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

Consolidated Financial Statements for the years 2020, 2019 and 2018, together with the Report of Independent Registered Public Accounting Firm

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

Consolidated Financial Statements for the years 2020, 2019 and 2018, together with the Report of Independent Registered Public Accounting Firm

Content

Paredes, Burga & Asociados
Sociedad Civil de Responsabilidad Limitada

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 36 to the consolidated financial statements

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated financial statements of Compañía de Minas Buenaventura S.A.A. (a Peruvian public corporation) and subsidiaries (together the "Group"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2020, 2019 and 2018, and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Auditing Standards approved in Peru by the Board of Deans of the Peruvian Charter of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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working world

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 36 to the consolidated financial statements

Report of Independent Registered Public Accounting Firm (continued)

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Compañía de Minas Buenaventura S.A.A. and Subsidiaries as of December 31, 2020 and 2019 and their financial performance and cash flows for the years ended December 31, 2020, 2019 and 2018, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

Lima, Perú,
February 25, 2021

Countersigned by:

Paredes, Burga & Asociados

Katherine Villanueva
C.P.C.C. Matricula No. 36892

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

Consolidated statements of financial position

As of December 31, 2020 and 2019

	Notes	2020 US$(000)	2019 US$(000)
Assets			
Current assets			
Cash and cash equivalents	6	235,449	210,046
Trade and other receivables, net	7(a)	230,830	287,712
Inventories, net	8(a)	77,327	97,973
Income tax credit		19,837	31,919
Prepaid expenses	9(a)	25,709	20,969
		589,152	648,619
Non-current assets			
Trade and other receivables, net	7(a)	102,347	88,515
Inventories, net	8(a)	23,637	394
Investments in associates and joint venture	10(a)	1,488,775	1,488,247
Mining concessions, development costs, right-of-use asset, property, plant and equipment, net	11(a)	1,650,361	1,754,372
Investment properties, net		186	204
Deferred income tax asset	28(b)	73,850	74,556
Prepaid expenses	9(a)	24,806	25,692
Other assets, net	12(a)	26,503	26,675
		3,390,465	3,458,655
Total assets		3,979,617	4,107,274
Liabilities and shareholders' equity, net			
Current liabilities			
Bank loans	13	65,793	55,000
Trade and other payables	14(a)	179,956	166,244
Provisions, contingent liabilities and other liabilities	15(a)	68,000	72,771
Income tax payable		3,162	5,650
Financial obligations	16(a)	25,086	265,692
Hedge derivative financial instruments	32	18,439	–
		360,436	565,357
Non-current liabilities			
Trade and other payables	14(a)	–	616
Provisions, contingent liabilities and other liabilities	15(a)	252,338	221,736
Financial obligations	16(a)	506,567	305,996
Contingent consideration liability	27(b)	22,100	16,410
Deferred income tax liabilities	28(b)	38,319	28,959
		819,324	573,717
Total liabilities		1,179,760	1,139,074
Shareholders' equity, net	17		
Capital stock		750,497	750,497
Investment shares		791	791
Additional paid-in capital		218,450	218,450
Legal reserve		163,194	163,168
Other reserves		269	269
Retained earnings		1,503,785	1,639,658
Other reserves of equity		(9,526)	(1,311)
Shareholders 'equity, net attributable to owners of the parent		2,627,460	2,771,522
Non-controlling interest	18(a)	172,397	196,678
Total shareholders' equity, net		2,799,857	2,968,200
Total liabilities and shareholders' equity, net		3,979,617	4,107,274

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

Consolidated statements of profit or loss

For the years ended December 31, 2020, 2019 and 2018

	Notes	2020 US$(000)	2019 US$(000)	2018 US$(000)
Continuing operations				
Sales				
Sales of goods	20(b)	637,619	821,930	1,106,329
Sales of services	20(b)	20,285	23,661	24,001
Royalty income	20(b)	18,638	22,297	20,385
Total sales		676,542	867,888	1,150,715
Operating costs				
Cost of sales of goods, excluding depreciation and amortization	21(a)	(393,888)	(512,874)	(613,381)
Unabsorbed cost due to production stoppage	1(f)	(27,758)	–	–
Cost of sales of services, excluding depreciation and amortization	21(b)	(1,554)	(3,378)	(4,318)
Depreciation and amortization		(189,620)	(226,335)	(238,879)
Exploration in operating units	22	(28,044)	(44,163)	(89,730)
Mining royalties	23	(11,749)	(12,832)	(21,388)
Total operating costs		(652,613)	(799,582)	(967,696)
Gross profit		23,929	68,306	183,019
Operating expenses, net				
Administrative expenses	24	(67,185)	(76,297)	(77,099)
Selling expenses	20(e)	(18,533)	(24,313)	(26,948)
Write –off of stripping activity asset	11(g)	(11,633)	–	–
Exploration in non-operating areas	25	(8,475)	(11,879)	(36,307)
Reversal (provision) of contingencies and others		(4,150)	2,968	11,248
Impairment recovery (loss) of long-lived assets	11(b)	2,083	(2,083)	5,693
Other, net	26	2,690	(14,715)	(1,308)
Total operating expenses, net		(105,203)	(126,319)	(124,721)
Operating profit (loss)		(81,274)	(58,013)	58,298
Finance income	27	2,411	9,675	9,685
Finance costs	27	(37,822)	(42,173)	(38,422)
Share in the results of associates and joint venture	10(b)	(9,517)	47,710	(1,144)
Net loss from currency exchange difference		(4,116)	(734)	(1,384)
Profit (loss) before income tax		(130,318)	(43,535)	27,033
Current income tax	28(c)	(9,924)	(11,911)	(16,882)
Deferred income tax	28(c)	(15,506)	37,501	(9,997)
Total income tax		(25,430)	25,590	(26,879)
Profit (loss) from continuing operations		(155,748)	(17,945)	154
Discontinued operations				
Net profit (loss) from discontinued operations attributable to equity holders of the parent	1(e)	5,409	(10,514)	(11,808)
Loss for the year		(150,339)	(28,459)	(11,654)
Attributable to:				
Equity holders of the parent		(135,718)	(12,208)	(13,445)
Non-controlling interest	18(a)	(14,621)	(16,251)	1,791
		(150,339)	(28,459)	(11,654)
Basic and diluted loss per share attributable to equity holders of the parent, stated in U.S. dollars	17(e)	(0.53)	(0.05)	(0.05)
Loss for continuing operations, basic and diluted per share attributable to equity holders of the parent, expressed in US dollars	17(e)	(0.56)	(0.01)	(0.02)

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

Consolidated statements of other comprehensive income

For the years ended December 31, 2020, 2019 and 2018

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Net loss	(150,339)	(28,459)	(11,654)
Other comprehensive profit (loss):			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Net change in unrealized gain (loss) on cash flow hedges, note 32	(18,439)	(2,759)	31,464
Income tax effect, note 28(a)	5,440	813	(9,916)
Unrealized gain on investments	264	(291)	1,053
	(12,735)	(2,237)	22,601
Total other comprehensive profit (loss), net of income tax	(163,074)	(30,696)	10,947
Attributable to:			
Equity holders of the parent	(143,933)	(12,816)	(260)
Non-controlling interests	(19,141)	(17,880)	11,207
	(163,074)	(30,696)	10,947

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

Consolidated statements of changes in equity

For the years ended December 31, 2020, 2019 and 2018

	Attributable to equity holders of the parent										
	Capital stock, net of treasury shares										
	Number of shares outstanding	Common shares US$(000)	Investment shares US$(000)	Additional paid-in capital US$(000)	Legal reserve US$(000)	Other reserves US$(000)	Retained earnings US$(000)	Other reserves of equity US$(000)	Total US$(000)	Non-controlling interest US$(000)	Total equity US$(000)
As of January 1, 2018	253,715,190	750,497	791	218,450	163,071	269	1,728,847	(13,888)	2,848,037	215,590	3,063,627
Net profit (loss)	–	–	–	–	–	–	(13,445)	–	(13,445)	1,791	(11,654)
Other comprehensive income	–	–	–	–	–	–	–	13,185	13,185	9,416	22,601
Total other comprehensive income (loss)	–	–	–	–	–	–	(13,445)	13,185	(260)	11,207	10,947
Dividends declared and paid, note 17(d)	–	–	–	–	–	–	(22,860)	-	(22,860)	(5,560)	(28,420)
Change in investments, note 18(a)	–	–	–	–	–	–	(16,633)	–	(16,633)	–	(16,633)
Expired dividends, note 17(c)	–	–	–	–	44	–	–	–	44	–	44
As of December 31, 2018	253,715,190	750,497	791	218,450	163,115	269	1,675,909	(703)	2,808,328	221,237	3,029,565
Effect of new standards	–	–	–	–	–	–	(1,160)	–	(1,160)	(179)	(1,339)
As of January 1, 2019	253,715,190	750,497	791	218,450	163,115	269	1,674,749	(703)	2,807,168	221,058	3,028,226
Net loss	–	–	–	–	–	–	(12,208)	–	(12,208)	(16,251)	(28,459)
Other comprehensive loss	–	–	–	–	–	–	–	(608)	(608)	(1,629)	(2,237)
Total other comprehensive loss	–	–	–	–	–	–	(12,208)	(608)	(12,816)	(17,880)	(30,696)
Dividends declared and paid, note 17(d)	–	–	–	–	–	–	(22,098)	–	(22,098)	(6,500)	(28,598)
Change in investments, note 18(a)	–	–	–	–	–	–	(785)	–	(785)	–	(785)
Expired dividends, note 17(c)	–	–	–	–	53	–	–	–	53	–	53
As of December 31, 2019	253,715,190	750,497	791	218,450	163,168	269	1,639,658	(1,311)	2,771,522	196,678	2,968,200
Net loss	–	–	–	–	–	–	(135,718)	–	(135,718)	(14,621)	(150,339)
Other comprehensive loss	–	–	–	–	–	–	–	(8,215)	(8,215)	(4,520)	(12,735)
Total other comprehensive income (loss)	–	–	–	–	–	–	(135,718)	(8,215)	(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	1,503,785	(9,526)	2,627,460	172,397	2,799,857

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

Consolidated statements of cash flows

For the years ended December 31, 2020, 2019 and 2018

	Notes	2020 US$(000)	2019 US$(000)	2018 US$(000)
Operating activities				
Proceeds from sales		708,196	783,000	1,216,294
Recovery from value added tax and other taxes		42,967	45,712	106,656
Royalty received		18,954	23,001	20,013
Dividends received from related parties	30(a)	3,649	33,388	46,792
Dividends received from investments		2,500	–	–
Proceeds from insurance claim	26(b)	4,381	–	38,793
Interest received		1,658	4,265	2,383
Payments to suppliers and third parties, and other net		(454,140)	(610,737)	(861,282)
Payments to employees		(129,353)	(137,300)	(151,602)
Income tax and Royalties paid to Peruvian State		(25,708)	(24,935)	(30,898)
Payments for tax litigation	7(g)	(22,386)	(36,322)	–
Interest paid		(21,653)	(28,266)	(27,699)
Payments of royalties		(6,180)	(4,741)	(13,190)
Net cash and cash equivalents provided by operating activities		122,885	47,065	346,260
Investing activities				
Proceeds from sale of property, plant and equipment to third parties	7(h)	24,416	726	2,240
Additions to mining concessions, development costs, property, plant and equipment	11(a)	(71,546)	(102,627)	(111,270)
Acquisition of investment in associate	10(c)	(13,453)	–	–
Payments for acquisition of other assets	12(a)	(1,641)	(3,700)	(8,529)
Net cash and cash equivalents used in investing activities		(62,224)	(105,601)	(117,559)
Financing activities				
Proceeds from bank loans	13	18,019	55,000	95,000
Payments of bank loans	13	(7,197)	(95,000)	(95,000)
Proceeds from financial obligations	16(f)	–	161,894	–
Payments of financial obligations	16(f)	(38,994)	(186,152)	(45,222)
Dividends paid to controlling shareholders	14(c)	–	(22,098)	(22,860)
Short-term and low value lease payments	16(f)	(4,080)	(7,596)	–
Decrease (increase) of bank accounts in trust	7(e)	2,134	(166)	(410)
Dividends paid to non-controlling shareholders	17(d)	(5,140)	(6,500)	(5,560)
Net cash and cash equivalents used in financing activities		(35,258)	(100,618)	(74,052)
Increase (decrease) in cash and cash equivalents for the year, net		25,403	(159,154)	154,649
Cash and cash equivalents at beginning of year		210,046	369,200	214,551
Cash and cash equivalents at year-end		235,449	210,046	369,200
Financing and investing activities not affecting cash flows:				
Changes in estimates of mine closures plans	15(b)	31,558	26,722	42,874
Change of the fair value for contingent consideration liability	27(b)	(5,690)	(655)	1,815
Accounts receivable from sale of assets	7(h)	8,233	21,648	2,715

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 four operating mining units in Peru (Uchucchacua, Orcopampa, Julcani and Tambomayo), 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 non-significant subsidiaries in Mexico and Chile related to exploration activities.

(c) Approval of consolidated financial statements -

The consolidated financial statements as of December 31, 2020 were approved and authorized for issue by the Board of Directors on February 25, 2021 and subsequent events have been considered through that date. They will then be presented for approval by the Company’s shareholders meeting on March 30, 2021. 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,			
		2020		2019	
		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	20.00	40.00	20.00	40.00
Minera La Zanja S.R.L.	Peru	53.06	-	53.06	-
Minera Julcani S.A. de C.V.	Mexico	99.80	0.20	99.80	0.20
Compañía de Minas Buenaventura Chile Ltda. (***)	Chile	90.00	10.00	90.00	10.00
El Molle Verde S.A.C.	Peru	99.98	0.02	99.98	0.02
Apu Coropuna S.R.L.	Peru	70.00	-	70.00	-
Cerro Hablador S.A.C.	Peru	99.00	1.00	99.00	1.00
Minera Azola S.A.C.	Peru	99.00	1.00	99.00	1.00
Compañía Minera Nueva Italia S.A. (liquidated)	Peru	-	-	-	93.36
Energy generation and transmission services:					
Consorcio Energético de Huancavelica S.A.	Peru	100.00	-	100.00	-
Empresa de Generación Huanza S.A.	Peru	-	100.00	-	100.00
Insurance brokerage:					
Contacto Corredores de Seguros S.A.	Peru	99.98	0.02	99.98	0.02
Contacto Risk Consulting S.A.	Peru	-	98.00	-	98.00
Industrial activities:					
Procesadora Industrial Río Seco S.A.	Peru	100.00	-	100.00	-

(*) Includes four operating mining units in Peru (Uchucchacua, Orcopampa, Julcani and Tambomayo), two discontinued mining units (Poracota and Shila-Paula), and one mining unit under development stage (San Gabriel)

(**) As of December 31, 2020 and 2019, the participation of the Company in the voting rights of El Brocal is 61.43 percent. Inversiones Colquijirca S.A. (hereafter “Colquijirca”), a Group’s subsidiary (99.99 percent as of December 31, 2020 and 2019), has an interest in El Brocal´s capital stock, through which the Company holds an indirect participation in El Brocal of 58.24 percent as of December 31, 2020 and 2019.

(***) On January 21, 2021, the Company sold 100% of its shares of Compañía de Minas Buenaventura Chile Ltda., which were presented as financial investments as of December 31, 2020. The sale value was US$30,000 which are fully collected as of the date of this report.

(e) Discontinued operations

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 sale price was US$10 million (US$8.5 million plus VAT) 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. As of December 31, 2020, the Group has collected US$2.0 million and the remaining balance will be paid in two settlements of US$4 million each in November 2021 and 2022.

The net cash flows used by the mining units with discontinued operations are presented below:

	2020	**2019**	**2018**
	US$(000)	US$(000)	US$(000)
Operating activities	−	(2)	1,800
Investing activities	−	−	(1,817)
Decrease in cash and cash equivalents for the year	−	(2)	(17)

The results of the discontinued operations mining units for the years 2020, 2019 and 2018 are presented below:

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Sales	(1)	97	16,666
Cost of sales	−	(2)	(15,261)
Gross profit (loss)	(1)	95	1,405
Operating income (expenses), net			
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), nota 15(b)	5,093	−	−
Reversal of provision for impairment of value of inventory (sale of Mallay mining unit), note 8(c)	1,220	−	−
Income from sale of supplies (sale of Mallay mining unit)	606	−	−
Reversal (provision) of contingent and others	13	(134)	(9)
Cost of sale of development costs, property, plant and equipment, nota 11(a)	(3,099)	(44)	(5,100)
Administrative expenses	(3,243)	(8,048)	(1,661)
Cost of sale of supplies (sale of Mallay mining unit)	(1,711)	−	−
Provision for impairment of value of inventory, note 8(c)	(377)	(320)	−
Changes in provision for closure of mining units	(58)	(1,912)	(6,013)
Reversal of Impairment loss of long-lived assets, note 11(b)	−	−	2,837
Others, net	(846)	117	(3,162)
Total operating expenses, net	5,574	(10,341)	(13,108)
Operating profit (loss)	5,573	(10,246)	(11,703)
Finance costs, note 15(b)	(176)	(266)	(88)
Net gain (loss) from currency exchange difference	12	(2)	30
Profit (loss) before income tax	5,409	(10,514)	(11,761)
Income tax	−	−	(47)
Profit (loss) from discontinued operations	5,409	(10,514)	(11,808)
Profit (loss) from the discontinued operations, per basic and diluted share, express in U. S. dollars	0.03	(0.04)	(0.03)

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

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

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

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, the Group's mining units have operated below the planned volume for year 2020, which is reflected in the variation in sales. During 2020 sales decreased by US$191.3 million in relation to the previous year mainly explained by the suspension of dispatches, which resulted in lower sales, see note 20. 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), and is made up as follows:

	2020 US$(000)	2019 US$(000)
Services provided by third parties	13,885	-
Direct labor	11,057	-
Supplies	2,816	-
	27,758	-

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., so it did not affect the Company's operations. This second immobilization had an initial period of fifteen days from January 31, being extended by 14 days until February 28, 2021. Since March 1, 2021 and for the next 14 days, new measures will be applied to face the COVID-19 pandemic. The Peruvian Government established a curfew at nights, and mandatory social immobilization will be in force all day long on Sundays.

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

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

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

2.2. Basis of consolidation -

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries to the date of the consolidated statements of financial position.

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

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

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

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

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

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

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

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 applied for the first time in 2020; however, they did not have material impact on the annual consolidated financial statements of the Group and therefore, have not been disclosed. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.4. Summary of significant accounting policies -

(a) Foreign currencies -

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

Transactions and balances

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

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

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 hedge 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 prevailing at the dates of the initial transactions.

