Translation of a report and consolidated financial statements originally issued in Spanish - See Note 38 to the consolidated financial statements

Minsur S.A. and Subsidiaries

Consolidated financial statements as of December 31, 2015 and 2014, together with the Independent Auditors' Report

Building a better working world

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 38 to the consolidated financial statements

Minsur S.A. and Subsidiaries

Consolidated financial statements as of December 31, 2015 and 2014, together with the Report of the Independent Auditors

Content

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 38 to the consolidated financial statements

Independent Auditors' Report

To the Shareholders of Minsur S.A. and Subsidiaries

We have audited the accompanying consolidated financial statements of Minsur S.A. (a Peruvian entity, subsidiary of Inversiones Breca S.A.) and Subsidiaries (together the "Group"), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014 and the related consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2015 and 2014, and a summary of significant accounting policies and other explanatory information (see attached notes 1 to 38).

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 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.

Auditor's 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 for its application in Peru by the Peruvian Board of Public Accountants Associations. 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 auditors' 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 entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used

Translation of a report and financial statements originally issued in Spanish - See Note 38 to the financial statements

Independent Auditors' Report (continued)

and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
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 present fairly, in all material respects, the financial position of Minsur S.A. and Subsidiaries as of December 31, 2015 and 2014, and its financial performance and cash flows for the years ended December 31, 2015 and 2014, in accordance with International Financial Reporting Standards.

Other matters

As it is explained in note 4, on January 29, 2015 it was signed a shareholder agreement by which Minsur S.A. transferred the control over the subsidiary Inversiones Cordillera del Sur I Ltda in favor of its related party Inversiones Breca S.A.

Lima, Peru,
March 1, 2016

Countersigned by:

PAREDES, ZALDÍVAR, BURGA & ASOCIADOS

Mayerling Zambrano R.
C.P.C.C. Register No.23765

Translation of a report and financial statements originally issued in Spanish - See Note 38 to the financial statements

Minsur S.A. and Subsidiaries

Consolidated statements of financial position

As of December 31, 2015 and 2014

	Note	2015 US$(000)	2014 US$(000) (Modified) Note 4
Assets			
Current assets			
Cash and term deposits	7	390,855	407,882
Trade and other receivables, net	8	78,754	89,177
Inventories, net	9	89,639	119,872
Financial assets at fair value through profit or loss	10	6,412	8,155
Income tax prepayments		3,589	9,708
Prepaid expenses		615	915
Available-for-sale financial assets	2.3(f)	2,711	4,134
		572,575	639,843
Non - current assets			
Trade and other receivables, net	8	51,469	51,007
Available-for-sale financial investments	11	192,498	189,576
Investments in associates	12	292,130	345,595
Property, plant and equipment, net	13	435,499	510,409
Intangible assets, net	14	346,979	1,055,769
Deferred income tax assets, net	19	48,684	52,494
Income tax prepayments		945	2,151
Other assets		2	2,486
		1,368,206	2,209,487
Total assets		1,940,781	2,849,330
Liabilities and equity			
Current liabilities			
Trade and other payables	16	103,638	141,092
Interest-bearing loans and borrowings	17	93,793	79,564
Provisions	18	27,628	20,403
Embedded derivatives for sale of tin	36	298	558
		225,357	241,617
Non – current liabilities			
Trade and other payables	16	10,000	10,000
Interest-bearing loans and borrowings	17	452,484	444,551
Provisions	18	114,027	123,000
Deferred income tax liabilities, net	19	23,997	178,021
		600,508	755,572
Total liabilities		825,865	997,189
Equity	20		
Capital stock		601,269	601,269
Investment shares		300,634	300,634
Legal reserve		120,261	120,261
Optional reserve		39,985	39,985
Other reserves		2,382	2,382
Reinvested earnings		424	424
Cumulative translation reserve		(245,427)	(109,489)
Unrealized results		(12,310)	5,503
Retained earnings		244,830	717,207
Equity attributable to equity holders of the parent		1,052,048	1,678,176
Non-controlling interests	37	62,868	173,965
Total equity		1,114,916	1,852,141
Total liabilities and equity		1,940,781	2,849,330

The accompanying notes are an integral part of these consolidated financial statements.

Minsur S.A. and Subsidiaries

Consolidated statements of profit or loss

For the years ended December 31, 2015 and 2014

	Note	2015 US$(000)	2014 US$(000) (Modified) Note 4
Net sales	22	618,610	914,272
Cost of sales	23	(418,944)	(523,921)
Gross profit		199,666	390,351
Operating expenses:			
Administrative expenses	24	(43,255)	(55,781)
Selling expenses	25	(7,906)	(12,095)
Exploration and project expenses	26	(41,148)	(67,840)
Impairment loss	15(iii)	(640,528)	-
Other, net	27	(46,062)	(15,315)
Total operating expenses		(778,899)	(151,031)
Operating (loss) profit		(579,233)	239,320
Other income (expenses):			
Finance income	28	4,534	4,679
Finance costs	28	(45,636)	(47,891)
Gain from investment in associates, net	12(b)	11,947	13,213
Loss financial assets at fair value through profit or loss	10(b)	(1,743)	(1,974)
Dividends	10(c)	79	91
Exchange difference, net		(36,279)	(23,616)
Total other income (expenses), net		(67,098)	(55,498)
(Loss) profit before income tax		(646,331)	183,822
Income tax	19(c)	108,349	(108,029)
(Loss) profit for the year		(537,982)	75,793
Attributable to:			
Equity holders of the parent		(421,830)	84,898
Non-controlling interests	37	(116,152)	(9,105)
(Loss) profit for the year		(537,982)	75,793
(Loss) earnings per share stated in U.S. dollar (basic and diluted) attributable to:	29		
Common shares		(18.66)	2.63
Investment shares		(0.19)	0.03

The accompanying notes are an integral part of these consolidated financial statements.

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 38 to the consolidated financial statements

Minsur S.A. and Subsidiaries

Consolidated statements of other comprehensive income

For the years ended December 31, 2015 and 2014

	Note	2015 US$(000)	2014 US$(000) (Modified) Note 4
(Loss) profit for the year		(537,982)	75,793
Other comprehensive income:			
Exchange differences on translation	20(f)	(135,938)	(79,206)
Unrealized results of investments	11(b) and 12(c)	(16,505)	2,128
Income tax	19(c)	(397)	-
Others		(190)	3,024
Other comprehensive loss		(153,030)	(74,054)
Total other comprehensive (loss) income		(691,012)	1,739
Attributable to:			
Equity holders of the parent		(574,860)	10,844
Non-controlling interests		(116,152)	(9,105)
		(691,012)	1,739

The accompanying notes are an integral part of these consolidated financial statement.

Minsur S.A. and Subsidiaries

Consolidated statements of changes in equity

For the years ended December 31, 2015 and 2014

	Capital stock US$(000)	Investment shares US$(000)	Legal reserve US$(000)	Reinvested earnings US$(000)	Other reserves US$(000)	Optional reserve US$(000)	Cumulative translation reserve note 2.3(d) US$(000)	Unrealized results US$(000)	Retained earnings US$(000)	Total attributable to equity holders of the parent US$(000)	Non - controlling interests US$(000)	Total equity US$(000)
Balance as of January 1, 2014 (modified, note 4)	601,269	300,634	120,261	39,985	(642)	424	(30,283)	3,375	682,171	1,717,194	168,835	1,886,029
Profit for the year	-	-	-	-	-	-	-	-	84,898	84,898	(9,105)	75,793
Other comprehensive income	-	-	-	-	3,024	-	(79,206)	2,128	-	(74,054)	-	(74,054)
Total other comprehensive income	-	-	-	-	3,024	-	(79,206)	2,128	84,898	10,844	(9,105)	1,739
Dividends declared, note 20(e)	-	-	-	-	-	-	-	-	(50,000)	(50,000)	-	(50,000)
Contribution of non-controlling interest, note 20(g)	-	-	-	-	-	-	-	-	-	-	14,490	14,490
Others adjustments	-	-	-	-	-	-	-	-	138	138	(255)	(117)
Balance as of December 31, 2014 (modified, note 4)	601,269	300,634	120,261	39,985	2,382	424	(109,489)	5,503	717,207	1,678,176	173,965	1,852,141
Loss for the year	-	-	-	-	-	-	-	-	(421,830)	(421,830)	(116,152)	(537,982)
Other comprehensive loss	-	-	-	-	-	-	(135,938)	(16,902)	(190)	(153,030)	-	(153,030)
Total other comprehensive income	-	-	-	-	-	-	(135,938)	(16,902)	(422,020)	(574,860)	(116,152)	(691,012)
Dividends declared, note 20(e)	-	-	-	-	-	-	-	-	(50,000)	(50,000)	-	(50,000)
Contribution of non-controlling interest, note 20(g)	-	-	-	-	-	-	-	-	-	-	7,290	7,290
Other adjustments	-	-	-	-	-	-	-	(911)	(357)	(1,268)	(2,235)	(3,503)
Balance as of December 31, 2015	601,269	300,634	120,261	39,985	2,382	424	(245,427)	(12,310)	244,830	1,052,048	62,868	1,114,916

The accompanying notes are an integral part of these consolidated financial statements.

Minsur S.A. and Subsidiaries

Consolidated statements of cash flows

For the years ended December 31, 2015 and 2014

	Nota	2015 US$(000)	2014 US$(000) (Modified) Note 4
Operating activities			
Collections from customers		621,038	894,481
Interests received		3,047	6,200
Payments to suppliers		(314,744)	(371,077)
Payroll and social benefit payments		(127,158)	(160,131)
Tax payments and other taxes		(47,250)	(140,466)
Interests paid		(43,597)	(42,553)
Restricted funds		(6,638)	-
Collections of deposits under guarantee		-	21,015
Other (payments) receipts related to the activity, net		(42,596)	3,923
Net cash flows provided by operating activities		42,102	211,392
Investing activities			
Payments by purchase of property, plant and equipment	13(a)	(63,284)	(69,981)
Payment by purchase of intangibles	14(a)	(13,403)	(2,059)
Dividends from investment in associates		2,621	1,437
Proceeds from sale of property, plant and equipment		54	16,291
Acquisition of available-for-sale financial investments	11	-	(190,000)
Capital reduction in associate	12(c)	-	11,370
Net cash flows used in investing activities		(74,012)	(232,942)
Financing activities			
Obtaining interest-bearing loans and borrowings	17(b)	168,009	456,555
Payments to interest-bearing loans and borrowings	17(b)	(107,602)	(209,589)
Contribution of non-controlling interests	20(g)	7,290	14,490
Dividends paid	20(e)	(50,000)	(50,000)
Net cash flows provided by financing activities		17,697	211,456
Net (decrease) increase in cash and cash equivalents		(14,213)	189,906
Exchange difference		(2,814)	(3,350)
Cash and cash equivalents at beginning of year		407,882	221,326
Cash and cash equivalents at year end	7	390,855	407,882
Transactions with no effects in cash flows:			
Increase (decrease) in provision for closure mine		9,566	(1,532)
Purchase of property, plant and equipment through finance lease		-	1,029

The accompanying notes are an integral part of these consolidated financial statements.

Minsur S.A. and Subsidiaries

Notes to the consolidated financial statements

As of December 31, 2015 and 2014

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 Inversiones Breca S.A. domiciled in Peru, which holds 99.99% of the Company's common shares of its share capital and 6.31% of its investment shares. The Company's registered address is Las Begonias Street N°441, Office No.338, San Isidro, 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 region of Puno, which is processed in the Pisco smelter and refinery, where produces high quality of tin 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 maintains investments in Mineração Taboca S.A. and subsidiary (which operate the tin mine and a smelting plant located in Brazil), 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 S.P.A. (a company engaged in mining exploration activities, located in Chile). As it is explained in Note 4, the investment in Inversiones Cordillera del Sur Ltda. is accounted as an associated.

Also, through its subsidiary Cumbres Andinas S.A., the Company has investments in Minera Sillustani S.A.C., Compañia Minera Barbastro S.A.C. and Marcobre S.A.C., companies of the mining sector which are at the exploration and evaluation of mineral resources and pre-feasibility (Marcobre). As explained in note 15(iii), as a result of the impairment assessment to the Marcobre's Mina Justa project as of 31 December 2015, the Subsidiary has recognized an impairment loss of US$640,528,000 (US$481,242,000 net of tax deferred income). This impairment loss reflects the impact of fluctuations in copper prices and changes to the Project's operation model based on the progress of the ongoing prefeasibility study. The Company will end the pre-feasibility project on 2016.

(c) Consolidated financial statements –

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

	Equity interest			
	December 31, 2015		December 31, 2014	
	Direct %	Indirect %	Direct %	Indirect %
Subsidiaries in Chile:				
Minera Andes del Sur SPA	-	100.00	-	100.00
Subsidiaries in Brazil:				
Mineração Taboca S.A.	-	100.00	-	100.00
Mamoré Mineração e Metalurgia Ltda.	-	100.00	-	100.00
Subsidiaries in Cayman Islands:				
CA Marcobre I (*)	-	100.00	-	100.00
CA Marcobre II (*)	-	100.00	-	100.00
CA Minerals Marcobre Limited (*)	-	100.00	-	100.00
CA Minerals Peru Limited (*)	-	100.00	-	100.00
CA Resources Limited (*)	-	100.00	-	100.00
Subsidiaries in United States:				
Minsur USA Inc.	-	99.99	-	99.99
Subsidiaries in Peru:				
Minera Latinoamericana S.A.C.	99.99	-	99.99	-
Cumbres Andinas S.A.	99.97	-	99.97	-
Compañia Minera Barbastro S.A.C.	-	99.98	-	99.98
Minera Sillustani S.A.C.	-	99.47	-	99.47
Marcobre S.A.C.	-	70.00	-	70.00

(*) Through these entities, the Company has an indirect interest in the subsidiary Marcobre S.A.C. These entities are not engaged in other activities.

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

- Minera Andes del Sur SPA. -

  This subsidiary is engaged in the exploration and exploitation of mineral resources contained in the mining properties will be acquired.

- 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 resources of tin, as well as other minerals.

- Mamore 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 subsidiary, as well as in Inversiones Cordillera del Sur Ltda. and subsidiaries and in Minera Andes del Sur S.P.A.

- Cumbres Andinas S.A. -
  Currently, the activities of this subsidiary are limited to the holding of shares in mining entities in the exploration stage and/or pre-feasibility studies (Minera Sillustani S.A.C., Compañía Minera Barbastro S.A.C. and Marcobre S.A.C.), and to the holding of mining concessions.

- Compañia Minera Barbastro S.A.C. -
  This subsidiary is engaged in the exploration and exploitation of mining rights. Currently, it is engaged in the development of Marta mining unit, located in Tinyacclla, district of Huando, in the Huancavelica region.

- Minera Sillustani S.A.C. -
  This subsidiary is engaged in the exploration of mining concessions and quarries, and in the development of mining projects of tungsten Palca 11 and Hacienda de Beneficio Rocio 2, located in San Antonio de Putina, Puno region. Currently it is mainly engaged in the rehabilitation and remediation of mining projects in Puno Regina mining unit.

