

Minsur S.A. and Subsidiaries

Notes to the consolidated interim financial statements (unaudited)

As of December 31, 2018, and 2017

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 it is obtained from the mineral exploited in the San Rafael Mine, located in the region of Puno, and the production and selling of gold that is obtained of 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 S.P.A. (a Chilean company engaged in mining exploration activities).

Furthermore, through its subsidiary Cumbres Andinas S.A.C., the Company hold shares in Marcobre S.A.C., a mining company that is in the exploration and construction stage. The General Meeting of Shareholders of the company of April 23, 2018 approved the sale of 40 percent of its shares in Cumbres Andinas S.A.C. to Alxar International SPA, this transaction was completed on May 31, 2018.

Likewise, through its subsidiary Cumbres del Sur S.A.C., the Company holds investments in Minera Sillustani S.A.C., and Compañía Minera Barbastro S.A.C., mining companies that are in the stage of exploration and evaluation of mineral resources.

The Group is developing the following projects:

(b.1) Mina Justa project

Through its subsidiary Marcobre S.A.C. is developing the Mina Justa copper mining project, with total investment and annual average production estimated at US\$ 1,600 million, 828,000 tons of copper concentrate and 640,000 tons of copper cathodes, respectively, production that is expected to be obtained in the final of 2021.

(b.2) Tin tailings project B2

During 2017, Minsur S.A. started the process of development of the tin tailings project B2 located in San Rafael Mine whose estimated investment amounts to US\$200 million, which consists in extracting tin from an old tailing through a production process to be carried out in the future plant of reuse of tailings. The start of production is estimated for ending 2019. During 2018 investments were made for approximately US\$ 77,675,000, which were mainly destined to the construction phase.

(c) Corporate reorganization

(c.1) Merger of Marcobre S.A.C. with its parents CA Resources S.A.C. and subsidiaries

In the General Shareholders' Meeting of Marcobre S.A.C. celebrated at July 10, 2017, the merger by absorption between Marcobre S.A.C. (absorbing company) and CA Resources S.A.C. and subsidiaries, holding companies whose assets corresponded to shares of other companies that owned shares of Marcobre S.A.C. with an effective date of July 31, 2017.

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The merger of entities under common control is not within the scope of IFRS 3 "Business combination", because the mentioned corporate reorganization has not meant a change in the control of Marcobre S.A.C. considering that the entities that have participated in the corporate reorganization belong to the same economic group.

As a result of this transaction, the Company eliminated the assets of CA Resources S.A.C. and subsidiaries with the investments that were maintained.

(c.2) Partial spin-off of Cumbres Andinas S.A.C.

The General Shareholders' Meeting held on December 21, 2017, approved the spin-off equity block from Cumbres Andinas S.A.C. (hereinafter the "equity block") related to assets and liabilities of the subsidiaries Minera Sillustani S.A.C and Compañía Minera Barbastro S.A.C.

This spin-off had an effective date of December 30, 2017, and the book value of the equity block transferred was S/49,374,000 (equivalent to US\$15,216,000). Likewise, Cumbres del Sur S.A.C. issued shares that were gave to the shareholders of Cumbres Andinas in the same proportion that they have in the latter as of the effective date of the spin-off.

This spin-off had no impact on the consolidated financial statements.

(c.3) Sale of Non-controlling interest in Cumbres Andinas S.A.C.

On the General Meeting of Shareholders of the Company on April 23, 2018 approved the sale of 40 percent of the shares of Cumbres Andinas S.A.C. to Alxar International SPA by a value of US\$182,447,263, this transaction was completed on May 31, 2018. As a result of this operation and in accordance with the provisions of IFRS 10 "Consolidated financial statements", the Company has recognized a gain of US \$ 39,660,000 in other equity reserves in its equity as of December 2018. In addition, the Company has recognized a decrease in its other reserves item in the statement of changes in consolidated equity for US \$ 7,400,000 with reference to the shareholder agreement denominated "Purchase Agreement" between Minsur and Alxar International SpA as shareholders owning the 100% of the shares of Cumbres Andinas SAC.

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(d) Consolidated financial statements -

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

	Participation in the issued capital			
	December 31, 2018		December 31, 2017	
	Direct %	Indirect %	Direct %	Indirect %
Subsidiaries in Chile				
Minera Andes del Sur S.P.A.	-	100.00	-	100.00
Subsidiaries in Brazil				
Mineração Taboca S.A.	-	100.00	-	100.00
Mamoré Mineração e Metalurgica Ltda.	-	100.00	-	100.00
Subsidiaries in Peru				
Minera Latinoamericana S.A.C.	100.00	-	100.00	-
Cumbres Andinas S.A.	60.00	-	99.98	-
Cumbres del Sur S.A.C.	99.98	-	100.00	-
Compañía Minera Barbastro S.A.C.	-	99.99	-	99.99
Minera Sillustani S.A.C.	-	99.99	-	99.99
Marcobre S.A.C.	-	60.00	-	100.00

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

- Minera Andes del Sur S.P.A. -
This subsidiary is engaged in the exploration and exploitation of mineral resources in Chile contained in the mining properties.
- 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. Taboca 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 subsidiary, as well as in Inversiones Cordillera del Sur Ltda. and subsidiaries and in Minera Andes del Sur S.P.A.

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- Cumbres Andinas S.A. -
Currently, the activities of this subsidiary are limited to the holding of shares in Marcobre S.A.C., a mining sector company that is in the construction stage of the project.
- Cumbres del Sur S.A.C. -
The corporate purpose of this subsidiary is the exploration and exploitation of mining rights and, in general, any other activities directly or indirectly included in the mining activity. Currently, the activities of this subsidiary are limited to investment in mining companies in the exploration stage (Minera Sillustani S.A.C. and Compañía Minera Barbastro S.A.C.).
- Compañía Minera Barbastro S.A.C. -
This subsidiary is engaged in the exploration and exploitation of mining rights. Currently, it is engaged in the development of Marta mining unit, located in Tinyacclla, district of Huando, in the Huancavelica region.
- Minera Sillustani S.A.C. -
This subsidiary is engaged in the exploration of mining concessions and quarries, and in the development of mining projects of tungsten Palca 11 and Hacienda de Beneficio Rocio 2, located in San Antonio de Putina, Puno region. Currently it is mainly engaged in the rehabilitation and remediation of mining projects in Puno Regina mining unit.
- Marcobre S.A.C. –
This subsidiary is engaged in the development of mining activities in Peru, it can enter into agreements related to such activity, by its own or through third parties. Currently, its activities are mainly focused in the development of its copper project 'Mina Justa', which is in the exploration and construction stage and its located approximately at 400 kilometers to the southeast of Lima, Ica Region.

2. Basis of preparation and accounting policies

2.1 Basis of preparation -

The consolidated financial statements of the Group have been prepared and presented in accordance with the International Financial Reporting Standards (hereinafter "IFRS"), issued by the International Accounting Standards Board (hereinafter "IASB").

The consolidated financial statements have been prepared on a historical cost basis, except for trade receivables, the financial assets at fair value through profit or loss and other comprehensive income, which have been measured at fair value.

The consolidated financial statements are presented in United States Dollars (US\$) and all values have been rounded to the nearest thousands, except when otherwise indicated.

These non-audited consolidated financial statements provide comparative information to the previous period. For a better interpretation of the consolidated financial statements in accordance with IFRS, these should be read in conjunction with the consolidated financial statements as of December 31, 2017.

These consolidated financial statements provide comparative information regarding the previous period.

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2.2 Changes in accounting policies

Regarding the new regulations issued, IFRS 15 "Revenue from ordinary activities proceeds from Contracts with Customers" (IFRS 15) and IFRS 9 "Financial Instruments" (IFRS 9) that have entered into force for the annual period commenced on January 1, 2018. In addition, IFRS 16 Leases will be effective from 1 January 2019, but the Group has decided to adopt IFRS 16 in advance in 2018, applying the retrospective approach. The Group has incorporated the impacts that was released during the adoption of these new standards in its financial statements as of December 2018.

The description of the main changes and the estimated impacts are explained in the following sections:

2.2.1. IFRS 15 "Revenue from ordinary activities proceeds from Contracts with Customers"

IFRS 15 establishes a five-step model that will be applied to income from ordinary activities from contracts with customers. Under IFRS 15, income is recognized for an amount that reflects the contractual consideration that has been agreed with the client. The accounting principles set forth in IFRS 15 provide a more structured approach to measuring and recognizing income.

For the transition to IFRS 15, the Group used the full retrospective approach and only had modified its accounting policy regarding the following subject:

- Obligations of performance in sales CIF and CFR

The Group sells a significant portion of tin metal under the CIF (Cost, Insurance and Freight) and CFR (Cost and Freight) incoterms, in which two distinctive performance obligations are identified, (i) the sale of the final metallic product of tin and (ii) logistic management activities (transport and insurance) that the Group carries out for its customers, after the transfer of control of the metallic tin at the loading port, that is, when it crosses the edge of the ship.

Logistics management represents a new element on which revenues are recognized and whose consideration must be separated from the value of each sale in which these incoterms are applied. Likewise, the Group has concluded that in this management it acts as a principal between the client and the supplier to whom it is contracted to provide this service, reason why the income for this activity must be presented net of its associated costs. Within the framework of the regulations in effect until 2017, the separation of income between these two elements was not required, so that the entire consideration for the sale was attributed to income from product sales and the cost of transportation and logistics activities it was presented as part of sales expenses. In according with our calculations there are not any impact in our equity of the Group as of January 1 and December 31, 2017, however, in the presentation of statement of profit of loss as of December 31, 2018 and 2017, we estimated a reduction of revenue and sales expenses for US\$888,000 and US\$915,000, respectively.

2.2.2. IFRS 9 "Financial Instruments"

IFRS 9 presents changes mainly in the following areas: the classification and measurement of financial instruments, the impairment of financial assets, hedge accounting and the accounting for changes in financial liabilities.

Retroactive application is required and it is the Group's intention to present the comparative information to the adoption, in all that is permitted.

The aspects associated with hedge accounting and changes in liabilities have no impact on the initial application of IFRS 9 for the Group.

The main impacts resulting from the initial application of IFRS 9 are associated with aspects of classification, measurement and impairment of financial assets that are described below:

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- Classification and measurement of financial assets
IFRS 9 includes three main classification categories for financial assets:
 - measured at amortized cost,
 - at fair value through changes in other comprehensive income (VR-ORI), and
 - at fair value through profit or loss (VR-GyP).

The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and on the characteristics of its contractual cash flows. The standard eliminates the existing categories of IAS 39 from held-to-maturity, loans and receivables and available-for-sale.

The main changes resulting from the evaluation of the new concepts of IFRS 9 in terms of classification and measurement have led to the accounting changes described below:

1. Certain tin metal sales made by the Group contain provisional pricing features that are settled on a date subsequent to the delivery of the metal with the current price on that date. The revenues from these sales are recognized at the time of delivery of the metal and are valued based on the estimated price expected to be received at the end of the quotation period (QP), using the most recent tin metal estimate (based on the initial test results) and the estimated forward price. To date, in sales with provisional prices, an implicit derivative whose measurement reflected the changes in provisional prices with the future forward prices of the metal and the definitive liquidation price are separately identified, which are recognized in the results of the impact. In the cash flows of the future price of the metal at the time of its settlement and is accounted for at fair value through profit or loss in each period until the final settlement that is presented in the net sales item of the consolidated statement of income.

Similarly, with the application of IFRS 15, the elements of a sale contract must be separated to be treated according to the corresponding standard, that is, IFRS 15 or IFRS 9. Therefore, for this case, the need to separate the future price variability component and to be treated in accordance with IFRS 9 is maintained. In the application of IFRS 9, the need to separate implicit derivatives contained in financial assets has been eliminated, and it is now required to measure in full at fair value the host contract that contains the embedded derivative changes in fair value must be presented in the consolidated statement of income.

As a result of this change, the Group has determined that the appropriate classification for these instruments will be of 'fair value through profit or loss', so it will measure at fair value the accounts receivable from sales with provisional prices, incorporating the variability in future prices, as well as the credit risk of the counterparts. Changes in fair value will be recognized in income as part of the income item.

