5,052 | 134,158 | 50,652 | 152,537 | 385,731 | 51,558 | – | – | – | – | 53,347 | 833,035 | (50,338) | 782,697 |
| **Services -** | – | – | – | – | – | – | 52,433 | 17,207 | – | 421 | – | 70,061 | (47,839) | 22,222 |
| **Royalty income -** | – | – | – | – | – | – | – | – | 1,381 | – | – | 1,381 | – | 1,381 |
| | 5,052 | 134,158 | 50,652 | 152,537 | 385,731 | 51,558 | 52,433 | 17,207 | 1,381 | 421 | 53,347 | 904,477 | (98,177) | 806,300 |

| | Uchucchacua (Temporary suspension) US$(000) | Orcopampa (Operation) US$(000) | Julcani (Operation) US$(000) | Tambomayo (Operation) US$(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 (Temporary suspension) US$(000) | Total operating segments US$(000) | Adjustments and eliminations US$(000) | Total US$(000) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year 2022** | | | | | | | | | | | | | | |
| **Revenues by type of customers:** | | | | | | | | | | | | | | |
| **Sales by customers -** | | | | | | | | | | | | | | |
| External | 80,407 | 89,474 | 57,227 | 182,061 | 468,238 | 29 | – | – | – | – | 46,954 | 924,390 | – | 924,390 |
| Inter-segment | – | – | – | – | – | 39,227 | – | – | – | – | – | 39,227 | (39,227) | – |
| | 80,407 | 89,474 | 57,227 | 182,061 | 468,238 | 39,256 | – | – | – | – | 46,954 | 963,617 | (39,227) | 924,390 |
| **Services -** | | | | | | | | | | | | | | |
| External | – | – | – | – | – | – | 5,401 | 15,651 | – | – | – | 21,052 | – | 21,052 |
| Inter-segment | – | – | – | – | – | – | 47,682 | – | – | 551 | 13,876 | 62,109 | (62,109) | – |
| | – | – | – | – | – | – | 53,083 | 15,651 | – | 551 | 13,876 | 83,161 | (62,109) | 21,052 |
| **Royalties -** | | | | | | | | | | | | | | |
| External | – | – | – | – | – | – | – | – | 15,928 | – | – | 15,928 | – | 15,928 |
| | 80,407 | 89,474 | 57,227 | 182,061 | 468,238 | 39,256 | 53,083 | 15,651 | 15,928 | 551 | 60,830 | 1,062,706 | (101,336) | 961,370 |
| **Revenues by geographic region:** | | | | | | | | | | | | | | |
| **Metal and concentrates sales -** | | | | | | | | | | | | | | |
| Peru | 69,378 | 6,794 | 43,031 | 161,629 | 420,098 | 39,254 | – | – | – | – | 2,005 | 742,189 | (39,227) | 702,962 |
| America - other than Peru | – | 82,680 | – | 19,602 | – | 2 | – | – | – | – | 43,704 | 145,988 | – | 145,988 |
| Europa | 10,795 | – | 14,196 | 830 | 24,737 | – | – | – | – | – | 1,245 | 51,803 | – | 51,803 |