- Marcobre S.A.C. -
  This subsidiary is engaged in the development of mining activities in Peru, it can enter into agreements related to such activity, by its own or through third parties. Currently, its activities are mainly focused in the development of its copper project 'Justa Mine',which is in the pre-feasibility stage and its located approximately at 400 kilometers to the southeast of Lima, Ica Region.

(d) Approval of consolidated financial statements –
These consolidated financial statements as of December 31, 2015 and for the year then ended were authorized for issue by Management on March 1, 2016. In Management's opinion, these

consolidated financial statements will be approved without changes by the Board of Directors' to be held during the first semester of 2016.

The consolidated financial statements as of December 31, 2014 and for the year then ended were authorized for issue by Management on March 23, 2015 and were ratified for publication on March 26, 2015.

2. Basis of preparation and other significant accounting policies

2.1 Basis of preparation -

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) in force as of December 31, 2015.

The consolidated financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through profit or loss, available for sale financial investments and embedded derivatives for sale of mineral, which have been measured at fair value.

The consolidated financial statements are presented in United States Dollars (U.S. Dollars) and all values are rounded to the nearest thousands, except where otherwise indicated.

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions, as detailed in Note 3.

The consolidated financial statements provide comparative information in respect of the previous period.

2.2 Basis of consolidation -

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as of December 31, 2015 and 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

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

Generally, there is a presumption that a majority of voting rights results in control. 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.

The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary.

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. Where the Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interests (here in after NCIs).

Profit or loss and each component of other comprehensive income (here in after OCI) are attributed to the equity holders of the parent of the Group and to the NCI's, even if this result 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 losses 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. Summary of significant accounting policies -

The followings are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

(a) Cash and term deposits -

Cash and term deposits in the consolidated statement of financial position comprise cash, banks and on hand and short-term deposits with an original maturity of three months or less.

(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 financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets in a timeframe established by regulations or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and term deposits, trade and other receivables, available-for-sale financial investments and financial assets at fair value through profit or loss.

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

- Financial assets at fair value through profit or loss.
- Loans and receivables.
- Held-to-maturity investments.
- Available-for-sale financial investments.

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. 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 instrument as defined by IAS 39.

Financial assets at fair value through profit and loss are carried in the consolidated statement of financial position at fair value with net changes in fair value presented as finance costs (negative net change in fair value) or finance income (positive net changes in fair value) in the consolidated statement of profit or loss.

The Group has classified certain investments as financial assets at fair value through profit or loss (see Note 10).

Embedded derivatives in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

Loans and receivables –

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial are subsequently measured at amortized cost using the effective interest rate method (here in after EIR), less impairment. The losses arising from impairment are recognized in the consolidated statement of profit or loss.

This category applies to trade and other receivables. For more information on receivables, refer to Note 8.

Held-to-maturity investments -

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

The Group did not have any held-to-maturity investments during the years ended December 31, 2015 and 2014.

Available-for-sale (AFS) financial investments -

AFS financial investments include equity and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are thought to have for an indefinite period of time and may be sold in response to needs for liquidity or changes in market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealized gains or losses recognized in OCI and credited in the unrealized gain on available-for-sale investments until investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the consolidated statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using EIR method.

The Group evaluates periodically whether the ability and intention to sell its AFS financial investments in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

The Group has classified equity securities and debt instruments as available-for-sale financial investments as of December 31, 2015 and 2014.

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:

(i) The rights to receive cash flows, from the asset have expired; or
(ii) 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 into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of 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.

(ii) Impairment of financial assets -
The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if

one or more events that has occurred since the initial recognition of the asset (a 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include: indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost
For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of profit or loss. Interest income (recorded as finance income in the consolidated statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. Any amount that would have been decommissioned and is subsequently recovered is recovery is credited less finance costs in the consolidated statement of profit or loss.

Available-for-sale (AFS) financial investments
For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of profit or loss – is removed from OCI and recognized in the consolidated statement of profit or loss. Impairment losses on equity investment are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

The determination of what is "significant" or "prolonged" requires judgment. In making this judgment, the Group evaluates, among others factors the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of profit or loss.

Then, interest income are recognized based on the updated carrying amount of the reduced asset, using the discount rate in future cash flows used in the measuring the impairment loss. Interests income are recorded as part of financial income. If in the future, the fair value of the debt instrument increases and the increase can be objectively related to an event after the loss recognition in the consolidates statement of profit or loss, the impairment loss is reversed through the consolidates statement of profit or loss.

(iii) Financial liabilities -
Initial recognition and measurement –
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, payables, loans and borrowings, 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 payables and loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and embedded derivative for sale of mineral.

Subsequent measurement -
The subsequent measurement of financial liabilities depends on their classification as described follows:

Financial liabilities at fair value through profit or loss -
Financial liabilities at fair value through profit or loss include financial liabilities held for trading derivatives 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 the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as in this category.

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

Except for the embedded derivative for sale of tin, the Group has not designated, at initial recognition, any financial liability as at fair value through profit or loss.

Loans and borrowings -
This is the Group's most relevant category. After their initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of 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. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

This category includes trade and other payables and interest-bearing loans and borrowings. For more information refer notes 16 and 17.

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 one 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 a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount is recognized in the consolidated statement of profit or loss.

(iv) Offsetting of financial instruments -
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement 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.

(v) Fair value measurement -
The Group measures financial instruments as derivative financial instruments and available-for-sale investments at fair value at each consolidated statement of financial position date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are summarized in Note 35.

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 principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 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 reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as AFS financial assets, and for non-recurring measurement.

At each reporting date, the financial management analyses 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 this analysis, the financial management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

(c) Embedded derivatives -

The sales of tin produced in Peru and Brazil are based on commercial agreements, whereby a provisional sales price is assigned based on the current quoted prices of tin, which are then liquidated based on future quotations of mineral. The adjustment to sales is considered an embedded derivative that should be separated from the host contract.

Commercial agreements are linked to market prices (London Metal Exchange) on the date that is expected to liquidate opening positions as of December 31, 2015. The embedded derivative does not qualify as a hedging instrument; therefore, changes in fair value are recorded as an adjustment to net sales.

(d) Foreign currency translation -

The Group's consolidated financial statements are presented in U.S dollar, which is also the Company's functional and presentation currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances -

Transactions in foreign currencies (different currency than U.S. Dollar) are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the consolidate statement of profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction.

Re-expresion of financial statements of foreign subsidiaries into U.S. dollars –

The financial statements of the foreign subsidiaries are stated in the functional currency (Chilean pesos for Minera Andes del Sur S.P.A., and Brazilian Reales for Mineração Taboca S.A. and its subsidiaries), and are then translated to U.S. dollars. For these purposes, all assets and liabilities of foreign operations are translated at the exchange rate for sales prevailing at the reporting date, and all equity accounts are translated using exchange rates prevailing at the dates of the transactions. Income and expense items are translated at the monthly average exchange rate for sales according to the month of the transactions. The exchange differences arising on translation are recognized in other comprehensive profit or loss of the consolidate statement of the comprehensive income.

(e) Inventories -

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and conditions are recorded as follows:

Raw materials

- Purchase cost using the weighted average method.

Finished goods, work in progress and mineral pitch -

- Cost of direct materials and supplies, services provided by third parties, direct labor and a proportion of manufacturing overheads based on normal operating capacity, excluding borrowing costs and exchange currency differences.

Inventory in transit

- Purchase cost.

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

The estimation (reversal) for impairment of inventories is determined annually by Management by reference to specific items of materials and supplies and is charged or credited to profit or loss in the period when the need of the estimation (reversal) is settled.

(f) Assets held for sale –

These assets are those which their carrying amount will be recovered mainly through a sale transaction rather than through continue use. In this case, the asset must be available for immediate sale and its sale must be highly probable, this is, the appropriate level of management must be committed to a plan to sell the asset and an active program to locate a buyer must have been initiated.

Assets classified as held for sale are not depreciated and are recorded at the lower of its carrying amount and fair value less costs to sell. As of December 31, 2015, the Group owns through its subsidiary Mineração Taboca some lands in Sao Paulo (Brazil) classified as available for sale with a book value of US$2,612,000 and other minor assets available for sale by US$99,000.

(g) Investments in associates -

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 is not control over those policies. The investments in associates are accounted for using the equity method. Under the equity method, the investment in an associate 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 since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is 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 statement of profit or loss.

(h) Property, plant and equipment -

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. The present value of the expected cost for the decommissioning of an asset is presented in this caption.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. For further information about the recorded provision for mine closure, refer to significant accounting judgements, estimates and assumptions (Note 3) and provisions (Note 18).

Depreciation –

Units-of-production (UOP) method:

Depreciation of assets whose useful life is greater than the life of mine is calculated using the units-of-production (UOP) method, based on reserves economically recoverable of each mine.

Straight-line method:
Depreciation of assets whose useful life is shorter than the life of the mine is calculated using the straight-line method, based on the useful life of the assets. The estimated useful life of such assets is presented as follows:

	Mining Industry (years)
Building and other constructions of the San Rafael mining unit	Between 2 and 4
Building and other constructions of the Pucamarca mining unit	Between 3 and 5
Buildings and other constructions related to smelting plant Pisco	Between 4 and 29
Buildings and other constructions of the Taboca mining unit	Between 25 and 36
Machinery and equipment	Between 1 and 6
Furniture and fixtures	Between 2 and 8
Vehicles	Between 3 and 6
Computer equipment and security	Between 2 and 10

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Derecognition 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 statement of profit or loss when the asset is derecognized.

(i) Leases -
The determination of whether an agreement is (or contains) a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases -
Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease

payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases -
Operating lease payments are recognized as an operating expense in the consolidated statement of profit or loss on a straight-line basis over the lease term.

(j) Mining concessions -
The mining concessions represent the right of exploration and exploitation that the Group has over the mining properties that contain the acquired mineral reserves and resources. The mining concessions are stated at cost and are amortized on the basis of production method, using resources and the proven and probable reserves. In case the Group abandons the concessions, the associated costs are charged directly to the consolidated statement of profit or loss.

At the end of year, the Group assesses at each unit mine whether there is an indication that the value of its mining concessions may be impaired. If any indication exists, the Group estimates the asset's recoverable amount.

Mining concessions are presented within the caption "Intangibles assets, net" in the consolidated statement of financial position.

(k) Exploration and evaluation expenditure -
Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes:

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

(l) Development costs -

When it is determined that a mineral property can be economically viable, that is, when determining the existence of proven and probable reserves, the costs incurred to develop such property, including additional costs to delineate the ore body and remove any impurities are capitalized as development costs in the caption "Intangible assets, net". These costs are amortized using the units of production method, using resources and the proven and probable reserves.

Development costs activities include:

- Engineering and metallurgical studies.
- Drilling and other costs to delineate the ore body.
- Removal of impurities related to the ore body.

Development costs necessary to maintain production are expensed as incurred.

(m) Stripping (waste removal) costs –

As part of its mining operations, the Group incurs stripping costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a units of production method. The capitalization of development stripping costs ceases when the productions start date.

Stripping costs could be related to the production of inventory or improved access to the ore to be mined in the future. 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 realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a stripping activity asset, if the three following criteria are met:

- Future economic benefits (being improved access to the ore body) 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.

In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyses each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons.

Substantially stripping costs incurred by the Group are related to the production of inventory and not to improved access to the ore to be mined in the future.

(n) Intangible assets -

Intangible assets acquired separately are measured on initial recognition at cost.

Goodwill -

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 interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, 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 in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Licenses -

Software is presented at cost and includes all the disbursements directly related to the acquisition or startup of the specific computer program. These costs are amortized using the straight-line method over an estimated useful life of 4 years.

Usufruct of lands -

It corresponds to payments for the right to use certain lands closed to the mining units of the Group in Peru, needed for the operation. These costs are amortized using the straight-line method over the life of the respective agreements (between 2 and 10 years).

(o) Impairment of non-financial assets -

The Group assesses, at each reporting date, whether there is an indication that an asset (or CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal (hereinafter FVLCD) and its value in use (hereinafter VIU). 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, in which case, the asset is tested as part of a larger CGU to which it belongs. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining FVLCD, recent market transactions (where available) are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The fair value of mining assets is generally determined by the present value of future cash flows arising from the continued use of the asset, which include estimated as the cost of future expansion plans, using assumptions that a third party might consider. The cash flows are discounted to their present value using a discount rate that reflects current market assessment of the value of money in time and risks specific to the assets or cash geneting unit.

The Group supports 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.

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

For assets/CGUs excluding goodwill, 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 may 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's/CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset/CGU does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset/CGU in prior years. Such a reversal is recognized in the consolidated statement of profit or loss.

(p) 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 finance cost.

Provision for closure of mining units -

The Group records the present value of estimated costs of legal and implied obligations necessary to restore the operational facilities when it has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and when you can make a reliable estimate of the obligation. Mine closure costs are recorded at the present value of estimated costs to settle the obligation using estimated cash flows which are recognized as an integral part of the cost of each asset in particular. Cash flows are discounted at the free market risk rate before taxes. The discount is accounted as expense at the moment was accrual and recognized in the income statement as a financial cost. Estimated future costs of mine closure are annually reviewed and properly adjusted on an annual basis. Changes in estimated future costs or in the discount rate applied are added to the cost of the related asset or are deducted from this.

In the case of mines already closed, changes in estimated costs are recognized immediately in the consolidated statements of profit or loss.

Environmental expenditures and liabilities -

Environmental expenditures related with current or future revenues are recorded as expensed or capitalized, as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future revenues are expensed as incurred.

Liabilities for environmental costs are recognized when an obligation to undertake clean-up activities is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, which the decommissioning or closure of inactive sites.

The amount recognized is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognized is the present value of the future expenditures estimated.

(q) Employees benefits -

The Group has short-time for employee benefits including salaries, severance contributions, legal bonuses, performance bonuses and profit sharing. These obligations are monthly recorded on an accrual basis.

(r) Revenue recognition -

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognized:

Sale of metals-

Sales of metallic tin and gold are recognized when the Group has delivered the products at the place agreed with the customer, customer has accepted the products and the collection of the receivable is reasonably assured.

In relation to sales of tin, the Group assigned a provisional sales price based on the current quoted prices of tin, which are then liquidated based on future quotations of mineral at the end of the agreement. The exposure to changes in the prices of metals generates an embedded derivative that should be separated from the host contract. Adjustments to the sale price occur based on movements in quoted market prices up to the date of financial settlement. Any gain or loss arising from changes in fair value of embedded derivatives during the period is recorded in the consolidated statement of profit or loss (in the net sales caption).

In relation to the measurement of gold sales, these are not subject to a final price adjustment; therefore do not generate embedded derivatives.

Rental income -

Rental income arising from operating leases on investment properties is recognized when accrued and meet related conditions thereto.

Interest income -

For all financial instruments measured at amortized cost and interest-bearing financial assets, 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 statement of profit or loss.

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

(s) Taxes –

Current income tax -
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement 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 tax -
Deferred 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 tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognized to the extent that it 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. Management professional judgment is required to determine the amount of the deferred income tax asset could be recognized based on the probable period of recovery, the level of future taxable incomes, and future planning tax strategies.

