Minsur S.A.

Notes to the separate interim financial statements (unaudited)

As of December 31, 2017

1. 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, which holds 99.99% of the Company's common shares and 6.31% of its investment shares. The Company's registered address is Jiron Giovanni Batista Lorenzo Bernini 149, Office 501A, San Borja, Lima, Peru.

(b) Business Activity -

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

Through its subsidiary Minera Latinoamericana S.A.C., the Company has investments in Mineração Taboca S.A. and subsidiary (which operate the tin mine and a smelting plant located in Brazil), in Inversiones Cordillera del Sur Ltda. and subsidiaries (holding of shares of a group mainly dedicated to the production and selling of cement in Chile) and in Minera Andes del Sur S.P.A. (a Chilean company engaged in mining exploration activities). As explained in Note 11, the investment in Inversiones Cordillera del Sur Ltda. is accounted for as an investment in an associate.

Furthermore, through its subsidiary Cumbres Andinas S.A., the Company has investments in Minera Sillustani S.A.C., Compañia Minera Barbastro S.A.C. and Marcobre S.A.C., mining companies that are under exploration and evaluation of mineral resources (Minera Sillustani S.A.C. and Compañía Minera Barbastro S.A.C.) and in the feasibility stage (Marcobre S.A.C.).

2. Basis of preparation and accounting policies

2.1. Basis of Preparation -

The separate financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") in force.

In accordance with the International Financial Reporting Standards (IFRS) in force, there is no requirement to prepare separate financial statements; but in Peru the companies are required to prepare them in accordance with current legal requirements. Because of this, the Company has prepared separate financial statements using IAS 27 Separate Financial Statements. These financial statements are published within the period established by the Peruvian Securities Regulator.

The separate financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through profit or loss, derivative financial instruments, available-for-sale financial investments and embedded derivatives for sale of mineral, which have been measured at fair value.

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

The preparation of the separate financial statements requires management to make judgments, estimates and assumptions, as detailed in note 3.

These separate financial statements provide comparative information to the previous period. For a correct interpretation of the separate financial statements in accordance with IFRS, these should be read in conjunction with the consolidated financial statements.

2.2. Changes in accounting policies and disclosures-

The Company has not adopted in advance any norm, interpretation or modification issued, and that is not yet effective and there have been no new norms or modifications that have become effective as of January 1, 2017.

2.3. Summary of significant accounting policies -

The following significant accounting policies are used by the Company to prepare its separate financial statements:

(a) Cash and cash equivalents -

Cash and cash equivalents in the separated statement of cash flows comprise cash, banks and on hand and short-term deposits with an original maturity of three months or less.

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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i). Financial Assets -

Initial recognition and measurement -
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and trade receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The Company's financial assets include cash and cash equivalent, trade and other receivables, available-for-sale financial investments, derivative financial instruments and financial assets at fair value through profit or loss.

Subsequent measurement -
For purposes of subsequent measurement, financial assets are classified into four categories: For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial asset at fair value through profit and loss.
- Loans and trade receivables.
- Held-to-maturity investments.
- Available for financial investments.

Financial asset at fair value through profit and loss -
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instrument as defined by IAS 39.

Financial assets at fair value through profit and loss are carried in the separate statement of financial position at fair value, and the changes in fair value are presented as finance costs (negative net change in fair value) or finance income (positive net changes in fair value) in the separate statement of profit or loss.

The Company has classified certain investments as financial assets at fair value through profit or loss, see note 9.

Embedded derivatives in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

Loans and receivables -
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial are subsequently measured at amortized cost using the effective interest rate method (here in after EIR), less impairment. The losses arising from impairment are recognized in the separate statement of profit or loss.

This category applies to trade and other receivables. For more information on receivables, refer to note 7.

Held-to-maturity investments -
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity.

As of december 31, 2017 and December 31, 2016, the Company does not have these financial assets.

Available-for-sale (AFS) financial investments -
AFS financial investments include equity and debt securities. Equity investments classified

as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income (OCI) and credited in the unrealized gain on available-for-sale investments until investment is derecognized. In this moment, the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the separate statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using interest rate method.

The Company has classified equity securities and debt instruments as available-for-sale financial investments as of December 31, 2017 and December 31, 2016.

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

(i) The rights to receive cash flows, from the asset have expired; or

(ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of the asset of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the assets, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

(ii). Impairment of financial assets -

The Company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as economic conditions that correlate with defaults.

Financial assets carried at amortized cost -
For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the separate statement of profit or loss. Interest income (recorded as finance income in the separate statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. Any amount written off and subsequently recovered, the recovery is recorded as finance costs in the separate statement of profit or loss.

Available for sale (AFS) financial investments -

For AFS financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the separate statement of profit or loss is removed from OCI and recognized in the separate statement of profit or loss. Impairment losses on equity investment are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

In the case of debt instruments classified as financial assets available for sale, impairment testing is performed according to the same criteria used for financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between amortized cost and the current fair value, less any impairment loss on that previously recognized in the separate statement of profit or loss.

Then, interest income is recognized based on the updated carrying amount of the reduced asset, using the discount rate in future cash flows used in the measuring the impairment loss. Interest income is recorded as part of financial income. If in the future, the fair value of the debt instrument increases and the increase can be objectively related to an event after the loss recognition in the separate statement of profit or loss, the impairment loss is reversed through the separate statement of profit or loss.

(iii). Financial Liabilities -

Initial recognition and measurement -
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, payables, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case the trade payables, interest-bearing loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, interest-bearing loans and borrowings and embedded derivative for sale of mineral.

Subsequent measurement -
The subsequent measurement of financial liabilities depends on their classification as described follows:

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

Gains or losses on liabilities held for trading are recognized in the separate statement of profit or loss.

Except for the embedded derivative for sale of tin, the Company has not designated, at initial recognition, any financial liability as at fair value through profit or loss.

Loans and borrowings -

After their initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate method (EIR). Gains and losses are recognized in the separate statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the separate statement of profit or loss.

This category includes trade and other payables and interest-bearing loans and borrowings. For more information refer to notes 14 and 15.

Derecognition -

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the separate statement of profit or loss.

(iv). Offsetting of financial instruments -

Financial assets and financial liabilities are offset and the net amount is reported in the separate statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(v). Fair Value -

The Company measures financial instruments as embedded derivatives, derivative financial instruments and available-for-sale investments at fair value at each separate statement of financial position date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are summarized in note 31.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows:

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(c) Foreign currency transactions -

The Company’s separate financial statements are presented in U.S. Dollars, which is also the Company’s functional and presentation currency.

Transactions and balances -

Transactions in foreign currencies (different currency than U.S. Dollar) are initially recorded by the Company at their respective functional currency spot rates listed by the Superintendencia de Banca y Seguros y AFP.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the separate statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction.

(d) Inventories -

The finished products and work in progress are valued at the lower of cost and net realizable value. Costs incurred to bring each product to its present location and conditions are recorded as follows:

Raw materials and supplies -

- Purchase cost using the weighted average method.

Finished products, work in-progress and mineral extracted -

- Cost of direct materials and supplies, services provided by third parties, direct labor and a proportion of manufacturing overheads based on normal operating capacity, excluding borrowing costs and exchange currency differences.

Inventories in transit -

- Purchasing cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

The estimation (reversal) for impairment of inventories is determined annually by Management by reference to specific items of materials and supplies and is charged or credited to profit or loss in the period when the need of the provision (reversal) is settled.

(e) Investment in subsidiaries and associates -

The subsidiaries are entities over which the Company has control; the control is achieved when the Company is exposed, or has rights to variable returns from its involvement in the entity receiving the investment and has the ability to affect those returns through its power in the entity receiving the investment.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The investments in subsidiaries and associates are initially recognized at cost and are subsequently measured through changes in the participation of the Company in the results of subsidiaries and associates.

When there has been a change recognized directly in the equity of the subsidiary and associate, the Company recognizes the participation in this change and accounts for, when applicable, in the separate statement of changes in equity. Unrealized gains and losses on common transactions are eliminated in proportion to the interest held in the subsidiary and associate.

The Company's participation in the profits or losses of subsidiaries and associates are presented separately in the separate statement of profit or loss and represents the profit or loss after tax of subsidiaries and associates.

The reporting dates of the Company´s subsidiaries and associates a are identical and the accounting policies of subsidiaries are consistent with those used by the Company for similar transactions and events.

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on investments in subsidiaries and associates. The Company determines at each date of the statement of financial position whether there is objective evidence that the investment in subsidiaries and associates are impaired. If applicable, the Company calculates the amount of impairment as the difference between the fair value of the investment in the subsidiary and the carrying value and recognizes the loss in the separate statement of profit or loss.

In the event of loss of significant influence on the subsidiaries and associates, the Company measures and recognizes any accumulated investment at its fair value. Any difference between the book value of the subsidiaries and associates at the time of loss of significant influence, the fair value of the investment held and the proceeds from the sale, is recognized in the separate statement of profit or loss.

(f) Property, plant and equipment -

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to the asset being ready to be used, the initial estimate of the asset retirement obligation, and borrowing costs related to the assets. The capitalized value of a finance lease is also included within property, plant and equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in separate statement of profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation -

Units-of-production (UOP) method

Depreciation of assets whose useful life is greater than the life of mine is calculated using the units-of-production (UOP) method, based on reserves economically recoverable of each mine.

