Minsur S.A. and Subsidiaries

Unaudited interim condensed consolidated financial statements as of March 31, 2022 and 2021 and for the three months periods then ended.

Minsur S.A. and Subsidiaries

Notes to interim condensed consolidated financial statements

As of March 31, 2022 and 2021

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 dedicated to the extraction, production and marketing of copper concentrates and cathodes, and which has started commercial operations on August 1, 2021. Marcobre S.A.C. operates an open-pit mine with a processing capacity of 6 million metric tons per year for sulfides and 12 million metric tons per year for oxides, which is located in the province of Nazca, Ica region. The estimated investment for the Mina Justa project amounted to US$1.8 billion and it 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.

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.

As of March 31, 2022 and December 31, 2021, the Group is developing the following projects:

(b.1) Mina Justa Project

Copper project developed through its subsidiary Marcobre, located in the province of Nazca, Ica region. During 2022, the Company has not made any contributions to the project. In 2021, US$61,500,000 was contributed through its subsidiary Cumbres Andinas S.A.C., which were mainly for the execution and construction phase of the project, which has guarantees as detailed in note 10(c). The project commenced commercial production on August 1, 2021.

(b.2) Tailings dam Project B4 in San Rafael

Minsur S.A. is developing the tailings dam project B4 located at the San Rafael mine, whose investment amounts to US$84,642,000 as of March 31, 2022. The project consists of the construction of a new tailings dam for the San Rafael and B2 plants that will ensure the continuity of operations. The project is scheduled for completion in the first half of 2022.

(c) Covid-19 -

Covid-19, an infectious disease caused by a new coronavirus, was declared a global pandemic by the World Health Organization on March 11, 2020 and new variants have been identified during 2021 and so far in 2022. Measures to decrease the spread of Covid-19 have had a significant impact on the global economy.

On March 15, 2020 and through Supreme Decree N°044-2020, the Peruvian Government declared a state of emergency at the national level, closing all businesses considered non-essential (the exceptions were the production and marketing of food, pharmaceutical products, financial services, and health). As a result of these provisions imposed by the Peruvian Government, the Company temporarily halted its production activities at the Pucamarca, San Rafael, B2 and Pisco Refinery and Smelter Mining Units until the beginning of May 2020, where only critical activities were carried out, maintenance, and those necessary to guarantee the safety and health of the personnel and those related to caring for the environment.

In accordance with the provisions of the Peruvian Government, the Group's operations gradually restarted their productive activities during the first weeks of May, beginning with the implementation of new security protocols and then mobilizing the personnel and resuming their normal production levels during the third quarter period of 2020, levels that have been maintained up to the date of publication of this report.

During February 2021, the Government started a vaccination program throughout the Peruvian territory to mitigate the risk of a higher rate of contagion, transmission of the virus and impact on the Peruvian economy. In addition, on January 21, 2022, the Government decided to extend the state of sanitary emergency at the national level for 180 calendar days from March 2, 2022 to August 29, 2022 in order to continue with prevention, control and health care actions for the protection of the population throughout the country.

Subsidiaries in Brazil

At the beginning of April, aware of its social role, the Group took measures to protect and safeguard the health of its employees, in accordance with the recommendations of the WHO and the Ministry of Health, deciding to suspend activities in the Pitinga and Pirapora units.

After the implementation of new health and safety protocols, which ensure the well-being of employees, the Group decided to progressively resume its operations at the beginning of May 2020 of its mining units in Brazil.

Consequently, due to the temporary lockdown and progressive restart of operations, the Group obtained a lower production of treated tons of tin, generating indirect fixed costs not absorbed in the production process, however, the subsidiary Mineração Taboca S.A. resumed its production levels during the third quarter of 2020, which has been maintained up to the date of publication of this report.

Since the beginning of Covid-19, the Group has taken several 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, testing of suspected cases and measurement of body temperature.

The Group's management has been continuously monitoring the potential short, medium and long term implications of Covid-19 in its interim condensed consolidated financial statements based on the extension of the State of National Emergency established by the Peruvian and Brazilian Government, and 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 economic 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			
	March 31, 2022		December 31, 2021	
	Direct %	Indirect %	Direct %	Indirect %
Subsidiaries in Chile:				
Minera Andes del Sur SPA	-	100.00	-	100.00
Subsidiaries in Brasil:				
Mineração Taboca S.A.	-	100.00	-	100.00
Mamoré Mineração e Metalurgia Ltda.	-	100.00	-	100.00
Subsidiaries in Perú:				
Minera Latinoamericana S.A.C.	99.99	-	99.99	-
Cumbres Andinas S.A.C.	60.00	-	60.00	-
Cumbres del Sur S.A.C.	99.98	-	99.98	-
Marcobre S.A.C.	-	60.00	-	60.00

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

- Minera Andes del Sur SPA. -

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

- Mineração Taboca S.A. -

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

- Mamoré Mineração e Metalurgia Ltda. -

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

- Minera Latinoamericana S.A.C. -

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

- Cumbres Andinas S.A.C. -

  Currently, the activity of this subsidiary is limited to holding 100 percent of the shares of the mining company Marcobre S.A.C., a company in the mining sector whose main activity is the exploration of mining rights, production and commercialization of copper cathodes from the Mina Justa project.

- 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.

- Marcobre S.A.C. -

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

(f) Approval of the interim condensed consolidated financial statements. -

The unaudited interim condensed consolidated financial statements as of March 31, 2022 were approved for issuance by the Group's Management on May 13, 2022.

2. Basis of preparation and other significant accounting policies

2.1. Basis of preparation and presentation -

The interim condensed financial statements of the Group have been prepared and presented in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board ("IASB"), effective as of March 31, 2022.

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

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

The interim condensed consolidated 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 31,2021.

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 interim condensed 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 maintained its commercial activities and the pace of its operations.
- The Group has sufficient cash and credit lines available to withstand adverse effects on current and future operations.
- 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.

2.2. Accounting policy and disclosures changes

Certain standards and amendments are effective for annual periods beginning on or after January 1, 2022. The Group has not early adopted any standards, interpretations or amendments issued that are not yet effective.

Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37
An onerous contract is a contract under which the unavoidable costs (i.e. costs that the Company cannot avoid because it has the contract) of performing the obligations under the contract exceed the economic benefits expected to be received under the contract. The amendments specify that in assessing whether a contract is onerous or loss-making, an entity should include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., direct labor and material costs) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to perform the contract, as well as contract management and supervision costs). General and administrative costs are not directly related to a contract and are excluded unless they are explicitly allocable to the counterparty under the contract. This modification has not had a significant impact on the Group.

Property, Plant and Equipment: Collection before Intended Use - Amendments to IAS 16
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from the sale of those items and the costs of producing those items in profit or loss for the period.

This amendment has not had any impact on the Group.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or amended financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by the borrower or the lender on behalf of the other.

This amendment has not had a significant impact on the Group.

2.3. Accounting policy and disclosures changes

As of March 31, 2022, the Company identified the following reclassifications based on updates and/or improvements to its accounting policies to achieve a better presentation for users of the comparative condensed interim consolidated financial statements:

Consolidated Income Statement

- Presentation as cost of sales and administrative expenses, the effects of settlements of hedging derivative financial instruments.

	31.03.2021 Reported	Reclassifications	31.03.2021 Reclassified
	US$(000)	US$(000)	US$(000)
Net sales	248,741		248,741
Cost of sales	(124,282)	(3,814)	(128,096)
Gross profit	124,459		120,645
Administrative expenses	(14,329)	(424)	(14,753)
Selling expenses	(2,068)		(2,068)
Exploration and evaluation expenses	(2,856)		(2,856)
Operating expenses	(11,804)		(11,804)
Other income	16,597		16,597
Total operating expenses	(14,460)		(14,884)
Operating income	109,999		105,761
Other (expenses) income:			
Finance income	2,536		2,536
Finance costs	(14,805)	4,238	(10,567)
Profit (Loss) from investment in associates, net	4,909		4,909
Exchange difference, net	(14,587)		(14,587)
Total other expenses, net	(21,947)		(17,709)
Profit before income tax	88,052		88,052
Income tax	(11,744)	-	(11,744)
Net (Loss) profit	76,308	-	76,308

Consolidated statement of cash flows:

- Presentation as an investing activity the collection of interest and yields.
- Presentation as a financing activity the payment of interest and yields.

	31.03.2021 Reported US$(000)	Reclassifications US$(000)	31.03.2021 Reclassified US$(000)
Operating activities			
Collection from customers	212,435		212,435
Collection of general sales tax refunds, taxes and penalties	(8,212)		(8,212)
Interest and yield collection	1,214	(1,214)	-
Payments to suppliers	(111,113)		(111,113)
Payroll and social benefit payments	(37,576)		(37,576)
Interest and yield payments	(15,857)	15,857	-
Other Cash Receipts Related to Operating Activities	3,586		3,586
Net cash flows (used in) provided by operating activities	44,477	14,643	59,120
Investing activities			
Collection for the settlement of time deposits over 90 days	80,576		80,576
Interest and yield collection		1,214	1,214
Collections for sale of property, plant and equipment	9,950		9,950
Payments for purchase of property, plant and equipment	(108,772)		(108,772)
Payments for opening time deposits with original maturity over 90 days	(60,681)		(60,681)
Payments for purchase of intangible assets	(21,685)		(21,685)
Net cash flows used in investing activities	(100,612)	1,214	(99,398)
Financing activities			
Obtaining bank loans	133,000		133,000
Non-controlling interest contributions	41,000		41,000
Payment of financial obligations			
Bank loan payments	(30,052)		(30,052)
Lease payments	(3,134)		(3,134)
Interest and yield payments		(15,857)	(15,857)
Financing structuring costs	(76)		(76)
Net cash flows provided by financing activities	140,738	(15,857)	124,881
Net (decrease) increase in cash and cash equivalents	84,603		84,603
Net exchange difference	(1,046)		(1,046)
Cash and cash equivalents as of January 1	257,410		257,410
Cash and cash equivalents as of March 31, 2021	340,967		340,967

3. Cash and cash equivalents and Other financial assets

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

	31.03.2022 US$(000)	31.12.2021 US$(000)
Bank current accounts (b)	492,849	406,802
Time deposits (c)	54,258	62,215
Certificates of bank deposits (d)	3,296	323
Cash on hand and petty cash	18	13
Balance considered in the consolidated statements of cash flow	550,421	469,353

(b) As of March 31, 2022, and December 31, 2021, 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) Time deposits have original maturities of less than 90 days from their constitution and can be renewed at maturity. As of March 31, 2022, and December 31, 2021, these deposits earned interest calculated with market rates, and were settled in April 2022 and January 2022, respectively.

(d) As of March 31, 2022, they correspond to bank deposit certificates (hereinafter "CDI") held by Mineração Taboca S.A. for R$15,625,000 (equivalent to US$3,296,000) that accrue interest at a 20 percent CDI rate and have original maturities of less than 90 days (R$1,801,000 equivalent to US$323,000 as of December 31, 2021 that accrued interest at a rate of 20 percent CDI).

4. Trade and other receivables, net

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

	31.03.2022 US$(000)	31.12.2021 US$(000)
Trade:		
Invoices receivable	412,039	381,168
Changes in the fair value	26,200	4,754
	438,239	385,922
Other receivables:		
Value added tax credit and other tax credits (c)	54,159	72,428
Restricted funds	22,793	9,438
Related parties, note 18(a)	3,423	2,954
Advances to suppliers	1,922	585
Invoices receivable for the sale of other supplies and fixed assets	1,389	2,875
Judicial deposits (d)	1,462	1,244
Loans to employees	425	112
Special Regime for the Early Recovery of the General Sales Tax	-	8,116
Others	1,305	1,062
	86,878	98,814
Total	525,117	484,736
By maturity:		
Current	485,480	451,065
Non Current	39,637	33,671
Total	525,117	484,736
By nature:		
Financial Asset	470,958	412,308
Non-Financial Asset	54,159	72,428
Total	525,117	484,736
Classification by its measurement:		
Trade accounts receivable (not subject to provisional prices)	145,114	154,784

Trade accounts receivable (measured at fair value subject to provisional pricing)	293,125	231,138
Sundry accounts receivable	86,878	98,814
Total	525,117	484,736

(b) As of March 31, 2022, and December 31, 2021, 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 March 31, 2022, and December 31, 2021, 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.) which is being offset by the VAT payable on the operations of the subsidiaries in Peru (Marcobre S.A.C) and by the value added tax of the production activities of the subsidiary in Brazil (Mineração Taboca SA).

