Minsur S.A. and Subsidiaries

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

1. Corporate information

(a) Identification -

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

(b) Business activity -

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

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

In addition, through its subsidiary Cumbres Andinas S.A.C, the Company holds shares in Marcobre S.A.C., a mining company that is in exploration of mining rights and the development of the Mina Justa mining copper project, located in province of Nazca, region of Ica, which estimated investment amounts to US$ 1.8 billion and is estimated to have an average annual production for the Life Of Mine “LOM” of 169,800 wet tons of copper concentrate and 43,000 tons of copper cathodes, which is expected to start during the third quarter of 2021.

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

As of June 30, 2021, and December 31, 2020, the Group through its subsidiary Marcobre is developing the Mina Justa Project. During 2021, the subsidiary Marcobre made disbursements for about US$212,313,000 (US$286,617,000 for the first semester of 2020), which were mainly for the execution and construction phase of the project.

The construction of the project has been financed with the contributions of the shareholders and through a syndicated loan from a group of financial institutions for up to an amount of US$900,000,000. The administration and supervision of the project has been commissioned to Ausenco S.A., an entity that is in charge of Engineering, Procurement, Construction Management (EPCM) according to the contract signed on November 7, 2017, which it will be in force until the completion of the Mina Justa project contract. Management expects to be able to start production during third quarter of 2021, subject to obtaining the necessary permits and environmental approvals.

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

(c) Covid-19 outbreak -

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

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

(d) Consolidated financial statements –

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

	Equity interest			
	June 30, 2021		December 31, 2020	
	Direct %	**Indirect** %	**Direct** %	**Indirect** %
Subsidiaries in Chile:				
Minera Andes del Sur SPA	-	100.00	-	100.00
Tarianta SPA	-	90.00	-	90.00
Subsidiaries in Brasil:				
Mineração Taboca S.A.	-	100.00	-	100.00
Mamoré Mineração e Metalurgia Ltda.	-	100.00	-	100.00
Subsidiaries in Perú:				
Minera Latinoamericana S.A.C.	99.99	-	99.99	-
Cumbres Andinas S.A.C.	60.00	-	60.00	-
Cumbres del Sur S.A.C.	99.98	-	99.98	-
Marcobre S.A.C.	-	60.00	-	60.00

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

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

- Tarianta SPA. –
  The corporate purpose of this subsidiary is the development of mining exploration activities in Chile, as well as the development of mining projects and other related activities. During, the first quarter of 2021, the General Meeting of Shareholders of the subsidiary decided to liquidate the Company, this process is in the public records of Chile.

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

- Mamoré Mineração e Metalurgia Ltda. -
  This subsidiary is engaged in the operation of the smelting plant of Pirapora, in Sao Paulo, Brazil.

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

- Cumbres Andinas S.A.C. -
  Currently, the activity of this subsidiary is limited to holding of 100 percent of shares of the mining company Marcobre S.A.C. mining company that in the construction stage.

- Marcobre S.A.C. -
  The main activity of the subsidiary is the exploration of mining rights and the development of its copper project' Mina Justa, located in the Nazca Province, Ica region.

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

(f) Approval of financial statements -

The condensed interim consolidated financial statements as of June 30, 2021, were approved for issuance by the Group's Management on August 14, 2021.

2. Basis of preparation and other significant accounting policies

2.1. Basis of preparation and presentation -

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

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

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

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

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

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

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

Interim consolidated income statements:

	From 01.01.2020 to 30.06.2020	Evaluation of income tax calculation methodology	From 01.01.2020 to 30.06.2020
	US$(000)	US$(000)	US$(000) (Restated)
Net sales	266,146		266,146
Cost of sales	(184,170)		(184,170)
Gross profit	81,976		81,976
Administrative expenses	(20,631)		(20,631)
Selling expenses	(3,138)		(3,138)
Exploration and evaluation expenses	(6,749)		(6,749)
Other expenses, net	3,238		3,238
Total operating expenses	(27,280)		(27,280)
Operating income	54,696		54,696
Other (expenses) income:			
Finance income	7,247		7,247
Finance costs	(31,471)		(31,471)
Profit (Loss) from investment in associates, net	1,191		1,191
Exchange difference, net	(44,043)		(44,043)
Total other expenses, net	(67,076)		(67,076)
Profit before income tax	(12,380)		(12,380)
Income tax	(37,310)	(11,642)	(48,952)
Net (Loss) profit	(49,690)		(61,332)
Attributable to:			
Equity holders of the parent	(41,472)	(12,146)	(53,618)
Non-controlling interests	(8,218)	504	(7,714)
Net profit	(49,690)		(61,332)
Earnings per share stated in U.S. dollar (basic and diluted) attributable to:			
Common shares	(1.439)		(1.860)
Investment shares	(0.014)		(0.019)