2. The Group maintains investments in mutual funds in the category of investments available for sale measured at fair value with changes in other comprehensive income. With the application of IFRS 9, these investments, based on their nature, should be recognized at fair value through profit or loss.
3. The Group maintained investments in equity instruments in BBVA Spain and in Rímac Seguros and Reaseguros, classified as at fair value through profit or loss. With the application of IFRS 9, the Group has determined that it will classify these investments as financial assets at fair value with changes in other comprehensive income because their holdings are more for strategic purposes than for sale intentions.

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- Impairment
IFRS 9 replaces the model of incurred losses presented in IAS 39 with an expected credit loss model (PCE). The PCE model will be applied to debt instruments, most of the loan commitments and contractual assets under IFRS 15 and accounts receivable under IAS 17, 'Leases' or IFRS 16, 'Leases'. Under the PCE model, an entity must apply an approach ("general approach") by which it must recognize, in the initial recognition of the instrument and subsequently, the estimated PCE for only the following twelve months, unless significant impairment occurs. In the credit risk of the counterparty, in which case the recognition of the PCE will be required throughout the life of the instrument.

In the case of commercial accounts receivable (regardless of whether they have a significant financing component) and contract assets in accordance with IFRS 15, an entity must apply an approach ("simplified approach") by which the PCE is recognized for all the life of the instrument. For accounts receivable for leasing, there is the option to apply the general approach or simplified approach, depending on the accounting policy chosen by the entity.

From the application of this new concept of PCE, the Group has determined the following impacts in its consolidated financial statements:

- Accounts receivable from sales with a provisional price recognized at amortized cost required impairment evaluation. With the application of IFRS 9, these items will be measured at fair value with changes in results, so that the impairment assessment will no longer be required.
- Commercial accounts receivable from other sales will be subject to impairment evaluation applying the simplified approach. However, the Group has concluded that based on the historical behavior of its client portfolio where no defaults are observed, the credit quality of the clients and a qualitative evaluation of prospective macroeconomic information will not be required to record provisions for impairment of accounts by charge as it would not be expected that the level of credit risk in the future impairment.

2.2.3. IFR 16 "Leases"

IFRS 16 "Leases" (hereinafter IFRS 16), was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 introduces a single tenant accounting model whereby it requires the recognition of assets and liabilities for all leases with a term greater than twelve months, unless the underlying asset is of low value. The lessee must recognize an asset for right of use that represents its right to use the underlying leased asset and a lease liability that represents its obligation to make lease payments. A lessee measures right-of-use assets in a manner similar to other non-financial assets (such as property, plant and equipment) and lease liabilities in a manner similar to other financial liabilities.

The Group has decided to adopt IFRS 16 in advance in 2018, applying the retrospective approach. As a consequence, the Group has changed its accounting policy to lease contracts.

The main impact of the application of IFRS 16 for the Group is the recognition in the statement of financial position of contracts in which it obtains the right to use assets, mainly associated with operating leases and certain service contracts that contain implicit leases. The initial application has generated changes in accounting policies and adjustments in comparative financial information that is described in the following section:

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Adjustments to the consolidated statement of financial situation as of January 1, 2017

Consolidated statement of financial situation	Opening balance at January 1, 2017 (Audited) US\$(000)	Accounting Policy changes US\$(000)	IFRS 9 US\$(000)	IFRS 15 US\$(000)	IFRS 16 US\$(000)	Opening balance at January 1, 2017 (Restated) US\$(000)
Current assets						
Cash and cash equivalents	383,516	-	-	-	-	383,516
Trade and others account receivable	98,937	-	(302)	-	-	98,635
Derivative financial instrument	394	-	-	-	-	394
Inventory, net	100,215	-	-	-	-	100,215
Financial Investments available for sale	36,890	-	(36,890)	-	-	-
Assets available for sale	3,270	-	-	-	-	3,270
Financial assets at fair value with changes in other comprehensive income	-	-	42,962	-	-	42,962
Financial assets at fair value with changes in results	6,072	-	(6,072)	-	-	-
Income tax credit	338	-	-	-	-	338
Other assets	2,140	-	-	-	-	2,140
Total current assets	631,772	-	(302)	-	-	631,470
Non-current assets						
Trade and others account receivable	53,664	-	-	-	-	53,664
Financial Investments available for sale	128,810	-	(128,810)	-	-	-
Financial assets at fair value with changes in results	-	-	128,810	-	-	128,810
Investments in associates	345,523	-	-	-	-	345,523
Property, plant and equipment, net	525,934	-	-	-	42	525,976
Intangible assets, net	390,688	2,412	-	-	-	393,100
Rights of use	-	-	-	-	24,816	24,816
Deferred income tax asset, net	85,795	(783)	946	-	52	86,010
Income tax credit	181	-	-	-	-	181
Other assets	1	-	-	-	-	1
Total non-current assets	1,530,596	1,629	946	-	24,910	1,558,081
Total assets	2,162,368	1,629	644	-	24,910	2,189,551
Liabilities						
Financial obligations	106,781	-	-	-	-	106,781
Trade and others account payables	141,798	-	-	-	-	141,798
Derivative financial instrument	5,487	-	-	-	-	5,487
Income tax payable	9,319	-	-	-	-	9,319
Lease liabilities	-	-	-	-	14,907	14,907
Provisions	33,959	-	-	-	-	33,959
Embedded derivatives for sale of tin	165	-	(165)	-	-	-
Total current liabilities	297,509	-	(165)	-	14,907	312,251
Other account payables	39,450	-	-	-	-	39,450
Financial obligations	444,730	-	-	-	-	444,730
Lease liabilities	-	-	-	-	10,339	10,339
Provisions	146,470	-	-	-	-	146,470
Deferred income tax liabilities, net	38,272	-	-	-	-	38,272
Total non-current liabilities	668,922	-	-	-	10,339	679,261
Total liabilities	966,431	-	(165)	-	25,246	991,512

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Equity						
Capital	601,269	-	-	-	-	601,269
Investment shares	300,634	-	-	-	-	300,634
Legal reserve	120,261	-	-	-	-	120,261
Reinvested earnings	39,985	-	-	-	-	39,985
Otras reservas	36,481	-	-	-	-	36,481
Facultative reserves	424	-	-	-	-	424
Cumulative translation reserve	(174,543)	-	-	-	-	(174,543)
Unrealized results	(380)	-	(8,677)	-	-	(9,057)
Retained earnings	271,616	1,629	9,486	-	(336)	282,395
Participation of controlling shareholders	1,195,747	1,629	809	-	(336)	1,197,849
Participation of non-controlling shareholders	190	-	-	-	-	190
Total equity, net	1,195,937	1,629	809	-	(336)	1,198,039
Total equity and liability	2,162,368	1,629	644	-	24,910	2,189,551

Adjustments to the consolidated statement of financial situation as of December 31, 2017

Consolidated statement of financial situation	Ending balance at December 31, 2017 (Audited) US\$(000)	Impact in Investments in associates US\$(000)	Accounting Policy changes US\$(000)	IFRS 9 US\$(000)	IFRS 15 US\$(000)	IFRS 16 US\$(000)	Ending balance at December 31, 2017 (Restated) US\$(000)
Current assets							
Cash and cash equivalents	400,925	-	-	-	-	-	400,925
Trade and others account receivable	103,423	-	486	-	-	-	103,909
Derivative financial instrument	315	-	-	-	-	-	315
Inventory, net	110,078	-	-	-	-	-	110,078
Embedded derivatives for sale of tin	601	-	(601)	-	-	-	-
Financial Investments available for sale	2,935	-	(2,935)	-	-	-	-
Financial assets at fair value with changes in other comprehensive income	-	-	40,052	-	-	-	40,052
Assets available for sale	3,168	-	-	-	-	-	3,168
Financial assets at fair value with changes in results	37,117	-	(37,117)	-	-	-	-
Income tax credit	345	-	-	-	-	-	345
Other assets	1,965	-	-	-	1	-	1,966
Total current assets	660,872	-	-	(115)	1	-	660,758
Non-current assets							
Non-current assets	62,702	-	-	-	-	-	62,702
Financial assets at fair value with changes in results	-	-	131,713	-	-	-	131,713
Financial Investments available for sale	131,713	-	(131,713)	-	-	-	-
Investments in associates	303,307	810	-	-	-	-	304,117
Property, plant and equipment, net	508,558	-	450	-	-	54	509,062
Intangible assets, net	465,901	-	6,445	-	-	-	472,346
Rights of use	-	-	-	-	(1)	24,976	24,975
Deferred income tax asset, net	136,744	-	(2,319)	940	-	128	135,493
Income tax credit	4	-	-	-	-	-	4
Total non-current assets	1,608,929	810	4,576	940	(1)	25,158	1,640,412
Total assets	2,269,801	810	4,576	825	-	25,158	2,301,170

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Liabilities							
Financial obligations	69,882	-	-	-	-	-	69,882
Trade and others account payables	151,385	-	-	-	-	-	151,385
Derivative financial instrument	476	-	-	-	-	-	476
Income tax payable	4,354	-	-	-	-	-	4,354
Lease liabilities						10,517	10,517
Provisions	23,690	-	-	-	-	-	23,690
Total current liabilities	249,787	-	-	-	-	10,517	260,304
Other account payables	31,641	-	-	-	-	-	31,641
Financial obligations	520,252	-	-	-	-	-	520,252
Lease liabilities						15,102	15,102
Provisions	160,948	-	-	-	-	-	160,948
Deferred income tax liabilities, net	102,189	-	-	-	-	-	102,189
Total non-current liabilities	815,030	-	-	-	-	15,102	830,132
Total liabilities	1,064,817	-	-	-	-	25,619	1,090,436
Equity							
Capital	601,269	-	-	-	-	-	601,269
Investment shares	300,634	-	-	-	-	-	300,634
Legal reserve	120,261	-	-	-	-	-	120,261
Reinvested earnings	39,985	-	-	-	-	-	39,985
Otras reservas	13,687	-	-	-	-	-	13,687
Facultative reserves	424	-	-	-	-	-	424
Cumulative translation reserve	(166,977)	-	-	-	-	-	(166,977)
Unrealized results	4,628	-	(3,788)	-	-	-	840
Retained earnings	290,903	810	4,576	4,613	-	(461)	300,441
Participation of controlling shareholders	1,204,814	810	4,576	825	-	(461)	1,210,564
Participation of non-controlling shareholders	170	-	-	-	-	-	170
Total equity, net	1,204,984	810	4,576	825	-	(461)	1,210,734
Total equity and liability	2,269,801	810	4,576	825	-	25,158	2,301,170

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Adjustments of items in the consolidated statement of profit or loss as of December 31, 2017

Consolidated statements of profit or loss	As of December 31, 2017 (Audited) US\$(000)	Impact in Investments in associates US\$(000)	Accounting Policy changes US\$(000)	IFRS 9 US\$(000)	IFRS 15 US\$(000)	IFRS 16 US\$(000)	As of December 31, 2017 (Restated) US\$(000)
Net sales	672,101	-	-	23	-	-	672,124
Cost of sales	413,362	-	-	-	3,093	754	415,701
Gross profit	258,739	-	-	23	3,093	754	256,423
Administrative expenses	48,590	-	3,143	-	-	75	45,372
Selling expenses	7,036	-	-	-	3,093	-	3,943
Exploration and evaluation expenses	38,945	-	1,142	-	-	-	37,803
Impairment	26,910	-	-250	-	-	-	27,160
Other expenses, net	16,226	-	-	-	-	-	16,226
Operating income	153,484	-	4,035	23	-	829	158,371
Finance Income	13,824	-	-	-	-	-	13,824
Finance cost	43,369	-	450	-	-	960	43,879
Loss from associates, net	13,002	810	-	-	-	-	13,812
Income (loss) from financial assets at fair value through profit or loss	9,837	-	-	6,934	-	-	2,903
Dividends income in cash	315	-	-	-	-	-	315
Exchange difference, net	3,470	-	-	-	-	72	3,542
Profit before income tax	143,623	810	4,485	6,911	-	203	141,804
Income tax	63,143	-	-1,537	2,039	-	77	62,564
Profit for the year	80,480	810	2,948	4,872	-	126	79,240
Non-controlling interest	-	-	-	-	-	-	-
Profit for the year of controlling shareholders	80,480	810	2,948	4,872	-	126	79,240

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Adjustments in the consolidated statement of other comprehensive income as of December 31, 2017

Consolidated statement of other comprehensive income	As of december 31, 2017 (Auditado) US\$(000)	Impact in Investments in associates US\$(000)	Accounting Policy changes US\$(000)	IFRS 9 US\$(000)	IFRS 15 US\$(000)	IFRS 16 US\$(000)	As of december 31, 2017 (Reexpresado) US\$(000)
Profit for the year	80,480	810	2,948	4,872	-	126	79,240
Other comprehensive income to be reclassified to profit or loss in subsequent periods:							
Exchange differences on translation	7,566	-	-	-	-	-	7,566
Unrealized results of other investment	5,852	-	-	7,072	-	-	12,924
Tax income	844	-	-	2,183	-	-	3,027
Other comprehensive income for the year	12,574	-	-	4,889	-	-	17,463
Total comprehensive income for the year, net of income tax	93,054	-	2,948	17	-	126	96,703

In addition, the application of IFRS 16 resulted in changes in the presentation of the annual consolidated statement of cash flows of 2017. Payments from January to December 2017 for leases amount to US\$ 15,943,000 and were presented originally as part of the operating activities, with the change originated by IFRS 16, these are presented in the consolidated statement of cash flows restated as part of financing activities.