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 related to items recognized outside profit or loss is recognize outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

Mining Royalties and Special Mining Tax in Peru -

Mining royalties and special mining tax are accounted for under IAS 12 "Income taxes" since they have the characteristics of income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable net 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 force on the date of the consolidated statement of financial position.

Consequently, payments made to the Government by way of special mining and mining royalty tax are under the scope of IAS 12 and, therefore, is treated as income taxes. Both the mining royalty as the special mining tax generate deferred tax assets or deferred tax liabilities which must be measured using the average rates that are expected to apply to operating profit in the period in which the Group expects will reverse the 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 statement of financial position.

(t) Basic and diluted earnings per share -

Basic and diluted earnings per share are calculated dividing the net income by the weighted average of common and investment outstanding shares during the period.

As of December 31, 2015 and 2014, the Company does not have dilutive financial instruments, thus the basic and diluted earnings per share are the same for the presented periods.

(u) Current versus non - current classification –

The Group presents assets and liabilities in consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. Significant accounting judgements, 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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 (Note 31) -

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

(b) Recovery of deferred tax assets - (Note 19) -

(c) Exploration and evaluation expenditure - (note 2.3 (k)) –

(d) Functional currency - (note 2.3 (d)) -

3.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of uncertainty estimates at the date of the consolidated financial statements are described below:

(a) Determination of mineral reserves and resources -

The Group computes its reserves and resources using methods generally applied by the mining industry in accordance with international guidelines. All reserves computed represent the estimated amounts of proved and probable ore that can be processed economically under the present conditions.

The process of estimating the amount of reserves and resources is complex and requires making subjective decisions at the time of evaluating all the geologic, geophysical, engineering and economic information that is available. Revisions could occur in estimated reserves and resources due to, among other things, revisions of the geologic data or assumptions, changes in assumed prices, production costs and the results of exploration activities.

Changes in estimated reserves and resources could affect mainly the depreciation of fixed assets related directly to mining activity, provision for mine closure, assessment of the deferred asset's recoverability and the amortization period for development costs.

(b) Units of production (UOP) depreciation (note 2.3(h)) -

(c) Mine rehabilitation provision (note 2.3(p) and note 18) -

(d) Determination of the net realizable value of inventories (note 2.3(e) and note 9) –

(e) Impairment of non-financial assets (note 2.3(o) and note 15) -

(f) Embedded derivatives for sale of tin (note 35)

4. Modification to the financial statements of prior years

On January 29, 2015 the subsidiary Minera Latinoamericana S.A.C. signed with related party Inversiones Breca S.A., (hereinafter "Breca"), a shareholder agreement by which it was agreed that Breca (minority shareholder of Inversiones Cordillera del Sur I Ltda, hereinafter "Cordillera") will manage all relevant activities of Cordillera from 2015. According to IFRS 10 "Consolidated financial statements", when loss of control of a subsidiary occurs, the controlling will no longer consolidate the financial information of the subsidiary from the date on which the control loss occurs, and will record investment in that entity as an associate. However, IFRS do not include the accounting treatment for transactions between entities under common control. In this regard, Management decided not to consolidate investment in Cordillera for comparative purposes from January 1, 2014, and restructured the consolidated financial statements of the Group as of December 31, 2014 and classified the said investment as an investment in an associated entity.

5. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective:

- IFRS 9 Financial Instruments -

  In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is permitted, but the comparative information is not required. Earlier application of the previous versions of the early adoption of IFRS 9 (2009, 2010 and 2013) is allowed if the date of initial application is before February 1, 2015. It is expected that the adoption of IFRS 9 will not have a significant effect on the classification and measurement of financial assets and financial liabilities of the Group.

- Annual Improvements - Cycle 2010 - 2012

  These improvements are effective on or after July 1, 2014 and are not expected to have a significant impact on the financial statements of the Group. These improvements are related to IFRS 2 "Share-based Payment" (clarifies several issues that are related to performance conditions and accrual of benefits), with IFRS 3 "Business Combinations" (establishing the classification of those liabilities arising business combinations and their subsequent measurement at fair value), with IFRS 8 "Operating segments" (requires more disclosure about the criteria for the aggregation of segments), and IAS 24 "Related Party Disclosures" (requires higher disclosures and clarifies that an entity that provides management services is a related entity).

- Annual Improvements - Cycle 2011 - 2013
  These improvements are effective on or after July 1, 2014 and are not expected to have significant impact on the financial statements of the Group. These improvements are related to IFRS 3 "Business Combinations" (states that joint arrangements are outside the scope of this standard) and with IAS 40 "Investment Property" (states that additional services will differentiate between an investment property and owner-occupied property).

- IFRS 15 "Revenue from ordinary activities Proceeds from Contracts with Customers"
  IFRS 15 was issued in May 2014 and established a five-step model to be applied to those revenue from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the contractual consideration which has been agreed with the customer. The accounting principles in IFRS 15 provides a more structured approach to measure and recognize revenue approach. This new IFRS on income will apply to all entities, and replace all the requirements of revenue recognition under IFRS. It required a full or modified retrospective application for those annual periods beginning on January 1, 2018, and its adoption is permitted in advance. The Group is currently assessing the impact of IFRS 15 on its consolidated financial statements and plans to adopt this new standard on the required effective date.

- IFRS 16 “Leases”
  Effective to annual periods beginning on January 1, 2019.

6. Transactions in foreign currency

As of December 31, 2015 and 2014, the Group had assets and liabilities in Peruvian soles, Brazilian reales, Chilean pesos and euros. Below is a breakdown of these assets and liabilities presented by their equivalent in U.S. dollars:

	2015 US$(000)	2014 US$(000)
Assets		
Cash and cash equivalents	5,797	8,951
Trade and other receivables, net (include non-current portion)	71,228	80,310
Income tax prepayments	4,614	11,859
	81,639	101,120
Liabilities		
Trade and other payables (include non-current portion)	(58,249)	(93,523)
Financial obligation (include non-current portion)	(13,500)	(18,668)
	(71,749)	(112,191)
Net asset (liabilities) position	9,890	(11,071)

As of December 31, 2015 and 2014, the Group had no financial instruments to hedge its foreign currency risk.

7. Cash and term deposits

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

	2015 US$(000)	2014 US$(000)
Cash on hand and petty cash	13	97
Cash demand deposits (b)	43,741	8,623
Overnight deposits (c)	179,796	305,176
Term deposits (d)	162,071	88,929
Certificates of bank deposits (e)	5,234	5,000
Funds subject to restriction	-	57
	390,855	407,882

(b) As of December 31, 2015 and 2014, the Group maintains its cash demand deposits in local and foreign banks of first level and are freely available.

(c) Overnight deposits are one day deposits in a foreign bank, which earn effective market rates.

(d) Term deposits have original maturities of less than 90 days and can be renewed at maturity. As of December 31, 2015 and 2014, these deposits earned interest at market interest rates, and were settled in January 2016 and 2015, respectively.

(e) As of December 31, 2015 corresponded to Bank Deposits Certificates – CDB's kept by Mineração Taboca S.A. amounted to R$20,753,000 (equivalent to US$5,234,000), R$13,286,000 (equivalent to US$5,000,000) as of December 31, 2014.

8. Trade and other receivables, net

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

	2015 US$(000)	2014 US$(000)
Trade:		
Invoices receivable from sale of tin (b)	64,024	57,342
Invoices receivable from sale of gold (b)	-	3,863
	64,024	61,205
Allowance for doubtful accounts (c)	(2,587)	(2,799)
	61,437	58,406
Other receivables:		
Value added tax credit and other tax credits (d)	48,058	61,889
Restricted funds	6,638	-
Judicial deposits (e)	5,926	14,408
Advances to suppliers	3,689	-
Related parties, note 32	445	465
Others	4,030	5,016
	68,786	81,778
Total	130,223	140,184
By maturity:		
Current portion	78,754	89,177
Non-current portion	51,469	51,007
Total	130,223	140,184

(b) As of December 31, 2015 and 2014, the trade receivables are non-interest bearing and do not have specific guarantees. In the process of estimating the allowance for doubtful accounts, the Group's management constantly evaluates market conditions, and uses an aging analysis.

As of December 31, 2015 and 2014, the aging analysis of trade receivables is as follows:

	2015 US$(000)	2014 US$(000)
Neither past due nor impaired	54,834	40,895
Past due but not impaired:		
From 30 to 60 days	6,062	14,685
From 61 to 90 days	(421)	1,108
From 91 to 180 days	962	1,718
Total	61,437	58,406

(c) The movement of the allowance for doubtful accounts for the years 2015 and 2014 is set forth below:

	2015 US$(000)	2014 US$(000)
Opening balance (modified, note 4)	2,799	1,447
Recovery of doubtful estimate, note 25	-	1,413
Write-off, note 27	(142)	(34)
Translation result	(70)	(27)
Ending balance	2,587	2,799

(d) As of December 31, 2015 and 2014, this caption contains value added tax credit originated by the investment in mining exploration and acquisition of equipment by the subsidiaries from Peru in mining exploration stage.

(e) It relates to deposits that guarantee tax liabilities from previous years of the subsidiary Mineração Taboca S.A.

9. **Inventories, net**

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

	2015 US$(000)	2014 US$(000)
Finished products	19,754	35,680
Work in progress	34,226	46,701
Materials and supplies	38,643	42,653
Mineral extracted	785	933
Inventory in transit	2,525	1,871
	95,933	127,838
Impairment loss of inventories (b)	(3,972)	(5,777)
Estimation for obsolescence (c)	(2,322)	(2,189)
	89,639	119,872

(b) The impairment loss of inventories had the following movement during the years 2015 and 2014:

	2015 US$(000)	2014 US$(000)
Opening balance (modified, note 4)	5,777	7,645
Estimation (recovery) for the year, note 23	115	(1,151)
Translation result	(1,920)	(717)
Ending balance	3,972	5,777

The estimation for the year corresponds to impairment of finished products and work in progress of subsidiary Mineração Taboca S.A.

(c) The estimation for obsolescence of materials and supplies had the following movement during the years 2015 and 2014:

	2015 US$(000)	2014 US$(000)
Opening balance (modified, note 4)	2,189	1,287
Estimation for year, note 23	136	878
Translation result	(3)	24
Ending balance	2,322	2,189

10. Financial assets at fair value through profit or loss

(a) As of December 31, 2015 and 2014, the Group held an investment in equity shares of BBVA of Spain amounting to US$6,412,000 and US$8,155,000, respectively. BBVA of Spain is a world class entity which presents a very low level of risk.

(b) As of December 31, 2015 and 2014, the fair value of this investment classified as financial asset at fair value through profit or loss has been determined based on its quotation in the Stock Exchange of Spain. Following, we present the movement of this caption:

	2015 US$(000)	2014 US$(000)
Opening balance (modified, note 4)	8,155	10,129
Changes in the fair value	(1,743)	(1,974)
Final balance	6,412	8,155

(c) In 2015, the Group received cash dividends by US$79,000 (US$91,000 in 2014). Cash dividends are credited to the results of the corresponding years.

11. Available-for-sale financial investments

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

	2015			
	Cost US$(000)	**Unrealized results** US$(000)	**Accrued interest** US$(000)	**Fair value** US$(000)
Public quotation mutual funds	125,000	998	-	125,998
Certificates of deposit without public quotation	65,000	(181)	1,681	66,500
Total	190,000	817	1,681	192,498

	2014			
	Cost US$(000)	**Unrealized results** US$(000)	**Accrued interest** US$(000)	**Fair value** US$(000)
Public quotation mutual funds	125,000	(454)	-	124,546
Certificates of deposit without public quotation	65,000	(201)	231	65,030
Total	190,000	(655)	231	189,576

The fair value of the mutual funds is determined by reference to published price quotations in an active market. The fair value of certificates of deposit is estimated based on discounted cash flows using market rates available for debt instruments with similar conditions, maturity and credit risk.

(b) Movement in the available-for-sale financial investments is as follows:

	2015 US$(000)	2014 US$(000)
Opening balance (modified, note 4)	189,576	-
Purchase of investments	-	190,000
Fair value registered in other comprehensive income	1,472	(655)
Accrued interest in certificated deposits	1,450	231
Ending balance	192,498	189,576

12. Investments in associates

(a) This caption is made up as follows:

	Interest in equity		Equity value	
	2015 %	2014 %	2015 US$(000)	2014 US$(000)
Inversiones Cordillera del Sur Ltda. and subsidiaries	73.94	73.94	227,337	266,178
Rimac Seguros y Reaseguros	14.51	14.51	48,214	62,902
Explosivos S.A.	7.30	7.30	7,886	7,340
Futura Consorcio Inmobiliario S.A.	4.96	4.96	5,318	5,097
Servicios Aeronáuticos Unidos S.A.C.	47.50	47.50	3,375	4,078
			292,130	345,595

As explained in note 4, due to reorganization between the Group companies, Cordillera del Sur Inversiones Ltda. and subsidiaries is presented as an associate comparatively.

The Group has recognized its investments in Rimac Seguros y Reaseguros, Explosivos S.A. and Futura Consorcio Inmobiliario S.A., as investments in associates, considering that are managed by the same economic group.

(b) Participation of the Group in the results of the investments in associates is as follows:

	2015 US$(000)	2014 US$(000)
Rimac Seguros y Reaseguros	12,948	11,717
Inversiones Cordillera del Sur Ltda. and subsidiaries	(707)	120
Servicios Aeronáuticos Unidos S.A.C.	(703)	(152)
Explosivos S.A.	(507)	665
Others	916	863
	11,947	13,213

(c) The movement of investments in associates and relevant information is presented as follows:

Inversiones Cordillera del Sur Ltda. and subsidiaries
The associate Cordillera is mainly engaged to maintain investments in Melón and subsidiaries. The social objective of Melón S.A. is the production, marketing and supply of cement, ready-mix concrete, mortar and pre-dosed aggregates to distributors of building materials, to construction companies related to the sectors of real estate, civil works and mining, and concrete companies from Chile.

The table below shows the movement in the investment in Inversiones Cordillera del Sur Ltda. and subsidiaries:

	2015 US$(000)	2014 US$(000)
Opening balance (modified, note 4)	266,178	303,899
Plus (minus):		
Participation in net profit (loss)	(707)	120
Unrealized results	(37)	1,448
Other results	-	2,382
Translation	(38,097)	(41,671)
Final balance	227,337	266,178

Rimac Seguros y Reaseguros
The main economic activity of this associate (located in Peru) includes the contracting and administration of insurance and reinsurance general operations and life insurances, as well as financial investments, real estate and related activities.

The table below shows the movement in the investment in Rimac Seguros y Reaseguros :

	2015 US$(000)	2014 US$(000)
Opening balance (modified, note 4)	62,902	54,656
Plus (minus):		
Participation in net profit	12,948	11,717
Unrealized results (*)	(17,940)	1,630
Translation	(6,896)	(4,171)
Dividends	(2,542)	(944)
Others	(258)	14
Ending balance	48,214	62,902

(*) This caption corresponds to the share in the unrealized (loss) gain of the associate Rimac Seguros y Reaseguros (Rimac). These unrealized (loss) gains of Rimac mainly correspond to changes in the valuation of fair value of available for sale investments in equity and debts instruments. As a result of these changes in valuation, the Group recognized a loss of US$17,940,000 in 2015 (gain in the 2014 by US$1,630,000).