Straight-line method

Depreciation of assets whose useful life is shorter than the life of the mine, or that these are related to administrative, is calculated using the straight-line method, based on the estimated useful life of the assets. The estimated useful life of such assets is presented as follows:

	Years
Buildings and other constructions of the San Rafael mining unit	Between 2 and 5
Buildings and other constructions of the Pucamarca mining unit	Between 3 and 5
Buildings and other constructions related to smelting plant Pisco	Between 4 and 29
Machinery and equipment	Between 1 and 6
Vehicles	Between 3 and 10
Furniture and fixtures and computer equipments	Between 2 and 10
Communication and security equipments	Between 2 and 10

The assets' residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Disposals -

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the separate statement of profit or loss when the asset is derecognized.

(g) Leases -

The determination of whether an arrangement is, or contains, a lease is based on the substance of the date of commencement of lease. It is necessary to assess whether the performance of the contract is dependent on the use of a specific asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases -
Finance leases that transfer to the Company substantially all the risks and benefits inherent to the ownership of the leased item, are capitalized at the commencement date of the lease at the fair value of the leased property or, if the amount lease is lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the separate statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases:
Operating lease payments are recognized as an operating expense in the separate statement of profit or loss on a straight-line basis over the lease term.

(h) Mining concessions -
The mining concessions represent the right of exploration and exploitation that the Company has over the mining properties that contain the acquired mineral reserves and resources. Those mining concessions are showed at cost and amortized starting from the production phase following the units-of-production method based on proved and stimated reserves to which they relate. The unit-of-production rate for the amortization of mining concessions takes into account expenditures incurred to the date of the calculation. In case the Company abandons the concessions, the associated costs are charged directly to the separate statement of profit or loss.

At end of year, the Company assesses at each unit mine whether there is an indication that the value of its mining concessions may be impaired. If any indication exists, the Company estimates the asset's recoverable amount.

Mining concessions are presented within the caption "Intangibles assets, net" in the separate statement of financial position.

(i) Exploration and evaluation costs -

Exploration and evaluation costs include the activities of search of mineral resource, the determination of viability technical and the assessment of the commercial viability of an identified resource. These costs are charged to expenses according to be incurred until such time as the technical and commercial viability of the identified resource is determined (pre-feasibility study). From the beginning of the stage of definition of technical and commercial feasibility of high precision (feasibility study), the costs incurred are capitalized. Exploration activities include:

- Researching and analyzing historical exploration data.
- Gathering exploration data through geophysical studies.
- Exploratory drilling and sampling.
- Determining and examining the volume and grade of the resource.
- Surveying transportation and infrastructure requirements.
- Conductiong market anf finance studies.

(j) Development costs -

When it is determined that a mineral property can be economically viable, that is, when determining the existence of proven and probable reserves, the costs incurred to develop such property, including additional costs to delineate the ore body and remove any impurities are capitalized as development costs in the item “Development costs”. These costs are amortized using the units of production method, using the proven and probable reserves.

Development costs activities include:

- Engineering and metallurgical studies.
- Drilling and other costs to delineate the ore body.
- Removal of impurities related to the ore body.

Development costs necessary to maintain production are expensed as incurred.

(k) Stripping (waste removal) costs -

As part of its mining operations, the Company incurs waste removal costs (stripping costs) during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalized and their accounting treatment is as explained in point (j) above.

The costs incurred during the production phase (stripping costs) are realized to obtain two benefits, the production of inventories or better access to mineral that will be exploited in the future. When the benefits are realized to the production of inventories they are recorded as part of the cost of production of this inventories. When the benefits obtained give access to the mineral to be exploited in the future and the operation is open pit, then these costs are recognized as non-current assets (stripping costs) if the three following criteria are met:

- Future economic benefits are probable;
- The component of the ore body for which access will be improved can be accurately identified; and
- The costs associated with the improved access can be reliably measured.

In identifying components of the ore body, the Company works closely with the mining operations personnel for each mining operation to analyze each of the mine plans.

Substantially stripping costs incurred by the Company are related to the production of inventory and not to improved access to the ore to be mined in the future.

(l) Usufruct of lands -

It corresponds to payments for the right to use certain lands near to the mining units of the Company, needed for its operation and are recorded at cost. These costs are amortized using the straight-line method over the life of the respective agreements (between 2 and 10 years).

(m) Impairment of non financial assets -

The Company assesses, at each reporting date, whether there is an indication that an asset (or cash generating unit - CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal (FVLCD) and its value in use (VIU), and the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining FVLCD, recent market transactions (where available) are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the separate statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets in general, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the separate statement of profit or loss with exception of impairment loss related to the goodwill.

(n) Provisions -

General -

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation 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 current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost in the separate statements profit or loss.

Provision for closure of mining units -

At the time of initial recognition of the provision for closure of mining units, the fair value of the estimated costs is capitalized by increasing the carrying amount of the long-lived assets (development costs and property, plant and equipment). Then, the provision is increased in each period to reflect the financial cost considered in the initial estimation of the fair value and, in addition, the capitalized cost is depreciated and/or amortized on the basis of the useful life of the related asset. In settling the obligation, the Company records in the current results any resulting gain or loss.

The change in the fair value of the obligations or in the useful life of the related assets, resulting from the revision of the initial estimates are recognized as an increase or decrease in the carrying value of the obligation and the related asset. Any reduction in a provision for closure of mining units and, therefore, any reduction of the related asset, may not exceed the carrying amount of such asset. If so, any excess over the carrying amount is immediately taken to the separate statement of profit or loss.

If the change in the estimate results in an increase in the provision and, therefore, an increase in the carrying amount of the asset, the Company shall take into account whether this is an indication of impairment of the asset as a whole and shall perform and impairment testing in accordance with IAS 36 "Impairment of Assets".

In the case of mines in a closing process; therefore, not available for mining activities, changes in estimated costs are recognized immediately in the separate statements of profit or loss.

Environmental expenditures and liabilities -
Environmental expenditures related with current or future revenues are recorded as expense or are capitalized, as appropriate. Expenditures related with an existing condition caused by past operations and do not contribute to current or future revenues are expensed as incurred.

Liabilities for environmental costs are recognized when an obligation to undertake clean-up activities is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, with the decommissioning or closure of inactive sites.

The amount recognized is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognized is the present value of the future expenditures estimated.

(o) Employees benefits -

The remunerations, severance contributions, legal bonuses, performance bonuses and vacations to workers are calculated in accordance with IAS 19, “Employee Benefits” and are calculated in accordance with Peruvian legal regulations in force and on an accrual basis.

(p) Revenue recognition -

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognized:

Metals sales -

Sales of metallic tin and gold are recognized when the Company has delivered the products at the place agreed with the customer, customer has accepted the products and the collection of the receivable is reasonably assured.

In relation to sales of tin, the Company assigns a provisional sales price based on the current quoted prices of tin, which are then liquidated based on future quotations of mineral at the end of the agreement. The exposure to changes in the prices of metals generates an embedded derivative that should be separated from the host contract. At end of each year, the sales price initially used must be adjusted accordingly with the forward price for the settlement period stipulated in the contract. The embedded derivative, which does not qualify for hedge accounting, is initially recognized at fair value, and the subsequent changes in fair value are recognized in the separate statement of profit or loss and presented as part of net sales.

In relation to the measurement of gold sales, these are not subject to a final price adjustment and do not generate embedded derivatives.

Service revenues -

Income from services rendered to related parties is recognized as income when they have actually been rendered.

Interests income -
For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the separate statements of profit or loss.

Dividends -
Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(q) Tax -
Current income tax -
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, or whose approval will find nearing completion, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the separate statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax -
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses and to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Significant management judgment to determine the amount of deferred tax assets that can be recognized based on the probable date of recovery and level of future taxable income and future tax planning strategies are required.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax related to items recognized outside profit or loss is recognized outside profit or loss are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Mining Royalties and Special Tax on Mining in Peru -
Mining royalties and special mining tax are accounted for under IAS 12 “Income taxes” since they have the characteristics of income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable net income- rather than physical quantities produced or as a percentage of revenue – after adjustment for temporary differences. Legal rules and rates used to calculate the amounts payable are those in force on the date of the separate statement of financial position.

Consequently, payments made to the Government by way of special mining and mining royalty tax are under the scope of IAS 12 and, therefore, is treated as income taxes. Both the mining royalty as the special mining tax generate deferred tax assets or deferred tax liabilities which must be measured using the average quarterly rates that are expected to apply to operating profit in the period in which the Company expects will reverse the temporary differences.

Sales Tax -
Ordinary revenues, expenses and assets are recognized net of the amount of sales tax (added value tax), except:

(i). When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

(ii). When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the separate statements of financial position.

(r) Derivative financial instruments and hedge accounting -
Initial recognition and subsequent measurement -
The Company uses derivative financial instrument to manage its exposure to variation of the prices of metals (collars contracts of options at zero cost of minerals), such derivative financial instruments are initially recognized at fair value on the date on which a derivate contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when fair value is negative.