(b) Financial instruments -

Initial recognition and subsequent measurement -

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

(i) Financial assets -

Initial recognition and measurement -

Financial assets are classified, at initial recognition, as 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, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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, net” 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, net" 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 liability 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 effective interest rate method (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 the 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 "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 include the separation of embedded derivatives in host contracts by the acquire.

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 under the 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 again all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in 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 and joint ventures, 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 and joint ventures 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 and joint ventures 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 and joint ventures. 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 its carrying value, and then recognizes the loss in the consolidated statements of profit or loss.

Upon loss of significant influence over the associate and joint ventures, 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	6 to 20
Machinery and equipment	5 to 10
Transportation units	5
Furniture and fixtures	10
Computer equipment	4

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

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

(i) Leases -
The 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 "Financial obligation" caption.

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 renew 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. Contingent rents are recognized as revenue in the period in which they are earned.

(j) Mining concessions -
Mining concessions represent ownership of the right of exploration and exploitation to the Group on mining properties 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 on units of production method, using as the basis 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 "Mining concessions, development costs, right-of-use asset, property, plant and equipment, net".

(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 include:

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

Development costs –

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

The development costs include:

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

Development costs necessary to maintain production are expensed as incurred.

(l) Stripping (waste removal) costs -

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

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

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

To identify components of 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 directly incurred during the stripping activity. The production stripping cost is presented within “Mining concessions, development costs, right-of-use asset, property, plant and equipment, net” 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 component identified 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) Investment properties -

Investment properties are measured at cost, net of accumulated depreciation and impairment loss, if any. Depreciation of the investment properties is determined using the straight-line method with useful life of 20 years.

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

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

(n) Impairment of non-financial assets -

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of (i) an asset’s or cash-generating unit' (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 live 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.

(o) 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.

(p) 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.

(q) 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 30 to 90 days of 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" 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 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. For measuring progress of the services, the Group used the output method in measuring progress of the services due to 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 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, 2020 and 2019, the Group has not 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 transfer 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, 2020 and 2019, the Group has not 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 effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the consolidated statements of profit or loss.

Royalty income -

The royalty income is recognized 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 "Other, net" in the consolidated statement of profit or loss due to its operating nature.

(r) 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 based on the accrual basis.

Workers' profit sharing -

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

(s) Borrowing costs -

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

(t) Taxes -

Current income tax -

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

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

Deferred income tax -

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

Deferred income tax liabilities are recognized for all taxable temporary differences, except for taxable temporary differences associated with investments in associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the near 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 treatment –
The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Group determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation 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 as a specified percentage of operating profit or 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 special mining tax are accounted for in accordance with IAS 12 “Income Tax” because they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable income-rather than physical quantities produced or as a percentage of revenue-after adjustment for temporary differences. Legal rules and rates used to calculate the amounts payable are those in effect on the date of the consolidated statements of financial position.

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

Sales tax -

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

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

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

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

(u) 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.

(v) 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 hedge is classified as cash flow hedge. The effective portion of gain or loss on the hedging instrument is initially recognized in the consolidated statements of changes in equity, under the "Other equity reserves" caption, while the ineffective portion is recognized immediately in the consolidated statements of profit or loss in the "Finance costs" caption.

(w) 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.

(x) Other assets -

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

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite live are amortized over their useful economic 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 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 judgments, estimates and assumptions

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

3.1. Judgments

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

(a) Contingencies -

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

(b) Development start date -

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

(c) Production start date -

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

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

When a mine development /construction project moves into the production phase, the capitalization of certain mine development costs 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) Revenue from contracts with customers -
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 change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Determination of mineral reserves and resources -
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 used 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. Reviews could occur on reserve and resources 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 could affect mainly 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 method. In determining the amount of the provision, it is necessary to make significant assumptions and estimates, because exist many factors 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 where are expected that such costs will 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 factor.

4. Standards issued but not effective

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2020 reporting periods 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.

Reference to the Conceptual Framework – Amendments to IFRS 3 -

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 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 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

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

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

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

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform -

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide several reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

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, 2020, the exchange rates for U.S. dollars published by this Institution were US$0.2764 for buying and US$0.2759 for selling (US$0.2968 for buying and US$0.2959 for selling as of December 31, 2019), and have been applied by the Group for the assets and liabilities accounts, respectively.

As of December 31, 2020 and 2019, the Group presents the following assets and liabilities originally denominated in soles by its equivalent in U.S. dollars:

	2020	2019
	US$(000)	US$(000)
Assets		
Cash and cash equivalents	8,606	6,796
Trade and other receivables	159,099	139,624
Income tax credit	19,837	31,919
	187,542	178,339
Liabilities		
Trade and other payables	(47,705)	(60,311)
Income tax payable	(3,162)	(5,650)
Provisions, contingent liabilities and other liabilities	(38,574)	(41,515)
	(89,441)	(107,476)
Net asset position	98,101	70,863

6. Cash and cash equivalents

(a) This caption is made up as follows:

	2020	2019
	US$(000)	US$(000)
Cash	173	304
Bank accounts (b)	185,276	37,836
Time deposits (c)	50,000	171,906
	235,449	210,046

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

(c) As of December 31, 2020 and 2019, 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, net

(a) This caption is made up as follows

	2020	2019
	US$(000)	US$(000)
Trade receivables, net (b)		
Domestic clients	129,283	141,005
Foreign clients	46,612	78,860
Related entities, note 30(b)	6,073	6,247
	181,968	226,112
Allowance for expected credit losses (f)	(22,128)	(22,016)
	159,840	204,096
Other receivables		
Tax claims (g)	62,373	44,014
Value added tax credit	44,389	54,328
Accounts receivables to third parties	28,277	31,478
Advances to suppliers	20,569	9,275
Tax deposits (d)	12,413	6,644
Due from for sales of assets (h) and note 1(e)	8,233	21,648
Interest receivable	2,648	3,244
Related entities, note 30(b)	2,312	2,967
Refund applications of value added tax (c)	581	1,657
Loans to personnel	408	1,128
Bank accounts in trust (e)	376	2,510
Dividends receivable	–	2,501
Other minor	475	743
	183,054	182,137
Allowance for expected credit losses (f)	(9,717)	(10,006)
	173,337	172,131
Total trade and other receivables, net	333,177	376,227
Classification by maturity:		
Current portion	230,830	287,712
Non-current portion	102,347	88,515
Total trade and other receivables, net	333,177	376,227
Classification by nature:		
Financial receivables	288,207	320,242
Non-financial receivables	44,970	55,985
Total trade and other receivables, net	333,177	376,227
Classification by measurement:		
Trade receivables (not subject to provisional pricing)	33,287	38,550
Trade receivables (subject to provisional pricing)	126,553	165,546
Other accounts receivables	173,337	172,131
Total trade and other receivables, net	333,177	376,227

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

(c) Corresponds mainly to current year refunds applications that are pending as of December 31, 2020.

(d) Corresponds to deposits held in the Peruvian State bank, which only can be used to offset tax obligations that the Group have with the Tax Authorities.

(e) 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:

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Beginning balance	2,510	2,782	2,372
Increase	-	166	410
Decrease	(2,134)	(438)	–
Final balance	376	2,510	2,782

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

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Beginning balance	32,022	32,102	32,184
Provision for trade receivables, note 24	126	–	18
Provision for other receivable, note 26	4	25	1,334
Provision of the period	130	25	1,352
Foreign exchange difference	(307)	57	(173)
Write off of the period	-	(162)	(410)
Reversals of the period, note 26	-	–	(45)
Other minor	-	–	(806)
Final balance	31,845	32,022	32,102
Trade receivables	22,128	22,016	22,013
Other receivables	9,717	10,006	10,089
	31,845	32,022	32,102

The allowance for expected credit losses of other receivables is related to accounts receivables from third parties.

In the opinion of the Group's Management, the balance of the allowance for expected credit losses is sufficient to cover adequately the risks of failure to date of the consolidated statement of financial position.

(g) 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 29(d):

Detail	Disbursement date	2020 US$(000)	2019 US$(000)
Buenaventura -			
SUNAT seizure for payment on account from January to December 2009; January and February 2010.	December 2019	33,240	36,321
Forced payment of part of the tax liability debt for fiscal year 2007.	November and December 2020	19,918	–
Inminsur's tax liability debt (absorbed by Buenaventura), by the inspection process for the years 1996-1997 and claimed in court.	May 2017	1,403	1,412
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	1,311	–
Forced payment of part of the tax debt for fiscal year 2010.	December 2020	498	–
		56,370	37,733
Rio Seco -			
Forced payment of part of the VAT tax liability for 2012.	July to September 2019	3,279	3,398
El Brocal -			
Payment under protest of the tax liability for fiscal year 2011.	June 2014	2,303	2,517
Payment of the fine for the benefit of reducing the fine for fiscal year 2015.	January 2020	402	-
Other minor	-	19	101
		2,724	2,618
Consorcio Energético de Huancavelica S.A. -			
Payment of a fine for the benefit of reducing the fine for fiscal year 2011.	July 2016	-	265
		62,373	44,014

(h) On September 5, 2019, Consorcio Energético de Huancavelica S.A., entered into a contract for the sale of energy transmission systems in the areas of Huancavelica, Trujillo, Cajamarca, Callalli – Ares and Lorema with Conelsur LT S.A.C. for US$21,023,000, which were collected during the first quarter of 2020.

8. Inventories, net

(a) This caption is made up as follows:

	2020 US$(000)	2019 US$(000)
Finished goods	2,525	2,084
Products in process (b)	52,619	47,652
Spare parts and supplies	76,937	74,033
	132,081	123,769
Provision for impairment of value of inventory (c)	(31,117)	(25,402)
	100,964	98,367
Classification by use:		
Current portion	77,327	97,973
Non-current portion	23,637	394
	100,964	98,367

(b) Products in process include mainly to mineral in process of El Brocal for 1,527,521 Dried Metric Ton (DMT) amounting to US$32.2 million (1,592,905 DMT amounting to US$31.2 million as of December 31, 2019).

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

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Beginning balance	25,402	23,163	11,603
Continuing operations:			
Provision for impairment of finished and in progress goods, note 21(a)	8,920	7,329	4,640
Reversal for impairment of finished and in progress goods, note 21(a)	(3,866)	(9,472)	(119)
Provision for impairment of spare parts and supplies, note 26(a)	17,266	15,703	11,704
Reversal for impairment of spare parts and supplies, note 26(a)	(15,762)	(11,641)	(4,665)
Sale of mining unit, note 1(e)	(1,220)	–	–
Discontinued operations, note 1(e):			
Provision for impairment of spare parts and supplies	1,220	843	–
Reversal for impairment of spare parts and supplies	(843)	(523)	–
Final balance	31,117	25,402	23,163

During 2020, the increase in the provision of finished products and in process was generated by the higher cost incurred as a consequence of the lower production of the Tambomayo and Uchucchacua mining units due to lower recoveries.

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

9. Prepaid expenses

(a) This caption is made up as follows:

	2020 US$(000)	2019 US$(000)
Prepaid energy services (b)	25,692	26,582
Prepaid insurance	15,794	13,568
Deferred costs of works for taxes	4,855	4,138
Other prepaid expenses	4,174	2,373
	50,515	46,661
Classification by maturity:		
Current portion	25,709	20,969
Non-current portion	24,806	25,692
	50,515	46,661

(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			
	2020 %	2019 %	2020 US$(000)	2019 US$(000)
Associates				
Sociedad Minera Cerro Verde S.A.A.	19.58	19.58	1,209,126	1,155,359
Minera Yanacocha S.R.L.	43.65	43.65	157,835	230,000
Compañía Minera Coimolache S.A.	40.10	40.10	104,833	98,426
Tinka Resources Ltd.	19.30	–	12,862	–
			1,484,656	1,483,785
Joint venture (d)			2,254	2,627
Other minor investments			1,865	1,835
			1,488,775	1,488,247

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

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Associates			
Sociedad Minera Cerro Verde S.A.A.	53,767	76,451	23,444
Compañía Minera Coimolache S.A.	10,055	12,883	10,994
Minera Yanacocha S.R.L.	(72,219)	(41,580)	(35,582)
Tinka Resources Ltd.	(868)	–	–
	(9,265)	47,754	(1,144)
Joint venture	(252)	(44)	–
	(9,517)	47,710	(1,144)

Investments held by the Group in its associates Minera Yanacocha S.R.L. (through its subsidiary Compañía Minera Condesa S.A.) and Sociedad Minera Cerro Verde S.A.A., represent the most significant investments of the Group. Its operations are strategic to the Group's activities and participation in their results has been significant in relation to profits (losses) of the Group in the years 2020, 2019 and 2018. The following relevant information on these investments is as follows:

Investment in Minera Yanacocha S.R.L.-

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

The Quecher Main project of Yanacocha, an oxide deposit, which is a new open pit within the existing footprint of Yanacocha which began operating in October 2019. This project will add oxide production at Yanacocha and will extend the life of the Yanacocha operation to 2027. During 2020, the ounce production of the project was 55,413 ounces.

In addition, Yanacocha owns the Conga project which consists in two deposits of gold and porphyry of copper located at northeast of Yanacocha operating area in the provinces of Celendín, Cajamarca and Hualgayoc (Peru).

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

In December 2017, Yanacocha acquired 63.92 million of shares (share of 5%) held by International Finance Corporation (IFC) in Yanacocha, for an amount of US$47.9 million. In June 2018, Sumitomo Corporation (Sumitomo) paid US$48 million for the five percent stake in the ownership interest in Yanacocha for the proportion held prior to the repurchase of the IFC's ownership stake in December. As a result of that acquisition, the Company recognized a lower value with respect to Yanacocha's equity participation.

In February 2020, the Supreme Court resolution was published, whereby Yanacocha received notification of an unfavorable result in the Tax Dispute related to the amortization of contractual rights (see note 29(d)) for which Yanacocha recorded a liability in term of tax payable for US$8.1 million and recorded interests and penalties for US$21.0 million in its financial statements as of December 31, 2019. The potential outstanding liability in this matter amounts to US$61 million. During 2020, Yanacocha registered an amount of US$2.1 million related to workers participation related to this resolution. Yanacocha´s Management concluded that is not possible to fully predict the outcome of this litigation.

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

	2020 US$(000)	2019 US$(000)
Statements of financial position as of December 31:		
Current assets	1,099,594	1,076,097
Non-current assets	1,213,846	1,251,617
Current liabilities	(282,987)	(206,219)
Non-current liabilities	(1,706,067)	(1,631,783)
Shareholders' equity, net	324,386	489,712
Groups' interest	141,594	213,759
Goodwill	16,241	16,241
	157,835	230,000

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Statements of profit or loss for the years ended December 31:			
Sales of goods	620,163	739,302	657,358
Other comprehensive profit (loss):	123	1,246	(91)
Net loss from continued operations	(165,449)	(95,257)	(81,517)
Share in results	(72,219)	(41,580)	(35,582)

During the years 2020, 2019 and 2018, the Yanacocha´s Management evaluated and concluded that there are no indicators of impairment of its long-lived assets; in addition, the Group's management determined that there was no objective evidence that its investment in Yanacocha is impaired as of December 31, 2020 and 2019.

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

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

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

	2020	2019
	US$(000)	US$(000)
Statements of financial position as of December 31:		
Current assets	1,754,888	1,614,928
Non-current assets	6,012,571	6,194,496
Current liabilities	(450,680)	(420,786)
Non-current liabilities	(1,681,451)	(2,039,389)
Shareholders' equity, net	5,635,328	5,349,249
Group's interest	1,101,363	1,047,596
Goodwill	107,763	107,763
	1,209,126	1,155,359

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Statements of profit or loss for the years ended December 31:			
Sales of goods	2,538,593	2,890,066	3,054,026
Profit for the year	274,544	390,377	119,710
Share in results	53,767	76,451	23,444

The Group's management determined that there was no objective evidence that its investment in Cerro Verde is impaired as of December 31, 2020 and 2019.

Market capitalization:

As of December 31, 2020 and 2019, total market capitalization of shares maintained by the Group in Cerro Verde was US$1,434 million and US$1,323 million, respectively (market capitalization value by each share of US$20.92 and US$19.30, respectively).

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

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

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

	2020	2019
	US$(000)	US$(000)
Statements of financial position as of December 31:		
Current assets	205,893	145,692
Non-current assets	213,073	234,223
Current liabilities	(45,589)	(34,028)
Non-current liabilities	(104,873)	(91,069)
Shareholders' equity, net	268,504	254,818
Adjustments to conform to the accounting policies of the Group	(7,037)	(9,330)
Equity, adjusted	261,467	245,488
Group's interest	104,833	98,426

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Statements of profit or loss for the years ended December 31:			
Sales of goods	203,163	241,173	225,447
Net income from continued operations	22,786	28,459	25,584
Adjustments to conform to the accounting policies	2,293	3,674	1,837
Net income, adjusted	25,079	32,133	27,421
Share in results	10,055	12,883	10,994

The Group's management determined that there was no objective evidence that its investment in Coimolache is impaired as of December 31, 2020 and 2019.

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

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Tinka as at the date of acquisition were as follows:

	On acquisition
	US$(000)
Current assets	16,548
Non-current assets	53,769
Current liabilities	(612)
Total identifiable net assets at fair value	69,705
Consideration transferred	13,453

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.

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

	2020
	US$(000)
Statements of financial position as of December 31:	
Current assets	14,075
Non-current assets	50,464
Current liabilities	(876)
Shareholders' equity, net	63,663
Adjustments to conform to the accounting policies of the Group	2,982
Shareholders' equity, net, adjusted	66,645
Group's interest	12,862

	2020
	US$(000)
Statements of profit or loss for the years ended December 31:	
Sales of goods	-
Net loss from continued operations	(2,311)
Adjustments to conform to the accounting policies	(2,189)
Net loss, adjusted	(4,500)
Share in results	(868)

The Group's management determined that there was no objective evidence that its investment in Tinka is impaired as of December 31, 2020 and 2019.

Market capitalization:
As of December 31, 2020, total market capitalization of shares maintained by the Group was US$11.9 million (market capitalization value by each share of US$0.18).

