Minsur S.A. and Subsidiaries

Unaudited interim condensed consolidated financial statements as of December 31, 2022, and December 31, 2021 (audited)

Notes to interim condensed consolidated financial statements

As of December 31, 2022 (unaudited), and December 31, 2021 (audited)

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 SpA and subsidiaries (holding of shares of a group mainly dedicated to the production and selling of cement in Chile), in Inversiones Cordillera Inmobiliaria SpA (a Chilean real estate investment company) and in Minera Andes del Sur SPA. The investment in Inversiones Cordillera del Sur SpA and Inversiones Cordillera Inmobiliaria SpA are accounted for as an investments in associates.

Through the subsidiary Minera Latinoamericana S.A.C., the Company holds shares in Minera Minera Mineração Taboca S.A. and Subsidiary, an open pit mining company in Presidente Figueiredo - Amazonas, Brazil called Pitinga, with a processing capacity of 7 million metric tons of ore per year, which operates an alloy smelting plant with a production capacity of 4 thousand tons per year and a tin smelter in Pirapora, with a production capacity of 7 thousand tons of AAA grade tin (99.97% grade) which is registered with the name "Mamoré" in the LME (London Metal Exchange).

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 169,901 wet tons of copper concentrate and 39,852 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 December 31, 2022 and 2021, the Group is developing the following projects:

(b.1) Tailings dam Project B4 in San Rafael

Minsur S.A. is developing the B4 tailings dam project located at the San Rafael mine whose investment amounts to US$136,761,000 as of December 31, 2022 (US$50,000,000 as of December 31, 2021). 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 quarter of 2023.

(c) Covid-19 -

Covid -19 outbreak was first reported in late 2019 in Wuhan, China. Since then, the virus has spread worldwide. On March 11, 2020, the World Health Organization (WHO) declared the Covid-19 outbreak a pandemic. During 2022, the Covid-19 pandemic shows considerable signs of easing, as many countries have lifted travel bans, ended blockades, and limited quarantine measures.

On March 15, 2020, and by Supreme Decree N°044-2020, the Peruvian Government declared a nationwide state of emergency and mandatory social isolation. In accordance with the provisions of the Peruvian Government, the Group's operations resumed production activities gradually during the first weeks of May 2020, starting with the implementation of new security protocols and then mobilizing personnel and resuming normal production levels during the third quarter of 2020, levels that have been maintained throughout the years 2021 and 2022.

On October 27, 2022, and through Supreme Decree N°130-2022, the Peruvian Government declared the end of the state of emergency for Covid-19 throughout the Peruvian territory, eliminating all restrictions for coronavirus and promoting vaccination against Covid-19.

Subsidiaries in Brazil

In early April 2020, 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 World Health Organization and the Ministry of Health, deciding to suspend activities at the Pitinga and Pirapora units. The subsidiary Mineração Taboca S.A. resumed its production levels during the third quarter of 2020, levels that have been maintained throughout 2021 and 2022.

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 on its consolidated financial statements 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			
	December 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. -

  It is a mining company engaged in the operation of the Pitinga mine, located in the northeastern region of the state of Amazonas, in the Federative Republic of Brazil. This mine has mainly tin resources, as well as other minerals. Mineração Taboca S.A. also operates the Pirapora smelter located in Sao Paulo.

- Mamoré Mineração e Metalurgia Ltda. -

  The corporate purpose of this subsidiary is to lease the Pirapora smelting plant in Sao Paulo, Brazil to Mineração Taboca for its operation.

- 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 SpA., Inversiones Cordillera Inmobiliaria SpA. 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 December 31, 2022, were approved for issuance by the Group's Management on March 1, 2023.

The consolidated financial statements as of December 31, 2021 and for the year then ended were approved by the General Shareholders' Meeting on March 28, 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 December 31, 2022 and 2021.

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.

2.2. Accounting policy and disclosures changes

Certain standards and amendments have become effective for annual periods beginning on or after January 1, 2022, however, they have not had an impact on the consolidated financial statements and, therefore, have not been disclosed. The Group has not early adopted any standards, interpretations or amendments that have been issued and 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 of performing the obligations under the contract exceed the economic benefits expected to be received under the contract. The amendments specify that when 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 including both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs are not directly related to a contract and are excluded unless they are explicitly charged to the counterparty under the contract. These changes had no impact on the Group's consolidated financial statements as there were no onerous contracts during the period.

Reference to the Conceptual Framework - Amendments to IFRS 3 -

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle in IFRS 3 Business Combinations to avoid the issue of potential "day 2" gains or losses arising from contingent assets and liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Liens, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework to determine whether a present obligation exists at the acquisition date.

The amendment also added a new paragraph in IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. These amendments do not have an impact on the Group's consolidated financial statements as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

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

The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment any revenue 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 revenue from the sale of those items, and the costs of producing those items, in profit or loss.

These modifications do not have an impact on the Group's consolidated financial statements since there were no sales of such items produced by items of property, plant and equipment that were available for use on or after the beginning of the earliest period presented.

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 no impact on the Group's consolidated financial statements, as there were no changes in the Group's financial instruments during the period.

3. Cash and cash equivalents and Other financial assets

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

	2022 US$(000)	2021 US$(000)
Cash on hand and petty cash	43	13
Bank current accounts (b)	7,718	406,802
Time deposits (c)	222,048	62,215
Certificates of bank deposits (d)	263	323
Total	230,072	469,353

(b) As of December 31, 2022, and 2021, the Group maintains its deposits in current accounts in local and foreign first-tier banks, which are freely available and earn 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 December 31, 2022, and 2021, these deposits accrued interest at market rates and were settled in January 2023 and 2022, respectively.

(d) As of December 31, 2022, they correspond to interbank certificates of deposit (hereinafter "CDI") held by Mineração Taboca S.A. for R$1,388,000 (equivalent to US$263,000) that accrue interest at a rate of 30 percent and have original maturities of less than 90 days (R$1,801,000 equivalent to US$323,000 at December 31, 2021 that accrued interest at a rate of 20 percent).