	From 01.04.2020 to 30.06.2020	Evaluation of income tax calculation methodology	Reestimation of the associated investment Cordillera del Sur	From 01.04.2020 to 30.06.2020
	US$(000)	US$(000)	US$(000)	US$(000) (Restated)
Net sales	104,636			104,636
Cost of sales	(74,251)			(74,251)
Gross profit	30,385			30,385
Administrative expenses	(8,144)			(8,144)
Selling expenses	(1,097)			(1,097)
Exploration and evaluation expenses	3,201			3,201
Other expenses, net	(1,714)			(1,714)
Total operating expenses	(7,754)			(7,754)
Operating income	22,631			22,631
Other (expenses) income:				
Finance income	4,944			4,944
Finance costs	(17,437)			(17,437)
Profit (Loss) from investment in associates, net	1,649		(105)	1,544
Exchange difference, net	(8,785)			(8,785)
Total other expenses, net	(19,629)			(19,734)
Profit before income tax	3,002			2,897
Income tax	(6,534)	(4,528)		(11,062)
Net (Loss) profit	(3,532)			(8,165)
Attributable to:				
Equity holders of the parent	86	(4,518)	(105)	(4,537)
Non-controlling interests	(3,618)	(10)		(3,628)
Net profit	(3,532)			(8,165)
Earnings per share stated in U.S. dollar (basic and diluted) attributable to:				
Common shares	0.003			(0.157)
Investment shares	-			(0.002)

Interim consolidated statements of comprehensive income:

	From 01.01.2020 to 30.06.2020	Evaluation of income tax calculation methodology	Reestimation of the associated investment Cordillera del Sur	From 01.01.2020 to 30.06.2020
	US$(000)	US$(000)	US$(000)	US$(000) (Restated)
Net (loss) profit	(49,690)	(11,537)	(105)	(61,332)
Other comprehensive income:				
Losses from Cash Flow Hedging, Net of Taxes	(52,028)			(52,028)
Exchange differences on translation	(31,917)			(31,917)
Share of Other Comprehensive Income of Associates, net of Tax	60			60
Gains on Financial Assets Measured at Fair Value with Changes in Other Comprehensive Income, net of Taxes	(2,522)			(2,522)
Other comprehensive income for the year	(86,407)			(86,407)
Total comprehensive income for the year, net of its income tax	(136,097)			(147,739)
Equity holders of the parent	(125,700)	(12,041)	(105)	(137,846)
Non-controlling interests	(10,397)	504	-	(9,893)

	From 01.04.2020 to 30.06.2020	Evaluation of income tax calculation methodology	Reestimation of the associated investment Cordillera del Sur	From 01.04.2020 to 30.06.2020
	US$(000)	US$(000)	US$(000)	US$(000) (Restated)
Net (loss) profit	(3,532)	(4,528)	(105)	(8,165)
Other comprehensive income:				
Losses from Cash Flow Hedging, Net of Taxes	(21,071)			(21,071)
Exchange differences on translation	737		9,219	9,956
Share of Other Comprehensive Income of Associates, net of Tax	692			692
Gains on Financial Assets Measured at Fair Value with Changes in Other Comprehensive Income, net of Taxes	(2,576)		(36)	(2,612)
Other comprehensive income for the year	(22,218)			(13,035)
Total comprehensive income for the year, net of its income tax	(25,750)			(21,200)
Equity holders of the parent	(22,532)	(4,518)	17,250	(9,800)
Non-controlling interests	(3,218)	(10)	(8,172)	(11,400)

3. Cash and cash equivalents and Other financial assets

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

	30.06.2021	31.12.2020
	US$(000)	US$(000)
Cash on hand and petty cash	13	17
Bank current accounts (b)	138,751	139,027
Overnight deposits (c)	33,330	72,109
Time deposits (d)	5,000	45,756
Certificates of bank deposits (e)	664	501
Balance considered in the consolidated statements of cash flow	177,758	257,410
Time deposits with original maturities greater than 90 days (f)	70,681	90,576
Total	248,439	347,986

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

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

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

(e) As of June 31, 2021, they correspond to bank deposit certificates (hereinafter "CDI") held by Mineração Taboca S.A. for R$3,304,000 (equivalent to US$664,000) that accrue interest at a 20 percent CDI rate and have original maturities of less than 90 days (R$2,603,000 equivalent to US$501,000 as of December 31, 2020 that accrued interest at a rate of 20 percent CDI).

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

4. Trade and other receivables, net

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

	30.06.2021	31.12.2020
	US$(000)	US$(000)
Trade (b):		
Invoices receivable	107,449	75,865
Changes in the fair value	406	4,029
	107,855	79,894
Other receivables:		
Value added tax credit and other tax credits (c)	119,258	131,997
Related parties, note 18(a)	3,607	3,581
Advances to suppliers	1,503	1,134
Invoices receivable for the sale of other supplies and fixed assets	1,374	3,155
Judicial deposits (d)	1,371	1,292
Restricted funds	443	109
Interest receivable (e)	373	1,280
Loans to employees	44	129
Others	1,479	769
	129,452	143,446
Total	237,307	223,340
By maturity:		
Current	144,202	136,081
Non Current	93,105	87,259
Total	237,307	223,340

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

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

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

In Management's opinion, this credit will be recovered in the short term (through the RERA) and in the long term, when the Marcobre subsidiary starts its production operations.