(d) The Group, through its subsidiary El Brocal, has an interest of 8 percent in Transportadora Callao S.A., a joint venture which objective was the construction of a fixed conveyor belt of minerals and deposits in the Port of Callao. On 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:

	2020 US$(000)	2019 US$(000)
Statements of financial position as of December 31:		
Current assets	12,946	11,090
Non-current assets	93,847	100,106
Liabilities	87,005	88,608
Shareholders' equity, reported	19,788	22,588
Group interests	2,254	2,627
Statements of profit or loss for the years ended December 31:		
Revenue	20,571	24,521
Interest income	-	101
Interest expense	(5,252)	(5,694)
Income tax expense or income	311	186
Net loss from continued operations	(2,800)	(665)
Share in results	(252)	(44)

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

(a) Below is presented the movement:

	Balance as of January 1, 2019 US$(000)	Additions US$(000)	Disposals US$(000)	Sales US$(000)	Reclassifications and transfers US$(000)	Implementation IFRS 16 US$(000)	Balance as of December 31, 2019 US$(000)	Additions US$(000)	Disposals US$(000)	Sales (note 1(e)) US$(000)	Reclassifications and transfers US$(000)	Balance as of December 31, 2020 US$(000)
Cost:												
Lands	21,761	630	-	(135)	(4,739)	-	17,517	133	–	–	–	17,650
Mining concessions (f)	151,873	-	-	-	-	-	151,873	–	–	–	–	151,873
Development costs	743,259	46,047	(443)	-	(819)	-	788,044	33,233	–	(8,657)	612	813,232
Buildings, constructions and other	1,342,621	39	(3,559)	(5,380)	26,120	-	1,359,841	99	(132)	(45,624)	28,876	1,343,060
Machinery and equipment	958,466	12	(30,235)	(38,322)	22,783	-	912,704	4	(419)	(42,319)	13,222	883,192
Transportation units	10,885	33	(540)	(1,856)	370	-	8,892	–	–	(577)	94	8,409
Furniture and fixtures	13,306	2	(1,310)	(1)	13	-	12,010	3	(74)	(408)	206	11,737
Units in transit	2,682	-	(1)	-	1,073	-	3,754	–	(373)	–	–	3,381
Work in progress	56,662	44,319	(1,168)	(78)	(49,370)	-	50,365	27,322	(325)	(30)	(42,398)	34,934
Stripping activity asset (g)	141,726	11,545	-	-	819	-	154,090	10,752	(11,633)	–	(612)	152,597
Right-of-use asset (e)	-	3,721	(10,897)	-	-	18,528	11,352	6,221	(1,314)	–	–	16,259
Mine closure costs	284,162	26,722	-	-	-	-	310,884	31,558	–	(6,788)	–	335,654
	3,727,403	133,070	(48,153)	(45,772)	(3,750)	18,528	3,781,326	109,325	(14,270)	(104,403)	–	3,771,978
Accumulated depreciation and amortization:												
Mining concessions (f)	40,249	10	-	-	-	-	40,259	11	–	–	–	40,270
Development costs	298,553	29,964	-	-	-	-	328,517	21,139	–	(8,657)	–	340,999
Buildings, construction and other	591,643	83,274	(3,391)	(3,569)	(638)	-	667,319	74,719	(53)	(44,096)	435	698,324
Machinery and equipment	665,357	66,020	(28,619)	(35,459)	638	-	667,937	60,034	(265)	(40,805)	(435)	686,466
Transportation units	8,599	744	(538)	(1,779)	-	-	7,026	607	–	(550)	–	7,083
Furniture and fixtures	10,123	653	(1,172)	-	-	-	9,604	614	(46)	(348)		9,824
Stripping activity asset	70,518	18,405	-	-	-	-	88,923	22,532	–	-	–	111,455
Right-of-use asset (e)	-	7,778	(2,611)	-	-	-	5,167	5,145	(1,231)	-	–	9,081
Mine closure costs	168,471	15,373	-	-	-	-	183,844	14,785	–	(6,789)	–	191,840
	1,853,513	222,221	(36,331)	(40,807)	-	-	1,998,596	199,586	(1,595)	(101,245)	–	2,095,342
Provision for impairment of long-lived assets:												
Mine closure costs	13,207	2,083	-	-	-	-	15,290	(2,083)	–	–	–	13,207
Development costs	10,153	-	-	-	-	-	10,153	–	–	–	–	10,153
Property, plant and other	2,915	-	-	-	-	-	2,915	–	–	–	–	2,915
	26,275	2,083	-	-	-	-	28,358	(2,083)	–	–	–	26,275
Net cost	1,847,615						1,754,372					1,650,361

(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. 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 2020, Buenaventura identified impairment indicators in its Julcani, Orcopampa, and Uchucchacua. 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 (recognized a provision for impairment for US$2.1 million as of December 31, 2019). The main factors considered in the impairment analysis were the increase in metal price projections and the useful lives of the mine. The recoverable amounts of the Julcani mining unit are based in Managements estimations of the value in use.

As a result of the analysis of the recoverable amount as of December 31, 2019, La Zanja has determined not to recognize a provision or recovery for impairment of long-lived assets. As of December 31, 2018, the La Zanja recognized a reversal for impairment of long-lived assets for US$5.7 million.

During 2018, as a result of derecognition of assets in Shila mining unit, Buenaventura recorded a reversal in the provision for impairment for US$2.8 million previously recorded in 2016. In addition, La Zanja recorded a reversal for the impairment provision for US$5.7 million as a result of the analysis of the recoverable amount. The main factors considered in the impairment analysis were reserves and mining useful lives. The recoverable amounts of La Zanja are based in Managements estimations of the value in use.

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:

	2021 US$	**2022-2024** US$
Gold	1,800/Oz	1,747/Oz
Silver	23.0/Oz	21.2/Oz
Copper	7,250/TM	7,083/TM
Lead	1,850/TM	2,056/TM

Discount rate: In calculating the value in use, a discount rate after tax of 5.25%, 7.91% and 5.96% (equivalent to pre-tax rate of 8.09%, 12.18% and 9.19%) were applied to the post-tax cash flows of Buenaventura, El Brocal and La Zanja, respectively. 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$292.0 million as of December 31, 2020 (US$313.3 million as of December 31, 2019) and is presented in various items of property, plant and equipment. During 2020 and 2019, no acquisitions of assets under lease agreements were made. Leased assets are pledged as security for the related finance lease liabilities.

(d) During 2020 and 2019, no borrowing costs were capitalized.

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

	2020 US$(000)	2019 US$(000)
Buildings	3,370	4,602
Transportation units	3,330	1,112
Machinery and equipment	478	471
	7,178	6,185

During 2020, the additions to the right-of-use assets were US$6.2 million and the disposals were US$1.3 million (US$3.7 million and the disposals were US$10.9 million during 2019).

(f) Mining concessions includes goodwill of El Brocal for an amount to US$34.0 million.

(g) 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. The current balance of this phase is 307,302 DMT valued at US$3,244,000 and is expected to be produced during the first months of 2021.

12. Other assets, net

(a) Below is presented the movement:

	Balance as of January 1, 2019	Additions	Transfers	Balance as of December 31, 2019	Additions	Disposals	Balance as of December 31, 2020
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Cost:							
Patents and industrial property (b)	11,723	2,139	-	13,862	1,014	(167)	14,709
Rights-of-use (c)	12,292	1,319	-	13,611	109	-	13,720
Software licenses	10,168	242	(92)	10,318	518	(22)	10,814
	34,183	3,700	(92)	37,791	1,641	(189)	39,243
Accumulated amortization:							
Rights-of-use (c)	5,948	1,486	-	7,434	731	-	8,165
Software licenses	2,974	820	(112)	3,682	897	(4)	4,575
	8,922	2,306	(112)	11,116	1,628	(4)	12,740
Cost net	25,261			26,675			26,503

(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:

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Beginning balance	55,000	95,000	95,000
New loans	18,019	55,000	95,000
Payments	(7,197)	(95,000)	(95,000)
Exchange difference	(29)	–	–
Final balance	65,793	55,000	95,000

As of December 31, 2020 and 2019, bank loans were obtained for working capital purposes, have current maturity and accrue interest at market annual rates ranging from 1.65% to 3.7% as of December 31, 2020 (2% to 2.95% as of December 31, 2019).

14. Trade and other payables

(a) This caption is made up as follows:

	2020 US$(000)	2019 US$(000)
Trade payables (b)		
Domestic suppliers	149,305	131,278
Related entities, note 30(b)	141	29
	149,446	131,307
Other payables		
Taxes payable	9,663	12,043
Remuneration and similar benefits payable	8,860	11,522
Interest payable	3,020	5,318
Royalties payable to the Peruvian State	2,441	2,132
Hedge instruments accounts payables	1,569	-
Dividends payable (c)	638	604
Related entities, note 30(b)	328	51
Other liabilities	3,991	3,883
	30,510	35,553
Total trade and other payables	179,956	166,860
Classification by maturity:		
Current portion	179,956	166,244
Non-current portion	–	616
Total trade and other payables	179,956	166,860
Classification by nature:		
Financial payables	167,852	152,686
Non-financial payables	12,104	14,174
Total trade and other payables	179,956	166,860

(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:

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Beginning balance	604	663	730
Declared dividends to controlling shareholders, note 17(d)	–	22,098	22,860
Dividends paid to controlling shareholders, note 17(d)	–	(22,098)	(22,860)
Declared dividends to non-controlling shareholders, note 17(d)	5,140	6,500	5,560
Dividends paid to non-controlling shareholders, note 17(d)	(5,140)	(6,500)	(5,560)
Expired dividends	(26)	(53)	(44)
Other minor	60	(6)	(23)
Final balance	638	604	663

15. Provisions, contingent liabilities and other liabilities

(a) This caption is made up as follows:

	As of January 1, 2020 US$(000)	Changes US$(000)	Accretion expense US$(000)	Disbursements US$(000)	Sale of mining unit US$(000)	As of December 31, 2020 US$(000)
Closure of mining units and	252,305	32,200	6,848	(8,571)	(5,093)	277,689
Bonus to employees and officers	19,226	13,106	-	(15,119)	-	17,213
Environmental liabilities	6,305	(211)	-	(1,056)	-	5,038
Safety contingencies	5,205	(598)	-	(71)	-	4,536
Labor contingencies	3,777	442	-	(139)	-	4,080
Obligations with communities	3,509	96	-	-	-	3,605
Tax contingencies	382	2,728	-	-	-	3,110
Environmental contingencies	1,500	1,640	-	(266)	-	2,874
Board of Directors' participation	1,594	1,493	-	(1,500)	-	1,587
Workers' profit sharing payable	69	57	-	-	-	126
Other provisions	635	(155)	-	-	-	480
	294,507	50,798	6,848	(26,722)	(5,093)	320,338
Classification by maturity:						
Current portion	72,771					68,000
Non-current portion	221,736					252,338
	294,507					320,338

(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:

	2020 US$(000)	2019 US$(000)
Beginning balance	252,305	225,877
Additions in estimates		
Continuing mining units, note 11(a)	31,500	26,722
Exploration projects, note 26(a)	642	4,020
Discontinued mining units	58	1,912
Accretion expense		
Continuing mining units, note 27(a)	6,424	10,266
Exploration projects, note 27(a)	248	124
Discontinued mining units, note 1(e)	176	266
Sale of mining unit, note 1(e)	(5,093)	-
Disbursements	(8,571)	(16,882)
Final balance	277,689	252,305
Classification by maturity:		
Current portion	32,462	35,280
Non-current portion	245,227	217,025
	277,689	252,305

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 2021 and 2040. 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, 2020, the future value of the provision for closure of mining units and exploration projects was US$309.3 million, which has been discounted using annual risk-free rates from minimums of 0.31 to 2.77 percent, in periods of 1 to 20 years (as of December 31, 2019, the provision was US$252.3 million, which has been discounted using annual risk-free rates from minimums of 1.79 to 3.12 to a maximum percent in periods of 1 to 22 years). 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, 2020, the Group has constituted letters of credit in favor of the Ministry of Energy and Mines for US$140.0 million (US$121.4 million as of December 31, 2019) to secure current mine closure plans of its mining units and exploration projects up to date.

16. Financial obligations

(a) This caption is made up as follow:

	2020	2019
	US$(000)	US$(000)
Compañía de Minas Buenaventura S.A.A. (b)		
Banco de Crédito del Perú	66,667	61,667
BBVA Banco Continental	61,667	61,667
CorpBanca New York Branch	61,666	61,666
ICBC Perú Bank	40,000	25,000
Banco Internacional del Perú	30,000	30,000
Banco de Sabadell, Miami Branch	15,000	15,000
Banco Latinoamericano de Comercio Exterior S.A.	–	20,000
	275,000	275,000
Debt issuance costs	(2,715)	(2,504)
	272,285	272,496
Sociedad Minera El Brocal S.A.A.		
Banco de Crédito del Perú – Financial obligation (c)	140,309	161,894
Debt issuance costs	(600)	(709)
	139,709	161,185
Empresa de Generación Huanza S.A.		
Banco de Crédito del Perú – Finance lease (d)	113,096	130,504
Debt issuance costs	(1,276)	–
	111,820	130,504
Lease liabilities (g)	7,839	7,503
Total financial obligations	531,653	571,688
Classification by maturity:		
Current portion	25,086	265,692
Non-current portion (e)	506,567	305,996
Total financial obligations	531,653	571,688

(b) On June 27, 2016, Buenaventura entered into a long-term finance contract with seven Peruvian and foreign banks, with the following terms and conditions:

- Principal: US$275,000,000.
- Annual interest rate: Three-month LIBOR plus 3%.
- Term: 5 years since June 30, 2016, with final maturity in June 30, 2021.
- Grace Period: Two years.
- Amortization: six semiannual installments of US$39,285,714 starting July 2018 and a final payment of US$39,285,716 in June 2021.
- Guarantee: None. The subsidiaries Compañía Minera Condesa S.A., Inversiones Colquijirca S.A. and Consorcio Energético de Huancavelica S.A. are the guarantors.

In 2018, Buenaventura signed a first amendment to the Syndicated Term Loan. On April 2, 2020, Buenaventura entered into a second amendment and restructured its financial obligation by modifying some of the clauses as follows:

- Annual interest rate: LIBOR of three months plus 1.9% (LIBOR of three months plus 2.15% as of December 31, 2019)
- Term: 5 years from April 2020, due in April 2025 (4 years from April 2018, due in April 2022 as of December 31, 2019)
- Amortization of credit: five semi-annual installments of US$41.2 million each since as of October 2022, and one final payment of US$68,750,000 in April 2025 (on which date all amounts outstanding shall be payable) (five semi-annual installments of US$55 million each since as of April 2020 as of December 31, 2019).

As part of the commitments, the Group must meet certain consolidated financial ratios as defined in the Agreements, being the main as follows:

(i) Debt service coverage ratio: Higher than 4.0x.
(ii) Leverage ratio: Less than 3.0x.
(iii) Consolidated equity value: Higher than US$2,711 million.

For the calculation of (i) and (ii), the financial obligations and Earnings Before - Interest Depreciation and Amortization (EBITDA) of Huanza (see note 29(e)).

Additionally, there are non-financial obligations that restrict, among others, the following: i) granting of liens (security interests), ii) related to the distribution of dividends (until December 31, 2018: up to 20% of the available net income for the previous period; and starting January 1, 2019: up to the total of net income for the previous period), according to the execution of the dividend policy of the Buenaventura and iii) incur additional debt.

On December 29, 2020, Buenaventura signed a “Forebearance Agreement” with seven banks in Peru and abroad, through which the financial leverage ratio as well as the obligations of not incurring in additional debt and restriction of the granting of liens are temporarily modified until February 26, 2021 with an additional period of 45 days.

The Company's Management managed and obtained the exemption from compliance with the debt service coverage ratio as of December 31, 2020.

(c) 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 percent.
- Annual interest rate (Part B): Three-month LIBOR plus 2.39 percent.
- 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 Agreeement:

(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.

In April and July 2020, El Brocal arranged with the Banco de Crédito del Perú to defer the payment of the second and third installment, scheduled for April 30, and July 30, 2020 for an amount of US$5,396,000 each installment (only capital) through 2 new promissory notes to a 180 days. The initial due dates of these promissory notes were October 27, 2020 and January 26, 2021. On October 27, 2020, El Brocal rescheduled the first promissory notes for 180 additional days with a new due date on April 24, 2021.

The sum of both amounts for a total of US$10,793,000, are presented under "Bank loans" caption. This deferring of the second and third installment does not represent changes in terms and conditions of the original loan.
The compliance with the financial ratios is monitored by El Brocal' s management, which it managed and obtained from Banco de Crédito del Perú a waiver for any possible breach of the financial ratios that occurred for the last quarter of 2020.

(d) 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 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 percent (three-month LIBOR plus 2.75 percent as of December 31, 2019).
- Term: 18 months since November 2, 2020, with final maturity in May 2022 (6 years since August 2014, with final maturity in November 2020 as of December 31, 2019).
- 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 its 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 percent (three-month LIBOR plus 2.75 percent as of December 31, 2019).
- Term: 18 months since November 2, 2020, with final maturity in May 2022 (6 years since August 2014, with final maturity in November 2020 as of December 31, 2019).
- Guarantee: Leased equipment.
- Amortization: a final installment of US$68,905,000.

In addition, Huanza have granted a security interest for 100 percent 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 on 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 receive 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, 2020 and 2019, Huanza complied with these assumed commitments, including that related to the channeling of all the cash flows received for commercial income through a collection account.

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

	2020 US$(000)	2019 US$(000)
Between 1 and 2 years (Year 2022)	176,665	133,091
Between 2 and 5 years (Years 2023 to 2025)	327,036	127,463
More than 5 years (Years 2026 hereinafter)	6,071	48,566
	509,772	309,120
Debt issuance costs	(3,205)	(3,124)
	506,567	305,996

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

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Beginning balance	571,688	587,062	633,083
New financial obligations	–	161,894	–
New lease obligations	5,213	19,885	–
Disposals of lease obligations	(977)	(5,079)	–
Payments of financial obligations	(38,994)	(186,152)	(45,222)
Payments of obligations for leases	(4,080)	(7,596)	–
Amortization of debt issuance costs in results, note 27(a)	976	2,109	1,024
Accretion expense for leases related to rights in use, nota 27(a)	180	293	–
Effect of amortized cost, note 27(a)	(361)	–	–
Increase of debt issuance costs	(1,992)	(728)	(2,207)
Other minor	–	–	384
Final balance	531,653	571,688	587,062

(g) Lease liabilities related to the right in use are as follows:

	2020 US$(000)	2019 US$(000)
Buildings	3,971	5,296
Transportation units	3,186	1,429
Machinery and equipment	682	778
	7,839	7,503
Classification by maturity:		
Current portion	3,609	3,692
Non-current portion	4,230	3,811
	7,839	7,503

Lease payments are presented in the consolidated statements of cash flows in the Short-term lease payments caption as part of the financing activities. Interest's expense related to the lease liabilities for the years 2020, 2019 and 2018 is presented in the "Financial costs" caption, note 27.

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.

	2020	**2019**
	US$(000)	US$(000)
Within one year	1,470	1,470
After one year but not more than five years	2,227	3,697
	3,697	5,167

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.

17. Shareholders' equity, net

(a) Capital stock -

The Group's share capital is stated in soles and consisted of common shares with voting rights, with a nominal amount of S/10.00 per share. The table below presents the composition of the capital stock as of December 31, 2020 and 2019:

	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/43.80 per share as of December 31, 2020 (S//47.77 per share as of December 31, 2019). These shares present trading frequencies of 5 and 25 percent in the years 2020 and 2019, respectively.