4. Trade and other receivables, net

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

	2022 US$(000)	2021 US$(000)
Trade (b):		
Invoices receivable	425,774	381,168
Changes in the fair value	21,437	4,754
	447,211	385,922
Other receivables:		
Value added tax credit and other tax credits (c)	85,205	72,428
Tax claim recovery	5,146	0
Advances to suppliers	3,047	585
Invoices receivable for the sale of other supplies and fixed assets	2,695	2,875
Related parties, note 17(a)	2,670	2,954
Judicial deposits	1,390	1,244
Restricted funds	805	9,438
Interest receivable	182	0
Loans to employees	30	112
Special Regime for the Early Recovery of the General Sales Tax (d)	-	8,116
Others	484	1,062
	101,654	98,814
Total	548,865	484,736
By maturity:		
Current	505,830	451,065
Non-Current	43,035	33,671
Total	548,865	484,736

(b) As of December 31, 2022 and 2021, trade accounts receivable are non-interest bearing and have no specific collateral. In the process of estimating expected credit losses, management evaluates credit risk and individual credit limits. The assessment is performed at each reporting date using an estimation matrix to measure expected credit losses.

(c) As of December 31, 2022 and 2021, this item mainly comprises the credit for the general sales tax (hereinafter "IGV") resulting from the purchases of goods and services resulting from the construction and development activities carried out by the subsidiaries in Peru and Brazil (Cumbres del Sur S. A.C. and Marcobre S.A.C.) which will be offset by the IGV payable on the operations of the subsidiary in Peru (Marcobre S.A.C.) and by the general sales tax on the production activities of the subsidiary in Brazil (Mineração Taboca S.A.).

The subsidiary Cumbres del Sur S.A.C. has assessed the recoverability of the general sales tax credit balance on December 31, 2022, for US$10,881,000 (US$9,054,000 at December 31, 2021) and considers that it can be utilized.

(d) As of December 31, 2021, corresponds to the request for a cash refund of the general sales tax using the Special Early Recovery Regime (RERA) for US$8,116,000 which was collected during the month of January 2022.

During 2022, the Group obtained the refund for US$9,226,000 (US$69,745,000 during 2021) through the Advance Recovery Regime of the IGV (hereinafter ''RERA'') under the Exploration Investment Contract regime (hereinafter ''CIE'') and US$6,713,000 through the Exporter's Balance in Favor (hereinafter SFE).

5. Inventory, net

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

	2022 US$(000)	2021 US$(000)
Work in progress	413,832	213,023
Materials and supplies	86,323	58,297
Finished products	30,867	31,829
Inventory in transit	7,812	6,648
Mineral extracted	7,450	4,553
	546,284	314,350
Allowance for obsolescence	(4,701)	(2,516)
Allowance for impairment	(729)	(39)
	540,854	311,795
By maturity:		
Current	205,343	148,765
Non-Current	335,511	163,030
Total	540,854	311,795

(b) As of December 31, 2022, and 2021, corresponds to the saleable mined material extracted as part of the stripping activities in the open pit under construction. The Subsidiary is processing this material as of August 2021, the date it began commercial operations.

6. Financial assets at fair value through other comprehensive income

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

	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	21,070	(5,414)	746	-	16,402
BBVA Spain (*)	14,845	(9,862)	503	(5,486)	-
Total	35,915	(15,276)	1,249	(5,486)	16,402

	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	21,070	(3,942)	746	-	17,874
BBVA Spain (*)	14,845	(10,149)	503	-	5,199
Total	35,915	(14,091)	1,249	-	23,073

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

	2022	2021
	US$(000)	US$(000)
Opening balance	23,073	26,685
Settlement of Investments (d)	(5,486)	-
Unrealized results	(1,185)	(3,612)
Ending balance	16,402	23,073
By maturity:		
Current portion	0	17,874
Non-current portion	16,402	5,199
Total	16,402	23,073

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

(d) In March 2022, the Company sold all of its shares in BBVA Spain for a total amount of €4,799,000, equivalent to US$5,487,000. In addition, the accumulated loss from the fair value restatement in other comprehensive income was reclassified to retained earnings for US$9,862,000.

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

(f) As of December 31, 2022, the Group has received stock dividends of US$1,209,000 from its investments in Rimac which were credited to the consolidated statement of other comprehensive income (US$2,106,000 as of December 31, 2021).

7. Investments in associates

(a) This caption is made up as follows:

	Interest in equity		Equity value	
	2022	2021	2022	2021
	%	%	US$(000)	US$(000)
Inversiones Cordillera del Sur SpA.	73.85	73.85	170,178	239,311
Inversiones Cordillera Inmobiliaria SpA. (b)	73.85	-	67,882	-
Futura Consorcio Inmobiliario S.A.	3.31	3.31	2,893	3,141
			240,953	242,452

(b) In the second quarter of 2022, the subsidiary Minera Latinoamericana S.A.C. and Breca Cementos S.A.C. as shareholders of Inversiones Cordillera del Sur II SpA, approved the spin-off of 25.5% of the equity block, generating a new company named in the minutes as Inversiones Cordillera Inmobiliaria SpA. The purpose of this associate is to invest in movable, tangible or intangible assets, shares of corporations or joint stock companies, rights in other companies, bonds, commercial paper and other marketable securities; to manage, transfer, exploit and receive the fruits thereof; and, in general, to execute all kinds of acts and enter into all contracts that are necessary for the fulfillment of the company's purpose or the development of its line of business.

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

	For periods of three months ended December 31,		For periods of twelve months ended December 31,	
	2022	2021	2022	2021
	US$(000)	US$(000)	US$(000)	US$(000)
Inversiones Cordillera del Sur SpA.	(5,739)	5,277	(8,518)	13,290
Inversiones Cordillera Inmobiliaria SpA. (b)	5,795	-	6,253	-
Futura Consorcio Inmobiliario S.A.	(328)	262	(295)	303
Total	(272)	5,539	(2,560)	13,593

(d) As of December 31, 2022, and 2021, the Group concluded that there is no indication of impairment 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 as December 2022 and 2021 were as follow:

	Balance as of January 1, 2022	Additions	Mine closure update	Depreciation	Disposals (c)	Reclassification	Translating adjustment	Balance as of December 31, 2022
Cost	2,980,506	344,239	(7,993)	-	(12,984)	(263)	13,152	3,316,657
Depreciation	(915,937)		-	(215,620)	8,758	-	(5,676)	(1,128,475)
	2,064,569	**344,239**	**(7,993)**	**(215,620)**	**(4,226)**	**(263)**	**7,476**	**2,188,182**

	Balance as of January 1, 2021	Additions	Mine closure update	Depreciation	Disposals (c)	Reclassification	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:

	For periods of three months ended December 31,		For periods of twelve months ended December 31,	
	2022	2021	2022	2021
	US$(000)	US$(000)	US$(000)	US$(000)
Cost of sales, note 16	57,534	46,867	214,303	128,952
Administration expenses	331	158	955	725
Exploration and evaluation expenses	70	24	206	108
Selling expenses	9	(1)	32	5
Other expenses	28	35	124	141
Development cost and work in progress	-	3,705	-	17,223
	57,972	50,788	215,620	147,154

(c) As of December 31, 2022, retirements correspond mainly to the sale and disposal of fixed assets in disuse due to the inventory carried out in 2022. As of December 31, 2021, they correspond to the retirement of different components of machinery and equipment due to replacement of components and retirement due to missing assets.