As of March 31, 2022, the subsidiary Cumbres del Sur S.A.C. has evaluated the recoverability of the balance of the general sales tax credit of US$10,143,000 (equivalent to S/37,480,000) and considers that it can be used.

(d) As of March 31, 2022, and December 31, 2021, 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 2022, the release of US$335,000 was made (US$285,050 during the year 2021).

5. Inventory, net

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

	31.03.2022 US$(000)	**31.12.2021** US$(000)
Mined material – Marcobre (b)	201,981	163,030
Finished products	41,272	31,829
Work in progress	69,111	49,993
Materials and supplies	69,190	58,297
Mineral extracted	3,453	4,553
Inventory in transit	10,487	6,648
	395,494	314,350
Allowance for obsolescence	(2,831)	(2,516)
Allowance for impairment	(18)	(39)
	392,645	311,795
By maturity:		
Current	190,664	148,765
Non Current	201,981	163,030
Total	392,645	311,795

(b) As of As of March 31, 2022, and December 31, 2021, corresponds to the commercial mined material extracted as part of the stripping activities in the open pit of Mina Justa commercial operation. The subsidiary Marcobre is processing this material as of August 1, 2021, the date it started commercial operations.

6. Financial assets at fair value through other comprehensive income

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

	As of March 31, 2022				
	Cost	Unrealized results	Share performance	Sale of the investment	Fair Value
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Rímac Seguros y Reaseguros (c)	21,070	(3,929)	746	-	17,887
BBVA Spain (f) (*)	14,845	(9,861)	503	(5,487)	-
Total	35,915	(13,790)	1,249	(5,487)	17,887

	As of December 31,2021				
	Cost	Unrealized results	Share performance	Sale of the investment	Fair Value
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Rímac Seguros y Reaseguros (c)	21,070	(3,942)	746	-	17,874
BBVA Spain (f) (*)	14,845	(10,149)	503	-	5,199
Total	35,915	(14,091)	1,249	-	23,073

(*) Investments in BBVA Spain were considered as part of non-current assets.

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

	31.03.2022 US$(000)	31.12.2021 US$(000)
Openning balance	23,073	26,685
Settlement of BBVA Spain shares	(5,487)	-
Unrealized results	301	(3,612)
Ending balance	17,887	23,073
By maturity:		
Current portion	17,887	17,874
Non-current portion	0	5,199
Total	17,887	23,073

(c) As of March, 31, 2022, and December 31, 2021, the fair value of the investments in Rímac Seguros y Reaseguros has been determined based on their listing on the Lima Stock Exchange.

(d) As of March, 31, 2022, the Group the Group has not received any cash dividends. As of December 31, 2021, the Group received cash dividends from BBVA of Spain and Rimac of US$851,000, which were credited to income for the period.

(e) As of March 31, 2022, the Group has not received any stock dividends. As of December 31, 2021, the Group has received stock dividends of US$2,106,000 from its investments in Rimac which were credited to the consolidated statement of other comprehensive income.

7. Investments in associates

(a) This caption is made up as follows:

	Interest in equity		Equity value	
	31.03.2022 %	31.12.2021 %	31.03.2022 US$(000)	31.12.2021 US$(000)
Inversiones Cordillera del Sur Ltda. and subsidiaries	73.85	73.85	256,766	239,311
Futura Consorcio Inmobiliario S.A.	3.31	3.31	3,348	3,141
			260,114	242,452

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

	31.03.2022 US$(000)	31.12.2021 US$(000)
Inversiones Cordillera del Sur Ltda. and subsidiaries	1,189	4,900
Futura Consorcio Inmobiliario S.A.	6	9
Total	1,195	4,909

(c) As of March 31, 2022, and December 31, 2021, the Group concluded that there are no impairment indicators for its investments in associates, therefore, it did not make a formal estimate of the recoverable amount.

8. Property, plant and equipment, net

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

	Balance as of January 1, 2022	Additions	Mine closure update	Depreciation	Disposals (c)	Reclassification (d)	Translating adjustment	Balance as of March 31, 2022
Cost	2,980,506	59,496	(6,584)	-	(4,136)	(2,010)	47,204	3,074,476
Depreciation	(915,937)		-	(45,565)	33	-	(20,032)	(981,501)
Impairment loss of Property, plant, and equipment	-	-	-	-	-	-	-	-
	2,064,569	**59,496**	**(6,584)**	**(45,565)**	**(4,103)**	**(2,010)**	**27,172**	**2,092,975**

	Balance as of January 1, 2021	Additions	Mine closure update	Depreciation	Disposals (c)	Reclassification (d)	Translating adjustment	Balance as of December 31, 2021
Cost	2,695,270	315,105	(14,450)	-	(23,180)	26,844	(19,083)	2,980,506
Depreciation	(769,961)	-	-	(148,896)	734	-	2,186	(915,937)
Impairment loss of Property, plant, and equipment	(37,116)	-	-	1,742	27,798	-	7,576	-
	1,888,193	**315,105**	**(14,450)**	**(147,154)**	**5,352**	**26,844**	**(9,321)**	**2,064,569**

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

	As of March 31, 2022	As of March 31, 2021
	US$(000)	US$(000)
Cost of sales, note 16	45,332	21,990
Administration expenses	174	176
Exploration and evaluation expenses	20	27
Selling expenses	7	3
Development cost and work in progress	0	7,175
Other expenses	32	29
	45,565	29,400

(c) As of March 31, 2022 and December 31, 2021, corresponds mainly to the write-offs by product of different components of machinery and equipment due to replacement of components and write-offs due to regularization of Group assets.

(d) As of December 31, 2021, the Group made reclassifications corresponding to the capitalization of financing costs of US$ 80,000,000 to buildings and facilities and machinery and equipment, and also reclassified work in progress costs identified as development cost of US$ 53,000,000 to intangible assets related to the subsidiary Marcobre.

(e) As of March 31, 2022, corresponds to the net cost of machinery and equipment under finance leases which amount to US$1,158,000,000 (US$1,972,000 as of December 31, 2021).

(f) Impairment evaluation and reversal of impairment 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 or reversal of impairment. If there are such indicators of impairment, a formal estimate of the recoverable amount is made for the recognition of an impairment or reversal of impairment.

