

San Martín Contratistas Generales S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements (Unaudited)

As of June 30, 2021 and for the six-month
period then ended

SAN MARTÍN CONTRATISTAS GENERALES S.A. AND SUBSIDIARIES

TABLE OF CONTENTS

	Pages
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021 AND FOR THE SIX-MONTH PERIOD THEN ENDED (UNAUDITED):	
Interim Condensed Consolidated Statements of Financial Position (Unaudited)	3
Interim Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income (Unaudited)	4
Interim Condensed Consolidated Statements of Changes in Equity (Unaudited)	5
Interim Condensed Consolidated Statements of Cash Flows (Unaudited)	6
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)	7-53

SAN MARTÍN CONTRATISTAS GENERALES S.A. AND SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 (UNAUDITED) AND DECEMBER 31, 2020 (UNAUDITED)
(In thousands of U.S. dollars (US\$000))**

	<u>Notes</u>	<u>06/30/2021</u>	<u>12/31/2020</u>		<u>Notes</u>	<u>06/30/2021</u>	<u>12/31/2020</u>
		<u>US\$000</u>	<u>US\$000</u>			<u>US\$000</u>	<u>US\$000</u>
ASSETS				LIABILITIES AND EQUITY			
CURRENT ASSETS:				CURRENT LIABILITIES:			
Cash and cash equivalents	5	2,560	7,518	Financial obligations	13	39,913	64,411
Trade accounts receivable, net, and contract assets	6	99,053	81,889	Trade accounts payable	15	103,069	71,581
Other accounts receivable	7	2,214	2,434	Accounts payable to related entities	27 (b)	1,731	1,453
Accounts receivable from related entities, net	27 (b)	1,357	829	Lease liabilities	14	14,087	12,728
Inventories, net, and project costs	8	24,645	18,508	Other accounts payable and contract liabilities	16	7,502	10,091
Current income tax asset	25 (c)	2,023	1,965	Provision for employee benefits	17	9,605	6,317
Prepaid expenses	9	3,384	3,291				
		<u>135,236</u>	<u>116,434</u>	Total current liabilities		<u>175,907</u>	<u>166,581</u>
Assets classified as held for sale		<u>689</u>	<u>444</u>				
Total current assets		<u>135,925</u>	<u>116,878</u>	NON-CURRENT LIABILITIES:			
				Financial obligations	13	38,838	30,479
NON-CURRENT ASSETS:				Lease liabilities	14	17,806	24,357
Trade accounts receivable, net	6	694	654	Other accounts payable	16	1,027	2,922
Accounts receivable from related entities, net	27 (b)	297	297	Liabilities for joint arrangements		<u>100</u>	<u>90</u>
Prepaid expenses	9	309	233	Total non-current liabilities		<u>57,771</u>	<u>57,848</u>
Property, machinery and equipment, net	10	101,910	104,788				
Right of use assets, net	12	29,857	33,656	Total liabilities		<u>233,678</u>	<u>224,429</u>
Intangible assets, net	11	4,511	4,893	EQUITY			
Deferred income tax asset	26	9,802	10,891	Issued capital stock	18(a)	48,687	48,687
Other assets		<u>151</u>	<u>151</u>	Legal Reserves	18(b)	6,366	6,366
Total non-current assets		<u>147,531</u>	<u>155,563</u>	Translation adjustment	18(c)	(6,032)	(6,032)
				Retained earnings (loss)	18(d)	1,102	(976)
				Foreign currency translation of foreign operations		<u>(492)</u>	<u>(205)</u>
				Equity attributable to owners of the Company		49,631	47,840
				Non-controlling interest		<u>147</u>	<u>172</u>
				Total equity		<u>49,778</u>	<u>48,012</u>
TOTAL		<u>283,456</u>	<u>272,441</u>	TOTAL		<u>283,456</u>	<u>272,441</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SAN MARTÍN CONTRATISTAS GENERALES S.A. AND SUBSIDIARIES**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021 AND 2020
(In thousands of U.S. dollars (US\$000))**

	<u>Notes</u>	<u>06/30/2021</u> <u>US\$000</u>	<u>06/30/2020</u> <u>US\$000</u>
Revenue			
Ore extraction, earthmoving, construction services and others	19	158,034	74,902
Sale of materials and others		<u>376</u>	<u>388</u>
Total revenue from ordinary activities		158,410	75,290
Cost of provided services, and sale of materials and others	20	<u>(142,820)</u>	<u>(77,547)</u>
Gross profit (loss)		15,590	(2,257)
Administrative expenses	21	(6,391)	(6,532)
Other income, net	23	<u>573</u>	<u>1,644</u>
Operating profit (loss)		9,772	(7,145)
Financial income		74	285
Financial expenses	24	(7,294)	(6,244)
Exchange difference (net)		986	401
Interest in loss of joint ventures		<u>(17)</u>	<u>-</u>
Profit (loss) before income tax		3,521	(12,703)
Income tax (expense) profit	25 (b)	<u>(1,468)</u>	<u>1,646</u>
Net profit (loss) for the period		<u>2,053</u>	<u>(11,057)</u>
Components of other comprehensive income that could be subsequently reclassified in the statement of profit or loss:			
Foreign currency translation of foreign operations		<u>(287)</u>	<u>(172)</u>
Total comprehensive income (loss) for the period		<u>1,766</u>	<u>(11,229)</u>
Net profit (loss) deemed to:			
Controlling entity's owners		2,078	(11,045)
Non-controlling interest		<u>(25)</u>	<u>(12)</u>
Total		<u>2,053</u>	<u>(11,057)</u>
Comprehensive income (loss) deemed to:			
Controlling entity's owners		1,791	(11,217)
Non-controlling interest		<u>(25)</u>	<u>(12)</u>
Total		<u>1,766</u>	<u>(11,229)</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SAN MARTÍN CONTRATISTAS GENERALES S.A. AND SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021 AND 2020
(In thousands of U.S. dollars (US\$000))**

	<u>Issued capital stock</u>	<u>Legal Reserves</u>	<u>Translation adjustment</u>	<u>Retained earnings (loss)</u>	<u>Foreign currency translation of foreign operations</u>	<u>Equity attributable to owners of the Company</u>	<u>Non-controlling interest</u>	<u>Total</u>
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
	(Note 18 (a))	(Note 18 (b))	(Note 18 (c))	(Note 18 (d))				
Balance as of January 01, 2020	42,687	5,788	(6,032)	16,016	(89)	58,370	187	58,557
Total comprehensive income for the period:								
Net loss for the period	-	-	-	(11,045)	-	(11,045)	(12)	(11,057)
Other comprehensive loss for the period	-	-	-	-	(172)	(172)	-	(172)
Balance as of June 30, 2020	<u>42,687</u>	<u>5,788</u>	<u>(6,032)</u>	<u>4,971</u>	<u>(261)</u>	<u>47,153</u>	<u>175</u>	<u>47,328</u>
Balance as of January 01, 2021	48,687	6,366	(6,032)	(976)	(205)	47,840	172	48,012
Total comprehensive income for the period:								
Net profit for the period	-	-	-	2,078	-	2,078	(25)	2,053
Other comprehensive loss for the period	-	-	-	-	(287)	(287)	-	(287)
Balance as of June 30, 2021	<u>48,687</u>	<u>6,366</u>	<u>(6,032)</u>	<u>1,102</u>	<u>(492)</u>	<u>49,631</u>	<u>147</u>	<u>49,778</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SAN MARTÍN CONTRATISTAS GENERALES S.A. AND SUBSIDIARIES**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021 AND 2020
(In thousands of U.S. dollars (US\$000))**

	<u>Notes</u>	<u>Jun-21</u> <u>US\$000</u>	<u>Jun-20</u> <u>US\$000</u>
Cash flows of operating activities:			
Collections in cash from operating activities:			
Services and sale of materials		157,119	87,216
Payments in cash for operating activities:			
Suppliers of goods and services		(88,119)	(60,907)
Payments to and on behalf of employees		(24,885)	(17,203)
Paid interests and commissions		(6,667)	(6,027)
Paid income tax	25 (C)	(707)	(887)
Payment of taxes and other payments		(12,866)	(8,019)
Others, net		<u>1,742</u>	<u>(545)</u>
Net cash provided by (used in) operating activities		<u>25,617</u>	<u>(6,372)</u>
Cash flows of investment activities:			
Collections in cash from investment activities:			
Sale of machinery and equipment		4,425	5,937
Payments in cash for investment activities:			
Purchase of property, machinery and equipment		(7,705)	(4,308)
Purchase of intangible assets		<u>(31)</u>	<u>(94)</u>
Net cash (used in) provided by investment activities		<u>(3,311)</u>	<u>1,535</u>
Cash flows of financing activities:			
Collections in cash from financing activities:			
Received loans	13	25,910	33,259
Payments in cash for financing activities:			
Payment of loans	13	(35,937)	(23,281)
Lease liabilities with financial entities	13	(9,274)	(8,691)
Lease liabilities	12 (C)	(7,929)	(2,058)
Loans to Related Entities		<u>(14)</u>	<u>-</u>
Net cash used in financing activities		<u>(27,244)</u>	<u>(771)</u>
Net decrease of cash and cash equivalents		(4,938)	(5,608)
Cash and cash equivalents at the beginning of the period		7,518	8,569
Effects of variation of exchange rates on cash and cash equivalents		<u>(20)</u>	<u>(156)</u>
Cash and cash equivalents at the end of the period		<u>2,560</u>	<u>2,805</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SAN MARTÍN CONTRATISTAS GENERALES S.A. AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021 AND FOR THE SIX-MONTH PERIOD THEN ENDED (UNAUDITED) AND DECEMBER 31, 2020 (UNAUDITED) (In thousands of U.S. dollars (US\$000), unless otherwise indicated)

1. GENERAL INFORMATION

(a) Incorporation and economic activity

San Martín Contratistas Generales S.A., hereinafter the Company, is a Peruvian limited company incorporated in November 1990, under the control of the Siucho family.