| Asia | 234 | – | – | – | 23,403 | – | – | – | – | – | – | 23,637 | – | 23,637 |
| | 80,407 | 89,474 | 57,227 | 182,061 | 468,238 | 39,256 | – | – | – | – | 46,954 | 963,617 | (39,227) | 924,390 |
| **Services -** | | | | | | | | | | | | | | |
| Peru | – | – | – | – | – | – | 53,083 | 15,535 | – | 551 | 13,876 | 83,045 | (62,109) | 20,936 |
| America - other than Peru | – | – | – | – | – | – | – | 96 | – | – | – | 96 | – | 96 |
| Europa | – | – | – | – | – | – | – | 20 | – | – | – | 20 | – | 20 |
| | – | – | – | – | – | – | 53,083 | 15,651 | – | 551 | 13,876 | 83,161 | (62,109) | 21,052 |
| **Royalties -** | | | | | | | | | | | | | | |
| Peru | – | – | – | – | – | – | – | – | 15,928 | – | – | 15,928 | – | 15,928 |
| | 80,407 | 89,474 | 57,227 | 182,061 | 468,238 | 39,256 | 53,083 | 15,651 | 15,928 | 551 | 60,830 | 1,062,706 | (101,336) | 961,370 |
| **Revenues by type of good or services:** | | | | | | | | | | | | | | |
| **Sales by metal -** | | | | | | | | | | | | | | |
| Silver | 86,988 | 358 | 60,596 | 38,978 | 126,979 | 2,504 | – | – | – | – | 2,986 | 319,389 | (2,459) | 316,930 |
| Gold | 19 | 89,426 | 371 | 112,182 | 21,570 | 38,854 | – | – | – | – | 39,103 | 301,525 | (38,849) | 262,676 |
| Copper | – | – | 140 | – | 340,382 | – | – | – | – | – | – | 340,522 | – | 340,522 |
| Zinc | 15,214 | – | – | 32,001 | 96,365 | – | – | – | – | – | – | 143,580 | – | 143,580 |
| Lead | 9,300 | – | 828 | 19,483 | 22,296 | – | – | – | – | – | – | 51,907 | – | 51,907 |
| Manganese sulfate | – | – | – | – | – | – | – | – | – | – | 4,976 | 4,976 | – | 4,976 |
| | 111,521 | 89,784 | 61,935 | 202,644 | 607,592 | 41,358 | – | – | – | – | 47,065 | 1,161,899 | (41,308) | 1,120,591 |
| Commercial deductions | (31,114) | (310) | (4,708) | (20,583) | (139,354) | (2,102) | – | – | – | – | (111) | (198,282) | 2,081 | (196,201) |
| | 80,407 | 89,474 | 57,227 | 182,061 | 468,238 | 39,256 | – | – | – | – | 46,954 | 963,617 | (39,227) | 924,390 |
| **Services -** | – | – | – | – | – | – | 53,083 | 15,651 | – | 551 | 13,876 | 83,161 | (62,109) | 21,052 |
| **Royalty income -** | – | – | – | – | – | – | – | – | 15,928 | – | – | 15,928 | – | 15,928 |
| | 80,407 | 89,474 | 57,227 | 182,061 | 468,238 | 39,256 | 53,083 | 15,651 | 15,928 | 551 | 60,830 | 1,062,706 | (101,336) | 961,370 |