(b) Investment shares -
Investment shares have a nominal value of S/10.00 per share. Holders of investment shares are neither entitled neither to exercise voting rights nor to participate in shareholders' meetings; however, they confer upon the holders thereof the right to participate in the dividend's distribution. The table below presents the composition of the investment shares as of December 31, 2020 and 2019:

	Number of shares	**Investment shares** S/(000)	**Investment shares** 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, 2020 and 2019. These shares did not have a trading frequency in 2020 and 2019.

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

Although, the balance of the legal reserve exceeded the limit mentioned above, the Group increased its legal reserve by US$26,000 in the year 2020 (US$53,000 and US$44,000 in the years 2019 and 2018 respectively) 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 -
Due to the State of National Emergency declared in the country and the restrictions to the mining industry, which limit it only to the execution of critical activities, the Board agreed in a non-face-to-face session on April 15, 2020, to exclude distribution of dividends from the agenda of the call to the Annual Mandatory Meeting initially scheduled for March 2020, which took place in July 15, 2020.

The table below presents the dividends declared and paid in 2019 and 2018:

Meetings	Date	Dividends declared and paid	Dividend per share
		US$(000)	US$
2019 Dividends			
Mandatory Annual Shareholders' Meeting	March 25	16,538	0.06
Less - Dividends of treasury shares		(1,298)	
		15,240	
Board of Directors' Meeting	October 29	7,442	0.03
Less - Dividends of treasury shares		(584)	
		6,858	
		22,098	
2018 Dividends			
Mandatory Annual Shareholders' Meeting	March 27	8,269	0.03
Less - Dividends of treasury shares		(648)	
		7,621	
Board of Directors' Meeting	October 25	16,538	0.06
Less - Dividends of treasury shares		(1,299)	
		15,239	
		22,860	

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$5,140,000, US$6,500,000 and US$5,560,000 for the years 2020, 2019 and 2018, respectively.

(e) Basic and diluted loss per share -

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

	2020	2019	2018
Loss for the year (numerator) - US$	(135,718,000)	(12,208,000)	(13,445,000)
Total common and investment shares (denominator)	253,986,867	253,986,867	253,986,867
Loss per basic share and diluted - US$	(0.53)	(0.05)	(0.05)

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

	2020	2019	2018
Loss for the year (numerator) - US$	(141,135,000)	(1,694,000)	(1,637,000)
Total common and investment shares (denominator)	253,986,867	253,986,867	253,986,867
Loss per basic share and diluted - US$	(0.56)	(0.01)	(0.02)

The common and investment shares outstanding at the close of 2020, 2019 and 2018 were 253,986,867.

18. Subsidiaries with material non-controlling interest

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

	Country of incorporation and operation	2020, 2019 and 2018
		%
Equity interest held by non-controlling interests:		
Sociedad Minera El Brocal S.A.A.	Peru	38.57
S.M.R.L. Chaupiloma Dos de Cajamarca	Peru	40.00
Minera La Zanja S.R.L.	Peru	46.94
Apu Coropuna S.R.L.	Peru	30.00

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Accumulated balances of material non-controlling interest:			
Sociedad Minera El Brocal S.A.A.	144,501	161,917	176,978
Minera La Zanja S.R.L.	26,121	33,026	42,295
S.M.R.L. Chaupiloma Dos de Cajamarca	1,648	1,587	1,800
Apu Coropuna S.R.L.	127	148	164
	172,397	196,678	221,237
Profit (loss) allocated to material non-controlling interest:			
Sociedad Minera El Brocal S.A.A.	(12,895)	(13,432)	2,880
Minera La Zanja S.R.L.	(6,905)	(9,090)	(6,346)
Apu Coropuna S.R.L.	(22)	(14)	(410)
S.M.R.L. Chaupiloma Dos de Cajamarca	5,201	6,286	5,667
Other minor	–	(1)	–
	(14,621)	(16,251)	1,791

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

Statements of financial position as of December 31, 2020:

	Sociedad Minera El Brocal S.A.A.	Minera La Zanja S.R.L.	S.M.R.L. Chaupiloma Dos de Cajamarca	Apu Coropuna S.R.L.
	US$(000)	US$(000)	US$(000)	US$(000)
Current assets	166,396	104,076	6,814	2,064
Non-current assets	553,754	30,486	−	169
Current liabilities	(170,896)	(22,329)	(2,694)	(1,071)
Non-current liabilities	(195,809)	(56,587)	−	(740)
Shareholders' equity, net	353,445	55,646	4,120	422
Attributable to:				
Shareholders of the Group	208,944	29,525	2,472	295
Non-controlling interests	144,501	26,121	1,648	127
	353,445	55,646	4,120	422

Statements of financial position as of December 31, 2019:

	Sociedad Minera El Brocal S.A.A.	Minera La Zanja S.R.L.	S.M.R.L. Chaupiloma Dos de Cajamarca	Apu Coropuna S.R.L.
	US$(000)	US$(000)	US$(000)	US$(000)
Current assets	149,945	112,420	6,252	2,141
Non-current assets	576,028	26,038	−	185
Current liabilities	(118,965)	(20,170)	(2,286)	(1,094)
Non-current liabilities	(210,904)	(47,930)	−	(740)
Shareholders' equity, net	396,104	70,358	3,966	492
Attributable to:				
Shareholders of the Group	234,187	37,332	2,379	344
Non-controlling interests	161,917	33,026	1,587	148
	396,104	70,358	3,966	492

Statements of profit or loss for the years 2020, 2019 and 2018:

	Sociedad Minera El Brocal S.A.A.	Minera La Zanja S.R.L.	S.M.R.L. Chaupiloma Dos de Cajamarca	Apu Coropuna S.R.L.	Other minor
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Year 2020 -					
Revenues	255,275	33,033	18,638	–	–
Profit (loss) for the year	(31,541)	(14,712)	13,004	(44)	–
Attributable to non-controlling interests	(12,895)	(6,905)	5,201	(22)	–
Year 2019 -					
Revenues	299,252	43,520	22,297	-	-
Profit (loss) for the year	(32,855)	(19,364)	15,715	(48)	(17)
Attributable to non-controlling interests	(13,432)	(9,090)	6,286	(14)	(1)
Year 2018 -					
Revenues	332,298	96,611	20,385	–	–
Profit (loss) for the year	6,305	(13,519)	14,168	(1,369)	–
Attributable to non-controlling interests	2,880	(6,346)	5,667	(410)	–

Statements of cash flow for the years 2020, 2019 and 2018:

	Sociedad Minera El Brocal S.A.A.	Minera La Zanja S.R.L.	S.M.R.L. Chaupiloma Dos de Cajamarca	Apu Coropuna S.R.L.
	US$(000)	US$(000)	US$(000)	US$(000)
Year 2020 -				
Operating activities	53,304	(5,751)	13,738	(74)
Investing activities	(24,699)	(825)	-	–
Financing activities	(1,954)	–	(12,850)	–
	26,651	(6,576)	888	(74)
Year 2019 -				
Operating activities	1,545	(908)	16,040	–
Investing activities	(28,259)	(1,629)	–	–
Financing activities	(405)	(763)	(16,250)	1,032
	(27,119)	(3,300)	(210)	1,032
Year 2018 -				
Operating activities	74,985	10,323	14,066	(572)
Investing activities	(29,546)	(13,160)	–	–
Financing activities	(29,974)	–	(13,900)	–
	15,465	(2,837)	166	(572)

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) Since January 1, 2019, the applicable treatment of royalties and remuneration for services rendered by non-domiciled was modified (Legislative Decree No. 1369).

(ii) The rules that regulate the obligation of legal persons and / or legal entities to inform the identification of their final beneficiaries (Legislative Decree No. 1372) were established.

(iii) 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.

(iv) Rules have been established for the accrual of income and expenses for tax purposes since January 1, 2019. Until 2018, there was no normative definition of this concept, so in many cases, accounting rules were used for its interpretation.

On March 31, 2020, Superintendency Resolution 066-2020 / SUNAT was published in which new default interest rates were established in force since April 1, 2020. 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, interest rates for the return of undue or excess payments in national currency went from 0.50% to 0.42% while the foreign currency went from 0.30% to 0.25%. In the case of interest for return due to withholding and / or non-applied perceptions of VAT, it went from 1.2% to 1%.

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.
  (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 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.

- As of fiscal year 2021, assets acquired in fiscal years 2020 to 2021, affected by the production of taxed 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%.

(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.	2015-2020
Compañía Minera Condesa S.A.	2015-2020
Compañía Minera Colquirrumi S.A.	2015-2020
Consorcio Energético de Huancavelica S.A.	2015-2020
Contacto Corredores de Seguros S.A.	2015-2020
El Molle Verde S.A.C.	2015-2020
Empresa de Generación Huanza S.A.	2015-2020
Inversiones Colquijirca S.A.	2015-2020
Minera La Zanja S.R.L.	2015-2020
Sociedad Minera El Brocal S.A.A.	2015-2020
S.M.R.L. Chaupiloma Dos de Cajamarca	2015-2020
Procesadora Industrial Río Seco S. A.	2015-2020
Apu Coropuna S.R.L.	2015-2020
Cerro Hablador S. A. C.	2015-2020
Minera Azola S. R. L.	2015-2020

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, 2020 and 2019.

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

(c) Tax-loss carryforwards -
As of December 2020 and 2019, the tax-loss carryforward determined by the Group amounts to approximately S/2,469,226,000 and S/1,950,896,000, respectively (equivalent to US$681,354,000 and US$588,151,000 respectively). As permitted by the Income Tax Law, the Group has chosen a system that permits to offset these losses with an annual cap equivalent to 50 percent of net future taxable income.

The Group recognized a deferred income tax asset related to the tax-loss carryforward of those companies where is probable that a carryforward can be used to compensate future taxable profits. See note 28.

(d) Transfer pricing -
For purposes of determining the Income Tax, the transfer prices for transactions with related companies and companies domiciled in territories with little or no taxation must be supported with documentation and information on the valuation methods used and the criteria considered for their determination. Tax Administration can request this information based on analysis of the Group's operations. The Group’s Management and its legal advisers believe that, as a result of the

application of these standards, no material contingencies will arise for the Group as of December 31, 2020 and 2019.

20. Sales

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

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Revenues by geographic region:			
Metal and concentrates sales -			
Peru	389,854	476,978	521,017
America – other than Peru	163,500	171,769	370,624
Europe	42,210	60,475	100,792
Asia	39,110	105,645	120,519
	634,674	814,867	1,112,952
Services -			
Peru	20,173	23,501	23,712
America – other than Peru	92	130	289
Europe	20	30	–
	20,285	23,661	24,001
Royalties -			
Peru	18,638	22,297	20,385
	673,597	860,825	1,157,338
Revenues by type of good or services:			
Sales by metal -			
Silver	230,498	298,171	362,122
Gold	229,590	254,194	411,877
Copper	181,311	238,304	274,761
Zinc	120,546	149,317	164,666
Lead	48,426	89,141	85,555
Manganese sulfate	4,051	6,046	6,655
	814,422	1,035,173	1,305,636
Commercial deductions, note 2.4(q)	(179,748)	(220,306)	(192,684)
Sales of goods, note 20(b)	634,674	814,867	1,112,952
Sales of Services, note 20(b)	20,285	23,661	24,001
Royalties income, note 20(b)	18,638	22,297	20,385
Total revenue from contracts with customers	673,597	860,825	1,157,338

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Revenues by type of recognition:			
Goods transferred at a point in time	634,674	814,867	1,112,952
Services transferred over time	20,285	23,661	24,001
Royalties at a point of time	18,638	22,297	20,385
	673,597	860,825	1,157,338

(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:

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Contracts with customers for sale of goods (a)	634,674	814,867	1,112,952
Fair value of accounts receivables	5,154	2,347	(6,013)
Adjustments to prior period liquidations	4,255	394	788
Hedge operations, note 32(a)	(6,464)	4,322	(1,398)
Sale of goods	637,619	821,930	1,106,329
Sale of services, note 20(a)	20,285	23,661	24,001
Royalty income, note 20(a)	18,638	22,297	20,385
	676,542	867,888	1,150,715

(c) Performance obligations -

The performance obligation of the sale of goods is satisfied upon delivery of the goods and payment is generally due within 30 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 2020, the four customers with sales of more than 10 percent of total sales represented 26, 23, 16 and 15 percent from the total sales of the Group (three customers by 25, 16 and 11 percent during 2019 and three customers by 32, 13 and 11 percent during 2018). As of December 31, 2020, 65 percent of the accounts receivable correspond to these customers (84 percent as of December 31, 2019). These customers are related to the mining business.

The Group's sales of gold and concentrates are delivered to its customers (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.

(e) Sales expenses -

Sales expenses represent 3%, 3% and 2% of the total operating income for the years 2020, 2019 and 2018, respectively. Sales expenses corresponds mainly to transportation services and shipping costs. Transportation services represent 64%, 58% and 58% of the caption for the years 2020, 2019 and 2018, respectively. Shipping services and expenses represent 13%, 22% and 21% of the caption for the years 2020, 2019 and 2018.

21. Cost of sales, without considering depreciation and amortization

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

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Beginning balance of finished goods and products in process, net of depreciation and amortization	31,938	49,206	37,640
Cost of production			
Services provided by third parties	143,652	196,895	243,410
Consumption of materials and supplies	70,942	96,351	133,961
Direct labor	62,885	79,076	93,122
Electricity and water	36,504	44,583	50,215
Maintenance and repair	22,235	19,729	24,415
Short-term and low-value lease	16,289	20,784	23,539
Transport	12,234	16,341	30,819
Insurances	12,036	12,235	11,311
Provision (reversal) for impairment of finished goods and product in progress, note 8(c)	5,054	(2,143)	4,521
Other minor	11,916	11,755	9,634
Total cost of production of the period	393,747	495,606	624,947
Final balance of products in process and finished goods, net of depreciation and amortization	(31,797)	(31,938)	(49,206)
Cost of sales of goods, without considering depreciation and amortization	393,888	512,874	613,381

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

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Electricity and water	668	589	249
Direct labor	371	1,231	2,128
Services provided by third parties	189	331	382
Transport	87	148	50
Insurances	81	163	86
Maintenance and repair	55	186	543
Consumption of materials and supplies	20	497	675
Short-term and low-value lease	6	89	92
Other minor	77	144	113
	1,554	3,378	4,318

22. Exploration in operating units

This caption is made up as follows:

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Beginning balance of finished goods and products in process, net of depreciation and amortization	444	2,837	5,157
Services provided by third parties	20,406	33,591	71,513
Direct labor	3,361	1,747	2,349
Purchase of land	2,162	-	-
Consumption of materials and supplies	1,426	3,712	8,594
Short-term and low-value lease	766	1,186	2,065
Electricity and water	471	905	1,337
Transport	12	71	192
Maintenance and repair	9	10	450
Other minor	283	548	910
Total exploration in operating units	28,896	41,770	87,410
Final balance of products in process and finished goods, net of depreciation and amortization	(1,296)	(444)	(2,837)
	28,044	44,163	89,730

As of December 31, 2020, 2019 and 2018, disbursements of exploration in operating amount to US$28.0 million, US$44.2 million and US$89.7 million, respectively, which are presented in the "Payments to suppliers and third parties, and other net" caption of the consolidated statements of cash flows.

23. Mining royalties

This caption is made up as follows:

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Sindicato minero de Orcopampa S.A., note 29(b)	6,180	4,741	12,122
Royalties paid to the Peruvian State	5,569	8,091	9,266
	11,749	12,832	21,388

24. Administrative expenses

This caption is made up as follows:

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Personnel expenses	34,500	38,566	34,656
Professional fees	10,517	13,924	15,324
Sundry charges	7,766	7,489	3,965
Depreciation and amortization	3,700	3,825	1,295
Board of Directors' compensation	2,178	2,202	3,252
Software licenses	1,731	1,706	1,824
Subscriptions and quotes	1,405	1,492	1,938
Insurance	1,272	720	645
Communications	973	1,296	1,512
Donations	708	1,030	1,617
Short-term and low-value lease	611	1,011	5,818
Maintenance and repairs	579	953	2,732
Consumption of materials and supplies	393	422	436
Canons and tributes	318	410	388
Transport	255	878	1,212
Travel and mobility	153	373	467
Allowance for expected credit losses, note 7(f)	126	–	18
	67,185	76,297	77,099

25. Exploration in non-operating areas

This caption is made up as follows:

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Services provided by third parties	3,326	3,611	22,764
Personnel expenses	1,705	3,632	4,830
Services provided by third parties	1,538	766	1,211
Lands	420	1,528	1,867
Short-term and low-value lease	327	415	1,524
Consumption of materials and supplies	201	328	1,420
Other minor	958	1,599	2,691
	8,475	11,879	36,307

During 2020, disbursements of exploration in non-operating areas amount to US$8.5 million mainly focused in Emperatriz and general explorations (US$11.9 million in 2019 mainly focused in Yumpag and Marcapunta exploration projects, US$36.3 million during 2018 mainly focused in Yumpag, Marcapunta and Emperatriz exploration projects), which are presented in the “Payments to suppliers and third parties, and other net” caption of the consolidated statements of cash flows.

26. Other, net

(a) This caption is made up as follows:

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Other income			
Sale of supplies and merchandise to third parties	19,581	32,228	46,128
Reversal for impairment of spare parts and supplies, note 8(c)	15,762	11,641	4,665
Sale of services to third parties	5,626	6,415	3,512
Insurance claim recovery (b)	4,381	-	33,735
Revenue from commercial claims	3,800	2,098	-
Sale of assets to third parties	1,356	19,405	3,863
Sale of supplies to related parties, note 30(a)	890	1,259	27
Income from previous years	475	1,311	1,504
Sale of investment in subsidiary	250	-	7,097
Sale of assets to related parties, note 30(a)	-	11	30
Changes in provisions for exploration projects	-	-	2,433
Recovery of expenses from previous years	-	-	81
Income from rental of investment properties	-	-	45
Expiration of allowance for expected credit losses, note 7(f)	-	-	45
Other minor	1,646	2,632	(566)
	53,767	77,000	102,599
Other expenses			
Disposal cost of sale of supplies and merchandise to third parties	(26,463)	(33,664)	(57,897)
Provision for impairment of spare parts and supplies, note 8(c)	(17,266)	(15,703)	(11,704)
Direct expenses	(3,311)	(15,992)	(9,867)
Expenses from previous years	(1,402)	(2,240)	(1,831)
Disposal cost of sale of supplies and merchandise to related parties	(1,211)	(2,944)	(257)
Changes in provisions for exploration projects, note 15(b)	(642)	(4,020)	-
Withdrawals and disposals of property, machinery and equipment, note 11(a)	(586)	(2,926)	(6,626)
Net cost of property, machinery and equipment to third parties, note 11(a)	(192)	(4,965)	(626)
Allowance for expected credit losses, note 7(f)	(4)	(25)	(1,334)
Net cost of transfer of investments (c)	-	-	(11,178)
Other minor	-	(9,236)	(2,587)
	(51,077)	(91,715)	(103,907)
	2,690	(14,715)	(1,308)

(b) For the year 2020, corresponds to the income of the subsidiary El Brocal related to the indemnity for the insurance claim of US$4,381,000 as a result of the insurance compensation for the damage suffered by the fire in the electric motor of the 16x22 Dominium Mill located on the first plant that occurred in August 2019. During the year ended December 31, 2020, the amount was collected.