The main activity of the Company is the provision of all kinds of mining services, such as exploration and exploitation of deposits, transport and other services related to mining and construction activity.

The Company is a mining operator in Peru that offers a wide range of services mainly for open pit mining, including the design and planning, execution, supervision and control of the project from its inception to its production stage. Main activities include drilling, blasting and crushing, loading, haulage road maintenance, landfill maintenance and other earthworks.

Mining services consist mainly of large mining works; conventional mining works; and cement quarries, which include particular specification on the capacity of the equipments involved in operations and the specialization of services, likewise, the Company provides construction services for mining clients, which include road and landfill maintenance, site preparation and platforms, large-scale earthworks, construction of dams and dikes, tunnels, channels and leaching platforms.

As of June 30, 2021, and December 31, 2020, the legal domicile of the Company is Jr. Morro Solar No. 1010, Santiago de Surco.

(b) Approval of the consolidated financial statements

The interim condensed consolidated financial statements as of June 30, 2021 and for the six-month period then ended were authorized for issuance by the Company's Management on October 1, 2021.

These interim condensed consolidated financial statements were prepared for its inclusion by the Company in an Offering Memorandum in connection with the Company's intended issuance of Senior Notes.

The audited consolidated financial statements as of December 31, 2020 were approved by the Shareholders' Meeting held on April 22, 2021.

(c) Main agreements

Mining sector

(c.1) Service agreement for the development, mining exploitation and other related services in Atocongo, Pucará and Tarma quarries entered into with UNACEM

In 2021, the Company continued with the development and exploitation of the quarries of raw materials in Atocongo, Pucará and Condorcocha, for its customer Unión Andina de Cementos S.A.A. (UNACEM), under a contract signed in August 2018, in the unit price modality, with the execution period until December 31, 2025, according to the first addendum. The Company has estimated the total amount of the contract at S/753,494 (equivalent to US\$199,325).

The projects related to this agreement are still under the execution stage (Note 19).

(c.2) Mining service agreement entered into with Compañía Minera Coimolache S.A.

In 2021, the Company continued with the drilling, blasting, loading, hauling, pushing in discharges, road maintenance and additional works for its customer Compañía Minera Coimolache S.A., under a contract signed in March 2018, the execution term being from April 1, 2018 to March 31, 2021. According addendum signed on Jun 26, 2021, the new execution period ends in December 31, 2021. The Company has estimated the total amount of the contract at US\$77,138.

In May 2018, additional works for the transport of oxides began, which were executed until May 2020 for an amount of US\$36,113.

The project related to this agreement is still under the execution stage (Note 19).

(c.3) Mining operation agreement entered into with Cementos Pacasmayo S.A.A.

According to the contract signed in August 2015 for a period of five years, in the unit price modality, the execution term of the exploitation works of the Virrilá Quarry was from August 12, 2015 to December 31, 2020. However, the contract was terminated by the customer in May 2020, due to the situation caused by the state of emergency. The total amount of services billed at the closing of the contract was US\$14,272.

(c.4) Framework service agreement entered into with Shougang Hierro Perú S.A.A.

In 2021, the Company continued with mineral extraction and stripping works, for its customer Shougang Hierro Perú S.A.A., under a framework contract signed in 2019, in the unit prices modality, with an initial execution period from January 2019 to December 2023. According to the first addendum signed on December 18, 2020, the new execution period ends in December 2028. There were no additional modifications in price, quantity or other characteristics of the contract. The Company has estimated the total amount of the contract at US\$1,087,704.

The project related to this agreement is still under the execution stage (Note 19).

(C.5) Mining operation agreement entered into with Cementos Pacasmayo S.A.A.

In 2021, the Company continued with open-pit mining works in the Tembladera quarry, for its customer Cementos Pacasmayo S.A.A., under a contract signed on October 17, 2016, in the unit prices modality, with the execution term from October 2016 to October 2021. The Company has estimated the total amount of the contract at S/70,382 (equivalent to US\$20,585).

The project related to this agreement is still under the execution stage (Note 19).

(C.6) Service agreement entered into with Minera Las Bambas S.A.

In 2021, the Company continued with loading and hauling works with its customer Minera Las Bambas S.A., under a contract signed in May 2019, in the unit price modality, with the execution period from May 2019 to August 2021. The execution of the contract finished on April 2021 for an amount of US\$53,185.

The project related to this agreement is under closing stage (Note 19).

(C.7) Service agreement – Mine La Zanja entered into with Minera La Zanja S.R.L.

In 2021, the Company continued with open pit mining works with its customer Minera La Zanja S.R.L., under a contract signed on May 24, 2018, in the unit price modality, with the execution period from May 26, 2018 to November 30, 2021, according to the second addendum. The Company has estimated the total amount of the contract at US\$37,469.

The project related to this agreement is still under the execution stage (Note 19).

(C.8) Service agreement entered into with Sociedad Minera El Brocal S.A.

In 2021, the Company continued with open pit mining operation works with its customer Sociedad Minera El Brocal S.A., under a contract signed on May 29, 2019, in the unit price modality, with the execution period from June 2019 to May 2022. The Company has estimated the total amount of the contract at US\$119,251.

The project related to this agreement is still under the execution stage (Note 19).

(C.9) Service agreement entered into with Compañía de Minas Buenaventura S.A.A.

In 2020, the Company continued with the internal transfer of filtered tailings, for its customer Compañía de Minas Buenaventura S.A.A, under a contract signed in December 2016 for a period of 3 years, in the unit price modality. The contract expired on June 15, 2020, according to the addendum, and the total amount at the closing of the contract was US\$4,895.

(c.10) Work agreement entered into with Mina Cobre Las Cruces S.A.

On March 28, 2014, the subsidiary San Martín Contratistas Generales España S.L. signed the work contract with the client Mina Cobre Las Cruces for the service of "Loading and Transport of Tailings and Loading to Feeder" under the modality of unit prices, where the price per ton amounts to EUR2 (equivalent to US\$2), and has an execution term effective from April 1, 2014 to June 2020, and extended until December 31, 2020 or the end of life of mine. The work finished in January 2021 and the total amount at the closing of the contract was EUR23,608 (equivalent to US\$27,503).

On November 23, 2020, a new contract was signed with Cobre Las Cruces S.A., for the works of "loading and transporting the tailing ore to the plant, feeding the tailing ore to the plant and transportation to the portrayed tailing landfill". The execution period is 24 months from February 2021. The total estimated amount of the contract amounts to EUR12,112 (equivalent to US\$14,444).

(c.11) Service agreement entered into with Cementos Argos S.A.

In 2021, Subsidiary San Martín Minería Colombia S.A.S. continued to execute the contract to provide mining operations services in mining concession 2806 (Alto Rico mine) with customer Cementos Argos S.A., for "The Provision of Mining Operation Services to Extract and Supply Clay for Crude and Oven in the Alto Rico Mine" under unit price modality, for 39,750,305 Colombian pesos (equivalent to US\$10,693) with an execution period from July 16, 2019 to July 15, 2024. The project is guaranteed with Safe Civil Liability Policy No. 400018941 and Private Compliance Insurance Policy No. 400019071 with Nacional de Seguros de Colombia.

The project related to this agreement is still under the execution stage (Note 19).

Likewise, in 2021, the Subsidiary continued with the execution of the service of "Reduction of Oversize in the Rioclaro Mine and Internal Movements in the Rioclaro Plant" under the modality of unit prices for 20,992,259 Colombian pesos (equivalent to US\$5,647), signed on July 16, 2019 with an execution period effective from July 16, 2019 to July 15, 2024.

The project related to this agreement is still under the execution stage (Note 19).

(c.12) Service agreement entered into with Omya Andina S.A.

In 2020, Subsidiary San Martín Minería Colombia S.A.S. continued with the execution of the construction contract with client Omya Andina S.A., for the service of "Clearing and disposal of topsoil, construction of access roads and access to the operation area, removal, transportation and composition of waste material, operation and transportation of limestone to the crushing plant and washing of the contractor's material, feeding of the crushing equipment of limestone at the crushing plant and washing of the contractor's material, loading of rubble stone and crushed material in trucks, disposal of fine crushed material and execution of support activities", under the form of unit prices for 9,508,336 Colombian pesos (equivalent to US\$2,558), and whose implementation period applies from April 1, 2017 to April 30, 2021. The project is guaranteed with compliance insurance policy N.M-100070324 of the company Mundial de Seguros S.A.

The project related to this agreement was closed as of April 30, 2021 (Note 19).

(c.13) Service agreement entered into with Shahuindo S.A.C.

On January, 2021, the Company signed the contract for the execution of "stripping hauling works in Shahuindo mining unit" for its customer Shahuindo S.A.C. in the modality of unit prices, with the execution period from January 2021 to December 2021. The Company has estimated the total amount of the agreement to be US\$5,464.

Construction sector

(c.14) Service agreement entered into with Compañía Minera Ares S.A.C.

In 2021, the Company continued with the works of "Re-growth of the Tailings Dam of the Immaculate Mining Unit" for its customer Compañía Minera Ares S.A.C., under a contract signed on December 16, 2019 in the unit price modality, being the execution period from December 16, 2019 to July 24, 2021, according to the second addendum signed on March 5, 2021. The Company has estimated the total amount of the contract at US\$15,223.

The project related to this agreement is still under the execution stage (Note 19).

(c.15) Service agreement entered into with Consortium Integración Vial and MTC

On April 27, 2017, the Company signed the work contract between Consortium Integración Vial and Proviás Nacional for the service of "Rehabilitation and Improvement of the Tocache - Juanjui Highway, Section: Pizana - La Pólvara - Pizarrón - Perlamayo - Campanilla" under the modality of unit prices. The estimated amount of the contract is S/410,909 (equivalent to US\$126,589) including VAT and has an original execution period effective from May 12, 2017 to April 25, 2020.