Servicios Aeronauticos Unidos S.A.C.
The purpose of this associate located in Peru, is to provide air transportation services of passengers, cargo and mail, prospection, maintenance of airplanes and selling of supplies for the civil aviation. The Shareholders' meeting of Servicios Aeronauticos Unidos S.A. held on February 14, 2014 approved the decrease of capital in proportion to the participation of each shareholder.

The table below shows the movement in the investment in Servicios Aeronauticos Unidos S.A.C.:

	2015 US$(000)	2014 US$(000)
Opening balance (modified, note 4)	4,078	15,600
Minus:		
Capital reduction	-	(11,370)
Participation in net loss	(703)	(152)
Final balance	3,375	4,078

Explosivos S.A.
The economic activity of this associate located in Peru, includes the manufacture, domestic sale and export of local cartridge explosives, accessories and blasting agents, also this associated is engaged in the providing of blasting services, and all kinds of goods and services to support mining companies.

The table below shows the movement in the investment in Explosivos S.A.:

	2015 US$(000)	2014 US$(000)
Opening balance (modified, note 4)	7,340	7,729
Plus (minus)		
Participation in net (loss) profit	(507)	665
Translation	1,053	(653)
Dividends	-	(401)
Ending balance	7,886	7,340

13. Property, plant and equipment, net

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

	Balance at 1.1.2015 US$(000) (modified, note 4)	Additions US$(000)	Disposals US$(000)	Changes in mine closure costs, note 18(a) and (b) US$(000)	Adjustments and reclassifications US$(000)	Transfers US$(000)	Translation adjustment US$(000)	Balance at 31.12.2015 US$(000)
Cost								
Land	13,710	7,789	-	-	30	-	(546)	20,983
Buildings and installations	428,849	19	(781)	-	-	18,468	(31,949)	414,606
Machinery and equipment	355,817	2,886	(5,824)	-	573	13,193	(41,641)	325,004
Furniture and fixtures and computer equipment	11,478	36	(126)	-	(644)	869	(1,395)	10,218
Vehicles	14,861	296	(366)	-	-	947	(3,247)	12,491
Units in transit	846	-	-	-	(808)	(38)	-	-
Work in progress	59,374	52,258	-	-	(109)	(32,505)	(17,905)	61,113
Mine closure costs	60,812	-	-	9,566	-	-	(1,925)	68,453
Financial leases	4,594	-	-	-	-	(934)	-	3,660
	950,341	63,284	(7,097)	9,566	(958)	-	(98,608)	916,528
Accumulated depreciation								
Buildings and installations	161,664	43,151	(102)	-	-	-	(5,883)	198,830
Machinery and equipment	232,048	25,888	(3,106)	-	224	(1)	(24,630)	230,423
Furniture and fixtures and computer equipment	6,999	1,088	(117)	-	-	1	(958)	7,013
Vehicles	8,999	1,435	(357)	-	178	-	(1,992)	8,263
Mine closure costs	29,083	6,829	-	-	-	-	(775)	35,137
Financial leases	1,139	617	-	-	(393)	-	-	1,363
	439,932	79,008	(3,682)	-	9	-	(34,238)	481,029
Net Cost	510,409							435,499

	Balance at 1.1.2014 US$(000) (modified, note 4)	Additions US$(000)	Retires US$(000)	Changes in mine closure costs, note 18(a) and (b) US$(000)	Adjustments and reclassifications US$(000)	Transfers US$(000)	Other transfers US$(000)	Translation adjustment US$(000)	Balance at 31.12.2014 US$(000) (modified, note 4)
Cost									
Land	10,779	3,164	-	-	(25)	-	-	(208)	13,710
Buildings and installations	381,620	1,185	-	-	30	59,736	(2,212)	(11,510)	428,849
Machinery and equipment	359,237	10,488	(8,903)	-	(46)	10,509	-	(15,468)	355,817
Furniture and fixtures and computer equipment	10,416	360	(46)	-	8	1,250	-	(510)	11,478
Vehicles	19,805	92	(4,190)	-	(4)	334	-	(1,176)	14,861
Units in transit	3,427	55	-	-	-	-	(2,636)	-	846
Work in progress	87,269	52,695	(164)	-	(53)	(74,026)	(9)	(6,338)	59,374
Mine closure costs	62,786	-	-	(1,532)	-	-	-	(442)	60,812
Financial leases	2,413	-	-	-	-	2,197	(16)	-	4,594
	937,752	68,039	(13,303)	(1,532)	(90)	-	(4,873)	(35,652)	950,341
Accumulated depreciation									
Buildings and installations	124,085	39,627	-	-	(4)	-	-	(2,044)	161,664
Machinery and equipment	216,721	30,697	(6,711)	-	2	-	-	(8,661)	232,048
Furniture and fixtures and computer equipment	6,152	1,218	(26)	-	(1)	-	-	(344)	6,999
Vehicles	11,384	2,159	(3,848)	-	-	-	-	(696)	8,999
Mine closure costs	22,771	6,696	-	-	(64)	-	-	(320)	29,083
Financial leases	558	581	-	-	-	-	-	-	1,139
	381,671	80,978	(10,585)	-	(67)	-	-	(12,065)	439,932
Net Cost	556,081								510,409

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

	2015 US$(000)	2014 US$(000)
Cost of sales, note 23	76,821	79,239
Administrative expenses, note 24	636	618
Selling expenses, note 25	7	8
Exploration expenses, note 26	1,295	830
Other operating expenses, note 27	249	283
	79,008	80,978

(c) There were no additions for leasing during 2015. The book value of machinery and vehicles held under finance leases as of December 31, 2015 was approximately US$3,660,000. Leasing assets are collateral for such leases. Works in progress included in property, plant and equipment as of December 31, 2015 amounted to US$61,113,000 (US$59,374,000 as of December 31, 2014) and is mainly related to investment in the mining unit in Brazil to increase production volume.

(d) The Management evaluated the recover value of the Property, plant and equipment of the Group and not consider necessary to record an impairment loss to this assets as of December 31, 2015.

14. Intangible assets, net

(a) The following is the composition and movement of these accounts:

	Balance at 1.1.2015 US$(000) (modified, note 4)	Additions US$(000)	Disposals US$(000)	Impairment US$(000)	Translation adjustment US$(000)	Balance at 31.12.2015 US$(000)
Cost:						
Indefinite useful life						
Goodwill						
Mineração Taboca S.A.	53,711	-	-	-	(17,667)	36,044
Marcobre S.A.C.	126,098	-	-	(126,098)	-	-
	179,809	-	-	(126,098)	(17,667)	36,044
Definite useful life						
Mining concessions	855,731	12,269	(11,747)	(514,430)	(46,402)	295,421
Mine development costs	30,257	-	-	-	-	30,257
Licenses	390	220	-	-	(140)	470
Usufruct of lands	5,730	345	(31)	-	(328)	5,716
Connection and easement rights	3,234	569	-	-	-	3,803
	895,342	13,403	(11,778)	(514,430)	(46,870)	335,667
	1,075,151	13,403	(11,778)	(640,528)	(64,537)	371,711
Accumulated amortization:						
Mining concessions	9,044	3,727	-	-	(2,931)	9,840
Mine development costs	8,141	3,847	-	-	-	11,988
Licenses	380	80	-	-	(124)	336
Usufruct of lands	1,107	314	(1)	-	(62)	1,358
Connection and easement rights	710	500	-	-	-	1,210
	19,382	8,468	(1)	-	(3,117)	24,732
Net cost	1,055,769					346,979

	Balance at 1.1.2014 US$(000) (modified, note 4)	Additions US$(000)	Disposals US$(000)	Adjustments and transfers US$(000)	Translation adjustment US$(000)	Balance at 31.12.2014 US$(000) (modified, note 4)
Cost:						
Indefinite useful life						
Goodwill						
Mineração Taboca S.A.	60,422	-	-	-	(6,711)	53,711
Marcobre S.A.C.	126,098	-	-	-	-	126,098
Trademarks	6	-	(6)	-	-	-
	186,526	-	(6)	-	(6,711)	179,809
Definite useful life						
Mining concessions	876,286	-	-	(2,793)	(17,762)	855,731
Mine development costs	30,257	-	-	-	-	30,257
Licenses	530	10	-	(105)	(45)	390
Usufruct of lands	3,972	1,940	-	-	(182)	5,730
Connection and easement rights	2,479	755	-	-	-	3,234
	913,524	2,705	-	(2,898)	(17,989)	895,342
	1,100,050	2,705	(6)	(2,898)	(24,700)	1,075,151
Accumulated amortization:						
Mining concessions	4,833	5,163	-	-	(952)	9,044
Mine development costs	3,792	4,349	-	-	-	8,141
Licenses	400	23	-	-	(43)	380
Usufruct of lands	863	272	-	-	(28)	1,107
Connection and easement rights	310	400	-	-	-	710
	10,198	10,207	-	-	(1,023)	19,382
Net cost	1,089,852					1,055,769

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

	2015 US$(000)	2014 US$(000)
Cost of sales, note 23	7,927	9,877
Exploration expenses, note 26	534	326
Administrative expenses, note 24	7	4
	8,468	10,207

15. Evaluation of impairment of goodwill and other long-lived assets

According to the policies and procedures of the Group, each asset or cash-generating unit (CGU) is evaluated annually at the end of the period, to determine if there is evidence of impairment. If there are such indications of impairment, a formal estimate of recoverable amount is performed.

In assessing whether the impairment is required, the carrying amount of the asset or CGU is compared to its recoverable amount. The recoverable amount is the higher between the fair value of the CGU less costs of disposal (FVLCD) and its value in use (VU). Given the nature of the activities of the Group, information on the fair value of an asset is usually difficult to obtain unless there were negotiations conducted with potential buyers or similar transactions. Accordingly, the fair value for each CGU is estimated based on future cash flows discounted expected to be generated by the continuous use of the CGU using market prices of metals and other assumptions exchange, estimated recoverable mineral quantities, production levels, operating costs and capital requirements, and any provisions based on the latest planned life of mine (LOM) assets. These cash flows are discounted using a discount rate before tax that reflects current market assessments of the value of money over time and the specific risks of the CGU.

Estimates of recoverable quantities of materials, production levels, operating costs and capital requirements are derived from the planning process, including life of mine (LOM) plans, annual budgets and specific studies on each CGU.

Below is presented the impairment assessment made by the Management of the Group as of 31 December 2015:

(i) San Rafael mining unit (tin mine) -

As of 31 December 2015, the net book value of the San Rafael mining unit and the Pisco smelting plant was US$109,189,000. This book value comprises plant, equipment and related facilities. As a result of the evaluation of the unit's capacity to generate future cash flows, the Group Management did not consider necessary to record an impairment loss in this cash-generating unit. That conclusion is based on the assumptions detailed below, which could be modified to the extent that the used assumptions differ materially from future market conditions.

Key assumptions

The calculation of recoverable value for the San Rafael mining unit and Pisco smelting plant is very sensitive to the following assumptions:

- Production volumes

  The tin production volumes are based on studies of reserves and resources prepared by internal specialists of the Company and reviewed by independent experts. Production volumes depend on a number of variables, such as recoverable quantities; the production plan; the cost of developing the necessary infrastructure to extract reserves; production costs; the contractual duration of mining rights; and the selling price of the minerals extracted.

  These estimates take into account the estimated production plan for the following years and the current capacity of the plant in San Rafael. According to these reserves and resources, the San Rafael mining unit has a production horizon of 7years as of December 31, 2015.

- Discount rate

  Future cash flows are adjusted according to the specific risk assigned to the related assets and are discounted at a rate after tax of 10.16% per annum.

- Prices

  The Company has used estimates of future prices of metals obtained from international first level banks. The estimated price of tin for the current and non-current period that have been used for estimating future revenues are in the range of between US$15,450 and US$18,000 per metric tonne (MT).

- Operating costs

  Management has projected operating costs by reference to the cost structure of other mining companies' market similar dimensions as well as their own knowledge of the mining industry.

- Useful life

  Management estimates that the useful life considered in its projection is consistent with the projected cash-generating unit economic life.

(ii) Pucamarca mining unit (gold mine)-

As of 31 December 2015, the net book value of the Pucamarca mining unit was US$162,177,000. This book value comprises: plant, equipment, facilities and related development costs. As a result of the evaluation of the unit's capacity to generate future cash flows, the Management did not consider necessary to record an impairment loss in this cash-generating unit. That conclusion is based on the assumptions detailed below, which could be modified to the extent that the assumptions differ materially from future market conditions.

Key assumptions

The calculation of recoverable value for the Pucamarca mining unit is very sensitive to the following assumptions:

- Production volumes

  The gold production volumes are based on studies of reserves and resources prepared by internal specialists of the Company and reviewed by independent experts. Production volumes depend on a number of variables, such as recoverable quantities; the production plan; the cost of developing the necessary infrastructure to extract reserves; production costs; the contractual duration of mining rights; and the selling price of the minerals extracted.

  These estimates take into account the estimated production plan for the following years and the current capacity of the plant in Pucamarca. According to these reserves and resources, the Pucamarca mining unit has a production horizon of 8 years as of December 31, 2015.

- Discount rate

  Future cash flows are adjusted according to the specific risk assigned to the related assets and are discounted at a rate after tax of 5.16% per annum.

- Prices

  The Company has used estimates of future prices of metals obtained from international first level banks. The estimated price of gold for the current and non-current period that have been used for estimating future revenues are in the range of between US$1,100 and US$1,250 per ounce.

- Operating costs

  Management has projected operating costs by reference to the cost structure of other mining companies' market similar dimensions as well as their own knowledge of the mining industry.

- Useful life

  Management estimates that the useful life considered in its projection is consistent with the projected cash-generating unit economic life.

(iii) Mina Justa Project -

As of December 31, 2015, the net carrying amount of the copper project "Mina Justa" is US$836,512,000. This carrying amount primarily includes the costs of concessions and goodwill. Management has assessed the recoverable amount of intangible assets of the project, which amount US$195,983,000; consequently, it has recognized an impairment loss of US$640,528,000 in 2015 which has been recognized in the consolidated statement of profit or loss.

Key assumptions

Calculation of fair value for the copper project "Mina Justa" is most sensitive to the following assumptions:

- Production volumes -

  The copper production volumes are based on studies of resources prepared by internal specialists of the Company and reviewed by independent experts. Production volumes depend on a number of variables, such as recoverable quantities; the production plan; the cost of developing the necessary infrastructure to extract reserves; production costs; the contractual duration of mining rights; and the selling price of the minerals extracted.

  These estimates take into account the estimated production plan for the following years. According to such estimates, this copper project has a production horizon of 19 years.

- Discount rate –

  The future cash flows were adjusted considering the risk specific to the assets and were discounted at an after-tax rate of 9.12% per annum.

- Prices –

  This entity has used estimates of future metals prices obtained from international first level banks. The estimated price of copper that has been used for estimating future revenues is, approximately, US$2.92 per pound.

- Operating expenses -

  Management has projected operating costs by reference to the cost structure of other mining companies in the market as well as considering its expertise in the mining industry.