(d) As of December 31, 2021, the Group made reclassifications corresponding to the capitalization of financing costs originally recorded as part of development costs in intangible assets for the years 2018 to 2021 for US$72,000,000 and other development costs for US$9,000,000, under buildings and facilities for US$58,467,000 and machinery and equipment for US$21,666,000. Also, work in progress costs identified as development costs of US$53,464,000 related to the subsidiary Marcobre were reclassified.

(e) As of December 31, 2022, the net cost of machinery and equipment under capital lease amounts to US$630,000 (US$1,972,000,000 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 whether there is any indication of impairment or reversal of impairment. If such indications exist, a formal estimate of the recoverable amount is made for the recognition of an impairment or reversal of impairment.

9. Intangible assets, net

(a) The composition and movement of this caption as of December 31, 2022, and 2021 are presented below:

	Balance as of January 1, 2022	Additions	Amortization	Disposals	Reclassification	Translating adjustment	Translating adjustment	Balance as of December 31, 2022
Cost	800,208	63,777	-	(200)	263	3,673	-	867,721
Amortization	(98,343)	-	(99,129)	-	-	(964)	-	(198,436)
	701,865	**63,777**	**(99,129)**	**(200)**	**263**	**2,709**	-	**669,285**

	Balance as of January 1, 2021	Additions	Amortization	Disposals	Reclassification	Translating adjustment	Translating adjustment	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 and the consolidated statement of financial position as follows:

	For periods of three months ended June 30,		For periods of six months ended June 30,	
	2022 US$(000)	**2021** US$(000)	**2022** US$(000)	**2021** US$(000)
Cost of sales, note 16	22,186	15,085	75,392	23,194
Mine development	5,650	9,485	23,392	15,045
Exploration expenses and studies	116	87	319	339
Administration expenses	8	8	26	24
Inventory	-	738	-	738
Other expenses	(1)	-	-	-
	27,959	25,403	99,129	39,340

(c) As of December 31, 2022, and 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	2022 US$(000)	2021 US$(000)
Refinancing loan, net of structuring costs - Marcobre (c) and (d)	With guarantee	SOFR 3 months + 1.75%	495,581	763,012
Corporate bonds 2031, net of issuance costs Minsur (e)	Without guarantee	4.50% - 6.25%	487,412	486,293
Promissory note Banco Scotiabank Perú- Marcobre(g)	Without guarantee	5.80%	100,000	-
Banco Santander – Taboca (j)	Without guarantee	SOFR + 2.8%	80,240	12,023

Promissory Banco de Crédito del Perú - Marcobre (f)	Without guarantee	2.40%	66,000	66,000
Promissory Banco Interbank – Minsur (i)	Without guarantee	4.13%-1,45%	40,000	40,000
Bank of America – Taboca (j)	With guarantee	2.47%	34,558	35,067
Citibank – Taboca (h)	Minsur corporate	Libor 3 months + Spread	31,899	64,740
Promissory Bank BBVA - Minsur (i)	Without guarantee	1.45%	-	30,000
Promissory Banco Crédito del Perú - Minsur (i)	Without guarantee	0.65%	-	25,000
Bank Itaú – Taboca (j)	Without guarantee	2.15%	-	10,119
Banco do Brasil – Taboca (k)	With guarantee	1.72% - 2.45%	-	9,318
Bank Santander (k)	With guarantee	Libor 3 months + Spread	-	7,280
Finance Leases (l)	Without guarantee	1.30% - 3.05%	684	2,328
			1,336,374	1,551,180
Classification by maturity:				
Current			206,684	414,799
Non-current			1,129,690	1,136,381
			1,336,374	1,551,180

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

	2022 US$(000)	**2021** US$(000)
Opening balance	1,551,180	1,360,792
Obtaining a refinancing loan - Marcobre (c) and (d)	500,000	108,000
Obtaining promissory note - Marcobre (f) and (g)	266,000	66,000
Obtaining a Banco Santander loan -Taboca (j)	82,584	-
Amortized cost, Note 35.1(iii)	18,688	9,429
Obtaining ACC loans - Taboca (K)	16,102	48,059
Corporate bond issue 2031 - Minsur (e)	-	500,000
Obtaining syndicated loan - Minsur (e)	-	300,000
Obtaining bank promissory notes - Minsur (i)	-	95,000
Obtaining a loan from Bank of America - Taboca (K)	-	35,067
Finance Leases - Minsur (l)	-	2,255
Syndicated loan repayments - Marcobre (c) and (d)	(785,000)	(115,000)
Payment of promissory notes - Marcobre (f) and (g)	(166,000)	-
Payment of promissory notes-Minsur (i)	(55,000)	-
ACC loan payment - Taboca (K)	(47,095)	(61,955)
Citibank loan payment - Taboca (h)	(32,766)	(32,260)
Payment of Banco Santander loan (j)	(7,803)	-
Finance lease payments (l)	(1,644)	(1,430)
Prepayment of corporate bonds 2024 - Minsur (e)	-	(450,000)
Syndicated loan payment - Minsur (e)	-	(300,000)

Corporate bond issue costs 2031 (e)	-	(13,899)
Translation	(2,872)	1,122
Ending balance	1,336,374	1,551,180

(c) On August 15, 2018, the subsidiary Marcobre entered into a syndicated loan with a group of lenders comprised of: Export Development Canada; Export Finance and Insurance Corporation; KFW IPEX-Bank GMBH; The Export-Import Bank of Korea; Banco Bilbao Viscaya Argentaria, S.A. Banco de Crédito del Perú; 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 line of credit of US$900,000,000. This loan was earmarked for the development and construction of the Mina Justa project with a variable interest rate of three-month Libor of 0.13% plus a spread of 1.57% at December 31, 2021. To obtain this loan, the Marcobre subsidiary had Minsur S.A. and Empresas Copec S.A. as guarantors. At December 31, 2021, the Marcobre subsidiary received the full amount of the loan for US$900,000,000 (US$792,000,000 at December 31, 2020). During the month of December 2021, it has made a principal repayment of US$115,000,000, and during the month of June 2022 the entire balance of the debt was prepaid for $784,995,000; terminating the syndicated loan (Mina Justa Project Finance) complying with the financial restrictions of that contract until that date.