2.3 Summary of significant accounting policies -

The following significant accounting policies modified by IFRS 15, 16 and 9 are used by the Group to prepare its consolidated financial statements, other relevant accounting policies is described in our consolidated financial statements as of December 31, 2017.

(a) Transactions with entities below common control

Sale of partial equity in Cumbres Andinas S.A.C. in favor to Alxar International S.P.A- IFRS 10 "Consolidated financial statements" establish the account treatment of the results generated by change in the stakeholder participation of a subsidiary without loss of control, in which to prepare consolidated financial statement should be directly presented in the net equity. To compliance this standard, the Group has recognized in the consolidated statement of changes in equity statement a net earning of US\$32,260,000 from the sale of 40 percent of its shares in the subsidiary Cumbres Andinas S.A. and the related to the stocks transfer contract called "Purchase Agreement" between Minsur and Alxar International SPA.

(b) Financial instruments: Initial recognition and subsequent measurement -

As indicated at the beginning of this note, the accounting policies for financial instruments are defined in IFRS 9, as of January 1, 2018. A financial instrument is any agreement that gives rise to a financial asset of an entity and a financial liability or equity instrument of another entity.

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(i) Financial assets -

Recognition and initial measurement -

Financial assets are classified, on initial recognition, as financial assets at fair value (with changes in results or other comprehensive income) or assets measured at amortized cost. All financial assets are initially recognized at fair value.

The Group's financial assets include cash and cash equivalents, trade and other accounts receivable, financial investments, financial assets at fair value through profit or loss and financial assets at fair value with changes in other comprehensive income.

Subsequent measurement -

The Group classifies its financial assets into the following three categories:

- Fair value with changes in results;
- Fair value with changes in other comprehensive income; or
- Amortized cost.

The classification depends on the business model of the Group and the contractual terms of the cash flows.

Fair value with changes in results -

Financial assets at fair value through profit or loss are presented in the consolidated statement of financial position and their fair value of changes are shown as gain (loss) in the consolidated statement of profit or loss. In the initial recognition, the Group can irrevocably designate a financial asset at fair value with changes in other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an inconsistency in measurement or recognition that would otherwise arise.

The Group has classified certain shares investments as financial assets at fair value through profit or loss.

Implicit derivatives closely related to commercial contracts are accounted for together with commercial accounts receivable and are considered as a single contract. In this sense, the entire instrument is recorded at fair value with changes in the consolidated income statement.

Fair value with changes in other comprehensive income -

A financial asset is measured at fair value through changes in other comprehensive income if the following two conditions are met: (i) The financial asset is conserved within a business model whose objective is achieved both by obtaining the contractual cash flows and by selling the financial assets, and (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are only payments of principal and interest.

These assets are subsequently measured at fair value. Interest income calculated under the effective interest method, foreign currency translation gains and losses and impairment are recognized in the consolidated income statement. Other net gains and losses are recognized in other comprehensive income. At the time of derecognition, the gains and losses accumulated in other comprehensive income are reclassified in the consolidated income statement.

Financial assets measured at amortized cost -

A financial asset is measured at amortized cost if the following two conditions are met: (i) the financial asset is conserved within a business model whose objective is to maintain the financial assets to obtain contractual cash flows; and (ii) the contractual terms of the financial asset give

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rise, on specific dates, to cash flows that are only payments of the principal and interest on the outstanding principal amount.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by the impairment losses. Interest income, net gains and losses are recognized in results. Any gain or loss on the derecognition of accounts is recognized in results.

Financial assets are not reclassified after their initial recognition, except if the Group changes its business model to manage financial assets, in which case the affected financial assets are reclassified on the first day of the first reporting period after change in the business model.

Investments in equity instruments

Investments in equity instruments are measured at fair value. In the initial recognition of an investment in an equity instrument that is not held for trading, the Group may make an irrevocable election at the time of initial recognition of subsequent changes in fair value in other comprehensive income. This choice is made individually for each investment. Dividends are recognized as income in results unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified in profit or loss. The Group has classified certain share investments as financial assets at fair value through profit or loss.

Impairment

The Group evaluates the expected credit losses (PCE) associated with its debt instruments recorded at amortized cost and at fair value through other comprehensive income, taking into account prospective information.

In order to estimate the expected losses of loans granted to related parties, the Group applies the general approach that implies estimating expected losses of 12 months or over the entire term of the instrument, depending on whether there is a significant increase in credit risk (except in cases where the Group considers that it is a loan with low credit risk and it is always estimated expected losses of 12 months).

In determining whether the credit risk of a financial asset has increased significantly since the initial recognition in estimating the expected credit losses, the Group considers reasonable and sustainable information that is relevant and available without undue cost or effort.

Derecognition

The Group will continue to recognize the asset when it has transferred its rights to receive the cash flows generated by the asset, when the Group has entered into an intermediation agreement, but has not transferred or retained substantially all the risks and benefits of the asset, nor has it transferred the control about itself.

In this case, the Group will recognize the asset transferred to the extent of its continued involvement in the asset and also recognize the related liability. The transferred asset and the related liability will be measured on a basis that reflects the rights and obligations retained by the Group.

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(ii). Financial liabilities -

Recognition and initial measurement -

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, put-options over non-controlling interest, loans and accounts payable, or as derivatives designated as hedging instruments in effective hedging, as appropriate. The Group determines the classification of financial liabilities at the time of initial recognition.

All financial liabilities are initially recognized at fair value more or less, in the case of loans and accounts payable at amortized cost, transaction costs directly attributable to the acquisition of the financial liability.

The Group's financial liabilities include trade accounts payable, other accounts payable and financial obligations.

Subsequent measurement -

The subsequent measurement of financial liabilities depends on their classification, as described below:

Liabilities classified at "amortized cost" are measured using the effective interest rate method. Profits and losses are recognized in the consolidated statement of comprehensive income when the liabilities are written off, as well as through the amortization process according to the effective interest rate method.

The amortized cost is calculated taking into account any discount or premium on the acquisition and the commissions or costs that are an integral part of the effective interest rate. Amortization in accordance with the effective interest rate method is recognized as a financial cost in the consolidated statement of comprehensive income.

As of December 31, 2018 and 2017, the Group maintains financial obligations, commercial accounts payable, and other accounts payable within this category.

Derecognition

A financial liability is written off when the obligation specified in the corresponding contract has been paid or canceled or has expired.

When an existing financial liability is replaced by another liability from the same lender under substantially different conditions, or if the conditions of an existing liability are substantially modified, such a swap or modification is treated as a derecognition of the original liability and recognition of a new liability, and the difference between the respective amounts in books is recognized in the consolidated statement of comprehensive income.

(iii). Compensation of financial instruments -

Financial assets and financial liabilities are offset so that the net amount is reported in the consolidated statement of financial position, only if there is a current legally enforceable right to offset the amounts recognized, and there is an intention to settle them for the net amount, or to realize assets and cancel liabilities simultaneously.

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(c) Leases -

As a lesser -

At the start of a contract, the Group evaluates whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a payment. To evaluate whether a contract conveys the right to control the use of an identified asset, the Group evaluates if:

(i) the contract involves the use of an identified asset, which can be specified explicitly or implicitly, and must be physically different or substantially represent the entire capacity of a physically different asset. If the supplier has a substantive right to substitute the asset throughout the period of use, then the asset is not identified;

(ii) the Group has the right to obtain substantially all of the economic benefits of using the asset during the entire period of use; y

(iii) the Group has the right to direct the use of the identified asset throughout the period in use. The Group has this right when the decision-making rights that are most relevant to change how and for what purpose the asset is used are available. In rare cases, where all decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if:

- The Group has the right to operate the asset; or
- The Group has designed the asset in a way that predetermines the form and for what purpose it will be used.

In its role as lessee, the Group recognizes an asset for right of use and a liability for lease on the date of commencement of the lease.

Right of use -

The right-of-use asset is measured initially at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made on or before the start date, in addition to the initial direct costs incurred and an estimate of the costs of dismantling the underlying asset or to restore the underlying asset or the site in which it is located, minus any incentive received by the lease. Subsequently, it depreciates linearly over the useful life of the contract.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the useful life of the asset by right of use or at the end of the lease term.

In addition, the right-of-use asset is periodically reduced due to impairment losses, if any, and adjusted for new lease liability measurements.

Lease liability -

The lease liability is initially measured at the present value of the lease payments that are not paid at the start date, discounted using the interest rate implicit in the lease or, if the rate can not be easily determined, will be applied the incremental rate of debt. The Group uses the incremental debt rate as the discount rate.

The lease payments, include: fixed payments or, in essence are fixed, variables that depend on an index or a rate, initially measured using the index or rate on the start date, among other concepts. Likewise, contracts can identify non-lease components related to disbursements related to other concepts. In this context, IFRS 16 allows the adoption, as an accounting policy,

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of not separating the leasing and non-leasing components of this type of contract with the consequence that will form part of the liability measurement by leasing.

The lease liability is measured at amortized cost using the effective interest method. The subsequent measurement of liabilities is made when there is a change in future lease payments resulting from a change in an index or rate, if there is a change in the estimate of the amount that is expected to be paid for a guarantee of the Group's residual value, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is reversed, an adjustment is recognized in the book value of the asset for right of use, or in the results if the right-of-use asset does not present an accounting balance.

Financial costs are charged to the results of the period on the basis of the term of the lease at the constant periodic interest rate of the remaining financial liability in each period.

The termination and extension options are included in the right-of-use liabilities. When determining the term of the lease, management considers all the factors and circumstances that result in the evaluation of economic and operational incentives to exercise an extension option or not exercise a termination option.

Exceptions to recognition -

The Group does not recognize assets for use right and lease liabilities for short-term leases of machinery and equipment that have a lease term of 12 months or less and leases of low-value assets, including computer equipment. The Group recognizes the lease payments associated with these lease agreements as an expense on a straight-line basis over the term of the lease.

As a lessor -

When the Group acts as a lessor, it determines, at the beginning of the lease, whether each lease is a financial lease or an operating lease.

To classify each lease, the Group evaluates whether the lease transfers to the lessee represent substantially all the risks and benefits inherent to the ownership of the underlying asset. If this is the case, then the lease is a financial lease; otherwise, it is a lease operative as part of this evaluation, the Group considers certain indicators, such as whether the lease contract covers most of the economic life of the asset.

When the Group subleases an asset, it presents its role in the main lease contract and in the sub-lease separately. The lease classification of a sub-lease is evaluated with reference to the right-of-use asset arising from the main lease, not with reference to the underlying asset. If a primary lease is a short-term lease, for the Group to apply the exemption described above, then the sub-lease is classified as an operating lease.

If a contract contains lease and non-lease components, the Group applies IFRS 15 to distribute the consideration in the contract between the different components.

(d) Revenue recognition -

As indicated at the beginning of this note, the accounting policies for income recognition are defined in IFRS 15, as of January 1, 2018.