At inception of the hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument´s fair value in offsetting the exposure to changes in the hedged item´s fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Company's hedge is classified as cash flow hedge. The effective portion of gain or loss on the hedging instrument is initially recognized in the separated statements of changes in equity, under the caption other equity reserves, while the ineffective portion is recognized immediately in the separated statements of profit or loss in the finance costs caption.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's separate financial statements requires management to make judgments, estimates and assumptions that significantly affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures; as the disclosure of contingent liabilities as of the date of the separate financial statements. Estimates and assumptions are continuously evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. More information about each of these areas and the impact on the separated financial statements and in the Company's accounting policies for the application of the significant judgments, estimates and accounting assumptions that have been used are presented below, as well as in the notes to the respective separate financial statements.

3.1. Judgements –

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the separate financial statements:

Contingencies -
By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Assessing the existence and potential amount of contingencies inherently involves the exercise of significant judgements made by management and the use of estimates about the outcome of future events.

3.2. Estimates and assumptions -

The following are key future-related assumptions and other key sources of uncertainty estimates as of the date of the separate financial statements and which carry a high risk of significant adjustments to the carrying amounts of assets and liabilities during the next period. The Company has based its estimates and assumptions on the basis of the parameters available at the moment of the preparation of these separate financial statements. However, the circumstances and assumptions about future events may change due to changes in the current market and new circumstances that may arise beyond the control of the Company. The changes are reflected in the assumptions at the time of occurrence.

(a) Determination of mineral reserves and resources -
The Company calculate its ore reserves and resources using methods generally applied by the mining industry in accordance with international guidelines. All reserves computed represent the estimated amounts of proved and probable ore that can be processed economically under the present conditions.

The process of estimating the amount of reserves and mineral resources is complex and requires the making of subjective decisions at the time of evaluating all the geologic, geophysical, engineering and economic information that is available. Revisions could occur in estimated reserves due to, among other things, revisions of the geologic data or assumptions, changes in assumed prices, production costs and the results of exploration activities. The changes in estimates of mineral reserves could affect mainly the carrying value of mining concessions, development costs, property, plant and equipment; the charges to results corresponding to depreciation and amortization; and the carrying amount of the provision for closure of mining units.

(b) Units of production depreciation (UOP) -
Estimated economically recoverable reserves are used in determining the depreciation and/or amortization of mine-specific assets.

This results in a depreciation/amortization charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Changes in estimates are accounted for prospectively.

(c) Mine rehabilitation provision -
The Company assesses its mine rehabilitation provision at each reporting date using a discounted cash flow model. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates and terms in which cost are expected to be incurred. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents Management’s best estimate of the present value of the future rehabilitation costs required.

(d) Determination of the net realizable value of inventories -
Net realizable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realize when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

(e) Impairment of non-financial assets -
The Company assesses each asset or cash generating unit in each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. The assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, among others. These estimates and assumptions are subject to risk and uncertainty.

The fair value of mining assets is generally calculated by the present value of future cash flows arising from the continued use of the asset, which include some estimates, such as the cost of future expansion plans, using assumptions that a third party might consider. The future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the value of money over time, as well as specific risks of the asset or cash-generating unit under evaluation.

(f) Taxes -
Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

4. Issued but not effective standards

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective:

IFRS 9 "Financial Instruments"
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but the provision of comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of IFRS 9 would have not significant effect on the classification and measurement of the Company's financial assets and liabilities.

IFRS 15 "Revenue from ordinary activities Proceeds from Contracts with Customers"

IFRS 15 was issued in May 2014 and established a five-step model to be applied to those revenue from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the contractual consideration which has been agreed with the customer. The accounting principles in IFRS 15 provides a more structured approach to measure and recognize revenue approach. This new IFRS on income will apply to all entities, and replace all the requirements of revenue recognition under IFRS. It required a full or modified retrospective application for those annual periods beginning on January 1, 2018, and its adoption is permitted in advance. The Company is currently assessing the impact of IFRS 15 on its financial statements and plans to adopt this new standard on the required effective date.

IFRS 16 "Leases"

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. This new IFRS is required to apply for those annual periods beginning on January 1, 2019, and is allowed to be adopted in advance. The Company is currently assessing the impact of IFRS 16 on its separate financial statements and expects to adopt anticipate this new rule on January 1, 2018

5. Transactions in foreign currency

Transactions in foreign currency (mainly in Soles, before denominated "Nuevos Soles") take place at the open-market exchange rates published by the Superintendencia de Banca, Seguros y AFP. As of December 31, 2017, the weighted average open-market exchange rates for transactions in Soles were US$0.3088 for purchase and US$0.3082 for sale (US$0.2983 for purchase and US$0.2976 for sale as of December 31, 2016).

As of December 31, 2017 and December 31, 2016, the Company had the following assets and liabilities in Soles:

	As 31 of december 2017		**As of 31 december 2016**	
	S/.(000)	Equivalent in US$(000)	S/.(000)	Equivalent in US$(000)
Assets				
Cash and cash equivalents	599	185	774	231
Trade and other accounts receivable, net	27,821	8,592	15,860	4,732
	28,420	8,777	16,634	4,963
Liabilities				
Trade and other accounts payable	(90,627)	(27,928)	(131,949)	(39,271)
Income tax payable	(14,433)	(4,448)	(31,312)	(9,319)
	(105,060)	(32,376)	(163,261)	(48,590)
Net liabilities position	**(76,640)**	**(23,599)**	**(146,627)**	**(43,627)**

As of December 31, 2017 and December 31, 2016, the Company has no financial instruments to cover exchange risk in its operations in foreign currency.

6. Cash and cash equivalents

(a) This item comprises the following:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Cash on hand	5	9
Cash demand deposits (b)	32,383	15,003
Term Deposits (c)	69,117	181,322
Overnight deposits (d)	101,377	63,819
Balance considered in the separate statements of cash flow	202,882	260,153
Time deposits with original maturities greather than 90 days	160,444	80,986
Total	**363,326**	**341,139**

(b) As of December 31, 2017 and December 31, 2016, the Company maintains its cash demand deposits in local and foreign banks of first level that are freely available and generates interest at market interest rate.

(c) Time deposits have original maturities of less than 90 days and may be renewed at maturity. As of December 31, 2017 and December 31, 2016, these deposits earned interest at market interest rates.

(d) Overnight deposits are one day deposits in a foreign bank, which yield interest at market rates.

7. Trade and other receivables, net

(a) This item comprises the following:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Trade:		
Invoices receivable (b)	45,586	55,555
Allowance for doubtful accounts (d)	(1,210)	(1,210)
	44,376	54,345
Related parties, note 27:	3,491	8,559
Others receivable:		
Value added tax credit	6,387	3,542
Advances to suppliers	1,857	1,167
Tax credit for works performed	1,469	747
Restricted funds	80	78
Others	4,630	5,739
	14,423	11,273
Total	**62,290**	**74,177**

By nature:		
Financial Asset	55,903	70,635
Non-current Asset	6,387	3,542
Total	**62,290**	**74,177**

(b) As of December 31, 2017 and December 31, 2016, trade receivables are interest free and do not have specific guarantees. In the process of estimating the allowance for doubtful accounts, the Company's management constantly evaluates market conditions, and uses the aging assessment of trade operations.

(c) The aging analysis of trade and other accounts receivable as of December 31, 2017 and December 31, 2016, is as follows:

			Past due but not impaired				
	Total	**Neither past, due nor Impaired**	**< 30 days**	**30 - 60 days**	**61 - 90 days**	**91 - 120 days**	**> 120 days**
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
As of 31.12.2017	44,376	40,784	3,593	-	-	-	-
As of 31.12.2016	54,345	47,696	-	6,649	-	-	-

(d) The movement of the allowance for doubtful accounts as of December 31, 2017 and December 31, 2016 and is as follows:

	As of 31.12.2017	**As of 31.12.2016**
	US$(000)	US$(000)
Opening balance	1,210	2,587
Reversal of allowance for the year, note 23	-	(1,377)
Ending Balance	**1,210**	**1,210**

8. Inventories, net

(a) This caption was made up as follows:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Finished products	18,612	16,625
Work in progress	21,944	22,691
Materials and supplies	25,115	23,088
Mineral extracted	3,829	449
Inventory in transit	-	25
	69,500	62,878
Allowance for obsolescence	(3,591)	(2,784)
Total	**65,909**	**60,094**

(b) The allowance for obsolescence of materials and supplies had the following movement as of December 31, 2017 and December 31, 2016:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Opening balance	2,784	2,302
Allowance for the year, note 21	807	482
Ending Balance	**3,591**	**2,784**

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

9. Financial assets at fair value through profit or loss

(a) As of December 31, 2017 and December 31, 2016, the Company holds an investment in equity shares of BBVA of Spain by US$7,792,000 and US$6,072,000 respectively. BBVA of Spain is a prestigious company in the international market for which has a very low risk level.

(b) As of December 31, 2017, the Company holds an investment in equity shares of Rímac Seguros and Reaseguros for US $ 29,325,000. Rímac Seguros y Reaseguros is a prestigious company in the national market for which has a very low risk level.