As of March 31, 2022, the Group concluded that there is no indication of impairment 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 as of March 31, 2021, and December 31, 2021 are presented below:

	Balance as of January 1, 2021	Additions (c)	Amortization (b)	Disposals	Reclassification	Translating adjustment	Reversal of impairment	Balance as of March 31, 2022
Cost	800,208	14,800	-	-	2,010	11,715	0	828,733
Amortization	(98,343)	-	(20,176)	-	-	(3,095)	0	(121,614)
	701,865	**14,800**	**(20,176)**	**-**	**2,010**	**8,620**	**-**	**707,119**

	Balance as of January 1, 2021	Additions (c)	Amortization (b)	Disposals	Reclassification	Translating adjustment	Reversal of impairment	Balance as of December 31, 2021
Cost	732,910	83,557	-	(699)	(26,844)	(3,766)	15,050	800,208
Amortization	(57,257)	-	(39,340)	-	-	1,022	(2,768)	(98,343)
	675,653	**83,557**	**(39,340)**	**(699)**	**(26,844)**	**(2,744)**	**12,282**	**701,865**

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

	As of March 31, 2022 US$(000)	As of March 31, 2021 US$(000)
Cost of sales, note 17	14,077	1,636
Mine development	6,021	29
Exploration expenses and studies	71	89
Administration expenses	6	5
Other expenses	1	0
	20,176	1,759

(c) As of March 31, 2022, and December 31, 2021, additions for development cost mainly comprise items related to Mina Justa.

(d) As of March 31, 2022 and December 31, 2021, the concessions and mining rights are mainly related to the concession of the subsidiaries Mineração Taboca and Marcobre.

10. Borrowings

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

Entity	Guarantee	Interest rate	31.03.2022 US$(000)	31.12.2021 US$(000)
Syndicated loan, net of structuring costs – Marcobre (c) y (d)	With guarantees	Libor 3 months + 1.65%	766,598	763,012
Corporate bonds 2031, net of issuance costs – Minsur (e)	Without guarantees	4.50%	486,564	486,293
Banco de Crédito del Perú - BCP – Marcobre (f)	Without guarantees	1.13%	66,000	66,000
Citibank – Taboca (k)	Corporate Minsur	Libor 3 months + Spread	56,511	64,740
Interbank - Minsur (h)	Without guarantees	0.63%	40,000	40,000
Bank of América (i)	Without guarantees	2.47%	34,983	35,067
BBVA – Minsur (h)	Without guarantees	1.45%	30,000	30,000
Banco de Crédito del Perú -BCP – Minsur (h)	Without guarantees	0.65%	25,000	25,000
Bank Santander – Taboca (j)	Without guarantees	2.15%	11,994	12,023
Bank Itaú – Taboca (j)	Without guarantees	2.15%	10,095	10,119
Bank do Brasil – Taboca (g)	With guarantees	1.98%	6,497	9,318
Bank Santander (k)	With guarantees	Libor 3 months + 4.5%	7,656	7,280
Finance Leases (l)	Without guarantees	1.53% - 2.91%	1,832	2,328
			1,543,730	1,551,180
By maturity:				
Current			412,239	414,799
Non-current			1,131,491	1,136,381

	1,543,730	1,551,180

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

		2021 US$(000)	2020 US$(000)
Opening balance		1,551,180	1,360,792
Corporate bond issue 2031 - Minsur (e)		-	500,000
Obtaining a syndicated loan - Minsur		-	300,000
Obtaining a syndicated loan - Marcobre (c)		-	108,000
Obtaining bank promissory notes - Minsur (h)		-	95,000
Obtaining promissory note - Marcobre (f)		-	66,000
Obtaining loans ACC - Taboca (j)		11,003	48,059
Obtaining a loan Bank of America - Taboca (i)		-	35,067
Obtaining financial leases - Minsur (l)		-	2,255
Amortized cost		3,857	9,429
Prepayment of corporate bonds 2024 - Minsur (e)		-	(450,000)
Payment of syndicated loan - Minsur		-	(300,000)
Syndicated loan payments - Marcobre (c)		-	(115,000)
Payment of loans ACC - Taboca (j)	-	14,947	(61,955)
Payment of loans Citibank - Taboca (k)		-6,248	(32,260)
Corporate bond issuance costs 2031 (e)		-	(13,899)
Payment of finance leases (l)	-	496	-1,430
Translation	-	619	1,122
Ending balance		1,543,730	1,551,180

(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 of Mina Justa with a variable interest rate of Libor for three months of 0.22% as of March 31, 2022 plus an average fixed margin of 1.57% (0.13% plus an average fixed margin of 1.57% as of December 31, 2021). To obtain this loan, the subsidiary Marcobre counted as guarantors with Minsur S.A. and Empresas Copec S.A. Until December 31, 2021, the subsidiary Marcobre has received the entire syndicated loan for US$900,000,000 (US$792,000,000 as of December 31, 2020), and during the month of December 2021 has made a principal repayment of US$115,000,000.

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 March 31, 2022, and December 31, 2021, the subsidiary Marcobre has complied with the financial restrictions of the signed contract.

As of March 31, 2022, and December 31, 2021, 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) At March 31, 2022 and December 31, 2021, the subsidiary Marcobre incurred debt structuring costs of US$18,479,000 and US$21,988,000, respectively, related to obtaining the US$900,000,000 credit facility.

(e) The General Shareholders' Meeting The General Shareholders' Meeting held on October 18, 2021, resolved that the Company issue debt instruments ("the Notes") in the international securities market in the amount of US$500,000,000 at an interest rate of 4.5 percent per annum, maturing on October 28, 2031. The amounts obtained from such financing were under par, obtaining US$488,140,000,000, which were destined to attend the repurchase of its debt instrument: "6.250% Senior Notes Due 2024", as well as to cancel the financing of the syndicated loan obtained by the Company through a loan agreement executed on June 24, 2021.
Corporate bonds restrict the ability of the Group to perform certain transactions; however, these restrictions do not condition the Group to comply with financial ratios or maintain specific levels of liquidity.

(f) On April 27, 2021, the subsidiary Marcobre received from Banco de Credito del Peru US$66,000,000 through a bank promissory note to finance its working capital, which will be paid in a single payment of interest and principal at maturity. This promissory note has been cancelled in April 2022 and renewed for an additional 12 months.

(g) 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.

(h) 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 2022, while the promissory notes provided by Banco BBVA and BCP mature in May 2022.

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

(j) 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.

