Minsur S. A. and Subsidiaries

Notes to the consolidated interim condensed financial statements (unaudited)

As of September 30, 2015

Company's Background and Business Activities

(a) Identification -
Minsur S.A. (hereinafter, the "Company") was incorporated in Peru in October 1977. The company's activities are regulated by the General Mining Law. The Company is a subsidiary of Inversiones Breca S.A., a company domiciled in Peru, owner of 99.99 % of the common shares of its capital stock. The registered address of the company it is Calle Las Begonias 441, Of. 338, San Isidro, Lima, Peru.

(b) Business Activity -
The Company's primary business activity is the production and trading of tin metal obtained from extracting ore from San Rafael mine, located in the Puno region, which is then processed in the smelting and refining plant in Pisco, obtaining high quality tin; and, the production and trading of gold obtained from Pucamarca mine, located in the Tacna region, which started production in January 2013.

Through its subsidiary, Latin American Mining S.A., the Company has investments in Mineração Taboca S.A. and subsidiary (which operate a tin mine and a smelting plant in Brazil), in Inversiones Cordillera del Sur Ltda. and subsidiaries (holding of shares of a business group engaged primarily in producing and trading cement in Chile) and in Minera Andes del Sur S.P.A (a company engaged in mining exploration, domiciled in Chile). On the other hand, through its subsidiary Cumbres Andinas S.A., the company holds investments in Minera Sillustani S.A.C., Compañía Minera Barbastro S.A.C., and Marcobre S.A.C., mining sector companies at the stage of ore resource exploration and assessment and pre-feasibility studies (Marcobre).

(c) Consolidated financial statements -
The Consolidated Financial Statements include the Company's Financial Statements and those of the following subsidiaries (jointly, the Group):

	Participation in the issued capital			
	Lima, September 30, 2015		December 31, 2014	
	Direct %	Indirect %	Direct %	Indirect %
Subsidiaries in Chile:				
Minera Andes del Sur SPA	-	100.00	-	100.00
Subsidiaries in Brazil:				
Mineração Taboca S.A.	-	100.00	-	100.00
Mamoré Mineração e Metalurgia Ltda.	-	100.00	-	100.00
Subsidiaries in the Cayman Islands:				
CA Marcobre I (*)	-	100.00	-	100.00
CA Marcobre II (*)	-	100.00	-	100.00
CA Minerals Marcobre Limited (*)	-	100.00	-	100.00
CA Minerals Peru Limited (*)	-	100.00	-	100.00
CA Resources Limited (*)	-	100.00	-	100.00
Subsidiaries in Peru:				
Minera Latinoamericana S.A.C.	99.99	-	99.99	-
Cumbres Andinas S.A.	99.97	-	99.97	-
Compañía Minera Barbastro S.A.C.	-	99.98	-	99.98
Minera Sillustani S.A.C.	-	99.47	-	99.47
Marcobre S.A.C.	-	70.00	-	70.00

(*) indirectly through these companies, investment is maintained in subsidiary Marcobre S.A.C. These companies do not develop any other activities.

The following is a brief summary of the activities of the Companies included in the Consolidated Financial Statements:

- Minera Andes del Sur SPA. -
  The corporate purpose of this subsidiary is the exploration and exploitation of mining properties as acquired or obtained and that facilitate or permit the exploitation of ore substances therein contained.

- Mineração Taboca S.A. -
  A mining company whose main operation is the Pitinga mine, located in the north-east region of the state of Amazonas, in the Federative Republic of Brazil. The main resources of this mine are tin, as well as other minerals.

- Mamore Mineração e Metalurgia Ltda. -
  The corporate purpose of this subsidiary is to operate a smelting plant in the town of Pirapora in Sao Paulo, Brazil.

- Minera Latinoamericana S.A.C. -
  Investments in Mineração Taboca S.A. and subsidiary are maintained through this subsidiary, as well as in Inversiones Cordillera del Sur Ltda. and subsidiaries and in Minera Andes del Sur S.P.A.

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

- Compañía Minera Barbastro S.A.C. -
  The Corporate purpose of the subsidiary is the exploration and exploitation of mineral rights. It is currently engaged in the development of Marta mine, located at Paraje de Tinyacclla district of Huando, province and region of Huancavelica.

- Minera Sillustani S.A.C. -
  The corporate purpose of this subsidiary is the exploration of mines and quarries, and the development of tungsten mining projects, Palca 11 and Hacienda de Beneficia Rocio 2, located in San Antonio de Putina, Puno region.

- Marcobre S.A.C. -
  The corporate purpose of this subsidiary is the development of mining activities in Peru, being able to perform and execute transactions and contracts related to these activities, directly by own account or, indirectly through a third party. At present its activities are basically oriented to studying the Justa mine copper project, currently at pre-feasibility stage, located approximately 400 kilometres south-east of Lima, in the Ica region.

2. Bases of Preparation, Consolidation and Accounting Policies

2.1. Bases of Preparation -

The Company's Consolidated Financial Statements of the Group have been prepared and presented in accordance with the International Financial Reporting Standards (hereinafter, the "IFRS"), issued by the International Accounting Standards Board (hereinafter, "IASB").

The Consolidated Financial Statements have been prepared on the basis of the historical cost, save the financial assets at fair value through profit or loss, the available-for-sale investments, the derivative financial instruments and investment properties, which are presented at their fair value.

The Consolidated Financial Statements attached hereto are presented in United States Dollars, and all figures have been rounded to thousands, except as otherwise noted.

Preparation of the Consolidated Financial Statements requires that management use judgement, estimates and significant accounting assumptions, as detailed in note 3 below.

These Consolidated Financial Statements provide comparative information with respect to the previous period.

2.2. Bases of Preparation -

The Consolidated Interim Financial Statements comprise the Company's and its subsidiaries' Financial Statements as of September 30, 2015 and December 31, 2014.

Control is held when the group is exposed, or has rights to variable earnings on account of its participation in the entity and has the capacity to affect those earnings through its power over such investment. Specifically, the investor controls an investee if and only if it has:

- Power over the investee (that is, there are rights granting it the actual capacity of leading the relevant activities thereof).
- Exposure or right to variable yields derived from its participation in the investee.
- Capacity to use its power over the investee to significantly affect its yields.

When the group has less than a majority of votes or similar rights in the entity, the Group considers all relevant facts and circumstances to evaluate if it has the power over the entity, which includes:

- The existence of a contractual agreement between investor and the other holders of the voting rights in the investee.
- The rights arising from other contractual agreements.
- The voting rights of the investor, its potential rights to vote or a combination of rights.

The Group confirms whether it has control over an entity when the facts and circumstances indicate that changes have occurred in one or more of the three elements of control. The consolidation of a subsidiary begins when the Group gets control of the subsidiary and ceases when the Group ceases to have control over the subsidiary. The assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of income and comprehensive incomes from the date on which the Group gets the control until the date on which the Group ceases to have control over the subsidiary.

Profit or loss and each component of other comprehensive incomes are attributed to the Head of the Group and to the non-controlling interests, even if this ends up being negative non-controlling interest balance. If necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those of the Group. All assets and liabilities, equity, income, expenses, and cash flows related to transactions between Group entities are fully eliminated in the consolidation.

Changes in the participation of a subsidiary without loss of control, is computed as equity transaction.

On January 29, 2015, subsidiary Minera Latinoamericana S.A.C. entered into, with related company Inversiones Breca S.A. (hereinafter, "Breca") a shareholders' pact by means of which it was agreed that Breca (minority shareholder of the subsidiary Inversiones Cordillera del Sur I Ltda.) hereinafter, "Cordillera", -a group engaged in the production and sale of cement in Chile-, would conduct all relevant activities of Cordillera starting 2015. Consequently, according to the IFRS 10 "Consolidated Financial Statements", the company will cease controlling and consolidating Cordillera's financial information beginning 2015.

2.3. Changes in accounting policies and disclosure

There were a series of new rules and interpretations, which the Group applied for the first time. Some of these rules related to: offsetting of financial assets and liabilities, novation of derivatives and continuation of hedge accounting, among others, which did not affect the Group's Consolidated Financial statements for no transactions took place which could be affected by these changes and modifications.

2.4. Summary of Significant Accounting Policies -

Following is a description of the significant accounting policies applied by the Group in preparing its Consolidated Financial Statements:

(a) Cash and cash equivalents -

The cash and cash equivalents heading presented in the consolidated statement of financial position includes all cash balances and term deposits including term deposits which maturities are shorter than or equal to three months.

For purposes of presentation, the consolidated statement of cash flows, cash and cash equivalents include cash, term deposits and high liquidity investments, whose original maturity is three months or less.

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

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.

(i). Financial Assets -

Recognition and Initial Measurement

Financial assets are classified, in the initial recognition, as financial assets at fair value through profit or loss, loans and accounts receivable, investments held until maturity, available-for-sale financial assets, or as derivatives designated as hedging instruments, as appropriate. All financial assets are initially recognized at fair value plus, in the case of financial assets that are not registered at fair value through profit and loss, the transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a set period of time as per a rule or convention of the market (conventional purchases or regular sales-way trades) are recognized on the date of the purchase, i.e. the date on which the Group undertakes to buy or sell the asset.

The Company's financial assets include cash and cash equivalents, commercial and diverse accounts receivable and financial investments available-for-sale and financial assets at fair value through profit and loss and derivative financial instruments.

Subsequent Measurement -
For purposes of the subsequent measurement, financial assets are classified in four categories:
- Financial asset at fair value through profit and loss
- Loans and Accounts Receivable
- Investments held until maturity
- Financial investments available-for-sale

Financial asset at fair value through profit and loss -
Financial assets at fair value through profit and loss include financial assets held for negotiation and designated financial assets upon initial recognition as at fair value through profit and loss. Financial assets are classified as held for negotiation if they are purchased to be sold or to be repurchased in the short term. Derivatives, including separate embedded derivatives, are also classified as held for negotiation unless designated as effective hedging instruments as defined in IAS 39.

Financial assets at fair value through profit and loss are recorded in the consolidated statement of financial position at fair value and the net changes in that fair value are presented as financial costs (negative changes) or financial income (positive changes) in the consolidated profit and loss statement. The Group has classified certain investments in shares as financial assets at fair value through profit and loss (see note 8).

Embedded derivatives in commercial contracts are treated as separate derivatives and recorded at their fair value if their economic characteristics and associated risks are not closely related to the commercial contracts, and these are not held for trading or designated at fair value through profit and loss. These embedded derivatives are measured at their fair value through profit and loss recognized in results.

Loans and Accounts Receivable -
Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments which are not traded in an active market. After initial recognition, these financial assets are subsequently measured at amortized cost using the effective interest method, less any estimate by deterioration. Impairment loss is recognized in the consolidated profit and loss statement.

This category includes commercial and various accounts receivable.

Investments held until maturity -
The non-derivative financial assets with fixed or determined payments and fixed maturities are classified as held to maturity when the Group has the positive intent and ability to hold them to maturity. As of September 30, 2015 and December 31, 2014, the Group does not possess these financial assets.