For the year 2018, corresponds to the indemnity for the insurance claim of the rotor 2 of the 20X30 mill motor occurred in May 2017 of the subsidiary El Brocal. The total compensation for lost profits and consequential damages is US$38,793,000, while the associated costs for mitigation, repair and cost overruns are US$5,058,000, having a net effect on results of US$33,735,000, see note 26. As of December 31 of 2018, El Brocal has received the full amount of compensation from the insurance.

(c) On April 30, 2018, the Company sold its investment in Buenaventura Ingenieros S.A. for US$7.1 million with a related sale costs of US$11.2 million. The transaction generated a net loss of US$4.1 million.

27. Finance costs and finance income

(a) This caption is made up as follows:

	2020	**2019**	**2018**
	US$(000)	US$(000)	US$(000)
Interest on time deposits	1,074	4,971	5,176
Interests on third parties loans	355	460	561
Interests on tax claims	352	16	1,701
Interests on loans to related parties, note 30(a)	114	86	92
Dividends income	–	3,625	–
Other minor	155	517	340
	2,050	9,675	7,870
Financial obligations amortized costs, note 16(f)	361	-	-
Unrealized change of the fair value related to contingent consideration liability (b)	–	–	1,815
Total finance revenues	2,411	9,675	9,685

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Finance costs:			
Interest on borrowings	19,249	28,418	31,538
Commission for restructuring financial obligations, note 16	3,929	-	-
Interest on commercial obligations	626	–	–
Settlement of hedging financial instruments, note 32(b)	146	–	–
Tax on financial transactions	107	166	173
Interest on loans	55	1	2
Other minor	37	141	703
	24,149	28,726	32,416
Accretion expense for mine closure, note 15(b)	6,672	10,390	4,982
Unrealized change of the fair value related to contingent consideration liability (b)	5,690	655	–
Accrual of debt issuance costs, note 16(f)	976	2,109	1,024
Accretion expense for leases related to rights in use, nota 16(f)	180	293	–
Other minor	155	–	–
	37,822	42,173	38,422

(b) Contingent consideration -

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

Through the fusion 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 percent 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, 2020, it is highly probable that the Group reaches the projected future sales. The fair value of the contingent consideration determined as of December 31, 2020 reflects this assumption and changes in metal prices.

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

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Beginning balance	16,410	15,755	17,570
Variation of the fair value in profit and loss	5,690	655	(1,815)
Final balance	22,100	16,410	15,755

Significant unobservable valuation inputs are provided below:

	2020	2019
Annual average of future sales of mineral (US$000)	222,238	190,815
Useful life of mining properties	14	14
Pre-tax discount rate (%)	9.30	10.00

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

28. Deferred income tax

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

	As of January 1, 2019	Credit (debit) to consolidated statement of profit or loss	Credit (debit) to consolidated statements of other comprehensive income	Others movements	As of December 31, 2019	Credit (debit) to consolidated statement of profit or loss	Credit (debit) to consolidated statements of other comprehensive income	As of December 31, 2020
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Deferred asset for income tax								
Tax - loss carryforward	105,462	25,866	–	–	131,328	27,185	-	158,513
Difference in depreciation and amortization rates	61,390	(103)	–	–	61,287	2,616	-	63,903
Provision for closure of mining units, net	11,829	3,684	–	–	15,513	(1,313)	-	14,200
Provision for impairment of value of inventory	6,833	661	–	–	7,494	(195)	-	7,299
Contingent consideration liability	4,648	193	–	–	4,841	1,671	-	6,512
Impairment loss of long-lived assets	7,472	576	–	–	8,048	(6,118)	-	1,930
Other minor	9,200	(432)	–	400	9,168	207	-	9,375
	206,834	30,445	–	400	237,679	24,053		261,732
Derivative financial instruments	–	–	–	–	–	-	5,440	5,440
	206,834	30,445	–	400	237,679	24,053	5,440	267,172
Deferred assets for mining royalties and special mining tax	36	(6)	–	–	30	(30)	-	-
Total deferred asset	206,870	30,439	–	400	237,709	24,023	5,440	267,172
Deferred liability for income tax								
Effect of translation into U.S. dollars	(61,271)	14,995	–	–	(46,276)	(31,853)	-	(78,129)
Differences in amortization rates for development costs	(65,988)	(3,357)	–	–	(69,345)	4,509	-	(64,836)
Difference in depreciation and amortization rates	(36,468)	(7,539)	–	–	(44,007)	(3,028)	-	(47,035)
Fair value of mining concessions	(12,745)	(238)	–	–	(12,983)	(1,915)	-	(14,898)
Other minors	(22,700)	3,367	–	–	(19,333)	(7,036)	-	(26,369)
	(199,172)	7,228	–	–	(191,944)	(39,323)	-	(231,267)
Derivative financial instruments	(813)	–	813	–	–	-	-	-
Deferred liability for mining royalties and special mining tax	(2)	(166)	–	–	(168)	(206)	-	(374)
Total deferred liability	(199,987)	7,062	813	–	(192,112)	(39,529)	-	(231,641)
Deferred income tax asset, net	6,883	37,501	813	400	45,597	(15,506)	5,440	35,531

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

	2020	2019
	US$(000)	US$(000)
Deferred income tax asset	73,850	74,556
Deferred income tax liability	(38,319)	(28,959)
	35,531	45,597

(c) The following is the composition of the provision for income taxes shown in the consolidated statement of income for the years 2020, 2019 and 2018:

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Income tax expense			
Current	(8,446)	(11,851)	(12,433)
Deferred	(15,270)	37,617	(10,029)
	(23,716)	25,766	(22,462)
Mining Royalties and Special Mining Tax			
Current	(1,478)	(60)	(4,449)
Deferred	(236)	(116)	32
	(1,714)	(176)	(4,417)
Total income tax	(25,430)	25,590	(26,879)

(d) Below is a reconciliation of tax expense and the accounting profit (loss) multiplied by the statutory tax rate for the years 2020, 2019 and 2018:

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Profit (loss) before income tax	(155,748)	(43,535)	27,033
Profit (loss) for discontinued operations	5,409	(10,514)	(11,808)
Profit (loss) before income tax	(150,339)	(54,049)	15,225
Theoretical gain (loss) for income tax	44,350	15,944	(4,491)
Permanent items and others:			
Effect of translation into U.S. dollars	(31,853)	14,995	(15,248)
Non-deductible expenses	(19,291)	(6,877)	(1,095)
Foreign exchange difference of permanent items	(10,524)	(3,081)	(2,371)
Share in the results of associates and joint ventures	(2,808)	14,074	(337)
Unrecognized deferred tax asset	(2,342)	(9,265)	(2,038)
Deferred stripping cost	(2,521)	-	-
Mining royalties and special mining tax	1,273	(24)	3,118
Income tax income (expense)	(23,716)	25,766	(22,462)
Mining Royalties and Special Mining Tax	(1,714)	(176)	(4,417)
Total income tax	(25,430)	25,590	(26,879)

(e) Related to the investment in associates, the Group has not recognized a deferred income tax asset by US$64.2 million as of December 31, 2020, originated by the difference between the financial and taxable basis of these investments (US$60.4 million as of December 31, 2019). Management believes that the timing differences will be reversed in the future without taxable effects. There is no legal or contractual obligation that would require the Company's Management to sell its investment in its associates (which event would result in a taxable capital gain based on current tax law).

29. Commitments and contingencies

Commitments

(a) Environmental -

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

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

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

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

(b) Leased concessions -

The Group pays 10 percent on the valued production of mineral obtained from the concessions leased by Sindicato Minero Orcopampa S.A. This concession is in force until the year 2043. The payments are included as royalties, see note 23.

Contingencies

(c) Legal procedures -

Buenaventura -

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

The possible contingencies amount to US$5.4 million and US$3.0 million as of December 31, 2020 and 2019, respectively. See note 15(a).

Yanacocha -

Conga project Constitutional claim -

On October 18, 2012, Marco Antonio Arana Zegarra filed a constitutional claim against the Ministry of Energy and Mines and Yanacocha requesting the Court to order the suspension of the Conga project as well as to declare not applicable the October 27, 2010 directorial resolution approving the Conga Project Environmental Impact Assessment ("EIA").

On October 23, 2012, a Cajamarca judge dismissed the claims based on formal grounds finding that: (i) plaintiffs had not exhausted previous administrative proceedings; (ii) the directorial resolution approving the Conga EIA is valid, and was not challenged when issued in the administrative proceedings; (iii) there was inadequate evidence to conclude that the Conga project is a threat to the constitutional right of living in an adequate environment and; (iv) the directorial resolution approving the Conga project EIA does not guarantee that the Conga project will proceed, so there was no imminent threat to be addressed by the Court. The plaintiffs appealed the dismissal of the case. The Civil Court of the Superior Court of Cajamarca confirmed the above mentioned resolution and the plaintiff presented an appeal.

On March 13, 2015, the Constitutional Court published its ruling stating that the case should be sent back to the first court with an order to formally admit the case and start the judicial process in order to review the claim and the proofs presented by the plaintiff. Yanacocha has answered the claim. Yanacocha cannot reasonably predict the outcome of this litigation. Yanacocha has not established a provision in the accompanying financial statements for a loss arising from this contingency, which it does not consider probable.

Environmental contingences -

The Peruvian Agency in charge of conducting environmental evaluations and audits is the OEFA, the Environmental Assessment and Enforcement Agency, this institution conducts periodic supervision of the Yanacocha mine. From 2011 to 2020, the OEFA issued notifications of alleged breaches of Yanacocha's environmental standards and environmental management instruments, related to past supervisions. OEFA has resolved identified findings that do not translate into environmental deterioration as a result of some bad practice in the Yanacocha operation. The experience with OEFA, in the case of finding administrative responsibility to Yanacocha, results in a corrective action, in addition to imposing a fine that is calculated by the avoided cost capitalized on the date of issuance of the directorial resolution, multiplied by potential factors of environmental impact. The presumed offenses identified by the OEFA currently range from zero to 3,000 tax units (UIT), each tax unit being equivalent to approximately US$1,260 based on the current exchange rate with a potential fine for matters pending resolution from zero to US$305,000. Yanacocha is responding to all notifications of alleged violations, but cannot reasonably predict the outcome of the agency's allegations.

Yanacocha has not established a provision in the financial statements for a loss arising from this contingency, which it does not consider probable.

(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 by S/1,056,310,000 (equivalent to US$291,476,000) in the year 2007 and S/1,530,985,000 (equivalent to US$422,457,000) 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 should get 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$432,477,000), composed of S/192,049,000 (equivalent to US$52,994,000) of income tax and S/1,375,248,000 (equivalent to US$379,483,000) 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$19,918,000), which are recorded in the caption “Trade and other accounts receivable, net”, note 7(g). Based on the opinion of legal advisors who indicate that there are elements to obtain favorable results in the legal proceedings 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$415,549,000), for which has been delivered, as a guarantee, letters of guarantee for the total debt plus 5% according to the tax requests for a total of S/1,580,126,000 (equivalent to US$436,017,000). The application was approved by SUNAT on January 5, 2021 and payments will begin to be made from July 2021.

On December 19, 2018, the Company and its sponsoring attorneys have 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 and its sponsoring attorneys have filed an appeal against said judgment, which will be submitted to the Superior Court.

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

In January 2019, the Company and its sponsoring attorneys submitted the requests for precautionary measures in order to suspend the collection actions of the tax debt for the 2007 and 2008 fiscal years.

In August 2019, the Company was notified of the resolution that decided to reject the precautionary request referring to fiscal year 2007. In December 2019, a new request for precautionary measure was presented that has been rejected by the Nineteenth Administrative Litigation Court with Subspecialty in Tax and Customs Issues, which has been appealed and is pending resolution in the Superior Court.

In April 2019, the Twenty-Second Administrative Litigation Court with a Subspecialty in Tax and Customs Issues required the Company to offer an injunction for 60% of the tax debt for fiscal year 2008. In compliance with said mandate, the Company delivered the letter of guarantee for S/511,030,000 (equivalent to US$141,013,000) with a validity of twelve months, until April 2020. In October 2020, the Company was notified of the resolution that resolved to reject the precautionary request referring to fiscal year 2008 and the letter of guarantee delivered has been without effect and will be returned to the Company.

In December 2019, a new request for a precautionary measure was submitted to the Twenty-Second Administrative Litigation Court with a Subspecialty in Tax and Customs Issues in order to suspend collection actions for 2008. Said Court has required the Company to offer Precautionary for 60% of the tax debt, updated as of January 31, 2020, of S/892,682,000 (equivalent to US$246,325,000). In compliance with said mandate, the Company has delivered the letter of guarantee for S/535,609,000 (equivalent to US$147,795,000) with a validity of twelve months, until July 2021. To date, the said precautionary request is pending resolution.

- During 2015, SUNAT reviewed the income tax of 2009 and 2010. As a result, they did not recognize Buenaventura declared tax deductions by S/76,023,000 (equivalent to

US$20,978,000) and the compensation of tax losses for S/561,758,000 (equivalent to US$155,010,000). 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. In the opinion of Management and its legal counsel, Buenaventura should get a favorable result in the initiated claim process.

In December 2018, the Tax Court resolved the appeal files confirming reparations for S/70,277,000 (equivalent to US$19,378,000) related to the provision for collection of doubtful debts as an expense and unfounded income unduly deducted. To date, 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 debt amounting to S/120,262,000 (equivalent to US$33,240,000). In opinion of the legal advisors of the Company, favorable results should 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(g).

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$93,839,000).

The Company made payments under dispute in December 2020 for S/1,800,000 (equivalent to US$498,000) which are recorded in the caption "Trade and other receivables, net", see note 7(g). Based on the opinion of the legal advisers who point out that there are elements 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$93,799,000), for which has been delivered, as a guarantee, letters of guarantee for the total debt plus 5% according to the tax requests for a total of S/357,944,000 (equivalent to US$98,770,000). The application was approved by SUNAT on January 14, 2021 and payments will begin to be made from July 2021.

On December 14, 2020, the Tax Court confirmed the reliquidation of the tax debt 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 debt for fiscal year 2009 for S/202,614,000 (equivalent to US$55,909,000).

The Company made payments under protest in January 2021 for S/18,807,000 (equivalent to US$5,190,000) which will be recorded in the caption “Trade and other receivables, net”. Based on the opinion of the legal advisers who point out that there are elements to obtain a favorable result in the judicial process initiated.

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$51,027,000) for which has been delivered, as a guarantee, letters of guarantee for the total debt plus 5% according to the tax requests for a total of S/194,398,000 (equivalent to US$53,642,000). The application has been approved by SUNAT on January 28, 2021 and payments will begin to be made from July 2021.

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 and its sponsoring lawyers have presented the Appeal for Cassation that must be raised to the Supreme Court.

In April 2019, the Company and its sponsoring attorneys submitted the requests for precautionary measures in order to suspend the collection actions for the tax debt for the 2009 and 2010 fiscal years.

In May 2019, the Twenty-Second Administrative Litigation Court with a Subspecialty in Tax and Customs Issues required the Company to offer an injunction for 60% of the tax debt for fiscal year 2009. In compliance, the Company delivered the letter of guarantee for S/171,791,000 (equivalent to US$47,404,000) with a validity of twelve months, until May 2020. Said letter has been renewed with a new letter for 60% of the tax debt for fiscal year 2009, updated as of May 14, 2020, from S/196,485,000 (equivalent to US$54,218,000) with a guarantee letter of S/117,891,000 (equivalent to US$32,531,000) valid until May 2021. To date, the precautionary request is pending resolution.

In August 2020, the Company was notified of the judicial resolution that decided to reject the precautionary request related to the tax debt for 2010.

- 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$26,186,000). 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 the Management and its legal advisors, these repairs are not supported, so that a favorable result in the claim process that they have initiated will be obtained.

  On November 12, 2020, the Tax Court (last administrative instance) resolved the appeal, declaring founded, in part, the repair of bonds by contractors and confirming the no 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, 2020, the total possible contingencies related to this audit amount to S/43,462,000 (equivalent to US$11,993,000).

- During the year 2019, SUNAT reviewed the income tax of the year 2013. As a result, SUNAT did not recognize Buenaventura declared tax deductions by S/148,730,000 (equivalent to US$41,040,000). The main unrecognized deductions by Buenaventura are 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. In the opinion of Management and its legal counsel, Buenaventura should get a favorable result in the initiated claim process. As of December 31, 2020, the total possible contingencies related to these audits amount to S/65,751,000 (equivalent to US$18,143,000).

- During the year 2019, SUNAT reviewed the income tax of the year 2014. As a result, SUNAT did not recognize Buenaventura declared tax deductions related to the non-deductibility of bonus paid to contractors for S/2,067,000 (equivalent to US$570,000). In the opinion of Management and its legal counsel, Buenaventura should get a favorable result in the initiated claim process.

On November 17, 2020, SUNAT has resolved the claim appeal, confirming the objections made in the inspection process. The Company has paid the tax debt for S/4,744,000 (equivalent to US$1,311,000) to take advantage of the gradualness in the amount of the fines and has been recorded in the caption "Trade and other accounts receivable, net ", see note 7(g), based on the opinion of the legal advisors who indicate that there are arguments to obtain a favorable result in the appeal process that has been initiated before the Tax Court.

The Company's Management and its legal advisors are of the opinion that the results of the procedures in the various instances will be favorable to the Company, which is why they consider that it is not necessary to recognize any provision for these contingencies.

Subsidiaries –

Sociedad Minera El Brocal S.A.A. -

- On May 30, 2014, SUNAT issued tax and fines assessments for 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 by S/8,333,000 (equivalent to US$2,303,000) so it can have access to a discount benefit of the fine. This payment has been recorded as part of account receivables in the caption “Trade and other accounts receivable, net”, see note 7(g).

- On January 8, 2015, SUNAT notified to the subsidiary El Brocal a tax assessment for the 2012 income tax, which was claimed by the subsidiary and rejected by SUNAT. In addition, SUNAT notified a tax assessment for income tax pre-payments from January to December 2012, which amounts to S/4,030,000 (equivalent to US$1,112,000). El Brocal has filed an appeal to the Tax Court, which is pending resolution.

