Minsur S.A. and Subsidiaries

Unaudited interim consolidated financial statements as of September 30, 2021 and December 31, 2020 and for the nine months periods then ended

1. Corporate information

(a) Identification -

Minsur S.A. (hereinafter "the Company") was incorporated in Peru in October 1977. The activities of the Company are regulated by the Peruvian General Mining Law. The Company is a subsidiary of Breca Minería S.A.C. domiciled in Peru, which holds 99.99 percent of the Company's common shares and 6.31 percent of its investment shares. The Company's registered address is Jirón Giovanni Batista Lorenzo Bernini 149, Office 501A, San Borja, Lima, Peru.

(b) Business activity -

The main activity of the Company is the production and selling of metallic tin that is obtained from the mineral exploited in the San Rafael Mine, located in the Puno region, and the production and selling of gold that is obtained from the Pucamarca mine, located in the region of Tacna.

Through its subsidiary Minera Latinoamericana S.A.C., the Company has investments in Mineração Taboca S.A. and subsidiary (which operate the tin mine and a smelting plant located in Brazil), in Inversiones Cordillera del Sur Ltda. and subsidiaries (holding of shares of a group mainly dedicated to the production and selling of cement in Chile) and in Minera Andes del Sur SPA and subsidiary (a Chilean company engaged in mining activities). The investment in Inversiones Cordillera del Sur Ltda. is accounted for as an investment in an associate.

In addition, through its subsidiary Cumbres Andinas S.A.C, the Company holds shares in Marcobre S.A.C., a mining company that has been operating Mina Justa, located in province of Nazca, region of Ica, which estimated investment amounts to US$ 1.8 billion and is estimated to have an average annual production for the Life of Mine "LOM" of 169,800 wet tons of copper concentrate and 43,000 tons of copper cathodes, which began operating as of August 1, 2021.

Likewise, through its subsidiary Cumbres del Sur SAC, the Company carries out mining rights exploration and exploitation activities and in general, any of the activities directly or indirectly included in the mining activity, mainly concentrated in the Marta Mining Unit, which is in the exploration and evaluation of stage minerals and closure of its environmental liabilities at the Regina Mining Unit. Until November 1, 2020, the subsidiary held investments in the subsidiaries Minera Sillustani S.A.C. and Minera Barbastro S.A.C, mining companies that were absorbed by Cumbres del Sur S.A.C. at that date.

As of September 30, 2021, and December 31, 2020, the Group through its subsidiary Marcobre operates a cooper mine located in province of Nazca, Ica Region. As of September 30, 2021, the subsidiary Marcobre the Group made contributions to the project through its subsidiary Cumbres Andinas S.A.C. of approximately US$61,500,000 (US$102,495,000 at September 30, 2020), which were mainly for the execution and construction phase of the project.

On the other hand, Minsur S.A. has been developing the project B2 located in San Rafael Mine whose estimated investment amounts to US$192,647,000. The project consists in extracting tin from an old tailing through a production process to be carried out in the future plant of reuse of tailings. The project started commercial production in January 2020.

(c) Covid-19 outbreak -

Since Covid-19 began, the Group has taken various measures to preserve the health of its employees and to prevent contagion in the administrative and operational areas of the subsidiaries, such as remote work, rigorous cleaning of work environments, distribution of personal protective equipment, suspect case testing and body temperature measurement.

The Group's Management has been continuously monitoring the potential short, medium and long-term implications of Covid-19 in its interim condensed consolidated financial statements based on the expansion of the State of National Emergency established by the Peruvian and Brazilian Government, however, Management considers that these measures will not have an impact on the continuity and development of the operations of the Company and its subsidiaries because the mining activity is within the group of permitted activities.

(d) Consolidated financial statements –

The consolidated financial statements include the financial statements of the Company and the following subsidiaries (together, the Group):

	Equity interest			
	September 30, 2021		December 31, 2020	
	Direct %	Indirect %	Direct %	Indirect %
Subsidiaries in Chile:				
Minera Andes del Sur SPA	-	100.00	-	100.00
Subsidiaries in Brasil:				
Mineração Taboca S.A.	-	100.00	-	100.00
Mamoré Mineração e Metalurgia Ltda.	-	100.00	-	100.00
Subsidiaries in Perú:				
Minera Latinoamericana S.A.C.	99.99	-	99.99	-
Cumbres Andinas S.A.C.	60.00	-	60.00	-
Cumbres del Sur S.A.C.	99.98	-	99.98	-
Marcobre S.A.C.	-	60.00	-	60.00

A brief of the business activities of the entities included in the consolidated financial statements is presented below:

- Minera Andes del Sur SPA. -

  The corporate purpose of this subsidiary is the exploration and exploitation of mining properties that are acquired or obtained and that facilitate or allow the exploitation of the mineral substances contained them.

- Mineração Taboca S.A. -

  This mining entity is engaged in the exploitation of the Pitinga mine, located in the northeast region in the Amazonas state, in the Federative Republic of Brazil. This mine has mainly resourced of tin, as well as other minerals. Mineração Taboca S.A. also operates the Pirapora smelter located in Sao Paulo.

- Mamoré Mineração e Metalurgia Ltda. -

  This subsidiary is engaged in the operation of the smelting plant of Pirapora, in Sao Paulo, Brazil.

- Minera Latinoamericana S.A.C. -

  Through this subsidiary, the Company has investments in Mineração Taboca S.A. and its subsidiary, as well as in Inversiones Cordillera del Sur Ltda. and its subsidiaries and in Minera Andes del Sur S.P.A.

- Cumbres Andinas S.A.C. -

  Currently, the activity of this subsidiary is limited to holding of 100 percent of shares of the mining company Marcobre S.A.C. mining company that in the operational phase.

- Marcobre S.A.C. -

  The main activity of the subsidiary is the exploitation and commercialization of copper cathodes and concentrate the Mina Justa operation, located in the Nazca Province, Ica region.

- Cumbres del Sur S.A.C. -

  The purpose of this subsidiary is the exploration and exploration of mining rights and, in general, any other activities directly or indirectly included in the mining activity, mainly concentrated in the Marta mining unit, which is in the exploration and evaluation stage of mineral resources and closure of its environmental liabilities at the Regina mining unit. Until November 1, 2020, the subsidiary held investments in Minera Sillustani S.A.C. and Compañía Minera Barbastro S.A.C., companies in the mining sector that were absorbed by Cumbres del Sur S.A.C. in that date. See note 1(c).

(f) Approval of financial statements -

The condensed interim consolidated financial statements as of September 30, 2021, were approved for issuance by the Group's Management on November 15, 2021.

2. Basis of preparation and other significant accounting policies

2.1. Basis of preparation and presentation -

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

The consolidated condensed interim financial statements have been prepared based on historical cost, except for trade accounts receivable, financial assets at fair value with changes in results, financial assets at fair value with changes in other comprehensive income and financial instruments derivatives which are presented at fair value.

The consolidated condensed interim financial statements are presented in United States dollars (US$), and all figures have been rounded to thousands, except where otherwise indicated.

The consolidated condensed interim financial statements provide comparative information for prior periods, however, do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s audited consolidated financial statements as of December 31,2020 and for the year then ended.

The Group has prepared its interim condensed consolidated financial statements under the going concern assumption. In order to carry out its evaluation of a going concern, Management has taken into consideration the matters that may cause an interruption of its operations. Management has considered all future available information that it has obtained after the reporting date up to the date of approval and issuance of the accompanying consolidated financial statements. The following matters have been addressed when preparing these interim condensed consolidated financial statements, assuming the going concern assumption:

- The Group has restarted its commercial activities and resumed the rhythm of its operations.
- The Group has started its operational activities in Mina Justa.
- The Group has the support of the main shareholders, who have the capacity and financial solvency to be able to finance the required working capital.
- It does not expect Covid-19 to significantly affect the value of its assets, nor does it anticipate material impairment or change in accounting judgments that affect the measurement of the Group's assets and liabilities.

The accounting policies of the annual consolidated financial statements for the year 2020, the current and deferred income tax are measured based on the tax rates and tax regulations that were in force at the date of the end of the reporting period. For the purposes of presenting the interim financial statements, income tax must be determined based on the best estimate of the weighted average tax rate expected for the annual accounting period. Consequently, for purposes of adapting the aforementioned accounting practice, the income tax for the periods of 2020 has been modified for comparative purposes with the income tax for the third quarter of 2021.