Financial investments available-for-sale -
Financial investments available-for-sale, include investments in equity instruments and debt instruments. Investments in equity instruments classified as available-for-sale, are those that are not classified as either held to negotiate, nor as at the fair value with changes in results. Debt instruments in this category are those that are intended to be held for indefinite period of time and may be sold in response to liquidity needs or changes in market conditions.

After the initial measurement, financial investments available-for-sale are measured at fair value, and unrealized results are recognized in other comprehensive incomes and are credited to the unrealized net gain for financial investments available-for-sale until the investment is derecognized. Then, the cumulative gain or loss is recognized as an operational profit or loss, or, is regarded as impairment of the investment value, where the cumulative loss is reclassified from the reserve by updating the financial investments available for sale in the consolidated profit and loss statement as financial costs. Interests earned from financial investments available-for-sale are calculated using the effective interest rate method.

The Group periodically evaluates whether it still has the capacity to sell its financial investments available for sale in the near future. When, in exceptional circumstances, the Group cannot negotiate these financial assets due to inactive markets, the Group may choose to reclassify them, if Management has the capacity and intent to negotiate them in the near future until maturity.

As of September 30, 2015 and December 31, 2014, the Group has classified equity and debt instruments as financial investments available for sale.

Derecognition of Financial Assets -
A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized when:

(i). The contractual rights to receive cash flows produced by the asset have expired; or

(ii). The Group has transferred the contractual rights over cash flows produced by the asset, or, an obligation has been undertaken to pay a third party said cash flows in full without significant delay, through a transfer agreement (pass-through arrangement), and (a) all the risks and benefits inherent in the ownership of the assets have been substantially transferred; or (b) none of the risks and benefits inherent in the ownership of the asset have been substantially transferred or retained but, the control thereon has been transferred.

When contractual rights to receive the cash flows produced by the asset have been transferred by the Group, or, a transfer agreement has been executed, it is evaluated whether, and to what extent, the risks and benefits inherent in the ownership of the asset have been maintained. When the control thereof has not been transferred or retained, the Group continues recognizing for accounting purposes the transferred asset to the extent that the Group remains committed to the asset. In that case, the Group also recognizes the related liability. The transferred asset and related liability are measured so as to reflect the rights and obligations that the Group has maintained.

(ii). Impairment of the value of financial assets -
At the end of each reporting period, the Group evaluates whether there is objective evidence that the value of a financial asset or group of financial assets is impaired. Impairment of a value takes place when one or more events occur after the initial recognition of the asset (the "event causing the loss"), which has an impact on the estimated future cash flows of a financial asset or group of financial assets, and that impact may be reliably estimated. Evidence of impairment of the

value might include, among others, such indications as debtor or a group of debtors are undergoing significant financial difficulties, breach of, or delayed payment of the debt, capital or interests, the likelihood of filing for bankruptcy, or other form of financial reorganization, or whenever obvious data indicate that there is a measurable decrease in estimated future cash flows, such as adverse changes in the status of delayed payments, or, in the economic conditions that are correlated with breaches

Financial assets measured at amortized cost
For financial assets measured at amortized cost, the Group first evaluates whether there is value impairment, on an individual basis, for financial assets that are individually significant or, collectively, for financial assets that are not individually significant. If the Group determines that there is no objective evidence of value impairment for a financial asset evaluated individually, regardless of its significance, the Group will include said asset in a group of financial assets with similar characteristics of credit risk, and will evaluate them collectively to find out whether there is value impairment. Assets that are evaluated individually to determine whether there is value impairment and for which an impairment loss is recognized or continues being recognized, are not included in the evaluation of value impairment collectively.

The amount of any value impairment loss identified is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding the expected future credit losses, not incurred yet.) The current value of estimated future cash flows is discounted at the effective interest rate of the original financial assets. If a loan accrues a variable interest rate, the discount rate to measure any value impairment loss is the effective current interest rate.

The carrying amount of an asset is reduced by using a devaluation account estimate and the loss is recognized in the consolidated profit and loss statement. The interest earned (registered as financial income in the consolidated profit and loss statement) will continue accruing over the carrying amount reduced by applying the interest rate used to discount future cash flows in order to measure value impairment loss. The loans and corresponding estimate are derecognized when there are no realistic expectations of future recovery and all securities that might exist thereon were made effective or transferred to the Group. If, in subsequent years, the estimated amount of impairment losses increases or decreases due to an event occurred after the impairment is recognized, the impairment loss previously recognized is incremented or reduced by adjusting the impairment provision. Any amount that would have been derecognized and that is subsequently recovered is recorded as less financial expenditure in the consolidated profit and loss statement.

Financial investments available-for-sale
For financial investments available for sale, at the closing of each reporting period, the Group evaluates whether there is objective evidence that the value of an investment or group of investments is impaired.

In the case of equity instruments classified as available-for-sale, the objective evidence must include a significant or extended decrease of the fair value of investment below its cost. The concept "significant" is evaluated with respect to the original investment cost, and the concept "extended" is evaluated with respect

to the period in which the fair value has been below the original cost. Where there is evidence of value impairment, the cumulative loss measured as the difference between acquisition cost and the current fair value, minus any previously recognized impairment loss in the consolidated profit and loss statement, it is removed from other comprehensive incomes and is recognized in the consolidated statement of income. Impairment loss on investments in equity instruments classified as available for sale is not reversed through the profit and loss statement. Increases in fair value after having recognized impairment are recognized in other comprehensive incomes.

Determination of what is "significant" or "extended" requires a professional judgement. In this analysis, the Group evaluates, among other factors, the duration of the situations in which the fair value of an investment is below its cost.
In the case of debt instruments classified as financial investments available-for-sale, the evaluation of impairment is performed applying the same criterion used for financial assets carried at amortized cost. However, the amount recorded as impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on said investment previously recognized in the consolidated profit and loss statement.

Then, interest income is recognized by updating the carrying value of the reduced asset, using the discount rate applied to the future cash flows taken in measuring the impairment loss. Interest income is recorded as part of the financial income. If, in the future, the fair value of the debt instrument increases and such increase can be objectively related to an event that took place after the impairment loss was recognized in the consolidated profit and loss statement, the impairment loss is reversed through the consolidated profit and loss statement.

(iii). Financial Liabilities -

Recognition and Initial Measurement -

Financial liabilities are classified, in the initial recognition, as financial liabilities at fair value through profit or loss, commercial and diverse accounts payable, financial obligations or as designated derivatives as hedging instruments, as appropriate.

All financial liabilities are initially recognized at fair value and in the case of accounts payable and financial obligations net of costs directly attributable the transaction.

The financial liabilities of the Group include bank overdrafts, commercial and diverse accounts payable, financial obligations, derivative financial instruments and embedded derivatives.

Subsequent Measurement -

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

Financial liabilities at fair value through profit and loss -

Financial liabilities at fair value through profit and loss include financial liabilities held for negotiation, derivatives and designated financial liabilities upon initial recognition as at fair value through profit and loss.

Financial liabilities are classified as held for negotiation if they are purchased to be sold in the short term. This category also includes derivative financial instruments subscribed by the Group, and which have not been designated as hedging instruments as defined by the IAS 39. Separate embedded derivatives are also classified in this category.

The gains or losses on liabilities held as negotiable are recognized in the consolidated statement of incomes.

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

Debts and loans -
This is the most significant category for the Group. After initial recognition, financial obligations are measured at amortized cost using the effective interest rate method. Profit and loss is recognized in the consolidated profit and loss statement when liabilities are derecognized, and also through the amortization process of the effective interest rate.

Amortized cost is calculated by taking into account any discount or premium upon acquisition, and the fees or costs that are an integral part of the effective interest rate. Amortization according to the effective interest rate method is presented as financial cost in the profit and loss statement.
Commercial and diverse accounts payable and financial obligations are included in this category. See notes 13 and 15 for more information.

Derecognition of accounts -
A financial liability is derecognized when the payment obligation ends, is cancelled or expires. When an existing financial liability is replaced by another from the same borrower under significantly different conditions, or, if the conditions of the existing liability are substantially modified, such replacement or modification is dealt with as derecognition of the original liability and the recognition of a new liability. The difference in the relevant carrying values is recognized in the consolidated statement of income.

(iv). Offsetting of Financial instrument -
Financial assets and financial liabilities are offset so that the net amount is reported on the consolidated statement of financial position, if there is a current legally enforceable right to offset the recognized amounts, and if there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(v). Measurement of Fair Value -
The Group measures its financial instruments as derivative financial instruments, its financial investments available-for-sale and financial assets at fair value through profit and loss at their fair value at the date of the consolidated statement of financial position.

The fair value is the price that would be received from selling an asset or that would be paid to transfer a liability in an orderly transaction between participants in a market on the date of measurement. Measurement at fair value is based on the assumption that the transaction to sell the asset or transfer the liability takes place, either:

- In the main market for the asset or liability, or
- In the absence of a main market, in the most advantageous market for the asset or liability.

The main or more advantageous market must be accessible to the Group.

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

The Group uses valuation techniques that are appropriate in the circumstances and whereby it gathers sufficient information available to measure at fair value by maximizing the use of relevant observable data and minimizing the use of non-observable data.

All assets and liabilities for which fair values are determined or revealed in the financial statements are classified within the hierarchy of fair value, described below, based on the lowest level input used that are meaningful for measuring at fair value as a whole:

- Level 1 - Quoted prices (unadjusted) in active markets, for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

The Group's financial management determines the policies and procedures for recurring fair value measurements, such as unquoted financial investments available for sales, and non-recurring sales.

At each date of reporting, financial Management analyses the activity of the values of the assets and liabilities that must be valued in accordance with the accounting policies of the Group. For this analysis, Management compares the main variables used in the latest valuations conducted against available updated information of valuations included in contracts and other relevant documents.

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

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

(c) Embedded Derivatives -

Sales of tin produced in Peru are based on trading agreements, according to which a provisional value is allocated to the sales based on current listed tin price, which are

then settled on the basis of future ore quotations. Sales adjustment is considered as an embedded derivative that needs to be separated from the main contract.

Commercial contracts are related to market prices (London Metal Exchange) at the dates on which the open positions as of September 30, 2015 are expected to be settled. The embedded derivative does not qualify as hedging instrument; therefore, any changes in fair value are recorded as an adjustment to net sales.

(d) Derivatives to hedge interest rate fluctuations risk -
The Group uses derivative financial instruments such as hedge instruments of future cash flows (cross currency swaps "CCS" by its acronym in English) to cover the interest rates risks on two bank loans. Derivative financial instruments are initially recognized at their fair values as at the date on which the derivative agreement is entered into, and then, the fair value is reassessed. Derivatives are recorded as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

The accounting treatment of any gains or losses resulting from changes in the fair value of a derivative are charged directly to the consolidated statement of incomes, except for the effective portion of the cash flow hedges, which is recognized in the statement of other comprehensive incomes and is subsequently reclassified to results when the hedged item affects results.

For recording hedging, the Group classifies hedging as fair value.