- On June 14, 2017, SUNAT notified El Brocal determinations and fine resolutions as a result of the inspection procedure initiated by the 2013 income tax 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 accumulated the appeal files of the taxable years 2011, 2012 and 2013; and resolves to nullify the repair of the expense for food and confirms the observations related to the loss by derivative financial instruments and the expense of the payment in mining royalties of the 2011 fiscal year and its incidence in the 2012 and 2013 fiscal years.

As a result of the resolution, the Tax Administration has notified compliance resolutions by relieving income tax and the effects on payments on account for the years 2011, 2012 and 2013. The Brocal has filed an appeal to the Tax Court.

On August 9, 2019, El Brocal filed an administrative contentious lawsuit against the decision of the Tax Court since El Brocal had credited with reliable documentation the basis for the observations on the loss in derivative financial instruments and mining royalties.

As of December 31, 2020, the possible contingencies held by El Brocal amount to S/5,220,000 (equivalent to US$1,445,000).

El Brocal's legal advisors believe that the outcome of these proceedings will be favorable and therefore, it is not necessary to recognize a provision for these contingencies.

During the year 2019, SUNAT has reviewed the income tax statement for the year 2015. As a result of this review, SUNAT has verified on December 31, 2019 the determination and fine resolutions where it questions the depreciation rate of two tailings and the deduction of the development costs of Smelter Project for a total S/13,930,000 (equivalent to US$3,844,000) determining a debt of S/3,412,000 (equivalent to US$942,000). The Management of El Brocal and its legal advisors considered that the reparations are not supported by what they have started the claim process.

On January 27, 2020, El Brocal has canceled the fine resolution with the resolution to benefit from the reduction of the fine. The amount disbursed of S/1,456,000 (equivalent to US$402,000) has been recorded in the caption "Trade and other accounts receivable, net ", see note 7(g).

On December 18, 2020, SUNAT has resolved the claim resource, leaving without effect the observation referred 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$1,661,000). The Management of El Brocal and its legal advisors consider that the objection has no basis, so on January 12, 2021 they have started the appeal process before the Tax Court.

During 2020, SUNAT has reviewed the income tax return for the year 2014. As a consequence of this review, SUNAT has notified on December 30, 2020 the 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 operating expenses for a total of S/16,582,000 (equivalent to US$4,576,000) determining a debt of S/10,902,000 (equivalent to US$3,008,000). El Brocal's management and its legal advisors consider that the objections have no basis, so they are starting the claim process.

On January 7, 2021, El Brocal has canceled the tax debt in order to benefit from the reduction of the fine. The amount disbursed of S/7,871,000 (equivalent to US$2,172,000) has been recorded in the caption "Trade and other accounts receivable, net ", see note 7(g).

Minera La Zanja S.R.L. -

During the years 2016, 2017 and 2018, SUNAT audited the income tax for the years 2013 and 2015; as a result, SUNAT does not recognize deductions payments of profit sharing of ceased workers, payments for police protection, balance of profit sharing and the difference in exchange referred to provision of closure of mining unit. On November 20, 2020, the Tax Court has confirmed the repair of the profit sharing and the difference in exchange. The possible contingencies for these unrecognized deductions amount to S/3,185,000 (equivalent to US$879,000) as of December 31, 2020 (S/2,952,000 equivalent to US$815,000 as of December 31, 2019). In Management´s opinion and its legal advisors, this interpretation is not supported and La Zanja would obtain a favorable result in the claim process that will begin in February 2021.

Empresa de Generación Huanza S.A. -

During 2015, SUNAT audited the 2014 income tax of the subsidiary Huanza. As a result, a portion of the depreciation of its fixed assets is not recognized for S/27,532,000 (equivalent to US$7,597,000). The possible contingency amounts to S/7,532,000 (equivalent to US$2,080,000) as of December 31, 2020 (S/6,999,000 equivalent to US$2,071,000 as of December 31, 2019). In the opinion of Huanza´ Management and its legal advisors, this interpretation has no basis and therefore, Huanza would obtain a favorable result in the appeal process that has begun.

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$501,000) in an import made in 2012 of certain equipment for the construction of the industrial plant. SUNAT supported its position that Rio 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 should be obtained in the complaint and appeal process.

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

On May 17, 2019, SUNAT initiated the coercive collection actions of the tax debt. Río Seco initiated several administrative and judicial actions to suspend the collection, without favorable results. During July to September 2019, Tax Administration has executed the forced collection of the tax debt amounting to S/11,153,000 (equivalent to US$3,279,000). In the opinion of the legal advisors of Río Seco, a favorable result should be obtained in the judicial process that has been initiated, so that said collection has been recorded in the heading "Trade and other receivables, net", see note 7(g).

On June 13, 2019, Rio Seco has filed an administrative contentious lawsuit against the Tax Court's Resolution so that the Judicial Power declares its nullity and ignore the Tax Administration's objection.

Other subsidiaries -

In addition, SUNAT has issued tax assessments as a result of the audit of income taxes of other subsidiaries for S/9,485,000 (equivalent to US$2,617,000). In the opinion of the Management and its legal advisors, the assessments are of possible occurrence; however, the subsidiaries expect to obtain a favorable outcome in the appeal processes initiated.

Associates-

Cerro Verde -

Mining Royalties

On June 23, 2004, Law N ° 28528 - Law of Mining Royalty was approved by which the owners of the mining concessions had to be paid, as financial compensation for the exploitation of metallic and non-metallic mineral resources, a mining royalty that was determined applying rates that change 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 contract of the guarantee signed in 1998, Cerro Verde determined that the payment of mining royalties was not applicable, because it was the contribution after the signing of the contract of the Law of Conquest of 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 it is calculated 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 comparing the result of applying on the quarterly operating profit (the rate is established based on the operating margin for the quarter) or one percent (1%) of revenues generated by sales made in the calendar quarter.

SUNAT has assessed mining royalties on materials processed by Cerro Verde´s concentrator, which commenced operations in late 2006. These assessments cover the period December 2006 to December 2013. Cerro Verde contested each of these assessments because it believes that its 1998 stability agreement exempts 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 charges for S/2.8 billion (approximately US$771.2 million at closing exchange rate as of December 31, 2020, including interest, deferral interest and penalties for US$496.5 million) related to the tax observations for mining royalties and special tax on mining for the period December 2006 to December 2013. Since 2014, Cerro Verde has been paying these disputed assessments for the period from December 2006 to December 2013 through fractionation programs (granted through a schedule equivalent to 66 installments monthly), all under protest. As of December 31, 2020, Cerro Verde has made payments for fractionation for a total of S/1.6 billion (equivalent to US$476.7 million based on the exchange rate on the payment date and US$435.2 million based on the closing exchange rate at the December 31, 2020).

On July 13, 2020, Cerro Verde requested acceptance of the deferral payment, approved by Legislative Decree No. 1487 that includes an interest rate reductions by the debts administered by SUNAT related to the current installments of the Special Mining Tax for the period October 2011 until December 2013. The request considers six months deferral and thirty installments. This application was approved by SUNAT in August 2020.

On February 2020, Cerro Verde filed arbitration proceedings to International Centre for Settlement of Investment Disputes (CIADI).

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	8,780	39,700	48,480
2006	11,206	51,769	62,975
2007	12,821	21,177	33,998
2008	16,906	16,859	33,765
2009	56,000	51,606	107,606
2010	53,700	117,880	171,580
2011	41,063	67,932	108,995
2012	869	9,477	10,346
2013	48,401	65,902	114,303
2014 - 2020	44,864	-	44,864
	294,610	442,302	736,912

As of December 31, 2019, Cerro Verde has paid US$432.7 million from which US$190.5 million which are included in the financial statements of Cerro Verde, for these file objections. Cerro Verde considers will be recovered.

Yanacocha -

Withholding income tax for fiscal years 2002 and 2003 -

The Tax Administration challenged the withholding tax rate applied on the technical assistance services provided by a non-resident supplier. The services were executed in Peru and also abroad; however, Yanacocha was not able to prove that during the tax audit. Based on that, the Tax Administration considers that the services were wholly executed in Peru; therefore, the withholding tax rate should be 30% instead of 12%. Currently there is no contingency in this regard. The tax liability has been paid by Yanacocha.

Tax Dispute related to the amortization of the contractual rights -
In 2000, Yanacocha paid Buenaventura and Minas Conga S.R.L. a total of US$29 million to assume their respective contractual positions in mining concession agreements with Chaupiloma Dos de Cajamarca S.M.R.L. The contractual rights allowed Yanacocha the opportunity to conduct exploration on the concessions, but not a purchase of the concessions. The tax authority alleges that the payments to Buenaventura and Minas Conga S.R.L. were acquisitions of mining concessions requiring the amortization of the amounts under the Peru Mining Law over the life of the mine. Yanacocha expensed the amounts at issue in the initial year since the payments were not for the acquisition of a concession but rather these expenses represent the payment of an intangible and therefore, amortizable in a single year or proportionally for up to ten years according to Income Tax Law. In 2010, the Tax Court in Peru ruled in favor of Yanacocha and the tax authority appealed the issue to the judiciary. The first appellate court confirmed the ruling of the Tax Court in favor of Yanacocha. However, in November, 2015, a Superior Court in Peru made an appellate decision overturning the two prior findings in favor of Yanacocha. Yanacocha has appealed the Superior Court ruling to the Peru Supreme Court. On January 18, 2019, the Peru Supreme Court issued notice that three judges support the position of the tax authority and two judges support the position of Yanacocha. Because four votes are required for a final decision, an additional judge was selected to issue a decision and the parties conducted oral arguments in April 2019. In early February 2020, the additional judge ruled in favor of the tax authority, finalizing a decision of the Peru Supreme Court against Yanacocha. Yanacocha will file an action objecting to the fines and interest associated with the underlying decision of the Peru Supreme Court. As a result of the resolution, during 2019 Yanacocha recorded a liability for said process for tax payable of US$8 million and it additionally recorded interest and penalties for US$16.8 million and US$4 million, respectively. The potential liability in this matter is in the form of fines and interest in an amount up to US$61 million. In addition, during 2020, Yanacocha registered an amount of US$2.1 million related to workers participation related to this resolution. It is not possible to fully predict the outcome of this litigation.

(e) Letters of credit –

Letters of credit with financial entities -
With the objective that Buenaventura can benefit from the fractionation with respect to its tax debt, Buenaventura delivered letters of guarantee for S/1,780,126,238 (equivalent to US$491.0 million) as of December 31, 2020 issued by financial entities. Likewise, in order to guarantee the obligations, Buenaventura granted in favor of the financial entities the following guarantees:

(i) Security interest on the 68,556,629 shares owned by Buenaventura in Sociedad Minera Cerro Verde S.A.A. that represent the totality of its participation as well as the shares that Buenaventura acquires or receives in the future from said company.

(ii) Security interest on the 558,044,001 indirectly owned shares of Buenaventura - through Compañía Minera Condesa S.A. - in Minera Yanacocha S.R.L., which represent the totality of its participation, as well as on the shares that Condesa acquires or receives in the future of said society.

(iii) Security interest on one share owned by Buenaventura in Empresa de Generación Huanza S.A., and on 186,413,288 shares owned by Consorcio Energético de Huancavelica S.A. in Empresa de Generación Huanza S.A., which represent all of Buenaventura's direct and indirect participation in said company, as well as the shares that Buenaventura and Consorcio Energético de Huancavelica S.A. acquire or receive in the future from said company.

(iv) Security interest on 4,965,941 shares owned by Buenaventura in Sociedad Minera El Brocal S.A.A., and on 90,846,185 shares owned by Inversiones Colquijirca S.A. in Sociedad Minera El Brocal S.A.A., which represent all of Buenaventura's direct and indirect participation in said company, as well as the shares that Buenaventura e Inversiones Colquijirca S.A. acquire or receive in the future from said company.

(v) Security interest on 21,130,260 shares currently held by Compañía Minera Condesa S.A. in Buenaventura, as well as on the shares that Buenaventura may issue in the future in the name of Compañía Minera Condesa S.A.

(vi) Corporate guarantee subject to New York law, granted by the following Buenaventura group companies, which are also guarantors under the Syndicated Loan: Compañía Minera Condesa S.A., Inversiones Colquijirca S.A. and Consorcio Energético de Huancavelica S.A.

In addition to complying with the payment of the tax debt in accordance with the fractionation, Buenaventura assumes within the agreement with the financial entities (“secured creditors”) the following specific obligations:

- Not to incur, or allow any of its subsidiaries to incur, additional financial debt or grant additional liens on its assets or those of its subsidiaries except for (i) those guarantees that must be established by legal mandate, (ii) loans between Buenaventura and its subsidiaries up to a sum that, together, does not exceed US$50 million, and provided that with respect to them a subordination agreement to the guaranteed obligations is entered into, on terms satisfactory to the secured creditors, and (iii) for what is regulated in the guarantee letter contracts. For the purposes of this obligation, a financial debt shall be understood to be any payment obligation with financial or capital market institutions, as well as any other payment obligation that accrues interest.

- To allocate any dividend, profit or income that Buenaventura receives as a result of the shares and participations affected with the guarantees exclusively to the attention of the development of its ordinary operating activities according to the line of its business, to the payment of its current debts with the tax administration and / or to the amortization of the debts that Buenaventura has with financial entities.

- Maintain a minimum coverage ratio of 1.6x reported on a quarterly basis. The coverage ratio is defined as the quotient that results from dividing the value of the guarantees by the guaranteed debt.

Additionally, letters of guarantee were established for S/653.5 million (equivalent to US$180.3 million) in order to guarantee the payment of the tax debt for tax years 2008 and 2009 in the event of obtaining precautionary measures by the Judicial Power and while the contentious administrative claims on the merits.

Letters of credit with regional governments and others -
In addition to the guarantee letters 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$852,000 as of December 31, 2020 (US$361,000 as of December 31, 2019).

30. Transactions with related companies

(a) The Group has carried out the following transactions with its related companies in the years 2020, 2019 and 2018:

	2020	2019	2018
	US$(000)	US$(000)	US$(000)
Associates -			
Revenues from:			
Royalties	18,638	22,297	20,385
Energy	3,173	3,181	3,002
Supplies, note 26(a)	890	1,259	27
Mineral	211	683	1,321
Mining concessions, property, plant and equipment, note 26(a)	-	11	30
Purchase of:			
Supplies	55	9	44
Services rendered to:			
Administrative and Management services	672	359	214
Services of energy transmission	320	287	393
Operation and maintenance services related to energy transmission	280	287	290
Constructions services	72	4	–
Engineering services	–	–	348
Dividends received and collected from:			
Compañía Minera Coimolache S.A.	3,649	4,011	7,623
Sociedad Minera Cerro Verde S.A.A.	–	29,377	39,169
Joint Venture -			
Interest income:			
Transportadora Callao S.A., note 27(a)	114	86	92
Non-controlling shareholders -			
Dividends paid to:			
Newmont Peru Limited - Sucursal del Perú	5,140	6,500	5,560

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

	2020	2019
	US$(000)	US$(000)
Trade and other receivables, note 7(a)		
Minera Yanacocha S.R.L.	5,604	5,920
Compañía Minera Coimolache S.A.	469	327
	6,073	6,247
Other receivables, note 7(a)		
Transportadora Callao S.A.	2,035	1,951
Compañía Minera Coimolache S.A.	277	1,016
	2,312	2,967
	8,385	9,214
Trade and other payables, note 14(a)		
Compañía Minera Coimolache S.A.	141	27
Sociedad Minera Cerro Verde S.A.A.	–	2
	141	29
Other payables, note 14(a)		
Compañía Minera Coimolache S.A.	292	-
Other minor	36	51
	328	51

For the year ended December 31, 2020, 2019 and 2018, there is no allowance for expected credit losses related to related parties accounts.

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

(d) Key officers -
As of December 31, 2020 and 2019, loans to employees, directors and key personnel amounts to US$7,000 and US$31,000, respectively, are paid monthly and earn interest at market rates.

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

The Group's key executives' compensation (including the related income taxes assumed by the Group) for the years 2020 and 2019 are presented below:

	2020	2019
	US$(000)	US$(000)
Accounts payable:		
Directors' remuneration	1,797	1,746
Salaries	856	1,020
Bonus to officers	5,828	6,205
Total	8,481	8,971
Disbursements:		
Salaries	11,586	12,690
Directors' compensations	1,797	1,746
Total	13,383	14,436

(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 rate of 6.25 percent plus LIBOR at 3 months and it is estimated that it will be collected from the year 2023.

31. Disclosure of information on segments

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

- Production and sale of minerals (mining units in operation).
- Exploration and development projects.
- Energy generation and transmission services.
- Insurance brokerage.
- Rental of mining concessions.
- Holding of investment in shares (mainly in the associate company Minera Yanacocha S.R.L.).
- Industrial activities.

The 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 -

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

In the segment information of assets and liabilities -

- Investments in Sociedad Minera Cerro Verde S.A.A. and Compañía Minera Coimolache S.A., associate companies 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: Minera Yanacocha S.R.L., Sociedad Minera Cerro Verde S.A.A. and Compañía Minera Coimolache S.A.
- The elimination of intercompany sales and cost of sales.
- The elimination of any equity pickup profit or loss of the subsidiaries of the Parent company.

In the segment information of assets and liabilities –

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

Refer to Note 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 percent of the Group’s revenues). All non-current assets are located in Peru.