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

(d) As of June 30, 2021, and December 31, 2020, it corresponds to the judicial deposits held by the subsidiary Mineração Taboca S.A. corresponding to processes when liquidated through the financing of debts to the tax administration of Brazil (REFIS) and when its expects the development of the review initiated in 2014 by the Federal Revenue Secretariat of Brazil and the Attorney General's Office and the National Treasury of Brazil, to request the release and consequent lifting of the amounts deposited,. During the year 2021, the release of US$265,574 was made (US$301,000 during the year 2020).

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

5. Inventory, net

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

	30.06.2021	**31.12.2020**
	US$(000)	US$(000)
Mined material - Marcobre	80,296	49,883
Finished products	57,776	21,592
Work in progress	54,102	41,504
Materials and supplies	53,014	39,008
Mineral extracted	6,222	3,316
Inventory in transit	3,934	8,095
	255,344	163,398
Allowance for obsolescence	(3,888)	(3,819)
	251,456	159,579

By maturity:		
Current	171,231	109,696
Non Current	80,225	49,883
Total	251,456	159,579

6. Financial assets at fair value through other comprehensive income

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

30.06.2021	Cost	Unrealized results	Past due interest	Returns	Sale of the investment	Fair value
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Rímac Seguros y Reaseguros	21,070	(4,869)	-	746	-	16,947
BBVA Spain (*)	14,845	(9,407)	-	503	-	5,941
Total	35,915	(14,276)	-	1,249	-	22,888

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

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

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

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

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

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

	30.06.2021	**31.12.2020**
	US$(000)	US$(000)
Opening balance	26,685	110,693
Earned interest of deposit certificates	-	60
Unrealized results	(3,797)	(2,568)
Liquidations of deposit certificates	-	(81,500)
Ending balance	22,888	26,685

By maturity:		
Current portion	16,947	21,735
Non-current portion	5,941	4,950
Total	22,888	26,685

7. Investments in associates

(a) This caption is made up as follows:

	Interest in equity		**Equity value**	
	30.06.2021	**31.12.2020**	**30.06.2021**	**31.12.2020**
	%	%	US$(000)	US$(000)
Inversiones Cordillera del Sur Ltda. and subsidiaries	73.85	73.85	275,952	273,315
Futura Consorcio Inmobiliario S.A.	3.31	3.31	2,997	3,376
			278,949	276,691

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

	For periods of three months ended June 30,		**For periods of six months ended June 30,**	
	2021	**2020**	**2021**	**2020**
	US$(000)	US$(000)	US$(000)	US$(000)
Inversiones Cordillera del Sur Ltda. y subsidiarias	2,151	1,055	7,051	838
Futura Consorcio Inmobiliario S.A.	15	75	24	89
Explosivos S.A. (c)	-	414	-	264
Total	2,166	1,544	7,075	1,191

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

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

8. Property, plant and equipment, net

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

Net cost	Balance as of January 1, 2021	Additions	Mine closure update	Depreciation	Disposals (d)	Reclassifications	Translating adjustment	Balance as of June 30, 2021
Cost	2,695,270	141,370	(23,913)	-	(70)	(40)	12,118	2,824,735
Depreciation	(769,961)	-	-	(58,595)	43	-	(4,957)	(833,470)
Impairment loss of Property, plant and equipment	(37,116)	-	-	-	-	-	(1,459)	(38,575)
	1,888,193	**141,370**	**(23,913)**	**(58,595)**	**(27)**	**(40)**	**5,702**	**1,952,690**

Net cost	Balance as of January 1, 2020	Additions	Mine closure update	Depreciation	Disposals (d)	Reclassifications	Translating adjustment	Balance as of June 30, 2020
Cost	2,319,085	170,636	(4,655)	-	(285)	(556)	(89,715)	2,394,510
Depreciation	(703,944)	-	-	(43,843)	229	-	31,968	(715,590)
Impairment loss of Property, plant and equipment	(46,922)	-	-	-	-	-	12,172	(34,750)
	1,568,219	**170,636**	**(4,655)**	**(43,843)**	**(56)**	**(556)**	**(45,575)**	**1,644,170**

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

	For periods of three months ended June 30,		For periods of six months ended June 30,	
	2021	2020	2021	2020
	US$(000)	US$(000)	US$(000)	US$(000)
Cost of sales, note 16	21,996	7,107	43,986	26,641
Development cost	6,975	4,824	14,150	9,096
Administration expenses	165	633	341	818
Exploration and evaluation expenses	28	36	55	66
Selling expenses	2	2	5	5
Unabsorbed costs	-	6,210	-	7,161
Other expenses	29	32	58	56
	29,195	18,844	58,595	43,843

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

(d) As of June 30, 2021, the net cost of machinery and equipment under finance leases amounts to US$1,742,000. As of June 30, 2020, the Company did not have machinery and equipment under this modality.