At the beginning of a hedging relationship, the Group designates and formally documents the hedging relationship to which it wants to apply the hedge records, as well as the objective of risk management and the strategy to carry out hedging. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk that is covered and how the entity will evaluate the effectiveness of the changes in the fair value of the hedging instrument to compensate for the exposure to changes in the fair value of the hedged item. Hedges are expected to be highly effective at offsetting exposure to changes in fair value, and they are assessed on an ongoing basis to determine whether they have actually been highly effective throughout the reported periods and for which they were designated.
Hedging meeting the requirements demanded for recording fair value hedging is recorded as follows:

Changes in the fair value of a derivative that is a hedging interest rate instrument is recognized in the consolidated statement of income as financial cost. Changes in the fair value of the hedged item attributable to the hedged risk is recorded as part of the carrying amount of the hedged item and is also recognized in the consolidated statement of income as financial cost.

If the hedged item is derecognized, the unamortized fair value is immediately recorded in the consolidated statement of income.

(e) Transactions in foreign currency -
Consolidated Financial Statements of the Group are presented in US Dollars, which is the Company’s functional and presentation currency. For each entity, the Group determines the functional currency; and, the items included in the financial statements of each entity are measured using the functional currency.

Transactions and Balances -
Transactions in foreign currency (any currency other than the functional currency) are initially recorded by the Group entities at the prevailing exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are converted to the functional currency using the prevailing exchange rate on reporting date. Gains or losses on exchange difference resulting from settlement or translation of monetary assets and liabilities are recorded in the consolidated statement of comprehensive income. Non-monetary assets and liabilities, recorded in terms of historical costs, are transferred using the prevailing exchange rates at the original dates of the transactions.

Conversion of financial statements of foreign subsidiaries to US Dollars -
Financial statements of foreign subsidiaries are expressed in their functional currency (Chilean Pesos in the case of Minera Andes del Sur S.P.A. and Brazilian Real in the case of Mineração Taboca S.A. and subsidiaries); therefore, they are subsequently converted to US Dollars. For the latter, all the assets and liabilities are translated at the closing sale rate in force at each year end, and all equity accounts are translated using the exchange rates of the dates of the transactions. Income and expense items are translated into the average sale exchange rate of the month in which the operations were carried out. Conversion differences produced are shown in other comprehensive incomes of the consolidated statement of comprehensive income.

(f) Inventories -
Finished products and products in-process are measured at the lower of cost or net realisable value. The inventory carrying costs incurred to bring it to its present location and condition are computed as follows:

Materials and Supplies -
- Purchase price using the weighted average method.

Finished products, products in-process and stockpiles -
- - The cost of direct materials and supplies, services provided by third parties, direct labour and a percentage of indirect costs, excluding financing costs and the exchange rate differences.

Inventories receivable -
- - Purchasing Cost

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and necessary estimated costs to accomplish the sale.
The estimation (reversal) for loss in the net realizable value or obsolescence of supplies is calculated on the basis of a specific analysis conducted on an annual basis by Management and is charged (paid) to results in the year in which the need for the estimation is determined (reversal).

(g) Fixed Assets held-for-sale -
Fixed assets whose carrying amount will be recovered through a sales transaction instead of their continued use. For an asset to qualify as held-for-sale its sale must be highly probable; that is, Management must be committed to a plan to sell the asset and must have actively initiated a plan to find a buyer.

Available-for-sale assets are not depreciated, and are recorded at the lower of their carrying amount or at their fair value less costs of sale.

(h) Investment in affiliates -
An affiliate is an entity over which the Group has significant influence. Significant influence is the power to participate in decision-making on financial and operating policies of the affiliate, but without exercising control over these policies. The Group's investments in its affiliates' are recorded using the equity participation method. The book value of the investment is set to recognize the changes in the participation of the Group in the net assets of the affiliate from the date of purchase. The highest value paid in the acquisition of an affiliate is included in the book value of the investment, and is not amortized or individually subjected to impairment testing of its value.

The profit and loss statement reflects the participation in the results of the operations of affiliates. In dealing with a change directly recognized in the affiliate's equity, the Group recognizes the participation in this change and records it, where applicable, in the consolidated statement of changes in the net equity. Unrealized income on common transactions is eliminated in proportion to the participation held in affiliate.

The Group's participation in profits or losses of the affiliate is presented separately in the consolidated statement of income and represents the profit or loss of the affiliate after tax.

The Group's and its affiliates' reporting dates are the same. If necessary, adjustments are made to align the accounting policies of affiliates and the Group's.

After applying the equity participation method, the Group determines whether it is necessary to recognize a loss for impairment of investments in affiliates. At each reporting date, the Group determines whether there is objective evidence that the investment in the affiliate has lost value. Where applicable, the Group calculates the amount of impairment as the difference between the recoverable value of the investment in the affiliate and its acquisition cost, and recognizes the loss in the consolidated profit and loss statement.

In the case of loss of significant influence over the affiliate, the Group measures and recognizes any cumulative investment at fair value. Any difference between the book value of the affiliate at the time of the loss of significant influence, the fair value of the investment held and revenue from the sale is recognized in the income.

(i) Combination of businesses and goodwill–
Business combinations are recorded using the acquisition method. The cost of an acquisition is the sum of the transferred consideration, measured at fair value on the date of acquisition, and the amount of any non-controlling interest in the acquired entity. For each business combination, the Group chooses whether to appraise the interest in the acquired entity at fair value or at the proportional value of the identifiable net assets of the acquired entity. Acquisition costs incurred are charged to results and are presented in the administrative expenses item.

When the Group acquires a business, it assesses the identifiable assets acquired and the liabilities assumed for due classification and designation, in accordance with contractual conditions, the economic circumstances, and other relevant conditions as of the date of acquisition.

Any contingent consideration to be transferred by purchaser will be recognized at fair value as of the date of acquisition. Subsequent changes to the fair value of contingent consideration considered as an asset or liability will be recognized in accordance with IAS 39, either as gain or loss or as a variation in the other comprehensive income. If the contingent consideration is classified as equity, it should not be measured again until it is finally settled as part of equity.
Goodwill is initially measured at cost, and represents the amounts in excess of the consideration transferred and the amount recognized by the non-controlling participation, related to the identifiable assets acquired and liabilities assumed. If this consideration were less than the fair value of net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any cumulative value impairment losses. For the purposes of the value impairment test, goodwill acquired in a business combination is assigned, from the date of acquisition, to each one of the cash-generating units that are expected to benefit with the combination, regardless of whether other assets or liabilities of the acquired component are assigned to these units.

When goodwill is part of a cash-generating unit and, part of the operation of that unit is sold, the associated goodwill with the sold operation is included in the carrying amount of the operation upon determining the gain or loss from selling the operation. Goodwill that is derecognized in this circumstance is measured on the basis of the relative values of the sale and the portion maintained from the cash-generating unit.

(j) Investment Properties -
Investment properties are initially measured at cost, including transaction costs. After the initial recognition, the investment properties are measured at fair value, which reflects the market conditions at closing date of the reporting period. Gains and losses arising from changes in the fair values of investment properties are included in the consolidated statement of income in the period in which they are incurred. Fair values are assessed annually by a recognized independent external valuer.

Investment properties are derecognized, either when sold or when the investment property is permanently removed from use and no economic benefits are expected from the sale. The difference between the net income from the sale and the carrying amount of the asset is recognized in the consolidated statement of income in the period where it is derecognized.

Investment property transfers are only carried out when there is a change in the use of the asset. In the case of a transfer from an investment property to a component of Property, plant and equipment, the attributed cost considered for recording is the fair value of the asset as of the date of the change of use. If a component of Property, plant or equipment is transferred to an investment property, the Group records the asset until the date of the change of use in accordance with the accounting policy established for Property, plant and equipment. The adjustment to recognize the fair value of the recently transferred component to investment properties will be recorded as a revaluation and is included in the consolidated statement of comprehensive income.

(k) Property, plant and equipment -

Property, plant and equipment is presented at cost, net of accumulated depreciation and any accumulated impairment losses, if any. This cost includes the cost of replacing a portion of the Property, plant or equipment and financing costs for long-term construction projects if the recognition criteria are met. The current value of the expected cost of dismantling the asset and rehabilitating the site where it is located is presented in this heading.

When replacement of significant parts of Property, plant and equipment is required, the Group recognizes these parts as individual assets with specific useful lives and depreciates the same. Also, when a major inspection is conducted, its cost is recognized in the book value of the plant and equipment as replacement if the recognition criteria are met. All other maintenance and repair costs are recognized in results, as incurred.

The current value of the estimated cost for dismantling an asset after completion of its period of use is included in the estimated cost, to the extent that the requirements to recognize the relevant provision are met. For more information on the provision recorded for dismantling, see 2.4 (q).

Depreciation -

Units-of-production method

Depreciation of assets directly related to mine operations is calculated using the units-of-production method, which is based on economically recoverable reserves and resources of each mine.

Straight-line Method

Depreciation of assets with shorter economic life than the useful life of the mine or plant or, that are related to administrative work, is computed through the Straight-line Method on the basis of an estimated useful life of the asset. The estimated useful lives are the following:

	Industry Mine (years)	**Industry Cement** (years)
Buildings and constructions	Between 2 or 25	Between 10 or 30
Buildings and constructions of the smelting plant	Between 4 or 29	-
Facilities	Between 2 or 29	Between 8 or 15
Machinery and equipment	Between 1 or 6	Between 4 or 30
Furniture and furnishings	Between 2 or 8	Between 8 or 15
Transport Units	Between 3 or 6	Between 8 or 15
IT Equipment	4	Between 3 or 4

The residual value, useful lives, and depreciation method of Property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Derecognition of Assets -

A Property, plant and equipment item is removed when it is disposed of, or when no economic benefits are expected from its use or subsequent disposal. Any gain or loss which may arise upon removing the fixed asset (calculated as the difference between

the revenues from the sale and the book value of the asset) is included in the consolidated statement of income in the year in which the asset is removed.

(l) Leasing -
Determination of whether an agreement is, or contains, a lease is based on the substance of the contract on the commencement date thereof. It is necessary to assess whether the performance of the contract depends on the use of a specific asset or assets or, if the contract transfers the right to use the asset, or assets, even if said right is not explicitly specified in the contract.

Financial Lease:
Financial leases transferring to the Group substantially all the risks and benefits inherent in the ownership of the leased asset, are capitalized on the start date of the lease at fair value of the leased property or, if the amount were lower, the current value of minimum lease payments. Lease payments are apportioned between finance charges and the reduction of the liability for lease so as to achieve a constant interest rate over the remaining balance of the liability. Finance charges are recognized in the financial costs of the consolidated profit and loss statement.

A leased asset is depreciated over its useful life. However, if there is no reasonable assurance that the Group will gain ownership at the end of the lease period, the asset will be depreciated over the estimated useful life of the asset or the term of the lease, whichever is shorter.

Operating Lease:
The operating lease payments are recognized as operating expenses in the consolidated profit and loss statement on the basis of linear depreciation over the term of the lease.