On June 17, 2022, the subsidiary Marcobre signed a loan agreement with Banco Bilbao Vizcaya S.A. (New York Branch); Banco de Crédito e Inversiones S.A.; Banco Sadabell, S.A. (Miami Branch); Bank of China Limited (New York Branch); Banco de Crédito e Inversiones S.A.; Banco Sadabell, SA (Miami Branch); Bank of China Limited Sucursal de Panamá; Banco de China (Perú) S.A.; Citibank NA (Puerto Rico Branch); Export Development Canada; JP Morgan Chase Bank, NA; Surcusal de Natixis in New York and Sumitomo Mitsui Banking Corporation, in the amount of US$500,000,000, which was intended to form part of the funds for the total payment of the balance of the debt acquired in 2018, with a variable interest rate Tern SOFR 3 Months of 3. 55% as of December 31, 2022, plus a) an average fixed margin of 1.75% per annum and b) an additional margin of 2.00% upon the occurrence of any event of default. The term of the agreement is 5 years, with a grace period of 3 years.

During the term of the current loan, the subsidiary Marcobre must comply with the following financial and non-financial ratios:

- Net financial debt to EBITDA ratio, between 1 to 2.5 times, as of the last day of each quarter.
- Minimum shareholders' equity, in accordance with International Financial Reporting Standards, of US$500,000,000 as of the last day of each quarter.
- The Marcobre subsidiary will not engage in any business other than a permitted business.

As of December 31, 2022, the Marcobre subsidiary has complied with the financial restrictions of the contracts entered into.

(d) On June 17, 2022, the Marcobre Subsidiary prepaid the syndicated loan for US$900,000,000 in full, resulting in the recognition of structuring costs associated with such loan for US$15,874,000 in financial expenses, see note 29.

On June 17, 2022, the Marcobre Subsidiary obtained a new syndicated loan for US$500,000,000 for which it incurred debt structuring costs of US$5,064,000 at December 31, 2022, a debt structuring cost based on the interest of the syndicated loan calculated based on the CME TERM SOFR curve of 644,711.

(e) On October 18, 2021, the General Shareholders' Meeting agreed 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 said financing were under par, obtaining US$488,140,000, which were destined to attend the repurchase of its debt instrument: "6.250% Senior Notes Due 2024", issued on January 31, 2014 for a nominal value of US$450,000,000 with maturity on February 7, 2024 at a coupon rate of 6.25 percent, as well as to cancel the financing of the syndicated loan obtained by the Company through a loan agreement entered into on June 24, 2021.

On June 24, 2021, the Company entered into a syndicated loan with Bank of America N.A. and Banco Santander S.A. for US$300,000,000, of which on July 5, 2021 the Company allocated US$263,777,000 for the first prepayment of its debt instrument: "6. 250% Senior Notes Due 2024"; also, for prepayment premium and expenses associated with the transaction, the Company has recognized US$23,160,000 in the financial costs caption of the consolidated statement of income, see note 29.

The bonds restrict the ability of the Company and its Subsidiaries to engage in certain transactions; however, these restrictions do not condition the Company to comply with financial ratios or maintain specific levels of liquidity.

(f) On April 27, 2021, the Company has received from Banco de Credito del Peru US$66,000,000 by means of a bank promissory note to finance its working capital, which will be paid in a single payment of interest and principal at maturity. The note matures in April 2022 and bears interest at a fixed annual rate of 1.13%.

On April 27, 2022, the Company renewed the promissory note for US$66,000,000 which matures in April 2023 and accrues a fixed annual interest rate of 2.40%.

(g) On June 27, 2022, the Company has entered into a bank promissory note with Banco de Credito del Peru for US$60,000,000 which is payable in a single payment of interest and principal at maturity. The note was payable on December 23, 2022 and bears interest at a fixed annual rate of 3.45%.

On June 30, 2022, the Company has entered into a bank promissory note with Scotiabank Peru S.A.A. for US$40,000,000 which will be payable in a single payment of interest and principal at maturity. The note originally matures in December 2022, was renewed for a period of 12 years and accrues a fixed annual interest rate of 5.8%.

(h) Corresponds to loans of the "export prepayment - PPE" type obtained by the subsidiary Mineração Taboca S.A. during 2018, whose maturity dates are December 2023, the financings were made in order to reduce part of its short-term debts and improve cash flow in this subsidiary. According to the reform of the reference interest rate, the modification of the interest rate from Libor to SOFR is in the process of evaluation with the bank in order to define the transition conditions, which would come into effect before June 2023, the end date of the publication of the Libor rate.

(i) In May 2021, the Company received US$95,000,000 in bank promissory notes to finance its working capital, which will be paid in a single payment of interest and principal at maturity. The financing date of the promissory note from Banco Interbank (US$40,000,000) which had an original maturity in August 2022 and was renewed until August 2023, while the promissory notes provided by Banco Continental and Banco de Credito del Peru for a total of US$55,000,000 were cancelled in May 2022.

(j) Corresponds to two loans of type "LOAN Santander 4131" obtained by the subsidiary Mineração Taboca S.A. during the year 2022, which have maturity date March 2026 and accrue an interest rate of SOFR+ 2.80%. The financings were made in order to settle the PPE installments with Citibank, the financing will coincide with the payments of the PPE installments.

(k) Correspond to loans of the "advance on exchange contracts -ACC" type, obtained by the subsidiary Mineração Taboca S.A. to finance its working capital. These loans are contracted in connection with its export operations, which in turn constitute the guarantees of the amounts financed.

(l) As of December 31, 2022 and 2021, 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 2.74% and 1.52%%, respectively (2.91% and 1.53% at December 31, 2021 with Banco de Crédito del Perú and Scotiabank del Perú), maturing in 2023.