| | Uchucchacua (Temporary suspension) US$(000) | Orcopampa (Operation) US$(000) | Julcani (Operation) US$(000) | Tambomayo (Operation) US$(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 (Temporary suspension) US$(000) | Total operating segments US$(000) | Adjustments and eliminations US$(000) | Total US$(000) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year 2020** | | | | | | | | | | | | | | |
| **Revenues by type of customers:** | | | | | | | | | | | | | | |
| **Sales by customers -** | | | | | | | | | | | | | | |
| External | 91,007 | 77,907 | 31,663 | 143,233 | 251,974 | 2,554 | – | – | – | – | 36,336 | 634,674 | – | 634,674 |
| Inter-segment | – | – | – | – | (160) | 30,470 | – | – | – | – | – | 30,310 | (30,310) | – |
| | 91,007 | 77,907 | 31,663 | 143,233 | 251,814 | 33,024 | – | – | – | – | 36,336 | 664,984 | (30,310) | 634,674 |
| **Services -** | | | | | | | | | | | | | | |
| External | – | – | – | – | – | – | 5,532 | 14,753 | – | – | – | 20,285 | – | 20,285 |
| Inter-segment | – | – | – | – | – | – | 42,722 | – | – | 607 | 15,335 | 58,664 | (58,664) | – |
| | – | – | – | – | – | – | 48,254 | 14,753 | – | 607 | 15,335 | 78,949 | (58,664) | 20,285 |
| **Royalties -** | | | | | | | | | | | | | | |
| External | – | – | – | – | – | – | – | – | 18,638 | – | – | 18,638 | – | 18,638 |
| | 91,007 | 77,907 | 31,663 | 143,233 | 251,814 | 33,024 | 48,254 | 14,753 | 18,638 | 607 | 51,671 | 762,571 | (88,974) | 673,597 |
| **Revenues by geographic region:** | | | | | | | | | | | | | | |
| **Metal and concentrates sales -** | | | | | | | | | | | | | | |
| Peru | 77,077 | 7,097 | 3,238 | 81,058 | 216,481 | 32,886 | – | – | – | – | 2,327 | 420,164 | (30,310) | 389,854 |
| America - other than Peru | – | 70,810 | – | 60,273 | – | 138 | – | – | – | – | 32,279 | 163,500 | – | 163,500 |
| Europa | 11,503 | – | 28,425 | 552 | – | – | – | – | – | – | 1,730 | 42,210 | – | 42,210 |
| Asia | 2,427 | – | – | 1,350 | 35,333 | – | – | – | – | – | – | 39,110 | – | 39,110 |
| | 91,007 | 77,907 | 31,663 | 143,233 | 251,814 | 33,024 | – | – | – | – | 36,336 | 664,984 | (30,310) | 634,674 |
| **Services -** | | | | | | | | | | | | | | |
| Peru | – | – | – | – | – | – | 48,254 | 14,641 | – | 607 | 15,335 | 78,837 | (58,664) | 20,173 |
| America - other than Peru | – | – | – | – | – | – | – | 92 | – | – | – | 92 | – | 92 |
| Europa | – | – | – | – | – | – | – | 20 | – | – | – | 20 | – | 20 |
| | – | – | – | – | – | – | 48,254 | 14,753 | – | 607 | 15,335 | 78,949 | (58,664) | 20,285 |
| **Royalties -** | | | | | | | | | | | | | | |
| Peru | – | – | – | – | – | – | – | – | 18,638 | – | – | 18,638 | – | 18,638 |
| | 91,007 | 77,907 | 31,663 | 143,233 | 251,814 | 33,024 | 48,254 | 14,753 | 18,638 | 607 | 51,671 | 762,571 | (88,974) | 673,597 |
| **Revenues by type of good or services:** | | | | | | | | | | | | | | |
| **Sales by metal -** | | | | | | | | | | | | | | |
| Silver | 97,903 | 185 | 33,631 | 32,766 | 63,312 | 2,241 | – | – | – | – | 2,337 | 232,375 | (1,877) | 230,498 |
| Gold | 14 | 77,964 | 14 | 105,359 | 13,667 | 32,672 | – | – | – | – | 30,023 | 259,713 | (30,123) | 229,590 |
| Copper | – | – | 48 | – | 181,007 | – | – | – | – | – | – | 181,055 | 256 | 181,311 |
| Zinc | 8,356 | – | – | 9,513 | 102,677 | – | – | – | – | – | – | 120,546 | – | 120,546 |
| Lead | 6,760 | – | 529 | 10,688 | 30,449 | – | – | – | – | – | – | 48,426 | – | 48,426 |
| Manganese sulfate | – | – | – | – | – | – | – | – | – | – | 4,051 | 4,051 | – | 4,051 |
| | 113,033 | 78,149 | 34,222 | 158,326 | 391,112 | 34,913 | – | – | – | – | 36,411 | 846,166 | (31,744) | 814,422 |
| Commercial deductions | (22,026) | (242) | (2,559) | (15,093) | (139,298) | (1,889) | – | – | – | – | (75) | (181,182) | 1,434 | (179,748) |
| | 91,007 | 77,907 | 31,663 | 143,233 | 251,814 | 33,024 | – | – | – | – | 36,336 | 664,984 | (30,310) | 634,674 |
| **Services -** | – | – | – | – | – | – | 48,254 | 14,753 | – | 607 | 15,335 | 78,949 | (58,664) | 20,285 |
| **Royalty income -** | – | – | – | – | – | – | – | – | 18,638 | – | – | 18,638 | – | 18,638 |
| | 91,007 | 77,907 | 31,663 | 143,233 | 251,814 | 33,024 | 48,254 | 14,753 | 18,638 | 607 | 51,671 | 762,571 | (88,974) | 673,597 |