(e) Impairment assessment of mining units

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

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

9. Intangible assets, net

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

Net cost	Balance as of January 1, 2021	Additions	Amortization	Disposals (d)	Reclassifications	Translating adjustment	Balance as of June 30, 2021
Cost	732,910	52,181	-	(614)	40	2,404	786,921
Amortization	(57,257)	-	(4,293)	-	-	(684)	(62,234)
	675,653	**52,181**	**(4,293)**	**(614)**	**40**	**1,720**	**724,687**

Net cost	Balance as of January 1, 2020	Additions	Amortization	Disposals (d)	Reclassifications	Translating adjustment	Balance as of June 30, 2020
Cost	628,630	57,594	-	-	(144)	(18,759)	667,321
Amortization	(55,210)	-	(3,052)	-	65	4,460	(53,737)
	573,420	**57,594**	**(3,052)**	**-**	**(79)**	**(14,299)**	**613,584**

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

	For periods of three months ended June 30,		For periods of six months ended June 30,	
	2021	2020	2021	2020
	US$(000)	US$(000)	US$(000)	US$(000)
Cost of sales, note 16	1,697	596	3,333	1,971
Exploration expenses and studies	104	271	193	526
Mine development	671	38	700	70
Administration expenses	6	20	11	27
Other expenses	56	-	56	-
Unabsorbed costs	-	392	-	458
	2,534	1,317	4,293	3,052

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

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

10. Borrowings

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

Entity	Guarantee	Interest rate	30.06.2021 US$(000)	31.12.2020 US$(000)
Syndicated loan, net of structuring costs (c)	With guarantees	Libor 3 meses + 1.57%	873,377	765,896
Corporate bonds, net of issuance costs (d)	Without guarantees	6.25%	445,637	444,879
Citibank (e)	Corporate Minsur	Libor 3 meses + Spread	81,170	97,000
Banco de Crédito del Perú -BCP (l)	Without guarantees	1.13%	66,000	-
Interbank (k)	Without guarantees	0.36%	40,000	-
Bank of América (h)	With guarantees	2.47%	35,173	-
BBVA (k)	Without guarantees	0.63%	30,000	-
Banco de Crédito del Perú -BCP (k)	Without guarantees	0.65%	25,000	-
Bank Santander (i)	With guarantees	Libor 3 meses + Spread	7,702	7,390
Bank Santander (f)	Without guarantees	3.21% - 4.10%	5,025	9,307
Finance leases (j)	Without guarantees	1.98% - 3.11%	3,311	1,503
Bank ABC (f)	Without guarantees	4.70%	1,708	1,701
Bank do Brazil (f)	With guarantees	2.60% - 3.48%	-	33,116
			1,614,103	1,360,792
By maturity:				
Current			391,512	150,923
Non-current			1,222,591	1,209,869
			1,614,103	1,360,792

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

	30.06.2021	31.12.2020
	US$(000)	US$(000)
Opening balance	1,360,792	1,095,387
Additions	307,365	344,054
Structuring costs	239	(4,938)
Payments	(54,884)	(69,238)
Translation	591	(4,473)
Ending balance	1,614,103	1,360,792

(c) On August 15, 2018 the subsidiary Marcobre subscribed a syndicated loan with a group of lenders composed by Export Development Canada; Export Finance and Insurance Corporation; KFW IPEX-Bank GMBH; The Export-Import Bank of Korea; Banco Bilbao Viscaya Argentaria, S.A .; Hong Kong, Banco de Crédito del Peru; BBVA Banco Continental; Credit Agricole Corporate and Investment Bank; ING Bank (a Branch of ING-DIBA AG); ING Capital LLC; Natixis London Branch; Natixis New York Branch, Société Génerale; and Banco Bilbao Viscaya Argentaria, S.A., New York Branch, for which it obtained a credit line of US$900,000,000; this loan has been used for the development and construction the Mina Justa project with a variable interest rate of Libor for three months of 0.14725% as of June 30, 2021 plus an average fixed margin of 1.57% (0.22% plus an average fixed margin of 1.57% as of December 31, 2020). To obtain this loan, the subsidiary Marcobre counted as guarantors with Minsur S.A. and Empresas Copec S.A. Until June 30, 2021, the subsidiary Marcobre has received the entire syndicated loan for US$900,000,000 (US$871,055,000 net of structuring costs). As December 31,2020 it has received US$792,000,000 (US$765,896,000 net of structuring costs).

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

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

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

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

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

(d) The General Meeting of Shareholders of January 30, 2014, agreed that the Group should issue an international bond issue (“Senior Notes”) through a private placement under Rule 144 A and Regulation S of the US Securities Act of 1933. He also agreed to list these bonds on the Luxembourg Stock Exchange. On January 31, 2014, the Group issued bonds with a nominal value of US$450,000,000 due on February 7, 2024 at a coupon rate of 6.25 percent, obtaining a net collection under the pair of US$441,823,500.