(m) As of December 31, 2022 and December 31, 2021, the Company has joint and several bonds for US$259,308,000 that guarantee liabilities of the subsidiary Mineração Taboca S.A. with the following financial institutions:

Counterpart	Endorses:	US$(000)	Maturity
Banco Santander Spain	Credits	82,000	March 2026
Bank of America NA	Credits	35,000	February 2026
Citibank	Credits	32,308	December 2023
Macquarie Bank	Derivative instruments	30,000	No expiration
Banco do Brasil	Credits	20,000	No expiration
Merryl Lynch International	Derivative instruments	15,000	No expiration
Banco Itaú	Credits	10,000	No expiration
Banco Santander Brasil	Credits	10,000	No expiration
JP Morgan Chase Bank NA	Derivative instruments	10,000	No expiration
Banco Itaú	Derivative instruments	10,000	No expiration
Bradesco	Credits	5,000	No expiration
Total		259,308	

11. Provisions

The composition of this item is related to provisions for mine closure, environmental remediation, contingencies, performance bonuses and other provisions. The main variation during the fourth quarter of 2022 is explained by the updating of the mine closure provision in accordance with current accounting standards.

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 December 31,		For periods of twelve months ended December 31,	
	2022	2021	2022	2021
	US$(000)	US$(000)	US$(000)	US$(000)
Income tax				
Current	(80,657)	(80,614)	(246,673)	(173,832)
Deferred	23,502	(45,123)	(22,612)	(158,529)
	(57,155)	(125,737)	(269,285)	(332,361)
Mining royalties and special mining tax				
Current	(14,188)	(69,024)	(95,241)	(126,484)
Deferred	4,353	(26,020)	4,251	(14,847)
	(9,835)	(95,044)	(90,990)	(141,331)
	(66,990)	(220,781)	(360,275)	(473,692)

(b) As of December 31, 2022, the Group had an income tax payable and receivable of US$4,364,000 and US$112,325,000, 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.

Deferred income tax on investments in associates -

The Group does not record the deferred income tax asset related to the investments in its associates: Inversiones Cordillera del Sur II SpA, Inversiones Cordillera Inmobiliaria SpA and Futura Consorcio Inmobiliario S.A. because: (i) Inversiones Breca S.A. and Subsidiaries jointly own the control of these companies which operate as part of the economic group and (ii) the Group has the intention and capacity to maintain these investments in the long term. In this regard, Management considers that the temporary difference will be reversed through dividends to be received in the future, which according to current tax regulations are not subject to income tax. There is no legal or contractual obligation for management to sell its investments in associates.

13. Equity

a) Non-controlling interest contributions

As of December 31, 2022, no contributions were made from the non-controlling interest. During fiscal 2021, the Group received non-controlling interest contributions totaling US$41,000,000, respectively, as part of the financing of the Mina Justa project and other mineral exploration projects.

At the General Shareholders' Meeting of July 18, 2022, of the subsidiary Cumbres Andinas, the return of non-controlling interest contributions was approved, paying US$70,400,000 to Alxar Internacional SpA.

b) Declared and paid dividends

Below is information on dividends declared and paid for the years 2022 and 2021:

	Date	Dividends declared and paid US$(000)	Dividends by common share US$(000)	Dividends per investment share US$(000)
Dividends 2022				
Shareholder's meeting	June 15, 2022	64,000	2.2199	0.0222
Shareholder's meeting	September 13, 2022	210,000	7.2841	0.0728

	Date	Dividends declared and paid US$(000)	Dividends by common share US$(000)	Dividends per investment share US$(000)
Dividends 2021				
Shareholder's meeting	May 17, 2021	250,000	8.6715	0.08672
Shareholder's meeting	November 17, 2021	250,000	8.6715	0.08672

14. Tax situation

Years open to tax review.

The tax authorities have the faculty to review, and if applicable, correct the Income Tax calculated by the Company in the four years following the year of filing the tax return. The income tax returns for the years 2018 to 2022 and General Sales Tax for the years 2018 to 2022 are pending review by the tax authorities. The tax authority is currently auditing the income tax for the 2017 period.

Brazilian Subsidiary -

Mineração Taboca S.A. and subsidiary is subject to the Brazilian tax regime. The periods open to tax review by the Brazilian tax administration comprise the years 2017 to 2022.

15. Net sales

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

	For periods of three months ended December 31,		For periods of twelve months ended December 31,	
	2022	2021	2022	2021
	US$(000)	US$(000)	US$(000)	US$(000)
Tin and other minerals	247,891	357,028	975,399	1,020,829
Copper concentrate	272,764	419,389	856,147	698,124
Copper cathodes	87,171	39,083	241,714	72,177
Gold	30,155	30,300	112,886	121,239
Niobium and tantalum	26,240	41,761	88,833	92,736
	664,221	887,561	2,274,979	2,005,105

(b) Tin Sales Concentration - Peruvian Market -

As of December 2022, there is no significant concentration of sales. The three largest customers accounted for 35 percent of total sales (the three largest customers accounted for 40 percent of total sales at December 31, 2021). As of December 31, 2022, 39 percent of accounts receivable correspond to these customers (39 percent as of December 31, 2021).

(c) Tin Sales Concentration - Brazilian Market –

As of December 31, 2022, the three main customers represent 59 percent of total sales (53 percent in 2021) in the Brazilian market, and 46 percent of accounts receivable correspond to these customers (68 percent at December 31, 2021).

(d) Gold sales concentration -

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

(d) Concentration of sales of niobium and tantalum –

As of December 31, 2022, no sales of niobium and tantalum were made. As of December 31, 2021, the top three customers represent 63 percent of total sales in 2021 and 71 percent of accounts receivable correspond to these customers.

(e) Concentration of copper cathode sales –

As of December 31, 2022, the Group sold copper cathodes mainly to 2 customers and 100 percent of the accounts receivable correspond to these customers.

As of December 31, 2021, the Group sold copper cathodes mainly to 1 customer and 100 percent of the accounts receivable correspond to these customers.

(f) Concentration of copper concentrate sales -

As of December 31, 2022, the Group sold copper concentrate mainly to 4 customers and 94 percent of the accounts receivable correspond to these customers.

As of December 31, 2021, the Group sold copper concentrate mainly to 5 customers and 90 percent of accounts receivable correspond to these customers.