(c) As of December 31, 2017 and December 31, 2016, the fair value of this investment classified as financial asset at fair value through profit or loss has been determined based on its quotation in the Stock Exchange of Spain. Following, we present the movement of this item:

	As of 31.12.2017				
	Opening balance	**Transfer**	**Changes in the fair value**	**Return on stocks equity**	**Fair Value**
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
BBVA España	6,072	-	1,582	138	7,792
Rimac	-	21,070	8,255	-	29,325
Total	**6,072**	**21,070**	**9,837**	**138**	**37,117**

	As of 31.12.2016				
	Opening balance	**Transfer**	**Changes in the fair value**	**Return on stocks equity**	**Fair Value**
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
BBVA España	6,412	-	(358)	18	6,072
Total	**6,412**	**-**	**(358)**	**18**	**6,072**

(d) As of December 31, 2017 the Company received cash and shares dividends from the BBVA of Spain by US$177,000 and US$138,000 (US$159,000 in dividends in cash and US$18,000 in share of stock in the year 2016), which were credited to the results of the year, note 26.

Available-for sale financial investments

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

	As of 31.12.2017				
	Cost	Unrealized results	Accrued interests	Settlement of investment	Fair Value
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Mutual funds with public quotation	125,000	6,713	-	-	131,713
Certificates of deposit without public quotation	35,000	-	2,557	(37,557)	-
Investment certificate in the state	2,935	-	-	-	2,935
Total	**162,935**	**6,713**	**2,557**	**(37,557)**	**134,648**

	As of 31.12.2016				
	Cost	Unrealized results	Accrued interests	Settlement of investment	Fair Value
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Mutual funds with public quotation	125,000	3,810	-	-	128,810
Certificates of deposit without public quotation	65,000	42	3,104	(31,256)	36,890
Total	**190,000**	**3,852**	**3,104**	**(31,256)**	**165,700**

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 31.12.2017	As of 31.12.2016
	US$(000)	US$(000)
Opening balance	165,700	192,498
New investments	2,935	-
Settlement of certificates of deposit	(37,557)	(31,256)
Unrealized gains	2,861	3,035
Accrued interest in certificated deposits, note 26	709	1,423
Ending Balance	**134,648**	**165,700**

10. Investments in subsidiaries and associates

(a) This caption is made up as follows:

	Interest in equity		Investments amount	
	As of 31.12.2017	**As of 31.12.2016**	**As of 31.12.2017**	**As of 31.12.2016**
	%	%	US$(000)	US$(000)
Subsidiaries				
Minera Latinoamericana S.A.C.	99.99	99.99	396,246	490,558
Cumbres Andinas S.A.	99.97	99.98	394,958	252,141
Cumbres del Sur	99.98	-	15,180	-
Minsur U.S.A. Inc.	-	99.99	-	292
			806,384	742,991
Asociates				
Rímac Seguros y Reaseguros.	-	14.51	-	61,015
Explosivos S.A.	10.95	10.95	12,610	12,182
Futura Consorcio Inmobiliario S.A.	4.96	4.96	5,203	5,113
Servicios Aeronáuticos Unidos S.A.C.	-	47.50	-	2,871
			17,813	81,181
Total			**824,197**	**824,172**

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

(b) The participation of the Company in the result of the investments in subsidiaries and associates as of December 31, 2017 and December 31, 2016, as follows:

	As of 31.12.2017	**As of 31.12.2016**
	US$(000)	US$(000)
Minera Latinoamericana S.A.C.	(131,562)	(21,240)
Cumbres del Sur	(96)	-
Servicios Aeronáuticos Unidos S.A.C.	(286)	(504)
Futura Consorcio Inmobiliario S.A.	(93)	(266)
Minsur USA Inc.	(12)	-
Cumbres Andinas S.A.	88,463	(15,166)
Rímac Seguros y Reaseguros	2,464	3,161
Explosivos S.A.	410	4,294
Ending balance	**(40,712)**	**(29,721)**

(c) Following is summary information about subsidiaries -

Minera Latinoamericana S.A.C. - Minlat
The business purpose of this subsidiary is the exploration and exploitation of mining rights directly or indirectly included in any mining activity in Peru and abroad, this subsidiary has operations in Chile and Brazil.

On January 29, 2015, the subsidiary Minlat S.A.C. signed with related party Inversiones Breca S.A., (hereinafter "Breca") a shareholders' agreement by which it was agreed that Breca (minority shareholder of Inversiones Cordillera del Sur I Ltda., hereinafter "Cordillera") will manage all relevant activities of Cordillera from 2015. According to IFRS 10 "Consolidated financial statements", when loss of control of a subsidiary occurs, the controlling will no longer consolidate the financial information of the subsidiary from the date on which the control loss occurs, and will record investment in that entity as an associate.

The associate Cordillera is mainly engaged to maintain investments in Melón and subsidiaries. The social objective of Melón S.A. is the production, marketing and supply of cement, ready-mix concrete, mortar and pre-dosed aggregates to distributors of building materials, to construction companies related to the sectors of real estate, civil works and mining, and concrete companies from Chile.

Following is the summary of the economic activity of the subsidiaries:

(i). Mineração Taboca S.A.
Taboca is a mining company mainly engaged in the exploitation of the Pitinga mine, located in the Amazonas state, in the Republic of Brazil. From this mine, Taboca mainly obtains tin concentrated. Taboca also operates the Pirapora smelter, located in Sao Paulo.

(ii). Minera Andes del Sur S.P.A.
Is a holding focused on executing mineral exploration projects in Chile.

The table below shows the movement of the investment in Minlat:

	As of 31.12.2017 US$(000)	**As of 31.12.2016** US$(000)
Opening balance	490,558	395,277
Plus (minus):		
Unrealized gains	2,992	2,449
Other reserves	-	-
Others results	(285)	-
Capital contributions	28,000	65,000
Translation	6,543	49,072
Participation in net profit/(loss)	(131,562)	(21,240)
Ending Balance	**396,246**	**490,558**

Cumbres Andinas S.A.
The purpose of this subsidiary is the exploration and exploitation of mining rights and any mining activity directly or indirectly comprised in mining activities. Currently, the activities of this subsidiary are limited to the holding of shares in mining entities in the exploration phase (Minera Sillustani S.A.

and Compañia Minera Barbastro S.A.C.) and Marcobre S.A.C., in definition stage (hereinafter “Sillustani”, “Barbastro” and “Marcobre”, respectively).

As of December 31, 2017 and December 31, 2016, the Company through its subsidiary Cumbres Andinas S.A. maintains a investment of 100% on Marcobre.

With the agreement of the General Shareholders' Meeting held on December 21, 2017, the split of a patrimonial block of Cumbres Andinas in the amount of S / 49,372,490 was approved; as part of the corporate reorganization for the management of the Marcobre investment, Mina Justa project. The effective date of this split was December 31, 2017.

As a result of the impairment assessment carried out by the Management as of December 31, 2015 on the "Mina Justa" project, an impairment loss of US $ 374,698,000 was recognized, net of deferred income tax, which is presented in line " Participation in the Results of Subsidiaries and Associates "of the separate income statement. Likewise, as a result of the impairment assessment carried out by Management as of December 31, 2017 on the "Mina Justa" project, a restitution of value of US $ 86,000,000 has been recognized, net of deferred income tax.

The table below shows the movement in the investment in Cumbres Andinas S.A.:

	As of 31.12.2017 US$(000)	**As of 31.12.2016** US$(000)
Opening balance	252,141	149,360
Plus (minus):		
Capital contributions	69,550	127,520
Translation	-	(128)
Other reserves	-	(9,850)
Others results	19	405
Splinter block	(15,215)	-
Participation in net profit/(loss)	88,463	(15,166)
Ending Balance	**394,958**	**252,141**

Cumbres del Sur

The corporate purpose of this subsidiary is the exploration and exploitation of mining rights and, in general, any of the activities directly or indirectly included in the mining activity. Currently, the activities of this subsidiary are limited to investment in mining companies in exploration stage, such as: Minera Sillustani S.A. and Compañía Minera Barbastro S.A.C..

The table below shows the movement in the investment in Cumbres del Sur:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Opening balance	-	-
Plus (minus):		
Translation	200	-
Participation in net profit/(loss)	(96)	-
Splinter block	15,215	
Unrealized gains		-
Others results	(139)	-
Ending Balance	**15,180**	**-**

(d) The main information of associates is as follows:

Rimac Seguros y Reaseguros

On September 26, 2017, the Company sold through a stock exchange to Inversiones Breca S.A. the amount of 119,700,000 of its shares in Rimac Seguros and Reaseguros, at their fair value of US$61,139,000. The total profit generated by the sale of this investment was US$21,254,000. As of December 31, 2017, the company owns 63,020,532 shares of Rímac Seguros y Reaseguros, this investment has been reclassified as a financial asset at fair value through profit or loss, note 9 (b).

The table below shows the movement in the investment in Rimac Seguros y Reaseguros:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Opening balance	61,015	48,214
Plus (minus):		
Unrealized gains	-	10,830
Participation in net profit/(loss)	2,464	3,161
Translation	-	881
Dividends	(2,389)	(1,903)
Others results	-	(168)
Transfer	(21,070)	-
Sale of shares, note 9 (c)	(40,020)	-
Ending Balance	**-**	**61,015**

Explosivos S.A.
The economic activity of this associate located in Peru, includes the manufacture, domestic sale and export of local cartridge explosives, accessories and blasting agents, also this associated is engaged in the providing of blasting services, and all kinds of goods and services to support mining companies.