- Useful life –
  Management estimates the useful life considered in its projection is consistent with the project economic life of the cash-generating unit.

(iv) Pitinga unit (Tin mine) -
As of December 31, 2015, the net carrying amount of the mining unit of Taboca and the smelting plant of Pirapora was US$219,385,000. This book value includes: concessions, plant, equipment and related facilities and goodwill. As a result of the evaluation of the capacity to generate future cash flows of Pitinga and Pirapora, the Group Management did not consider necessary to record an impairment loss of value in this cash-generating unit. That conclusion is based on the assumptions detailed below, which could be modified to the extent that the assumptions used differ materially from future market conditions.

Key assumptions used in fair value calculations
Calculation of fair value for the mining unit of Taboca and the smelting plant of Pirapora is most sensitive to the following assumptions:

- Production volumes –
  The tin production volumes are based on studies of resources prepared by internal specialists of the Company and reviewed by independent experts. Production volumes depend on a number of variables, such as recoverable quantities; the production plan; the cost of developing the necessary infrastructure to extract reserves; production costs; the contractual duration of mining rights; and the selling price of the minerals extracted.

  These estimates take into account the estimated production plan for the following years. According to these resources, the tin unit has a production horizon of 36 years as of December 31, 2015.

- Discount rate –
  The future cash flows were adjusted considering the risk specific to the assets and were discounted at an after-tax rate of 11.46% annual.

- Prices -
  The subsidiary has used estimates of future metal obtained from international first level banks. Estimated Tin prices for the current and non-current period used for estimating future revenues are in the range from US$15,450 and US$18,000 per metric tonne (MT).

- Operating expenses –
  Management has projected operating costs by reference to the cost structure of other mining companies in the market of similar dimensions and their own knowledge of the mining industry.

- Useful life –
  Management estimates the useful life considered in its projection is consistent with the economic life of the cash-generating unit.

Sensitivity Analysis
With regard to "Mina Justa" copper project, which has been impaired during 2015, any reasonably possible and significant change in the key assumptions outlined above could result in further impairment or lead to a reversal of impairment.

Regarding the Pitinga mining unit, any reasonably and significant possible change in the key assumptions outlined above could result in an impairment loss.

In relation to the San Rafael and Pucamarca units, Management estimates that, to occur an impairment loss in those cash-generating units, there would have to be a material and significant change in the key assumptions explained previously.

16. Trade and other payables

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

	2015 US$(000)	2014 US$(000)
Trade payables (b):		
Third parties	43,307	67,905
Related parties, note 32	14,071	9,783
	57,378	77,688
Other payables (b):		
Workers' profit sharing (c)	14,556	27,872
Interests payable	11,160	11,176
Payable due to acquisition of mining concessions (d)	10,000	10,000
Other taxes and contributions payable	8,586	15,491
Salaries and Board's fees payable	5,407	3,720
Related parties, note 32	1,054	1,319
Advances from customers	-	590
Others	5,497	3,236
	56,260	73,404
Total	113,638	151,092
By maturity:		
Current portion	103,638	141,092
Non-current portion	10,000	10,000
Total	113,638	151,092

(b) Trade accounts payable result from the purchases of material and supplies for the Group operation, and mainly correspond to invoices payable to suppliers. They are non-interest bearing and are normally settled on 30 to 60 days term.

Other payables non-interest bearing and have an average term of 3 months.

For explanations on the Group's liquidity risk management processes, refer to note 34.

(c) Workers' profit sharing -
In accordance with Peruvian legislation, the Company determines the employee profit sharing at the rate of 8% of annual taxable income. The distribution is determined by 50% on the number of days each employee worked during the preceding year and 50% on proportion of their annual remuneration.

(d) Payable due to acquisition of mining concession -

As a result of the acquisition of the subsidiary Marcobre S.A.C., the Group assumed obligations with Shougang Hierro Peru (SHP) and Rio Tinto Mining and Exploration Limited, Sucursal of Peru (Rio Tinto) to acquire mining concessions, mining rights, option rights and technical studies referred to a specific geographic area in the province of Nazca, designated "Target Area 1". According to the contracts signed, there is a fixed consideration (which was fully paid by Marcobre S.A.C. during the years 2007 and 2008), and a conditional consideration of US$10,000,000. Out of this amount, US$3,000,000 shall be paid if the Group decides to initiate production activities and the mineral resources have a metallic content higher than 2.58 million of metric tons of copper. Once the metallic content is higher than 3.44 million of metric tons of copper, the Group shall pay the remaining US$7,000,000.

With the objective to assure the conditional consideration mentioned in the paragraph above, the subsidiary entered into: (i) a mortgage on the mining concession of Target Area 1 for up to US$27,600,000 (which includes the amount of interest, legal fees, costs and expenses in the event necessary to start a legal process to execute the goods subject to the guarantee), which will be effective until the subsidiary had entirely fulfilled each and every one of the guaranteed obligations, and (ii) a pledge on shares issued on behalf of the shareholders of the subsidiary.

As of December 31, 2015 the Company has not adopted the decision to exercise the mining option and has not incurred in any disbursements regarding this contract.

17. Interest-bearing loans and borrowings

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

Entity	Guarantees	Interest rate	2015 US$(000)	2014 US$(000)
Corporate bonds, net of issuance costs (c)	No guarantees	6.25%	439,145	437,942
Banco do Brasil	No guarantees	2.43% - 0.81%	35,481	5,638
Banco Itaú	Includes guarantees	4.83%	33,798	36,131
Banco Santander	No guarantees	3.33%	10,129	7,551
Banco Safra	No guarantees	4.11%	7,995	2,005
Banco ABC Brasil	No guarantees	4.87%	5,993	12,782
Banco Santos	No guarantees	Rate CDI + 2%	3,755	5,595
FINAME BNDES (Banco Itaú)	Leased assets	10.46% - 6%	317	1,289
BBVA Continental	Leased assets	2.68%	172	1,029
Banco de Crédito del Perú	Leased assets	4.54%	62	314
Banco Bic Banco	No guarantees	6.38%	-	2,054
			536,847	512,330
Banco Santos (interests)			9,430	11,785
			546,277	524,115
By maturity:				
Current portion			93,793	79,564
Non-current portion			452,484	444,551
			546,277	524,115

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

	2015 US$(000)	2014 US$(000)
Opening balance (modified, note 4)	524,115	287,481
Additions	168,009	456,555
Payments	(107,602)	(209,589)
Translation	(38,245)	(10,332)
Final balance	546,277	524,115

(c) The General Shareholders' Meeting held on January 30, 2014, agreed that the Company makes an international bond issue ("Senior Notes") through a private placement, under Rule 144A and

Regulation S of the U.S. Securities Act of 1933. Also, agreed to list these securities in the Luxembourg Stock Exchange. On January 31, 2014, the Company issued bonds, with a face value of US$450,000,000, with maturity on February 7, 2024 and with a coupon interest rate of 6.25%, obtaining net proceeds of US$441,823,500.

The bonds restrict the ability of Minsur and its Subsidiaries to enter into certain transactions, however, these covenants do not require Minsur to comply with financial ratios or maintain specific levels of net worth or liquidity.

(d) As of December 31, 2015, Minsur S.A. maintains joint guarantee by US$50,000,000 to guarantee the financial obligations of its subsidiary Taboca with the following financial institute:

- Banco Itaú by US$20,000,000 this joint guarantee shall remain in force until May 25, 2017.
- Banco do Brasil by US$20,000,000 this joint guarantee, without expiration date.
- Banco Santander Brasil by US$10,000,000 this joint guarantee, without expiration date.

18. Provisions

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

	Provision for mine closure (b) US$(000)	Provision for environmental remediation (c) US$(000)	Provision for contingencies (d) US$(000)	Provision for performance bonuses US$(000)	Total US$(000)
As of January 1, 2014 (modified, note 4)	94,209	35,107	11,759	7,700	148,775
Additions	-	9,383	1,713	10,072	21,168
Accretion, note 28	6,567	4,196	-	-	10,763
Payments and advances	(1,219)	(9,702)	(2,157)	(7,232)	(20,310)
Reversals	-	-	(7,105)	-	(7,105)
Change in estimates, note 13(a)	(1,532)	-	-	-	(1,532)
Translation adjustment	(5,018)	(3,905)	1,036	(469)	(8,356)
As of December 31, 2014 (modified, note 4)	93,007	35,079	5,246	10,071	143,403
Additions	4,997	20,397	2,893	7,266	35,553
Change in estimates, note 13(a)	9,566	-	-	-	9,566
Accretion, note 28	1,247	(22)	-	-	1,225
Payments and advances	(854)	(8,428)	(2,309)	(8,352)	(19,943)
Reversals, note 27	-	-	(1,029)	-	(1,029)
Reclassifications	7,391	(7,391)	-	-	-
Translation adjustment	(15,864)	(9,032)	(1,060)	(1,164)	(27,120)
As of December 31, 2015	99,490	30,603	3,741	7,821	141,655
By maturity:					
Current portion	2,677	4,929	3,179	9,618	20,403
Non-current portion	90,330	30,150	2,067	453	123,000
As of December 31, 2014	93,007	35,079	5,246	10,071	143,403
By maturity:					
Current portion	6,571	12,225	1,398	7,434	27,628
Non-current portion	92,919	18,378	2,343	387	114,027
As of December 31, 2015	99,490	30,603	3,741	7,821	141,655

(b) The provision for mine closure is made up as follows:

	Pitinga and Pirapora units US$(000)	San Rafael, Pucamarca and Pisco units US$(000)	Others US$(000)	Total US$(000)
As of January 1, 2014 (modified, note 4)	38,590	53,972	1,647	94,209
Accretion	5,387	1,059	121	6,567
Payments and advances	-	(962)	(257)	(1,219)
Change in estimate, note 13(a)	-	(1,556)	24	(1,532)
Translation adjustment	(4,917)	-	(101)	(5,018)
As of December 31, 2014 (modified, note 4)	39,060	52,513	1,434	93,007
Additions	4,997	-	-	4,997
Change in estimate, note 13(a)	4,534	3,309	1,723	9,566
Accretion		1,237	10	1,247
Payments and advances	-	(854)	-	(854)
Reclassifications	7,391	-	-	7,391
Translation result	(15,749)	-	(115)	(15,864)
As of December 31, 2015	40,233	56,205	3,052	99,490
By maturity				
Current portion	-	1,709	968	2,677
Non-current portion	39,060	50,804	466	90,330
As of December 31, 2014 (modified, note 4)	39,060	52,513	1,434	93,007
By maturity				
Current portion	-	5,794	777	6,571
Non-current portion	40,233	50,411	2,275	92,919
As of December 31, 2015	40,233	56,205	3,052	99,490

The provision for closure of mining units and exploration projects reflects the present value of the closing costs expected to be incurred between 2016 and 2051, in compliance with government regulations, see note 30(a). The estimated closing costs of mining units are based on studies prepared by independent consultants, which comply with environmental regulations. The provision for closure of mining units relates mainly to activities to be performed for the restoration of the mining units and areas affected by operating activities. The main work to be performed is for earthworks, revegetation works and dismantling of the plants. The closing budgets are regularly reviewed to take into account any significant change in the studies. However, the closing costs of mining units will depend on market prices of closure works required to reflect future economic conditions. Also, the time of the disbursements carried out depends on the life of the mine, which depends of future prices of metals.

As of December 31, 2015, the main assumptions used in the calculation of the present value of the mine closure provision are the following:

	Pirapora and Pitinga unit	**San Rafael, Pucamarca and Pisco units**
Annual risk-free rate	15.92%	Between 1.57% and 4.23%
Years covered by the closure mine	36	11,13,27

(c) Provision for environmental remediation –

This includes provision for environmental remediation obligation comprised by the following:

	Pitinga and Pirapora units US$(000) (i)	Sillustani y Barbastro US$(000) (ii)	Marcobre US$(000) (iii)	Total US$(000)
As of January 1, 2014 (modified, note 4)	29,515	4,474	1,118	35,107
Additions	8,692	668	23	9,383
Accretion	4,155	20	21	4,196
Payments and advances	(9,402)	(300)	-	(9,702)
Translation	(3,624)	(281)	-	(3,905)
As of December 31, 2014 (modified, note 4)	29,336	4,581	1,162	35,079
Additions, note 27	5,374	15,023	-	20,397
Accretion, note 28		(37)	15	(22)
Payments and advances	(4,578)	(3,831)	(19)	(8,428)
Reclassifications	(7,391)	-	-	(7,391)
Translation	(8,518)	(514)	-	(9,032)
As of December 31, 2015	14,223	15,222	1,158	30,603
By maturity:				
Current portion	1,216	3,713	-	4,929
Non-current portion	28,120	868	1,162	30,150
As of December 31, 2014 (modified, note 4)	29,336	4,581	1,162	35,079
By maturity:				
Current portion	11,475	750	-	12,225
Non-current portion	2,748	14,472	1,158	18,378
As of December 31, 2015	14,223	15,222	1,158	30,603

(i) Includes activities for environmental remediation for mining operations performed in previous years by Paranapenema Group, the former owner of Taboca (Brazilian subsidiary), in Pitinga mine in Brazil. With the support of external specialists Taboca updated the provision of environmental remediation of Pitinga and Pirapora units at December 31, 2015, amounting to R$56,312,000 equivalent to US$14,223,000 as of

December 2015 (R$77,949,000, equivalent to US$29,366,000 as of December 31, 2014).

(ii) Includes:

- Activities for environmental restoration in Puno region for mining operations performed by the subsidiary Sillustani. This provision amounts to US$14,358,000 as of December 31, 2015 (US$3,635,000 as of December 31, 2014) and includes activities to improve drainage systems, water treatment, wetland rehabilitation, among other works that shall be executed during the years 2016 to 2029.

- Liabilities for the usufruct of land and additional rights with rural communities Tinyacclla and Rio de la Virgen which correspond to contracts of leases signed with the Rural Community of Tinyacclla and Rio de la Virgen, by which it is awarded to the Company right to carry out exploration and mining for a period of 25 and 15 years respectively.

- The present value of the obligation at December 31, 2015 for the usufruct contract with the Rural Community Tinyacclla and Rio de la Virgen which amounts approximately to US$608,000 and US$256,000 (US$664,000 and US$281,000 as of December 31, 2014), respectively.

(iii) Includes restoration activities in explorations area of Mina Justa Project which is operated by the Subsidiary Marcobre S.A.C. and includes activities such as earthwork, revegation and the dismantling of all facilities. This obligation amounts to US$1,158,000 as of December 31, 2015 (US$1,162,000 as of December 31, 2014) and must be paid between 2017 and 2019, according to environmental regulations.

(d) Provision for contingencies -
This caption is made up of the following:

Brazilian subsidiary –
Includes claims for payments of severance indemnities of ex-workers by US$1,575,000 (US$1,728,000 as of December 31, 2014); sanctions imposed by the environmental agency of Amazonas Brazil, for the Pitinga mine by US$550,000 (US$1,044,000 as of December 31, 2014), and other minor contingencies by US$218,000 (US$30,000 as of December 31, 2014).

Peruvian subsidiary –
Includes environmental contingencies arising from processes filed by the Agency for Assessment and Environmental Control (OEFA) for US$1,398,000 (US$2,444,000 as of December 31, 2014).