**34. Derivative financial instruments**

(a) This caption is made up as follows:

| | 2022 | 2021 |
|---|---|---|
| | US$(000) | US$(000) |
| Copper and Zinc prices hedge (b) | 8,839 | (6,332) |
| Interest rate hedge (c) | - | (644) |
| | 8,839 | (6,976) |

(b) Copper and Zinc prices hedge –

The volatility of copper prices during 2022 and 2021 has caused management to enter into forward contracts. These 2022 and 2021 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 copper concentrate sales commitments, which are related to 50% of the annual production of copper and 25% of the production of two years of zinc, according to the risk strategy approved by the Board of Directors.

During 2022, 2021 and 2020, the effect of hedge derivative financial instruments in profit or loss was a gain of US$12,774,000, loss of US$51,952,000, and loss of US$6,464,000, respectively (and it is show in the “Sales of goods” caption, note 20(b)).

The balance receivable of US$2.5 million as of December 31, 2022 is shown in the “Trade and other receivables” caption, note 4(a), while, as of December 31, 2021, it represented a balance payable of US$1.2 million. shown in the “Trade and other payables” caption.

The table below presents the composition of open transactions designated as hedging derivative financial instruments as of December 31, 2022:

| | | | Quotations | | |
|---|---|---|---|---|---|
| Quotation period | Concentrate | Metric tons | Fixed | Futures | Fair value |
| | | | US$/DMT(*) | US$/DMT(*) | US$(000) |
| January 2023 | Copper | 2,000 | 10,185 | 8,344 | 4,332 |
| February 2023 | Copper | 1,500 | 10,109 | 8,350 | 1,867 |
| March 2023 | Copper | 1,500 | 10,153 | 8,353 | 2,640 |
| | | 5,000 | | | 8,839 |

(*) DMT= Dry metric tonne.

The table below presents the composition of open transactions designated as hedging derivative financial instruments as of December 31, 2021:

| Quotation period | Concentrate | Metric tons | Quotations Fixed US$/DMT (*) | Futures US$ DMT (*) | Fair value US$(000) |
|---|---|---|---|---|---|
| January 2022 | Copper | 3,250 | 9,405 | 9,748 | (1,112) |
| January 2022 | Zinc | 500 | 3,450 | 9,748 | (65) |
| February 2022 | Copper | 2,000 | 9,444 | 9,740 | (591) |
| March 2022 | Copper | 2,000 | 9,525 | 9,732 | (413) |
| April 2022 | Copper | 2,700 | 9,103 | 9,719 | (1,661) |
| May 2022 | Copper | 3,050 | 9,175 | 9,701 | (1,601) |
| June 2022 | Copper | 1,000 | 9,425 | 9,686 | (260) |
| July 2022 | Copper | 3,000 | 9,442 | 9,676 | (701) |
| October 2022 | Copper | 1,500 | 9,762 | 9,631 | 196 |
| December 2022 | Copper | 1,000 | 9,475 | 9,600 | (124) |
| | | 20,000 | | | (6,332) |

(*) DMT= Dry metric tonne.

Changes in "Hedge derivative financial instruments" is included in “unrealized gain (loss) on hedge derivate financial instruments of copper and zinc prices hedge” in the consolidated statements of other comprehensive income. For the year 2022, 2021 and 2020, the Group obtained an unrealized gain of US$15,171,000, unrealized gain of US$9,472,000 and unrealized loss of US$15,804,000, respectively (unrealized gain of US$10,696,000, unrealized gain of US$6,678,000 and unrealized loss of US$11,142,000 net of tax income, respectively).

(c) Interest rate hedge –

In order to mitigate the exposure to the risk of changes in the interest rate related to its financial obligations, on April 2, 2020, the Company's management decided to enter into forward contracts in relation to the LIBOR three-month with BBVA Banco Continental, Banco de Credito del Peru, Banco Internacional del Peru and Itaú, which are designated as cash flow hedges.

As of December 31, 2022, the Company did not have hedgde derivative instruments. The following is the composition of the operations to be settled that are part of the liability for hedging derivative instrument as of December 31, 2021:

| Maturity | Amount US$(000) | LIBOR three months Fixed | LIBOR three months Forwards | Fair value US$(000) |
|---|---|---|---|---|
| October 2022 | 81,666 | 2.632% | 2.06% - 2.14% | (191) |
| October 2022 | 74,167 | 2.632% | 2.06% - 2.14% | (174) |
| October 2022 | 74,167 | 0.732% | 0.16% - 0.24% | (174) |
| July 2022 | 45,000 | 2.632% | 2.06% - 2.14% | (105) |
| | 275,000 | | | (644) |

For the years 2022, 2021 and 2020, the effect on results was a gain of US$818,000, a loss of US$1,547,000 and a loss of US$146,000, respectively and is presented in the caption of “Financial costs” see note 29(a).

Changes in "Hedge derivative financial instruments" is included in “Unrealized gain (loss) on hedge derivate financial instruments of interest rate hedge, net of income tax” in consolidated statements of other comprehensive income. For the years 2022, 2021 and 2020, the Company obtained an unrealized gain of US$644,000, unrealized gain of US$1,991,000 and unrealized loss of US$2,635,000, respectively (unrealized gain of US$454,000, unrealized gain of US$1,404,000 and unrealized loss of US$1,858,000 net of tax income, respectively).

**35. Financial - risk management objectives and policies**

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

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

There were no changes in the objectives, policies or processes during the years ended December 31, 2022, 2021 and 2020.

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

(a) Market risk -

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

The sensitivity analyses in this section relate to the positions as of December 31, 2022 and 2021 and have been prepared considering that the proportion of financial instruments in foreign currency are constant.