Notes to the consolidated financial statements (continued)

														Equity accounted investees						
	Uchucchacua (Operation)	**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**	**Corporate**	**Minera Yanacocha S.R.L.**	**Sociedad Minera Cerro Verde S.A.A**	**Compañía Minera Coimolache S.A.**	**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$(000)	US$(000)
Year 2020																				
Results:																				
Continuing operations																				
Sales:																				
Sale of goods	90,420	77,825	32,034	142,833	255,275	33,033	-	-	-	-	-	36,541	-	592,394	2,538,593	203,163	-	4,002,111	(3,364,492)	637,619
Sale of Services	-	-	-	-	-	-	-	48,254	14,753	-	607	15,335	-	28,236	-	-	-	107,185	(86,900)	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	-	620,630	2,538,593	203,163	-	4,127,934	(3,451,392)	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)	-	(622,793)	(1,939,262)	(148,122)	-	(3,168,932)	2,775,044	(393,888)
Unabsorbed cost due to production stoppage	(9,630)	(3,849)	(5,167)	(822)	(10,216)	(203)	-	-	-	-	-	(597)	-	(1,247)	-	-	-	(31,731)	3,973	(27,758)
Cost of services, excluding depreciation and amortization	-	-	-	-	-	-	-	(17,868)	-	-	-	(5,075)	-	-	-	-	-		21,389	(1,554)
Depreciation and amortization	(16,752)	(8,102)	(6,412)	(72,714)	(59,433)	(6,595)	-	(9,347)	-	-	-	(10,876)	-	-	-	-	-	(190,231)	611	(189,620)
Exploration in operating units	(6,731)	(5,198)	(3,167)	(7,157)	(5,790)	(1)	-	-	-	-	-	-	-	-	-	-	-	(28,044)	-	(28,044)
Mining royalties	(1,068)	(6,943)	(278)	(1,228)	(1,902)	(330)	-	-	-	-	-	-	-	-	-	-	-	(11,749)	-	(11,749)
Total operating costs	(134,278)	(61,231)	(31,703)	(146,028)	(247,489)	(39,107)	-	(27,215)	-	-	-	(55,155)	-	(624,040)	(1,939,262)	(148,122)	-	(3,453,630)	2,801,017	(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)		(3,410)	599,331	55,041	-	674,304	(650,375)	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)	(1,227)	-	(4,043)	(2,311)	(75,899)	8,714	(67,185)
Selling expenses	(3,806)	(436)	(438)	(3,862)	(9,070)	(104)	-	(784)	-	-	-	(687)	-	(1,922)	-	(1,290)	-	(22,399)	3,866	(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 of contingent 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	(78,358)	-	188	-	(72,638)	75,328	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)	(81,507)	-	(5,145)	(2,311)	(193,141)	87,938	(105,203)
Operating profit (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)	(84,917)	599,331	49,896	(2,311)	481,163	(562,437)	(81,274)
Finance income	–	–	–	–	257	780	1	1,622	27	9	-	38	1,405	7,996	2,350	411	-	14,896	(12,485)	2,411
Finance costs	(268)	(913)	(636)	(390)	(9,175)	(1,484)	(387)	(4,690)	(55)	(2)	(1)	(175)	(21,322)	(36,700)	(142,675)	(2,532)	-	(221,405)	183,583	(37,822)
Share in the results of associates and joint venture	–	–	–	–	(253)	–	-	4,331	-	-	(67,018)	-	(28,861)	-	-	-	-	(91,801)	82,284	(9,517)
Net loss from currency exchange difference	(72)	126	78	130	(404)	(306)	(808)	(402)	65	(49)	91	(984)	(1,576)	1,190	52,464	(1,267)	-	48,276	(52,392)	(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)	(61,998)	(112,431)	511,470	46,508	(2,311)	231,129	(361,447)	(130,318)
Current income tax	(60)	(55)	(16)	(93)	(1,483)	(17)	-	(780)	(1,475)	(5,543)	(177)	(171)	-	(53,018)	(236,926)	(24,801)	-	(324,615)	314,691	(9,924)
Deferred income tax	–	–	–	–	(3,346)	235	-	(9,388)	172	-	-	(347)	(2,888)	-	-	1,079	-	(14,483)	(1,023)	(15,506)
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)	(64,886)	(165,449)	274,544	22,786	(2,311)	(107,969)	(47,779)	(155,748)
Net profit (loss) from discontinued operations																				5,409
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	2,313,440	7,767,459	418,966	64,539	15,589,713	(11,610,096)	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	1,989,054	2,132,131	150,463	876	5,521,226	(4,341,466)	1,179,760
Other segment information																				
Investment in associates and joint ventures	–	–	–	–	2,374	–	-	94,117	-	-	159,529	-	2,040,598	-	-	-	-	2,296,618	(807,843)	1,488,775
Capital Expenditures	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
Fair value for contingent consideration liability	–	–	–	–	–	–	-	-	-	-	-	-	(5,690)	-	-	-	-	(5,690)	-	(5,690)
Accounts receivable from sale of assets	–	-	-	-	-	-	-	-	-	-	-	-	8,233	-	-	-	-	8,233	-	8,233

Notes to the consolidated financial statements (continued)

	Uchucchacua (Operation) 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$(000)	Industrial activities US$(000)	Corporate US$(000)	Equity accounted investees: Minera Yanacocha S.R.L. US$(000)	Equity accounted investees: Sociedad Minera Cerro Verde S.A.A US$(000)	Equity accounted investees: Compañía Minera Coimolache S.A. US$(000)	Total operating segments US$(000)	Adjustments and eliminations US$(000)	Total US$(000)
Year 2019																			
Results:																			
Continuing operations																			
Sales:																			
Sale of goods	186,016	58,902	40,082	188,175	299,252	43,520	–	–	–	–	–	6,046	–	734,526	2,890,066	241,173	4,687,758	(3,865,828)	821,930
Sale of Services	–	–	–	–	–	–	–	59,690	15,687	–	615	19,557	–	4,776	–	–	100,325	(76,664)	23,661
Royalty income	–	–	–	–	–	–	–	–	–	22,297	–	–	–	–	–	–	22,297	–	22,297
Total operating income	186,016	58,902	40,082	188,175	299,252	43,520	–	59,690	15,687	22,297	615	25,603	–	739,302	2,890,066	241,173	4,810,380	(3,942,492)	867,888
Operating costs																			
Cost of sales of goods, excluding depreciation and amortization	(128,523)	(54,739)	(26,586)	(76,827)	(223,998)	(39,693)	–	–	–	–	–	(8,517)	–	(692,721)	(2,101,668)	(187,156)	(3,540,428)	3,027,554	(512,874)
Cost of services, excluding depreciation and amortization	–	–	–	–	–	–	–	(22,209)	–	–	–	(6,167)	–	(1,160)	–	–	(29,536)	26,158	(3,378)
Depreciation and amortization	(21,053)	(7,563)	(9,178)	(83,657)	(74,335)	(9,103)	–	(10,075)	–	–	–	(11,979)	–	–	–	–	(226,943)	608	(226,335)
Exploration in operating units	(8,917)	(9,040)	(5,864)	(11,613)	(8,727)	(2)	–	–	–	–	–	–	–	–	–	–	(44,163)	–	(44,163)
Mining royalties	(1,955)	(5,220)	(418)	(1,857)	(2,953)	(429)	–	–	–	–	–	–	–	–	–	–	(12,832)	–	(12,832)
Total operating costs	(160,448)	(76,562)	(42,046)	(173,954)	(310,013)	(49,227)	–	(32,284)	–	–	–	(26,663)	–	(693,881)	(2,101,668)	(187,156)	(3,853,902)	3,054,320	(799,582)
Gross profit (loss)	25,568	(17,660)	(1,964)	14,221	(10,761)	(5,707)	–	27,406	15,687	22,297	615	(1,060)	–	45,421	788,398	54,017	956,478	(888,172)	68,306
Operating expenses, net																			
Administrative expenses	(16,115)	(5,209)	(3,561)	(16,512)	(8,865)	(2,223)	(2,416)	(4,073)	(11,607)	(188)	(363)	(1,310)	(4,894)	(1,744)	–	(4,638)	(83,718)	7,421	(76,297)
Selling expenses	(6,876)	(258)	(403)	(3,940)	(10,856)	(321)	–	(1,115)	–	–	–	(1,324)	–	(1,722)	–	(1,163)	(27,978)	3,665	(24,313)
Exploration in non-operating areas	(2,534)	–	–	–	(2,011)	(2,784)	(90)	–	–	–	–	–	(4,492)	–	–	–	(11,911)	32	(11,879)
Reversal (provision) of contingent and others	(183)	1	(148)	127	2,079	(98)	(40)	166	–	–	–	–	1,067	–	–	–	2,971	(3)	2,968
Impairment recovery (loss) of long-lived assets	–	–	(2,083)	–	–	–	–	–	–	–	–	–	–	–	–	–	(2,083)	–	(2,083)
Other, net	(4,147)	(8,104)	(776)	(3,767)	(6,568)	(1,119)	(419)	13,813	–	135	79	341	(2,686)	(35,987)	–	(5,667)	(54,872)	40,157	(14,715)
Total operating expenses, net	(29,855)	(13,570)	(6,971)	(24,092)	(26,221)	(6,545)	(2,965)	8,791	(11,607)	(53)	(284)	(2,293)	(11,005)	(39,453)	–	(11,468)	(177,591)	51,272	(126,319)
Operating profit (loss)	(4,287)	(31,230)	(8,935)	(9,871)	(36,982)	(12,252)	(2,965)	36,197	4,080	22,244	331	(3,353)	(11,005)	5,968	788,398	42,549	778,887	(836,900)	(58,013)
Finance income	–	–	–	–	417	2,006	14	263	15	30	10	277	7,751	18,859	10,356	549	40,547	(30,872)	9,675
Finance costs	(532)	(733)	(1,002)	(505)	(11,440)	(3,715)	(561)	(7,483)	(89)	(4)	(6)	(990)	(16,249)	(58,059)	(115,877)	(3,598)	(220,843)	178,670	(42,173)
Share in the results of associates and joint ventures	–	–	–	–	(44)	–	–	10,374	–	–	(53,143)	–	45,778	–	–	–	2,965	44,745	47,710
Net gain (loss) from currency exchange difference	(124)	76	3	(12)	(191)	14	(156)	62	(119)	(9)	(9)	208	(481)	2,902	5,574	277	8,015	(8,749)	(734)
Profit (loss) before income tax	(4,943)	(31,887)	(9,934)	(10,388)	(48,240)	(13,947)	(3,668)	39,413	3,887	22,261	(52,817)	(3,858)	25,794	(30,330)	688,451	39,777	609,571	(653,106)	(43,535)
Current income tax	–	–	–	–	(25)	(35)	–	(4,044)	(1,223)	(6,546)	(39)	–	–	(64,927)	(298,074)	(26,335)	(401,248)	389,337	(11,911)
Deferred income tax	–	–	–	–	15,410	(5,382)	–	(5,515)	91	–	–	1,554	31,344	–	–	15,017	52,519	(15,018)	37,501
Profit (loss) from continuing operations	(4,943)	(31,887)	(9,934)	(10,388)	(32,855)	(19,364)	(3,668)	29,854	2,755	15,715	(52,856)	(2,304)	57,138	(95,257)	390,377	28,459	260,842	(278,787)	(17,945)
Loss from discontinued operations																			(10,514)
Loss for the year																			(28,459)
Total assets	146,486	46,750	41,858	425,297	725,973	138,458	398,838	382,481	13,822	6,252	458,212	104,335	2,371,464	2,327,714	7,809,424	379,915	15,777,279	(11,670,005)	4,107,274
Total liabilities	42,265	36,945	35,045	34,142	329,869	68,100	23,223	183,426	6,007	2,286	101	20,918	407,153	1,838,002	2,460,175	125,097	5,612,754	(4,473,680)	1,139,074
Other segment information																			
Investment in associates and joint ventures	-	-	-	-	–	–	–	89,786	-	-	232,154	-	2,073,745	–	–	–	2,395,685	(907,438)	1,488,247
Capital Expenditures	31,479	1,323	1,559	9,641	28,298	1,629	26,494	223	85	-		1,443	453	–	–	–	102,627	–	102,627
Changes in estimates of mine	176	10,493	2,430	2,277	5,122	5,021	-			-		-	1,203				26,722	–	26,722
Fair value for contingent consideration liability	-	-	-	-	-	-	-	-	-	-	-	-	(655)	–	–	–	(655)	–	(655)
Accounts receivable from sale of assets	-	-	-	-	-	-	-	21,023	-	-	-	-	625	–	–	–	21,648	–	21,648

	Uchucchacua (Operation) 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$(000)	Industrial activities US$(000)	Corporate US$(000)	Equity accounted investees: Minera Yanacocha S.R.L. US$(000)	Equity accounted investees: Sociedad Minera Cerro Verde S.A.A US$(000)	Equity accounted investees: Compañía Minera Coimolache S.A. US$(000)	Total operating segments US$(000)	Adjustments and eliminations US$(000)	Total US$(000)
Year 2018																			
Results:																			
Continuing operations																			
Sales																			
Sale of goods	257,282	153,003	34,104	225,281	333,560	96,611	–	–	–	–	–	6,655	–	635,393	3,054,026	225,447	5,021,362	(3,915,033)	1,106,329
Sale of Services	–	–	–	–	–	–	–	62,962	14,986	–	615	19,908	–	21,965	–	–	120,436	(96,435)	24,001
Royalty income	–	–	–	–	–	–	–	–	–	20,385	–	–	–	–	–	–	20,385	–	20,385
Total operating income	257,282	153,003	34,104	225,281	333,560	96,611	–	62,962	14,986	20,385	615	26,563	–	657,358	3,054,026	225,447	5,162,183	(4,011,468)	1,150,715
Operating costs																			
Cost of sales of goods, excluding depreciation and amortization	(151,817)	(97,006)	(26,558)	(92,829)	(216,560)	(68,993)	–	–	–	–	–	(6,280)	–	(596,164)	(2,216,663)	(170,866)	(3,643,736)	3,030,355	(613,381)
Cost of services, excluding depreciation and amortization	–	–	–	–	–	–	–	(25,499)	–	–	–	(8,966)	–	(2,217)	–	–	(36,682)	32,364	(4,318)
Depreciation and amortization	(26,181)	(8,802)	(3,353)	(77,029)	(67,666)	(34,088)	–	(10,248)	–	–	–	(11,483)	–	–	–	–	(238,850)	(29)	(238,879)
Exploration in operating units	(20,898)	(29,563)	(8,646)	(20,553)	(9,996)	(74)	–	–	–	–	–	–	–	–	–	–	(89,730)	–	(89,730)
Mining royalties	(2,243)	(13,669)	(237)	(1,936)	(2,345)	(957)	–	–	–	–	–	–	–	–	–	–	(21,387)	(1)	(21,388)
Total operating costs	(201,139)	(149,040)	(38,794)	(192,347)	(296,567)	(104,112)	–	(35,747)	–	–	–	(26,729)	–	(598,381)	(2,216,663)	(170,866)	(4,030,385)	3,062,689	(967,696)
Gross profit (loss)	56,143	3,963	(4,690)	32,934	36,993	(7,501)	–	27,215	14,986	20,385	615	(166)	–	58,977	837,363	54,581	1,131,798	(948,779)	183,019
Operating expenses, net																			
Administrative expenses	(24,119)	(15,100)	(2,524)	(17,822)	(9,906)	(3,435)	(3,143)	(3,972)	(11,900)	(220)	(512)	(1,627)	2,377	(2,783)	–	(5,644)	(100,330)	23,231	(77,099)
Selling expenses	(8,213)	(775)	(356)	(3,046)	(12,201)	(784)	–	(1,173)	–	–	–	(924)	–	(2,627)	–	(1,135)	(31,234)	4,286	(26,948)
Exploration in non-operating areas	(18,339)	–	–	–	(7,199)	(5,002)	(2,883)	–	–	–	–	–	(4,091)	–	–	–	(37,514)	1,207	(36,307)
Reversal (provision) of contingent and others	6,784	(121)	947	1,263	(3,711)	(57)	6,130	(56)	–	–	–	2	(111)	–	–	–	11,070	178	11,248
Impairment recovery (loss) of long-lived assets	–	–	–	–	–	5,693	–	–	–	–	–	–	–	–	–	–	5,693	–	5,693
Other, net	(5,953)	(3,386)	(1,050)	(5,599)	32,565	(669)	138	562	–		2,773	194	(2,235)	(76,155)	–	(325)	(59,140)	57,832	(1,308)
Total operating expenses, net	(49,840)	(19,382)	(2,983)	(25,204)	(452)	(4,254)	242	(4,639)	(11,900)	(220)	2,261	(2,355)	(4,060)	(81,565)	–	(7,104)	(211,455)	86,734	(124,721)
Operating profit (loss)	6,303	(15,419)	(7,673)	7,730	36,541	(11,755)	242	22,576	3,086	20,165	2,876	(2,521)	(4,060)	(22,588)	837,363	47,477	920,343	(862,045)	58,298
Finance income	–	–	–	–	418	1,649	–	179	–	21	8	127	9,293	11,448	28,089	357	51,589	(41,904)	9,685
Finance costs	(308)	(395)	(95)	(262)	(10,365)	(1,946)	(222)	(7,576)	(2)	(11)	(25)	(932)	(17,194)	(39,024)	(426,733)	(2,935)	(508,025)	469,603	(38,422)
Share in the results of associates and joint ventures	–	–	–	–	–	–	–	8,589	–	–	(25,517)	–	15,081	–	–	–	(1,847)	703	(1,144)
Net gain (loss) from currency exchange difference	196	168	8	209	108	(224)	(846)	(346)	19	18	2	(482)	(206)	(2,056)	6,161	(852)	1,877	(3,261)	(1,384)
Profit (loss) before income tax	6,191	(15,646)	(7,760)	7,677	26,702	(12,276)	(826)	23,422	3,103	20,193	(22,656)	(3,808)	2,914	(52,220)	444,880	44,047	463,937	(436,904)	27,033
Current income tax	(768)	(559)	(72)	(656)	(8,332)	(24)	–	–	–	(6,025)	(444)	(2)	–	(30,368)	(325,170)	(23,405)	(395,825)	378,943	(16,882)
Deferred income tax	–	–	–	–	(10,803)	(1,220)	–	(7,584)	–	–	–	106	9,514	1,071	–	4,942	(3,974)	(6,023)	(9,997)
Profit (loss) from continuing operations	5,423	(16,205)	(7,832)	7,021	7,567	(13,520)	(826)	15,838	3,103	14,168	(23,100)	(3,704)	12,428	(81,517)	119,710	25,584	64,138	(63,984)	154
Loss from discontinued operations																			(11,808)
Loss for the year																			(11,654)
Total assets	126,374	39,725	39,537	461,335	773,554	158,718	372,344	366,354	12,154	7,154	520,484	106,391	2,421,547	2,047,472	7,554,712	361,669	15,369,524	(11,152,303)	4,217,221
Total liabilities	45,227	30,749	29,469	28,502	340,735	68,615	18,986	197,152	4,597	2,653	603	20,671	425,893	1,463,749	2,445,840	125,307	5,248,748	(4,061,092)	1,187,656
Other segment information																			
Investment in associates and joint ventures	–	–	–	–	–	–	–	–	–	–	–	–	1,473,382	–	–	–	1,473,382	–	1,473,382
Capital Expenditures	18,429	6,225	2,984	18,858	29,572	13,159	17,141	118	–	–	–	1,816	2,968	–	–	–	111,270	–	111,270
Changes in estimates of mine closures plans	4,101	1,003	16,484	(447)	19,926	(6,915)	9,063	–	–	–	–	–	(341)	–	–	–	42,874	–	42,874
Fair value for contingent consideration liability	–	–	–	–	–	–	1,815	–	–	–	–	–	–	–	–	–	1,815	–	1,815
Accounts receivable from sale of assets	–	–	–	–	–	–	–	–	–	–	1,622	–	1,093	–	–	–	2,715	–	2,715

Reconciliation of segment profit (loss)

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

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Segments profit (loss)	(107,969)	260,842	64,138
Elimination of profit of equity accounted investees, not consolidated (owned by third parties)	(129,570)	(323,578)	(63,777)
Elimination of intercompany sales	(89,006)	(71,951)	(74,637)
Elimination of cost of sales and operating expenses intercompany	89,593	71,697	76,780
Elimination of share in the results of subsidiaries and associates	82,284	44,745	1,582
Others	(1,080)	300	(3,932)
Consolidated profit (loss) from continued operations	(155,748)	(17,945)	154