16. Cost of sales

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

	For periods of three months ended December 31,		For periods of twelve months ended December 31,	
	2022 US$(000)	2021 US$(000)	2022 US$(000)	2021 US$(000)
Opening balance of product in process inventory	329,154	159,950	202,550	125,116
Opening balance of finished product inventory	60,779	61,270	31,829	47,403
Services rendered by third parties	68,329	69,856	263,313	182,066
Consumption of raw material and miscellaneous supplies	87,651	55,353	287,100	150,493
Depreciation	61,524	49,569	230,278	139,560
Wages and salaries	53,548	51,291	195,672	144,163
Amortization	22,186	15,085	75,392	23,194
Purchase of mining services from AESA S.A.	20,861	10,587	57,013	39,531
Electricity	12,748	8,595	44,008	24,028
Insurances	5,764	3,050	5,764	3,050
Recovery (estimate) for obsolescence	2,161	(794)	2,083	(1,144)
Recovery of estimation due to devaluation of inventories	356	40	705	40
Out of inventory	63	351	108	366
Hedging derivative losses	9	137	(1,378)	3,458
Other manufacturing expenses	14,076	(2,322)	42,264	22,827
Capitalization Stripping cost	(8,905)	(10,463)	(62,105)	(25,602)
Final balance of work in process inventory, note	(382,874)	(202,550)	(382,874)	(202,550)
Final balance of finished product inventory, note	(30,867)	(31,829)	(30,867)	(31,829)
	316,563	237,176	960,855	644,170

17. Related parties' transactions

(a) Accounts receivable, payable and lease liability -

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

	2022 US$(000)	2021 US$(000)
Classification by existing captions:		
Other receivables (current), note 4(a):		
Other related parties		
Compañía Minera Raura S.A.	2,094	2,248
Administración de Empresas S.A.	557	693
Clinica Internacional S.A.	19	13
	2,670	2,954

For paying commercial and various (current):		
Other related parties		
Administración de Empresas S.A.	7,658	4,895
Brein Hub S.A.C.	1,733	664
Terpel Comercial del Peru S.R.L.	672	243
Clínica Internacional. S.A.	422	666
Rímac Seguros y Reaseguros	317	117
Inversiones San Borja S.A.	220	241
Rímac S.A. Entidad prestadora de salud	153	7
Protección Personal S.A.C.	62	57
Corporación Breca S.A.C.	38	4
Inversiones Nacionales de Turismo S.A.	27	3
Compañía Minera Raura S.A.	1	226
Centria Servicios Administrativos S.A.	18	14
Corporación Peruana de Productos Químicos S.A.	16	59
Tecnológica de Alimentos	-	275
	11,337	7,471
Financial obligations		
Other related parties		
Inversiones San Borja S.A.	2,846	718
Administración de Empresas S.A.	9,964	3,712
	12,810	4,430
	24,147	11,901
Classification by nature:		
Commercial, note 11(b)	11,337	7,471
Financial Obligations, note 11(e)	12,810	4,430
	24,147	11,901

There have been no guarantees provided or received from accounts receivable or payable with related parties. As of December 31, 2022, and 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 December 31, 2022 and 2021 has been recognized as an expense in the consolidated condensed interim financial statement of profit or loss and there are as follows:

	For periods of three months ended December 31,		For periods of twelve months ended December 31,	
	2022	**2021**	**2022**	**2021**
	US$(000)	US$(000)	US$(000)	US$(000)
Perú				
Remuneration	7,116	6,234	38,235	35,428
Directors' allowance	132	134	530	530
	7,248	6,368	38,765	35,958
Brasil				
Fixed remuneration	322	489	1,279	1,293
Variable remuneration	141	(161)	1,657	973
	463	328	2,936	2,266
Total	7,711	6,696	41,701	38,224

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:

	2022	2021
	US$(000)	US$(000)
Property, plant, and equipment	26,220	43,916

19. Contingencies

As of December 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 (Peru)								
	Tin (Perú) US$(000)	Gold (Perú) US$(000)	Not distributable (Perú) US$(000)	Total (Perú) US$(000)	Tin (Brasil) US$(000)	Cooper (Perú) US$(000)	Mining exploration (Perú and Chile) US$(000)	Adjustments and Eliminations US$(000)	Total Consolidated US$ (000)
As of December 31, 2022:									
Results:									
External customer revenue	799,856	112,886	-	912,742	264,375	1,097,862	-	-	2,274,979
Sales cost	(339,800)	(96,012)	-	(435,812)	(189,055)	(335,988)	-	-	(960,855)
Administration expenses	(55,502)	(15,682)	-	(71,184)	(14,835)	(11,772)	(1,220)	1,768	(97,243)
Selling expenses	(9,559)	(1,312)	-	(10,871)	(4,726)	(29,626)	-	34	(45,189)
Exploration expenses and studies	(16,672)	(36)	-	(16,708)	-	(10,993)	(3,128)	550	(30,279)
Others, net	(17,694)	(5,000)	-	(22,694)	(2,660)	(5,204)	1,580	(2,352)	(31,330)
Operating income	360,629	(5,156)	-	355,473	53,099	704,279	(2,768)	-	1,110,083
Profit before income tax	-	-	623,433	623,433	53,916	649,784	(4,668)	(297,425)	1,025,040
Income Tax	-	-	(127,194)	(127,194)	(4,611)	(228,470)	-	-	(360,275)
Net profit			496,239	496,239	49,305	421,314	(4,668)	(297,425)	664,765
Other revelations:				54%					
Additions to property, plant and equipment, right in use and intangible assets	113,177	43,538	900	157,615	51,035	214,316	14	-	422,980
Depreciation and amortization (included in costs and expenses)	57,313	49,761	1,210	108,284	23,457	103,582	39	-	235,362
Operating cash flow			263,783	263,783	39,507	578,019	(11,480)	-	869,829
Investment cash flow			65,561	65,561	(46,494)	(218,334)	(61)	(192,941)	(392,269)