The table below shows the movement in the investment in Explosivos S.A.:

	As of 31.12.2017 US$(000)	**As of 31.12.2016** US$(000)
Opening balance	12,182	7,886
Plus (minus):		
Participation in net profit/(loss)	410	4,294
Translation	-	2
Others results	18	-
Ending Balance	**12,610**	**12,182**

Futura Consorcio Inmobiliario S.A.
The purpose of this associate located in Peru, comprise the inmobiliarie business mainly to its related companies.

The table below shows the movement in the investment in Futura Consorcio Inmobiliario S.A.C.:

	As of 31.12.2017 US$(000)	**As of 31.12.2016** US$(000)
Opening balance	5,113	5,318
Plus (minus):		
Translation	181	83
Participation in net profit/(loss)	(93)	(266)
Unrealized gains	-	(7)
Others results	2	(15)
Ending Balance	**5,203**	**5,113**

Servicios Aeronauticos Unidos S.A.C.- SAUSAC
The purpose of this associate located in Peru, is to provide air transportation services of passengers, cargo and mail, prospection, maintenance of airplanes and selling of supplies for the civil aviation.

The table below shows the movement in the investment in Servicios Aeronauticos Unidos S.A.C.:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Opening balance	2,871	3,375
Plus (minus):		
Participation in net profit/(loss)	(286)	(504)
Investment settlement	(2,575)	-
Others results	(10)	-
Ending Balance	**-**	**2,871**

11. Property, plant and equipment, net

(a) The composition and activity of the item is as follows:

	Opening balance 01.01.2017 US$(000)	Additions US$(000)	Deductions and Adjustments US$(000)	Transfers US$(000)	Ending balance 31.12.2017 US$(000)
Cost -					
Land	14,643	1,435	-	-	16,078
Buildings and installations	349,627	-	(3,223)	22,261	368,665
Machinery and equipment	256,221	-	(3,812)	10,874	263,283
Furniture, fixtures and computer equipment	5,967	-	(5)	112	6,074
Communication and safety equipment	1,750	-	(55)	29	1,724
Vehicles	3,630	-	(210)	4	3,424
Units to receive	-	1	-	-	1
Work in progress	18,282	61,268	(129)	(33,280)	46,141
Financial leasing	-	-	-	-	-
Mine closure costs	52,945	9,671	-	-	62,616
	703,065	72,375	(7,434)	-	768,006
Accumulated Depreciation -					
Buildings and installations	198,654	24,187	(1,227)	-	221,614
Machinery and equipment	185,304	13,926	(1,876)	-	197,354
Furniture, fixtures and computer equipment	4,064	502	(5)	-	4,561
Communication and safety equipment	952	214	(12)	-	1,154
Vehicles	2,525	307	(184)	-	2,648
Financial leasing	-	-	-	-	-
Mine closure costs	34,879	3,676	-	-	38,555
	426,378	42,812	(3,304)	-	465,886
Net cost	**276,687**				**302,120**

	Opening balance 01.01.2016	Additions	Deductions and Adjustments	Transfers	Ending balance 31.12.2016
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Cost -					
Land	14,042	601	-	-	14,643
Buildings and installations	341,552	-	(9,577)	17,652	349,627
Machinery and equipment	235,571	-	(2,937)	23,587	256,221
Furniture, fixtures and computer equipment	5,022	-	(15)	960	5,967
Communication and safety Equipment	1,481	-	(15)	284	1,750
Vehicles	5,179	-	(1,775)	226	3,630
Work in progress	21,498	35,833	-	(39,049)	18,282
Financial leasing	3,660	-	-	(3,660)	-
Mine closure costs	59,546	-	(6,601)	-	52,945
	687,551	36,434	(20,920)	-	703,065
Accumulated Depreciation -					
Buildings and installations	183,894	23,709	(8,949)	-	198,654
Machinery and equipment	173,166	11,890	(1,384)	1,632	185,304
Furniture, fixtures and computer equipment	3,636	442	(14)	-	4,064
Communication and safety Equipment	763	201	(12)	-	952
Vehicles	3,482	366	(1,352)	29	2,525
Financial leasing	1,362	299	-	(1,661)	-
Mine closure costs	32,117	2,762	-	-	34,879
	398,420	39,669	(11,711)	-	426,378
Net cost	**289,131**				**276,687**

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

	As of 31.12.2017	As of 31.12.2016
	US$(000)	US$(000)
Cost of sales, note 21	40,809	38,812
Administration expenses, note 22	526	447
Selling expenses, note 23	3	7
Exploration expenses, note 25	230	246
Other expenses, note 25	1,244	157
Total	**42,812**	**39,669**

(c) Work in progress as of December 31, 2017 amounted to US$46,141,000 (US$18,282,000 as of December 31, 2016) and this is mainly related to the ore sorting and new barren line.

(d) Impairment assessment of mining units
According to the policies and procedures of the Company, each asset or cash-generating unit (CGU) is evaluated annually at the end of the period, to determine if there are an indicators of impairment. If there are such indicators of impairment, a formal estimate of recoverable amount is performed.

As of December 31, 2017 and December 31, 2016, the Company concluded that there are no indicators of impairment in San Rafael (Tin) and Pucamarca units (mine of gold) and, therefore, did not make a formal estimation of the recoverable amount.

12. Intangible Assets, net

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

	Opening balance 01.01.2017	Additions	Disposals	Ending balance 31.12.2017
	US$(000)	US$(000)	US$(000)	US$(000)
Cost -				
Development Cost	36,680	8,955	-	45,635
Mining Concessions	4,231	-	-	4,231
Easement	3,258	-	-	3,258
Usufruct of lands	1,706	807	-	2,513
Gas connection rights	545	-	-	545
Licenses	117	256	-	373
	46,537	10,018	-	56,555
Accumulated amortization -				
Development Cost	14,734	5,447	-	20,181
Mining Concessions	2,031	305	-	2,336
Easement	1,463	312	-	1,775
Usufruct of lands	1,036	201	-	1,237
Gas connection rights	117	55	-	172
Licenses	28	25	-	53
	19,409	6,345	-	25,754
Net cost	**27,128**			**30,801**

	Opening balance 01.01.2016	Additions	Disposals	Ending balance 31.12.2016
	US$(000)	US$(000)	US$(000)	US$(000)
Cost -				
Development Cost	30,257	6,423	-	36,680
Mining Concessions	4,076	155	-	4,231
Easement	3,258	-	-	3,258
Usufruct of lands	1,692	14	-	1,706
Gas connection rights	545	-	-	545
Licenses	117	-	-	117
	39,945	6,592	-	46,537
Accumulated amortization -				
Development Cost	11,988	2,746	-	14,734
Mining Concessions	1,713	318	-	2,031
Easement	1,146	317	-	1,463
Usufruct of lands	860	176	-	1,036
Gas connection rights	64	53	-	117
Licenses	21	7	-	28
	15,792	3,617	-	19,409
Net cost	**24,153**			**27,128**

(b) The amortization expense is shown as follows:

	As of 31.12.2017	As of 31.12.2016
	US$(000)	US$(000)
Cost of sales, note 21	6,198	3,506
Exploration expenses, note 25	147	111
Total	**6,345**	**3,617**

13. Interest-bearing loans and borrowings

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

Entity	Guarantees	Interest Rate	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Corporate Bonds, net of issuance costs (b)	No guarantees	6.25%	440,833	440,106
Total			**440,833**	**440,106**
Classification by maturity:				
Current Portion			-	-
Non-Current Portion			440,833	440,106
Total			**440,833**	**440,106**

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

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

14. Trade and other payables

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

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Trade payable	54,516	38,959
Related parties, note 27	7,003	9,340
Others receivable:		
Interest payable	11,158	11,158
Taxes and contributions payable	10,789	10,143
Related parties, note 27	32	437
Others	1,770	2,383
	23,749	24,121
Total	**85,268**	**72,420**

Employee Benefits		
Workers' profit sharing (c)	16,164	17,303
Remunerations and contributions payable	2,512	2,444
	18,676	**19,747**

(b) Trade accounts payable result from the purchases of material, supplies and mainly correspond to invoices payable to domestic suppliers. They are non-interest bearing and are normally settled on 30 to 60 days term.

Other payables non-interest bearing and have an average term of 3 months.

(c) Workers' profit sharing -
In accordance with Peruvian legislation, the Company determines the workers' profit sharing at the rate of 8% of annual taxable income. The distribution is determined by 50% on the number of days each employee worked during the preceding year and 50% on proportion of their annual remuneration.