Pursuant to Director's Resolution No. 807-2020-MTC/20 dated July 13, 2020, an extension of the term is granted until February 28, 2021, and subsequently, pursuant to Director's Resolution No. 1901-2020-MTC/20 dated October 15, 2020, the completion date of the work was extended until March 12, 2021.

Consortium Integración Vial is made up of the companies San Martín Contrastistas Generales S.A., Johe S.A. and Constructora Málaga Hnos S.A., who have agreed that the work contract will be executed in accordance with the following allocation of sections:

- Section I: KM 00+000 – KM 21+000 and KM 45+000 – KM 49+000 for San Martín, corresponding to 30% of the contractual amount. This percentage equals to S/123,287 plus VAT (equivalent to US\$31,355). As of June, the amount is US\$35,875.

In 2021 and 2020, the Company continued with the maintenance of roads and trafficability, maintenance of bridges, signposting, works of art, drainage and sewers.

- Section II: KM 21+000 – KM 45+000 for Johesa, corresponding to 30% of the contractual amount. This percentage equals to S/123,277 plus VAT (equivalent to US\$31,355).
- Section III: KM 49+000 – KM 89+793 for Malaga, corresponding to 40% of the contractual amount. This percentage equals to S/164,346 plus VAT (equivalent to US\$41,797).

Pursuant to Director's Resolution No. 0011-2021-MTC/20 dated January 7, 2021, the term for the delivery of the project was extended until April 15, 2021 (Note 19). Subsequently, pursuant to Director's Resolution No. 1418-2021-MTC/20 dated July 20, 2021, the term for the delivery of the project was extended until June 28, 2021.

The project related to this agreement is undergoing a liquidation process at the issuance date of these interim condensed consolidated financial statements.

(c.16) Service agreement entered into by Consortium Acciona San Martín and Compañía Minera Antamina S.A.

In March 2019, the work contract was entered into between Consortium Acciona San Martín and Compañía Minera Antamina S.A. for the "Development of engineering, Procurement and Construction of the North and South Line Tailings Pumping System, Level 4165", the execution of the project will be mixed, under the modality of lump sum, unit prices or reimbursable expenses. The Company has estimated the total amount of the contract at US\$128,253, according to the addendum signed on August, 2021, and has an execution term from March 2019 to October 2021.

Consortium Acciona San Martín is made up of Acciona Agua S.A. and the Company, in which the Company has a 25% stake.

The project related to this agreement is still under the execution stage (Note 19).

(c.17) Service agreement entered into with Compañía Minera Coimolache S.A.

In August 2019, the Company entered into a work contract with Compañía Minera Coimolache S.A. for the service of "Construction of Leaching Pad Phase 1, stage 2 (7.7 ha) Tantahuatay and Construction of Haul Road Mirador Norte" under the unit prices modality. The contract had an execution term from August 2019 to November, 2020, according to the first addendum. Due to the situation caused by the state of emergency, the project had delays not attributable to the Company, the new execution term being until January 2021, according to the addendum signed in that month. According to the third addendum signed on April 9, 2021 the execution term is until May 10, 2021. The Company has estimated the total amount of the contract at US\$6,951 (Note 32 (c)).

The project related to this agreement is still under the closing stage (Note 19).

(c.18) Service agreement entered into with Minsur S.A.

In July 2020, the Company entered into a work contract with Minsur S.A. for the service of "Construction of the PAD Phase 4, New Access 3.2 km, Initial Works, Relocation of the Barren Line and West Access" in the Pucamarca Mining Unit, under the modality of unit prices. The Company has estimated the total amount of the contract at US\$28,031, according to the third addendum signed on April 2021, change order signed between August and September 2021 and the estimated of the services provided until June 2021, according with the contract obligation, and has an execution term from August 2020 to September 2021 (Note 32 (f)).

The project related to this agreement is still under the execution stage (Note 19).

(d) Consolidated subsidiaries and joint arrangements

Subsidiaries:

As of June 30, 2021 and December 31, 2020, the interest percentage of the Company in its consolidated subsidiaries was as follows:

	<u>Country</u>	<u>Functional Currency</u>	<u>% Interest</u>
San Martín Contratistas Generales España S.L.	Spain	Euros	100%
San Martín Minera Colombia S.A.S.	Colombia	Pesos	100%
Consortium San Martín - Johesa	Peru	Soles	53%

(i) San Martín Contratistas Generales España S.L.

The company San Martín Contratistas Generales España S.L. was incorporated in February 2014 with a capital of EUR20 (equivalent to US\$22). The partners of this company are San Martín Contratistas Generales S.A. with a 70% stake and Logística Minera S.A. with a 30% stake. In June 2017, the Company acquired the shares of Logística Minera S.A. for EUR169 (equivalent to US\$189) and became the sole shareholder of the company with a 100% stake.

This subsidiary is mainly engaged in the provision of all types of mining services, such as deposit exploration and exploitation works, transportation and other services related to the mining activity.

As of June 30, 2021 and 2020, the subsidiary generated income for EUR3,015 (equivalent to US\$3,625) and EUR1,973 (equivalent to US\$2,179), respectively.

(ii) San Martín Minería Colombia S.A.S.

The company San Martín Minería Colombia S.A.S. was incorporated in November 2015 in Colombia. San Martín Contratistas Generales S.A. is the only partner of the company with 100% stake in the shares of said company.

This subsidiary is mainly engaged in the provision of all kinds of mining services, such as deposit exploration and exploitation works, transportation and other services related to mining activity.

As of June 30, 2021 and 2020, the subsidiary earned income for 5,948,882 Colombian pesos (equivalent to US\$1,617) and 4,943,060 Colombian pesos (equivalent to US\$1,343), respectively.

(iii) Consortium San Martín – Johesa (Peru)

On December 4, 2015, Consortium San Martín - Johesa was established in Peru in order to carry out part of the works awarded to the Von Humboldt Road Consortium, made up of ICA, Málaga and Consortium San Martín - Johesa, for the service tender for "Rehabilitation and Improvement of the Puerto Bermúdez - San Alejandro Highway, Section: Puerto Sungaro - Dv. San Alejandro" for the client Special National Transportation Infrastructure Project - PROVIAS NACIONAL for S/386,704 (equivalent to US\$114,749) including VAT. The works assigned to Consortium San Martín - Johesa amount to S/253,291 (equivalent to US\$64,418) including VAT, with participation percentages of San Martín and Johesa being 53% and 47%, respectively. According to the evaluation made by Management of the agreement that governs the consortium, it has been concluded that the Company has control of Consortium San Martín - Johesa, mainly since the Company is the final decision-maker of pertinent agreements.

In 2021 and 2020, the Company has not made monetary contributions to the Consortium.

Below, we present balances of assets, liabilities, equity and results for the six-month period of the subsidiaries in which the Company has control as of June 30, 2021 and December 31, 2020:

	San Martín Contratistas Generales España S.L. 06/30/2021 US\$000	San Martín Minera Colombia S.A.S. 06/30/2021 US\$000	Consortium San Martín Johesa 06/30/2021 US\$000
Current assets	2,631	1,416	602
Non-current assets	1,014	639	-
Liabilities	1,641	729	323
Equity	2,004	1,326	279
Profit (loss), net	147	34	(52)
	San Martín Contratistas Generales España S.L. 12/31/2020 US\$000	San Martín Minera Colombia S.A.S. 12/31/2020 US\$000	Consortium San Martín Johesa 12/31/2020 US\$000
Current assets	2,041	1,639	685
Non-current assets	1,152	720	-
Liabilities	1,314	1,010	337
Equity	1,879	1,349	348
Profit (loss), net	136	(2)	(33)

Joint arrangements:

(i) Consortium San Martín Fima

On November 2, 2015, Consortium San Martín Fima (hereinafter SMF Consortium) was established with fiscal domicile at Jr. Morro Solar No. 1010, Santiago de Surco, in which the Company has a 50% stake and Fima S.A. participate with the remaining 50%. Consortium SMF was awarded with a tendered service for the "Construction in Concrete and Foundations, Assembly of Structures and Equipment, and Manufacture and Installation of Pipes in Future Process Plant for the Tambomayo Project" for the client Minas Buenaventura S.A.A. for S/112,608 (equivalent to US\$28,639). Decision-making in this consortium is unanimous among the members. According to the evaluation carried out by Management, it has been concluded that the consortium is a joint venture because the Company has the right to net assets. As of June 30, 2021, the consortium is under liquidation process.

Below, we present the balances of assets, liabilities, equity and results for the six-month period of the joint venture as of June 30, 2021 and December 31, 2020:

	Consortium San Martín Fima	
	06/30/2021	12/31/2020
	US\$000	US\$000
Current assets	6	9
Liabilities	34	29
Equity	(28)	(20)
Loss, net	<u>(8)</u>	<u>(5)</u>
Interest	<u>50%</u>	<u>50%</u>

(ii) Consortium Integración Vial

Consortium Integración Vial was established in April 2017 and its address is Av. Jorge Basadre No. 356, Interior No. 606, San Isidro. The parties of this consortium are San Martín, Johesa and Málaga, and the interest of the Company in the consortium is 30%. The Consortium was awarded with a tendered service for the "Rehabilitation and Improvement of the Tocache - Juanjui Highway, Section: Pizana - La Pólvora - Pizarrón - Perlamayo - Campanilla" for the client PROVIAS NACIONAL for S/410,909 including VAT (equivalent to US\$126,589). Decision-making in this consortium is unanimous among the members. Each partner assumes the rights, obligations, responsibilities, bonds and other guarantees that are necessary for the execution of the work according to their percentage of participation in the Consortium. However, in the event of any controversy that arises with the client during the execution of the contract, these will be resolved through conciliation or arbitration, with Consortium Integración Vial being responsible. According to the evaluation carried out by Management, it has been concluded that the consortium is a joint venture; therefore, it is measured using the equity method. The consortium has a valid contract until April 15, 2021. This project is undergoing a liquidation process at the issue date of these condensed consolidated financial statements.