Income is recognized to the extent that a performance obligation is satisfied through the transfer of the goods and services committed to the client. An asset is transferred when the customer obtains control of that asset.

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The income will be recognized based on the price of the transaction that is assigned to that performance obligation, to which the Group expects to have the right to transfer the goods and services committed to the customer, excluding the amounts collected on behalf of third parties.

The consideration that is committed in a contract may include fixed amounts, variable amounts or both. The following specific criteria must be met in order for an income to be recognized:

Income from sale of metals -

Tin and gold sales are performance obligations that are satisfied at a certain time and are recorded when control of the goods is transferred to the buyer, which happens at the time of the delivery of goods according to the contractual conditions.

Regarding the measurement of tin sales, the Group assigns a provisional value to the sales of these metals since they are subject to a final price adjustment at the end of a contractually established period. The exposure to the change in the price of metals generates an implicit derivative that is closely related to the host commercial contract, so that it is accounted for as a single contract. At the end of each period, the sale price used initially must be adjusted according to the future price for the period of contribution stipulated in the contract. Commercial contracts result in a financial asset representing accounts receivable that are measured at fair value with changes in the consolidated income statement and, whose subsequent changes in measurement are recognized in the consolidated income statement and presented as part of the net sales item.

As for the measurement of gold sales, they are not subject to a final price adjustment, therefore, contracts with customers for the sale of this metal do not generate embedded derivatives.

Income for logistics management service -

The income from this service derives mainly from tin sales under the CIF and CFR incoterm resulting from the intermediation activities in logistics management (freight and insurance) in favor of its customers, which occurred after the transfer of control of the main asset. The performance obligation is satisfied at a certain time and is recorded when the Group makes the arrangements with the third party so that it carries out the insurance of the cargo and shipment to the destination requested by the customer.

The Group has evaluated its operations in relation to the logistics management service and its status as agent or principal, determining that it fulfills the role of principal.

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3. Cash and cash equivalents

(a) This item comprises the following:

	2018	2017	1.1.2017
	US\$(000)	US\$(000)	US\$(000)
		Restated	Restated
Cash on hand and petty cash	15	10	15
Cash demand deposits (b)	77,423	34,381	17,913
Overnight deposits (c)	115,863	101,377	63,819
Time deposits (d)	55,737	103,818	189,822
Deposits in transit (e)	2,112	-	-
Certificates of bank deposits (f)	767	895	788
Balance considered in the consolidated statements of cash flow	251,917	240,481	272,357
Time deposits with original maturities greater than 90 days (g)	309,678	160,444	111,159
	<u>561,595</u>	<u>400,925</u>	<u>383,516</u>

(b) As of December 31, 2018, and December 31, 2017, the Group maintains its cash demand deposits in local and foreign banks of first level that are freely available and generates interest at market interest rate.

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

(d) Time deposits have original maturities of less than 90 days and can be renewed at maturity. As of December 31, 2018, and December 31, 2017, these deposits earned interest at market interest rates.

(e) Deposits in transit correspond to movements of cash that will be reflected in banks within thirty days.

(f) As of December 31, 2018, corresponded to Bank Deposits Certificates – CDB's kept by Mineração Taboca S.A. and have original maturities of less than 90 days.

(g) Time deposits with original maturities greater than 90 days are presented in the caption "Other financial assets" of the consolidated statement of financial position.

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4. Trade and other receivables, net

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

	2018 US\$(000)	2017 US\$(000) Restated	1.1.2017 US\$(000) Restated
Commercial:			
Invoices receivable	70,957	72,401	73,872
Change of fair value	(110)	(757)	(1,512)
	<u>70,847</u>	<u>71,644</u>	<u>72,360</u>
Other receivables:			
Value added tax credit and other tax credits (c)	109,561	74,768	56,400
Other deposits (d)	3,964	7,187	6,863
Stock purchase premium	6,613	-	-
Related parties	1,633	3,268	304
Advances to suppliers (e)	2,667	2,663	7,153
Credits in favor for works for taxes	4,975	1,469	747
Invoices receivable for sale of supplies and fixed assets	4,457	1,176	1,331
Restricted funds	83	395	1,292
Loans to employees	851	346	425
Others	1,833	3,695	5,424
	<u>136,637</u>	<u>94,967</u>	<u>79,939</u>
	<u>207,484</u>	<u>166,611</u>	<u>152,299</u>
By Maturity:			
Current	110,654	103,909	98,635
Non-Current	96,830	62,702	53,664
Total	<u>207,484</u>	<u>166,611</u>	<u>152,299</u>
By nature:			
Financial assets	92,948	90,374	95,152
Non-Financial assets	114,536	76,237	57,147
Total	<u>207,484</u>	<u>166,611</u>	<u>152,299</u>

(b) As of December 31, 2018, and December 31, 2017, the trade receivables are interest free and does not have specific guarantees.

(c) As of December 31, 2018, and December 31, 2017, this item mainly comprises the credit for the general sales tax resulting from goods and services resulting from the exploration activities carried out by the subsidiaries in Peru and Brazil (Minera Sillustani SAC, Compañía Minera Barbastro SAC, Marcobre SAC and Mineração Taboca SA). In the case of the Marcobre subsidiary, if there is a balance of the tax credit for general sales tax, its refund or compensation will be requested under the balance in favor of the exporter on the basis of the export sales. In the opinion of the Group Management, the tax credit for general sales tax will be applied when

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offsetting the general tax on sales to be paid that will be generated by future sales made by the subsidiaries.

- (d) As of December 31, 2018 and December 31, 2017, this item includes other deposits held by the subsidiary Mineração Taboca S.A. corresponding to processes that were liquidated through the Financing of debts of the tax administration of Brazil (REFIS) and that is expected the evolution of the revision initiated in 2014, by the Secretariat of the Federal Revenue of Brazil and by the Attorney General of the National Treasury of Brazil, so that the release and consequent lifting of the amounts deposited is required.
- (e) As of December 31, 2018, and December 31, 2017, this item included mainly the advances made by Minsur S.A. and its subsidiary Mineração Taboca to suppliers as part of development of optimization project of its productive process.

5. Inventories, net

- (a) The item is composed of the following:

	2018	2017	1.1.2017
	US\$(000)	US\$(000)	US\$(000)
		Restated	Restated
Finished products	32,600	22,409	18,898
Work in progress	40,566	38,316	45,435
Materials and supplies	43,128	47,239	40,731
Extracted mineral	1,786	3,829	449
Inventory in transit	3,733	3,649	977
	<u>121,813</u>	<u>115,442</u>	<u>106,490</u>
Impairment loss of inventories	(1,620)	(243)	(2,020)
Allowance for obsolescence	<u>(4,017)</u>	<u>(5,121)</u>	<u>(4,255)</u>
	<u>116,176</u>	<u>110,078</u>	<u>100,215</u>

In the opinion of management of the Group, the allowance for obsolescence of inventories adequately covers such risk at the date of the consolidated statement of financial position.

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6. Financial asset at fair value through profit and loss

(a) The financial assets include the following:

	As of 31 Decemeber 31, 2018				
	Opening Balance	Acquisition	Change of fair value	Investment settlement	Fair Value
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Mutual funds with public quotation (Muzinich)	-	81,600	218	-81,818	-
Mutual funds with public quotation (Black Rock)	131,713	-	271	-131,984	-
Total	131,713	81,600	489	-213,802	-

	As of December 31, 2017 (Restated)		
	Opening Balance	Change of fair value	Fair Value
	US\$(000)	US\$(000)	US\$(000)
Mutual funds with public quotation (Black Rock)	128,810	2,903	131,713
Total	128,810	2,903	131,713

The fair value of mutual funds is determined based on public price quotes in an active market.

7. Financial assets at fair value with changes in other comprehensive income

- a. As of December 31, 2018, and December 31, 2017, the Group maintains an investment in BBVA shares of Spain for US\$4,900,000 and US\$7,792,000, respectively. BBVA of Spain is an entity of recognized prestige in the international market, so it has a very low level of risk.

As of December 31, 2018, and December 31, 2017, the Group has an investment in shares of Rímac Seguros y Reaseguros for US\$20,516,000 and US\$29,325,000, respectively. Rímac Seguros y Reaseguros is an entity of recognized prestige in the national market, which is part of the Breca Group, and has a very low level of risk.

As of December 31, 2018, and December 31, 2017, the fair value of both investments classified as a financial asset at fair value with changes in other comprehensive income has been determined on the basis of its price on the Madrid and Lima Stock Exchange, respectively.

- b. The fair value of non-public-priced deposit certificates was estimated on the basis of discounted cash flows using market rates available for debt instruments of similar conditions, maturity and credit risk.

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- c. The following is the investment movement:

2018							
	Cost	Transfer	Unrealized Results	Interest	Dividends	Investment settlement	Fair Value
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Commercial papers	58,778	-	-48	838	-	-	59,568
Certificates of deposit without public quotation	40,000	-	-	594	-	-	40,594
Rímac Seguros y Reaseguros	21,070	-	-554	-	-	-	20,516
BBVA España	14,845	-	-10,448	-	503	-	4,900
Investment certificates in the Peruvian state	2,935	-	-	-	-	-2,935	-
Total	137,628	-	-11,050	1,432	503	-2,935	125,578

2017 (Restated)							
	Cost	Transfer	Unrealized Results	Interest	Dividends	Investment settlement	Fair Value
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Rímac Seguros y Reaseguros	-	21,070	8,255	-	-	-	29,325
BBVA España	14,845	-	-7,556	-	503	-	7,792
Investment certificates in the Peruvian State	2,935	-	-	-	-	-	2,935
Certificates of deposit without public quotation	35,000	-	-	2,557	-	-37,557	-
Total	52,780	21,070	699	2,557	503	-37,557	40,052

- d. As of December 31, 2018, the Group received dividends in cash from BBVA of Spain and Rímac for US\$280,000 and US\$135,000, respectively (US\$177,000 dividends in cash at December 31, 2017), which were charged to the results of the period.
- e. As of December 31, 2018, the Group has not received dividends in share. (US\$138,000 dividends in share at December 31, 2017).
- f. The certificates correspond to negotiable instruments issued by the Peruvian State in accordance with the mechanism of "Obras por impuestos". As of December 31, 2018, the Group does not have investment certificates in the Peruvian state (US \$ 2,935,000 in investment certificates in the State as of December 31, 2017).

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- g. The movement of the financial assets measured at fair value with change in other comprehensive income:

	2018 US\$(000)	2017 US\$(000) (Restated)
Opening balance	40,052	42,962
Acquisition	98,778	21,070
Transfer	-	2,935
Investment settlement	-2,935	-37,557
Change or fair value	-11,750	9,795
Dividends	-	138
Interest earned by certificates of deposits	1,433	709
Saldo final	<u>125,578</u>	<u>40,052</u>

8. Investment in affiliates -

- (a) This item comprises the following:

	Interest in equity			Equity value		
	2018	2017	1.1.2017	2018	2017	1.1.2017
	%	% Restated	% Restated	US\$(000)	US\$(000) Restated	US\$(000) Restated
Inversiones Cordillera del Sur Ltda. y subsidiarias	73.94	73.94	73.94	275,713	286,304	264,342
Explosivos S.A.	10.95	10.95	10.95	11,427	12,610	12,182
Futura Consorcio Inmobiliario S.A.	4.96	4.96	4.96	5,306	5,203	5,113
Rímac Seguros y Reaseguros	-	-	14.51	-	-	61,015
Servicios Aeronáuticos Unidos S.A.C.	-	-	47.5	-	-	2,871
				<u>292,446</u>	<u>304,117</u>	<u>345,523</u>

The Group has recognized its investments in Explosivos S.A. and Futura Consorcio Inmobiliario S.A., as investments in associates considering that they are operated by the same economic group.