In addition, the following modifications to the financial statements as of September 30, 2020 was made:

Interim consolidated income statements:

	From 01.01.2020 to 30.09.2020	Evaluation of income tax calculation methodology	Reestimation of the associated investment Cordillera del Sur	Reestimation of depreciation	From 01.01.2020 to 30.09.2020
					(Restated)
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Net sales	445,686				445,686
Cost of sales	(294,741)			2639	(292,102)
Gross profit	150,945				153,584
Administrative expenses	(29,617)				(29,617)
Selling expenses	(4,582)				(4,582)
Exploration and evaluation expenses	(9,627)				(9,627)
Other expenses, net	(3)				(3)
Total operating expenses	(43,829)				(43,829)
Operating income	107,116				109,755
Other (expenses) income:					
Finance income	9,152				9,152
Finance costs	(49,909)				(49,909)
Profit (Loss) from investment in associates, net	(2,460)		406		(2,054)
Exchange difference, net	(48,610)				(48,610)
Total other expenses, net	(91,827)				(91,421)
Profit before income tax	15,289				18,334
Income tax	(65,412)	30,767			(34,645)
Net (Loss) profit	(50,123)				(16,311)
Attributable to:					
Equity holders of the parent	(38,957)	28,761	406	2639	(7,151)
Non-controlling interests	(11,166)	2,006			(9,160)
Net profit	(50,123)				(16,311)
Earnings per share stated in U.S. dollar (basic and diluted) attributable to:					
Common shares	(1.351)				(0.248)
Investment shares	(0.014)				(0.002)

	From 01.07.2020 to 30.09.2020	Evaluation of income tax calculation methodology	Reestimation of the associated investment Cordillera del Sur	Reestimation of depreciation	From 01.07.2020 to 30.09.2020
					(Restated)
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Net sales	179,540				179,540
Cost of sales	(110,571)			268	(110,303)
Gross profit	68,969				69,237
Administrative expenses	(8,986)				(8,986)
Selling expenses	(1,444)				(1,444)
Exploration and evaluation expenses	(2,878)				(2,878)
Other expenses, net	(3,241)				(3,241)
Total operating expenses	(16,549)				(16,549)
Operating income	52,420				52,688
Other (expenses) income:					
Finance income	1,905				1,905
Finance costs	(18,438)				(18,438)
Profit (Loss) from investment in associates, net	(3,651)		1,237		(2,414)
Exchange difference, net	(4,567)				(4,567)
Total other expenses, net	(24,751)				(23,514)
Profit before income tax	27,669				29,174
Income tax	(28,102)	(2,420)			(30,522)
Net (Loss) profit	(433)				(1,348)
Attributable to:					
Equity holders of the parent	2,515	(3,740)	1,237	268	280
Non-controlling interests	(2,948)	1,320			(1,628)
Net profit	(433)				(1,348)
Earnings per share stated in U.S. dollar (basic and diluted) attributable to:					
Common shares	0.087				0.010
Investment shares	0.001				0.000

Interim consolidated statements of comprehensive income:

	From 01.01.2020 to 30.09.2020	Evaluation of income tax calculation methodology	Reestimation of the associated investment Cordillera del Sur	Reestimation of depreciation	From 01.01.2020 to 30.09.2020
	US$(000)	US$(000)	US$(000)	US$(000)	(Restated) US$(000)
Net (loss) profit	(50,123)	30,767	406	2,639	(16,311)
Other comprehensive income:					
Losses from Cash Flow Hedging, Net of Taxes	(54,035)				(54,035)
Exchange differences on translation	(24,590)		(2,446)		(27,036)
Share of Other Comprehensive Income of Associates, net of Tax	713		(193)		520
Gains on Financial Assets Measured at Fair Value with Changes in Other Comprehensive Income, net of Taxes	(4,202)				(4,202)
Other comprehensive income for the year	(82,114)				(84,753)
Total comprehensive income for the year, net of its income tax	(132,237)				(101,064)
Equity holders of the parent	(119,739)	28,761	(2,233)	2,639	(90,572)
Non-controlling interests	(12,498)	2,006			(10,492)

	From 01.07.2020 to 30.09.2020	Evaluation of income tax calculation methodology	Reestimation of the associated investment Cordillera del Sur	Reestimation of depreciation	From 01.07.2020 to 30.09.2020
	US$(000)	US$(000)	US$(000)	US$(000)	(Restated) US$(000)
Net (loss) profit	(433)	(2,420)	1,237	268	(1,348)
Other comprehensive income:					
Losses from Cash Flow Hedging, Net of Taxes	(2,007)				(2,007)
Exchange differences on translation	7,327		1,755		9,082
Share of Other Comprehensive Income of Associates, net of Tax	653		(158)		495
Gains on Financial Assets Measured at Fair Value with Changes in Other Comprehensive Income, net of Taxes	(1,680)				(1,680)
Other comprehensive income for the year	4,293				5,890
Total comprehensive income for the year, net of its income tax	3,860				4,542
Equity holders of the parent	5,961	(3,740)	2,834	268	5,323
Non-controlling interests	(2,101)	1,320			(781)

Likewise, with respect to the results of the third quarter of 2021, if there has been a change in the estimation of the tax calculation earnings and updated the book value of the investment in the Cordillera del Sur associated on September 30, 2021 and that generated Updated figures for the third quarter of 2021.

Interim Consolidated Condensed Income Statement from July to September 2021:

	From 01.07.2021 to 30.09.2021	**Evaluation of income tax calculation methodology**	**Reestimation of the associated investment Cordillera del Sur**	**From 01.07.2021 to 30.09.2021** (Restated)
	US$(000)	US$(000)	US$(000)	US$(000)
Net sales	641,308			641,308
Cost of sales	(173,215)			(173,215)
Gross profit	468,093			468,093
	-			-
Administrative expenses	(17,517)			(17,517)
Selling expenses	(10,674)			(10,674)
Exploration and evaluation expenses	(5,757)			(5,757)
Other expenses, net	(3,804)			(3,804)
Total operating expenses	(37,752)			(37,752)
				-
Operating income	430,341			430,341
				-
Other (expenses) income:				-
Finance income	1,969			1,969
Finance costs	(39,728)			(39,728)
Profit (Loss) from investment in associates, net	979		(773)	206
Exchange difference, net	(15,491)			(15,491)
Total other expenses, net	(52,271)		(773)	(53,044)
Profit before income tax	378,070		(773)	377,297
Income tax	(210,408)	11,330		(199,078)
Net (Loss) profit	167,662	11,330	(773)	178,219

Interim consolidated statements of comprehensive income from July to September 2021:

	From 01.07.2021 to 30.09.2021	Evaluation of income tax calculation methodology	Reestimation of the associated investment Cordillera del Sur	From 01.07.2021 to 30.09.2021 (Restated)
	US$(000)	US$(000)	US$(000)	US$(000)
Net (loss) profit	167,662	11,330	(773)	178,219
Other comprehensive income:				
Losses from Cash Flow Hedging, Net of Taxes	5,054			5,054
Exchange differences on translation	(33,218)		4769	(28,449)
Share of Other Comprehensive Income of Associates, net of Tax	(494)		29	(465)
Gains on Financial Assets Measured at Fair Value with Changes in Other Comprehensive Income, net of Taxes	(10,753)			(10,753)
Other comprehensive income for the year	(39,411)	-	4,798	(34,613)
Total comprehensive income for the year, net of its income tax	128,251	11,330	4,025	143,606

3. Cash and cash equivalents and Other financial assets

(a) The composition of the item is presented below:

	30.09.2021	31.12.2020
	US$(000)	US$(000)
Cash on hand and petty cash	15	17
Bank current accounts (b)	353,502	139,027
Overnight deposits (c)	79,325	72,109
Time deposits (d)	103,878	45,756
Certificates of bank deposits (e)	665	501
Balance considered in the consolidated statements of cash flow	537,385	257,410
Time deposits with original maturities greater than 90 days (f)	-	90,576
Total	537,385	347,986

(b) As of September 30, 2021, and December 31, 2020, the Group maintains its deposits in current accounts in top-tier local and foreign banks, they are freely available and bear interest at market rates.

(c) Overnight deposits are in a foreign bank, which accrue interest at market rates.