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

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

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

(g) As of June 30, 2021, and December 31, 2020 Minsur S.A. maintains joint guarantees and letter of credit for US$196,670,000 that guarantee the financing and other operations of its subsidiary Mineração Taboca S.A.

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

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

(j) As of June 30, 2021, and December 31, 2020, the Group has financial leases with Banco de Crédito del Perú and Scotiabank del Perú for the purchase of machinery at a weighted average rate of 1.98% and 3.11%, respectively, with maturities between years 2022 and 2023.

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

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

11. Provisions

The composition of this caption is related with the provisions for mine closure, environmental remediation, contingencies, performance bonuses and other provisions. The mainly variation during the second quarter of 2021 is explained by the update of provision of mine closure. Additionally, in April the Group paid performance bonuses for US$11,741,000.

12. Income tax

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

	For periods of three months ended June 30,		For periods of six months ended June 30,	
	2021	**2020**	**2021**	**2020**
	US$(000)	US$(000)	US$(000)	US$(000)
Income tax				
Current	(26,119)	(1,282)	(56,546)	(11,133)
Deferred	4,364	(8,536)	27,706	(32,933)
	(21,755)	(9,818)	(28,840)	(44,066)
Mining royalties and special mining tax				
Current	(8,754)	(1,617)	(13,817)	(4,516)
Deferred	(251)	373	153	(370)
	(9,005)	(1,244)	(13,664)	(4,886)
	(30,760)	(11,062)	(42,504)	(48,952)

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

(b) As of June 30, 2021, the Group maintains an income tax prepayment of US$4,320,000 and an income tax payable of US$12,343,000. As of December 31, 2020, the Group maintains an income tax prepayment of US$6,272,000.

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

13. Equity

a) Non-controlling interest contributions

As of June 30, 2021, and 2020, the Group received contributions of the total non-controlling interest of US$41,000,000 and US$45,240,000, respectively, as part of the financing of the Mina Justa project and other mineral exploration projects.

b) Declared and paid dividends

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

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

During 2020, the Group has not declared dividends.

14. Tax situation

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

15. Net sales

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

	For periods of three months ended June 30,		For periods of six months ended June 30,	
	2021	**2020**	**2021**	**2020**
	US$(000)	US$(000)	US$(000)	US$(000)
Tin and other minerals	178,144	55,984	382,196	176,028
Gold	31,351	39,001	57,816	66,516
Niobium and tantalum	18,000	9,651	36,224	23,602
	227,495	104,636	476,236	266,146

(b) Tin Sales Concentration - Peruvian Market -

As of June 30,2021, there is no significant concentration of sales. The top 3 customers accounted for 42 percent of total sales (As of June 30, 2020 the top three customers accounted for 39 percent of total sales).

(c) Tin Sales Concentration - Brazilian Market –

As of June 30, 2021, the three main clients represent 50 percent of total sales (43 percent as of June 30, 2020) of the Brazilian market.

(d) Gold sales concentration -

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

(e) Concentration of sales of niobium and tantalum –

As of June 30, 2021, the top three customers represent 58 percent of total sales (71 percent as of June 30, 2020).

16. Cost of sales

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

	For periods of three months ended June 30,		For periods of six months ended June 30,	
	2021	**2020**	**2021**	**2020**
	US$(000)	US$(000)	US$(000)	US$(000)
Opening balance of product in process inventory	41,349	52,097	44,820	47,883
Opening balance of finished product inventory	21,064	4,196	23,673	26,232
Services rendered by third parties	36,283	12,459	66,004	33,964
Wages and salaries	29,323	13,545	55,502	33,181
Depreciation	24,662	10,027	49,198	32,858
Consumption of raw material and miscellaneous supplies	24,166	12,097	45,439	28,403
Purchase of mining services from AESA S.A.	9,911	2,863	18,395	8,609
Other manufacturing expenses	4,244	3,484	8,403	5,274
Electricity	3,673	2,048	7,393	5,401
Amortization, note 9(b)	1,697	596	3,333	1,971
Out of inventory	2	(1)	11	9
Costs not absorbed by normal production capacity	-	19,129	-	21,209
Purchase of explosives from Exsa S.A.	-	52	-	1,136
Inventory losses	-	-	-	336
Recovery (estimate) for obsolescence	(6)	(392)	(15)	(503)
Translation	2,097	(1,506)	591	(5,350)
Final balance of work in process inventory	(60,324)	(40,586)	(60,324)	(40,586)
Final balance of finished product inventory	(31,965)	(15,857)	(31,965)	(15,857)
	106,176	74,251	230,458	184,170

17. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing net earnings for the period by the weighted average number of shares outstanding during the year.