	Tin and Gold (Perú)								
	Tin (Perú) US$(000)	Gold (Perú) US$(000)	Not distributable (Perú) US$(000)	Total (Perú) US$(000)	Tin (Brasil) US$(000)	Cooper (Perú) US$(000)	Mining exploration (Perú and Chile) US$(000)	Adjustments and Eliminations US$(000)	Total Consolidated US$ (000)
As of December 31, 2021:									
Results:									
External customer revenue	892,101	121,239	-	1,013,340	200,905	790,860	-	-	2,005,105
Sales cost	(297,018)	(79,716)	-	(376,734)	(149,780)	(117,656)	-	-	(644,170)
Administration expenses	(46,431)	(12,461)	-	(58,892)	(11,334)	(5,530)	(783)	1,086	(75,453)
Selling expenses	(7,539)	(715)	-	(8,254)	(2,890)	(23,602)	-	-	(34,746)
Exploration expenses and studies	(11,785)	(106)	-	(11,891)	-	(6,137)	(5,710)	44	(23,694)
Reversal of impairment	-	-		-	41,418	-	-		41,418
Others, net	(7,966)	(2,138)	-	(10,104)	14,029	125	(328)	(1,130)	2,592
Operating income	521,362	26,103	-	547,465	92,348	638,060	(6,821)	-	1,271,052
Profit before income tax	-	-	747,328	747,328	73,767	626,969	(7,803)	(265,593)	1,174,668
Income Tax	-	-	(196,082)	(196,082)	(24,966)	(252,644)	-	-	(473,692)
Net profit			551,246	551,246	48,801	374,325	(7,803)	(265,593)	700,976
Other revelations:				54%					
Additions to property, plant and equipment, right in use and intangible assets	92,015	43,032	339	135,386	33,677	230,277	-	-	399,340
Depreciation and amortization (included in costs and expenses)	56,870	33,058	1,617	91,545	19,442	27,512	43	-	138,542
Operating cash flow			468,801	468,801	56,924	357,371	(4,915)	-	878,181
Investment cash flow			(97,210)	(97,210)	(40,920)	(205,747)	(29)	67,760	(276,146)

21. Financial instrument risk management, objectives, and policies

21.1 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 December 31, 2022 and 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 December 31, 2022 and 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 Group's results in the years 2022 and 2021 if the Brazilian reais and soles had been revalued/devalued 10 percent against the U.S. dollar:

Year	Potential increase/decrease	Effect on profit before income tax US$(000)
2022	10%	12,472
	-10%	(12,472)
2021	10%	3,764
	-10%	(3,764)

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

Risks in mineral price fluctuations–

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$/TM28,202 (average quotation of US$/TM43,788 for 2021) was considered; while for the negative scenario, an average quotation of US$/TM23,074 (average quotation of US$/TM35,826 for 2021) was considered.

Year	Potential increase/decrease	Effect on profit before income tax US$(000)
2022	10%	7,004
	-10%	(7,004)
2021	10%	11,674
	-10%	(11,674)

During 2022, the Group sold gold through its agreed-upon contracts at provisional price quotations. The table below summarizes the impact on income before income tax of changes in the price per ounce of gold. This analysis is based on the assumption that the year-end gold price has increased or decreased by 10 percent, with all other variables held constant. For the positive scenario of 2022 an average price of US$1,936 per ounce of gold was considered (average price of US$2,010 per ounce of gold for the year 2021); while for the negative scenario an average price of US$1,584 per ounce of gold was considered (average price of US$1,645 for the year 2021).

Year	Potential increase/decrease	Effect on profit before income tax US$(000)
2022	10 %	283
	-10 %	(283)
2021	10%	640
	-10%	(640)

With the commencement of the commercial operation of the Marcobre subsidiary and considering that international copper prices have a material impact on the subsidiary's results of operations, copper prices have historically fluctuated and are affected by numerous factors beyond its control. Copper prices have historically fluctuated and are affected by numerous factors beyond its control. In this regard, the Marcobre subsidiary manages its price risk principally through the use of sales commitments within customer contracts and by entering into derivative contracts for the metals it trades.

The subsidiary 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 2022 positive scenario an average quotation of US$/MT 9,641 was considered; while for the negative scenario an average quotation of US$/MT 7,888 was considered.

Year	Potential increase/decrease	Effect on profit before income tax
		US$(000)
2022	10 %	58,776
	-10 %	(58,776)

(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 December 31, 2022, and 2021 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 December 31, 2022 with respect to December 31, 2021 has not been significantly delayed. 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 on loans obtained by the subsidiary Marcobre during 2018 (see in note 17(c)) were subject to variations originated by being indexed to a variable interest rate, the Group had a hedging strategy called bottom layer hedge or layered hedging strategy, by which it prospectively hedged the Group's cash flows, which were qualified as highly probable forecast transactions, with three different tranches (with swaps and options caps) 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 "Cap interest rate" and "Interest rate swap" contracts were entered into for a maximum amount of US$720,000,000, which covered 80% of the loan of the subsidiary Marcobre.

The loan related to these hedging instruments (swaps and caps options) was paid in full on June 17, 2022, therefore, hedge accounting ceased on that same date.

Consequently, these derivative financial instruments associated with this debt were settled on June 28, 2022, recognizing financial expenses of US$2,211,000 due to the write-off of the premiums paid for Cap N°1 and Cap N°2 options pending accrual and financial income of US$3,151,000 for the early cancellation of Swap and Cap N°1 and N°2 derivatives.

On the other hand, since the payments for the new loan obtained during June 2022 are subject to variations originated at variable interest rates, the Group decided to opt for a strategy of hedging 100% of the financial risk associated with the liability. Therefore, 100% of the Group's cash flows, which qualify as highly probable transactions, are prospectively hedged under an "Interest Rate Swap" scheme. This "Interest Rate Swap" contract was entered into for a maximum amount of $500,000,000, which hedges 100% of the loan of the subsidiary Marcobre.

Below is a summary of the instruments subscribed as of December 31, 2022:

Entity	**Value Reference (maximum)**	**Agreed rate**
	US$(000)	%
Citibank N.A., New York		
Interest Rate Swap	500,000	3.457%

Below is a summary of the instruments subscribed as of December 31, 2021:

Entity	**Value Reference (maximum)**	**Agreed rate**
	US$(000)	%
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%

The following is a summary of the value of the hedged items:

		Value of hedged item	
		2022 US$(000)	2021 US$(000)
Cash flow hedges			
Interest Rate Swap	From December 2022 to June 2027	68,635	-
Interest Rate Swap	From December 2018 to June 2023	-	1,686
Cap 1 - interest rate	From December 2018 to June 2023	-	2,168
Cap 2 - interest rate	From June 2023 to September 2025	-	4,679
Total		68,635	8,533

(c) As of December 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$7,271,000 of which US$6,666,000 is current maturity and US$604, 000 of non-current maturity (US$5,960,000 at December 31, 2021, of which US$4,954,000 is current maturity and US$1,006,000 is non-current maturity), the impact of which 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	14,926	(11,428)
Intrinsic value of premium Caps	-	(1,089)
	14,926	(12,517)
(-) Deferred income tax	(3,881)	3,254
Net effect	11,045	(9,263)

In addition, as a result of the early settlement of the US$900,000,000 syndicated loan, Caps N°1 and N°2 options were settled and therefore an amount of US$ 2,211,000 was reclassified from other comprehensive income to income for the year under financial expenses.