As of June 30, 2021, Consortium Integración Vial obtained losses for S/671, equivalent to US\$171 (loss for S/23, equivalent to US\$7 as of June 30, 2020), being the participation of San Martín 30%.

Below, we present the balances of assets, liabilities, equity and results for the six-month period of the joint venture as of June 30, 2021 and December 31, 2020:

	Consortium Integración Vial	
	06/30/2021	31/12/2020
	US\$000	US\$000
Current assets	2,994	3,357
Non-current assets	2	-
Liabilities	3,457	3,672
Equity	(461)	(315)
Loss net	<u>(171)</u>	<u>(167)</u>
Interest	<u>30%</u>	<u>30%</u>

(iii) Consortium Acciona San Martín

Consortium Acciona San Martín was established in February 2019 and its address is Calle Andres Reyes No. 360 Int. 606, San Isidro. The parties of this consortium are Acciona Agua S.A. and San Martín Contratistas Generales S.A., and the interest of the Company in the consortium is 25%. The Consortium was awarded with a tendered service for the "North and South Line Tailings Pumping System, Level 4165" for the client Compañía Minera Antamina S.A., for US\$109,888. Decision-making in this consortium is unanimous among the members. Both parties have rights to the assets and obligations on the liabilities related to the agreement. According to the evaluation made by Management, it has been concluded that the consortium is a joint operation; therefore, it recognizes assets, liabilities, income and expenses in relation to its interest in the joint operation.

Below, we present the balances of assets, liabilities, equity and results for the six-month period of the joint operation as of June 30, 2021 and December 31, 2020:

	Consortium Acciona San Martín	
	06/30/2021	12/31/2020
	US\$000	US\$000
Current assets	31,155	35,774
Non-current assets	245	415
Liabilities	21,558	28,241
Equity	9,842	7,948
Profit, net	<u>2,640</u>	<u>5,771</u>
Interest	<u>25%</u>	<u>25%</u>

(e) Current assets and liabilities

As of June 30, 2021, and December 31, 2020, the current liabilities of the Company exceed its current assets by US\$39,982 and US\$49,703, respectively. This situation is mainly generated by short-term financial obligations. Management considers that there is no increased liquidity risk due to having financial facilities such as debt rescheduling agreements and approved financial facilities with financial institutions for approximately US\$91,000, which allows the Company to meet short or medium-term liquidity needs. In addition, operations recovered its normal sales level since last quarter 2020 and is expected that this growth will continue during 2021. Finally, a new financing project has started through the issuance of bonds. The main objective of this project is to restructure the debt to a long-term to ensure consistency with the Company's revenue. Note 31 (b) of the consolidated financial statements as of December 2020, describes additional information on liquidity risk.

(f) COVID-19 scenario

From the beginning of the emergency period and the social immobilization decreed by the Government to address the pandemic (March 16, 2020), the projects were almost completely paralyzed, except for the Las Bambas project. Subsequently, they were restarted, due to the inclusion of the mining sector in the first phase of the economic reactivation between May and September 2020, being operational since June 2020. During 2021, in spite there was a second wave at the beginning of the year, the Company has been operating without interruption and is expected to continue in that way during all 2021 period.

From a financial perspective, strategic measures have been taken to re-schedule debt payment terms and extend the contract expiration date, which has allowed the Company to face short-term obligations during the period of the stoppages, comply with its contract obligations and avoid penalties for breaching of financial safeguards.

Likewise, the Company's Management has evaluated the main factors that could affect the operations of the business, considering that there is no material uncertainty that raises substantial doubts about its ability to continue as a going concern, mainly due to the long-term budget of the Company, which is supported by contracts signed and currently under execution, and those that will be executed between 2021 and 2028. The financial statements as of December 31, 2020 include a complete description of the financial strategic measures adopted by the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance and basis of preparation and presentation

These interim condensed consolidated financial statements as of June 30, 2021 and for the six-month periods ended June 2021 and 2020 have been prepared in accordance with IAS 34, "Interim financial reporting". In accordance with IAS 34, the interim financial report is intended only to provide an update on the content of the latest annual financial statements authorized for issue, focusing on new activities, events and circumstances occurring during the six-month period, and does not duplicate information previously reported in the latest annual financial statements authorized for issue. Consequently, these interim consolidated financial statements do not include all the information required to complete financial statements prepared in accordance with IFRS as adopted by the International Accounting Standards Board (IASB) and, accordingly, for a proper comprehension of the information included in these interim condensed consolidated financial statements, they should be read together with the consolidated financial statements as of December 31, 2020 that have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the (IASB) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

These interim condensed consolidated financial statements corresponding to the six-month period ended June 30, 2021 have not been audited. The Company's Management estimates that they include all the necessary adjustments to reasonably present the results of each period on a uniform basis with those of the audited annual consolidated financial statements. The results for the six-month period ended June 30, 2021 do not necessarily reflect the proportion of the Group's results for the full annual year.

These interim condensed consolidated financial statements are presented in thousands of U.S. dollars, which is the Company's functional and presentation currency.

(b) Significant accounting policies

The same accounting policies, presentation and methods of computation have been followed in these interim condensed consolidated financial statements as those applied in the preparation of the financial statements for the year ended December 31, 2020, except for the impact of the adoption of the Standards and Interpretation described in Note 4 and the accounting policy for income tax.

In accordance with IAS 34, in interim periods, the charge to income for income tax is recognized based on the best estimate as of the date of the financial statement of the effective tax rate projected at the end of the year. The amounts calculated for the tax

expense for the six-month period ended June 30, 2021, may require adjustments in subsequent periods in case the estimate of the projected effective tax rate is modified based on new elements of judgment.

(c) Seasonality

In view of the business activities in which the Company and its subsidiaries are engaged, their transactions are not cyclical or seasonal in nature. Therefore, no specific disclosures are included in these explanatory notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2021.

(d) Comparative information

The information for 2020 contained in these six-month interim condensed consolidated financial statements is presented for comparison purposes only with the information of the six-month period ended June 30, 2021 for the interim condensed consolidated statement of profit and loss and other comprehensive income, changes in equity and cash flows. The information as of December 31, 2020 is presented for comparison purposes with the condensed consolidated financial statement of financial position as of June 30, 2021.

3. MANAGEMENT'S RESPONSIBILITY, CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF UNCERTAINTY

The Company's Management is responsible for the information contained in these interim condensed consolidated financial statements. For the preparation of these interim condensed consolidated financial statements, certain estimates have been used to quantify some assets, liabilities, income, expenses and commitments reported therein, based on experience and other relevant factors. Final results may vary from such estimates.

These estimates are reviewed on an ongoing basis. Changes in accounting estimates are prospectively recognized by recording the effects of changes in the corresponding accounts of profit or loss for the year when pertinent reviews are conducted.

The most significant estimates considered for the preparation of the interim condensed consolidated financial statements of the Company and Subsidiaries refer to:

- Revenue recognition.
- Leases.
- Useful life of property, machinery and equipment.
- Impairment losses of certain long-term assets.
- Expected credit losses.
- Impairment losses of inventories and project costs.
- Fair values, classification and risk of financial assets and liabilities.
- Provisions.
- Probability of contingencies.
- Income tax.

Actual results may differ from those estimates. The results for interim periods are not necessarily indicative of annual results.

During the six-month period ended June 30, 2021 there were no significant changes in the estimates made at 2020 year-end.

Critical judgments made by Management during the application process of accounting policies of the Company and Subsidiaries, and that have a significant effect on the consolidated financial statements are the same as those disclosed in Note 3 to the annual consolidated financial statements.

4. NEW FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS INTERNATIONALLY ISSUED

(a) Application of new IFRSs and amendments during 2021

In the present period, the Company and Subsidiaries have applied the amendments and interpretations of IFRSs mentioned below, issued by the International Accounting Standards Board (IASB). The adoption has not had any material impact on the disclosures or amounts of these consolidated financial statements.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendments to IFRS 16 only regard an illustrative example, no effective date is stated.

(b) New and amended IFRSs that are not effective yet

At the authorization date of these interim condensed consolidated financial statements, the Company and Subsidiaries have not applied the following new and amended IFRSs that have been issued but are not effective yet:

IFRS 17	<i>Insurance contracts</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IFRS 3	<i>References to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment—Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards 2018–2020	<i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and IAS 41 Agriculture, IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors</i>

Management does not expect that the adoption of the standards mentioned above will have a material impact on the consolidated financial statements of the Company and Subsidiaries in future periods.

- IFRS 17 Insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 Insurance contracts.

IFRS 17 describes a general model, which is modified for insurance contracts with direct participation features and is described as the variable fee approach. The general model is simplified if certain criteria are met when measuring the liability of remaining coverage under the premium allocation approach.

The general model will use the current assumptions to estimate the amount, timing and uncertainty of future cash flows and will explicitly measure the cost of such uncertainty, considering the interest rates of the market and the impact of options and guarantees of insured parties.

In June 2020, the IASB issued "Amendments to IFRS 17" to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (including the amendments) for annual periods beginning on or after January 1, 2023. The IASB has also published "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)" to defer the expiry date of the temporary exemption to apply IFRS 9 in IFRS 4 for annual periods beginning on or after January 1, 2023.

IFRS 17 should be applied retrospectively unless impractical, in which case, the retrospective approach will be modified, or the fair value approach will be applied.

According to the transition requirements, the date of initial application is the beginning of the annual period in which the Company and Subsidiaries applies the standard for the first time, and the transition date is the beginning of the period immediately prior to the date of initial application.

- ***Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, these amendments state that profits or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, profits and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The IASB has not determined the effective date of the amendments yet; however, their early application is permitted.