(m) Mining Concessions -
Mining concessions represent the Group's ownership right of exploration and exploitation of the mining properties that contain the acquired ore reserves and resources. Mining concessions are presented at cost and are amortized applying the units-of-production method using as basis the resources and proven and probable reserves. Should the Group abandon such concessions, the associated costs are punished in the consolidated profit and loss statement.

At the end of each year, the Group assesses each mining unit to find indications that the value of the mining concession has deteriorated. In which case, the Group makes an estimate of the recoverable amount of the asset. See note 2.4(p).

Mining concessions are presented under the heading "Intangible Assets, net" in the consolidated profit and loss statement.

(n) Costs of exploration, mine development and stripping -
Exploration Costs -
Exploration costs are charged to expenditures as incurred. These costs mainly include fuels and materials used, costs of topographic surveying, drilling costs and payments made to contractors.

Exploration activities include:
- Search and analysis of historical data of explorations.
- Enhancing exploratory data through geological studies.

- Drilling and exploration sampling.
- Determination and evaluation of the volumes and grades of resources.
- Topographic transport and infrastructure requirements.
- Financial and market studies.

Development Costs -
If the Group determines that a mining property might be economically viable, -that is, if the existence of proven and probable reserves is determined-, the costs incurred to develop the property, including the additional costs to delineate the ore body and remove the impurities therein contained, are capitalized as development costs in the "Tangible Assets, net" item. These costs are amortized applying the units-of-production method using as base the resources and proven and probable reserves.

Development activities include:
- Engineering and Metallurgical Surveys.
- Drilling and other costs required to delineate an ore body.
- Removal of the initial stripping related to an ore body.

The development costs needed to maintain production are charged to production cost as incurred.

Cost of removing burrow (stripping costs) -
As part of its mining operations, the Group incurs stripping costs during the development and production stages. Stripping costs incurred at the mine development stage, by the start of the production phase (development stripping), are capitalized as development costs and subsequently depreciated taking into account the useful life of the mine using the units-of-production method. Capitalization of development stripping costs ceases when the mine starts production.

Development stripping costs may be related to inventory production or to better access to the ore to be exploited in the future. These costs related to inventory production are recorded as part of the inventory production cost.

Costs that allow access to the ore to be exploited in the future are recognized as non-current assets (stripping costs) provided the following conditions are in place:
- It is likely that future economic benefits will arise;
- Components may be identified in the deposit which access will be improved; and
- The costs associated with the improved access can be reliably measured.

To identify components in a deposit, the Group works closely with the operations area staff to analyse mine plans. Typically, a deposit has several components, although identification of the components may vary from mine to mine for different reasons.

Basically, the development stripping costs incurred by the Group relate to inventory production and not to better access to the ore to be exploited in the future.

(o) Intangible Assets -
Goodwill -
Goodwill is initially measured at cost, and corresponds to the amount in excess of the transferred consideration and the amount recognized by the non-controlling interest, related to the identifiable assets acquired and liabilities assumed in a business combination.

Brands -
Correspond to the identified and valued brands as a result of the acquisition of subsidiaries in Chile. Brands are considered to be of indefinite useful life and, therefore, are not depreciated. Annually, impairment tests are carried out following the policy described in paragraph (p) below.

The Group has determined that these brands are of indefinite useful life based on the following criteria: use of the asset is expected for an indefinite period of time, the typical life cycle of the brands and similar assets tends to be indefinite, no disbursements are expected for significant maintenance, and the period during which the asset is expected to be controlled has no legal-type limits, or otherwise.

Licenses -
Software licenses are presented at cost and include disbursements directly related to the acquisition or commissioning of the specific computer program. These costs are amortized based on an estimated useful life of 4 years.

Portfolio of clients -
This intangible asset represents both contractual and non-contractual clients recognized in the acquisition of subsidiaries in Chile. This intangible asset is amortized using the straight-line method based on an estimated useful life of 7 years.

Land Usufruct -
Relates to payments for right of use of adjoining lands to the Group's mines, needed for its operation and are recorded at cost. These costs are amortized applying the straight-line method based on the term of the agreements (about 10 to 15 years).

(p) Impairment of Financial Assets -
At the closing of each reporting period, the Group evaluates whether there is indication that an asset might be impaired in value. In which case or, if an annual impairment test in the value of an asset is required, the Group estimates the recoverable amount of that asset. The recoverable amount of an asset is the higher value between the fair value less sale costs, either of an asset or a cash-generating unit, and its value in use, and it is determined for an individual asset, unless the asset does not produce cash flows that are substantially independent of those of the other assets or groups of assets. When the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset is considered impaired and its value is reduced to its recoverable amount.

In evaluating the value in use of an asset, the estimated cash flows are discounted at their present value applying a discount rate after tax, reflecting the current market assessments on the time value of money and the specific risks to the asset. In determining the fair value less sale costs, recent market transactions are taken into account, if any. If this type of transaction may not be identified, a suitable pricing model is applied.

The fair value for mining assets is generally determined according to the current value of future cash flows arising from the continued use of the asset, which include such estimates as the cost of future expansion plans, using assumptions that a third person might take into account. Cash flows are discounted at their current value applying a discount rate reflecting the current market assessment of the time value of money and the specific risks to the asset or cash-generating unit.

The Group has assessed the operations of each mine as cash-generating units, considering the operation of each mining unit independently.

Value impairment losses corresponding to ongoing operations including inventory impairment, are recognized in the consolidated profit and loss statement in the expenditure categories consistent with the role of the impaired asset.

For assets in general, at the closing of each reporting period, an evaluation is carried out on the existence of an indication that the value impairment losses previously recognized no longer exist or have decreased. In which case, the Group makes an estimate of the recoverable amount of the asset or cash-generating unit. A previously recognized value impairment loss is only reverted if there is a change in the assumptions used to determine the recoverable amount of the asset since the last time a value impairment loss of that asset was recognized. Reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or the amount in books that would have been determined, net of accumulated depreciation, if no loss would have been recognized as value impairment loss in previous years. Such reversal is recognized in the consolidated profit and loss statement.

(q) Provisions -

General -

A provision is recognized when the Group has a current obligation (legal or implied) resulting from a past event, it is likely that disbursement of resources be needed to settle and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate reflecting, as appropriate, the specific risks of the liability. When discounted, the increase in the provision by the passage of time is recognized as a financial cost.

Provision for closure of mines -

The Group records the current value of the estimated costs of the legal and implicit obligations required to restore the operating facilities in the period in which the obligation is incurred. Mine closure costs are presented at the current value of the expected costs to settle the obligation, using estimated cash flows, and are recognized as integral part of the cost of each particular asset. Cash flows are discounted at risk-free market rate before tax. Earned discount is recorded as expenditure as incurred and is recognized in the profit and loss statement as financial cost. Estimated future costs of mine closure are reviewed annually and adjusted, as appropriate, on an annual basis. Changes in the estimated future costs or discount rate applied are added to the cost of the related asset or deducted therefrom.

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

Environmental Costs and Liabilities -

Environmental costs related to current or future income are recorded as expense or capitalized, as appropriate. Expenditures related to an existing condition caused by past operations, and which do not contribute to current or future income are recognized as expense.

Environmental liability costs are recorded when remediation is likely to occur and the associated costs can be reliably estimated. Typically, recognition of these provisions correlates with the commitment of a formal action plan or, if earlier, with the dismantling or closure of inactive units.

The amount recognized is the best estimate of the expenditure required. If the liability is not settled for several years, the recognized amount is the current value of future estimated expenditures.

(r) Pensions and other post-employment benefits -

Employee Benefits -

The Group has short-term obligations owing to employee benefits that include salaries, social contributions, legal bonuses, performance bonuses, and profit-sharing. These obligations are recorded on a monthly basis charged to the consolidated statement of income, as they are accrued.

(s) Revenue Recognition -

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when the collection takes place. Revenue is measured at the fair value of the consideration received or receivable taking into account the payment agreements contractually defined and excluding duties and taxes. The following specific criteria must be met for revenue to be recognized:

Sale of metals -

Tin and gold sales are recorded when the Group has delivered the metal at the site agreed to by client, client has accepted the product, and collection of the relevant accounts receivable are reasonably guaranteed.

In regard to the measurement of tin sales, the Group assigns a provisional value to the sale of these metals, since they are subject to a final price adjustment at the end of a contractually agreed period. Exposure to change in metal price metals generates an embedded derivative that needs to be separated from the commercial contract. At the end of each financial year, the sale price initially used should be adjusted in accordance with the future price for the quotation period stipulated in the contract. Any gain or loss that may arise from changes in the fair value of embedded derivatives during the year is recorded in the consolidated statement of income (in the net sales item).

In regard to measurement of gold sales, they are not subject to a final price adjustment, so they do not generate embedded derivatives.

Rental Income -

Revenues from rental properties are recognized as earned and the contractual terms and conditions relating thereto are met.

Interests Income -

As to all financial instruments measured at amortized cost, interest revenue is recorded applying the effective interest rate method. The effective interest rate is the rate that accurately discounts future payments or collections estimated throughout the life of the financial instrument or a shorter period, as appropriate, at book value of the financial asset or liability. The financial revenue is presented separately in the consolidated profit and loss statement.

Dividends –

Dividend income is recognized when the right of the Group to receive payment has been established, which usually happens when the shareholders approve the dividend.

(t) Financing Costs -
Financing costs directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized and added to the cost of the project until the assets are considered substantially ready to be used as planned, that is, when they are capable of generating commercial production. All other borrowing costs are recognized in the consolidated profit and loss statement in the period in which they are incurred. Financing costs include interests and other costs incurred by the Group for securing financing.

When the funds used to finance a project are part of general financing, the capitalized amount is calculated using the weighted average of the applicable rates to the relevant general financings of the Group during the period. All other financing costs are recognized in the consolidated profit and loss statement in the period in which they are incurred.

(u) Tax -
Current Income Tax -
Current income tax assets and liabilities are recognized in the amounts that are expected to be recovered or paid to the tax authority. Tax rates and tax rules used to compute these amounts are the ones in force, at the closing of each reporting period, corresponding to the countries where the Group operates and generates profits subject to the tax.

Current income tax related to items that are recognized directly in equity, is also recognized in equity and not in the separate profit and loss statement. Management periodically assesses the positions taken in the tax returns with regard to the situations in which the applicable tax rules are subject to interpretation, and establishes provisions as deemed appropriate.

Deferred Income Tax -
Deferred income tax is recognized applying the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the closing of each reporting period.

Deferred tax liability is recognized for all temporary tax differences, except for those related to investments in affiliates, if and when the reversal opportunity may be controlled, and it is probable that they are not reversed in the foreseeable future.

Deferred income tax asset is recognised for all deductible temporary differences, and for the future compensation of unused tax credit and tax loss carryforward, to the extent that it is anticipated that they can be utilised against available future taxable profits to offset such deductible temporary differences, and/or the tax credit or tax loss carryforward may be used. Significant judgement is required by Management in determining the amount of deferred assets which may be recognized based on the probable date of recovery and the level of future taxable income, as well as of future tax planning strategies.