The following is the calculation of earnings per share:

	For periods of three months ended June 30,		For periods of six months ended June 30,	
	2021	**2020**	**2021**	**2020**
	US$	US$	US$	US$
Numerator -				
Net income attributable to the owners of the Parent Company	68,303,000	(4,537,000)	145,585,000	(53,618,000)
	Number of stockshare	**Number of stockshare**	**Number of stockshare**	**Number of stockshare**
Denominator -				
Common stock shares	19,220,015	19,220,015	19,220,015	19,220,015
Investment shares	960,999,163	960,999,163	960,999,163	960,999,163
Profit per-share				
Basic and diluted - US$ per common share	2.369	(0.157)	5.050	(1.860)
Basic and diluted - US$ per investment share	0.024	(0.002)	0.050	(0.019)

Basic and diluted earnings per share are the same since there are no dilutive effects on earnings.

There have not been other transactions involving common shares and investment shares between the reporting date and the closing date of these consolidated financial statements.

18. Related parties transactions

(a) Accounts receivable, payable and lease liability -

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

	30.06.2021	**31.12.2020**
	US$(000)	US$(000)
Classification by existing captions:		
Other receivables (current), note 4(a):		
Other related parties		
Compañía Minera Raura S.A.	2,929	2,798
Administración de Empresas S.A.	665	769
Clinica Internacional S.A.	13	14
	3,607	3,581
For paying commercial and various (current)		
Other related parties		
Administración de Empresas S.A.	3,560	6,676
Clínica Internacional. S.A.	507	1,523
Rímac Seguros y Reaseguros	278	2,447
Compañía Minera Raura S.A.	196	210
Inversiones San Borja S.A.	138	84
Rímac S.A. Entidad prestadora de salud	110	312
Protección Personal S.A.C.	40	42
Inversiones La Rioja S.A.	40	-
Corporación Peruana de Productos Químicos S.A.	11	14

Inversiones Nacionales de Turismo S.A.	7	93
Centria Servicios Administrativos S.A.	5	1
Brein Hub S.A.C.	-	120
Terpel Comercial del Peru S.R.L.	-	410
Corporación Breca S.A.C.	-	1
	4,892	11,933
Financial obligations		
Other related parties		
Inversiones San Borja S.A.	4,048	4,510
Administración de Empresas S.A.	855	440
	4,903	4,950
	9,795	16,883
Classification by nature:		
Commercial	4,892	11,933
Financial Obligations	4,903	4,950
	9,795	16,883

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

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

(b) Remunerations -

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

	For periods of three months ended June 30,		**For periods of six months ended June 30,**	
	2021	**2020**	**2021**	**2020**
	US$(000)	US$(000)	US$(000)	US$(000)
Peru				
Salaries	20,667	4,487	26,903	18,015
Board remuneration	132	132	265	265
	20,799	4,619	27,168	18,280
Brazil				
Fixed remuneration	201	129	581	501
Total	21,000	4,748	27,749	18,781

19. Commitments

a) Commitment of capital expenditures:

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

	As of 30.06.2021 US$(000)	As of 31.12.2020 US$(000)
Capital commitments	108,450	280,500
	108,450	280,500

20. Contingencies

As of June 30, 2021, there were no significant changes in the contingencies of Minsur and subsidiaries.

21. Segment information

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

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

No operating segments have been aggregated to form the above reportable operating segments. All the non-current assets are in Perú, Brazil and Chile. Management monitors the profit (loss) before tax for each business units separately for the purpose of making decisions about resource allocation and performance assessment.

	Tin and Gold (Peru)							
	Tin (Perú) US$(000)	Gold (Perú) US$(000)	Not distributable (Perú) US$(000)	Total (Perú) US$(000)	Tin (Brasil) US$(000)	Mining exploration (Perú and Chile) US$(000)	Adjustments and Eliminations US$(000)	Total Consolidated US$ (000)
As of June 30, 2021:								
Results:								
Entry of external customers	312,527	57,816	-	370,343	105,893	-	-	476,236
Sales cost	(119,704)	(37,524)	-	(157,228)	(73,230)	-	-	(230,458)
Administration expenses	(17,459)	(5,473)	-	(22,932)	(5,077)	(2,276)	475	(29,810)
Selling expenses	(2,430)	(212)	-	(2,642)	(1,095)	(1,740)	-	(5,477)
Exploration expenses and studies	(5,503)	(54)	-	(5,557)	-	(2,315)	-	(7,872)
Others, net	399	125	-	524	(268)	2,420	(475)	2,201
Operating income	167,830	14,678	-	182,508	26,223	(3,911)	-	204,820
Profit before income tax	-	-	186,050	186,050	21,796	(10,166)	(11,725)	185,955
Income tax	-	-	(40,466)	(40,466)	(5,802)	3,764	-	(42,504)
Net profit			**145,584**	**145,584**	**15,994**	**(6,402)**	**(11,725)**	**143,451**
Other disclosures:								
Depreciation and amortization (included in costs and expenses)	27,789	15,499	551	43,839	10,572	85	-	54,496