(d) Time deposits have original maturities of less than 90 days from their constitution and can be renewed at maturity. As of September 30, 2021, and December 31, 2020, these deposits earned interest calculated with market rates, and were settled in October 2021 and January 2020, respectively.

(e) As of September 31, 2021, they correspond to bank deposit certificates (hereinafter "CDI") held by Mineração Taboca S.A. for R$3,618,000 (equivalent to US$665,000) that accrue interest at a 20 percent CDI rate and have original maturities of less than 90 days (R$2,603,000 equivalent to US$501,000 as of December 31, 2020 that accrued interest at a rate of 20 percent CDI).

(f) Term deposits with original maturity greater than 90 days are presented under "Other financial assets" of the interim consolidated statement of financial position.

4. Trade and other receivables, net

(a) The composition of this caption is presented below:

	30.09.2021	31.12.2020
	US$(000)	US$(000)
Trade (b):		
Invoices receivable	168,335	75,865
Changes in the fair value	(5,506)	4,029
	162,829	79,894
Other receivables:		
Value added tax credit and other tax credits (c)	105,993	131,997
Related parties, note 17(a)	2,833	3,581
Advances to suppliers	1,080	1,134
Invoices receivable for the sale of other supplies and fixed assets	1,527	3,155
Judicial deposits (d)	1,261	1,292
Restricted funds	7,365	109
Interest receivable (e)	4	1,280
Loans to employees	78	129
Others	1,680	769
	121,821	143,446
Total	284,650	223,340
By maturity:		
Current	251,820	136,081
Non-Current	32,830	87,259
Total	284,650	223,340

(b) As of September 30, 2021, and December 31, 2020, trade accounts receivable does not bear interest and do not have specific guarantees. In the estimation process for expected credit losses, Management evaluates the credit risk and individual credit limits. The evaluation is performed at each reporting date using an estimation matrix to measure the expected credit losses.

(c) As of September 30, 2021, and December 31, 2020, this caption mainly comprises the credit for the valued added tax (hereinafter "VAT") that results from the purchases of goods and services resulting from the activities of constructions and development carried out by the subsidiaries in Peru (Cumbres del Sur S.A.C. and Marcobre S.A.C.) and Brazil (Mineração Taboca S.A.) that will be compensated with the VAT payable on the operations of the subsidiaries in Peru (Marcobre S.A.C) and by the value added tax of the production activities of the subsidiary in Brazil (Mineração Taboca SA).

To the third quarter of 2021, the subsidiary Marcobre obtained the refund of the credit for the value added tax for US$33,814,000 (US$91,769,000 during 2020) through the Early Recovery System of the VAT (hereinafter '' RERA''), for which the subsidiary expects to continue recovering said credit through this Regime during 2021. If there is a remaining credit balance of VAT, its refund or offset will be requested under the Regime of Exporter´s value added tax ("SFMB" for its acronym in Spanish) based on the sales of export.

In Management's opinion, this credit will be recovered in the short term (through the RERA) and in the long term, with the operational activities of the subsidiary Marcobre.

Likewise, the subsidiary Cumbres del Sur has evaluated the recoverability of the credit balance of VAT as of September 30, 2021 for US$8,418,000 (US$8,735,000 as of December 31, 2020) and considers that it will be used.

(d) As of September 30, 2021, and December 31, 2020, it corresponds to the judicial deposits held by the subsidiary Mineração Taboca S.A. corresponding to processes when liquidated through the financing of debts to the tax administration of Brazil (REFIS) and when its expects the development of the review initiated in 2014 by the Federal Revenue Secretariat of Brazil and the Attorney General's Office and the National Treasury of Brazil, to request the release and consequent lifting of the amounts deposited. During the year 2021, the release of US$302,000 was made (US$301,000 during the year 2020).

(e) As of September 30, 2021, and December 31, 2020, it is attributable to interest receivable related to time deposits.

5. Inventory, net

(a) The composition of this caption is presented below:

	30.09.2021	31.12.2020
	US$(000)	US$(000)
Mined material - Marcobre	110,241	49,883
Finished products	61,270	21,592
Work in progress	50,059	41,504
Materials and supplies	56,446	39,008
Mineral extracted	4,452	3,316
Inventory in transit	4,690	8,095
	287,158	163,398
Allowance for obsolescence	(3,380)	(3,819)
	283,778	159,579
By maturity:		
Current	173,834	109,696
Non-Current	109,944	49,883
Total	283,778	159,579

6. Financial assets at fair value through other comprehensive income

(a) The composition of the item is presented below:

30.09.2021	Cost	Unrealized results	Past due interest	Returns	Sale of the investment	Fair value
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Rímac Seguros y Reaseguros	21,070	(6,687)	-	746	-	15,129
BBVA Spain (*)	14,845	(8,912)	-	503	-	6,436
Total	35,915	(15,599)	-	1,249	-	21,565

31.12.2020	Cost	Unrealized results	Past due interest	Returns	Sale of the investment	Fair value
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Commercial papers	79,867	-	1,633	-	(81,500)	-
Rímac Seguros y Reaseguros	21,070	(81)	-	746	-	21,735
BBVA Spain (*)	14,845	(10,398)	-	503	-	4,950
Total	115,782	(10,479)	1,633	1,249	(176,847)	26,685

(*) Investments in BBVA Spain are considered non-current.

(b) As of September 30, 2021, and December 31, 2020, the fair value of the investments in Rímac Seguros y Reaseguros has been determined based on their listing on the Lima Stock Exchange.

(c) The fair value of commercial papers was estimated based on discounted cash flows using available market rates for debt instruments with similar conditions, maturity, and credit risk.

(d) As of September 30,2021, the Company received cash dividends from BBVA Spain and Rímac for US$68,000 and US$708,000, respectively (US$132,000 in cash dividends from BBVA as of December 31,2020), which were paid to the results of the period.

(e) The movement of financial assets measured at fair value through other comprehensive income is presented below:

	30.09.2021	31.12.2020
	US$(000)	US$(000)
Opening balance	26,685	110,693
Earned interest of deposit certificates	-	60
Unrealized results	(5,120)	(2,568)
Liquidations of deposit certificates	-	(81,500)
Ending balance	21,565	26,685
By maturity:		
Current portion	15,129	21,735
Non-current portion	6,436	4,950
Total	21,565	26,685

7. Investments in associates

(a) This caption is made up as follows:

	Interest in equity		Equity value	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
	%	%	US$(000)	US$(000)
Inversiones Cordillera del Sur Ltda. and subsidiaries	73.85	73.85	246,422	273,315
Futura Consorcio Inmobiliario S.A.	3.31	3.31	2,824	3,376
			249,246	276,691

(b) The net participation in the profits (losses) of its associated companies is as follows:

	For periods of three months ended September 30,		For periods of nine months ended September 30,	
	2021	2020	2021	2020
	US$(000)	US$(000)	US$(000)	US$(000)
Inversiones Cordillera del Sur Ltda. and subsidiaries	189	(2,443)	8,013	(2,436)
Futura Consorcio Inmobiliario S.A.	17	29	41	118
Explosivos S.A. (c)	-	-	-	264
Total	206	(2,414)	8,054	(2,054)

(c) In April 2020, the Group sold all the shares it owned in Exsa S.A. for a total value of US$8,355,000. The net profit generated by the disposal of this investment was US$1,007,000, which was recorded in the consolidated statement of profit and loss.

(d) As of September 30, 2021, and December 31, 2020, the Group concluded that there are no impairment indicators for its investments in associates, therefore, it did not make a formal estimate of the recoverable amount.