The carrying amount of the deferred income tax asset is checked at the closing of each reporting period and is reduced to the extent that the existence of sufficient future taxable income is no longer probable to allow these deferred income tax assets to be wholly or partially used.

Unrecognized deferred income tax asset is rechecked at the closing of each reporting period and is recognized to the extent that the existence of future taxable income becomes probable to allow recovering such previously unrecognized deferred income tax assets.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the asset is realized or the liability paid for, on the basis of the tax rates and tax rules that were adopted at the closing of each reporting period, or whose approval procedure is about to be completed by that date.

Deferred income tax related to items outside of the income is recognized in correlation with the appropriate underlying transactions, either in other comprehensive income or directly in net equity.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to set-off current income tax assets and liabilities, and if deferred income tax is levied by the same tax authority and in the same tax jurisdiction.

Mining Royalties and Special Mining Tax in Peru -
Mining royalties and the special mining tax are computed in accordance with IAS 12 "Income Tax", as they have the characteristics of an income tax. That is, they are levied by the Government and are based on net expense income after adjusting temporary differences, instead of being calculated on the basis of the quantity produced or at a percentage of the income. The legal rules and rates used to calculate the amounts payable are those in effect on the date of the consolidated statement of financial position.

Consequently, payments made to the Government on account of Mining Royalty and Special Mining Tax, are within the scope of IAS 12 and, therefore, are treated as income tax. Both, the Mining Royalty and Special Mining Tax produce deferred assets or liabilities which must be measured using the average rates that are expected to be applied to operating profits in the quarters in which the Group expects them to reverse the temporary differences.

Sales Tax -
Revenues from ordinary activities, expenditures, and assets are recognized excluding the amount of any sales tax (value added tax), except:

(i). When the sales tax incurred in an acquisition of an asset or in the provision of services is not recoverable from the Tax Authority, in which case said tax is recognized as part of the acquisition cost of the asset or as part of the expenditure, as appropriate;

(ii). When accounts receivable and payable are already expressed including the amount of sales taxes.

The net amount of sales tax recoverable from, or payable to, the taxation authority, is presented as an account receivable or an account payable in the consolidated statement of financial position, as appropriate.

(v) Basic and diluted earnings per share -
Basic and diluted earnings per share are calculated by dividing the net profit per common and investment share by the weighted average of outstanding common and investment shares during the period.

As of September 30 and December 31, 2014, the Group does not have any dilutive financial instruments; therefore, the weighted average of common and investment shares is the same for the years presented.

(w) Classification as Current or Non-current -
The Group presents assets and liabilities in the statement of financial position, classified as current /non-current. An asset is classified as current when the entity:
- Expects to realize the asset or has the intention to sell it or use it within its normal cycle of operation.
- Maintains the asset mainly for trading purposes.
- Expects to realize the asset within twelve months following the reporting period; or
- The asset is cash or cash equivalent, unless it is restricted and cannot be exchanged nor used to cancel a liability, for a minimum period of twelve months following the reporting period.

All other assets are classified as non-current.

A liability is classified as current when the entity:
- Expects to settle liabilities during its normal cycle of operation.
- Maintains the liability mainly for trading purposes.
- The liability should be settled within twelve months following the reporting period; or
- Does not have an unconditional right to delay payment of the liability for at least twelve months following the closing of the reporting period.

All other assets are classified as non-current.

Deferred income tax assets and liabilities are, in all cases, classified as non-current assets and liabilities.

3. Judgements, estimates and significant assumptions -

The preparation of the Group's financial statements requires Management to make judgements, estimates and assumptions that affect the amounts of income, expenses, assets and liabilities reported, and the attached disclosures. Uncertainty on these assumptions and estimates could produce results that require a material adjustment of the carrying value of the affected assets and liabilities in future periods.

3.1. Judgements -

In implementing the accounting policies of the Group, Management has made the following judgements, which have a significant effect on the recognized amounts in these consolidated financial statements:

(a) Contingencies (note 24) -
By nature, contingencies will be settled only when one or more future events occur or fail to occur. The evaluation of the existence and potential amount of contingencies inherently involves exercising critical judgement and using estimates about the results of future events.

(b) Recovery of deferred tax assets - (note 16) -

(c) Exploration costs - (note 2.4 (n)) -

(d) Functional Currency - (note 2.4 (e)) -

3.2. Estimates and Assumptions -

Listed below are the key assumptions related to the future and other key sources of estimates of uncertainties at the date of the consolidated financial statements:

(a) Estimation of reserves and ore resources -

The Group calculates its reserves and resources applying the methods typically applied in the mining industry and in accordance with international guidelines. All reserves calculated represent estimated quantities of proven and probable ore which, under the current conditions can be economically and legally processed.

The process of estimating the amounts of reserves is complex and requires subjective decision-making in assessing all the geophysical and geological, engineering and economic data available. Reviews of the estimates of reserves might take place due to, among others, review of geological data or assumptions, changes in assumed prices, production costs and results of exploration activities.

Changes in reserve estimates might mainly affect the carrying value of mining concessions, the cost of development, and Property, plant and equipment; charges to depreciation and amortization results; and, the carrying value of the provision for closure of mines.

(b) Unit-of-production method - (note 2.4 (k)) -
(c) Provision for closure of mines (note 2.4(q) and note 15) -
(d) Determination of the net realizable value of inventories (note 2.4 (f) and note 7) -
(e) Impairment of non-financial assets (note 2.4 (p))
(f) Provision for post-employment benefits - (note 2.4 (r)) -
(g) Fair value of financial instruments -
(h) Fair value of investment properties - (note 2.4 (j)) -

4. Issued but not effective standards

The standards and interpretations issued, but not yet effective, to the date of issuance of the interim consolidated financial statements of the Group are detailed below. The Group intends to adopt these standards, as applicable, as they enter into force:

- IAS 9, Financial Instruments

  In July 2014, the IASB issued the final version of the IFRS 9 "Financial Instruments" which covers all phases of the project on financial instruments and replaces IAS 39 "Financial Instruments: Recognition and Measurement" and all previous versions of IFRS 9. The Standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The IFRS 9 is effective for annual periods beginning on or after January 1, 2018, allowing early adoption before that date. Retroactive application is allowed, but comparison data is not mandatory. Early application of previous versions of the early application of IFRS 9 (2009, 2010 and 2013) is allowed if the date of the initial application is before February 1, 2015. The Group will analyse the impact of these Standards and plans to adopt them on the date they enter into force.

- IFRS 15 Revenue from contracts with clients

  The IFRS 15 was published in May 2014 and provides a single, principles based five-step model to be applied to all contracts with customers. Under the IFRS 15 revenue is recognized in an amount that reflects the consideration that an entity expects to receive in exchange for transferring goods and services to a client. The IFRS 15 involves a principles approach when revenue is recorded.

This new Standard is applicable to all entities and supersedes all previous standards of revenue recognition. Both a total or partial retrospective application is allowed, and it is effective for annual periods beginning on January 1, 2017, earlier application permitted. The Group will assess the impact of the IFRS 15 and plans to adopt the same as of the date required.

- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation.
  The amendments clarify the principle of IAS 16 and IAS 38 that revenues reflect a pattern of the economic benefits that are generated from operating a business (of which the asset is part) in place of the economic benefits that are consumed through the use of the asset. As a result, a method based on revenues cannot be used to depreciate Property, plant and equipment and can only be used in very limited circumstances to amortize intangible assets.

  These amendments apply to the periods that start on January 1, 2016, inclusive, although allowing early adoption before that date. This amended is not expected to be relevant to the Group, since none of the entities of the Group uses an income-based method to depreciate its non-current assets.

5. Cash and cash equivalents

(a) This item comprises the following:

	As of 30.09.2015	As of 31.12.2014
	US$(000)	US$(000)
Fixed and fixed fund	20	98
Current bank accounts	68,527	4,122
Demand Deposits	113,746	305,176
Term Deposits	189,446	93,429
Bank Certificates of Deposit	871	5,000
Funds subject to restriction	3,997	57
Total	**376,607**	**407,882**

(b) As of September 30, 2015 and December 31, 2014, the Group keeps its deposits in current accounts at first tier domestic and foreign banks and are freely available.

(c) Demand deposits (overnight deposits) are one-day deposits in an offshore bank, bearing interests at current market rates.

(d) Term Deposits with original maturities greater than 180 days which may be renewed at maturity. As of September 30, 2015 and December 31, 2014, these deposits accrued interests calculated at current market rates.

(e) As of September 30, 2015, correspond to CBD's bank certificates of deposit - held by Mineração Taboca S.A. for R$ 3,446,000 (equivalent to US$ 871,000), R$ 13,286,000 (equivalent to US $5,000,000) as of December 31, 2014. These are highly liquid certificates and yield is obtained from the rate variation of Interbank Deposit Certificates - IDC from Brazil.

6. Commercial and diverse accounts receivable, net

(a) This item comprises the following:

	As of 30.09.2015 US$(000)	As of 31.12.2014 US$(000)
Commercial	**42,589**	**58,406**
Related, note 26	**298**	**466**
Diverse:		
Tax Credit Sales Tax	47,077	61,890
Staff Accounts Receivable	2,501	14,408
Others	14,070	5,014
	63,648	81,312
Total	**106,535**	**140,184**
Classification by Maturity		
Current	64,935	89,177
Non-Current	41,600	51,007
Total	**106,535**	**140,184**

(b) As of September 30, 2015, and December 31, 2014, accounts receivable do not accrue commercial interests and have no specific guarantees. In the process of estimating doubtful accounts, the Group' Management continuously analyses market conditions, for which it uses aging analysis for commercial operations.

7. Inventories, net

The item is composed of the following:

	As of 30.09.2015 US$(000)	As of 31.12.2014 US$(000)
Finished Products	10,753	35,680
Products in-Process	50,118	43,957
Materials and Supplies	39,462	46,132
Inventory Receivable	2,368	2,048
	102,701	127,817
Estimation for devaluation	(5,997)	(7,945)
Total	**96,704**	**119,872**

8. Financial asset at fair value through profit and loss

(a) As of September 30, 2015 and December 31, 2014, the Group keeps an investment in shares of BBVA of Spain for US$ 7,378,000 and US$ 8,155,000, respectively. BBVA of Spain is an entity of recognized prestige in the international market, therefore, its level of risk is very low.

(b) As of September 30, 2015 and December 31, 2014, the fair value of this investment classified as financial assets at fair value through profit and loss has been determined on the basis of its listing on the Spanish Stock Exchange. Following is the activity of the item:

	As of 30.09.2015	**As of 31.12.2014**
	US$(000)	US$(000)
Initial Balance	8,155	10,129
Changes in fair value	(777)	(1,974)
Total	**7,378**	**8,155**

(c) As of September 30, 2015 the Company received cash dividends from the BBVA of Spain for US$ 78.000 (US$ 91.000 in 2014), which were charged to the income of the year.