	Tin and Gold (Peru)							
	Tin (Perú) US$(000)	Gold (Perú) US$(000)	Not distributable (Perú) US$(000)	Total (Perú) US$(000)	Tin (Brasil) US$(000)	Mining exploration (Perú and Chile) US$(000)	Adjustments and Eliminations US$(000)	Total Consolidated (Restated) US$ (000)
As of June 30, 2020:								
Results:								
Entry of external customers	140,228	66,402	-	206,630	59,516	-	-	266,146
Sales cost	(101,059)	(32,187)	-	(133,246)	(50,924)	-	-	(184,170)
Administration expenses	(12,209)	(3,889)	-	(16,098)	(4,875)	(344)	686	(20,631)
Selling expenses	(1,677)	(513)	-	(2,190)	(948)	-	-	(3,138)
Exploration expenses and studies	(2,739)	(351)	-	(3,090)	-	(3,659)	-	(6,749)
Others, net	3,442	1,097	-	4,539	(1,207)	592	(686)	3,238
Operating income	25,986	30,559	-	56,545	1,562	(3,411)	-	54,696
Profit before income tax	-	-	(20,065)	(20,065)	(46,206)	(10,533)	64,424	(12,380)
Income tax	-	-	(36,643)	(36,643)	(1,699)	(10,610)	-	(48,952)
Net profit			**(56,708)**	**(56,708)**	**(47,905)**	**(21,143)**	**64,424**	**(61,332)**
Other disclosures:								
Depreciation and amortization (included in costs and expenses)	(21,792)	(11,400)	(600)	(33,792)	(10,991)	(130)	-	(44,913)

22. Financial derivative instruments

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

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

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

The total cost of the premiums for the Cap N° 1 and Cap N° 2 options incurred in 2018 were US$3,964,000 that will accrue during the term of the options. The payment of the premium for the options was financed over a period of 4 years. The amount payable as of June 30, 2021 amounts to US$1,386,000 (US$2,117,000 as of December 31, 2020).

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

		Hedged value	
		2021 US$(000)	**2020** US$(000)
Cash flow hedges -			
Interest rate swap (d)	From December 2018 to September 2023	1,131	1,340
Cap 1 – Interest rate (d)	From December 2018 to September 2023	1,454	1,309
Cap 2 – interest rate (d)	From September 2023 to September 2025	3,524	1,579
Total		6,109	4,228

(c) As of June 30, 2021, the Group through its subsidiary Marcobre has recognized an account payable for the fair value of the derivative financial instruments in the amount of US$11,128,000 of which US$7,595,000 has current maturity and US$3,533,000 has non-current maturity (US$17,388,000 as of December 31, 2020 of which US$10,347,000 current maturity and US$7,041,000 of non-current maturity), whose impact on other comprehensive income was as follows:

	Effect on other comprehensive income (expense)	
	From 01.01.2021 to 30.06.2021	From 01.01.2020 to 30.06.2020
	US$(000)	US$(000)
Derivatives of interest rates -		
Interest rate swap	(6,259)	(10,712)
Cap 1 – Interest rate	-	4,323
Cap 2 – interest rate	-	2,563
Intrinsic Value of Premium Caps	(328)	-
Other effects	(270)	(3,534)
	(6,857)	(7,360)
(-) Deferred income tax	1,783	1,914
Net effect	(5,074)	(5,446)

The subsidiary Mineração Taboca S.A. maintains derivative financial instruments, exchange rate swaps, Zero Cost Collar of exchange rate and NDF (Non-Deliverable Forward) with the objective of protecting and managing the risks inherent in the variation of foreign currency (dollar in the case of Mineração Taboca S.A.) and tin prices. These operations aim to reduce the exchange exposure and the significant changes in the prices of raw materials. As of June 30, 2021, the net fair value of these Zero Cost Collar and NDF amounts to US$1,828,000 (equivalent to R$9,098,000) and Swap amounts to US$2,394,000 (equivalent to R$11,918,000 (Zero Cost Collar and NDF amounts to US$4,161,000, equivalent to R$21,622,528, and Swap amounts to US$5,338,000, equivalent to R$27,739,000, as of December 31, 2020).

(d) Gold price hedge –

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

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

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

2021						
Metal	**Instrument**	**Expiration period**	**Covered volume** Oz	**Agreed price** US$/oz	**Estimated price** US$/oz	**Fair value** US$(000)
Gold	**Zero Cost Collar**					
		2021	27,358	1,450 – 1,639	1,773	(4,635)
		2022	55,740	1,450 – 1,700	1,781	(6,419)
		2023	52,941	1,450 – 1,746	1,791	(6,026)
		2024	32,000	1,450 – 1,775	1,818	(3,233)
						(20,313)

2020						
Metal	**Instrument**	**Expiration period**	**Covered volume**	**Agreed price**	**Estimated price**	**Fair value**
			Oz	US$/oz	US$/oz	US$(000)
Gold	**Zero Cost Collar**					
		2021	46,900	1,450 – 1,639	1,902	(14,996)
		2022	55,740	1,450 – 1,700	1,918	(13,998)
		2023	52,941	1,450 – 1,746	1,935	(12,704)
		2024		1,450 – 1,775	1,953	(7,263)
						(48,961)

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

As of June 30, 2021, and 2020, the Group recognized in the "Consolidated statement of other comprehensive income" a positive variation in fair value of approximately US$19,788,000 and a negative variation in fair value US$23,351,000, respectively, which is presented net of the effect on income tax.