8. Property, plant and equipment, net

(a) The composition and movement of this caption of the third quarter of 2021 and 2020 were as follow:

Net cost	Balance as of January 1, 2021	Additions	Mine closure update	Depreciation	Disposals (d)	Reclassifications	Translating adjustment	Balance as of September 30, 2021
Cost	2,695,270	202,020	(36,381)	-	(763)	1,609	(13,010)	2,848,745
Depreciation	(769,961)	-	-	(96,366)	345	(3,705)	5,022	(864,665)
Impairment loss of Property, plant and equipment	(37,116)	-	-	-	-	-	1,558	(35,558)
	1,888,193	**202,020**	**(36,381)**	**(96,366)**	**(418)**	**(2,096)**	**6,430**	**1,948,522**

Net cost	Balance as of January 1, 2020	Additions	Mine closure update	Depreciation	Disposals (d)	Reclassifications	Translating adjustment	Balance as of September 30, 2020
Cost	2,319,085	297,446	(3,285)	-	(1,941)	(293)	(99,105)	2,512,357
Depreciation	(703,944)	-	-	(66,424)	246	-	48,698	(721,424)
Impairment loss of Property, plant and equipment	(46,922)	-	-	-	-	-	12,172	(46,922)
	1,568,219	**297,446**	**(3,285)**	**(66,424)**	**(1,245)**	**(293)**	**(50,407)**	**1,744,011**

(b) The depreciation expense has been distributed in the consolidated statement of profit and loss as follows:

	For periods of three months ended September 30,		For periods of nine months ended September 30,	
	2021	2020	2021	2020
	US$(000)	US$(000)	US$(000)	US$(000)
Cost of sales	38,099	17,406	82,085	44,047
Development cost	(639)	4,603	13,518	13,699
Administration expenses	226	(310)	567	508
Exploration and evaluation expenses	29	61	84	127
Selling expenses	1	3	6	8
Unabsorbed costs	-	2,696	-	7,945
Other expenses	55	34	106	90
	37,771	24,493	96,366	66,424

(c) As of September 30, 2021, and 2020 the mainly addition of the working progress item comprises investments related with the construction of Mina Justa (Marcobre).

(d) As of September 30, 2021, and December 31,2020, the net cost of machinery and equipment under finance leases amounts to US$1,902,000 and US$1,177,000, respectively.

(e) As of September 30, 2021, and September 30, 2020, disposals correspond mainly to the sale of machinery and equipment and transportation units.

(f) Impairment assessment of mining units

In accordance with the Group's policies and procedures, each asset or cash-generating unit (CGU) is evaluated annually at the end of the period, to determine if there are impairment. If there are such indicators of impairment, a formal estimate of the recoverable amount is made.

As of September 30, 2021, the Group concluded that there are no impairment indicators in any of its mining units, therefore, it did not make a formal estimate of the recoverable amount.

9. Intangible assets, net

(a) The composition and movement of this caption of the third quarter of 2021 and 2020 were as follow:

Net cost	**Balance as of January 1, 2021**	**Additions**	**Amortization**	**Disposals (d)**	**Reclassifications**	**Translating adjustment**	**Balance as of September 30, 2021**
Cost	732,910	72,742	-	(658)	(1,607)	(2,569)	800,818
Amortization	(57,257)	-	(13,937)	-	-	689	(70,505)
	675,653	**72,742**	**(13,937)**	**(658)**	**(1,607)**	**(1,880)**	**730,313**

Net cost	**Balance as of January 1, 2020**	**Additions**	**Amortization**	**Disposals (d)**	**Reclassifications**	**Translating adjustment**	**Balance as of September 30, 2020**
Cost	628,630	86,363	-	(86)	-	(20,732)	694,175
Amortization	(55,210)	-	(4,118)	-	-	5,001	(54,327)
	573,420	**86,363**	**(4,118)**	**(86)**	**-**	**(15,731)**	**639,848**

(b) The amortization expense has been distributed in the consolidated statement of profit and loss as follows:

	For periods of three months ended September 30,		For periods of nine months ended September 30,	
	2021	2020	2021	2020
	US$(000)	US$(000)	US$(000)	US$(000)
Cost of sales, note 16	4,776	885	8,109	2,856
Mine development	4,804	32	5,560	102
Exploration expenses and studies	59	(143)	252	383
Administration expenses	5	(11)	16	16
Other expenses	-	-	-	0
Unabsorbed costs	-	761	-	761
	9,644	1,524	13,937	4,118

(c) As of September 30, 2021, and 2020, the additions mainly comprise items related the development cost of Mina Justa.

(d) As of September 30, 2021, and 2020, the concessions and mining rights are mainly related to the concession of the subsidiaries Mineração Taboca S.A. and Mina Justa.

10. Borrowings

(a) The composition of this caption is presented below:

Entity	Guarantee	Interest rate	30.09.2021 US$(000)	31.12.2020 US$(000)
Syndicated loan, net of structuring costs (d)	With guarantees	Libor 3 meses + 1.57%	875,665	765,896
Syndicated loan, Bofa-Santander (c)	Without guarantees	Libor 6 meses + spread 2.00% - 3.00%	296,828	-
Corporate bonds, net of issuance costs (e)	Without guarantees	6.25%	184,778	444,879
Citibank (f)	Corporate Minsur	Libor 3 meses + Spread	72,626	97,000
Banco de Crédito del Perú -BCP (m)	Without guarantees	1.13%	66,000	-
Interbank (l)	Without guarantees	0.36%	40,000	-
Bank of América (i)	With guarantees	2.47%	34,968	-
BBVA (l)	Without guarantees	0.63%	30,000	-
Banco de Crédito del Perú -BCP (l)	Without guarantees	0.65%	25,000	-
Bank do Brasil (g)	With guarantees	1.72% - 2.45%	16,785	33,116
Bank Santander (j)	With guarantees	Libor 3 meses + Spread	7,993	7,390
Bank Santander (g)	Without guarantees	3.21% - 4.10%	7,185	9,307
Finance leases (k)	Without guarantees	1.30% - 2.93%	2,821	1,503
Bank ABC (g)	Without guarantees	4.70%	1,698	1,701
			1,662,347	1,360,792
By maturity:				
Current			411,075	150,923
Non-current			1,251,272	1,209,869
			1,662,347	1,360,792

(b) The following is the movement of financial obligations:

	30.09.2021 US$(000)	31.12.2020 US$(000)
Opening balance	1,360,792	1,095,387
Additions	634,007	344,054
Structuring costs	2,073	(4,938)
Payments	(330,050)	(69,238)
Translation	(4,475)	(4,473)
Ending balance	1,662,347	1,360,792

(c) On July 1, 2021 the Company received a syndicated loan for the amount of USD$300,000,000 from Bank of America and Santander with maturity between 2024 and 2026. This loan was acquired for the purpose of refinancing part of the existing corporate bonds, with a variable interest rate of six-month Libor plus a fixed spread (year 1 and 2: 2.00%, year 3: 2.50%, year 4 and 5: 3.00%) between the years 2021 and 2026.

(d) On August 15, 2018 the subsidiary Marcobre subscribed a syndicated loan with a group of lenders composed by Export Development Canada; Export Finance and Insurance Corporation; KFW IPEX-Bank GMBH; The Export-Import Bank of Korea; Banco Bilbao Viscaya Argentaria, S.A .; Hong Kong, Banco de Crédito del Peru; BBVA Banco Continental; Credit Agricole Corporate and Investment Bank; ING Bank (a Branch of ING-DIBA AG); ING Capital LLC; Natixis London Branch; Natixis New York Branch, Société Génerale; and Banco Bilbao Viscaya Argentaria, S.A., New York Branch, for which it obtained a credit line of US$900,000,000; this loan has been used for the development and construction of Mina Justa with a variable interest rate of Libor for three months of 0.1315% as of September 30, 2021 plus an average fixed margin of 1.57% (0.22% plus an average fixed margin of 1.57% as of December 31, 2020). To obtain this loan, the subsidiary Marcobre counted as guarantors with Minsur S.A. and Empresas Copec S.A. Until September 30, 2021, the subsidiary Marcobre has received the entire syndicated loan for US$900,000,000 (US$875,665,000 net of structuring costs). As December 31,2020 it has received US$792,000,000 (US$765,896,000 net of structuring costs).

During the loan period, Marcobre must comply with the following conditions agreed in the loan agreement:

- Notify to the guarantor agent of any revision of the Mining Plan. In addition, the subsidiary Marcobre may not, without the consent of the lenders, use the project funds in an amount exceeding US$2,500,000 in any period to pay the costs incurred in connection with mining concessions other than strategic mining concessions.

- Notify the guarantee agent before incurring capital expenditures during any fiscal year that exceeds US$20,000,000 above the total capital expenditures budgeted in the annual budget and the operating plan in effect for that fiscal year.

As of September 30, 2021, and December 31, 2020, the subsidiary Marcobre has complied with the financial restrictions of the signed contract.

As of September 30, 2021, and December 31, 2020, the subsidiary Marcobre has established mortgages and pledges for all of its property, plant and equipment and its intangible assets as collateral for the subscribed syndicated loan.