9. Financial investments available-for-sale

(a) Financial investments available for sale include the following:

	As of 30.09.2015			
		Results	**Interests**	**Value**
	Cost	**Unrealized**	**Past Due**	**Fair**
	US$(000)	US$(000)	US$(000)	US$(000)
Publicly Listed Mutual Funds	124,546	1,724	-	126,270
Certificates of Deposit not publicly listed publicly listed	65,030	398	1,087	66,515
Total	**189,576**	**2,122**	**1,087**	**192,785**

	As of 31.12.2014			
		Results	**Interests**	**Value**
	Cost	**Unrealized**	**Past Due**	**Fair**
	US$(000)	US$(000)	US$(000)	US$(000)
Publicly Listed Mutual Funds	125,000	(454)	-	124,546
Certificates of Deposit not publicly listed publicly listed	65,000	(201)	231	65,030
Total	**190,000**	**(655)**	**231**	**189,576**

The fair value of mutual funds is determined on the basis of public price quotations in an active market. The fair value of the certificates of deposit without public quotation is estimated based on discounted cash flows using available market rates for debt instruments of similar conditions, maturity and credit risk.

(b) The activity of investments available for sale is presented below:

	As of 30.09.2015	As of 31.12.2014
	US$(000)	US$(000)
Initial Balance	189,576	-
Purchase of investments	-	190,000
Fair value recorded in other comprehensive income	2,122	(655)
Interests earned on certificates of deposit	1,087	231
Final Balance	**192,785**	**189,576**

10. Investment in affiliates -

(a) This item comprises the following:

	Participation in Equity		Equity Value	
	As of 30.09.2015	As of 31.12.2014	As of 30.09.2015	As of 31.12.2014
	%	%	US$(000)	US$(000)
Affiliates				
Inversiones Cordillera del Sur Ltda	73.94	73.94	230,926	266,178
Rimac Seguros y Reaseguros	14.51	14.51	55,276	62,902
Servicios Aeronáuticos Unidos S.A.C.	47.50	47.50	4,320	4,078
Explosivos S.A.	7.30	7.30	7,775	7,340
Futura Consorcio Inmobiliario S.A.	4.96	4.96	5,271	5,097
Final Balance			**303,568**	**345,595**

The Group has recognized its investments in Inversiones Cordillera del Sur (as explained in note 2.2), Rimac Seguros y Reaseguros, Explosivos S.A. and Futura Consorcio Inmobiliario S.A.C, as related investments considering, that together with Inversiones Breca (Company's parent company) it has the capacity to exercise significant influence on the Board of Directors of these companies, which are operated as part of an economic group.

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

	As of 30.09.2015	As of 30.09.2014
	US$(000)	US$(000)
Rimac Seguros y Reaseguros	19,493	9,267
Servicios Aeronáuticos Unidos S.A.C.	242	58
Explosivos S.A.	(669)	444
Futura Consorcio Inmobiliario S.A.	559	45
Inversiones Cordillera del Sur	(637)	1,320
Final Balance	**18,988**	**11,134**

(c) Following are the main investment activities in affiliates and relevant data by the affiliates:

Rimac Seguros y Reaseguros
The main economic activity of this affiliate domiciled in Peru, comprises contracting and handling general risk and life insurance and reinsurance operations, as well as financial and real estate investments and related activities.

Following is the investment activity in Rimac Seguros y Reaseguros:

	As of 30.09.2015	As of 30.09.2014
	US$(000)	US$(000)
Initial Balance	62,902	54,656
More (less)		
Participation in net profit	19,493	11,717
Unrealized profit	(20,398)	1,630
Conversion	(4,546)	(4,171)
Dividends	(2,543)	(944)
Others	368	14
Final Balance	**55,276**	**62,902**

Servicios Aeronáuticos Unidos S.A.C.
The corporate purpose of this affiliate domiciled in Peru, is to provide air transport services for passengers, cargo and mail, prospecting, aircraft maintenance and trading spare parts for civil aviation. In General Meeting of Shareholders of Servicios Aeronauticos Unidos S.A.C. dated February 14, 2014, reduction of each shareholder in proportion to their participation in the capital stock was agreed.

Following is the investment activity in Servicios Aeronauticos Unidos S.A.C.:

	As of 30.09.2015	As of 30.09.2014
	US$(000)	US$(000)
Initial Balance	4,078	15,600
More (less)		
Participation in net profit	242	(152)
Capital Reduction	-	(11,370)
Final Balance	**4,320**	**4,078**

Explosivos S.A.
The economic activity of this affiliate domiciled in Peru, comprises manufacturing, domestic sale, and exporting packaged explosives, accessories and blasting agents; it is also engaged in the provision of blasting services, and all kinds of services and supporting works for mining companies.

Following is the investment activity in Explosivos S.A.:

	As of 30.09.2015	As of 30.09.2014
	US$(000)	US$(000)
Initial Balance	7,340	7,729
More (less)		
Participation in net profit	(669)	665
Conversion	1,104	(653)
Dividends	-	(401)
Final Balance	**7,775**	**7,340**

11. Property, plant and equipment (net)

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

	Balance as of 01.01.2015	Additions	Derecognition	Transfer and Adjustments	Adjust for conversion	Balance as of 30.09.2015
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Cost						
Land	13,710	6,770	30	-	(546)	19,964
Buildings and facilities	428,850	18	-	17,691	(32,357)	414,202
Machinery and equipment	365,745	2,523	(2,196)	(754)	(41,854)	323,464
Furniture, furnishings and IT equipment	11,478	34	(126)	(55)	(1,399)	9,932
Transport Units	14,861	282	(217)	861	(3,267)	12,520
Units to receive	846	-	(808)	(38)	-	-
Works underway	59,374	30,360	-	(26,698)	(17,229)	45,807
Mine Closure	50,885	17,290	-	9,927	(1,283)	76,819
Financial leasing	4,594	-	-	(934)	-	3,660
	950,343	57,277	(3,317)	-	(97,935)	906,368
Accumulated Depreciation						
Buildings and facilities	161,665	32,509	-	-	(5,768)	188,406
Machinery and equipment	236,924	19,357	(1,653)	215	(29,426)	225,417
Furniture, furnishings and IT equipment	6,999	830	(119)	-	(942)	6,768
Transport Units	8,999	1,091	(210)	178	(1,982)	8,076
Mine Closure	24,208	6,848	-	-	4,167	35,223
Financial leasing	1,139	466	-	(393)	-	1,212
	439,934	61,101	(1,982)	-	(33,951)	465,102
Net cost	**510,409**					**441,266**

(b) As of September 30, 2015, management has assessed the recoverable amount of the Group's Properties, plant and equipment, and has not found value impairment loss relating to these assets.

(c) Financial leases are guaranteed with the same property acquired.

12. Intangible Assets, net

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

	Balance as of 01.01.2015	Additions	Withdrawal and Adjustments	Adjust for conversion	Balance as of 30.09.2015
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Cost:					
Indefinite useful life					
Goodwill					
Mineracao Taboca S.A.	53,711	-	-	(17,656)	36,055
Marcobre S.A.C.	126,098	-	-	-	126,098
	179,809	-	-	(17,656)	162,153
Indefinite useful life					
Mining Concessions	855,731	-	(307)	(46,053)	809,371
Development Cost	30,257	-	-	-	30,257
Licenses	390	155	-	(116)	429
Land Usufruct	8,419	264	(31)	(192)	8,460
Others	545	-	-	-	545
	895,342	**419**	**(338)**	**(46,361)**	**849,062**
Accumulated Amortization					
Mining Concessions	9,044	2,751	(284)	(2,910)	8,601
Development Cost	8,141	2,960	-	-	11,101
Licenses	380	39	(23)	(120)	276
Land Usufruct	1,808	505	(1)	(35)	2,277
Others	9	40	-	-	49
	19,382	6,295	(308)	(3,065)	22,304
Net cost	**1,055,769**				**988,911**

13. Commercial and diverse Accounts Payable

(a) This item comprises the following:

	As of 31.03.2015	As of 31.12.2014
	$(000)	$(000)
Commercial	**34,797**	**67,905**
Related, note 26	**9,742**	**11,101**
Diverse:		
Dividends Payable	719	703
Tax and contributions payable	6,820	15,491
Accounts payable for acquisition of mining concessions	10,000	10,000
Other Accounts Payable	1,786	3,188
	19,325	29,382
Total	**63,864**	**108,388**

Classification by Maturity		
Current	53.864	98.388
Non Current	10.000	10.000
	63.864	**108.388**

(b) Accounts payable by acquisition of mining concessions -

As a result of the acquisition of the subsidiary Marcobre S.A.C., the Group undertook an obligation with Shougang Hierro Peru (SHP) and Rio Tinto Mining and Exploration Limited, Sucursal del Peru (Rio Tinto). This obligation is created by certain agreements executed in previous years by the subsidiary with SHP and Rio Tinto for the acquisition of mining concessions, mineral rights, option rights and technical surveys relating to a particular geographic area in the province of Nazca, which they called "Target Area 1". According to these contracts a fixed fee was established (which was paid in full by the subsidiary between 2007 and 2008), and a conditional consideration amounting to US$ 10,000,000, which conditions the subsidiary to adopt the decision to exploit, and that it is proven that the metallic content of ore resource is greater than 2.58 million metric tons of copper (when US$ 3,000,000 must be paid) and 3.44 million metric tons of copper (when the remaining US$ 7,000,000 is to be paid).

In order to guarantee the conditional consideration as described above, the subsidiary subscribed: (i) a mortgage on the mining concession of Target Area 1 amounting to US$ 27,600,000 (which includes the amount of interest, judicial fees, court costs and fees should it be necessary to start a judicial process to enforce the judgement against the encumbered property), which will remains in effect until the subsidiary has fully complied with each and every one of the secured obligations, and (ii) a pledge over the shares issued on behalf of the subsidiary's shareholders.

14. Financial Obligations

(a) This item comprises the following:

Entity	**Security**	**Interest Rate**	**As of 30.09.2015**	**As of 31.12.2014**
			US$(000)	US$(000)
Corporate Bonds without net investment guarantees	Without guarantees	6.25%	454,127	449,118
Banco Itau	With guarantees	4.61%	34,113	36,131
ABC Bank Brazil	Without guarantees	4.81%	9,397	12,782
Banco Santander	Without guarantees	2.14%	14,352	7,551
Banco do Brasil	Without guarantees	2.14%	12,607	5,638
Banco Santos	Without guarantees	CDI Rate +2%	12,747	5,595
Banco Safra	Without guarantees	4.08%	8,057	-
Banco Safra	Without guarantees	6.00%	-	2,005
Banco Bic Banco	Without guarantees	6.38%	102	2,054
FINAME BNDES (Banco Itau)	Leased Property	6.00%	197	1,289

BBVA Continental	Leased Property	2.68%	260	1,029
Banco de Credito del Peru	Leased Property	4.54%	126	-
Banco Santander	Leased Property		232	314
			546,317	523,506
Pre-paid Interests			(11,202)	11,785
Final Balance			**535,115**	**535,291**
Classification by Maturity				
Current Portion			82,995	68,440
Non-Current Portion			452,120	466,851
			535,115	**535,291**

(b) As of January 30, 2014, the General Shareholders' Meeting agreed that the Company carried out an international bond issue ("Senior Notes") through private placement under Rule 144 A and Regulations of the US Securities Act of 1933. It also agreed to list these bonds on the Luxembourg Stock Exchange. On January 31, 2014, the Company issued bonds with a nominal value of US$ 450,000,000 with maturity on February 7, 2024 by a 6.25 % coupon rate, resulting in net proceeds under par of US$ 441,823,500.