15. Provisions

(a) This item comprises the following:

	Provisions for mine closure (b)	Provision for bonuses to employees (c)	Provision for contin-gencies (d)	Total
	US$(000)	US$(000)	US$(000)	US$(000)
As of January 1, 2016	56,205	4,069	1,105	61,379
Additions	-	4,464	167	4,631
Accretion	1,813	-	-	1,813
Change in estimates, note 12(a)	(6,601)	-	-	(6,601)
Payments and advances	(64)	(4,068)	(58)	(4,190)
Reversals	-	-	(154)	(154)
As of December 31, 2016	**51,353**	**4,465**	**1,060**	**56,878**
Additions	-	6,638	1,159	7,797
Accretion, note 26	1,491	-	-	1,491
Change in estimates, note 12a	9,671	-	-	9,671
Payments and advances	(32)	(4,092)	(14)	(4,138)
Reversals	-	(2,023)	(15)	(2,038)
As of December 31, 2017	**62,483**	**4,988**	**2,190**	**69,661**
Current Portion	2,947	4,465	1,060	8,472
Non-Current Portion	48,406	-	-	48,406
As of December 31, 2016	**51,353**	**4,465**	**1,060**	**56,878**

Current Portion	3,464	4,988	2,190	10,642
Non-Current Portion	59,019	-	-	59,019
As of December 31, 2017	**62,483**	**4,988**	**2,190**	**69,661**

(b) Provision for mine closure -

The provision for closure of mining units reflects the present value of the closing costs expected to be incurred between 2018 and 2042, in compliance with government regulations, see note 28(b). The estimation of closing costs of mining units are based on studies prepared by independent consultants, which comply with environmental regulations. The provision for closure of mining units relates mainly to activities to be performed for the restoration of the mining units and areas affected by operating activities. The main work to be performed is for earthworks, revegetation work and dismantling of the plants. The closing budgets are regularly reviewed to take into account any significant change in the studies. However, the closing costs of mining units will depend on market prices of closure works required to reflect future economic conditions. Also, the time of the disbursements carried out depends on the life of the mine, which depends of future prices of metals.

As of December 31, 2017, the nominal value of the provision for mine closure is US$75,400,000 (US$68,478,000 as of December 31, 2016), which has been discounted using risk free annual interest rates for the provision of each mining unit according to the useful of the mines, which are between 0.27% and 2.83%, resulting in an updated liability of US$62,483,000 (US$51,353,000 as of December 31, 2016). The Company believes that this liability is sufficient to comply with the laws of environmental protection approved by the Ministry of Energy and Mines.

(c) Provision bonuses to employees -

As of December 31, 2017 this item corresponds to a performance bonus to workers which are paid in the first quarter of 2018.

(d) Provision for contingencies -

This provision includes the estimation for provision for obligations by environmental contingencies of US$1,925,000 (US$772,000 as of December 31, 2016) and for laboral contingencies of US$265,000 (US$288,000 as of December 31, 2016).

16. Income Tax

(a) The following comprise the Current Tax Assets/(Liability):

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Asset/(Liability) for Tax on Earnings		
Current Income Tax	(54,522)	(55,204)
Current Income Tax Prepayment	50,168	45,885
Total	**(4,354)**	**(9,319)**

(b) The composition and movements of this caption is presented below:

-

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Income Tax:		
Deferred income tax assets		
Provision for mine closure	17,907	15,149
Differences in book and tax basis for fixed assets	17,045	13,885
Tax benefit for tax overpayments from previous years	1,186	4,855
Investments at fair value though profit and loss	(731)	2,696
Mining royalty and special mining tax	1,301	1,730
Other provisions	1,990	1,318
Vacations payables	679	648
	39,376	40,281
Deferred income tax liabilities		
Exchange difference for non-monetary items	(5,202)	(10,516)
Asset retirement costs	(7,098)	(5,329)
Development Cost	(3,202)	(5,223)
Available for sale investments	(1,980)	(1,681)
Differences in book and tax bases of inventories	(532)	(393)
Embedded Derivative	(147)	(14)
	(18,161)	(23,156)
Deferred income tax asset, net	**21,215**	**17,125**
Mining royalty (MR) and Special Mining Tax (SMT):		
Deferred income tax assets		
Differences in book and tax basis for fixed assets	4,112	3,351
Exploration expenses	1,315	1,355
	5,428	4,706
Deferred income tax liabilities		
Exchange difference for non-monetary items	(1,767)	(2,538)
Derivative implicit	(35)	-
Differences in book and tax bases of inventories	(39)	(23)
	(1,842)	(2,561)
Deferred tax liability of MR and SMT, net	**3,586**	**2,145**
Total deferred income tax asset, net	**24,801**	**19,270**

(c) The reconciliation of the income tax expense (income) and the profit (loss) before taxes times the tax rate of December 31, 2017 and December 31, 2016, is presented below:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Profit before income tax	**146,907**	**148,270**
At statutory income tax rate	(43,337)	(41,054)
Participation in results of subsidiaries and associates	(12,715)	(8,322)
Effect of permanent differences, net	239	(2,541)
Updating of intangible and fixed assets tax base	-	(1,494)
Tax asset	(3,669)	(410)
Adjustment of previous years	(241)	(16)
Effect of translation	4,854	5,159
Effect of mining royalties	5,165	5,145
Effect of the change in income tax-rate	-	924
Income Tax Expense	(49,705)	(42,609)
Mining Royalties and Special Mining Tax	(16,068)	(16,162)
Total	**(65,773)**	**(58,771)**

(d) The Income tax expense shown in the separate profit and loss statement is composed as follows:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Income Tax		
Current	(54,638)	(55,312)
Deffered	4,933	12,703
	(49,705)	(42,609)
Mining Royalties and Special Mining Tax		
Current	(17,509)	(18,376)
Deffered	1,441	2,214
	(16,068)	(16,162)
Total income tax	**(65,773)**	**(58,771)**

Deferred income tax on investments in associates -
The Company does not record the deferred income tax asset related to investments in its associates due to: (i) Inversiones Breca and subsidiaries have joint control of those companies, which operate as part of the economic group and, (ii) the Company has the intention and the ability to hold these investments in the long-term. Consequently, Management believes that the temporary difference will be reversed through dividends to be received in the future, which according to current tax rules are not subject to income tax. There is no legal or contractual obligation for the management to be forced to sell its investment in associates.

17. Net Equity

(a) Capital Stock -

As of December 31, 2017 and December 31, 2016 the authorized, subscribed and paid in capital stock in accordance with the Company's by-laws and amendments, comprises 19,220,015 common shares with a nominal value of S/.100.00 each one.

(b) Investment Shares-

As of December 31, 2017 and December 31, 2016, this caption comprises 960,999,163 investment shares, with a nominal value of S/.1.00 each one.

According to the current legislation, the investment shares grant the holders the right to participate in the dividend distribution, make contributions to maintain its share in the case of capital increases as a result of additional contributions, increase the investment shares account due to the capitalization of equity accounts, redemption of shares in whichever of the cases foresaw by law and participation in the distribution of the equity in case of dissolution. The investment shares do not grant access to the Board of Directors or to the Shareholders' meetings. The investment shares of the Company are listed on the Bolsa de Valores de Lima (BVL).

The quotation of these shares as of December 31, 2017 was S/.1.80 per share (S/.1.45 per share as of December 31, 2016 with a frequency of negotiation of 80 percent).

(c) Legal reserve -

The Peruvian General Corporation Law requires that a minimum of 10 percent of the distributable earnings for each period, after deducting the income tax, needs to be transferred to a legal reserve until such is equal to 20% of the capital. This legal reserve can offset losses or can be capitalized, in both cases there remaining the obligation to replenish it.

As of December 31, 2017 and December 31, 2016, the Company has not increased its legal reserve because the legal reserve reached the limit mentioned above.

(d) Reinvested earning -

As of December 31, 2017 and December 31, 2016, this balance is made up of reinvested profits approved in prior years by US$39,985,000.

(e) Declared and paid dividends -

As of December 31, 2017 and December 31, 2016 no dividends have been declared or paid.

		Dividends declared and paid	**Dividends per common share**	**Dividends per investment share**
		US$(000)	US$(000)	US$(000)
Al 31 de diciembre de 2017				
Junta Obligatoria Anual de Accionistas	27-oct	61,138	1.50	0.330

(f) Cumulative translation adjustment -

This caption corresponds to the exchange difference resulting from the translation of the financial statements of the foreign subsidiaries and associates, into the functional currency of the Company.

As of December 31, 2017, the resulting exchange difference was a gain net of US$20,036,000 (which includes a translation gain of US$6,413,000 from Brazilian subsidiary, a translation gain of US$19,248,000 from the associate Inversiones Cordillera del Sur Ltda. of Chile, and a translation gain of US$375,000 for the other subsidiaries and associates). During 2016, the resulting translation result was a gain net of US$49,910,000 (which includes a translation gain of US$40,238,000 from the Brazilian subsidiary, a translation gain of US$8,820,000 from the associate Inversiones Cordillera del Sur Ltda. of Chile and a translation gain of US$852,000 for the other subsidiaries and associates). These exchange differences are included in the separated statement of comprehensive income.

(g) Result per share -

The result per basic share is calculated by dividing the result of the period by the weighted average of the number of outstanding shares during the year.

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

	As of 31.12.2017 US$(000)	**As of 31.12.2016** US$(000)
Profit attributable to common and investing shareholders	81,134	89,499
Denominator		
Common Shares	19,220,015	19,220,015
Investment Shares	960,999,163	960,999,163
Result per share		
Profit attributable to common shareholders	2.814	3.104
Profit attributable to investing shareholders	0.028	0.031

18. Tax Situation

(a) The Company is subject to the Peruvian tax system.
Until as of December 31, 2016, through Law N°30296 enacted as December 31, 2014, the current income tax regime established the following:

- A gradual reduction of the corporate income tax rate from 30% to 28% in the years 2015 and 2016; to 27% in the years 2017 and 2018; and to 26% in 2019 and future.
- A progressive increase in the rate applicable to the dividend tax from 4.1% to 6.8% in 2015 and 2016; to 8.0% in the years 2017 and 2018; and to 9.3% in 2019 and futures. These rates would apply to the distribution of profits to be make available in cash or in kind whichever occurs first, from 1 January 2015.
- Accumulated results or other items capable of generating dividends which were obtained up to

31 December 2014 and which form part of the dividends or any other form of distribution of profits, would be subject to a rate applicable to the dividend tax of 4.1%.