19. Deferred income tax assets and liabilities, net

(a) The composition and movement of deferred income tax comprises the following items:

	As of January 1, 2014 US$(000) (modified, nota 4)	Effect on profit or loss US$(000)	Effect in other comprehensive income US$(000)	As of December 31, 2014 US$(000) (modified, nota 4)	Effect on profit or loss US$(000)	Retained earnings US$(000)	Translation US$(000)	Effect in other comprehensive income US$(000)	As of December 31, 2015 US$(000)
Deferred income tax assets									
Differences in book and tax basis of mining concessions	16,842	9,581	-	26,423	5,818	(6,336)	-	-	25,905
Tax benefits from acquisition of Taboca S.A.	83,610	(55,148)	-	28,462	1,015	-	(9,536)	-	19,941
Provision for mine closure	16,192	(2,330)	-	13,862	948	-	-	-	14,810
Differences in book and tax basis of property, plant and equipment	-	-	-	-	8,140	-	-	-	8,140
Exchange difference for non-monetary items	1,605	(1,605)	-	-	-	-	-	-	-
Others	4,395	748	-	5,143	4,908	-	-	-	10,051
	122,644	(48,754)	-	73,890	20,829	(6,336)	(9,536)	-	78,847
Deferred income tax liabilities									
Exchange difference for non-monetary items	-	(6,413)	-	(6,413)	(16,273)	-	-	-	(22,686)
Differences in book and tax basis of mining concessions	(225,260)	53,064	-	(172,196)	156,155	-	-	-	(16,041)
Environmental remediation assets	(11,526)	3,192	-	(8,334)	798	-	-	-	(7,536)
Development costs	(5,162)	(7)	-	(5,169)	446	-	-	-	(4,723)
Differences in book and tax basis of property, plant and equipment	(14,516)	9,330	-	(5,186)	2,690	-	678	-	(1,818)
Differences in book and tax basis of inventories	(3,484)	2,596	-	(888)	276	-	-	-	(612)
Others	(14)	(63)	-	(77)	(201)	-	-	(397)	(675)
	(259,962)	61,699	-	(198,263)	143,891	-	678	(397)	(54,091)
Deferred income tax liability, net	(137,318)	12,945	-	(124,373)	164,720	(6,336)	(8,858)	(397)	24,756
Mining royalties (MR) and Special mining tax (SMT)									
Deferred assets									
Differences in book and tax basis of fixed assets	-	-	-	-	1,874	-	-	-	1,874
Exploration expenses	784	(161)	-	623	512	-	-	-	1,135
Exchange difference for non-monetary items	284	(284)	-	-	-	-	-	-	-
	1,068	(445)	-	623	2,386	-	-	-	3,009
Deferred liabilities									
Exchange difference for non-monetary items	-	(1,082)	-	(1,082)	(1,865)	-	-	-	(2,947)
Differences in book and tax basis of inventories	(365)	214	-	(151)	20	-	-	-	(131)
Differences in book and tax basis of fixed assets	(2,166)	1,622	-	(544)	544	-	-	-	-
	(2,531)	754	-	(1,777)	(1,301)	-	-	-	(3,078)
Deferred tax liability of MR and SMT, net	(1,463)	309	-	(1,154)	1,085	-	-	-	(69)
Total deferred income tax liabilities, net	(138,781)	13,254	-	(125,527)	165,805	(6,336)	(8,858)	(397)	24,687

These amounts are presented in the consolidated of statement of financial position in accordance with the presentation in the financial statements of each entity of the Group, as follows:

	2015 US$(000)	2014 US$(000)
Deferred income tax assets	48,684	52,494
Deferred income tax liabilities	(23,997)	(178,021)
	24,687	(125,527)

(b) The reconciliation of the effective rate of the income tax is presented below:

	2015 US$(000)	2014 US$(000)
(Loss) profit before income tax	(646,331)	183,822
At statutory income tax rate	173,024	(52,618)
Translation	(33,474)	(9,985)
Provision of tax losses	(36,276)	(11,934)
Prior year adjustment	(6,336)	-
Tax asset	5,265	-
Share in results from associates	3,475	4,069
Effect of mining royalties	3,234	8,990
Effect of change in tax basis of fixed assets	3,159	-
Effect of permanent differences, net	1,708	(14,163)
Others	5,034	128
Effect of change in income tax-rate	-	(2,860)
Income tax (expense) income	118,813	(78,373)
Mining royalties and special mining tax	(10,464)	(29,656)
Total	108,349	(108,029)

(c) The income tax shown in the consolidated statement of profit or loss is as follows:

	2015 US$(000)	2014 US$(000)
Income tax		
Current	(45,907)	(91,318)
Deferred	164,720	12,945
	118,813	(78,373)
Mining royalty (MR) and special mining tax (SMT)		
Current	(11,549)	(29,965)
Deferred	1,085	309
	(10,464)	(29,656)
	108,349	(108,029)

Deferred income tax on investments in associates -
The Company does not record the deferred income tax liability related to investments in its associates Inversiones Cordillera del Sur Ltda., Rimac Seguros y Reaseguros, Explosivos S.A. and Futura Consorcio Inmobiliario S.A. due to: (i) Inversiones Breca and subsidiaries have joint control of those companies, which operate as part of the economic group and, (ii) the Company 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.

The income tax recorded directly to other comprehensive income during the year 2015 is a loss of US$397,000.

20. Equity

(a) Capital stock -
As of December 31, 2015 and 2014, the authorized, subscribed and paid capital stock in accordance with the Company's by-laws and amendments, is represented by 19,220,015 common shares with a nominal value of S/100.00 each one.

(b) Investment shares -
As of December 31, 2015 and 2014, this caption is made up of 960,999,163 investment shares, with a nominal value of S/1 each one.

According to the current legislation, the investment shares grant the holders the right to participate in the dividend distribution, make contributions to maintain its share in the case of capital increases as a result of additional contributions, increase the investment shares account due to the capitalization of equity accounts, redemption of shares and participation in the distribution of the equity in case of dissolution. The investment shares do not grant access to the Board of Directors or to the Shareholders' meetings. The investment shares of the Company are listed on the Lima Stock Exchange (BVL).

The quotation of these shares as of December 31, 2015 was S/0.50 per share and its frequency of negotiation was 70.00 percent (S/1.80 per share as of December 31, 2014 with a frequency of negotiation of 95.24 percent).

(c) Legal reserve -
Provisions of the General Corporation Law require that a minimum of 10% of the distributable earnings for each period, after deducting the income tax, be transferred to a legal reserve until such is equal to 20 % of the capital. This legal reserve can offset losses or can be capitalized, and in both cases there is the obligation to replenish it.

For the years 2015 and 2014, the Company has not increased its legal reserve because it reached the limit mentioned above.

(d) Reinvested earning -
As of December 31, 2015 and 2014, this balance is made up of reinvested profits approved in prior years by US$39,985,000.

(e) Declared and paid dividends -
Below is the information on declared and paid dividends during the years 2015 and 2014:

Board/session	Date	Dividends declared and paid US$(000)	Dividends per common share US$	Dividends per investment share US$
Dividends 2015				
Shareholders' meeting	March 26	50,000	1.73	0.017
Dividends 2014				
Shareholders' meeting	March 19	50,000	1.73	0.017

(f) Cumulative translation adjustment -
This caption corresponds to the exchange difference resulting from the translation of the financial statements of the foreign subsidiaries, prepared in their functional currency, into the functional currency of the Group. During 2015, the resulting exchange difference was a loss of US$135,938,000 (which includes a translation result loss of US$90,563,000 from Brazilian

subsidiary and a translation result loss of US$38,097,000 from Chilean associate). During 2014, the resulting translation result was a loss of US$79,206,000 (which includes a translation result loss of US$29,610,000 from the Brazilian subsidiary, a translation result loss of US$42,752,000 from the Chilean associate and a translation result loss of US$4,824,000 from the Peruvian associates). These exchange differences are included in the consolidated statement of comprehensive income.

(g) Contribution of non-controlling interests -
During the year 2015, the Group received contributions of non-controlling interests of the subsidiary Marcobre S.A.C. for an amount of US$7,290,000 (US$14,490,000 during the year 2014).

21. Tax situation

(a) Peruvian tax -
The Company is subject to the Peruvian tax system. As of December 31, 2014, the rate of income tax was 30 percent on profit tax, also as of December 31, 2014 the persons not domiciled in Peru and individuals are subject to retention of an additional tax of 4.1 percent on dividends received.

As of December 31, 2014, published the Law N°30296 there were introduced amendements to the tax law, effective from January 1, 2015. The more relevant changes were the modifications of the rate of income tax and retention of an additional tax of on dividends applicable to legal persons not domiciled in Peru and individuals. The following tax rates are presented from 2015 onwards:

	Income tax %	Retention by received dividends %
Years 2015 and 2016	28	6.8
Years 2017 and 2018	27	8
Years 2019 onwards:	26	9.3

(b) The tax authorities have the power to review and adjust the income tax calculated by the Company in the four years following the year the tax returns presentation. The tax returns of the Income tax for the years 2011 to 2015 and value added tax (VAT) for the years 2012 to 2015 are open to review by tax authorities. To date, the Tax Administration performed the review of the income tax for the year 2000 to 2010, and the value added tax and value added tax for the years 2000 to December 2008, see note 31(a).

(c) Brazilian subsidiaries –
Mineração Taboca S.A. is subject to the Brazilian tax regime. As of December 31, 2015 and 2014, the income tax rate is 34% of taxable income. Cash dividends in favor of non-domiciled shareholders are not taxed. The years open of review are from 2010 to 2015.

The tax loss carryforward determined by Mineração Taboca S.A. as of December 31, 2015 amounts to US$326,786,000 (US$551,487,000 as of December 31, 2014).

The tax loss does not expire according to Brazilian tax regime, but its offsetting is limited to 30% of the taxable income of each future period.

(d) Peruvian subsidiaries -
The income tax returns from 2011 to 2015 and the value added tax returns from 2011 to 2015 of the Peruvian subsidiaries are pending review by the tax authorities.

As of December 31, 2015 and 2014, the tax losses of the Peruvian subsidiaries are as follow:

	2015 US$(000)	2014 US$(000)
Cumbres Andinas S.A.	4,983	5,646
Compañía Minera Barbastro S.A.C.	234	446
Marcobre S.A.C.	14,273	3,521
Minera Sillustani S.A.	1,750	2,307

As of December 31, 2015, these subsidiaries have not recognized deferred income tax asset originated by the tax loss carryforward by US$5,522,000 (US$3,099,000 as of December 31, 2014), because management has no certainty about the future realization of such tax losses.

22. Net sales

The composition of this caption is presented below:

	2015 US$(000)	2014 US$(000)
Tin and other minerals	441,658	734,023
Gold	140,040	138,777
Niobium and tantalum	36,652	41,139
	618,350	913,939
Embedded derivative for sales of tin	260	333
	618,610	914,272

23. Cost of sales

The composition of this caption is made up as follows:

	2015 US$(000)	2014 US$(000)
Opening finished product inventory	35,680	58,342
Opening product in process inventory	47,634	76,645
Services rendered by third parties	88,070	112,281
Wages and salaries	84,920	108,932
Depreciation, note 13(b)	76,821	79,239
Consumption of raw material and miscellaneous supplies	70,046	84,223
Mining contractor services from AESA S.A., note 32(b)	42,292	42,592
Electricity	12,661	22,739
Amortization, note 14(b)	7,927	9,877
Explosives from Exsa S.A.	7,299	8,457
Estimation for obsolescence, note 9(c)	136	878
Estimation (recovery) for impairment of inventories, note 9(b)	115	(1,151)
Other manufacturing expenses	108	4,181
Final work in process inventory	(35,011)	(47,634)
Final finished product inventory	(19,754)	(35,680)
	418,944	523,921

24. Administrative expenses

The composition of this caption is made up as follows:

	2015 US$(000)	2014 US$(000)
Personnel expenses	27,431	34,839
Services provided by third parties	9,951	13,565
Sundry expenses	2,714	3,366
Advice and consulting	2,515	3,363
Depreciation, note 13(b)	636	618
Amortization, note 14(b)	7	4
Supplies	1	26
	43,255	55,781

25. Selling expenses

The composition of this caption is made up as follows:

	2015 US$(000)	2014 US$(000)
Services provided by third parties	4,257	6,206
Sales commissions	1,719	2,334
Personnel expenses	1,170	1,037
Sundry expenses	753	1,097
Depreciation, note 13(b)	7	8
Doubtful accounts, note 8(c)	-	1,413
	7,906	12,095

26. Exploration and project expense

The composition of this caption is made up as follows:

	2015 US$(000)	2014 US$(000)
Services provided by third parties	24,197	48,465
Personnel expenses	9,274	12,373
Mining contractor services from AESA S.A., note 32(b)	3,048	2,485
Sundry expenses	2,366	2,920
Depreciation, note 13(b)	1,295	830
Amortization, note 14(b)	534	326
Supplies	434	441
	41,148	67,840

27. Others, net

The composition of this caption is made up as follows:

	2015 US$(000)	2014 US$(000)
Other operating income:		
Revenue on sale of supplies and raw material	4,284	6,062
Reversal of provision for tax credits operations in Brazil	3,639	6,092
Revenue on administrative services	1,216	-
Recovery on contingency provision, note 18(a)	1,029	7,105
Recovery of doubtful estimation, note 8(c)	142	34
Revenue on sale of property, plant and equipment	54	-
Insurance compensations	-	932
Impairment reversal	-	2,938
ICMS tax benefit	-	1,413
Recovery of judicialdeposits	-	3,443
Other minors	1,551	3,725
	11,915	31,744
Other operating expenses:		
Environmental remediation expenditures, note 18(c)	(20,397)	(9,383)
Net cost of sale of property, plant and equipment	(15,192)	(2,718)
Mine closure expenditures, note 18(b)	(4,997)	-
Net cost of sale of supplies and raw material	(3,656)	(5,527)
Contingencies expenditures, note 18(a)	(2,893)	(1,713)
Contribution to public entities of environmental regulation	(1,619)	(2,859)
Donations	(1,456)	(3,333)
Mining retirement fund	(822)	(1,574)
Expenditure on temporary shutdowns	(802)	(2,578)
Depreciation, note 13(b)	(249)	(283)
Miscellaneous charged-off credits	(1,603)	(9,071)
Other minors	(4,291)	(8,020)
	(57,977)	(47,059)
Total others, net	(46,062)	(15,315)

28. Finance income and costs

The composition of this caption is made up as follows:

	2015 US$(000)	2014 US$(000)
Finance income:		
Interests on deposit certificate	1,998	231
Interest on time deposits	1,523	4,127
Accretion, note 18	37	12
Others	976	309
	4,534	4,679
Finance costs:		
Corporate bond interests	(27,928)	(27,461)
Bank loans interests and commissions	(14,465)	-
Amortization of issuance costs of corporate bond	(1,204)	(1,077)
Others	(777)	(8,590)
Finance interest	(44,374)	(37,128)
Accretion, note 18	(1,262)	(10,763)
	(45,636)	(47,891)

29. Earnings per share (EPS)

The basic and diluted earnings per share are calculating dividing the net income for the year by the weighted average number of outstanding shares during the year.