(k) Corresponds to "prepaid export - PPE" loans obtained by the subsidiary Minera Taboca during 2020, whose maturity dates will be in November 2024 and November 2025, the financing was carried out with the objective of reducing part of its debts short-term and improve cash flow in this subsidiary.

(l) As of December 31, 2021 and 2020, the Group has finance leases with Banco de Crédito del Perú and Scotiabank del Perú for the purchase of machinery at a weighted average rate of 2.91% and 1.53%, respectively (3.11% at December 31, 2020 with Banco de Crédito del Perú), with maturities between 2022 and 2023.

(m) As of March 31, 2022, the Group maintains joint and several surety bonds for US$179,538,000 that guarantee the financing and other operations of its subsidiary Mineração Taboca S.A. with the following financial institutions:

Counterpart	Endorses:	US$(000)	Maturity
Citibank	Credits	56,538	December 2023
Bank of America NA	Credits	35,000	February 2026
Bank do Brasil	Credits	20,000	No expiration
Bank Itaú	Credits	10,000	No expiration
Bank Santander Brasil	Credits	10,000	No expiration
Bank Santander España	Credits	8,000	March 2026
Bradesco	Credits	5,000	No expiration
Merryl Lynch International	Derivative instruments	15,000	No expiration
JP Morgan Chase Bank NA	Derivative instruments	10,000	No expiration
Bank Itaú	Derivative instruments	10,000	No expiration
		179,538	

11. Provisions

The composition of this caption is related with the provisions for mine closure, environmental remediation, contingencies, performance bonuses and other provisions. The main variation during the first quarter of 2022 is explained by the updating of the mine closure provision in accordance with current accounting standards, also, as a result of the increase in discount rates, a lower mine closure liability was generated.

In addition, in March the Group paid performance bonuses of US$11,186,000.

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.

	As of March 31, 2022 US$(000)	As of March 31, 2021 US$(000)
Income Tax		
Current	(85,436)	(30,427)
Deferred	(25,890)	23,342
	(111,326)	(7,085)
Mining royalties and special mining tax		
Current	(45,843)	(5,063)
Deferred	8,549	404
	(37,294)	(4,659)
	(148,620)	(11,744)

(b) As of March 31, 2022, the Group had an income tax payable and receivable of US$6,840,000 and US$73,427,000, respectively. As of December 31, 2021, the Group had an income tax payable and receivable of US$15,728,000 and US$76,625,000, respectively.

(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 Cordillera del Sur 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 March 31, 2022, has not received contributions from non-controlling interest, however, as of March 31, 2021, the Group received contributions of US$41,000,000 as part of the financing of the Mina Justa project.

b) Declared and paid dividends

During the first quarter of 2022, the Group has not declared any 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	May 17, 2021	250,000	8.6715	0.08672
Shareholders' meeting	November 17, 2021	250,000	8.6715	0.08672

14. Tax situation

As of March 31, 2022, 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:

	As of March 31, 2022	As of March 31, 2021
	US$(000)	US$(000)
Copper concentrate	282,969	-
Tin and other minerals	277,641	204,052
Copper cathodes	49,041	-
Gold	29,871	26,465
Niobium and tantalum	16,942	18,224
	656,464	248,741

(b) Tin Sales Concentration - Peruvian Market -

As of March 31, 2022, there is no significant concentration of sales. The three main customers accounted for 48 percent of total sales (the three main customers accounted for 43 percent of total sales at March 31, 2021). As of March 31, 2022, 51 percent of accounts receivable correspond to these customers (44 percent as of March 31, 2021).

(c) Tin Sales Concentration - Brazilian Market –

As of March 31, 2022, the top three customers represent 80 percent of total sales (57 percent as of March 31, 2021) and 67 percent of accounts receivable correspond to these customers (59 percent as of March 31, 2021).

(d) Gold sales concentration -

As of March 31, 2022, the Company sold gold to 1 customer (2 customers as of March 31, 2021) and 100 percent of accounts receivable correspond to these customers (100 percent as of March 31, 2021).

(e) Concentration of sales of niobium and tantalum –

As of March 31, 2022, the top three customers represent 80 percent of total sales (57 percent as of March 31, 2021) and 67 percent of accounts receivable correspond to these customers (59 percent as of March 31, 2021).

(f) Concentration of copper cathode sales –

As of March 31, 2022, the top three customers represent 90 percent of total sales and 84 percent of accounts receivable correspond to these customers

(g) Concentration of copper concentrate sales -

As of March 31, 2022, the three main customers represent 60 percent of total sales. As of March 31, 2022, 35 percent of accounts receivable correspond to these customers.

16. Cost of sales

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

	As of March 31, 2022	As of March 31, 2021
	US$(000)	US$(000)
Opening balance of product in process inventory	202,550	44,820
Opening balance of finished product inventory	31,829	23,673
Consumption of raw material and miscellaneous supplies	57,108	21,273
Wages and salaries	50,541	26,179
Services rendered by third parties	55,988	29,721
Depreciation	48,004	24,536
Amortization, note 9(b)	14,077	1,636
Electricity	10,569	3,720
Purchase of mining services from AESA S.A.	10,004	8,484
Indirect wages and salaries	4,394	-
Translation	3,215	(1,506)
Other manufacturing expenses	2,185	4,159
Indirect supplies and spares	346	-
Out of inventory	39	9
Recovery of estimation due to devaluation of inventories, note 8(c)	(25)	-
Recovery (estimate) for obsolescence, note 8 (d)	(16)	(9)
Hedging derivative losses	(170)	3,814
Stripping cost capitalization	(14,450)	-
Final balance of work in process inventory	(253,497)	(41,349)
Final balance of finished product inventory	(41,272)	(21,064)
	181,419	128,096

17. Related parties' transactions

(a) Accounts receivable, payable and lease liability -

The balances of the receivable and payable with related parties as of March 31, 2022, and December 31, 2021 are as follow:

	As of March 31, 2022	As of December 31,2021
	US$(000)	US$(000)
Classification by existing captions:		
Other receivables (current), note 4(a):		
Other related parties		
Compañía Minera Raura S.A.	1,840	2,248
Administración de Empresas S.A.	1,573	693
Clinica Internacional S.A.	10	13
	3,423	2,954
For paying commercial and various (current):		
Other related parties		
Administración de Empresas S.A.	8,799	4,895
Rímac S.A. Entidad prestadora de salud	918	7
Clínica Internacional. S.A.	421	666
Terpel Comercial del Peru S.R.L.	401	243
Inversiones San Borja S.A.	138	241
Corporación Breca S.A.C.	82	4
Corporación Peruana de Productos Químicos S.A.	62	59
Protección Personal S.A.C.	42	57
Compañía Minera Raura S.A.	41	226
Centria Servicios Administrativos S.A.	17	14
Inversiones Nacionales de Turismo S.A.	- 5	3
Rímac Seguros y Reaseguros	-	117
Brein Hub S.A.C.	-	664
Tecnológica de Alimentos EEFF Separados		275
	10,916	7,471
Financial obligations		
Other related parties		
Inversiones San Borja S.A.	819	718
Administración de Empresas S.A.	3,253	3,712
	4,072	4,430
	14,988	11,901
Classification by nature:		
Commercial, note 11(b)	10,916	7,471
Financial Obligations, note 11(e)	4,072	4,430
	14,988	11,901

There have been no guarantees provided or received from accounts receivable or payable with related parties. As of March 31, 2022, and December 31, 2021, the Group has not recorded any impairment of accounts receivable related to amounts owed by related parties. This evaluation is carried out each year by examining the financial situation of the related party and the market in which the related party operates.

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

(b) Remunerations -

The compensation received by key personnel of the Group as of March 31, 2022 and March 31, 2021 has been recognized as an expense in the consolidated condensed interim financial statement of profit or loss and there are as follows:

	As of March 31, 2022	As of March 31,2021
	US$(000)	US$(000)
Perú		
Remuneration	20,117	6,236
Director's allowance	132	44
	20,249	6,280
Brasil		
Fixed remuneration	369	269
Variable remuneration	1,375	899
	1,744	1,168
Total	21,993	7,448

18. Commitments

a) Commitment of capital expenditures:

The capital expenditure that will be paid and recognized in the future related to the Mina Justa mining unit, agreed at the date of the consolidated statement of financial position is as follows:

	As of March 31, 2022 US$(000)	As of December 31, 2021 US$(000)
Property, plant and equipment	75,889	43,916

19. Contingencies

As of March 31, 2022, the Group has not presented significant changes in contingencies with respect to what was reported in the 2021 audited report.

20. Segment information

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

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

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

	Tin and Gold (Perú)								
	Tin	Gold	Not distributable	Total	Tin	Cooper	Mining exploration	Adjustments and Eliminations	Total Consolidated
	(Perú)	(Perú)	(Perú)	(Perú)	(Brasil)	(Perú)	(Perú y Chile)		
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$ (000)
As of March 31, 2022									
Results:									
Entry of external customers	222,482	29,871	-	252,353	72,101	332,010		-	656,464
Sales cost	- 59,516	- 20,043	-	- 79,559	- 35,722	- 66,138			- 181,419
Administration expenses	- 11,936	- 4,019	-	- 15,955	- 2,918	- 2,811	- 214	415	- 21,483
Selling expenses	- 2,503	- 385	-	- 2,888	- 1,106	- 5,866	-		- 9,860
Exploration expenses and studies	- 3,131	- 3	-	- 3,134	-	- 1,132	- 355	-	- 4,621
Others, net	- 1,082	- 365	-	- 1,447	- 1,115	- 1,599	1,715	- 415	- 2,861
Operating income	144,314	5,056	-	149,370	31,240	254,464	1,146	-	436,220
Profit before income tax	-	-	266,819	266,819	48,197	235,449	2,707	- 133,845	419,327
Income tax	-	-	- 60,132	- 60,132	- 13,422	- 75,176	110	-	- 148,620
Net profit			206,687	206,687	34,775	160,273	2,817	- 133,845	270,707
Other disclosures:									
Additions to property, plant and equipment, right-of-use assets and intangible assets	20,305	3,690	-	23,995	9,619	40,871	-	-	74,485
Depreciation and amortization (included in costs and expenses)	13,499	8,051	377	21,927	5,116	20,775	10	-	47,828
Operating cash flow				6,606	28,372	140,770	- 5,467		170,281
Investment cash flows				- 23,452	- 12,486	- 40,528	- 31	5,060	- 71,437

	Tin and Gold (Perú)								
	Tin	Gold	Not distributable	Total	Tin	Cooper	Mining exploration	Adjustments and Eliminations	Total Consolidated
	(Perú)	(Perú)	(Perú)	(Perú)	(Brasil)	(Perú)	(Perú y Chile)		(Reclassified)
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$ (000)
As of March 31, 2021									
Results:									
Entry of external customers	169,644	26,465	-	196,109	52,632	-	-	-	248,741
Sales cost	- 69,747	- 18,255	-	- 88,002	- 40,094	-	-	-	- 128,096
Administration expenses	- 9,347	- 2,446	-	- 11,793	- 2,799	- 253	- 146	238	- 14,753
Selling expenses	- 1,340	- 170	-	- 1,510	- 558	-	-	-	- 2,068
Exploration expenses and studies	- 2,048	- 23	-	- 2,071	-	- 582	- 203	-	- 2,856
Others, net	3,027	791	-	3,818	- 244	922	535	- 238	4,793
Operating income	90,189	6,362	-	96,551	8,937	87	186	-	105,761
Profit before income tax	-	-	88,069	88,069	- 2,266	- 2,953	4,331	871	88,052
Income tax	-	-	- 10,787	- 10,787	- 1,899	832	110	-	- 11,744
Net profit			77,282	77,282	- 4,165	- 2,121	4,441	871	76,308
Other disclosures:									
Additions to property, plant and equipment, right-of-use assets and intangible assets	8,964	8,317		17,281	5,484	80,189	-	-	102,954
Depreciation and amortization (included in costs and expenses)	13,575	7,514	471	21,560	4,672	-	13	-	26,245
Operating cash flow				60,558	10,877	- 11,658	- 657		59,120
Investment cash flows				- 47,413	- 5,483	- 108,003	- 102,499	164,000	- 99,398

21. 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.

(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 asset at fair value, financial derivative instruments and borrowings.

The relevant sensitivity analyzes included in the following sections relate to the consolidated financial situation as of March 31, 2022 and December 31, 2021.

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 March 31, 2022 and March 31, 2021.