- ***Amendments to IAS 1 Classification of Liabilities as Current or Non-current***

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenant are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

- ***Amendments to IFRS 3 – Reference to the Conceptual Framework***

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

- ***Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments.

The Company shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

- ***Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract***

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the Company and Subsidiaries has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the Company first applies the amendments. Comparatives are not restated. Instead, the Company and Subsidiaries shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

- ***Annual Improvements to IFRS Standards 2018–2020***

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief for a subsidiary that adopts them for the first time after its parent regarding the accounting for cumulative translation differences. As a result of the amendments, a subsidiary applies paragraph D16 (a) of IFRS 1, and chooses to measure the cumulative effects of the translation of foreign operations at carrying amount, which is included in the consolidated financial statements of the parent based on the parent's date of transition to IFRSs, if there were no adjustments

for consolidation procedures and the effects of business combination in which the parent acquired the subsidiary. A similar choice is available for an associate or joint venture that applies the exemption in D16 (a) of IFRS 1.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the “10 per cent” test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

IAS 41 Agriculture

The amendment removes the requirement of IAS 41 for entities to exclude taxation cash flows when measuring fair value. This aligns the valuation of fair value in IAS 41 to the requirements of IFRS 13 Fair Value Measurement to be consistent with cash flows and discount rates. This also allows preparers to determine whether cash flows or discount rates are used before or after taxes, the way it is more appropriate to estimate the fair value.

The amendments are applied prospectively; for example, the measurement of fair value on or after the date of initial application of the amendments applied to the entity.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

IAS 1 Presentation of financial statements

The amendment help prepares in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2023.

IAS 8 Accounting policies, changes in accounting estimates and errors

The amendment helps to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	<u>06/30/2021</u>	<u>12/31/2020</u>
	<u>US\$000</u>	<u>US\$000</u>
Cash and cash equivalents:		
Petty cash	20	18
Checking accounts (a)	<u>1,840</u>	<u>6,162</u>
Total	<u>1,860</u>	<u>6,180</u>
Restricted funds:		
Deposit accounts – Trust funds (b)	<u>700</u>	<u>1,338</u>
Total	<u><u>2,560</u></u>	<u><u>7,518</u></u>

- (a) The Company and Subsidiaries hold their checking accounts in local and foreign banks in Colombian pesos, euros, U.S. dollars and Peruvian soles. These funds are freely available and do not accrue interests.
- (b) Trust funds held in deposit accounts as of June 30, 2021 and December 31, 2020 were as follows:

	<u>06/30/2021</u>	<u>12/31/2020</u>
	<u>US\$000</u>	<u>US\$000</u>
Funds from:		
Shougang Hierro Perú S.A.	517	7
Sociedad Minera El Brocal S.A.A.	133	-
Compañía Minera Antamina S.A. (i)	46	1,322
Bancolombia S.A. (Colombia)	3	3
Unión Andina de Cementos S.A.A.	1	1
Compañía Minera Coimolache S.A.	<u>-</u>	<u>5</u>
Total	<u><u>700</u></u>	<u><u>1,338</u></u>

- (i) This item corresponds to the balance held in deposit accounts derived from the operation of the trust in connection with, collection rights and revenue streams provided by the work contract entered into between Consortium Acciona San Martín and Compañía Minera Antamina S.A. in order to secure the compliance with guaranteed obligations, the payment of executed guarantees and commissions that those executions create, as well as payments required for the appropriate execution, completion and handover of the project.

6. TRADE ACCOUNTS RECEIVABLE, NET, AND CONTRACT ASSETS

This item comprises the following:

	Current		Non-current	
	06/30/2021 US\$000	12/31/2020 US\$000	06/30/2021 US\$000	12/31/2020 US\$000
Invoices receivable (a)	14,264	7,460	-	-
Provided services not billed yet (b)	27,539	23,842	-	-
Guarantee funds (c)	1,598	2,864	694	654
Income estimate for stage of completion of works (d)	56,636	48,707	-	-
	100,037	82,873	694	654
Loss allowance	(984)	(984)	-	-
Total	99,053	81,889	694	654

The Company and Subsidiaries measure the uncollectibility of accounts receivable in an amount equivalent to the life of the accounts receivable. Expected losses for accounts receivable are estimated using a provision matrix based on non-recoverable amounts determined by the counterparty's history of default and an analysis of the debtor's current financial position, adjusted by factors specific to that debtor, such as the economic conditions of the industry in which the debtor operates and forward looking information that is available without cost or effort. The Company and Subsidiaries have recognized an estimate for doubtful accounts for 1% of total accounts receivable as of June 30, 2021 (1.3% as of December 31, 2020).

The Company and Subsidiaries' Management states that the estimate for impairment adequately covers the risk of uncollectibility of accounts receivable.

- (a) As of June 30, 2021, the balance of invoices receivable from third parties mainly comprises balances receivable from Sociedad Minera el Brocal S.A., Cobre las Cruces S.A.U., Compañía Minera Antamina S.A., Compañía Minera Coimolache S.A., and Shougang Hierro Perú S.A., which represent 40%, 17%, 10%, 7% and 7% of such balance, respectively.

As of December 31, 2020, the balance of invoices receivable from third parties mainly comprises balances receivable from Compañía Minera Antamina S.A., Cobre Las Cruces S.A.U., Compañía Minera Ares S.A.C., Sociedad Minera El Brocal S.A., Cementos Argos S.A. and Omya Andina S.A., which represent 30%, 21%, 16%, 10%, 6% and 6% of such balance, respectively.

Management states that, as of June 30, 2021 and December 31, 2020, the credit concentration risk decreases as these are top-ranked companies that belong to corporate groups with recognized financial solvency in the local market, with which there is no history of noncompliance.

- (b) As of June 30, 2021, this item mainly corresponds to services provided not billed to Shougang Hierro Perú S.A.A., Sociedad Minera El Brocal S.A., Union Andina de Cementos S.A.A., Compañía Minera Coimolache S.A., and Minera Minsur S.A.

In July 2021, the Company has billed an amount of US\$27,539, corresponding to income estimates of valuations for services to be billed held as of June 30, 2021, and has collected an amount of US\$23,804.

As of December 31, 2020, this item mainly corresponds to services provided not billed to Shougang Hierro Perú S.A.A., Compañía Minera Coimolache S.A., Minera Minsur S.A. and Minera Las Bambas S.A.

In January and February 2021, the Company has billed an amount of US\$23,842, corresponding to income estimates of valuations for services to be billed held as of December 31, 2020, and has collected an amount of US\$23,745.

- (c) As of June 30, 2021 and December 31, 2020, the guarantee fund mainly corresponds to monthly retentions performed by Shougang Hierro Perú S.A.A. and Cementos Pacasmayo S.A.A. to the Company, pursuant to pertinent agreements in order to cover potential contingencies during the provision of the service. This fund does not accrue interests, will be returned at the termination date of the agreement and is presented in the short and long term according to the expiry date of the agreement. During the six-month period ended June 30, 2021 and the year-end as of December 31, 2020, the Company has been reimbursed with US\$2,292 and US\$9,788, respectively, due to the completion of projects.
- (d) This item corresponds to provision of revenue from delivery of services estimated using the input method according to the costs incurred regarding the total estimated costs until completing the performance obligation established in the mining and construction service agreements, mainly from the projects with Shougang Hierro Perú S.A.A., Minsur S.A, Compañía Minera Antamina S.A., Union Andina de Cementos S.A.A., Sociedad Minera El Brocal S.A.A. and Minera Las Bambas S.A., which are held by the Company as of June 30, 2021 and December 31, 2020, and are estimated to be billed and collected during the effective term of the agreement.

The composition of this item is as follows:

	<u>06/30/2021</u> US\$000	<u>12/31/2020</u> US\$000
Shougang Hierro Peru S.A.A.	40,079	35,533
Union Andina De Cementos S.A.A.	4,836	3,558
Minsur S.A.	4,186	1,881
Compañía Minera Antamina S.A.	4,058	3,922
Sociedad Minera El Brocal S.A.A.	3,141	933
Minera Las Bambas S.A.	-	679
Compañía Minera Ares S.A.C.	377	2,008
Shahuindo S.A.C.	234	-
Otros	(275)	193
	<u>56,636</u>	<u>48,707</u>
Total	<u>56,636</u>	<u>48,707</u>

7. OTHER ACCOUNTS RECEIVABLE

Other accounts receivable comprises the following:

	<u>06/30/2021</u> US\$000	<u>12/31/2020</u> US\$000
Sundry accounts receivable	837	487
Advance to suppliers	169	576
Claims receivable	204	196
Guarantee deposits	766	60
Sale of vehicles	238	1,115
	<u>2,214</u>	<u>2,434</u>
Total	<u>2,214</u>	<u>2,434</u>

8. INVENTORIES, NET, AND PROJECT COSTS

This item comprises the following:

	<u>06/30/2021</u> US\$000	<u>12/31/2020</u> US\$000
Supplies (a)	18,013	14,728
Lubricants	564	599
Fuel	502	457
Project costs (b)	<u>5,566</u>	<u>2,724</u>
Total	<u>24,645</u>	<u>18,508</u>

(a) This item mainly corresponds to available spare parts that Management estimates to use when maintenance and replacement of parts of equipment intended for the provision of services are performed.

(b) This item mainly corresponds to the demobilization of equipment from Las Bambas to Shougang and cost of repairable goods.

9. PREPAID EXPENSES

Prepaid expenses comprise the following:

	<u>06/30/2021</u> US\$000	<u>12/31/2020</u> US\$000
Other deferred charges (a)	1,443	912
Compensable paid leaves (b)	1,022	929
Insurance paid in advance	244	147
Value added tax credit	782	448
Leases paid in advance (c)	1	1,080
Others	<u>201</u>	<u>8</u>
Total	<u>3,693</u>	<u>3,524</u>
Per maturity:		
Current	3,384	3,291
Non-current	<u>309</u>	<u>233</u>
Total	<u>3,693</u>	<u>3,524</u>

(a) As of June 30, 2021 and December 31, 2020, other deferred charges include costs related to letters of guarantee and licenses.