The bonds restrict the capacity of Minsur and its subsidiaries to engage in certain transactions, however, these restrictions do not condition Minsur to fulfil financial ratios or maintain specific levels of liquidity.

(c) As of September 30, 2015, Minsur S.A. holds joint guarantees amounting to US$ 20,000,000, guaranteeing the financing of its subsidiary Taboca with Banco Itau. The securities will remain in effect until May 25, 2017.

15. Provisions

(a) The item is composed of the following:

	As of 30.09.2015	As of 31.12.2014
	US$(000)	US$(000)
Mine Closure	86,303	93,007
Environmental Remediation	38,465	35,079
Other contingencies	8,544	5,246
	133,312	133,332
Classification by Maturity		
Current provisions	17,891	10,786
Non-Current provisions	115,421	122,546
	133,312	133,332

(b) The activity of the period is provided below:

	Provisions for closure mines	Provision for Remediation Environmental	Provisions for Contingencies
	US$(000)	US$(000)	US$(000)
As of January 1, 2015	93,007	35,076	5,246
Change of estimate	3,070	146	4,316
Additions	-	14,272	201
Reversals	-	(231)	(775)
Discout updating	4,442	2,321	-
Payments and pre-payments	(529)	(2,577)	(126)
Adjust for conversion	(13,687)	(10,542)	(318)
As of September 30, 2015	**86,303**	**38,465**	**8,544**

The provision for closure of mines represents the current value of closure costs expected to be incurred between years 2015 and 2047, in compliance with government regulations, see note 28 (b). The estimated cost for mine closure is based on surveys prepared by independent consultants, which comply with the existing environmental regulations. The provision for closure of mines mainly corresponds to activities to be carried out to restore the mines and impacted areas by exploitation activities. The main works to perform are: earthworks, revegetation work, and plants removal. Closure budgets are regularly reviewed to take into account any significant changes in the surveys undertaken. However, costs of mine closures will depend on market prices of the closure works required, which will reflect the future economic conditions. Also, the timing of disbursements will depend on the life of the mine, which will in turn depend on future metal quotations.

16. Income Tax

The Income tax expense shown in the consolidated profit and loss statement comprises the following:

	As of 30.09.2015	As of 30.09.2014
	US$(000)	US$(000)
Income Tax		
Current	34,195	78,822
Deffered	708	(11,211)
	34,903	67,611

Mining Royalties and Special Mining Tax

Current	9,033	26,830
Deffered	(56)	(111)
	8,977	26,719
Total	43,880	94,330

17. Net Equity

(a) Capital Stock -

As of September 30, 2013, and December 31, 2014, the authorized subscribed and paid in capital, in accordance with Company's Bylaws, as amended, is represented by 19,220,015 common shares, respectively, with a par value of S/.100.00 each.

(b) Investments Shares-

As of September 30, 2015 and December 31, 2014, this item includes 960,999,163 investment shares, respectively, with a par value of S/.1.00 each.

Pursuant to the applicable legislation, investment shares vest in their holders the right to participate in dividend distribution, make contributions to maintain their existing proportion in the investment share account in case of capital increase by new contributions, increase the investment share account by capitalization of other equity accounts, redeem their shares in any cases provided by the Law, and participate in equity sharing of the net balance in the case of Company’s liquidation. Investment shares do not grant access to the Board of Directors or to the General Shareholders’ Meetings. The Company's investment shares are listed in the Lima Stock Exchange (BVL).

As of September 30, 2015, the stock market value of these shares is S/. 0.75 per share and S/. 1.80 per share as of December 31, 2014.

(c) Other capital reserves -

Legal Reserve -

The Companies Law provides that at least 10 percent of the distributable profit of each financial year, after income tax, be transferred to a legal reserve until the legal reserve amounts to 20% of the capital stock. The legal reserve may compensate losses or be capitalized; in both cases there is the obligation to replenish it.

As of September 30, 2015, the Company has not increased legal reserve since the legal reserve has reached the limit mentioned above.

Reinvested earnings -

Al September 30, 2015 and December 31, 2014, this balance comprises reinvested earnings approved in previous years in US$ 39,985,000.

(d) Declared and paid dividends -

Below is information on declared and paid dividends as of September 30, 2015:

Board / meeting	Date	Declared and paid dividends	Dividends per common share	Dividends per investment share
		US$(000)	US$	US$
As of September 30, 2015				
Mandatory Annual Shareholders' Meeting	March 26, 2015	50,000	1.73	0.017
As of December 2014				
Mandatory Annual Shareholders' Meeting	March 19, 2014	50,000	1.73	0.017

(e) Other equity reserves -
As of September 30, 2015 and December 31, 2014, this item mainly comprises the exchange difference for conversion to the Company's functional currency in the investment in subsidiaries abroad. It also includes unrealized results for investments by related companies.

Cumulative conversion results -
Mainly corresponds to the exchange difference resulting from converting the foreign subsidiaries' financial statements to the reporting currency of the Group. As of September 30, 2015, the resulting exchange difference produced a net loss of US$ 129,091,000 (including an exchange loss of US$ 89,987,000 by the Brazilian subsidiary and an exchange loss of US$ 34,327,000 by the Chilean affiliate).
In 2014, the resulting exchange difference produced a net loss of US$ 93,598,000 (including an exchange loss of US$ 29,610,000 by the Brazilian subsidiary and an exchange loss of US$ 57,144,000 by the Chilean affiliate). These conversion results are included in the consolidated statement of other comprehensive income.

Unrealized Gains
Basically correspond to the participation in unrealized income of affiliate Rimac Seguros y Reaseguros (Rimac). These unrealized income of Rimac's, are mainly produced in updating the fair value of its investments available for sale in capital and debt financial instruments. As a result of upgrading the value of equity in this affiliate, the Group recognized a US$ 20,398,000 loss as of September 30, 2015 (gain of US$ 1,630,000 in 2014), which is included in the consolidated statement of other comprehensive income.

(f) Contributions in non-controlling interest -
As of September 30, 2015, the Group received contributions from non-controlling interests from subsidiary Marcobre S.A.C. in the amount of US$ 7,290,000 (US$ 14,490,000 in 2014).

(g) Basic and diluted earnings per share
The profit per basic share is calculated by dividing the profit of the period by the weighted average of the number of outstanding shares during the year.

Below is the calculation of earnings per share:

	As of 30.09.2015	As of 30.09.2014
	$(000)	$(000)
Numerator -		
Profit attributable to common and investing shareholders	(24,109)	102,414
	Number of shares	**Number of shares**
Denominator -		
Common Shares, note 17(a)	19,220,015	19,220,015
Investments shares, note 17(b)	960,999,163	960,999,163
Profit per share (in US dollars)		
Profit attributable to common shareholders	(0.836)	3.552
Profit attributable to investing shareholders	(0.008)	0.036

The profit per basic and diluted share is the same, since there are no reducing effects on profits.

18. Tax Situation

(a) Peruvian Tax Framework -

The Company is subject to the Peruvian tax regime. As of September 30, 2015, the income tax rate is 28 percent and as of December 31, 2014, the Income Tax rate is 30 percent on taxable profits; and, non-domiciled persons in Peru and natural persons are subject to an additional 4.1 percent tax on the dividends received.

By means of Law N° 30296 issued on December 31 2014, certain changes were made to the Income Tax Law, in force from January 1, 2015. The most relevant are listed below:

- A gradual 30% to 28% reduction of the corporate income tax rate was established for years 2015 and 2016; of 27% for 2017 and 2018; and 26% for 2019, and so forth.
- A gradual 4.1% to 6.8% increase of the effective dividend tax rate was established for years 2015 and 2016; of 8.0% for 2017 and 2018; and 9.3% for 2019, and so forth. These rates will apply to profit-sharing adopted or made available in cash or in kind, whichever comes first, on January 1, 2015.
- It was determined to apply a 4.1% rate to the cumulative results or other concepts likely to generate taxable dividends, obtained until December 31, 2014, and which form part of dividend distribution or any other form of profit sharing.

Tax authorities are entitled to check and, if applicable, revise the Income Tax calculated by the company for four years following submission of the income tax return of said taxes. Income tax returns for years 2011 to 2014 and Sales Tax for years 2010 to 2014, are still to be checked by the tax authorities. To date, the Tax Administration carried out a review of the income tax returns for financial years 2000 to 2010 and Sales Tax returns for years 2000 to December 2008.

(b) Subsidiaries in Chile.-

Minera Andes South SpA is subject to the Chilean tax regime. As of September 30, 2015, the income tax rate is 21% on taxable profits (21% as of December 31, 2014). Dividends or cash withdrawals in favour of non-domiciled shareholders are levied with 35% rate on the profits withdrawn, being the income tax paid by the Company deductible as credit against this tax. Open periods to tax review by the Tax Administration in Chile comprise years 2009 to 2014.

By means of Law N° 20780 published on September 29, 2014, certain changes were made to the Income Tax Law. The most relevant are listed below:

- - A gradual increase of corporate tax rate is determined, from 21% to 22.5 % in 2015; to 24% in 2016; and 25% in 2017 and so forth, under the *Regimen de Rentas de Utilidades Atribuidas* (RUA), by default this system is for individual entrepreneurs, E. I.R.L., communities and partnerships of entities exclusively composed of natural persons domiciled or resident in Chile.
- - A gradual increase in corporate tax rate is determined, from 21% to 22.5 % in 2015; to 24% in 2016; to 25.5 % in 2017; and to 27% in 2018 and so forth, under the *Regimen Parcialmente Integrado* (RIP); by default this system is for the other taxpayers (companies, SpAs or limited liability companies).

(c) Subsidiaries in Brazil -

Mineração Taboca S.A. is subject to the Brazilian tax system. As of September 30, 2015 and December 31, 2014, the income tax rate is 34% on taxable profits. Dividends in cash in favour of non-domiciled shareholders are exempted from tax. Open periods to tax review by the Tax Administration of Brazil comprise years 2010 to 2014.

(d) Subsidiaries in Peru -

Income tax returns for the years 2011 to 2014 and Sales Tax for the years 2010 to 2014, of subsidiaries in Peru, are still to be reviewed by the tax authorities.

For the purpose to determine the Income Tax and Sales Tax, transfer pricing of transactions with related companies and with companies resident in territories of low or zero taxation, must be supported with documentation and data on the valuation methods used and the criteria considered for its determination. Based on the analysis of the Company's operations, Management, and its legal advisors believe that, as a consequence of the application of this rule, no significant contingencies will emerge for the Company as of September 30, 2015.