- (b) Affiliates' participation in the net profit (loss) is the following:

	2018 US\$(000)	2017 US\$(000) Restated
Inversiones Cordillera del Sur Ltda. and subsidiaries	12,665	11,317
Rímac Seguros & Reaseguros	-	2,464
Explosivos S.A.	(1,050)	410
Servicios Aeronáuticos Unidos S.A.C.	-	(286)
Futura Consorcio Inmobiliario S.A.	320	(93)
Total	<u>11,935</u>	<u>13,812</u>

Minsur S.A. and Subsidiaries

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9. Property, plant and equipment, net

(a) Following is the composition and activity of the item:

	Opening balance 1.1.2018 US\$(000)	Additions US\$(000)	Retirements US\$(000)	Mine closure cost US\$(000)	Transfers and adjustments US\$(000)	Translation adjustment US\$(000)	Ending balance 31.12.2018 US\$(000)
Cost							
Lands	23,236	1	-	-	-	-194	23,043
Buildings and installations	494,174	-421	-10,274	-	82,573	-19,088	546,964
Machinery and equipment	394,278	-158	-8,419	-	52,625	-20,449	417,877
Furniture and fixtures and computer equipment	13,083	-829	6,638	-	-5,281	-687	12,924
Vehicles	12,415	187	-545	-	-105	-1,251	10,701
Units to receive	-	32,843	-	-	-	1	32,844
Work in progress	153,815	355,828	-30	-	-146,303	-8,945	354,365
Mine closure costs	97,692	-	-20,703	14,557	-	-4,237	87,309
	1,188,693	387,451	-33,333	14,557	-16,491	-54,850	1,486,027
Accumulated depreciation							
Buildings and installations	248,907	40,628	-2,241		-2,239	-4,005	281,050
Machinery and equipment	286,370	26,098	-6,890		-4,413	-13,272	287,893
Furniture and fixtures and computer equipment	9,506	1,108	-141		-55	-495	9,923
Vehicles	8,815	897	-441		-1,044	-833	7,394
Mine closure costs	44,673	-	-10,214	8,277	-	-393	42,343
	598,271	68,731	-19,927	8,277	-7,751	-18,998	628,603
Impairment	-81,360				13,380	11,056	-56,924
Net Cost	<u>509,062</u>		<u>-13,406</u>		<u>4,640</u>		<u>800,500</u>

Minsur S.A. and Subsidiaries

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	Opening Balance 1.1.2017 US\$(000) Restated	Additions US\$(000)	Retirements US\$(000)	Transfers and adjustments US\$(000)	Translation adjustment US\$(000)	Ending Balance 31.12.2017 US\$(000) Restated
Cost						
Lands	21,825	1,435	-	-	(24)	23,236
Buildings and installations	458,691	20	(3,223)	41,178	(2,492)	494,174
Machinery and equipment	368,115	5,355	(3,967)	27,475	(2,700)	394,278
Furniture and fixtures and computer equipment	12,034	27	(66)	1,186	(98)	13,083
Vehicles	12,502	36	(833)	866	(156)	12,415
Work in progress	113,325	126,091	(1,139)	(83,264)	(1,198)	153,815
Mine closure costs	81,388	16,695	-	-	(391)	97,692
	<u>1,067,880</u>	<u>149,659</u>	<u>(9,228)</u>	<u>(12,559)</u>	<u>(7,059)</u>	<u>1,188,693</u>
Accumulated depreciation						
Buildings and installations	220,917	29,537	(1,227)	192	(512)	248,907
Machinery and equipment	264,983	25,025	(1,950)	56	(1,744)	286,370
Furniture and fixtures and computer equipment	8,533	1,021	(20)	31	(59)	9,506
Vehicles	8,717	984	(790)	6	(102)	8,815
Mine closure costs	38,754	5,873	-	-	46	44,673
	<u>541,904</u>	<u>62,440</u>	<u>(3,987)</u>	<u>285</u>	<u>(2,371)</u>	<u>598,271</u>
Impairment	-	-	(81,360)	-	-	(81,360)
Net Cost	<u>525,976</u>					<u>509,062</u>

Minsur S.A. and Subsidiaries

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As of December 31, 2018, and 2017

10. Intangible Assets, net

(a) Following is the composition and activity of the item:

	Opening Balance 01.01.2018 US\$(000)	Additions US\$(000)	Retirements US\$(000)	Transfers and adjustments US\$(000)	Translation adjustment US\$(000)	Ending Balance 31.12.2018 US\$(000)
Cost:						
Defined useful life						
Mining concessions	412,581	201	(2,557)	-	(12,757)	397,468
Mine development costs	90,699	27,916	-	1,614	-	120,229
Connection and easement rights	6,031	-	-	86	-	6,117
Usufruct of lands	4,866	602	(1,645)	(86)	(51)	3,686
Remediation asset	1,133	-	-	-	-	1,133
Licenses	1,048	840		115	(92)	1,911
	<u>516,358</u>	<u>29,559</u>	<u>(4,202)</u>	<u>1,729</u>	<u>(12,900)</u>	<u>530,544</u>
Accumulated amortization:						
Mining concessions	18,216	2,618		-	(2,479)	18,355
Mine development costs	20,181	5,556		-	-	25,737
Connection and easement rights	1,990	374		42	-	2,406
Usufruct of lands	1,960	374	(568)	(42)	(18)	1,706
Remediation asset	1,133	117		-	-	1,250
Licenses	532	181		-	(65)	648
	<u>44,012</u>	<u>9,220</u>	<u>(568)</u>	<u>-</u>	<u>(2,562)</u>	<u>50,102</u>
Net cost	<u>472,346</u>					<u>480,442</u>

Minsur S.A. and Subsidiaries

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	Opening balance 1.1.2017	Additions	Transfers and adjustments	Impairment	Impairment reversion	Translation adjustment	Ending Balance 31.12.2017
	US\$(000) Restated	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000) Restated
Costo:							
Indefinited useful life							
Goodwill of Mineração Taboca S.A.	43,868	-	(1,209)	(41,835)	-	(824)	-
	<u>43,868</u>	<u>-</u>	<u>(1,209)</u>	<u>(41,835)</u>	<u>-</u>	<u>(824)</u>	<u>-</u>
Defined useful life							
Mining concessions	315,290	3,000	(250)	(25,318)	121,645	(1,786)	412,581
Mine development costs	55,993	34,705	1	-	-	-	90,699
Connection and easement rights	5,946	-	85	-	-	-	6,031
Usufruct of lands	4,062	807	(87)	-	-	84	4,866
Remediation asset	1,132	1	-	-	-	-	1,133
Licenses	673	275	144	(42)	-	(2)	1,048
	<u>383,096</u>	<u>38,788</u>	<u>(107)</u>	<u>(25,360)</u>	<u>121,645</u>	<u>(1,704)</u>	<u>516,358</u>
	<u>426,964</u>	<u>38,788</u>	<u>(1,316)</u>	<u>(67,195)</u>	<u>121,645</u>	<u>(2,528)</u>	<u>516,358</u>
Accumulated amortization:							
Mining concessions	14,561	3,861	-	-	-	(206)	18,216
Mine development costs	14,734	5,447	-	-	-	-	20,181
Connection and easement rights	1,581	367	42	-	-	-	1,990
Usufruct of lands	1,658	321	(42)	-	-	23	1,960
Remediation asset	848	285	-	-	-	-	1,133
Licenses	482	60	-	-	-	(10)	532
	<u>33,864</u>	<u>10,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(193)</u>	<u>44,012</u>
Net cost	<u>393,100</u>						<u>472,346</u>

As of December 31, 2018, mining concessions and mining rights relate mainly to the Mineração Taboca S.A. and Mina Justa.

Minsur S.A. and Subsidiaries

Notes to the consolidated interim financial statements (unaudited)

As of December 31, 2018, and 2017

11. Rights of use

(a) The following is the composition and movement of this caption:

	Opening Balance 1.1.2018	Additions	Retirements	Transfers and adjustments	Translation adjustment	Ending Balance 31.12.2018
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Cost:						
Land and buildings	6,306	1,790	(902)	-	(33)	7,161
Machinery and equipment	44,185	19,732	(22,623)	3,607	(4,670)	40,231
Vehicles	7,431	1,894	(6,779)	-	-	2,546
Furniture and fixtures	30	85	(30)	-	-	85
	<u>57,952</u>	<u>23,501</u>	<u>(30,334)</u>	<u>3,607</u>	<u>(4,703)</u>	<u>50,023</u>
Accumulated depreciation						
Land and buildings	1,764	1,402	902	-	23	2,241
Machinery and equipment	25,580	14,163	22,623	-	2,135	14,985
Vehicles	5,612	2,304	6,779	-	-	1,137
Furniture and fixtures	21	22	30	-	-	13
	<u>32,977</u>	<u>17,891</u>	<u>30,334</u>	<u>-</u>	<u>2,158</u>	<u>18,376</u>
Net cost	<u>24,975</u>					<u>31,647</u>

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As of December 31, 2018, and 2017

	Opening Balance 1.1.2017 US\$(000) Restated	Additions US\$(000)	Retirements US\$(000)	Translation adjustment US\$(000)	Ending Balance 31.12.2017 US\$(000) Restated
Costo					
Land and buildings	6,253	56	-	(3)	6,306
Machinery and equipment	32,235	16,135	(3,420)	(765)	44,185
Vehicles	7,057	842	(468)	-	7,431
Furniture and fixtures	30	-	-	-	30
	<u>45,575</u>	<u>17,033</u>	<u>(3,888)</u>	<u>(768)</u>	<u>57,952</u>
Accumulated depreciation					
Land and buildings	1,000	767	-	-3	1,764
Machinery and equipment	15,686	13,670	3,420	356	25,580
Vehicles	4,060	2,020	468	-	5,612
Furniture and fixtures	13	8	-	-	21
	<u>20,759</u>	<u>16,465</u>	<u>3,888</u>	<u>359</u>	<u>32,977</u>
Net cost	<u>24,816</u>				<u>24,975</u>

12. Trade and others payable

(a) This item comprises the following:

	2018 US\$(000)	2017 US\$(000) Restated	1.1.2017 US\$(000) Restated
Commercial (b):			
Third parties	196,110	90,072	78,589
Related parties	<u>11,683</u>	<u>6,637</u>	<u>9,693</u>
	<u>207,793</u>	<u>96,709</u>	<u>88,282</u>
Others:			
Interest payable	26,660	26,816	25,900
Accounts payable for acquisition of non-controlling	18,500	16,433	15,760
Workers' profit sharing	12,026	16,164	17,303
Other taxes and contributions payable	14,217	13,205	12,807
Remuneration and Board's fees payable	11,605	7,701	7,853
Accounts payable for acquisition of mining concessions	-	3,000	10,000
Related parties	-	928	481

Minsur S.A. and Subsidiaries

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As of December 31, 2018, and 2017

Accounts Payable for options subscription	3,964	-	-
Others	1,558	2,070	2,862
	<u>88,530</u>	<u>86,317</u>	<u>92,966</u>
Total	<u>296,323</u>	<u>183,026</u>	<u>181,248</u>
By maturity:			
Current portion	259,819	151,385	141,798
Non-current portion	36,504	31,641	39,450
Total	<u>296,323</u>	<u>183,026</u>	<u>181,248</u>

- (b) Trade accounts payable result from the purchases of material and supplies for the Group operation, and mainly correspond to invoices payable to suppliers. They are non-interest bearing and are normally settled on 30 to 60 days term.
- (c) On September 23, 2016, the Group acquired the non-controlling interest of Marcobre S.A.C. (Marcobre), which represented 30 percent of its capital stock that belonged to KLS Limited, thus obtaining control of 100 percent of Marcobre's shares, which generated an outstanding balance of US \$ 25,000,000 which will be paid in five installments of annual maturity for an amount of US \$ 5,000,000 per year, from what happens first between: (a) 10 working days after the start of commercial production of the Mina Justa project, or (b) On September 30 of 2023.
- (d) During the last quarter of 2018, as indicated in the previous paragraph, the Group updated the period in which it will pay this account payable to KLS Limited on the date of beginning of operation for the year 2021. This change meant an increase of the account payable and greater financial expense in the amount of US \$ 1,359,000.