(e) The General Meeting of Shareholders of January 30, 2014, agreed that the Group should issue an international bond issue ("Senior Notes") through a private placement under Rule 144 A and Regulation S of the US Securities Act of 1933. He also agreed to list these bonds on the Luxembourg Stock Exchange. On January 31, 2014, the Group issued bonds with a nominal value of

US$450,000,000 due on February 7, 2024 at a coupon rate of 6.25 percent, obtaining a net collection under the pair of US$441,823,500.

On July 5, 2021 the Company used the syndicated loan described in note 10 (c) for the repurchase of its corporate bonds for USD$263,777,000, also for prepayment premium and expenses associated with this activity, the amount of USD$26,200,000 has been recognized in the financial expenses caption of the statement of income.

Corporate bonds restrict the ability of the Group to perform certain transactions; however, these restrictions do not condition the Group to comply with financial ratios or maintain specific levels of liquidity.

(f) Corresponds to "prepaid export - PPE" loans obtained by the subsidiary Minera Taboca during 2017, whose maturity dates will be in December 2023, the financing was carried out with the objective of reducing part of its debts short-term and improve cash flow in this subsidiary.

(g) They correspond to loans of the type "advance of exchange contracts -ACC", obtained by the subsidiary Minera Taboca to finance their working capital and contracted in relation to their export operations, which also constitute the guarantees of the financed amounts.

(h) As of September 30, 2021, and December 31, 2020 Minsur S.A. maintains joint guarantees and letter of credit for US$206,670,000 that guarantee the financing and other operations of its subsidiary Mineração Taboca S.A.

(i) Corresponds to loans of type “LOAN-4131 – Bank of America” obtained by the subsidiary Mineração Taboca S.A. in the first quarter of 2021, maturity dates are in February 2026, the financing was carried out with the objective of reducing part of its debts short-term and improve cash flow in this subsidiary.

(j) Corresponds to two "prepaid export - PPE" loans obtained by the subsidiary Mineração Taboca S.A. During 2020, whose maturity dates are November 2024 and November 2025, the financing was carried out with the objective of reducing part of its short-term debts and improving cash flow in this subsidiary.

(k) As of September 30, 2021, and December 31, 2020, the Group has financial leases with Banco de Crédito del Perú and Scotiabank del Perú for the purchase of machinery at a weighted average rate of 1.30% and 2.93%, respectively, with maturities between years 2022 and 2023.

(l) In May 2021, the Company has received US$95,000,000 through bank promissory notes to finance its working capital, which will be paid in a single payment of interest and principal upon maturity. The settlement date of the Banco Interbank promissory note is August 2021, while the promissory notes provided by Banco BBVA and BCP mature in May 2022.

(m) On April 27, 2021, the subsidiary Marcobre signed a short-term loan with Banco de Crédito del Perú for an amount of US$66,000,000. This loan has been used as working capital for Mina Justa with a fixed annual interest rate of 1.13%.

11. Provisions

The composition of this caption is related with the provisions for mine closure, environmental remediation, contingencies, performance bonuses and other provisions. The mainly variation during the third quarter of 2021 is explained by the update of provision of the mine closures.

12. Income tax

(a) The Group calculates income tax for the period using the expected effective rate that would be applicable to annual results, the main components of income tax expense shown in the Interim consolidated income statements is composed as follows:

	For periods of three months ended September 30,		For periods of nine months ended September 30,	
	2021	2020	2021	2020
	US$(000)	US$(000)	US$(000)	US$(000)
Income tax				
Current	(36,672)	(16,549)	(93,218)	(27,682)
Deferred	(144,973)	(5,239)	(113,406)	11,631
	(181,645)	(21,788)	(206,624)	(16,051)
Mining royalties and special mining tax				
Current	(43,643)	(2,521)	(57,460)	(7,037)
Deferred	26,210	(6,213)	11,173	(11,557)
	(17,433)	(8,734)	(46,287)	(18,594)
	(199,078)	(30,522)	(252,911)	(34,645)

As a result of the evaluation of the income tax calculation methodology in accordance with IAS 34, the third quarter of 2021 and 2020 have been modified as detailed in note 2.

(b) As of September 30, 2021, the Group maintains an income tax prepayment of US$9,033,000 and an income tax payable of US$35,860,000. As of December 31, 2020, the Group maintains an income tax prepayment of US$6,272,000.

(c) Deferred income tax on investments in associates -

The Group does not record the deferred income tax asset related to investments in its associates Inversiones Cordillera del Sur Ltda., Futura Consorcio Inmobiliario S.A.C. and Exsa S.A. (until April 30, 2020) due to: (i) Inversiones Breca and subsidiaries have joint control of those companies, which operate as part of the economic group and, (ii) the Group has the intent and the ability to hold these investments in the long-term. Consequently, Management believes that the temporary difference will be reversed through dividends to be received in the future, which according to current tax rules are not subject to income tax. There is no legal or contractual obligation for the Group's Management to be forced to sell its investment in associates.

13. Equity

a) Non-controlling interest contributions

As of September 30, 2021, and 2020, the Group received contributions of the total non-controlling interest of US$41,000,000 and US$65,240,000, respectively, as part of the financing of the Mina Justa project and other mineral exploration projects.

b) Declared and paid dividends

Below is information on dividends declared and paid for the year 2021:

	Date	Dividends declared and paid	Dividends by common share	Dividends per investment share
		US$(000)	US$(000)	US$(000)
Dividends 2021				
Shareholders' meeting	17 de mayo	250,000	8.6715	0.08672

During 2020, the Group has not declared dividends.

14. Tax situation

As of September 30, 2021, there are no significant changes in the tax situation of Minsur and subsidiaries.

15. Net sales

(a) The composition of this caption is presented below:

	For periods of three months ended September 30,		For periods of nine months ended September 30,	
	2021	2020	2021	2020
	US$(000)	US$(000)	US$(000)	US$(000)
Tin and other minerals	281,605	137,822	663,801	313,850
Copper concentrate	278,735	-	278,735	-
Gold	33,123	27,798	90,939	94,314
Copper cathodes	33,094	-	33,094	-
Niobium and tantalum	14,751	13,920	50,975	37,522
	641,308	179,540	1,117,544	445,686

(b) Tin Sales Concentration - Peruvian Market -

As of September 30,2021, there is no significant concentration of sales. The top 3 customers accounted for 41 percent of total sales (As of September 30, 2020 the top three customers accounted for 38 percent of total sales).

(c) Tin Sales Concentration - Brazilian Market –

As of September 30, 2021, the three main clients represent 51 percent of total sales (39 percent as of June 30, 2020) of the Brazilian market.

(d) Copper concentrate sales concentration -

On September 30, 2021, the two main clients represent 60 percent of total sales

(d) Copper cathode sales concentration -

On September 30, 2021, the two main clients represent 85 percent of total sales

(d) Gold sales concentration -

On September 30, 2021, the Company sold gold to 2 clients that represented 100% of sales (4 clients as of September 30, 2020).

(e) Concentration of sales of niobium and tantalum –

As of September 30, 2021, the top three customers represent 59 percent of total sales (71 percent as of September 30, 2020).

16. Cost of sales

(a) The composition of this caption is made up as follows:

	For periods of three months ended September 30,		For periods of nine months ended September 30,	
	2021	2020	2021	2020
	US$(000)	US$(000)	US$(000)	US$(000)
Opening balance of product in process inventory and on-field ore	140,621	40,587	125,116	36,404
Opening balance of finished product inventory	57,776	15,857	49,485	37,711
Services rendered by third parties	46,206	25,218	112,210	59,182
Wages and salaries	37,370	23,664	92,872	56,845
Depreciation	40,793	21,521	89,991	54,379
Consumption of raw material and miscellaneous supplies	49,701	21,333	95,140	49,736
Purchase of mining services from AESA S.A..	10,549	6,961	28,944	15,570
Other manufacturing expenses	15,202	3,854	23,605	9,129
Electricity	8,040	3,768	15,433	9,169
Amortization, note 9(b)	4,776	885	8,109	2,856
Stripping cost	(15,139)	-	(15,139)	-
Out of inventory	4	21	15	30
Costs not absorbed by normal production capacity	448	3,045	448	21,883
Purchase of explosives from Exsa S.A.	-	-	-	1,136
Inventory losses	-	-	-	336
Recovery (estimate) for obsolescence	(335)	928	(350)	425
Translation	(1,577)	(20)	(986)	(5,370)
Final balance of work in process inventory and on-field ore	(159,950)	(43,714)	(159,950)	(43,714)
Final balance of finished product inventory	(61,270)	(13,605)	(61,270)	(13,605)
	173,215	110,303	403,673	292,102