(a.1) Exchange rate risk

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

Excluding loans in soles, management maintains smaller amounts in soles in order to cover its needs in this currency (primarily payment of taxes).

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

| | **Exchange-rate increase/decrease** | **Effect on profit (loss) before income tax** |
|---|---|---|
| | | US$(000) |
| **2022** | | |
| Exchange rate | 10% | 58,032 |
| Exchange rate | (10%) | (58,032) |
| **2021** | | |
| Exchange rate | 10% | 56,122 |
| Exchange rate | (10%) | (56,122) |
| **2020** | | |
| Exchange rate | 10% | 7,591 |
| Exchange rate | (10%) | (7,083) |

(a.2) Commodity price risk

The Group is affected by the price volatility of the commodities. The price of mineral sold by the Group has fluctuated historically and affected by numerous factors beyond its control.

The Group manages its commodity price risk primarily using sales commitments in customer contracts and hedge contracts for the metals sold by the subsidiary El Brocal.

The Company's subsidiary El Brocal entered into derivative contracts that qualified as cash flow hedges, with the intention of mitigating the risk resulting from the decrease in the prices of its minerals. These derivative contracts are recorded as assets or liabilities in the consolidated statements of financial position, see note 14, and are stated at fair value. To the extent that these hedges were effective in offsetting future cash flows from the sale of the related production, changes in fair value are deferred in an equity account under "Other comprehensive income (loss)". The amounts included temporarily in other comprehensive income (loss) are reclassified to the "Sales of goods" caption when the related minerals are sold. See note 34(a) and note 20(b).

(a.3) Interest rate risk -

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

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

| | **Increase/ decrease of LIBOR** (percentage rates) | **Effect on profit (loss) before income tax** US$(000) |
|---|---|---|
| **2022** | | |
| Interest rate | 10% | (1,315) |
| Interest rate | (10%) | 1,315 |
| **2021** | | |
| Interest rate | 10% | (1,414) |
| Interest rate | (10%) | 1,414 |
| **2020** | | |
| Interest rate | 10% | (81) |
| Interest rate | (10%) | 81 |

(b) Credit risk -

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

The Group invests the excess cash in leading financial institutions, sets conservative credit policies and constantly evaluates the market conditions in which it operates. Trade accounts receivable are denominated in U.S. dollars. The Group's sales are made to domestic and foreign customers. See concentration of spot sales in note 20(b). An impairment analysis is performed on an individual basis.

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

Set out below is the information about the credit risk exposure on the Group's trade and other receivables:

| | | Days past due | | | |
|---|---|---|---|---|---|
| | **Current** US$(000) | **< 30 days** US$(000) | **30 – 90 days** US$(000) | **> 90 days** US$(000) | **Total** US$(000) |
| **As of December 31, 2022 -** | | | | | |
| Trade receivables | 146,070 | – | – | 22,276 | 168,346 |
| Other receivables | 749,456 | – | – | 4,106 | 753,562 |
| | 895,526 | – | – | 26,382 | 921,908 |
| Expected credit loss rate | 0% | 0% | 0% | 100% | – |
| **Expected credit loss** | – | – | – | (26,382) | (26,382) |
| **As of December 31, 2021 -** | | | | | |
| Trade receivables | 149,394 | – | – | 22,276 | 171,670 |
| Other receivables | 726,870 | – | – | 8,621 | 735,491 |
| | 876,264 | – | – | 30,897 | 907,161 |
| Expected credit loss rate | 0% | 0% | 0% | 100% | – |
| **Expected credit loss** | – | – | – | (30,897) | (30,897) |