(b) As of June 30, 2021 and December 31, 2020, compensable paid leaves correspond to salaries paid in advance to workers that will be compensated with the working hours during 2021.

(c) As of December 31, 2020, leases paid in advance comprise lease services of machinery received from supplier Caterpillar International Services.

10. PROPERTY, MACHINERY AND EQUIPMENT, NET

The movement of cost and accumulated depreciation is presented below:

	Buildings and other constructions	Machinery and equipment	Vehicles	Furniture and fixtures	Sundry equipment	Works in progress	Total
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
COST:							
As of January 1, 2020	6,717	211,227	34,804	149	4,106	7,498	264,501
Additions	-	976	-	3	154	9,937	11,070
Transfers	-	13,078	185	-	45	(13,308)	-
Reclassification	-	-	-	-	2	(65)	(63)
Sales and/or disposals	(213)	(13,863)	(924)	(24)	(212)	-	(15,236)
As of December 31, 2020	6,504	211,418	34,065	128	4,095	4,062	260,272
Additions	-	1,495	-	-	84	9,627	11,206
Transfers	-	6,573	-	-	-	(6,573)	-
Reclassification (a)	-	(10,474)	(626)	-	-	-	(11,100)
Sales and/or disposals	-	(5,791)	-	(6)	(34)	-	(5,831)
As of June 30, 2021	<u>6,504</u>	<u>203,221</u>	<u>33,439</u>	<u>122</u>	<u>4,145</u>	<u>7,116</u>	<u>254,547</u>
ACCUMULATED DEPRECIATION:							
As of January 1, 2020	2,981	125,082	17,485	92	2,000	-	147,640
Additions	617	16,234	1,531	25	939	-	19,346
Transfers	-	(67)	67	-	-	-	-
Reclassification	-	-	-	-	1	-	1
Sales and/or disposals	(213)	(10,438)	(625)	(24)	(203)	-	(11,503)
As of December 31, 2020	3,385	130,811	18,458	93	2,737	-	155,484
Additions	257	9,276	1,163	10	410	-	11,116
Reclassification (a)	-	(7,975)	(291)	-	-	-	(8,266)
Sales and/or disposals	-	(5,657)	-	(6)	(34)	-	(5,697)
As of June 30, 2021	<u>3,642</u>	<u>126,455</u>	<u>19,330</u>	<u>97</u>	<u>3,113</u>	<u>-</u>	<u>152,637</u>
NET COST:							
As of December 31, 2020	<u>3,119</u>	<u>80,607</u>	<u>15,607</u>	<u>35</u>	<u>1,358</u>	<u>4,062</u>	<u>104,788</u>
As of June 30, 2021	<u>2,862</u>	<u>76,766</u>	<u>14,109</u>	<u>25</u>	<u>1,032</u>	<u>7,116</u>	<u>101,910</u>

- (a) In 2021, reclassifications represent balances transferred from property, machinery and equipment to assets classified as held for sale for US\$2,834.
- (b) As of June 30, 2021 and December 31, 2020 the net cost of machinery and equipment acquired by the Company and Subsidiaries under finance lease agreements with a purchase option comprises the following:

	<u>06/30/2021</u> US\$000	<u>12/31/2020</u> US\$000
Cost	64,635	67,479
Accumulated depreciation	<u>(33,774)</u>	<u>(34,473)</u>
Total	<u>30,861</u>	<u>33,006</u>

These assets are guaranteed in favor of financial entities (Note 13) for an amount of US\$12,467 and US\$16,939, as of June 30, 2021 and December 31, 2020, respectively.

- (c) The Company and Subsidiaries have hired insurance policies on their main assets in accordance with the policies established by Management. Management believes that these insurance policies are consistent with local industry practices and that the risk of eventual losses from damages considered in the insurance policy is reasonable, considering the type of assets owned by the Company and Subsidiaries.
- (d) Depreciation for the six-month period has been distributed as follows:

	<u>06/30/2021</u> US\$000	<u>06/30/2020</u> US\$000
Cost of provided services (Note 20)	10,971	7,886
Administrative expenses (Note 21)	<u>145</u>	<u>146</u>
Total	<u>11,116</u>	<u>8,032</u>

- (e) Additions as of June 30, 2021, and December 31, 2020 mainly correspond to machinery, equipment and vehicles, acquired for mining projects.
- (f) During the first semester of 2021, the Company and Subsidiaries sold machinery and equipment with a net carrying amount of US\$122 (US\$3,134 during the first semester of 2020), and obtained a net profit of US\$145, included in the consolidated statement of profit or loss and other comprehensive income (Note 23) (net profit of US\$1,703 during the first semester of 2020).
- (g) During the first semester of 2021, the Company and Subsidiaries sold asset classified as held for sale with a net carrying amount of US\$2,589, and obtained a net profit of US\$519, included in the consolidated statement of profit or loss and other comprehensive income (Note 23).

11. INTANGIBLE ASSETS, NET

Intangible assets mainly comprise implementation costs for the equipment fleet system Mine Sense, and the system of access and timesheets, as well as costs for SAP implementation.

	Licenses and software
	US\$000
COST:	
As of January 1, 2020	7,979
Additions	<u>141</u>
As of December 31, 2020	8,120
Additions	<u>36</u>
As of June 30, 2021	<u><u>8,156</u></u>
ACCUMULATED AMORTIZATION:	
As of January 1, 2020	2,325
Additions	<u>902</u>
As of December 31, 2020	3,227
Additions	<u>418</u>
As of June 30, 2021	<u><u>3,645</u></u>
NET COST:	
As of December 31, 2020	<u><u>4,893</u></u>
As of June 30, 2021	<u><u>4,511</u></u>

12. RIGHT OF USE ASSETS, NET

The movement of cost and accumulated depreciation is presented below:

	Machinery and equipment
	US\$000
COST:	
As of January 1, 2020	44,806
Additions (a)	<u>4,506</u>
As of December 31, 2020	49,312
Additions (a)	<u>2,737</u>
As of June 30, 2021	<u>52,049</u>
ACCUMULATED DEPRECIATION:	
As of January 1, 2020	3,727
Additions (b)	<u>11,929</u>
As of December 31, 2020	15,656
Additions (b)	<u>6,536</u>
As of June 30, 2021	<u>22,192</u>
NET COST:	
As of December 31, 2020	<u>33,656</u>
As of June 30, 2021	<u>29,857</u>

- (a) The additions of 2020 and 2021 mainly correspond to lease agreements of machinery and equipment, and vehicles for mining projects.
- (b) Depreciation for the six-month period is presented in the cost of provided services (Note 20).
- (c) As of June 2021, the Company has paid lease installments for US\$8,840 (net of interests for US\$7,929) (US\$4,742 (net of interests for US\$2,058) as of June, 2020).
- (d) During the first semester of 2021 and 2020, the Company has recorded leasing contracts as an expense for US\$25,242 and US\$9,933, respectively (Notes 20 and 21), which include: contracts that do not qualify under the scope of IFRS 16, since they are contracts for the provision of services in which the Company does not have control of the assets for US\$7,359 and US\$1,604, during the first semester of 2021 and 2020, respectively, and contracts that applied the exemption indicated in the standard for leases with a term of less than 12 months and for low-value assets of US\$17,883 and US\$8,329, during the first semester of 2021 and 2020, respectively.

Additionally, the Company has right-of-use assets with a purchase option with financial entities presented under the item of property, machinery and equipment, net for US\$30,861 and US\$33,006 as of June 30, 2021 and December 31, 2020, respectively (Note 10).

The maturity dates of the leases range between 2023 and 2024.

13. FINANCIAL OBLIGATIONS

The detail of financial obligations is shown in the table below:

Creditor	Maturity	Current		Non-current		Total debt	
		06.30.2021	12.31.2020	06.30.2021	12.31.2020	06.30.2021	12.31.2020
		US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Promissory notes held with banks:							
Banco Pichincha USA	Semiannually until 2021	509	759	-	-	509	759
Banco Interamericano de Finanzas (b)	Monthly until 2025	144	11,033	10,558	-	10,702	11,033
Banco de Crédito del Perú (a)	Monthly until 2025	12,439	19,192	6,943	-	19,382	19,192
BBVA	Monthly until 2021	-	4,672	-	-	-	4,672
BTG Pactual	Monthly until 2023	2,553	2,657	3,013	4,579	5,566	7,236
Hewlett - Packard Peru S.R.L.	Monthly until 2022	286	387	-	83	286	470
Banco Bogotá Colombia	Monthly until 2022	248	268	106	248	354	516
Banco BSCCH España	Monthly until 2023	75	102	64	105	139	207
Banco Pichincha España	Monthly until 2021	-	61	-	-	-	61
Banco Santander Spain	Monthly until 2021	-	18	-	-	-	18
Total promissory notes		16,254	39,149	20,684	5,015	36,938	44,164
Corporate bonds							
First issuance for US\$15,000	Quarterly until 2022	2,808	3,747	-	930	2,808	4,677
Second issuance for US\$10,600	Quarterly until 2022	2,674	2,684	1,307	2,630	3,981	5,314
Total corporate bonds		5,482	6,431	1,307	3,560	6,789	9,991
Finance lease agreements							
Banco de Crédito del Perú (2 agreements)	Monthly until 2022	1,062	1,788	103	-	1,165	1,788
Banco Interamericano de Finanzas (4 agreements)	Monthly until 2024	3,343	3,284	3,415	5,149	6,758	8,433
BBVA Banco Continental (4 agreements)	Monthly until 2022	594	1,401	39	279	633	1,680
Scotiabank Perú SAA (1 agreement)	Monthly until 2021	237	469	-	-	237	469
Banco Santander (3 agreements)	Monthly until 2023	2,209	2,590	2,259	3,081	4,468	5,671
Total finance leases		7,445	9,532	5,816	8,509	13,261	18,041
Direct loans:							
Caterpillar Leasing Chile							
Direct loan for US\$3,499	Monthly until 2023	755	733	658	1,039	1,413	1,772
Direct loan for US\$8,993	Monthly until 2023	1,942	1,884	1,692	2,669	3,634	4,553
Direct loan for US\$5,774	Monthly until 2023	1,246	1,210	1,085	1,714	2,331	2,924
Direct loan for US\$328	Monthly until 2021	-	58	-	-	-	58
Direct loan for US\$213	Monthly until 2023	46	45	44	67	90	112
Direct loan for US\$9,062	Monthly until 2023	1,938	1,881	2,034	3,011	3,972	4,892
Direct loan for US\$4,575	Monthly until 2023	973	945	1,110	1,600	2,083	2,545
Direct loan for US\$2,562	Monthly until 2023	498	527	668	941	1,166	1,468
Direct loan for US\$2,562	Monthly until 2023	492	520	805	1,075	1,297	1,595
Direct loan for US\$2,093	Monthly until 2021	377	743	-	-	377	743
Direct loan for US\$1,619	Monthly until 2023	516	500	591	851	1,107	1,351
Direct loan for US\$618	Monthly until 2023	196	190	243	341	439	531
Direct loan for US\$1,227	Monthly until 2025	288	-	898	-	1,186	-
Direct loan for US\$1,600	Monthly until 2022	1,055	-	-	-	1,055	-
Direct loan for US\$574	Monthly until 2025	133	-	434	-	567	-
Direct loan for US\$380	Monthly until 2025	88	-	295	-	383	-
Direct loan for US\$547	Monthly until 2025	127	-	422	-	549	-
Caterpillar Financial España	Monthly until 2025	62	63	52	87	114	150
Total direct loans		10,732	9,299	11,031	13,395	21,763	22,694
Total debt		39,913	64,411	38,838	30,479	78,751	94,890

The detail of secured and unsecured obligations is presented in the following table:

	06/30/2021	12/31/2020
	US\$000	US\$000
Unsecured – at amortized cost		
Promissory notes held with banks	36,473	43,648
Corporate bonds	6,789	9,991
Finance lease agreements	794	1,102
Direct loans	253	150
Subtotal	44,309	54,891
Secured – at amortized cost		
Promissory notes held with banks	326	516
Finance lease agreements	12,467	16,939
Direct loans	21,649	22,544
Subtotal	34,442	39,999
Total	78,751	94,890

- (i) As of June 30, 2021 and December 31, 2020, financial obligations accrued interests at market rates in local and foreign currency. Promissory notes held with banks accrued interests at rates ranging between 5.3% and 8% per year (4.15% and 8% as of December 31, 2020). Corporate bonds accrued interests at rates ranging between 6% and 6.91% per year. Finance leases accrued interests at rates ranging between 3.61% and 7.20% per year. Direct loans accrued interests at rates ranging between 5.94% and 6.64% per year (5.64% and 6.64% as of December 31, 2020).
- (ii) During the six-month period as of June 30, 2021, financial obligations accrued interests for US\$2,606 (US\$2,103 as of June 30, 2020), which are presented in item "Financial expenses" in the consolidated statement of profit or loss and other comprehensive income (Note 24 (a)).

Promissory notes held with banks

- (a) In 2021, two promissory notes were executed with Banco de Crédito del Perú for US\$1,815 and US\$6,750 for financing working capital, maturing in 2021 and 2025, respectively.

In 2021, three promissory notes were executed with Banco de Crédito del Perú for US\$2,145, US\$2,151 and US\$2,222 for financing working capital, maturing in 2021.

- (b) In 2021, one promissory note was executed with Banco Interamericano de Finanzas (BANBIF) for US\$10,700 for financing working capital, maturing in 2025.

Short-term promissory notes held with banks do not have specific guarantees as of June 30, 2021 and December 31, 2020, except for the following obligation:

The Company is required to comply with clauses related to compliance with financial ratios for medium-term financing associated with the obligations of promissory notes with Banco de Crédito del Perú and BTG, which are specified in the consolidated financial statements as of December 31, 2020. As of June 30, 2021 and December 31, 2020, Management states that the Company has complied with all the financial ratios, except the ratio of the total liability to total equity with Banco de Crédito del Perú, thus the portion of the long-term debt is being presented in the short term as of December 31, 2020. As of June 30, 2021, the Company have a waiver, thus is not reclassifying the presentation of the debt.

Corporate bonds

In 2017, the first and second issuance of corporate bonds corresponding to the Second Program amounted to US\$15,000 and US\$10,600, respectively, with the Superintendence of the Securities Market of Lima, for restructuring liabilities and financing new financial operations. These bonds mature in 2022.

The Company is required to comply with certain clauses related to financial ratios for business management based on the consolidated financial statements of the Company. The detail of the financial ratios as of June 30, 2021 are the same as those detailed in the consolidated financial statements as of December 2020.

Management states that the Company has complied with the obligations indicated above.

Lease agreements with financial institution

The detail of lease agreements acquired are detailed in the consolidated financial statements as of December 2020.

The lease agreements with financial entities were signed with the support of the fulfillment of the security interest on movable property indicated in the agreements for US\$12,467 and US\$16,939 as of June 30, 2021 and December 31, 2020, respectively.

In accordance with the agreements signed with financial entities, obligations related to compliance with financial ratios are established based on the consolidated financial statements. The ratios as of June 30, 2021 are the same as those detailed in the consolidated financial statements as of December 2020.

As of June 30, 2021 and December 31, 2020, Management states that the Company has complied with all the financial ratios, except the ratio of the total liability to total equity with Banco de Crédito del Perú; for which Banco de Crédito del Perú approved a waiver releasing the Company from the fulfillment of this financial covenant for the year 2020 and as of June 2021.

The detail of the maturity analysis is as follows:

	<u>06/30/2021</u> <u>US\$000</u>	<u>12/31/2020</u> <u>US\$000</u>
Maturity Analysis		
Year 1	7,962	9,688
Year 2	5,295	6,577
Year 3	642	2,607
Year 4	217	425
	<u>14,116</u>	<u>19,297</u>
Less: Unearned interests	<u>(855)</u>	<u>(1,256)</u>
	<u>13,261</u>	<u>18,041</u>

Direct loans - Caterpillar

In 2021, four direct loan agreements were executed for financing major maintenance of machinery and equipment for US\$2,728, maturing in 2025, and one agreement was executed to finance a purchase option for US\$1,600, maturing in 2022.

The detail of direct loans acquired are detailed in the consolidated financial statements as of December 2020. The Company has granted a pledge on certain machinery and vehicles with a net carrying amount of US\$94,930 (US\$61,726 as of December 31, 2020).

Since 2018, the agreements entered into with Caterpillar Leasing Chile establish obligations related to the compliance with financial ratios based on the consolidated financial statements of the Company. The detail of the financial ratios as of June 30, 2021 are the same as those detailed in the consolidated financial statements as of December 2020.

In 2020, Caterpillar Leasing Chile S.A. approved an exemption releasing the Company from the compliance with financial commitments for the third and fourth quarter of 2020 and for the annual period of 2021 for the following ratios, which were not reached:

- Debt service coverage ratio.
- Total liability to equity ratio.

Failure to comply with financial covenants causes the debt to become enforceable, however, having the waiver, the commitments are presented according to their short or long-term maturity date.

Reconciliation of obligations derived from financing activities:

The table below provides in detail the changes in liabilities of the Company that arise from financing activities, including changes in cash and cash equivalents. Liabilities derived from financing activities are those for which cash flows were classified in the consolidated statement of cash flows of the Company as cash flows of financing activities.

	<u>Financing cash flow</u>						
	<u>01/01/2021</u> <u>US\$000</u>	<u>Adjustments</u> <u>(ii)</u>	<u>Loans</u> <u>obtained</u> <u>US\$000</u>	<u>Loan</u> <u>payments</u> <u>US\$000</u>	<u>Payments for</u> <u>lease liabilities</u> <u>with financial</u> <u>entities</u> <u>US\$000</u>	<u>Others (i)</u>	<u>06/30/2021</u> <u>US\$000</u>
Promissory notes held with banks	44,164	-	25,910	(32,737)	-	(399)	36,938
Corporate bonds	9,991	-	-	(3,200)	-	(2)	6,789
Finance leases with financial institution	18,041	-	-	-	(4,536)	(244)	13,261
Direct loans	22,694	3,726	-	-	(4,738)	81	21,763
Total	<u>94,890</u>	<u>3,726</u>	<u>25,910</u>	<u>(35,937)</u>	<u>(9,274)</u>	<u>(564)</u>	<u>78,751</u>

	Financing cash flow					06/30/2020 US\$000
	01/01/2020	Loans obtained	Loan payments	Payments for lease liabilities with financial entities	Others (i)	
	US\$000	US\$000	US\$000	US\$000		
Promissory notes held with banks	28,407	25,473	(20,081)	-	(449)	33,350
Corporate bonds	16,383	-	(3,200)	-	3	13,186
Finance leases with financial institution	18,618	7,786	-	(5,877)	(91)	20,436
Direct loans	29,962	-	-	(2,814)	(447)	26,701
Total	93,370	33,259	(23,281)	(8,691)	(984)	93,673

- (i) This item corresponds to operations that did not generate cash flows (accrual interest).
- (ii) Direct credit operations did not generate cash flows, since they are debts with suppliers that were financed. The financial liability that will be canceled according to the contract schedule.

Management considers that the fair value of financial obligations is similar to their carrying amount.