19. Net Sales

(a) This item comprises the following:

	As of 30.09.2015	As of 30.09.2014
	US$(000)	US$(000)
Tin and other minerals	328,845	573,771
Gold	104,894	101,615
Niobium, tantalum and others	30,173	37,025
	463,912	712,411
Embedded Derivative for tin sales	829	(1,074)
	464,741	**711,337**

(b) The following table presents the net sales of tin and gold by geographical region:

	As of 30.09.2015	As of 30.09.2014
	US$(000)	US$(000)
Tin and other minerals		
Europe	162,692	286,804
America	143,895	248,300
Asia	30,824	62,462
Brazil	18,481	7,558
Peru	3,126	5,672
Gold		
United States	104,894	101,615
	463,912	712,411
Embedded Derivative for tin sales	829	(1,074)
	464,741	**711,337**

20. Cost of Sales

This item comprises the following:

	As of 30.09.2015	As of 30.09.2014
	US$(000)	US$(000)
Initial Inventory of finished products, note 7	35,680	58,342
Initial Inventory of products in-process, note 7	43,957	76,645
	79,637	134,987
Services provided by Third Parties	94,277	90,403
Depreciation	59,450	56,107
Consumption of raw material and inputs/supplies	59,983	79,118
Other staff costs	13,602	60,729
Salaries and wages	37,101	15,115
Electric power	9,497	10,910
Fringe Benefits	6,714	7,114
Other manufacturing costs	9,857	6,221
Amortisation	3,706	6,702
Production Cost	294,187	332,419
Final Inventory of finished products, note 7	(10,753)	(44,933)
Final Inventory of products in-process, note 7	(50,118)	(35,071)
	(60,871)	(80,004)
Cost of Sales	**312,953**	**387,402**

21. Administrative expenses

This item comprises the following:

	As of 30.09.2015	As of 30.09.2014
	US$(000)	US$(000)
Staff charges	22,634	25,773
Services provided by Third Parties	7,837	10,237
Diverse management charges	2,128	1,732
Depreciation	484	451
Supplies	58	59
Others	11	359
Total	**33,152**	**38,611**

22. Sales Expenses

This item comprises the following:

	As of 30.09.2015	As of 30.09.2014
	US$(000)	US$(000)
Services provided by Third Parties	3,067	4,463
Sales commissions	1,171	1,815
Staff charges	879	721
Diverse management charges	591	819
Storage Costs	383	57
Depreciation	5	10
Total	**6,096**	**7,885**

23. Other Operating Incomes

This item comprises the following:

	As of 30.09.2015	As of 30.09.2014
	$(000)	$(000)
Income from sale of supplies	3,070	4,407
Sale of mineral rights to Marcobre S.A. C.	-	2,525
Recovery of provisions in excess	1,271	1,959
ICMS Tax incentive	1,583	1,054
Income for sale of Property, plant and equipment	37	545
Counselling Service - Compañia Minera Raura S.A.	310	490
Reintegra (PIS/COFINS)	446	-
Counselling Service - Company Marcobre S.A.C.	434	175
Property Rental	160	176
Crescimiento Ativo Biologico	91	241
Rental of Equipment	-	99
Others	534	583
Total	**7,936**	**12,254**

24. Other Operating Expenses

This item comprises the following:

	As of 30.09.2015	As of 30.09.2014
	US$(000)	US$(000)
Exploration and survey expenditures		
Services provided by Third Parties	28,037	33,193
Staff charges	6,004	7,819
Salaries	1,098	6,839
Diverse management charges	1,410	2,776
Mining Concession Fee	757	938
Supplies	382	764
Depreciation	769	955
Amortisation	2,535	339
	40,992	**53,623**
Other Operating Expenses		
Adjustment of market value of physical inventory of supplies	5,765	296
Severance pay	551	5,521
Net cost of supplies sold	2,655	3,897
ICMS Incentive	1,665	-
Contributions to public environmental regulation entities	1,204	2,257
Net cost of disposal of mineral rights	-	2,000
Taxes incurred	1,164	1,528
Deductible Donations	930	-
Mining Retirement Fund	610	1,314
Net cost of removing Property, plant and equipment	482	780
Provision for administrative and legal processes	2	819
Other provisions	1,796	1,527
Inventory loss	480	534
Fees & Expenses	559	500
Depreciation	184	227
Others	781	716
	18,828	**21,916**
Total others, net	**59,820**	**75,539**

25. Financial Income and Costs
This item comprises the following:

	As of 30.09.2015	As of 30.09.2014
	US$(000)	US$(000)
Financial Income		
Interest on term deposits	1,314	3,959
Interest on certificates of deposit	1,087	-
Others	1,320	300
Interests Income	**3,721**	**4,259**

	As of 30.09.2015	As of 30.09.2014
Financial costs:		
Interests on corporate bond	22,490	17,969
Costs and interest on bank loans	9,660	13,015
Amortization of corporate bond issuance costs	384	386
Others	458	227
Interest Expenses	**32,992**	**31,597**

26. Commitments and contingencies
(a) Environmental commitments -

Exploration and exploitation activities of the Group are subject to the rules for environmental protection disclosed in the consolidated financial statements as of December 31, 2014.

No significant changes took place during the period ended on September 30, 2015. The commitments and contingencies have been registered in accordance with note 15.

(b) Contingencies -

The Group has no other significant contingencies than the ones described in the consolidated financial statements as of December 31, 2014. The record of contingencies is presented in note 15.

27. Transactions with related companies
Accounts receivable and payable –

Balances of accounts receivable and payable with related companies for the years ended on September 30, 2015 and December 31, 2014 are as follows:

Balances of accounts receivable and payable with related companies for the years ended on September 30, 2015 and December 31, 2014 are as follows:

	As of 30.09.2015 US$(000)	As of 31.12.2014 US$(000)
Accounts Receivable -		
Administración de Empresas S.A.	105	294
Compañía Minera Raura S.A.	191	171
Others	2	1
	298	**466**
Classification by Maturity		
Current	298	466
Non current	-	-
	298	**466**

	As of 30.09.2015 US$(000)	As of 31.12.2014 US$(000)
Accounts Payable -		
Administración de Empresas S.A.	7,513	7,454
Exsa S.A.	1,166	2,329
Rimac Seguros y Reaseguros	600	298
Clínica Internacional S.A.	200	519
Centria Servicios Administrativos S.A.	13	66
Rímac S.A. Entidad Prestadora de Salud	-	20
Estratégica S.A.C.	30	80
Urbanizadora Jardín S.A.	5	184
Marcobre S.A.	89	-
Protección Personal S.A.C.	5	90
Compañía Minera Raura S.A.	19	10
Inversiones Nacionales de Turismo S.A.	16	31
Corporación Peruana de Productos Químicos	86	15
Others	-	5
	9,742	**11,101**
Classification as per nature:		
Commercial	9,742	9,577
Diverse	-	1,524
	9,742	**11,101**

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

28. 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 sale of tin produced in Peru.
- Production and sale of tin produced in Brazil.
- Production and sale of golf produced in Peru.
- Production and sale of cement and concrete in Chile.
- Other mining exploration activities in Peru and Chile.

No other operating segment has been added to be part of the operating segments described above.

Addition of the above-mentioned segments, except for the segment: "production and sale of cement and concrete in Chile", constitute the "mining added segment."

Management monitors profits before taxes separately per each business unit to make the decisions on the allocation of resources and the assessment of financial yield. The financial yield of a segment is assessed on the basis of profits before income tax and measured consistently with profits before income tax in the separate profit and loss statement.

	Tin (Peru) US$(000)	Gold (Peru) US$(000)	Total (Peru) US$(000)	Tin (Brazil) US$(000)	Mining Exploration (Peru) US$(000)	Sub Total Consolidated US$(000)	Adjustments and Deletions US$(000)	Total Consolidated US$(000)
Period ended on September 30, 2015								
Results:								
Sales	258,955	104,894	363,849	100,063	-	463,912	-	463,912
Embedded Derivative -	829	-	829	-	-	829	-	829
Cost of Sales	(155,708)	(51,193)	(206,901)	(105,722)		(312,623)	-	(312,623)
Other Operating Income	(329)	-	(329)	-	-	(329)	-	(329)
Gross Margin	103,747	53,701	157,448	(5,659)	-	151,789	-	151,789
Operating Costs								
Administrative expenses	(16,755)	(5,508)	(22,263)	(9,106)	(2,166)	(33,535)	383	(33,152)
Sales Expenses	(4,787)	(5)	(4,792)	(1,304)	-	(6,096)	-	(6,096)
Exploration expenditures and projects	(13,485)	(4,434)	(17,919)	-	(23,073)	(40,992)	-	(40,992)
Other expenses, net	(2,347)	(772)	(3,119)	(7,585)	195	(10,509)	(383)	(10,892)
Total operating expenses	(37,374)	(10,719)	(48,093)	(17,995)	(25,044)	(91,132)	-	(91,132)
Operating Profit (loss)	66,373	42,982	109,355	(23,654)	(25,044)	60,657	-	60,657
Depreciation and Amortization (included in costs and expenses)	(21,206)	(27,242)	(48,448)	(16,263)	(2,885)	(67,596)	-	(67,596)
Impairment and Amortization (Including in inventory changes)	504	(489)	15	(1,737)	-	(1,722)	-	(1,722)

Minsur S. A. and Subsidiaries

Notes to the consolidated interim condensed financial statements (unaudited)

As of September 30, 2015

	Tin (Peru) US$(000)	Gold (Peru) US$(000)	Total (Peru) US$(000)	Tin (Brazil) US$(000)	Mining Exploration (Peru) US$(000)	Sub Total Consolidated US$(000)	Adjustments and Deletions US$(000)	Total Consolidated US$(000)
Period ended on September 30, 2014								
Results:								
Sales	491.401	101.615	593.016	126.144	-	719.160	(6.749)	712.411
Embedded Derivative -	(1.074)	-	(1.074)	-	-	(1.074)	-	(1.074)
Cost of Sales	(207.536)	(57.176)	(264.712)	(126.623)		(391.335)	3.933	(387.402)
Gross Margin	282.791	44.439	327.230	(479)	-	326.751	(2.816)	323.935
Operating Costs								
Administrative expenses	(19.541)	(5.384)	(24.925)	(10.607)	(3.281)	(38.813)	202	(38.611)
Sales Expenses	(6.702)	(3)	(6.705)	(1.180)	-	(7.885)	-	(7.885)
Exploration expenditures	(13.584)	(3.742)	(17.326)	-	(30.400)	(47.726)	-	(47.726)
Other expenses, net	(3.986)	(1.098)	(5.084)	(9.794)	46	(14.832)	(727)	(15.559)
Total operating expenses	(43.813)	(10.227)	(54.040)	(21.581)	(33.635)	(109.256)	(525)	(109.781)
Operating Profit (loss)	238.978	34.212	273.190	(22.060)	(33.635)	217.495	(3.341)	214.154
Depreciation and Amortization (included in costs and expenses)	(21.096)	(21.420)	(42.516)	(20.511)	(1.017)	(64.044)	-	(64.044)
Impairment and Amortization (Including in inventory changes)	(6.928)	(486)	(7.414)	(542)	-	(7.956)	-	(7.956)