(c) Liquidity risk -

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

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

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

| | **Less than 1 year** (2023) US$(000) | **Between 1 and 2 years** (2024) US$(000) | **Between 2 and 5 years** (2025 to 2027) US$(000) | **More than years** (since 2028) US$(000) | **Total** US$(000) |
|---|---|---|---|---|---|
| **As of December 31, 2022 -** | | | | | |
| Bank loans – capital | – | – | – | – | – |
| Bank loans – interest | – | – | – | – | – |
| Trade and other payables | 240,737 | - | - | - | 240,737 |
| Financial obligation – capital | 31,034 | 104,159 | 598,568 | - | 733,761 |
| Financial obligation – interest | 39,256 | 45,770 | 64,279 | - | 149,305 |
| Lease – capital | 3,638 | 2,282 | 2,794 | 4,238 | 12,952 |
| Lease – interest | 42 | 18 | 242 | 1,136 | 1,438 |
| Hedge derivative financial instruments | – | – | – | – | – |
| Contingent consideration liability | – | – | 11,937 | 31,934 | 43,871 |
| | 314,707 | 152,229 | 677,820 | 37,308 | 1,182,064 |
| **As of December 31, 2021 -** | | | | | |
| Bank loans – capital | 50,000 | – | – | – | 50,000 |
| Bank loans – interest | 820 | – | – | – | 820 |
| Trade and other payables | 248,033 | – | – | – | 248,033 |
| Financial obligation – capital | 175,620 | 106,784 | 774,102 | – | 1,056,506 |
| Financial obligation – interest | 43,313 | 40,803 | 99,634 | – | 183,750 |
| Lease – capital | 3,906 | 1,822 | 51 | – | 5,779 |
| Lease – interest | 74 | 95 | – | – | 169 |
| Hedge derivative financial instruments | 6,976 | – | – | – | 6,976 |
| Contingent consideration liability | – | – | 7,032 | 33,702 | 40,734 |
| | 528,742 | 149,504 | 880,819 | 33,702 | 1,592,767 |

(d) Capital management -

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

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

No changes were made in the objectives, policies or processes for managing capital during the years 2022 and 2021.

## 36. Fair value measurement

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

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

| | | Fair value measurement using: | | |
|---|---|---|---|---|
| | **Carrying value** | **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 December 31, 2022 -** | | | | |
| **Assets and liabilities measured at fair value:** | | | | |
| Fair value of account receivable (subject to provisional pricing) | 129,567 | – | 129,567 | – |
| Contingent consideration liability | 16,905 | – | 16,905 | – |
| Hedge instruments asset | 8,839 | – | 8,839 | – |
| **Fair value of liabilities at amortized cost:** | | | | |
| Bank loans | – | – | – | – |
| Financial obligations | 672,110 | – | 672,110 | – |
| **As of December 31, 2021 -** | | | | |
| **Assets and liabilities measured at fair value:** | | | | |
| Fair value of account receivable (subject to provisional pricing) | 133,977 | – | 133,977 | – |
| Contingent consideration liability | 17,718 | – | – | 17,718 |
| Hedge instruments liability | 6,976 | – | 6,976 | – |
| **Fair value of liabilities at amortized cost:** | | | | |
| Bank loans | 50,000 | – | 50,000 | – |
| Financial obligations | 1,059,236 | – | 1,059,236 | – |

*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 Group's derivative financial instruments are recorded at their fair value.

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

Financial instruments at fixed and variable rates -

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

Based on the foregoing, there are no important existing difference between the book value and the fair value of the assets and financial liabilities as of December 31, 2022 and 2021. There were no transfers between Level 1and Level 2 during 2022 and 2021.

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 December 31, 2022 | Unobservable inputs | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| Contingent consideration liability | 16,905 | Rate before tax | 11.72% | A change in the discount rate by 10% (rate 11.72%) higher/lower, the fair value would increase/decrease in US$1.5 million. |
| | | Expected revenues annual average (US$000) | 208,912 | If expected sales change by 10% higher/lower, the fair value would increase/decrease in US$1.7 million. |

## 37. Events after the reporting period

No significant events were identified, in addition to those mentioned in note 1(g), that have occurred between the reporting period and the date of the Board of Directors on February 28, 2023, that must be disclosed.

In accordance with International Financial Reporting Standards - IFRS, the accompanying financial statements were prepared based on the conditions existing as of December 31, 2022 and considering those events that occurred after that date that provided evidence of conditions that existed at the end of the reporting period up to their issuance date.

Nº 008502

# COLEGIO DE CONTADORES PÚBLICOS 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

**TANAKA VALDIVIA & ASOCIADOS SOCIEDAD CIVIL DE RESPONSABILIDAD LIMITADA**
**SOCIEDAD: S0761**

Se encuentra, HABIL, para el ejercicio de las funciones profesionales que le faculta la Ley Nº 13253 y su modificación Ley Nº 28951 y conforme al Estatuto y Reglamento Interno de este Colegio; en fe de lo cual y a solicitud de parte, se le extiende la presente constancia para los efectos y usos que estime conveniente. Esta constancia tiene vigencia hasta el 31 de MARZO del 2023.

Lima, 09 de AGOSTO de 2022.

CPC. Rafael Enrique Velásquez Soriano
DECANO

CPC. David Eduardo Bautista Izquierdo
DIRECTOR SECRETARIO