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 foreign exchange risk with the proceeds from operations, it means, it does not engage in significant hedging transactions with derivative financial instruments to hedge its foreign exchange risk except for a significant portion of its operating costs denominated in Brazilian reais in its subsidiary Taboca.

The following table shows the sensitivity in the results of the Group on March 31, 2022 and March 31, 2021 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)
March 31, 2022	10%	4,198
	-10%	(4,198)

March 31, 2021	10%	16,251
	-10%	(16,251)

Interest rate risk –

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

As of March 31, 2022 and March 31, 2021 the Company's corporate bonds have a fixed effective interest rate, except for the subsidiaries Mineração Taboca and Marcobre, which have entered into loan agreements at variable interest rates to mitigate the risk of interest rate variation, in this regard, the Group has entered into derivative financial instruments, consequently, Management has assessed that it is not relevant to perform a sensitivity analysis to future changes in interest rates.

Price risk –

Investments

The Group is not exposed to the risk of fluctuations in the prices of its investments held and classified in its consolidated statement of financial position as at fair value through profit or loss. Management diversifies its investment portfolio in order to reduce its exposure to price risk. The portfolio is diversified in accordance with limits established by management.

As of March 31, 2022 and December 31, 2021, the Group has no balances in financial assets at fair value through profit or loss.

Risks in mineral price fluctuations–

Investments

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. As a result of these operations, the Group maintains positions receivable and payable).

The table below summarizes the impact on income before income taxes of changes in the Company's tin price (excluding the subsidiary Mineração Taboca S.A. which has derivative financial instruments to hedge this risk). This analysis is based on the assumption that the tin price has increased or decreased by 10 percent, with all other variables held constant. For the positive scenario of 2022, an average quotation of US$/MT 50,319 (average price of US$/MT 30,214 for the first quarter of 2021) was considered; while for the negative scenario, an average quotation of US$/MT 41,170 (average price of US$/MT 24,721 for the first quarter of 2021) was considered.

Year	Potential increase/decrease	Effect on profit before income tax US$(000)
March 31, 2022	10%	6,633
	-10%	(6,633)
March 31, 2021	10%	5,492
	-10%	(5,492)

During 2022, 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 quarter of 2022 an average price of US$2,102 per ounce of gold was considered (average price of US$1,885 per ounce of gold for the first quarter of 2021); while for the negative scenario an average price of US$1,720 per ounce of gold was considered (average price of US$1,542 for the first quarter of 2021).

Year	Potential increase/decrease	Effect on profit before income tax US$(000)
March 31, 2022	10 %	2,350
	-10 %	(2,350)
March 31, 2021	10%	2,816
	-10%	(2,816)

The subsidiary Marcobre has a price risk through its contracts for the sale of copper concentrate at provisional prices, subject to a forward price in a given month, based principally on the average monthly quotation published on the LME. To the extent that the final quotations are higher or lower than those initially recorded on a provisional basis, the increase or decrease in revenue is recorded at each financial reporting date until the date of the final quotation.

The table below summarizes the impact on earnings before income taxes of changes in the copper price of the Marcobre subsidiary. This analysis is based on the assumption that the copper price has increased or decreased by 10 percent, while all other variables remain constant. For the positive scenario as of March 31, 2022, an average quotation of US$/MT 4,877 was considered, while for the negative scenario an average quotation of US$/MT 3,991 was considered.

Year	Potential increase/decrease	Effect on profit before income tax US$(000)
March 31, 2022	10 %	73,937
	-10 %	(73,937)

(ii) Credit risk-

The Group's financial assets potentially exposed to concentrations of credit risk consist primarily of deposits with banks and trade accounts receivable. With respect to deposits with banks, the Group reduces the likelihood of significant concentrations of credit risk because it maintains its deposits in first-class financial institutions and limits the amount of credit risk exposure in any one financial institution.

There are no significant concentrations of trade accounts receivable. The Group has established policies to ensure that the sale of its production is made to customers with adequate credit history. The maximum exposure to credit risk for the components of the consolidated financial statements as of March 31, 2022 and March 31, 2022 is represented by the sum of cash and cash equivalents, trade and other receivables.

Financial instruments and bank deposits –
The credit risk of the bank balance is managed by the Administration and Finance Management in accordance with the Group's policies. Counterparty credit limits are reviewed by Management and the Board of Directors. The limits are established to minimize the concentration of risk and therefore mitigate financial losses from potential counterparty defaults.

Trade accounts receivable –
Customer credit risk is handled by Management, subject to duly established policies, procedures and controls. Outstanding trade receivables are periodically reviewed and classified according to the credit risk profile with credit limits to ensure their recovery. The Group's sales of tin and gold are made to foreign customers located mainly in Europe and the Americas, respectively, and since there is no significant concentration of sales, exposure to credit risk is limited.

On the other hand, according to management's assessment, the aging analysis of trade receivables as of March 31, 2022 with respect to March 31, 2021 has not suffered significant delays. The Group's management will continue to closely evaluate the impact of the health emergencies in the international economy and the impact on the customer portfolio and its credit behavior.

Other accounts receivable–
Other receivables different from the tax credit for general sales tax and other tax credits correspond to balances pending collection for items that are not related to the Group's main operating activities. Group management continuously monitors the credit risk of these items and periodically evaluates those accounts that show evidence of impairment to determine the required allowance for doubtful accounts.

(iii) Liquidity risk –
Prudent liquidity risk management involves maintaining sufficient cash and cash equivalents, the availability of financing through an appropriate number of committed financing sources and the ability to close market positions. In this regard, the Group does not have significant liquidity risks since historically the cash flows from its operations have allowed it to maintain sufficient cash to meet its obligations.

The Group continuously monitors its liquidity reserves based on an analysis of its working capital (liquidity ratio) and cash flow projections that take into consideration the future prices of the products it sells and the costs required for their production and sale.

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 March 31, 2022 amounts to US$670,103 (US$865,000 as of December 31, 2021).