The calculation of the earnings per share is presented below:

	2015 US$	2014 US$
Numerator -		
Net income	(537,982,000)	75,793,000
	Número de acciones	**Número de acciones**
Denominator -		
Common shares, note 20(a)	19,220,015	19,220,015
Investment shares, note 20(b)	960,999,163	960,999,163
Earning per shares		
Basic diluted – US$ per common share	(18.66)	2.63
Basic and diluted – US$ per investment share	(0.19)	0.03

The basic and diluted earnings (loss) per share are the same since there are no dilutive financial instruments over the profits.

There have been no other transactions involving common shares and investment shares between the reporting date and the date of the authorization of these consolidated financial statements.

30. Commitments

(a) Minsur -

(i) Environmetal Impact Study (EIA)

According to Supreme Decree 016-93-EM, effective from 1993, all mining companies must file an EIA before the Ministry of Energy and Mines (MEM). EIAs are prepared by environmental consultants registered before MEM. EIAs consider all the environmental controls that all mining entities will implement during the life of the mining units. All mining units of the Group have an approved EIA for their activities.

(ii) Law of Mine Closure in Peru -

On October 14, 2004, the Peruvian government enacted the Law No.28090 "Law of Mine Closure", which purpose is to regulate the obligations and procedures that mining companies should comply for the elaboration, filling and implementation of the Mine Closure Plan, as well as to require the establishment of environmental guarantees to secure fulfillment of related mine closure plan. The corresponding ruling was approved on August 15, 2005 by means of Supreme Decree No.033-2005-EM.

To comply with this obligation, the Company filed on February 27, 2015 to Ministry of Energy and Mines its San Rafael Unit Mine Closure Plan, which was approved by means of Directorial Resolution No.314-2015-MEM/AAM of August 12, 2015. On June 22, 2012, the Company filed its Pisco Closure Plan, which was approved by means of Directorial Resolution No.215-2013-MEM/AAM of June 21, 2013. Finally, on June 26, 2014, the Company filed its Pucamarca Closure Plan, which was approved by means of Directorial Resolution No. 409-2014-MEM/AAM on August 08, 2014.

As of December 31, 2015, the provision for mine closure for San Rafael, Pucamarca and Pisco units amounts to US$56,205,000 (US$52,513,000 as of December 31, 2014). See movement of this provision in note 18(b).

(iii) Commitment of future sales ("Off take agreement") -

As a result of the acquisition of Marcobre S.A.C., the Group entered into a shareholders agreement with the non-controlling interest of such subsidiary (LG Nikko Copper Inc.). By means of this agreement, the non-controlling interest receives some protective rights and the subsidiary commits to sell to LG Nikko Copper Inc. the 90 percent of the annual production of copper concentrates of Target Area 1 and the 70 percent of the annual production of copper cathodes. The term of these commitments is 10 years since the beginning of the production, with a possibility to extend the term.

(b) Mineração Taboca S.A.-
In compliance with the current environmental regulations in Brazil, Taboca has recorded a provision for closure of operations of Pitinga unit by US$40,233,000 as of December 31, 2015 (US$39,060,000 as of December 31, 2014). See movement of this provision in note 18(b).

(c) Peruvian subsidiaries -
The subsidiary Minera Sillustani S.A. maintains community support agreements with the rural communities of Rio de la Virgen and Peña Azul. By these agreements, the subsidiary committed to perform social work and sustainability activities in favor of such communities during the periods the subsidiary perform its mining operations. These commitments are in force until 2024 and 2033 and total amount to US$320,000 and US$966,000, respectively.

Additionally, the subsidiary Compañía Minera Barbastro S.A.C., maintains community support agreement with the rural community of Tinyacclla. By this agreement the subsidiary committed to perform social work and sustainability activities in favor of this community during the period the subsidiary perform its mining operation. This committee is in force until 2033 and amounts to US$760,000.

31. Contingencies

Peruvian entities -

(a) As a result of the tax reviews made to the years from 2000 to 2010, the Group has received tax assessments by omissions to the Income Tax and Value Added Tax by S/132,046,000 (equivalent to US$38,689,000). In all these cases, the Group has appealed since it considers that they are not in compliance with the current Peruvian tax regulations. As of today, these appeals are pending of resolution. Management and its legal advisors estimate that this appeal will be favorable resolved in the interests of the Company.

On the other hand, in the past the Group decided to make, under protest, several payments assessed by the tax authorities, without prejudice of exercising its right of claim to SUNAT or appeal to the Tax Court, depending of the circumstance. As of December 31, 2015, the accumulated payments under protest amounted to US$23,678,000 (US$27,087,000 as of December 31, 2014). The Group will recognize these contingencies when its collection will be virtually certain.

(b) In the appeal presented by the Group to the tax authorities for the fiscal year 2002, the Group included a claim for income tax payments made in excess in such year for S/104,708,000 (equivalent to US$30,679,000). This amount was originated by an error in the determination of a gain related to the transfer of 9,847,142 shares of Union de Cervecerias Backus y Johnston S.A.A., occurred in July 2002. The Group will recognize the asset related to this claim on the date on which the refund is made by the tax authorities. Management and its legal counsel estimate that this claim will be resolved in favor of the Group.

(c) Sanctioning administrative processes -
In 2010, OSINERGMIN notified to the Group for some incompliances to the standards of protection and conservation of the environment and health and safety. In addition, during 2012 the Agency for Assessment and Environmental Control (OEFA) notified the Group for a few non-compliance with the current environment regulations. The administrative sanctions from OSINERGMIN and OEFA would amount to a maximum of 13,744 tax units (equivalent to US$15,504,000 as of December 31, 2015). The Group has appealed these sanctions; currently, it is pending of resolution by OSINERGMIN and OEFA.

Management and its legal counsels have analyzed these processes and have estimated a contingency of US$3,741,000, which was recorded under "Provisions" in the Consolidated statements of financial situation (refer to note 18 (d)).

Brazilian entities -
Mineração Taboca S.A. and its subsidiary have tax, labor, and other contingencies which are classified as possible. The main possible contingencies are detailed bellow:

(d) Processes with organism regulator of mineral production -
In 2014 all tax litigation Taboca maintained with the National Department of Mineral Production (DNPM), an official body that regulates mining in Brazil, were resolved. In five of these cases there was a favorable outcome for Taboca and in two cases the management chose to take an extension of the REFIS program and liquidated these tax processes for R$835,000, approximately equivalent to US$211,000.

In 2014 and 2015, DNPM filed a new suit against Taboca amounting to R$4,126,000 (equivalent to approximately US$1,042,000). Because of the time involved, the action was taken immediately by the former parent Paranapanema, which are accountable for these actions. As a result, there are not pending tax disputes classified as possible as of December 31, 2015.

(e) Lawsuits with Banco Santos –

Mamoré, subsidiary of Taboca, is involved in five lawsuits filed by Banco Santos, Fundo Basa de Investimento Financeiro and Mellon Aroveredo Fundo de Investimento Multimercado Previdenciario (Mellon Aroveredo) in relation to an alleged nonpayment of credit agreements originally signed with Banco Santos during the years 2005 to 2007. These five demands include three lawsuits in which are involved Mamoré with its former parent Paranapanema. In opinion of the legal counsel of the Group and Management, only one of these legal actions involves a risk of loss, as is qualified as probable contingency, consequently was provisioned in the financial statements of the Group for US$198,000. The remaining claims were classified as possible contingencies and amounted to approximately R$130,688,000 (equivalent to approximately US$33,008,000).

(f) Labor proceedings -

Taboca and its subsidiaries keeps civil, labor and tax processes that involve risk of potential losses according to the assessment made by management and its legal counsel, consequently for those possible contingencies were not made any provision which amount to R$5,268,000, R$10,942,000 and R$10,112,000, respectively (equivalent to approximately US$1,331,000, US$2,764,000 and US$2,554,000) as of December 31, 2015.

As of December 31, 2015, in opinion of management and its external legal counsel, the resolution of tax, labor, civil and other contingencies, classified as possible contingencies would not result in additional liabilities to those already recorded by the Group.

32. **Related parties transactions**

(a) Receivable and payables -

The balances of receivables and payables with related entities as of December 31, 2015 and 2014 are as follows:

	2015 US$(000)	2014 US$(000)
Other receivables		
Compañía Minera Raura S.A.	289	171
Administracion de Empresas S.A.	147	294
Others	9	-
	445	465
Classification by maturity:		
Current portion	445	465
Non-current portion	-	-
	445	465

	2015 US$(000)	2014 US$(000)
Trade and other payables:		
Administración de Empresas S.A.	12,312	7,454
Exsa S.A.	1,757	2,329
Clínica Internacional. S.A.	244	519
Rimac S.A. Entidad prestadora de salud	236	20
Centria Servicios Administrativos S.A.	228	67
Rimac Seguros y Reaseguros	127	298
Corporación Peruana de Productos Químicos S.A.	76	15
Urbanizadora Jardín S.A.	48	184
Compañía Minera Raura S.A.	45	10
Inversiones Nacionales de Turismo S.A.	28	31
Estratégica S.A.C.	17	80
Protección Personal S.A.	5	90
Constructora AESA S.A.	2	-
Others	-	5
	15,125	11,102
Clasification by nature:		
Trade	14,071	9,783
Others	1,054	1,319
	15,125	11,102

There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Balance payable to related companies are current maturities, interest free and without specific guarantees.

(b) Main transactions -

The main transactions occurred during the years 2015 and 2014 were the following:

	2015 US$(000)	2014 US$(000)
Administración de Empresas S.A. (AESA) – Mine services, notes 23 and 26	45,340	45,077
Exsa S.A. – Purchase of explosives	7,518	10,932
Rimac Seguros y Reaseguros – Insurance services	2,466	8,908
Constructora AESA S.A. –Construction services	-	2,122

Transactions with related parties are made at terms equivalent to those prevail in arm's length transactions.

(c) Remunerations -

The compensation received by the key personal of the Group for the years ended December 31, 2015 and 2014 was recognized as an expense in the consolidated statement of loss and gain and these are as follows:

	2015 US$(000)	2014 US$(000)
Peru		
Remunerations	10,269	9,576
Board of Directors' fees	420	420
	10,689	9,996
Brazil		
Fixed remuneration	1,917	1,436
Variable remuneration	543	307
	2,460	1,743
Total	13,149	11,739

The Company does not compensate Management with post-employment or contract termination benefits or share-based payments.

33. Segment information

Management has determined the operating segments of the Group on the basis of 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.
- Other mining exploration activities in Peru and Chile.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated statements of profit or loss.

	Tin and gold (Peru)							
	Tin (Peru) US$(000)	Gold (Peru) US$(000)	Non allocable (Peru) US$(000)	Total (Peru) US$(000)	Tin (Brazil) US$(000)	Mining exploration (Peru and Chile) US$(000)	Adjustments and eliminations US$(000)	Total Consolidated US$(000)
Year 2015								
Results:								
Income from external customers	347,289	140,040	-	487,329	131,281	-	-	618,610
Cost of sales	(206,896)	(71,783)	-	(278,679)	(140,265)	-	-	(418,944)
Administrative expenses	(21,432)	(7,436)	-	(28,868)	(11,972)	(2,415)	-	(43,255)
Selling expenses	(6,198)	(101)	-	(6,299)	(1,608)	1	-	(7,906)
Exploration costs	(25,822)	(451)	-	(26,273)	-	(14,875)	-	(41,148)
Impairment loss	-	-	-	-	-	(640,528)	-	(640,528)
Other, net	(3,619)	(1,256)	-	(4,875)	(13,251)	(27,567)	(369)	(46,062)
Operating income (loss)	83,322	59,013	-	142,335	(35,815)	(685,384)	(369)	(579,233)
(Loss) profit before income tax	-	-	(372,169)	(372,169)	(80,203)	(563,983)	370,024	(646,331)
Income tax	-	-	(49,661)	(49,661)	1,705	172,345	(16,040)	108,349
(Loss) profit, net	-	-	(421,830)	(421,830)	(78,498)	(391,638)	353,984	(537,982)
Assets:								
Cash and cash equivalents	-	-	383,001	383,001	5,635	2,004	215	390,855
Inventory, net	42,436	18,996	-	61,432	28,005	202	-	89,639
Current assets	87,540	18,996	406,390	512,926	55,107	4,766	(224)	572,575
Property, plant and equipment and intangibles	139,822	173,462	-	313,284	259,617	211,534	(1,957)	782,478
Total assets	227,362	192,458	1,213,704	1,633,524	354,712	(45,498)	(1,957)	1,940,781
Liabilities:								
Bank overdraft and interests bearing loans and borrowings	-	-	439,379	439,379	106,898	-	-	546,277
Current liabilities	8,972	1,154	81,794	91,920	125,981	7,456	-	225,357
Total liabilities	47,370	13,167	520,939	581,476	186,451	57,938	-	825,865
Other disclosures:								
Additions of fixed assets, intangibles and investment properties	25,150	7,064	-	32,214	29,570	18,212	(3,309)	76,687
Depreciation and amortization (included in costs and expenses)	(30,390)	(34,249)	-	(64,639)	(21,314)	(1,523)	-	(87,476)
Operating activities	-	-	108,159	108,159	(17,995)	(13,387)	(34,675)	42,102
Investing activities	-	-	(63,878)	(63,878)	(96,544)	(26,747)	113,157	(74,012)

	Tin and gold (Peru)							
	Tin (Peru) US$(000)	Gold (Peru) US$(000)	Non allocable (Peru) US$(000)	Total (Peru) US$(000)	Tin (Brazil) US$(000)	Mining exploration (Peru and Chile) US$(000)	Adjustments and eliminations US$(000)	Total Consolidated US$(000)
Year 2014								
Results:								
Income from external customers	621,383	138,777	-	760,160	160,689		(6,577)	914,272
Cost of sales	(274,414)	(79,960)	-	(354,374)	(173,380)		3,833	(523,921)
Administrative expenses	(27,100)	(7,897)	-	(34,997)	(16,626)	(4,486)	328	(55,781)
Selling expenses	(8,095)	(2,359)	-	(10,454)	(1,641)	-	-	(12,095)
Exploration costs	(22,117)	(6,444)	-	(28,561)	-	(39,279)	-	(67,840)
Other, net	(7,920)	(2,308)	-	(10,228)	(4,055)	(179)	(853)	(15,315)
Operating income (loss)	281,737	39,809	-	321,546	(35,013)	(43,944)	(3,269)	239,320
Profit before income tax	-	-	203,672	203,672	(67,077)	(46,032)	93,259	183,822
Income tax	-	-	(118,774)	(118,774)	4,555	6,190	-	(108,029)
Net profit (loss)	-	-	84,898	84,898	(62,522)	(39,842)	93,259	75,793
Assets:								
Cash and cash equivalents	-	-	388,712	388,712	6,035	13,135	-	407,882
Inventory, net	52,789	15,753	-	68,542	53,793	281	(2,744)	119,872
Current assets	91,205	19,616	418,359	529,180	97,678	16,850	(3,865)	639,843
Property, plant and equipment and intangibles	143,827	204,271	-	348,098	372,590	849,336	(3,846)	1,566,178
Total assets	235,032	223,887	1,824,541	2,283,460	518,429	921,445	(874,004)	2,849,330
Liabilities:								
Bank overdraft and interests bearing loan sand borrowings	-	-	439,285	439,285	84,830	-	-	524,115
Current liabilities	30,101	9,008	74,906	114,015	106,250	11,295	10,057	241,617
Total liabilities	68,632	21,281	515,371	605,284	278,133	196,818	(83,046)	997,189
Other disclosures:								
Additions of fixed assets, intangibles and investment properties	18,597	18,223	-	36,820	32,317	2,927	(1,320)	70,744
Depreciation and amortization (included in costs and expenses)	(27,961)	(34,228)	-	(62,189)	(29,082)	(1,004)	1,090	(91,185)
Operating activities	-	-	289,925	289,925	(4,386)	(22,413)	(51,734)	211,392
Investing activities	-	-	(287,529)	(287,529)	(35,074)	(77,398)	167,059	(232,942)

Geographic information

The following table presents net sales of tin, other minerals and gold by geographic region:

	2015 US$(000)	2014 US$(000)
Tin and other minerals		
Europa	210,352	363,395
America	182,087	300,278
Asia	56,233	85,505
Brazil	28,974	19,310
Peru	664	6,674
Gold		
United States	140,040	138,777
	618,350	913,939
Embedded derivative for sales of tin	260	333
	618,610	914,272

34. Financial instrument risk management, objectives and policies

34.1. Financial risk factors -

The Group's main financial liabilities, other than derivatives, comprise loans and borrowings, 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 available-for-sale financial investments.