17. Related parties transactions

(a) Accounts receivable, payable and lease liability -

The balances of the receivable and payable with related parties as of September 30, 2021 and December 31, 2020 are as follow:

	30.09.2021	31.12.2020
	US$(000)	US$(000)
Classification by existing captions:		
Other receivables (current), note 4(a):		
Other related parties		
Compañía Minera Raura S.A.	2,171	2,798
Administración de Empresas S.A.	654	769
Clinica Internacional S.A.	8	14
	2,833	3,581
For paying commercial and various (current)		
Other related parties		
Administración de Empresas S.A.	3,804	6,676
Clínica Internacional. S.A.	341	1,523
Rímac Seguros y Reaseguros	10,393	2,447
Compañía Minera Raura S.A.	127	210
Inversiones San Borja S.A.	93	84
Rímac S.A. Entidad prestadora de salud	-	312
Protección Personal S.A.C.	37	42
Inversiones La Rioja S.A.	-	-
Corporación Peruana de Productos Químicos S.A.	25	14
Inversiones Nacionales de Turismo S.A.	9	93
Centria Servicios Administrativos S.A.	9	1

Brein Hub S.A.C.	-	120
Terpel Comercial del Peru S.R.L.	-	410
Corporación Breca S.A.C.	-	1
	14,838	11,933
Financial obligations		
Other related parties		
Inversiones San Borja S.A.	3,867	4,510
Administración de Empresas S.A.	734	440
	4,601	4,950
	19,439	16,883
Classification by nature:		
Commercial	14,838	11,933
Financial Obligations	4,601	4,950
	19,439	16,883

There have been no guarantees provided or received from accounts receivable or payable with related parties. As of September 30, 2021, and December 31, 2020, the Group has not recorded any impairment of accounts receivable related to amounts owed by related parties. This evaluation is carried out each year by examining the financial situation of the related party and the market in which the related party operates.

Balances payable to related companies are current due, do not accrue interest and do not have specific guarantees.

(b) Remunerations -

The compensation received by key personnel of the Group as of September 30, 2021 and 2020 has been recognized as an expense in the interim consolidated statement of profit or loss and there are as follows:

	For periods of three months ended September 30,		For periods of nine months ended September 30,	
	2021	2020	2021	2020
	US$(000)	US$(000)	US$(000)	US$(000)
Perú				
Salaries	2,291	4,224	29,194	22,239
Board remuneration	131	132	396	397
	2,422	4,356	29,590	22,636
Brasil				
Fixed remuneration	223	223	804	724
Total	2,645	4,579	30,394	23,360

19. Commitments

a) Commitment of capital expenditures:

The capital expense that will be paid in the future, agreed on the date of consolidated financial statements of financial position but no recognized in the consolidated statement of financial position is as follows:

	As of 30.09.2021	As of 31.12.2020
	US$(000)	US$(000)
Capital commitments	44,801	280,500
	44,801	280,500

20. Contingencies

In 2010, the National Indian Assistance Foundation and Associacao dos Povos Indigenas Tenharim Igarapé Petro (as assistant) against Paranapanema filed a lawsuit against our subsidiary Taboca. The cause of action is alleged damaged to indigenous population related to mining activities in the70's and 80's, which supposedly ceased without proper recovery in the area. This lawsuit refers to events prior to the purchase of Taboca by Minsur. Accordingly, because of notifications exchanged, from the beginning, Paranapanema accepted the burden to act on behalf of both Defendants in the case.

Recently, a first instance decision was rendered to award both companies jointly liable to draft and execute a technical plan to remedy the location from an indigenous population perspective, under penalty of daily fines. No payment of compensation is due, although Plaintiffs still dispute it. Currently the award is limited to covenant (to do) measures, which are illiquid. Both sides filed motions for clarification which are pending to be decided. Terms for filing appeals are yet to be started. Experience shows that appeals will be filed and a final discussion on: (i) whether or not liability shall apply; (ii) the extension of liability; and (iii) which and how to implement remediation measures will be time consuming. It is more likely than not that a final decision will only be known after many years (in some cases up to 5-10 years).

In parallel, as (a) the events occurred in the 70's and 80's prior to the acquisition of Taboca by Minsur, as well as (b) Paranapanema agreed to defend both companies in the lawsuit, there are very good grounds to understand that Paranapanema should have in full the burden to bear the costs and execute the technical study and its implementation. Should Paranapanema fail to act accordingly, Taboca will be entitled to exercise a right of recourse. Considering the uncertainty and the complexity of this contingency, it cannot be quantified and recognized at the date of this report.

As of September 30, 2021, there were no significant changes in the contingencies of Minsur and subsidiaries in addition to the contingency mentioned before.

21. Segment information

Management has determined the operating segments of the Group based on the reports used for decision making. Management considers business units based on their products, activities, and geographical location:

- Production and marketing of tin extracted from Peru.
- Production and marketing of tin extracted from Brazil.
- Production and marketing of gold extracted from Peru.
- Production and marketing of copper extracted from Peru.
- Other mining exploration and development activities in Peru and Chile.

No operating segments have been aggregated to form the above reportable operating segments. All the non-current assets are in Perú, Brazil and Chile. Management monitors the profit (loss) before tax for each business units separately for the purpose of making decisions about resource allocation and performance assessment. The financial performance of a segment is evaluated based on income (loss) before income taxes and is measured consistently with income (loss) before income taxes in the consolidated statements of income.

	Tin and Gold (Peru)								
	Tin	Gold	Not distributable	Total	Tin	Copper	Mining exploration	Adjustments and Eliminations	Total Consolidated
	(Perú)	(Perú)	(Perú)	(Perú)	(Brasil)	(Perú)	(Perú and Chile)		
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$ (000)
As of September 30, 2021:									
Results:									
Entry of external customers	573,173	90,939	-	664,112	141,603	311,829	-	-	1,117,544
Sales cost	(200,408)	(57,326)	-	(257,734)	(104,523)	(40,587)	-	(829)	(403,673)
Administration expenses	(28,557)	(8,168)	-	(36,725)	(7,882)	(2,901)	(578)	759	(47,327)
Selling expenses	(4,508)	(464)	-	(4,972)	(1,599)	(9,580)	-	-	(16,151)
Exploration expenses and studies	(8,156)	(78)	-	(8,234)	-	(4,265)	(1,129)	(1)	(13,629)
Others, net	(1,495)	(429)	-	(1,924)	(379)	598	858	(757)	(1,604)
Operating income	330,049	24,474	-	354,523	27,220	255,094	(849)	(828)	635,160
Profit before income tax	-	-	400,005	400,005	13,277	239,998	5,971	(95,227)	564,024
Income tax	-	-	(142,233)	(142,233)	(4,315)	(106,644)	-	281	(252,911)
Net profit			**257,772**	**257,772**	**8,962**	**133,354**	**5,971**	**-94,946**	**311,113**
Other disclosures:									
Depreciation and amortization (included in costs and expenses)	41,568	24,708	834	67,110	13,596	5,449	32	828	87,015

	Tin and Gold (Peru)								
	Tin	Gold	Not distributable	Total	Tin	Copper	Mining exploration	Adjustments and Eliminations	Total Consolidated
	(Perú)	(Perú)	(Perú)	(Perú)	(Brasil)	(Perú)	(Perú y Chile)		(Restated)
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$ (000)
As of September 30, 2020:									
Results:									
Entry of external customers	247,805	94,314	-	342,119	103,567	-	-	-	445,686
Sales cost	(158,109)	(50,941)	-	(209,050)	(82,133)	-	-	(919)	(292,102)
Administration expenses	(17,074)	(5,411)	-	(22,485)	(7,515)	(28)	(502)	913	(29,617)
Selling expenses	(2,488)	(561)	-	(3,049)	(1,533)	-	-	-	(4,582)
Exploration expenses and studies	(4,014)	(375)	-	(4,389)	-	(4,072)	(1,285)	119	(9,627)
Others, net	1,368	434	-	1,802	(1,405)	1,437	(805)	(1,032)	(3)
Operating income	67,488	37,460	-	104,948	10,981	(2,663)	(2,592)	(919)	109,755
Profit before income tax	-	-	9,378	9,378	(47,189)	(10,460)	(6,351)	72,956	18,334
Income tax	-	-	(19,619)	(19,619)	(2,976)	(17,378)	5,015	313	(34,645)
Net profit			**(10,241)**	**(10,241)**	**(50,165)**	**(27,838)**	**(1,336)**	**73,269**	**(16,311)**
Other disclosures:									
Depreciation and amortization (included in costs and expenses)	(32,755)	(19,382)	(1,457)	(53,594)	(13,415)	-	(178)	(919)	(68,106)