13. Financial Obligations

- (a) This item comprises the following:

Entity	Guarantee	Interest rate	2018 US\$(000)	2017 US\$(000) Restated	1.1.2017 US\$(000) Restated
Corporate bonds, net of issuance costs (b)	No guarantee	6.25%	442,075	440,833	440,106
Leases (d)			32,502	25,619	25,246
Syndicated loan (e)			69,665	-	-
Citibank	Minsur Corporate	Libor 3 meses			
	Export sales	+2.28%	104,873	75,264	-
Banco do Brasil	(100%)	4.27%	14,183	23,022	56,270
Banco Itaú	Export sales				
	(100%)	6.60%	-	19,299	30,482
Banco of America	Export sales				
	(100%)	5.01%	-	17,364	-
Banco BBM	Export sales				
	(100%)	6.00%	-	6,090	-
Banco Santos	No guarantee	Tasa CDI + 2%	3,832	4,490	4,571
Banco Santander	No guarantee	5.06%	1,998	-	13,790
Banco ABC Brasil	No guarantee	4.84%	2,996	-	6,100

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As of December 31, 2018, and 2017

FINAME BNDES (Santander)	6.00%	-	-	120
FINAME BNDES (Safra)	6.00%	-	-	72
Other financial liabilities	No guarantee	-	8,880	3,772
			<u>681,004</u>	<u>615,753</u>
				<u>576,757</u>

By maturity:

Current portion	41,579	80,399	121,688
Non-current portion	<u>639,425</u>	<u>535,354</u>	<u>455,069</u>
	<u>681,004</u>	<u>615,753</u>	<u>576,757</u>

- (b) The General Shareholders' Meeting held on January 30, 2014, agreed that the Company makes an international bond issue ("Senior Notes") through a private placement, under Rule 144A and Regulation S of the U.S. Securities Act of 1933. Also, agreed to list these securities in the Luxembourg Stock Exchange. On January 31, 2014, the Company issued bonds, with a face value of US\$450,000,000, with maturity on February 7, 2024 and with a coupon interest rate of 6.25%, obtaining net proceeds of US\$441,823,500.

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

- (c) As of December 31, 2018, the Company maintains joint and several guarantees and a letter of credit guaranteeing the financing of its subsidiary Taboca.

- (d) As of December 31, 2018 and December 31, 2017, the obligations for lease agreements are as follows:

	2018 US\$(000)	2017 US\$(000) Restated
Lease liabilities (third parties)	22,081	17,976
Lease liabilities (Related parties, note 19)	<u>10,421</u>	<u>7,643</u>
Total	<u>32,502</u>	<u>25,619</u>
By maturity:		
Current portion	13,522	10,517
Non-current portion	<u>18,980</u>	<u>15,102</u>
	<u>32,502</u>	<u>25,619</u>

- (e) On August 15, 2018, the Group subscribed a syndicated loan with a group of borrowers 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 Credito 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 Générale; and Banco Bilbao Viscaya Argentaria, SA, New York Branch, for which it obtained a line of credit of US \$ 900 million; This loan will be used to develop and build the Mina Justa project with a variable interest rate of Libor (2.35% as of December 31,

Minsur S.A. and Subsidiaries

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2018). To obtain this loan, the Group counted as guarantors with Minsur S.A. and Empresas Copec S.A. Until December 31, 2018, the Company has received disbursements for US\$ 72,000,000.

During the period of the loan, the Group must comply with the following conditions agreed in the loan contract:

The Group must notify the guarantee agent of any revision of the Mining Plan. In addition, the Group 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 relation with mining concessions that are not strategic mining concessions.

The Group will 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 December 31, 2018, the Group has complied with the financial restrictions of the subscribed contract.

As of December 31, 2018, the Group incurred in debt structuring cost by an amount of US\$ 30,040,000 related to obtaining the US\$ 900,000,000 line of credit. During 2018 it has received an outlay of US\$ 72,000,000, so the company have recognized a debt structuring cost related to this portion by an amount of US\$ 2,235,000.

14. Provisions

a) As of December 31, 2018, and December 31, 2017, the item mainly includes the following:

	Provision for mine closure (b) US\$(000)	Provision for environmental Remediation (c) US\$(000)	Provision for contingency (d) US\$(000)	Provision for bonuses to employees US\$(000)	Total US\$(000)
As of January 1, 2017 (Restated)	104,026	60,913	5,527	9,963	180,429
Additions	6,953	-	2,953	11,182	21,088
Translation	1,086	642	89	34	1,851
Accretion	1,558	1,808	-	-	250
Change in estimates	9,742	2,589	-	-	12,331
Payments and advances	5,582	8,678	14	7,944	22,218
Reversals	-	-	1,452	3,439	4,891
As of december 31, 2017 (Restated)	115,611	52,374	6,925	9,728	184,638
Additions	11,170	1,209	2,440	14,050	28,869
Translation	7,904	5,690	635	540	14,769
Accretion	1,186	110	-	-	1,296
Change in estimates	1,190	117	-	-	1,073
Payments and advances	349	4,991	538	10,032	15,910

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Reversals	<u>11,945</u>	<u>495</u>	<u>1,897</u>	<u>122</u>	<u>14,459</u>
As of december 31, 2018	<u>108,959</u>	<u>42,400</u>	<u>6,295</u>	<u>13,084</u>	<u>170,738</u>
By Maturity					
Current portion	7,607	14,592	2,283	9,477	33,959
Non-current portion	<u>96,419</u>	<u>46,321</u>	<u>3,244</u>	<u>486</u>	<u>146,470</u>
As of January 1, 2017 (Restated)	<u>104,026</u>	<u>60,913</u>	<u>5,527</u>	<u>9,963</u>	<u>180,429</u>
By Maturity					
Current portion	3,515	8,725	2,237	9,213	23,690
Non-current portion	<u>112,096</u>	<u>43,649</u>	<u>4,688</u>	<u>515</u>	<u>160,948</u>
As of december 31, 2017 (Restated)	<u>115,611</u>	<u>52,374</u>	<u>6,925</u>	<u>9,728</u>	<u>184,638</u>
By Maturity					
Current portion	6,682	5,372	3,032	11,390	26,476
Non-current portion	<u>102,277</u>	<u>37,028</u>	<u>3,263</u>	<u>1,694</u>	<u>144,262</u>
As of december 31, 2018	<u>108,959</u>	<u>42,400</u>	<u>6,295</u>	<u>13,084</u>	<u>170,738</u>

b) Provision for mine closure:

The provision for closing mining units represents the present value of closing costs expected to be incurred between 2018 and 2054, in compliance with government regulations. The estimated cost of closing mining units is based on studies prepared by independent advisors, which comply with current environmental regulations. The provision for the closure of mining units corresponds mainly to activities that must be carried out for the restoration of mining units and areas affected by mining activities. The main works to be carried out correspond to earth movements, revegetation work and dismantling of the plants. Closing budgets are reviewed regularly to take into account any significant changes in the studies carried out. However, the costs of closing mining units will depend on the market prices of the required closure works that will reflect the future economic conditions. Likewise, the time at which the disbursements will be made depends on the useful life of the mine, which will be a function of the future prices of the metals.

As of December 31, 2018, the main assumptions considered in calculating the present value of the mine closure costs expected to be incurred in the future are the following:

	Pitinga and Pirapora Unit	San Rafael, Pucamarca and Pisco Unit
Annual risk-free rate	5.44%	Between -0.520% and 3.587%
Years covered by the closure of the mine	34 years	14, 10 and 35 years

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c) The provision for environmental remediation includes the following:

	Pitinga and Pirapora Unit	San Rafael, Pucamarca and Pisco Unit	Others	Total
	US\$(000)	US\$(000)	US\$(000)	US\$(000)
As of January 1, 2017 (Restated)	47,830	51,353	4,843	104,026
Additions	-	6,953	-	6,953
Translation	(1,063)	-	(23)	(1,086)
Accretion	-	1,491	67	1,558
Change in estimates	6,169	2,718	855	9,742
Payments and advances	-	(33)	(5,549)	(5,582)
As of december 31, 2017 (Restated)	52,936	62,482	193	115,611
Additions	-	8,248	2,922	11,170
Translation	(7,833)	-	(71)	(7,904)
Accretion	-	1,186	-	1,186
Change in estimates	1,188	-	2	1,190
Payments and advances	-	(9)	(340)	(349)
Reversals	-	(11,945)	-	(11,945)
As of december 31, 2018	46,291	59,962	2,706	108,959
By Maturity				
Current portion	-	2,947	4,660	7,607
Non-current portion	47,830	48,406	183	96,419
As of January 1, 2017 (Restated)	47,830	51,353	4,843	104,026
By Maturity				
Current portion	-	3,464	51	3,515
Non-current portion	52,936	59,018	142	112,096
As of december 31, 2017 (Restated)	52,936	62,482	193	115,611
By Maturity				
Current portion	4,925	741	1,016	6,682
Non-current portion	41,366	59,221	1,690	102,277
As of december 31, 2018	46,291	59,962	2,706	108,959

Minsur S.A. and Subsidiaries

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d) Provision for contingencies

This provision is composed of an estimate of obligations for environmental contingencies arising from processes filed by the Agency for Environmental Assessment and Control (OEFA), the National Water Authority (ANA) and the Supervisory Body for Investment in Energy and Mining (OSINERGMIN) and labor contingencies.

15. Net Sales

(a) As follow we present, the composition of net sales:

(b)

	2018 US\$(000)	2017 US\$(000) Restated
Tin and other minerals	493,006	503,696
Gold	130,870	119,093
Niobium, tantalum and others	69,438	49,175
	<u>693,314</u>	<u>671,964</u>
Change of fair value	459	160
	<u>693,773</u>	<u>672,124</u>

a. Tin sales segment.

In 2018 there is no show significant sales concentration. The three most important customers accounted for 42% of total sales (36% percent in 2017).

b. Gold sales segment.

During 2018 and 2017 the Group sale golden to 3 customers.

c. Niobium and tantalum sales segment.

During 2018 the Group there no show significant sales concentration.

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16. Cost of Sales

(a) The composition and movements of deferred income tax are as follows:

	2018 US\$(000)	2017 US\$(000) Restated
Opening balance of product in process inventory, note 5	42,145	45,884
Opening balance of finished product inventory, note 5	22,409	18,898
Services rendered by third parties	87,856	90,728
Wages and salaries	95,130	94,407
Consumption of raw material and miscellaneous supplies	89,009	79,731
Depreciation	71,749	58,222
Purchase of mining services from AESA S.A.	23,285	30,319
Electricity	12,396	15,549
Amortization	8,819	9,764
Amortization rights of use	15,303	15,288
Purchase of explosives from Exsa S.A.	6,015	6,598
Insurances	3,646	4,053
Missing inventory	130	3,665
Taxes and rates	2,699	2,520
Allowance for obsolescence of materials and supplies, note 5	173	893
(Recovery) allowance for impairment of inventories, note 5	393	(1,808)
Other manufacturing expenses	8,434	5,544
Final balance of work in process inventory, note 5	(42,352)	(42,145)
Final balance of finished product inventory, note 5	(32,600)	(22,409)
	<u>414,639</u>	<u>415,701</u>

17. Financial income netof expenses

These items include principal interest income from tax claims receivable amounting to US\$ 54,461,000 (see note 26) and interest expenses on corporate bonds for US\$ 27,312,000 as of December 31, 2018 (US\$ 28,635,000 as of December 31, 2017).

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18. Income Tax

- a) The reconciliation of the income tax expense (income) and the profit (loss) before taxes times the tax rate as of December 31, 2018 and 2017, is presented below:

	2018 US\$(000)	2017 US\$(000) Restated
Profit (loss) before income tax	<u>172,687</u>	<u>141,804</u>
At statutory income tax rate	(50,943)	(41,832)
Tax losses in subsidiaries	(5,539)	(2,695)
Participation in results from associates	(3,521)	(4,075)
Tax asset	-	(3,669)
Effect of mining royalties	4,592	5,165
Translation	(3,521)	4,852
Effect of permanent differences, net	15,647	239
Others	<u>(5,771)</u>	<u>(4,481)</u>
Income tax expense	(49,056)	(46,496)
Mining Royalties and Special Mining Tax	<u>(15,452)</u>	<u>(16,068)</u>
Total	<u>(64,508)</u>	<u>(62,564)</u>

- b) This expense arises from maintaining the US dollar as a functional currency for accounting purposes and soles for tax purposes.
- c) The expense for income tax shown in the consolidated statements of profit or loss consists on the following:

	2018 US\$(000)	2017 US\$(000) Restated
Income tax		
Current	(36,202)	(55,179)
Deferred	<u>(12,854)</u>	<u>8,683</u>
	<u>(49,056)</u>	<u>(46,496)</u>
Mining royalties and special tax on mining		
Current	(15,565)	(17,509)
Deferred	<u>113</u>	<u>1,441</u>
	<u>(15,452)</u>	<u>(16,068)</u>
	<u>(64,508)</u>	<u>(62,564)</u>

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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., Explosivos S.A. and Futura Consorcio Inmobiliario S.A.C. 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.