Reconciliation of segment assets

The reconciliation of segment assets to the consolidated assets follows:

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Segments assets	15,589,713	15,777,279	15,369,524
Elimination of assets of equity accounted investees, not consolidated (owned by third parties)	(10,564,404)	(10,517,053)	(9,963,853)
Elimination of the subsidiaries and associates of the Parent company	(1,005,368)	(1,111,454)	(1,184,240)
Elimination of intercompany receivables	(57,810)	(64,708)	(32,444)
Others	17,486	23,210	28,234
Consolidated assets	3,979,617	4,107,274	4,217,221

Reconciliation of segment liabilities

The reconciliation of segment liabilities to the consolidated liabilities follows:

	2020 US$(000)	2019 US$(000)	2018 US$(000)
Segments liabilities	5,521,226	5,612,754	5,248,748
Elimination of liabilities of equity accounted investees, not consolidated	(4,272,524)	(4,423,274)	(4,034,896)
Elimination of intercompany payables	(68,961)	(50,395)	(27,822)
Others	19	(11)	1,626
Consolidated liabilities	1,179,760	1,139,074	1,187,656

Disaggregated revenue information

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

	Uchucchacua (Operation) 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 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
Royalties 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

	Uchucchacua (Operation) US$(000)	Tambomayo (Operation) US$(000)	Orcopampa (Operation) US$(000)	Julcani (Operation) US$(000)	Colquijirca (Operation) US$(000)	La Zanja (Operation) US$(000)	Energy generation and transmission US$(000)	Insurance brokerage US$(000)	Rental of mining concessions US$(000)	Holding of investment in shares US$(000)	Industrial activities US$(000)	Total operating segments US$(000)	Adjustments and eliminations US$(000)	Total US$(000)
Year 2019														
Revenues by type of customers:														
Sales by customers -														
External	184,982	186,668	58,796	39,639	294,842	43,894	-	-	-	-	6,046	814,867	-	814,867
Inter-segment	-	-	-	-	62	-	-	-	-	-	-	62	(62)	-
	184,982	186,668	58,796	39,639	294,904	43,894	-	-	-	-	6,046	814,929	(62)	814,867
Services -														
External	-	-	-	-	-	-	7,974	15,687	-	-	-	23,661	-	23,661
Inter-segment	-	-	-	-	-	-	51,716	-	-	615	19,557	71,888	(71,888)	-
	-	-	-	-	-	-	59,690	15,687	-	615	19,557	95,549	(71,888)	23,661
Royalties -														
External	-	-	-	-	-	-	-	-	22,297	-	-	22,297	-	22,297
	184,982	186,668	58,796	39,639	294,904	43,894	59,690	15,687	22,297	615	25,603	932,775	(71,950)	860,825
Revenues by geographic region:														
Metal and concentrates sales -														
Peru	143,512	79,631	4,833	10,451	236,844	683	-	-	-	-	1,086	477,040	(62)	476,978
America - other than Peru	-	79,537	53,963	-	-	37,326	-	-	-	-	943	171,769	-	171,769
Europe	27,848	135	-	22,590	-	5,885	-	-	-	-	4,017	60,475	-	60,475
Asia	13,622	27,365	-	6,598	58,060	-	-	-	-	-	-	105,645	-	105,645
	184,982	186,668	58,796	39,639	294,904	43,894	-	-	-	-	6,046	814,929	(62)	814,867
Services -														
Peru	-	-	-	-	-	-	59,690	15,527	-	615	19,557	95,389	(71,888)	23,501
America - other than Peru	-	-	-	-	-	-	-	130	-	-	-	130	-	130
Europe	-	-	-	-	-	-	-	30	-	-	-	30	-	30
	-	-	-	-	-	-	59,690	15,687	-	615	19,557	95,549	(71,888)	23,661
Royalties -														
Peru	-	-	-	-	-	-	-	-	22,297	-	-	22,297	-	22,297
	184,982	186,668	58,796	39,639	294,904	43,894	59,690	15,687	22,297	615	25,603	932,775	(71,950)	860,825
Revenues by type of good or services:														
Sales by metal -														
Gold	-	134,387	58,737	278	18,104	42,698	-	-	-	-	-	254,204	(10)	254,194
Silver	159,713	38,112	263	40,889	57,903	1,300	-	-	-	-	-	298,180	(9)	298,171
Copper	-	-	-	79	238,327	-	-	-	-	-	-	238,406	(102)	238,304
Zinc	38,143	19,867	-	-	91,307	-	-	-	-	-	-	149,317	-	149,317
Lead	29,735	14,016	-	1,627	43,763	-	-	-	-	-	-	89,141	-	89,141
Manganese sulfate	-	-	-	-	-	-	-	-	-	-	6,046	6,046	-	6,046
	227,591	206,382	59,000	42,873	449,404	43,998	-	-	-	-	6,046	1,035,294	(121)	1,035,173
Commercial deductions	(42,607)	(19,718)	(203)	(3,233)	(154,500)	(104)	-	-	-	-	-	(220,365)	59	(220,306)
	184,984	186,664	58,797	39,640	294,904	43,894	-	-	-	-	6,046	814,929	(62)	814,867
Services -	-	-	-	-	-	-	59,690	15,687	-	615	19,557	95,549	(71,888)	23,661
Royalties income -	-	-	-	-	-	-	-	-	22,297	-	-	22,297	-	22,297
	184,984	186,664	58,797	39,640	294,904	43,894	59,690	15,687	22,297	615	25,603	932,775	(71,950)	860,825

Year 2018														
Revenues by type of customers:														
Sales by customers -														
External	257,840	225,339	153,240	33,864	339,414	96,600	-	-	-	-	6,655	1,112,952	-	1,112,952
Inter-segment	-	-	-	-	167	-	-	-	-	-	-	167	(167)	-
	257,840	225,339	153,240	33,864	339,581	96,600	-	-	-	-	6,655	1,113,119	(167)	1,112,952
Services -														
External	-	-	-	-	-	-	9,015	14,986	-	-	-	24,001	-	24,001
Inter-segment	-	-	-	-	-	-	53,947	-	-	615	19,909	74,471	(74,471)	-
	-	-	-	-	-	-	62,962	14,986	-	615	19,909	98,472	(74,471)	24,001
Royalties -														
External	-	-	-	-	-	-	-	-	20,385	-	-	20,385	-	20,385
	257,840	225,339	153,240	33,864	339,581	96,600	62,962	14,986	20,385	615	26,564	1,231,976	(74,638)	1,157,338
Revenues by geographic region:														
Metal and concentrates sales -														
Peru	170,986	63,049	10,808	15,261	257,559	2,770	-	-	-	-	751	521,184	(167)	521,017
America - other than Peru	-	159,530	142,432	-	-	67,756	-	-	-	-	906	370,624	-	370,624
Europe	57,472	2,760	-	9,488	-	26,074	-	-	-	-	4,998	100,792	-	100,792
Asia	29,382	-	-	9,115	82,022	-	-	-	-	-	-	120,519	-	120,519
	257,840	225,339	153,240	33,864	339,581	96,600	-	-	-	-	6,655	1,113,119	(167)	1,112,952
Services -														
Peru	-	-	-	-	-	-	62,962	14,787	-	615	19,909	98,273	(74,561)	23,712
America- other than Peru	-	-	-	-	-	-	-	199	-	-	-	199	90	289
	-	-	-	-	-	-	62,962	14,986	-	615	19,909	98,472	(74,471)	24,001
Royalties -														
Peru	-	-	-	-	-	-	-	-	20,385	-	-	20,385	-	20,385
	257,840	225,339	153,240	33,864	339,581	96,600	62,962	14,986	20,385	615	26,564	1,231,976	(74,638)	1,157,338
Revenues by type of good or services:														
Sales by metal -														
Gold	11	150,939	149,092	28	18,463	93,358	-	-	-	-	-	411,891	(14)	411,877
Silver	217,843	54,109	5,243	35,307	46,060	3,583	-	-	-	-	-	362,145	(23)	362,122
Copper	-	-	(221)	129	275,119	-	-	-	-	-	-	275,027	(266)	274,761
Zinc	45,194	18,197	-	-	101,275	-	-	-	-	-	-	164,666	-	164,666
Lead	36,238	6,703	-	1,996	40,618	-	-	-	-	-	-	85,555	-	85,555
Manganese sulfate	-	-	-	-	-	-	-	-	-	-	6,655	6,655	-	6,655
	299,286	229,948	154,114	37,460	481,535	96,941	-	-	-	-	6,655	1,305,939	(303)	1,305,636
Commercial deductions	(41,446)	(4,609)	(874)	(3,596)	(141,954)	(341)	-	-	-	-	-	(192,820)	136	(192,684)
	257,840	225,339	153,240	33,864	339,581	96,600	-	-	-	-	6,655	1,113,119	(167)	1,112,952
Services -	-	-	-	-	-	-	62,962	14,986	-	615	19,909	98,472	(74,471)	24,001
Royalties income -	-	-	-	-	-	-	-	-	20,385	-	-	20,385	-	20,385
	257,840	225,339	153,240	33,864	339,581	96,600	62,962	14,986	20,385	615	26,564	1,231,976	(74,638)	1,157,338

32. Derivative financial instruments –

This caption is made up as follows:

	2020	2019
	US$(000)	US$(000)
Copper prices hedge (a)	(15,804)	–
Interest rate hedge (b)	(2,635)	–
	(18,439)	–

(a) The volatility of copper prices during the last years has caused the Management of the subsidiary El Brocal to enter into future contracts. These contracts are intended to reduce the volatility of the cash flows attributable to the fluctuations in the copper and zinc price in accordance with existing copper concentrate sales commitments, which are related to 50 percent of the annual production of copper and 25 percent of the production of two years of zinc, according to the risk strategy approved by the Board of Directors.

During 2020, 2019 and 2018, the effect in profit or loss was a loss of US$6,464,000, gain of US$4,322,000 and loss of US$1,398,000, respectively, and it is show in the "Sales of goods" caption, see note 20(b).

As of December 31, 2019, there are not any hedge contract. The table below presents the composition of open transactions included in the hedge derivative financial instruments as of December 31, 2020:

			Quotations		
Quotation period	**Concentrate**	**Metric tone**	**Fixed**	**Futures**	**Fair value**
			US$/DMT	US$/ DMT	US$(000)
January 2021	Copper	1,250	6,500	7,758	(1,572)
February 2021	Copper	1,250	6,500	7,762	(1,577)
March 2021	Copper	2,250	6,633	7,767	(2,549)
April 2021	Copper	2,000	6,750	7,769	(2,036)
May 2021	Copper	3,000	6,897	7,769	(2,615)
June 2021	Copper	3,000	6,967	7,770	(2,408)
July 2021	Copper	2,000	7,025	7,768	(1,483)
August 2021	Copper	2,000	7,100	7,765	(1,327)
September 2021	Copper	2,000	7,500	7,762	(523)
October 2021	Copper	2,000	7,900	7,757	286
		20,750			(15,804)

The variation in the fair value of the caption generated an expense US$18.4 million, an expense of US$2.8 million and an income of US$31.5 million in the years 2020, 2019 and 2018, which are included within the consolidated statement of other comprehensive income and in the "Other reserves of equity".

(b) In order to reduce the exposure to the risk of the variation of the interest rate related to its financial obligations, on April 2, 2020, the Company's Management decided to sign future contracts in relation to the LIBOR of three months with the banks BBVA Banco Continental, Banco de Credito del Peru, Banco Internacional del Peru and Itaú, which are recorded under cash flow accounting.

There is an economic relationship between the hedged assets and the hedging instruments as the terms of the futures contracts are the same as the terms of the highly probable future transactions. The Company has established a hedging ratio of 1: 1 for hedging relationships as the underlying risk of interest rate futures contracts are identical to the hedged risk components. In order to evaluate the effectiveness of the hedges, the Company uses the hypothetical derivative method, by which it compares the changes in the fair value of the hedging instruments against the changes in the fair value of the hedged items attributed to the hedged risks.

As of December 31, 2020, the effect on results was a loss of US$146,000, and is presented in the caption of "Financial costs and financial income" see note 27(a). 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, 2020:

		LIBOR of three months		
Maturity	**Amount** US$(000)	**Fixed**	**Futures**	**Fair value** US$(000)
October 2022	81,666	2.632%	2.06% - 2.14%	(785)
October 2022	74,167	2.632%	2.06% - 2.14%	(712)
October 2022	74,167	0.732%	0.16% - 0.24%	(706)
July 2022	45,000	2.632%	2.06% - 2.14%	(432)
	275,000			(2,635)

33. Financial - risk management objectives and policies

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

The Group is exposed to market risk, credit risk and liquidity risk. The Group's Management oversees the management of these risks. 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, 2020, 2019 and 2018.

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 risk of price, 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, 2020 and 2019 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 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)
2020		
Exchange rate	10%	9,282
Exchange rate	(10%)	(9,282)
2019		
Exchange rate	10%	4,053
Exchange rate	(10%)	(3,545)
2018		
Exchange rate	10%	1,695
Exchange rate	(10%)	(1,681)

(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 subsidiary El Brocal entered into derivative contracts that qualified as cash flow hedges, with the intention of covering the risk resulting from the fall in the prices of the metals. These derivative contracts are recorded as assets or liabilities in the consolidated statements of financial position and are stated at fair value. To the extent that these hedges were effective in offsetting future cash flows from the sale of the related production, changes in fair value are deferred in an equity account under “Other reserves of equity”. The deferred amounts were reclassified to the “sales of goods” when the production was sold. See note 33(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)
2020		
Interest rate	10%	(81)
Interest rate	(10%)	81
2019		
Interest rate	10%	(306)
Interest rate	(10%)	306
2018		
Interest rate	10%	(277)
Interest rate	(10%)	277

(b) Credit risk -

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

The Group invests the excess cash in financial leading institutions, sets conservative credit policies and constantly evaluates the market conditions in which it operates. Trade accounts receivable are denominated in U.S. dollars. The Group’s sales are made to domestic and foreign customers. See concentration of spot sales in note 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, 2020 -					
Trade receivables	159,840	-	-	22,128	181,968
Other receivables	172,116	-	1,221	9,717	183,054
	331,956	-	1,221	31,845	365,022
Expected credit loss rate	0%	0%	0%	100%	-
Expected credit loss	-	-	-	(31,845)	(31,845)
As of December 31, 2019 -					
Trade receivables	204,096	-	-	22,016	226,112
Other receivables	125,409	42,390	4,332	10,006	182,137
	329,505	42,390	4,332	32,022	408,249
Expected credit loss rate	0%	0%	0%	100%	-
Expected credit loss	-	-	-	(32,022)	(32,022)

(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 in leading financial entities.

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

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

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total**
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
As of December 31, 2020 -					
Bank loans – capital	65,793	–	–	–	65,793
Bank loans – interest	1,156	–	–	–	1,156
Trade and other payables	167,852	–	–	–	167,852
Financial obligation – capital	21,587	175,932	324,815	6,071	528,405
Financial obligation – interest	14,868	13,289	14,911	203	43,271
Lease – capital	3,609	2,010	2,220	-	7,839
Lease – interest	74	143	145	-	362
Hedge derivative financial instruments	15,804	2,635	-	-	18,439
Contingent consideration liability	–	–	9,924	36,746	46,670
Total	290,743	194,009	352,015	43,020	879,787
As of December 31, 2019 -					
Bank loans – capital	55,000	–	–	–	55,000
Bank loans – interest	486	–	–	–	486
Trade and other payables	152,070	616	–	–	152,686
Financial obligation – capital	262,088	131,588	125,154	48,568	567,398
Financial obligation – interest	22,597	11,225	11,880	1,449	47,151
Lease – capital	3,692	1,514	2,297	–	7,503
Lease – interest	73	143	404	–	620
Contingent consideration liability	–	–	4,905	35,166	40,071
Total	496,006	145,086	144,640	85,183	870,915

(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.

The Group monitors capital using a consolidated net worth minimum. As required by the Company's covenants of the Syndicated term Loan of US$2,711,389. No changes were made in the objectives, policies or processes for managing capital during the years 2020 and 2019

34. Fair value measurement

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

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

		Fair value measurement using:		
	Total	**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, 2020 -				
Assets and liabilities measured at fair value:				
Fair value of account receivable (subject to provisional pricing)	126,553	–	126,553	–
Bank loans	65,793	–	65,793	–
Financial obligations	531,745	–	531,745	–
Contingent consideration liability	22,100	–	–	22,100
Hedge instruments	18,440	–	18,440	–
As of December 31, 2019 -				
Assets and liabilities measured at fair value:				
Fair value of account receivable (subject to provisional pricing)	165,546	–	165,546	–
Bank loans	55,000	–	55,000	–
Financial obligations	571,688	–	571,688	–
Contingent consideration liability	16,410	–	–	16,410
Hedge instruments	–	–	–	–

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

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

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

Financial instruments at fixed and variable rates -

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

Based on the foregoing, there are no important existing difference between the value in books and the fair value of the assets and financial liabilities as of December 31, 2020 and 2019.

There were no transfers between Level 1and Level 2 during 2020 and 2019.

As of December 31, 2020, the fair value of the investment property amounted to US$842,000 (US$544,000 as of December 31, 2020). There is not an independent valuation for investment property.

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, 2020	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Contingent consideration liability	22,100	Rate before tax	9.30%	A change in the discount rate by 10% (rate of 0.93%) higher/lower, the fair value would increase/decrease in US$1.5 million.
		Expected revenues annual average (US$000)	222,238	If expected sales change by 10% higher/lower, the fair value would increase/decrease in US$2.2 million.

35. Events after the reporting period

There were no significant events, additionally of those mentioned in note 1(d) and note 29(d), identified after the balance sheet date (February 25, 2021) that are required to 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, 2020 and considering those events that occurred after that date that provided evidence of conditions that existed at the end of the reporting period. Given that the social immobilization measures were decreed after December 31, 2020, their impact is considered an event that is indicative of conditions that arose after the reporting period and, consequently, no adjustments have been made to the financial statements as of December 31 December 2020.

36. Explanation added for translation to English language

The accompanying consolidated financial statements were originally issued in Spanish and are presented on the basis of International Financial Reporting Standards "IFRS" as described in Note 2. These consolidated financial statements should be read in conjunction with the Spanish consolidated financial statements, in the event of a discrepancy the Spanish language version prevails.

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COLEGIO DE CONTADORES PUBLICOS DE LIMA

Constancia de Habilitación

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

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

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

Lima 07 de Mayo de 2020.

CPC. GUILLERMINA ZAVALA PAUCAR
DECANA

CPC. GLADYS MILAGROS BAZAN ESPINOZA
DIRECTORA SECRETARIA

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