22. Financial derivative instruments

(a) Since interest payments for loans obtained by the subsidiary Marcobre during the year 2018 are subject to variations due to being indexed at a variable interest rate, the Group decided to take a hedging strategy called bottom layer hedge or layered hedging strategy, by which it prospectively covers the Group's cash flows, which qualify as highly probable forecast transactions, with three different tranches (with swaps and caps options) distributed as follows:

- Tranche 1: From December 31, 2018 to June 30, 2021, it covers 50% with a swap and 20% with the cap N° 1.
- Tranche 2: Between June 30, 2021 and June 30, 2023, cover 35% with a swap and 45% with the cap N° 1.
- Tranche 3: After June 2023 until December 31, 2025 covers 80% with the cap N° 2.

(b) These “interest rate Cap” and “interest rate swap” contracts were signed for a maximum amount of US$ 720,000,000, thereby hedging 80% of the loan from the subsidiary Marcobre.

The total cost of the premiums for the Cap N° 1 and Cap N° 2 options incurred in 2018 were US$3,964,000 that will accrue during the term of the options. The payment of the premium for the options was financed over a period of 4 years. The amount payable as of September 30, 2021 amounts to US$1,125,000 (US$2,117,000 as of December 31, 2020).

Entity	**Value Reference (maximum)** US$(000)	**Agreed rate** %
Natixis Bank		
Interest Rate Swap	450,000	2.866%
Societe Generale Bank		
Interest Rate Cap N°1	405,000	3.332%
Interest Rate Cap N°2	208,526	3.362%

		Hedged value	
		2021 US$(000)	**2020** US$(000)
Cash flow hedges -			
Interest rate swap (d)	From December 2018 to June 2023	878	1,340
Cap 1 – Interest rate (d)	From December 2018 to June 2023	1,129	1,309
Cap 2 – interest rate (d)	From September 2023 to September 2025	3,437	1,579
Total		5,444	4,228

(c) As of September 30, 2021, the Group through its subsidiary Marcobre has recognized an account payable for the fair value of the derivative financial instruments in the amount of US$9,081,000 of which US$6,638,000 has current maturity and US$2,443,000 has non-current maturity (US$17,388,000 as of December 31, 2020 of which US$10,347,000 current maturity and US$7,041,000 of non-current maturity), whose impact on other comprehensive income was as follows:

	Effect on other comprehensive income (expense)	
	From 01.01.2021 to 30.09.2021	**From 01.01.2020 to 30.09.2020**
	US$(000)	US$(000)
Derivatives of interest rates -		
Interest rate swap	(8,307)	7,934
Cap 1 – Interest rate	-	(4,323)
Cap 2 – interest rate	-	(2,563)
Intrinsic Value of Premium Caps	(495)	-
Other effects	(135)	(3,452)
	(9,007)	4500
(-) Deferred income tax	2,342	(1,170)
Net effect	(6,665)	3,330

The subsidiary Mineração Taboca S.A. maintains derivative financial instruments, exchange rate swaps, Zero Cost Collar of exchange rate and NDF (Non-Deliverable Forward) with the objective of protecting and managing the risks inherent in the variation of foreign currency (dollar in the case of Mineração Taboca S.A.) and tin prices. These operations aim to reduce the exchange exposure and the significant changes in the prices of raw materials. As of September 30, 2021, the net fair value of these Zero Cost Collar and NDF amounts to US$173,000 (equivalent to R$943,000) and Swap amounts to US$1,641,000 (equivalent to R$8,926,000 (Zero Cost Collar and NDF amounts to US$4,161,000, equivalent to R$21,622,528, and Swap amounts to US$5,338,000, equivalent to R$27,739,000, as of December 31, 2020).

(d) Gold price hedge –

The Company signed contracts that include derivative financial instruments with the objective of reducing the risk on cash flows attributable to the fluctuation of the gold price, from January 2020 to December 2024.

The Company has designated these derivatives as cash flow hedges, given that it has determined that there is an adequate economic relationship between the hedging instruments and the hedged items, which are highly probable.

Below is the composition of the transactions to be settled that are part of the liability for an instrument derived from coverage as of September 30, 2021 and December 31, 2020:

2021

Metal	**Instrument**	**Expiration period**	**Covered volume** Oz	**Agreed price** US$/oz	**Estimated price** US$/oz	**Fair value** US$(000)
Gold	**Zero Cost Collar**					
		2021	15,634	1,450 – 1,639	1,756	(2,208)
		2022	55,740	1,450 – 1,700	1,781	(4,990)
		2023	52,941	1,450 – 1,746	1,791	(5,113)
		2024	32,000	1,450 – 1,775	1,818	(2,556)
						(14,867)

2020

Metal	**Instrument**	**Expiration period**	**Covered volume**	**Agreed price**	**Fair value**

			Oz	US$/oz	Estimated price US$/oz	US$(000)
Gold	**Zero Cost Collar**					
		2021	46,900	1,450 – 1,639	1,902	(14,996)
		2022	55,740	1,450 – 1,700	1,918	(13,998)
		2023	52,941	1,450 – 1,746	1,935	(12,704)
		2024		1,450 – 1,775	1,953	(7,263)
						(48,961)

The effective portion of the variations in the fair value of derivative financial instruments that qualify as hedging are recognized as assets or liabilities, with net equity as their counterpart the "Consolidated statement of other comprehensive income".

As of September 30, 2021, and 2020, the Group recognized in the "Consolidated statement of other comprehensive income" a positive variation in fair value of approximately US$33,290,000 and a negative variation in fair value US$47,611,000, respectively, which is presented net of the effect on income tax.

The following is the classification according to maturity as of September 30, 2021 and December 31, 2020:

Instruments –September 30, 2021	**Nature**	**Current** US$(000)	**Non-current** US$(000)	**Total** US$(000)
Interest rate hedges – Marcobre	Asset	-	396	396
Exchange rate hedges – Taboca	Asset	75	2,194	2,269
Total Assets		75	2,590	2,665
Metal price hedges – Minsur	Liability	5,779	9,088	14,867
Interest rate hedges – Marcobre	Liability	6,638	2,443	9,081
Interest rate hedges – Taboca	Liability	2,237	1,121	3,358
Metal price hedges - Taboca	Liability	42,019	9,252	51,271
Exchange rate hedges – Taboca	Liability	3,031	2,407	5,438
Total Liabilities		59,704	24,311	84,015

Instruments –December 31, 2020	**Nature**	**Current** US$(000)	**Non- current** US$(000)	**Total** US$(000)
Exchange rate hedges – Taboca	Asset	685	55	740
Interest rate hedges – Marcobre	Asset	-	101	101
Interest rate hedges – Taboca	Asset	-	81	81
Total Assets		650	237	922
Metal price hedges – Minsur	Liability	14,996	33,965	48,961
Interest rate hedges – Marcobre	Liability	10,347	7,041	17,388
Interest rate hedges – Taboca	Liability	2,792	2,630	5,422
Metal price hedges – Taboca	Liability	8,614	652	9,266
Exchange rate hedges	Liability	4,904	-	4,904

– Taboca			
Total Liabilities	41,653	44,288	85,941

23. Financial instrument risk management, objectives, and policies

23.1 Financial risk factors

The Group's main financial liabilities, other than derivatives, comprise financial liabilities, trade payables and other payables. The main purpose of the financial liabilities is to finance the Group's operations. The Group's main financial assets include cash and term deposits and trade and other receivables that derive directly from its operations. The Group also holds financial assets at fair value through other comprehensive income.