The subsidiary Mineração Taboca S.A. maintains derivative financial instruments designated as cash flow hedges corresponding to interest rate swaps, Zero Cost Collar of exchange rate and metals and NDF (Non Deliverable Forward) of exchange rate and metals in order to hedge and manage the risks inherent to the variation of foreign currency (dollar in the case of Mineração Taboca S.A.), tin prices and variable interest rate. At December 31, 2022, the net fair value of these Zero Cost Collar and NDF amounts to US$63,696,096 (equivalent to R$168,300,627) (US$62,160,578 equivalent to R$346,221,321 at December 31, 2021) and Swap amounts to US$6,363,119 (equivalent to R$16,812,914) (US$81,971 equivalent to R$456,559 at December 31, 2021).

(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 December 31, 2022 and 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**					
		Year 2023	52,941	1,450 – 1,746	1.849	(5,745)
		Year 2024	32,000	1,450 – 1,775	1.934	(4,475)
						(10,220)

2021						
Metal	**Instrument**	**Expiration period**	**Covered volume** Oz	**Agreed price** US$/oz	**Estimated price** US$/oz	**Fair value** US$(000)
Gold	**Zero Cost Collar**	Year 2022	55,740	1,450 – 1,700	1.918	(7,242)
		Year 2023	52,941	1,450 – 1,746	1.935	(7,155)
		Year 2024	32,000	1,450 – 1,775	1.953	(4,200)
						(18,597)

The effective portion of changes in the fair value of derivative financial instruments that qualify as hedges are recognized as assets or liabilities, with a balancing entry in the "Separate statement of other comprehensive income".

As of December 31, 2022 and 2021, the Group recognized in the "Consolidated statement of other comprehensive income" a positive change in fair value of approximately US$8,249,000 and US$29,595,000, respectively, which is presented net of the income tax effect.

(e) The classification according to maturity at December 31, 2022 and 2021 is presented below:

Instruments – December 31, 2022	**Nature**	**Current** US$(000)	**Non-current** US$(000)	**Total** US$(000)
Interest rate – Marcobre	Asset	6,666	604	7,270
Metal price Hedges -Taboca	Asset	32,016	3,643	35,659
Exchange rate hedges – Taboca	Asset	2,072	134	2,206
Interest rate hedges - Taboca	Asset	1,535	1,574	3,109
Total Assets		42,289	5,955	48,244
Metal price hedges – Minsur	Liability	5,745	4,475	10,220
Interest rate hedges - Taboca	Liability	74	-	74
Metal price Hedges -Taboca	Liability	3,738	674	4,412

Exchange rate hedges – Taboca	Liability	1,480	126	1,606
Total Liabilities		10,889	5,275	16,164

Instruments – December 31, 2021	**Nature**	**Current** US$(000)	**Non-current** US$(000)	**Total** US$(000)
Interest rate – Marcobre	Asset	-	650	650
Metal price hedges and exchange rate hedges - Taboca	Asset	-	1,925	1,925
Total Assets		-	2,575	2,575
Interest rate – Marcobre	Liability	4,954	1,006	5,960
Metal price hedges – Minsur	Liability	7,242	11,355	18,597
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	
	2022	**2021**	**2022**	**2021**
	US$(000)	US$(000)	US$(000)	US$(000)
Financial assets				
Cash and cash equivalents	230,072	469,353	230,072	469,353
Trade and other receivables, net	463,660	412,308	463,660	412,308
Derivative financial instruments	48,244	2,575	48,244	2,575
Financial assets at fair value through other comprehensive income	16,402	23,073	16,402	23,073
Total financial assets	758,378	907,309	758,378	907,309
Financial liabilities				
Financial obligations:				
Corporate bonds	487,412	486,293	440,075	513,380
Other financial obligations	848,962	1,064,887	852,744	1,064,887
Trade and other payables	308,289	254,844	366,770	257,184
Derivative financial instruments	16,164	88,724	16,164	88,724
Total financial liabilities	1,660,827	1,894,748	1,675,753	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 December 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 December 31, 2022.

	Total US$(000)	**Quoted prices in active markets (Level 1)** US$(000)	**Significant observable inputs (Level 2)** US$(000)
As of December 31, 2022			
Assets measured at fair value:			
Financial assets at fair value through other comprehensive income	16,402	16,402	-
Derivative financial instrument	48,244	-	48,244
Trade accounts receivable (subject to provisional pricing)	336,404	336,404	-
Liabilities recognized at fair value:			
Derivative financial instruments	16,164	-	16,164

As of December 31, 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, 2021.

	Total US$(000)	Quoted prices in active markets (Level 1) US$(000)	Significant observable inputs (Level 2) 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

24. Subsequent events

In mid-January 2023, the Peruvian government declared a State of Emergency in certain regions of the country for a period of 30 days, in order to reduce the mobilizations, road blockades and social conflicts that have occurred in these regions and that originated sensitive events, added in some cases to the regular impediment of trade and the continuity of productive activities in the area, being one of the most affected regions the Puno Region. In line with the regional mourning decreed because of these events, and in order to safeguard the integrity of our Company's collaborators and our facilities, the Company made the decision to temporarily stop its productive operations of the San Rafael mining unit as of January 12, 2023, which is maintained to date.

In this regard, we are continuously evaluating the possible implications in the short and medium term in the financial statements, if the social conflicts that today do not allow us to operate safely in the Puno region continue.

Except as indicated in the preceding paragraph, between January 1, 2023 and the date of issuance of the interim consolidated financial statements, no significant subsequent events of a financial-accounting nature have occurred that could affect the interpretation of these consolidated financial statements.