By Legislative Decree No. 1261 published on December 10, 2016, the government introduced certain amendments to the Income Tax Law, effective as from January 1, 2017. The most relevant are presented below:

- An income tax rate of 29.5% is set.

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

(b) The tax authorities have the power to review and adjust the income tax calculated by the Company in the four years following the year the tax returns presentation. The tax returns of the Income Tax for the years 2012 to 2016 and value added tax ("IGV" for its acronym in spanish) for the years 2011 to 2016 are open to review by tax authorities. To date, the Tax Administration performed the review of the income tax for the years 2000 to 2010, and the value added tax and value added tax for the years 2000 to December 2008, see note 29(a). To date, the Tax Administration is carrying out the review of the 2011 fiscal year of the affidavit of income tax.

(c) Tax authorities are entitled to check and, if applicable, revise the Income Tax calculated by the company in the four years following filing of the income tax return of said taxes. Income tax returns for years 2012 to 2016 and Sales Tax for years 2013 to 2016, 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.

Due to the interpretations that the tax authorities may give to legislation in effect, it is not possible to determine whether or not of the tax audits that will perform will result in increased liabilities for the Company. Therefore, any greater tax or surcharge that could result from eventual tax reviews would be applied to the results of the fiscal year in which it is determined. However, in opinion of the Company's management and its legal counsels, any eventual additional tax settlement would not be significant for the financial statements as of December 31, 2017 and 2016.

(d) For purposes of determining the Income Tax, the transfer prices for transactions with related entities and entities domiciled in territories with little or no taxation must be supported by documentation and information on the valuation methods used and the criteria considered for their determination. Tributary administration is able to ask for the company´s information. Based on an analysis of the Company's operations, management and its legal advisors believe that the application of this rule would not result in material contingencies for the Company as of December 31, 2017 and December 31, 2016.

19. Net Sales

This item comprises the following:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Tin	369,414	360,348
Gold	119,093	132,883
	488,507	493,231
Embedded derivative for sale of tin	545	216
Derivative financial instruments	-	(3,797)
	489,052	**489,650**

Sales concentration of tin -
As of December 31, 2017 and December 31, 2016 there was no significant sales concentration. The three most important clients for sale of tin represented 35% (30% in 2016).

Sales concentration of gold -
As of December 31, 2017 the company sells gold to five customers (four customers in 2016).

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

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Tin:		
América	163,139	163,120
Europa	157,605	155,560
Asia	43,411	36,122
Perú	5,259	5,546
Gold:		
United States	97,819	85,218
Europe	21,274	47,665
	488,507	493,231
Embedded derivative for sale of tin	545	216
Derivative financial instruments	-	(3,797)
	489,052	**489,650**

20. Cost of Sales

The composition of this caption is made up as follows:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Opening finished product inventory, note 8	16,625	16,318
Opening product in process inventory, note 8	22,691	22,495
Opening mineral extracted inventory, note 8	449	784
	39,765	**39,597**
Other third-party services	53899	43164
Depreciation, note 12 (b)	40,809	38,812
Consumption of raw material and miscellaneous supplies	35,124	43,586
Purchase of mining services from AESA S.A.	30,319	32,607
Other personnel expense	22,692	21,968
Wages and salaries	17,791	16,580
Electricity	12,936	12,741
Employee benefits	8,683	9,567
Purchase of explosives from Exsa S.A.	6,598	6,801
Amortization, note 13 (b)	6,198	3,506
Other manufacturing expenses	4,576	4,359
Desvalorización de suministros y repuestos, nota 8(b)	807	482
Production Cost	**240,432**	**234,173**
Final finished product inventory, note 8	(18,612)	(16,625)
Final work in process inventory, note 8	(21,944)	(22,691)
Final mineral extracted inventory, note 8	(3,829)	(449)
	(44,385)	**(39,765)**
Cost of Sales	**235,812**	**234,005**

21. Administrative expenses

The composition of this caption is made up as follows:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Other personnel expense	9,413	8,669
Wages	8,239	7,831
Other third-party services	4,723	4,740
Advice and consulting	3,982	2,020
Employee benefits	3,339	2,859
Depreciation, note 12 (b)	526	447
Other management charges and provisions	1,588	1,208
Total	**31,810**	**27,774**

22. Selling expenses

The composition of this caption is made up as follows:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Other third-party services	1,923	2,051
Warehouse expenses	497	446
Contractual royalties	466	-
Other management charges and provisions	363	529
Wages	298	315
Other personnel expense	271	164
Sales commissions	133	440
Employee benefits	114	103
Depreciation, note 12 (b)	3	7
Total	**4,068**	**4,055**

23. Other Operating Incomes

The composition of this caption is made up as follows:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Income for sale of shares	61,139	-
Income on sale of supplies	5,363	2,966
Income for advisory services	1,675	1,516
Income for works by tax	1,219	-
Lease of property	818	730
Revenue from sale of property, plant and equipment	398	469
Income for insurance claims	277	-
Lease of equipment	239	320
Recovery of doubtful accounts	-	1,377
Income from previous exercises	-	176
Reversion estimated by contingencies, note 16 (a)	15	154
Income by Inventory difference	-	149
Others	3,376	982
Total	**74,519**	**8,839**

24. Other Operating Expenses

This item comprises the following:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Exploration expenses and project expenses		
Other third-party services	22,663	10,280
Purchase of contract mining serv. AESA S.A.	1,284	1,600
Mineral rights	907	712
Wages	835	627
Other personnel expense	985	1,069
Other management charges and provisions	601	264
Employee benefits	326	211
Depreciation, note 12 (b)	230	246
Amortization, note 13 (b)	147	111
	27,978	**15,120**
Other Operating Expenses		
Net cost of sale of shares	39,885	-
Cost of sale of supplies	4,993	2,374
Deductible donations	2,625	1,407
Administrative and fiscal sanctions	2,230	-
Assumed tax	1,403	1,474
Contributions to public entities of environmental regulation	1,273	1,432
Depreciation, note 12 (b)	1,244	157
Expenses for works by tax	1,219	-
Provision for administrative and labor contingencies	1,159	167
Net cost of property, plant and equipment withdrawn	1,139	2,160
Mining retired fund	924	987
Net cost of mining rights	235	548
Adjustment for physical inventory of supplies	177	281
Others	4,438	3,014
	62,944	**14,001**
Total others, net	**90,922**	**29,121**

25. Financial Income and Costs

This item comprises the following:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Financial Income		
Interest on time deposits	3,450	1,335
Tax interests	3,425	-
Interest deposits at sight	640	589
Interest on certificates of deposit, note 10 (b)	709	1,423
Interest on related loans	375	40
Interest on current accounts	259	270
Dividends in shares, note 9 (d)	138	18
Cash dividends, note 9 (d)	177	159
Others	12	28
Total	**9,185**	**3,862**
Financial costs:		
Interests on corporate bond	(28,125)	(28,125)
Amortization of issuance costs of corporate bond	(726)	(961)
Others	-	(11)
Interest Expenses	**(28,851)**	**(29,097)**
Accretion, note 16 (b)	(1,491)	(1,813)
Labor interests	(1,270)	-
Total	**(31,612)**	**(30,910)**

26. Transactions with related companies

(a) Receivables and Payables -

The balances of the receivable and payable with related parties as of December 31, 2017 and December 31, 2016 follow:

	As of 31.12.2017 US$(000)	As of 31.12.2016 US$(000)
Receivable:		
Compañía Minera Raura S.A.	1,968	93
Rimac Seguros y Reaseguros	1,002	-
Administración de Empresas S.A.	246	204
Marcobre S.A.C.	184	109
Mineração Taboca S.A.	21	8,090
Minera Sillustani S.A.C.	14	14
Minera Latinoamericana S.A.C.	14	14
Cumbres Andinas S.A.	14	14
Cía. Minera Barbastro S.A.C.	14	14
Clinica Internacional S.A.	11	4
Exsa S.A.	3	-
Tecnológica de Alimentos S.A.	-	2
Minera Carabaya S.A (en liquidación)		1
Total	**3,491**	**8,559**
Classification by maturity:		
Corriente	3,491	8,559
No Corriente	-	-
	3,491	**8,559**
Payable:		
Administración de Empresas S.A.	5,339	8,219
Exsa S.A.	855	1,121
Clínica Internacional S.A.	326	156
Inversiones San Borja S.A	242	176
Rímac S.A. Entidad Prestadora de Salud	129	-
Inversiones Nacionales de Turismo S.A.	33	11
Compañía Minera Raura S.A.	32	-
Protección Personal S.A.C.	24	19
Estratégica S.A.C.	28	-
Centria Servicios Administrativos S.A.	24	18
Rímac Seguros y Reaseguros	2	38
Bodegas Viñas de Oro	1	-
Corporación Peruana de Productos Químicos	-	9
Urbanizadora Jardín S.A.	-	10
Total	**7,035**	**9,777**

The receivables from subsidiary Mineração Taboca S.A. that corresponded to a loan for working capital granted during 2016 was canceled as of December 31, 2017. This loan accrued interest at an effective rate of 3.1% plus 12-month Libor, with a maturity of 12 months from the date of subscription and no It has specific guarantees.