Due to the nature of its activities, the Group is exposed to market, credit, liquidity and capital management risks, which are managed by senior management through a process of continuous identification, measurement and monitoring, subject to limits of risk and other controls. This risk management process is critical for the continued profitability of the Group and each person within the Group is responsible for risk exposures related to their responsibilities. The independent risk control process does not include business risks such as changes in the environment, technology and industry, which are monitored through the strategic planning process of the Group. The main risks to which the Group is exposed that have had relevant changes with respect to December 31, 2020 are detailed below.

Market risks:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices involve three types of risk: the risk of exchange rate, the interest rate risk and price risk. Financial instruments affected by market risk include bank deposits and time deposits, receivables and payables in currencies other than US dollar, financial asset at fair value, financial derivative instruments and borrowings.

The relevant sensitivity analyzes included in the following sections relate to the consolidated financial situation as of September 30, 2021 and September 30, 2020.

This sensitivity analyzes have been prepared on the basis that the amount of debt, the ratio of fixed-to-floating interest rates and the proportion of financial instruments in foreign currencies are all constants as of September 30, 2021 and September 30, 2020.

Interest rate risk –

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As of September 30, 2021 and September 30, 2020 the Company's corporate bonds have a fixed effective interest rate, consequently, management has assessed that it is not relevant to perform a sensitivity analysis to changes in interest rates. Related to the syndicated loan, see note 10c, the following table shows the sensitivity in the Company's results as of September 30, 2021, if the market interest rate (Libor) had varied by 50 basis points:

Year	**Potential increase/decrease**	**Effect on profit before income tax**
		US$(000)
September 30, 2021	+50pbs	(379)
	-50pbs	379

Foreign currency risk –

The Group operates internationally and its exposure to exchange risk results from its operations carried out in currencies other than its functional currency. The transactions of the Group are mainly settled in U.S. dollars, Brazilian reals and soles. Although to a lesser extent, the Group also has operations in other currencies such as Chilean pesos. As a result, the Group is exposed to the foreign exchange risk fluctuation.

Management assumes the risk of change with the product of operations; that is, it does not perform hedging operations with derivative financial instruments to cover its exchange risk.

The following table shows the sensitivity in the results of the Group on September 30, 2021 and 2020 if the Brazilian reals and Peruvian soles had revalued/devalued 10 percent with respect to US dollar.

Year	**Potential increase/decrease**	**Effect on profit before income tax** US$(000)
September 30, 2021	10%	(18,346)
	-10%	18,346
September 30, 2020	10%	17,109
	-10%	(17,109)

Changes risk in mineral prices –

The international tin price has a significant impact on the results of operations of the Group. These tin and gold prices historically have fluctuated and are influenced by factors beyond the control. The Group manages its price risk primarily through the use of sales commitments under customer contracts and underwriting derivative contracts for the metals it markets.

The Group has price risk from its sales contracts established at provisional prices, subject to a future price in a given month, based mainly on the average monthly price in the LME. To the extent that the final price is higher or lower initially provisionally recorded, the increase or decrease in income is recorded at each date of the financial report until the date of the final settlement.

The Company and the subsidiary Mineração Taboca S.A. entered into derivative contracts that qualify as cash flow hedges, with the intention of covering the risk resulting from the fall in prices of tin and gold. These derivative contracts were recorded as assets or liabilities in the statement of financial position and are presented at fair value. To the extent that these hedges were effective to offset future cash flows from the sale of related production, changes in fair value were deferred in an equity account. Deferred amounts were reclassified to sales when the corresponding production was sold.

The table below summarizes the impact on earnings before income tax for changes in the tin price. This analysis is based on the presumption that the price of tin has increased or decreased by 10 percent, while the rest of the variables remain constant.

Year	**Potential increase/decrease**	**Effect on profit before income tax** US$(000)
September 30, 2021	10%	12,006
	-10%	(12,006)
September 30, 2020	10%	11,543
	-10%	(11,543)

As of September 30, 2021, the Group sold gold dore bars in some cases at a provisional price. The table below summarizes the impact on profit before income tax from changes in the price per ounce of gold and silver contained in the gold dore bar. This analysis assumes that the price of the ounces contained in gold dore bars have increased or decreased by 10 percent at the end of the year, while the rest of the variables remain constant. For the positive scenario, as of September 30, 2021, an average price of US$1,931 per ounce of gold was considered; while for the negative scenario, an average price of US$1,580 per ounce of gold was considered.

Year	Potential increase/decrease	Effect on profit before income tax US$(000)
September 30, 2021	10%	3,392
	-10%	(3,392)

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24. Financial asset and financial liabilities

(a) Financial liabilities –

All financial liabilities of the Group, excepting the embedded derivative from tin sales, include trade and other payables and Senior Notes which are classified as loans and borrowings and are carried at amortized cost.

(b) Fair values -

The fair value of the financial instruments is defined by the at 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, under the assumption that the entity is a going concern.

The following methods and assumptions were used to estimate the fair values:

Financial instruments whose fair value is like to the carrying book value -

For financial assets and liabilities that are liquid or have short maturities (less than three months), as cash and cash equivalents, trade and other receivables, net trade and other accounts payable and other current liabilities are considers that the carrying value is like fair value.

Financial instruments at fixed and variable rate -

The fair value of financial assets and liabilities that are subject to fixed and variable rates is determined by comparing the interest rates at inception with the current market interest rates for similar instruments. The fair value of deposits that yield interest are determined by using the discounted cash flows method by using market interest rates in the prevalent currency, and similar maturities and credit risks.

Based on the above, a comparison between the carrying amounts and fair values of financial instruments of the Group presented in the consolidated statement of financial position is established. The table does not include the fair values of non-financial assets and liabilities:

	Carrying value		Fair value	
	30.09.2021 US$(000)	31.12.2020 US$(000)	30.09.2021 US$(000)	31.12.2020 US$(000)
Financial assets				
Cash and cash equivalents	537,385	257,410	537,385	257,410
Trade and other receivables, net	178,657	91,343	178,657	91,343

Derivative financial instruments	2,665	922	2,665	922
Financial assets at fair value through other comprehensive income	21,565	26,685	21,565	26,685
Total financial assets	740,272	376,360	740,272	376,360
Financial liabilities				
Financial obligations :				
Syndicated loan (Bofa - Santander)	296,828	-	288,951	-
Corporate bonds	184,778	444,879	200,882	509,634
Other financial obligations	1,180,741	915,913	1,182,136	943,528
Trade and other payables	208,825	256,735	208,825	259,179
Derivative financial instruments	84,015	85,941	84,015	85,941
Total financial liabilities	1,955,187	1,703,468	1,964,809	1,798,282

(c) Fair value measurement -

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

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

The following table provides the fair value measurement hierarchy of the Group´s assets and liabilities as of September 30, 2021.

		Measurement at fair value using		
	Total US$(000)	**Quoted prices in active markets (Level 1)** US$(000)	**Significant observable inputs (Level 2)** US$(000)	**Significant unobservable inputs (Level 3)** US$(000)
As of September 30, 2021				
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income	21,565	21,565	-	-
Derivative financial instrument	2,665	-	2,665	-
Liabilities recognized at fair value:				
Derivative financial instruments	84,015	-	84,015	-

As of September 30, 2021, there have been no transfers between levels of fair value.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as of December 31, 2020.

		Measurement at fair value using		
	Total US$(000)	**Quoted prices in active markets (Level 1)** US$(000)	**Significant observable inputs (Level 2)** US$(000)	**Significant unobservable inputs (Level 3)** US$(000)
As of December 31, 2020				

Assets measured at fair value:				
Financial assets at fair value through other comprehensive income	26,685	26,685	-	-
Derivative financial instrument	922	-	922	-
Liabilities recognized at fair value:				
Derivative financial instruments	85,941	-	85,941	-

During the year ended December 31, 2020 there have been no transfers between levels of fair value.

25. Subsequent events

On October 18, 2021, the General Meeting of Shareholders approved the participation of Minsur S.A. as issuer of debt instruments ("the Notes") in the international securities market of US$500,000,000. The amounts obtained from such financing were applied - partially - to attend the repurchase of its debt instrument: "6.250% Senior Notes Due 2024", as well as to prepay the bank financing of its debt instrument: "6.250% Senior Notes Due 2024", as well as to prepay the syndicated bank financing obtained by the Company through a loan agreement celebrated on June 24, 2021 with Banco Santander and BofA Securities.

Regarding with this, on October 28, 2021, the Company settled and issued debt instruments denominated "US$500,000,000 4.5% Senior Notes 2031", which placement was realized on October 25.