The Group's activities are exposed to different financial risks: market risks (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program of the Group mainly focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Risk management is carried out by the Chief Financial Officer which follows the policies approved by the Board of Directors.

(i) 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 assets at fair value and borrowings.

Sensitivity analyzes included in the following sections relate to the financial position as of December 31, 2015 and 2014.

These 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 to December 31, 2015 and 2014.

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 reales and Chilean pesos. Although to a lesser extent, the Group also has operations in other currencies such as soles. As a result, the Group is exposed to the foreign exchange risk fluctuation. Except in the case of specific transactions, Management has decided to assume the foreign currency risk.

The following table shows the sensitivity in the results of the Group in the years 2015 and 2014 if the Sol had revalued/devalued 10% with respect to US dollar.

Year	**Potential increase / decrease**	**Effect on profit before income tax** US$(000)
2015	+10%	962
	-10%	(962)
2014	+10%	(376)
	-10%	376

Price risk –

Investments:

The Group is exposed to the risk of fluctuation in the prices of its investments maintained and classified in its consolidated statement of financial position at fair value through profit and loss and available-for-sale financial investments. The Group diversifies its investment portfolio in order to reduce its exposure to price risk. The diversification of the portfolio is carried out in accordance with the limits established by Management.

The following table shows the sensitivity in the results of the Group in the years 2015 and 2014 if the price of the financial instruments listed in the market had increased/reduced 5% and the rest of the variables had remained constant:

Year	Increase/decrease in the price of quoted shares	Effect on profit before income tax US$(000)
2015	+5%	8,397
	-5%	(8,397)
2014	+5%	8,412
	-5%	(8,412)

Changes risk in mineral prices –
The international tin price has a significant impact on the results of operations of the Group. Quotes of tin have historically fluctuated and are affected by numerous factors beyond the control of the Group. The Group has no financial instruments to hedge this commodity price risk.

As described in Note 2.3(r) , the Group has price risks from its sales contracts established at provisional prices, subject to a future price in a given month (usually 3 months from date of arrive), based mainly on the average monthly price on the LME. To the extent that the final prices are higher or lower than initially provisionally recorded, the increase or decrease in profit or loss is recorded at each financial reporting date until the date of the final quote.

The table below summarizes the impact of changes in prices of tin in profit before income tax. This analysis is based on the assumption that the price of tin has increased or decreased by 5%, while all other variables are held constant. Positive scenario for 2015 was considered an average price of US$/MT 15,829; while for the negative scenario was considered an average price of US$/MT 14,321.

In the case of gold sales, these are made at market prices on the date of delivery, which are not subject to provisional pricing, or price risk associated with it.

Year	Increase/decrease in the price of quoted of tin	Effect on profit before income tax US$(000)
2015	+5%	1,743
	-5%	(1,743)
2014	+5%	781
	-5%	(781)

(ii) Credit risk -

The Group's financial assets potentially exposed to credit risk concentrations are mainly bank deposits and trade receivables. With regard to bank deposits, the Group reduces the probability of significant credit risk because its deposits are held in first class financial institutions, and limits the amount of exposure to credit risk in any financial institutions.

With regard to trade receivables, there are no significant concentrations since the Group has established policies to ensure that the sale of its production is made to clients with an adequate credit history. The maximum exposure to credit risk of the consolidated statement of financial position as of December 31, 2015 and 2014 is given by the balance of the captions cash and cash equivalents, trade and other receivables.

Financial instruments and bank deposits -

The credit risk in bank balances is managed by the Chief Financial Officer in accordance with Group policies. The counterparty credit limits are reviewed by management and the Board. The limits are established to minimize the risk concentration and therefore mitigate financial losses from potential default of the counterparty.

Trade receivables -

Customer credit risk is managed by the Management, subject to policies, procedures and controls set properly. The balances of accounts receivable are periodically reviewed to ensure their recovery. Sales of tin and gold are conducted primarily to foreign customers located mainly in Europe and United States, respectively.

Other receivables-

These receivables are not related to the main operating activities of the Group. The Group's management constantly monitors the credit risk of these items and periodically evaluates those debts that show impairment indicators to determine the required allowance for doubtful accounts.

(iii) Liquidity Risk –

The prudent administration of the liquidity risk implies maintaining sufficient cash and cash equivalents, the availability of financing through an adequate number of committed financing sources and the capacity to close market positions. In this sense, the Group does not have significant liquidity risks since, historically, the cash flows of its operations have allowed it to maintain sufficient cash to mitigate its obligations.

The Group permanently monitors the liquidity reserves based on the permanent analysis of its working capital (liquidity ratio) and on projections of its cash flows that consider the future prices of the products that it sells and the costs necessary for their production and sale.

The following table shows the maturities of liabilities in the consolidated statement of financial position as of December 31, 2015 and 2014:

	Past Due US$(000)	Less than 3 months US$(000)	From 3 to 12 months US$(000)	From 1 to 5 years US$(000)	More than 5 Years US$(000)	Total US$(000)
As of December 31, 2015						
Interest-bearing loans and borrowings						
Principal	-	128	93,665	13,339	450,000	557,132
Future interests	-	14,062	14,062	140,625	70,312	239,061
Trade and other payables	-	73,629	1,460	10,000	-	85,089
Total	-	87,819	109,187	163,964	520,312	881,282
As of December 31, 2014						
Interest-bearing loans and borrowings						
Principal	-	-	68,388	17,533	450,000	535,921
Future interests	-	14,062	14,062	140,625	98,438	267,187
Trade and other payables	-	39,068	54,941	10,000	-	104,009
Total	-	53,130	137,391	168,158	548,438	907,117

34.2. Capital risk management -

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its shareholders, benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The policy of the Group consists on financing all its projects with a conservative mix of own cash resources and debt. With this objective Management use to make capital contributions and/or loans to its subsidiaries in Brazil and Chile, the additional needs are covered by bank loans. In order to achieve this, the Group periodically capitalizes its earnings and if necessary adjusts the amount of the dividends payable to its shareholders.

35. Financial asset and financial liabilities

(a) Financial assets and liabilities –

Financial assets –

	2015 US$(000)	2014 US$(000)
Financial assets at fair value		
Financial assets at fair value through profit or loss	6,412	8,155
Available-for-sale financial investments:		
Publicly traded mutual funds	125,998	124,546
Certificates of deposit without public quote	66,500	65,030
Total available-for-sale investments	192,498	189,576
Total financial instruments at fair value	198,910	197,731
Financial liabilities		
Embedded derivatives for sale of tin	298	558
Total financial liabilities at fair value	298	558

Financial instruments at fair value through profit or loss and the available for sale financial investments reflect fair value of the assets.

Except financial instruments at fair value through profit or loss and available-for-sale financial investments, all financial assets which included cash and cash equivalents and trade and other receivables are classified in the category of loans and receivables are held to maturity and generate revenue for fixed or variable interest. The carrying value may be affected by changes in the credit risk of the counterparties.

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 included 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 similar to the carrying -
For financial assets and liabilities that are liquid or have short maturities (less than three months), as cash and cash equivalents, net trade and other receivables, net trade and other accounts payable and other current liabilities are considers that the carrying value is similar to 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 for the currency, and similar maturities and credit risks.

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

	Carrying amount		Fair value	
	2015 US$(000)	2014 US$(000)	2015 US$(000)	2014 US$(000)
Financial assets				
Financial assets at fair value through profit or loss	6,412	8,155	6,412	8,155
Available-for-sale financial investments	192,498	189,576	192,498	189,576
Total financial assets - non-current	198,910	197,731	198,910	197,731
Financial liabilities				
Interest-bearing loans and borrowings:	439,379	439,285	276,600	321,000
Trade and other payable	113,638	113,638	151,092	151,092
Total financial liabilities	553,017	552,923	427,692	472,092

(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, as follows:

- 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 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 reporting period.

The following table provides the fair value measurement hierarchy of the Group´s assets and liabilities as of December 31, 2015:

		Fair value measurement 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, 2015				
Assets measured at fair value:				
Financial assets at fair value through profit or loss	6,412	6,412	-	-
Available-for-sale financial investments:				
Public quotation mutual funds	125,988	125,988	-	-
Certificates of deposit without public quotation	66,500	-	-	66,500
Liabilities measured at fair value:				
Derivative liabilities:				
- Embedded derivative for sales of tin	(298)	(298)	-	-

There have been no transfers between levels during the period ending December 31, 2015.

The methodologies and assumptions used to determine fair values depend on the terms and risk characteristics of various financial instruments in Level 3, which are presented at their net present value using a discount rate range between 2.85% and 2.87%.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as of December 31, 2014 –

		Fair value measurement 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, 2014				
Assets measured at fair value:				
Financial assets at fair value through profit or loss	8,155	8,155	-	-
Available-for-sale financial investments:				
Public quotation mutual funds	124,546	124,546	-	-
Certificates of deposit without public quotation	65,030	-	-	65,030
Liabilities measured at fair value:				
Derivatives liabilities:				
- Embedded derivative for sales of tin	(558)	(558)	-	-

There have been no transfers between levels during the period ending December 31, 2014.

The methodologies and assumptions used to determine fair values depend on the terms and risk characteristics of various financial instruments in Level 3, which are presented at their net present value using a discount rate range between 2.40% and 2.49%.

36. Embedded derivative for sale of tin

The sales of tin produced in Peru are based on commercial agreements, whereby a provisional sales price is assigned based on the current quoted prices of tin, which are then liquidated based on future quotations of mineral (forward).

Embedded derivative as of December 31, 2015 and 2014:

Metal	Quantity	Quotations period 2014	Valuations Provisional US$(000)	Futures US$(000)	Fair value US$(000)
Sales of mineral: 2015					
Tin (Peru)	2,138 MT	January-March 2016	32,509	32,246	(263)
Tin (Brazil)	175 MT	January 2016	2,657	2,622	(35)
Total net liability					(298)
Sales of mineral: 2014					
Tin (Peru)	804 MT	January 2015	16,168	15,610	(558)
Total net liability					(558)

37. Material non controlling interest in subsidiaries

Financial information of subsidiary that has material non-controlling interests is provided below:

(a) Proportion of equity interest held by non-controlling interests:

	Country of incorporation and operation	2015 %	2014 %
Marcobre S.A.C.	Perú	30.00	30.00

(b) Balances of material non-controlling interest:

	2015 US$(000)	2014 US$(000)
Accumulated balances of material non-controlling interest	62,865	173,965
Loss allocated to material non-controlling interest	(115,984)	(9,105)

(c) The summarized financial information of Marcobre S.A.C. is provided below. This information is based on amounts before inter-company eliminations:

Summarized statements of profit or loss for the years ended December 31:

	2015 US$(000)	2014 US$(000)
Administrative expenses	(2,385)	(3,178)
Other operating income (expenditures)	(34,999)	38
Finance income	21	33
Finance costs	(16)	(20)
Exchange rate difference	(3,173)	(1,717)
Profit before tax	(40,552)	(4,844)
Income tax	(5,847)	(3,564)
Net loss	(46,399)	(8,408)
Elimination adjustments (*)	(487,053)	(22,933)
Total comprehensive income	(533,452)	(31,341)
Attributable to:		
Equity holders of parent	(417,468)	(22,236)
Non-controlling interest	(115,984)	(9,105)
	(533,452)	(31,341)

Summarized statements of financial position as of December 31:

	2015 US$(000)	2014 US$(000)
Current assets	3,172	12,064
Non-current assets	218,249	226,651
Current liabilities	(3,760)	(4,732)
Non-current liabilities	(7,695)	(1,918)
Total equity before inter-company elimination adjustments	209,966	232,065
Elimination adjustments (*)	(600,039)	345,851
Total equity	(390,073)	577,916
Attributable to:		
Equity holders of parent	(452,938)	403,951
Non-controlling interest	62,865	173,965
Total equity	(390,073)	577,916

(*) Substantially includes the effects of impairment loss of Mina Justa project, updating tax liability deferred income tax liability related to the assets of the impaired project and the effect of harmonization of accounting policies for the treatment of costs of exploration and evaluation mining for consolidation purposes with the Group.

Summarized statements of cash flow for the years ended December31:

	2015 US$(000)	2014 US$(000)
Net cash flows used in operating activities	(5,981)	(17,888)
Net cash flows used in investing activities	(26,705)	(32,541)
Net cash flows provided from financing activities	24,300	48,300
Net (decrease) increase in cash and cash equivalents	(8,386)	(2,129)

38. Explanation added for translation to English language

The accompanying translated consolidated financial statements originally issued in Spanish are presented on the basis of International Financial Reporting Standards "IFRS". Certain accounting practices applied by the Company that conform to IFRS may not conform with generally accepted accounting principles in other countries.

Nº 0055420

COLEGIO DE CONTADORES PÚBLICOS DE LIMA

AV. AREQUIPA Nº 998 Y AV. ALEJANDRO TIRADO Nº 181 - SANTA BEATRIZ - LIMA
TELEF.: 230-3000

R.U.C. 20106620106

Nº 55298

Constancia de Habilitación

La Decana 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, ZALDIVAR, BURGA & ASOCIADOS SOC. CIVIL DE RESPONSABILIDAD LIMITADA
MATRICULA : S0761

FECHA DE COLEGIATURA : 06/11/2002

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

31/03/2017

Lima,

19 de Febrero de 2016

Elsa R. Ugarte V.

CPCC Elsa Rosario Ugarte Vásquez
Decana

Penadillo C.

CPCC Moisés Manuel Penadillo Castro
Director Secretario

Verifique su validez en: www.ccpl.org.pe

Comprobante de Pago: 019-00059325

Verifique la validez del comprobante de pago en: www.sunat.gob.pe

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