19. Related parties transactions

(a) Receivables and Payables

The balances of the receivable and payable with related parties as of December 31, 2018 and December 31, 2017 are as follow:

	2018 US\$(000)	2017 US\$(000) Restated	1.1.2017 US\$(000) Restated
Receivable (current):			
Compañía Minera Raura S.A.	460	1,968	204
Rímac Seguros y Reaseguros	842	1,002	-
Administración de Empresas S.A.	303	246	93
Clinica Internacional S.A.	12	-	-
Exsa S.A.	16	-	-
Others	-	52	7
	<u>1,633</u>	<u>3,268</u>	<u>304</u>
Payables (current):			
Associated:			
Exsa S.A.	2,153	855	1,123
Rímac Seguros y Reaseguros	4,622	-	40
	<u>6,775</u>	<u>855</u>	<u>1,163</u>
Other related parties			
Administración de Empresas S.A.	4,175	5,782	8,521
Clínica Internacional. S.A.	384	380	182
Inversiones San Borja S.A.	65	242	176
Rímac S.A. Entidad prestadora de salud	187	158	15
Inversiones Nacionales de Turismo S.A.	28	37	11
Compañía Minera Raura S.A.	32	32	-
Estratégica S.A.C.	-	28	-
Protección Personal S.A.	-	24	19
Centría Servicios Administrativos S.A.	1	24	18
Corporación Breca S.A.C.	18	-	-
Rímac Seguros y Reaseguros	8	2	-
Bodegas Viña de Oro	1	1	1
Constructora AESA S.A.	-	-	49
Urbanizadora Jardín S.A.	-	-	10
Corporación Peruana de Productos Químicos S.A.	9	-	9
	<u>4,908</u>	<u>6,710</u>	<u>9,011</u>

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Balances payable to related companies have a current maturity, do not accrue interests and lacks specific securities

20. Earnings per share (EPS)

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

	2018 US\$	2017 US\$ Restated
Numerator -		
Net income attributable to the owners of the Parent	112,126,000	79,240,000
	Outstanding shares	Outstanding shares
Denominator -		
Common stockshares	19,220,015	19,220,015
Investment shares	960,999,163	960,999,163
Profit (loss) per share		
Basic diluted - US\$ per common share	3.889	2.790
Basic and diluted - US\$ per investment share	0.039	0.030

21. Tax Situation

(a) Peruvian Tax Framework-

The Company is subject to the Peruvian tax regime.

Through Legislative Decree N°1261 published on December 10, 2016, the Peruvian Government introduced certain amendments to the Income Tax Law, effective as of January 1, 2017. The most relevant are presented below:

- An income tax rate of 29.5 percent is fixed.
- A 5 percent rate of income tax is established on dividends or any other form of distribution of profits. The rate applicable to dividends will be considered taking into account the year in which the results or profits that are part of the distribution have been obtained, according to the following: 4.1 percent with respect to the results obtained until December 31, 2014 ; 6.8 percent with respect to the results obtained during the years 2015 and 2016; and 5 percent with respect to the results obtained as of January 1, 2017

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- (b) In July 2018, Law 30823 was published in which Congress delegated to the Executive Power the power to legislate on various issues, including tax and financial matters. In this sense, the main tax regulations issued are the following:
- (i) As of January 1, 2019, the treatment applicable to royalties and retribution for services rendered by non-domiciled persons was modified, eliminating the obligation to pay the amount equivalent to the withholding due to the accounting record of the cost or expense. Now withholding income tax should be effective with the occasion of payment (Legislative Decree No. 1369).
 - (ii) The rules that regulate the obligation of legal persons and / or legal entities to inform the identification of their final beneficiaries (Legislative Decree No. 1372) were established. These rules are applicable to legal entities domiciled in the country, in accordance with the provisions of Article 7 of the Income Tax Law, and legal entities established in the country. The obligation covers non-domiciled legal entities and legal entities established abroad, as long as: a) they have a branch, agency or other permanent establishment in the country; b) the natural or juridical person who manages the autonomous patrimony or the investment funds from abroad, or the natural or juridical person who has the status of protector or administrator, is domiciled in the country; c) any of the parts of a consortium is domiciled in the country. This obligation will be fulfilled through the presentation to the Tax Authority of an informative Sworn Statement, which must contain the information of the final beneficiary and be presented, in accordance with the regulations and within the periods established by tax administration Resolution.
 - (iii) The Tax Code was modified in order to provide greater guarantees to taxpayers in the application of the general anti-avoidance rule (Rule XVI of the Preliminary Title of the Tax Code); as well as to provide the Tax Administration with tools for its effective implementation (Legislative Decree No. 1422).

As part of this modification, a new assumption of joint and several liability is envisaged, when the tax debtor is subject to the application of the measures provided by Rule XVI in the event that tax evasion cases are detected; in such case, the joint and several liability shall be attributed to the legal representatives provided that they have collaborated with the design or approval or execution of acts or situations or economic relations foreseen as elusive in Rule XVI. In the case of companies that have a Board of Directors, it is up to this corporate body to define the tax strategy of the entity, having to decide on the approval or not of acts, situations or economic relations to be carried out within the framework of tax planning, this power being non-delegable. The acts, situations and economic relations carried out within the framework of fiscal planning and implemented on the date of entry into force of Legislative Decree No. 1422 (September 14, 2018) and which continue to have effect, must be evaluated by the Board of Directors of the legal entity for the purpose of ratification or modification until March 29, 2019, without prejudice to the fact that the management or other administrators of the company have approved the aforementioned acts, situations and economic relations.

It has also been established that the application of Rule XVI, as regards the re-characterization of tax evasion cases, will take place in the final inspection procedures in which acts, facts or situations produced since 19 July 2012.

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- (iv) Amendments to the Income Tax Law were included, effective as of January 1, 2019, to improve the tax treatment applicable to (Legislative Decree No. 1424):
- Income obtained from the indirect transfer of shares or participations representing the capital of legal persons domiciled in the country. Among the most relevant changes is the inclusion of a new indirect alienation assumption, which is configured when the total amount of the shares of the domiciled legal entity whose indirect disposal is made is equal to or greater than 40,000 UIT.
 - Permanent establishments of sole proprietorships, companies and entities of any nature incorporated abroad. For this purpose, new cases of permanent establishment have been included, among them, when the rendering of services in the country occurs, with respect to the same project, service or related one, for a period that exceeds 183 calendar days in total within any period of twelve months.
 - The system of credits against Income Tax for taxes paid abroad, to be included in the indirect credit (corporate tax paid by foreign subsidiaries) as credit applicable against the Income Tax of domiciled legal persons, in order to avoid the double economic imposition.
 - The deduction of interest expenses for the determination of corporate income tax. To this end, limits were established both for loans with related parties, as well as for loans with third parties contracted as of September 14, 2018 on the basis of equity and EBITDA.
- (v) Regulations have been established for the accrual of income and expenses for tax purposes as of January 1, 2019 (Legislative Decree No. 1425). Until 2018 there was no normative definition of this concept, so in many cases accounting rules were used for its interpretation. In general terms, with the new criterion, for purposes of the determination of Income Tax, it will now matter if the substantial facts for the generation of income or expense agreed by the parties have occurred, which are not subject to a condition precedent, in whose case the recognition will be given when it is fulfilled and the opportunity for collection or payment established will not be taken into account.

(c) Tax Situation

Minsur S.A

The tax authorities have the power to review, and if applicable, correct the Income Tax calculated by the Company in the four years after the year of filing the tax return. The affidavits of the Income Tax for the years 2014 to 2018 and the General Sales Tax for the years 2013 to 2018 are pending review by the tax authorities. To date, the Tax Administration carried out the review of the years 2000 to 2011 of the Sworn Income Tax returns and the sworn statements of the General Sales Tax for the years 2000 to December 2008.

Due to the possible interpretations that the tax authorities can give to the legal norms in force, it is not possible to determine to date if the revisions that are made will be passive or not for the Company, so any higher tax or surcharge that may result Any eventual fiscal reviews would be applied to the results of the fiscal year in which it is determined. However, in the opinion of the Company's Management and its legal advisors, any eventual additional tax settlement would not be significant for the consolidated financial statements as of December 31, 2018 and 2017.

Subsidiaries of Brazil

Mineração Taboca S.A. it is subject to the Brazilian tax regime. As of December 31, 2018 and 2017, the income tax rate is 34 percent on taxable income. Dividends in cash in favor of non-domiciled shareholders are not taxed. The periods opened for tax review by the tax administration of Brazil include the years 2013 to 2017.

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The tax loss carryforward determined by Mineração Taboca S.A. as of December 31, 2018 it amounts to US \$ 531,541,000 (US \$ 390,759,000 as of December 31, 2017). The subsidiary has decided to recognize an asset for deferred income tax related to the tax loss carryforward only for the part in which it will be recoverable, recording an asset for deferred income tax of US \$ 11,470,000 as it considers that there is no certainty of recovery of the totality of said losses.

Tax losses do not expire in accordance with Brazilian laws, but their compensation will be limited to 30 percent of the taxable income of each future period.

Subsidiaries of Peru

In the case of Marcobre, the tax authorities have the power to review and, if applicable, correct the income tax calculated by the Company in the four years after the year of filing the tax return. The affidavits of the Income Tax from 2016 to 2017 and the General Sales Tax for the periods 2013 to 2017 are pending review by the tax authorities.

In the other subsidiaries, the tax returns for the years 2013 to 2017 and the General Sales Tax for the years 2013 to 2017 are pending review by the tax authorities.

(d) Transfer pricing-

For purposes of determining the current income tax, the prices and the amounts of those considerations that have been agreed in transactions between related parties or that are carried out from, to or through countries or territories with low or no taxation, they must have documentation and information that supports the methods and valuation criteria applied in their determination. The Tax Administration is authorized to request this information from the Group. Based on the analysis of the Group's operations, Management and its legal advisors believe that, as a consequence of the application of these standards, significant contingencies will not arise as of December 31, 2018 and 2017.

(e) Legal stability agreement –

On December 9, 2016, the subsidiary Marcobre S.A.C. signed a Legal Stability Agreement with the Agency for the Promotion of Private Investment - PROINVERSION, respectively, through which it undertakes to issue shares in favor of its Principal (Cumbres Andinas SAC) for US \$ 135,300,000 within a period not exceeding two years. will be destined to expand the productive capacity of the subsidiary Marcobre SAC and by which it obtains the stabilization of the income tax regime and of the worker hiring regimes, in force on the date of signing the agreement. This agreement has a validity of 10 years counted from the date of its subscription. As of December 31, 2018, the subsidiary Marcobre S.A.C. maintains the income tax rates described above.

22. Commitments

(c) Environmental Impact Study (EIA) -

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

(d) Law of Mine Closure in Peru -

On October 14, 2004, the Peruvian government enacted the Law No.28090 "Law of Mine Closure", which purpose is to regulate the obligations and procedures that mining companies should comply for the elaboration, filling and implementation of the Mine Closure Plan, as well as to require the establishment of environmental guarantees to secure fulfillment of

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related mine closure plan. The corresponding ruling was approved on August 15, 2005 by means of Supreme Decree No.033-2005-EM.

Minsur S.A.

As of December 31, 2018, the provision for mine closure for San Rafael, Pucamarca and Pisco units amounts to US\$59,962,000 (US\$62,482,000 as of December 31, 2017).

Mineração Taboca S.A.-

In compliance with the current environmental regulations in Brazil, Taboca has recorded a provision for *closure* of operations of Pitinga unit for US\$54,867,000 as of December 31, 2018 (US\$52,936,000 as of December 31, 2017).