Entity	Value Reference (maximum) US$(000)	Agreed rate %
Natixis Bank		
Interest Rate Swap	450,000	2.86%
Societe Generale Bank		
Interest Rate Cap N°1	405,000	3.33%
Interest Rate Cap N°2	208,526	3.36%

		Hedged value	
		2021 US$(000)	**2020** US$(000)
Cash flow hedges -			
Interest rate swap (d)	From December 2018 to June 2023	3,990	1,686
Cap 1 – Interest rate (d)	From December 2018 to June 2023	5,130	2,168
Cap 2 – interest rate (d)	From September 2023 to September 2025	8,689	4,679
Total		17,809	8,533

(c) As of March 31, 2022, the Group through its subsidiary Marcobre has recognized an account payable for the fair value of derivative financial instruments in the amount of US$1,967,000 which has current maturity (US$5,960,000 as of December 31, 2021, of which US$4,954,000 is current maturity and US$1,006,000 is non-current maturity), whose impact on the consolidated statement of other comprehensive income was as follows:

	Effect on other comprehensive income (expense)	
	2022 US$(000)	**2021** US$(000)
Derivatives of interest rates -		
Interest rate swap	(4,021)	(11,428)
Cap 1 – Interest rate	-	-
Cap 2 – interest rate	-	-
Intrinsic Value of Premium Caps	(1,401)	(1,089)
Other effects		-
	(5,422)	(12,517)
(-) Deferred income tax	1,410	3,254
Net effect	(4,012)	(9,263)

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 March 31, 2022, the net fair value of these Zero Cost Exchange Rate Swaps amounts to US$72,605,113 (equivalent to R$344,155,635) (US$6,103,094 equivalent to R$32,895,190 as of December 31, 2021) and Interest Rate Swaps amount to US$830,632 (equivalent to R$3,927,281) (US$84,706 equivalent to R$456,559 as of December 31, 2021).

As of March 31, 2022 and March 31, 2021, the subsidiary Taboca recognized in the "Consolidated statement of other comprehensive income" a negative change in fair value of approximately US$ 15,308,000 and a negative change of US$ 10,533,000, respectively, which is presented net of the income tax effect.

(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 March 31, 2022, and December 31, 2021:

2022

Metal	Instrument	Expiration period	Covered volume Oz	Agreed price US$/oz	Estimated price US$/oz	Fair value US$(000)
Gold	Zero Cost Collar	2022	46,450	1,450 – 1,700	1,961	(11,950)
		2023	52,941	1,450 – 1,746	2,006	(13,651)
		2024	32,000	1,450 – 1,775	2,047	(7,899)
						(33,500)

2021

Metal	Instrument	Expiration period	Covered volume oz	Agreed price US$/oz	Estimated price US$/oz	Fair value US$(000)
Gold	Zero Cost Collar					
		2022	55,740	1,450 – 1,700	1,918	(7,242)
		2023	52,941	1,450 – 1,746	1,935	(7,155)
		2024	32,000	1,450 – 1,775	1,953	(4,200)
						(18,597)

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 March 31, 2022, and March 31, 2021, the Group recognized in the "Consolidated statement of other comprehensive income" a negative change in fair value of approximately US$10,102,000 and positive variation of US$21,894,000, respectively, which is presented net of the income tax effect.

The following is the classification according to maturity as of March 31, 2022 and December 31, 2021:

Instruments– March 31, 2022	**Nature**	**Current** US$(000)	**Non-current** US$(000)	**Total** US$(000)
Interest rate hedges – Marcobre	Asset	283	1,662	1,945
Exchange rate hedges – Taboca	Asset	8,824	4,935	13,759
Interest rate hedges - Taboca	Asset	-	26	26
Total Assets		9,107	6,623	15,730
Interest rate – Marcobre	Liability	1,967	-	1,967
Metal price hedges – Minsur	Liability	15,235	18,265	33,500
Interest rate hedges – Taboca	Liability	852	5	857
Metal price hedges – Taboca	Liability	67,915	12,090	80,005
Exchange rate hedges – Taboca	Liability	3,077	3,282	6,359
Total Liabilities		89,046	33,642	122,688

Instruments – December 31, 2021	**Nature**	**Current** US$(000)	**Non-current** US$(000)	**Total** US$(000)
Interest rate hedges – Marcobre	Asset		650	650
Price and exchange rate hedges - Taboca	Asset		1,925	1,925
Total Assets		-	2,575	2,575
Metal price hedges – Minsur	Liability	7,242	11,355	18,597
Interest rate – Marcobre	Liability	4,954	1,006	5,960
Interest rate hedges – Taboca	Liability	1,630	346	1,976
Metal price hedges – Taboca	Liability	48,780	7,475	56,255
Exchange rate hedges – Taboca	Liability	4,767	1,169	5,936
Total Liabilities		67,373	21,351	88,724

23. Financial asset and financial liabilities

(a) Financial liabilities –

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

(b) Fair values -

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

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

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

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

Financial instruments at fixed and variable rate -

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

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

	Carrying book value		Fair value	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	US$(000)	US$(000)	US$(000)	US$(000)
Financial assets				
Cash and cash equivalents	550,421	469,353	550,421	469,353
Trade and other receivables, net	470,958	412,308	470,958	412,308
Derivative financial instruments	15,730	2,575	15,730	2,575
Financial assets at fair value through other comprehensive income	17,887	23,073	17,887	23,073
Total financial assets	1,054,996	907,309	1,054,996	907,309
Financial liabilities				
Financial obligations:				
Corporate bonds	486,564	486,293	493,450	513,380
Other financial obligations	1,057,166	1,064,887	1,058,080	1,064,887
Trade and other payables	228,820	254,844	228,820	257,184
Derivative financial instruments	122,688	88,724	122,688	88,724
Total financial liabilities	1,895,238	1,894,748	1,903,038	1,924,175

(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.

As of March 31, 2022 there were no transfers between fair value hierarchies.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as of March 31, 2022.

		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 March 31, 2022				
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income	17,887	17,887	-	-
Derivative financial instrument	15,730	-	15,730	-
Trade accounts receivable (subject to provisional pricing)	293,125	293,125	-	
Liabilities recognized at fair value:				
Derivative financial instruments	122,688	-	122,688	-

As of March 31, 2022, there have been no transfers between levels of fair value.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as of December 31, 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 December 31, 2021				
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income	23,073	23,073	-	-
Derivative financial instrument	2,575	-	2,575	-
Trade accounts receivable (subject to provisional pricing)	231,138	231,138	-	-
Liabilities recognized at fair value:				
Derivative financial instruments	88,724	-	88,724	-

During the year ended December 31, 2021 there have been no transfers between levels of fair value.

24. Subsequent events

Between April 1, 2022 and the date of issuance of the condensed interim consolidated financial statements, no significant subsequent events have occurred that could affect the interpretation of these consolidated financial statements.