There have been no guarantees contributed or received from accounts receivable or payable with related parties. For the year ended December 31, 2017, the Company has not recorded any impairment of accounts receivable related to amounts owed by related parties. This evaluation is carried out each year by examining the financial situation of the related party and the market in which the related party operates.

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

27. Commitment

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

(b) Law on Mine Closure -
On October 14, 2004, the Peruvian government enacted the Law No.28090 “Law of Mine Closure”, whose purpose is to regulate the obligations and procedures that mining companies should comply for the elaboration, filling and implementation of the Mine Closure Plan, as well as to require the establishment of environmental guarantees to secure fulfillment of related mine closure plan. The corresponding ruling was approved on August 15, 2005 by means of Supreme Decree No.033-2005-EM.

As of December 31, 2017, the provision for mine closure units San Rafael, Pucamarca and Pisco amounts to US$62,594,000 (US$51,353,000 as of December 31, 2016). See to the movement of this provision in note 16(b).

28. Contingencies

(a) As a result of the tax reviews made for the years from 2000 to 2010, the Company has received tax assessments by omissions to the Income Tax and Value Added Tax by S/101,646,000 (equivalent to US$31,227,000). In all these cases, the Company has appealed since it considers that those tax assessments are not in compliance with the current Peruvian tax regulations. As of today, these appeals are pending of resolution. Management and its legal advisors estimate that this appeal will be favorably resolved in the interests of the Company.

On the other hand, in the past the Company decided to make, under protest, several payments assessed by the tax authorities, without prejudice of exercising its right of claim to SUNAT or appeal to the Tax Court, depending of the circumstance. As of December 31, 2017, the accumulated payments under protest amounted to US$24,902,000 (US$24,091,000 as of December 31, 2016). The Company will recognize these contingencies when its collection will be virtually certain. The fiscal court has notified the result of the process for the fiscal year 2005 corresponding to the General Sales Tax, with a result in favor of the company, generating a recovery for this tax of US $ 1,871,000, and has also notified the result of the process for Income Tax of the years 2000 and 2001, with results in favor of the company generating a recovery of US $ 5,578,000.

(b) In the appeal presented by the Company to the tax authorities for the fiscal year 2002, the Company included a claim for income tax payments made in excess in such year for S/104,708,000 (equivalent to US$32,050,000). This amount was originated by an error in the determination of a gain related to the transfer of 9,847,142 shares of Union de Cervecerias Backus y Johnston S.A.A., occurred in July 2002. The Company will recognize the asset related to this claim on the date on which the refund is made by the tax authorities. Management and its legal counsel estimate that this claim will be resolved in favor of the Company.

(c) Sanctioning administrative processes -
As of December 31, 2017 and prior years, the Company has received some notifications from the Agency for Assessment and Environmental Control (“OEFA” for its acronym in spanish) and OSINERGMIN, respectively. Such notifications are related to breaches of the procedures for the protection and conservation of the environment and the rules of mining health and safety. The administrative sanctions from OSINERGMIN and OEFA amounted to 1,607 tax units - TU. In relation to these notifications, the Company has appealed these sanctions before the judicial power, being currently pending of resolution.

Management and its legal advisors have analyzed these processes and they have estimated a probable contingency of US$2,456,000 (US$772,000 as of December 31, 2016), which is presented under "Provisions" in the separate statement of financial position note 16(d).

(d) Labor processes -
The Company has several labor claims mainly compensation for damages for occupational disease. In this regard, the Management and its legal advisors have been following the various processes that affect the Company. As a result of this analysis as of December 31, 2017 and December 31, 2016, the Company maintains provisions for labor contingencies, estimated sufficient to cover the risks affecting the business for this item. As of December 31, 2017, these provisions amount to approximately US$265,000 (US$288,000 at December 31, 2016) and are presented in the "Provisions" caption of the separate statement of financial position note 16(d).

The Company also faces other labor claims amounting to US$29,000 by the Management and its legal counsel believe that it is only possible, not probable that such legal actions prosper, so that no provision was recorded for these labor demands of possible category as of December 31, 2017.

As of December 31, 2017, in the opinion of management and its external legal counsel, the resolution of environmental and labor contingencies would not result in additional liabilities to those already recorded.

29. Segmented Data

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

- Production and sale of tin produced in Peru.
- Production and sale of gold produced in Peru.

No operating segment has been aggregated to form the above reportable operating segments.

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

As of December 31, 2017	Tin (Peru)	Gold (Peru)	Others non allocable	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Results:				
Sales	369,414	119,093	-	488,507
Embedded Derivative	545	-	-	545
Cost of Sales	(168,511)	(66,494)	(807)	(235,812)
Gross Margin	201,448	52,599	(807)	253,240
Administrative Expenses	(22,732)	(9,078)	-	(31,810)
Selling expenses	(3,392)	(674)	(2)	(4,068)
Exploration expenses	(26,190)	(1,788)	-	(27,978)
Other net	8,271	3,304	-	11,575
Operating income	157,405	44,363	(809)	200,959
Profit before income tax	-	-	189,785	189,785
Income Tax	-	-	(65,773)	(65,773)
Net Profit	-	-	124,012	124,012
Other disclosures:				
Additions of fixed assets and intangibles	56,494	25,819	79	82,392
Depreciation and amortization				
(included in costs and expenses)	(17,895)	(29,111)	(2,151)	(49,157)
Operating activities	-	-	85,142	85,142
Investing activities	-	-	(19,174)	(19,174)

As of december 31, 2016	**Tin (Peru)** US$(000)	**Gold (Peru)** US$(000)	**Others non allocable** US$(000)	**Total** US$(000)
Results:				
Sales	360,348	132,883	-	493,231
Embedded Derivative	216	-	-	216
Derivative financial instruments	(4,247)	450	-	(3,797)
Cost of Sales	(172,807)	(60,715)	-	(233,522)
Other operating costs	(483)	-	-	(483)
Gross Margin	183,027	72,618	-	255,645
Administrative Expenses	(20,553)	(7,221)	-	(27,774)
Selling expenses	(2,516)	(162)	-	(2,678)
Exploration expenses	(14,969)	(151)	-	(15,120)
Other expenses, net	(5,197)	(1,342)	-	(6,539)
Operating income	139,792	63,742	-	203,534
Profit before income tax	-	-	148,270	148,270
Income Tax	-	-	(58,771)	(58,771)
Net Profit	-	-	89,499	89,499
Other disclosures:				
Additions of fixed assets and intangibles	20,531	7,289	2,012	29,832
Depreciation and amortization (included in costs and expenses)	(14,967)	(27,351)	(969)	(43,287)
Operating activities	-	-	161,092	161,092
Investing activities	-	-	(202,743)	(202,743)

30. Financial assets and financial liabilities

	As of 31.12.2017 US$(000)	**As of 31.12.2016** US$(000)
Financial assets at fair value		
Financial assets at fair value through profit or loss, note 9	37,117	6,072
Total financial assets at fair value	37,117	6,072
Available-for-sale investments:		
Mutual funds with public quotation	131,713	128,810
Certificates of deposit without public quotation	-	36,890
Certificates of public investment	2,935	-
Total available-for-sale investments, note 10	134,648	165,700
Financial assets embedded		
Embedded derivatives for sale of tin, note 32	497	-
Derivative financial instruments	-	394
Total financial assets embedded	497	394
Total financial assets	**172,262**	**172,166**

Financial liabilities

Embedded derivatives for sale of tin, note 32	-	47
Derivative financial instruments	-	1632
Total financial liabilities	**-**	**1,679**

Financial assets -
Financial instruments at fair value through profit or loss and the available for sale financial investments reflect fair value of the assets.

Except financial instruments at fair value through profit or loss and available-for-sale financial investments, all financial assets which included cash and cash equivalents and trade and other receivables are classified in the category of loans and receivables. These loans and receivables are held to maturity and generate revenue for fixed or variable interest. The carrying value may be affected by changes in the credit risk of the counterparties.

Financial liabilities -
All financial liabilities of the Company include trade and other payables and interest-bearing loans and borrowings are classified as loans and borrowings and are carried at amortized cost.

31. Embedded derivatives for sale of tin

The sales of tin produced in Peru are based on commercial agreements, whereby a provisional sales price is assigned based on the current quoted prices of tin, which are then liquidated based on future quotations of mineral (forward).

Embedded derivative as of December 31, 2017 and December 31, 2016:

Metal	Quantity	Quotations period	Period		Fair Value
			Provisional	Futures	
			US$(000)	US$(000)	US$(000)
As of 31 December 2017					
Ore Sale					
Tin	832 TM	Enero/ Febrero 2018	15,324	15,821	497
Total net asset					**497**
As of 31 December 2016					
Ore Sale					
Tin	1,080 TM	January / February 2017	23,371	23,324	(47)
Total net liability					**(47)**