Environmental remediation

Marcobre S.A.

As of December 31, 2018, the Mina Justa project has been under exploration and definition stage (in feasibility stage until December 31, 2017); therefore, the subsidiary submitted to the *Dirección General de Asuntos Ambientales Mineros* a closure plan for the exploration activities that was approved under the resolution N°335-2013/MEM/AAM on September 3, 2013. Given this closure plan as of December 31, 2018 and December 31, 2017, the Group maintains an environmental liability to US\$713,000 and U\$1,210,000, respectively.

The subsidiary presented a Mine Closure Plan for its Mina Justa project, which was approved by the General Directorate of Mining Environmental Affairs through Directorial Resolution No.018-2012-MEM / DGAAM on April 11, 2012. This closure plan of mine cover's activities of progressive and final closure of a mine in production, so this plan constitutes a future commitment of the Company that amounts to a nominal value US\$29,525,000, which will become an obligation when activities that have an impact on the current conditions of the concessions.

Minera Sillustani S.A.C.

The subsidiary has an Environmental liability Closure Plan approved by Ministry of Mines and Energy (MINEM) through the resolution N°154-2009-MEM, June 10, 2009, which also included a change in schedule of activities, approved through the resolution N° 354-2010-MEM/AAM on November 2, 2010. The Environmental liability Closure Plan of Mina Regina is focused on establishing the appropriate measures to remediate the liability as part of the project.

The closure plan for mining environmental liabilities of the subsidiary has been prepared in compliance with Law N ° 28271 "Law that Regulates the Environmental Liabilities of Mining Activity" as amended by Law N ° 28526, and its rules, Supreme Decree N ° 059-2005-EM, modified by Supreme Decree N ° 003-2009-EM. Likewise, it has been developed regarding the Guide for the Preparation of Mining Environmental Liability Closure Plans of the MINEM.

In order with this obligation, on December 29, 2016, the Group submitted to the Ministry of Energy and Mines the Closure Plan of Mina Regina, which was subscribed in *Directorial Resolution No. 117-2017-MEM-DGAAM* of the April 17, 2017.

(e) Community Support Agreement-

Compañía Minera Barbastro S.A.C.

On November 28, 2008, the subsidiary signed a commitment with the Comunidad Campesina de Tinyacclla, to carry out social and /or sustainable development works during the period in which it conducts its exploration and exploitation activities on Community land, on the basis of the following budget:

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- (i) From the first to the fifth year: US \$ 19,000 per year.
- (ii) From the sixth to the tenth year: US \$ 23,000 per year.
- (iii) From the eleventh to the fifteenth year: US \$ 29,000 per year.
- (iv) From the sixteenth to the twentieth year: US \$ 36,000 per year.
- (v) From the twenty-first to the twenty-fifth year: US \$ 45,000 per year.

Minera Sillustani S.A.C.

On September 17, 2009, the subsidiary signed a commitment with the *Comunidad Campesina de Río de la Virgen* to carry out social and /or sustainable development works during the period in which it carries out its exploration and exploitation activities on the lands of the Community, based on the following budget:

- (i) From the first to the fifth year: US \$ 17,000 per year.
- (ii) From the sixth to the tenth year: US \$ 21,000 per year.
- (iii) From the eleventh to the fifteenth year: US \$ 26,000 per year.

On June 18, 2013, the subsidiary committed to the Comunidad Campesina Peña Azul, to carry out social and/or sustainable development works during the period in which it conducts exploration and exploitation activities on the Community's lands, on the basis of following budget:

- (i) From the first to the fifth year: US \$ 36,000 per year.
- (ii) From the sixth to the tenth year: US \$ 43,200 per year.
- (iii) From the eleventh to the fifteenth year: US \$ 51,840 per year.
- (iv) From the sixteenth to the twentieth year: US \$ 62,208 per year.

Both Agreements contemplate the creation of a "social management committee" in charge of: (i) determination the sustainable development works to be developed in the calendar year, (ii) preparing the budget and (iii) prepare of the disbursement schedule.

23. Contingencies

Peruvian Subsidiaries -

- (a) As a result of the tax reviews made to the years from 2000 to 2010, the Group has received tax assessments by omissions to the Income Tax and Value Added Tax by S/101,646,000 (equivalent to US\$31,046,000). In all these cases, the Group has appealed since it considers that they are not in compliance with the current Peruvian tax regulations. As of today, these appeals are pending of resolution. Management and its legal advisors estimate that this appeal will be favorable resolved in the interests of the Group.

On the other hand, in the past the Group decided to make, under protest, several payments assessed by the tax authorities, without prejudice of exercising its right of claim to SUNAT or appeal to the Tax Court, depending of the circumstance. As of December 31, 2018, the accumulated payments under protest amounted to US\$18,608,000 (US\$18,517,000 as of December 31, 2017). The Group will recognize these contingencies when its collection will be virtually certain.

During 2018, the Group recovered a total of US \$ 7,477,000 from the payment under protest related to the claims before the SUNAT for processes related to the income tax of the years 2000 and 2001 and for processes related to the General Tax on the sales of the year 2005 when obtaining a favorable result before the Tax Court. The total recoverable amount includes interest and commissions for US \$ 3,425,000 that have been recorded under "Financial income" in the consolidated statement of income.

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- (b) During 2018 with respect to the appeal filed by the Group before the tax authorities for the fiscal year 2002, the Tax Court notified Resolution No. 04937-9-2018 through which on October 5, 2018, quatermaster resolutions were issued. 012-180-0017562 and 012-180-0017563, where it was ordered that the refund be made of S / .202,018,000 (equivalent to US \$ 61,999,000) and S / .48,417,305 (equivalent to US \$ 14,859,000), respectively; Amounts that were collected in the month of October 2018.
- (c) Sanctioning administrative processes -
During 2018 and in previous years, the Group has received various notifications from the Agency for Environmental Assessment and Control (OEFA), Ministry of Production (PRODUCE) and the Supervisory Body for Investment in Energy and Mining (OSINERGMIN), respectively. These notifications are related to infractions due to breaches of procedures of the rules of protection and conservation of the environment and of the mining health and safety standards.

Management and its legal advisors have analyzed these processes and estimated a probable contingency for US \$ 335,000 (US \$ 2,237,000 as of December 31, 2017), which is presented in the "Provisions" caption of the consolidated statement of financial position.

Brazilian Subsidiaries –

Mineração Taboca S.A. and subsidiary maintain labor, tax and other contingencies that have been classified as possible. The main possible contingencies are detailed below:

- (a) Lawsuit with Banco Santos
Mamoré, the subsidiary of Taboca, is involved in five lawsuits filed by Banco Santos, Fundo Basa of Investimento Financeiro and Mellon Aroveredo Fund of Investimento Multimarket Previdenciario (Mellon Aroveredo) in relation to an alleged non-payment of credit agreements originally signed with Banco Santos during the years 2005 to 2007. These eight lawsuits include three lawsuits in which it is jointly involved with Mamoré, the former parent company Paranapanema. Of all these demands, in the opinion of the legal advisors of the Group and of Management, they have risk of qualified loss as possible and amount to approximately R \$ 104,416,000 (equivalent to approximately US \$ 26,914,000), R \$ 88,891,000 (equivalent to US \$ 26,846,000 at 31 December 2017).
- (b) Civil, Labor and tax proceedings -
Taboca and its subsidiaries maintain civil, labor and tax processes that involve risk of loss of a possible nature based on the evaluation of their legal advisors for which no provision has been made, for a value of R \$ 9,029,000, R \$ 4,213,000 and R \$ 177,307, respectively (equivalent to approximately US \$ 2,327,000, US \$ 1,086,000 and US \$ 30,237,000) as of December 31, 2018, (R \$ 6,273,000, R \$ 9,693,000 and R \$ 23,611,000, respectively (equivalent to approximately US \$ 1,894,000, US \$ 4,811,000, and US \$ 7,131,000) December 31, 2017).

As of December 31, 2018, in the opinion of Management and its external legal advisors, the resolution of tax, labor, civil and other types of contingencies, qualified as of a possible nature, will not result in additional liabilities to those already recorded by the group

24. Derivative financial instruments

The volatility of tin during the last years has caused that the Group Management decides to sign contracts of collars of options at zero cost. These contracts aim to reduce the volatility of cash flows attributable to the fluctuation in the price of tin.

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25. Segmented Data

Management has determined the operating segments of the Group on the basis of the reports used for decision-making. Management considers the business units on the basis of their products, activities, and geographic 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 sale of cement and concrete in Chile.
- Other mining exploration activities in Peru and Chile.

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

The aggregation of the mentioned segments, with the exception of the segment "Production and sale of cement and concrete in Chile", constitute the "aggregate mining segment".

Management monitors the profit (loss) before tax for each business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income (loss) before income tax and is measured consistently with income (loss) in the consolidated statements of profit or loss.

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Notes to the consolidated interim financial statements (unaudited)

As of December 31, 2018, and 2017

	Tin (Perú) US\$(000)	Golden (Perú) US\$(000)	Total (Perú) US\$(000)	Tin (Brasil) US\$(000)	Mining Exploration (Perú) US\$(000)	Total Consolidated US\$(000)
As of December 31, 2018						
Results:						
Net sales	360,577	130,870	491,447	202,326	-	693,773
Cost of sales	-178,863	-71,717	-250,580	-164,059	-	-414,639
Gross margin	<u>181,714</u>	<u>59,153</u>	<u>240,867</u>	<u>38,267</u>	<u>-</u>	<u>279,134</u>
Operating expenses						
Administrative expenses	-27,333	-10,255	-37,588	-13,572	-	-51,160
Selling expenses	-2,476	-1,296	-3,772	-860	-	-4,632
Exploration and evaluation expenses	-24,204	-3,233	-27,437	-	-10,071	-37,508
Other expenses, net	-4,245	-1,763	-6,008	690	-14,024	-19,342
Total operating expenses	<u>-58,258</u>	<u>-16,547</u>	<u>-74,805</u>	<u>-13,743</u>	<u>-24,095</u>	<u>-112,642</u>
Operating income	<u>123,456</u>	<u>42,606</u>	<u>166,062</u>	<u>24,524</u>	<u>-24,095</u>	<u>166,492</u>
	Tin (Perú) US\$(000)	Golden (Perú) US\$(000)	Total (Perú) US\$(000)	Tin (Brasil) US\$(000)	Mining Exploration (Perú) US\$(000)	Total Consolidated US\$(000)
As of December 31, 2017						
Results:						
Net sales	369,978	119,093	489,071	183,053	-	672,124
Cost of sales	-169,154	-66,494	-235,648	-180,053	-	-415,701
Gross margin	<u>200,824</u>	<u>52,599</u>	<u>253,423</u>	<u>3,000</u>	<u>-</u>	<u>256,423</u>
Operating expenses						
Administrative expenses	-22,657	-9,078	-31,735	-13,637	-	-45,372
Selling expenses	-2,474	-674	-3,148	-795	-	-3,943
Exploration and evaluation expenses	-25,048	-1,788	-26,836	-	-12,109	-38,945
Other expenses, net	8,271	3,304	11,575	-151,035	129,668	-9,792
Total operating expenses	<u>-41,908</u>	<u>-8,236</u>	<u>-50,144</u>	<u>-165,467</u>	<u>117,559</u>	<u>-98,052</u>
Operating income	<u>158,916</u>	<u>44,363</u>	<u>203,279</u>	<u>-162,467</u>	<u>117,559</u>	<u>158,371</u>

Minsur S.A. and Subsidiaries

Notes to the consolidated interim financial statements (unaudited)

As of December 31, 2018, and 2017

26. Events after the reporting period

In a meeting of the Board of Directors of the Company held on February 21, 2019, the following was approved:

- Provide the amount of US \$ 10.9 million to the share capital of Cumbres del Sur S.A.C., amount that will be disbursed in a period of up to three hundred and sixty (360) days. The amount contributed will be used to increase the share capital of Minera Sillustani S.A.C. and Compañía Minera Barbastro S.A.C. in which Cumbres del Sur S.A.C. is a majority shareholder.
- Distribute a dividend in cash between the common and investment shareholders, amounting to US\$66'000,000.00 (Sixty-Six Million Dollars) in March 2019.