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

Instruments –June 30, 2021	**Nature**	**Current**	**Non-current**	**Total**
		US$(000)	US$(000)	US$(000)
Interest rate hedges – Marcobre	Asset	-	429	429
Exchange rate hedges – Taboca	Asset	2,053	3,369	5,422
Total Assets		2,053	3,798	5,851
Metal price hedges – Minsur	Liability	7,633	12,680	20,313
Interest rate hedges – Marcobre	Liability	7,595	3,534	11,129
Interest rate hedges – Taboca	Liability	2,503	1,484	3,987
Metal price hedges - Taboca	Liability	43,394	1,778	45,172
Exchange rate hedges – Taboca	Liability	107	1,720	1,827
Total Liabilities		61,232	21,196	82,428

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

Interest rate hedges – Taboca	Liability	2,792	2,630	5,422
Metal price hedges – Taboca	Liability	8,614	652	9,266
Exchange rate hedges – Taboca	Liability	4,904	-	4,904
Total Liabilities		41,653	44,288	85,941

23. Financial instrument risk management, objectives, and policies

23.1 Financial risk factors

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

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

Market risks:

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

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

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

Foreign currency risk –

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

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

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

Year	Potential increase/decrease	Effect on profit before income tax US$(000)
June 30, 2021	10%	13,687
	-10%	(13,687)
June 30, 2020	10%	21,106
	-10%	(21,106)

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

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

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

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

Year	**Potential increase/decrease**	**Effect on profit before income tax** US$(000)
June 30, 2021	10%	4,934
	-10%	(4,934)
June 30, 2020	10%	1,964
	-10%	(1,964)

As of June 30, 2021, the Group sold gold dore bars in some cases at a provisional price. The table below summarizes the impact on profit before income tax from changes in the price per ounce of gold and silver contained in the gold dore bar. This analysis assumes that the price of the ounces contained in gold dore bars have increased or decreased by 10 percent at the end of the year, while the rest of the variables remain constant. For the positive scenario for the first semester 2021, an average price of US$1,948 per ounce of gold was considered; while for the negative scenario, an average price of US$1,594 per ounce of gold was considered.

Year	Potential increase/decrease	Effect on profit before income tax US$(000)
June 30, 2021	10%	3,314
	-10%	(3,314)

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24. Financial asset and financial liabilities

(a) Financial liabilities –

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

(b) Fair values -

The fair value of the financial instruments is defined by the at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under the assumption that the entity is a going concern.

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

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

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

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

	Carrying value		Fair value	
	30.06.2021 US$(000)	**31.12.2020** US$(000)	**30.06.2021** US$(000)	**31.12.2020** US$(000)
Financial assets				
Cash and cash equivalents	177,758	257,410	177,758	257,410
Trade and other receivables, net	118,049	91,343	118,049	91,343
Derivative financial instruments	5,851	922	5,851	922
Financial assets at fair value through other comprehensive income	22,888	26,685	22,888	26,685
Total financial assets	324,546	376,360	324,546	376,360
Financial liabilities				
Financial obligations:				
Corporate bonds	445,637	444,879	493,569	509,634
Other financial obligations	1,168,466	915,913	1,168,887	943,528
Trade and other payables	216,495	256,735	216,495	259,179
Derivative financial instruments	82,428	85,941	82,428	85,941
Total financial liabilities	1,913,026	1,703,468	1,961,379	1,798,282

(c) Fair value measurement -

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

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

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

		Measurement at fair value using		
	Total US$(000)	**Quoted prices in active markets (Level 1)** US$(000)	**Significant observable inputs (Level 2)** US$(000)	**Significant unobservable inputs (Level 3)** US$(000)
As of June 30, 2021				
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income	22,888	22,888	-	-
Derivative financial instrument	5,851	-	5,851	-
Liabilities recognized at fair value:				
Derivative financial instruments	82,428	-	82,428	-

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

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

		Measurement at fair value using		
	Total US$(000)	**Quoted prices in active markets (Level 1)** US$(000)	**Significant observable inputs (Level 2)** US$(000)	**Significant unobservable inputs (Level 3)** US$(000)
As of December 31, 2020				
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income	26,685	26,685	-	-
Derivative financial instrument	922	-	922	-
Liabilities recognized at fair value:				
Derivative financial instruments	(85,941)	-	(85,941)	-

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

25. Subsequent events

On July 6, 2021, the Repurchase Offer for a total amount of US$263,577,000 was settled, representing 58.57% of the debt securities called “6.250% Senior Notes Due 2024” of the Group. This payment was made with the proceeds of the bank loan obtained by the Company on July 1, 2021, that which was granted by the General Shareholders' Meeting on May 19, 2021.