14. LEASE LIABILITIES

The detail of lease liabilities is presented below:

Creditor	Maturity	Current		Non-current		Total debt	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020	06/30/2021	12/31/2020
		US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Caterpillar International Services (b)	Monthly until 2023	10,808	10,240	12,567	19,197	23,375	29,437
Sigma - FI Leasop V (a)	Monthly until 2024	3,279	2,488	5,239	5,160	8,518	7,648
Total		14,087	12,728	17,806	24,357	31,893	37,085

The detail of the maturity analysis is as follows:

	06/30/2021 US\$000	12/31/2020 US\$000
Maturity Analysis:		
Year 1	17,012	16,128
Year 2	15,916	15,923
Year 3	3,261	10,396
Year 4 +	123	510
Sub-total	36,312	42,957
Less: Unearned interests	(4,419)	(5,872)
Total	31,893	37,085

The movement of lease liabilities is as follows:

	01/01/2021 US\$000	New leases US\$000	Lease payments US\$000	06/30/2021 US\$000
Lease liabilities	37,085	2,737	(7,929)	31,893
	01/01/2020 US\$000	New leases US\$000	Lease payments US\$000	06/30/2020 US\$000
Lease liabilities	40,610	3,501	(2,058)	42,053

As of June 30, 2021 and December 31, 2020, lease liabilities have been discounted considering discount rates that range between 9.92% and 13.80% per year (9.92% and 12.08% as of December 31, 2020).

- (a) In 2021, a lease agreement was entered into through SIGMA – FI LEASOP V for the acquisition of machinery and equipment for US\$2,737, maturing in 2024.

In 2020, a lease agreement was entered into through SIGMA – FI LEASOP V for the acquisition of machinery and equipment for US\$4,094, maturing in 2023.

In 2019, two lease agreements were entered into through SIGMA – FI LEASOP V for the acquisition of machinery and equipment for US\$2,650 and US\$3,000, maturing in 2023 and 2024, respectively.

In accordance with the contracts signed with Sigma - FI Leasop V, obligations are established related to the fulfillment of financial ratios based on the consolidated financial statements of the Company. The ratios as of June 30, 2021 are the same as those detailed in the consolidated financial statements as of December 31, 2020.

The noncompliance related to financial ratios will entitle the lessor to terminate the lease agreement. Management states the Company has complied with the obligations indicated above.

- (a) In 2019, lease agreements were entered with Caterpillar International Service del Perú S.A. for the acquisition of machinery and equipment, thirteen contracts for US\$36,407, maturing in 2023, and two contracts for US\$2,751, maturing in 2022.

The agreements entered into with Caterpillar International Services del Perú S.A. establish obligations related to the compliance with financial ratios based on the consolidated financial statements of the Company. The ratios as of June 30, 2021 are the same as those detailed in the consolidated financial statements as of December 2020.

In 2020, Caterpillar Leasing Chile S.A. approved an exemption releasing the Company from the compliance with financial commitments for the third and fourth quarter of 2020 and for the annual period of 2021 for the following ratios, which were not reached:

- Debt service coverage ratio.
- Total liability to equity ratio.

Failure to comply with the financial ratios detailed in paragraphs a) and b) will constitute an event of default of each of the lease contracts entered into between the Company and the lessor, making enforceable the contract.

Management considers that the fair value of lease liabilities is similar to their carrying amount.

Additionally, the Company has lease liabilities with financial entities presented in the item of financial obligations for US\$13,261 and US\$18,041 as of June 30, 2021 and December 31, 2020, respectively (Note 13).

15. TRADE ACCOUNTS PAYABLE

Trade accounts payable comprise the following:

	<u>06/30/2021</u> US\$000	<u>12/31/2020</u> US\$000
Invoices	78,109	55,576
Pending invoicing	14,410	7,122
Invoices from suppliers under factoring (a)	8,186	4,890
Bills of exchange payable	<u>2,364</u>	<u>3,993</u>
Total	<u><u>103,069</u></u>	<u><u>71,581</u></u>

Trade accounts payable have current maturities and arise from the purchase of spare parts, materials and services related to mining and construction works and maintenance of heavy machinery. No specific guarantees have been identified. The average credit term granted by local suppliers ranges between 30 and 60 days, and 30 days for foreign suppliers.

- (a) Invoices from suppliers under factoring correspond to accounts payable in which the suppliers sold their accounts receivable from the Company to financial entities in an agreement negotiated separately between the supplier and financial entity, allowing the suppliers to adequately manage their cash flow. All Company's obligations with its suppliers, including balances payable, are held according to the contractual arrangements entered into with them.

Management considers that the fair value is similar to their carrying amount.

16. OTHER ACCOUNTS PAYABLE AND CONTRACT LIABILITIES

This item comprises the following:

	Current		Non-current	
	06/30/2021 US\$000	12/31/2020 US\$000	06/30/2021 US\$000	12/31/2020 US\$000
Advances received from third parties (a)	5,641	8,204	848	2,708
VAT payable	271	605	-	-
Other taxes	730	896	-	-
Sundry items - third parties	860	386	179	214
Total	7,502	10,091	1,027	2,922

- (a) Regarding advances received from third parties:

The Company mainly received the following advances in 2021:

- Shahuindo S.A.C., for the Shahuindo project for US\$250. The balance as of June 30, 2021 amounts to US\$114.
- Compañía Minera Antamina S.A., for the EPC project of the pumping system of northern and southern lines of tailings – Level 4165 for US\$851. As of June 30, 2021 amounts to US\$524.
- Minsur S.A., for the Pucamarca F4 project for US\$3,640. The balance as of June 30, 2021 amounts US\$1,083.

The Company mainly received the following advances in 2020:

- Minsur S.A., for the Pucamarca F4 project for US\$2,531 which was fully amortized as of June 30, 2021 (US\$768 as of December 31, 2020).
- Compañía Minera Ares S.A.C., for the Presa Inmaculada project for US\$3,679. The balance as of June 30, 2021 amounts US\$ 640 (US\$1,540 as of December 31, 2020).
- Compañía Minera Antamina S.A., for the EPC project of the pumping system of northern and southern lines of tailings – Level 4165, for US\$1,313. which was fully amortized as of June 30, 2021 (US\$1,313 as of December 31, 2020).

The Company mainly received the following advances in 2019:

- Sociedad Minera El Brocal, for the El Brocal project for US\$7,000. The balance as of June 30, 2021 amounts US\$2,645 (US\$4,087 as of December 31, 2020).
- Unión Andina de Cementos S.A.A., for the Atocongo project for US\$1,502. The balance as of June 30, 2021 amounts US\$1,272 (US\$1,381 as of December 31, 2020).
- Compañía Minera Coimolache S.A., for the Tantahuatay II mining project for US\$2,000, which was fully amortized as of June 30, 2021. (US\$626 as of December 31, 2020).

- Compañía Minera Antamina S.A., for the EPC project of the pumping system of northern and southern lines of tailings – Level 4165 for US\$1,775, which was fully amortized as of June 30, 2021 (US\$622 as of December 31, 2020).

The Company received the following advances in 2018:

Unión Andina de Cementos S.A.A., for the Atocongo project for US\$1,484. The balance as of June 30, 2021 amounts US\$212 (US\$575 as of December 31, 2020).

17. PROVISION FOR EMPLOYEE BENEFITS

The provision for employee benefits comprise the following:

	<u>06/30/2021</u> US\$000	<u>12/31/2020</u> US\$000
Salaries and profit-sharing of employees	9,051	5,734
Severance or seniority indemnities	554	583
Total	<u>9,605</u>	<u>6,317</u>

18. EQUITY

(a) Issued capital stock

As of June 30, 2021 and December 31, 2020, issued capital stock is represented by 145,283,354 shares, duly subscribed and paid, respectively, with a face value of S/1 per share, representing S/145,283,354 (equivalent to US\$48,687,345) as of June 30, 2021 and December 31, 2020.

On July 31, 2020, the Shareholders' Meeting approved to increase the capital stock of the Company by S/20,220 (US\$6,000) through the capitalization of retained earnings. This operation was carried out in proportion to the percentage of interest that shareholders had in the issued capital stock of the Company.

The movement of number of shares was as follows:

	<u>06/30/2021</u> N°	<u>12/31/2020</u> N°
Outstanding at the beginning of the year/period	145,283,354	125,063,354
Issued for:		
Capitalization of retained earnings	-	20,220,000
Outstanding at the end of the year/period	<u>145,283,354</u>	<u>145,283,354</u>

(a.1) Equity interest structure

As of June 30, 2021 and December 31, 2020, the equity interest structure of the Company is as follows:

Individual equity interest:	<u>Shareholders</u> N°	<u>Interest</u> %
From 40.01 to 50.00	1	49.00
From 50.01 to 60.00	1	51.00
Total	<u>2</u>	<u>100.00</u>

(b) Legal reserve

According to the Ley General de Sociedades (General Business Law), legal reserve (classified by the SMV as other capital reserves) is established by transferring, as minimum, 10% of net profit from each period, after deducting accumulated losses, until an amount equivalent to the fifth part of capital is reached. In the absence of undistributed profit or freely available reserves, the legal reserve shall be applied to offset losses, and must be replaced. Legal reserve may be capitalized, in which case, it shall also be replaced.

In July 2020, the Shareholders' Meeting agreed to transfer 10% of profits obtained by the Company in 2019 to the legal reserve, which resulted in US\$578.

(c) Translation adjustment

At the beginning of 2019, the Company's Management determined the change of functional currency from the sol to the U.S. dollar.

For the translation of capital stock and other equity reserves, the Company used the historical exchange rate of the transaction date. The translation effect of US\$6,032 results from the translation at the exchange rate prevailing as of January 1, 2019.

(d) Retained earnings

Regulatory framework

Pursuant to current laws, domiciled legal entities that agree to distribute profits shall withhold 5% of the amount, except when such distribution is made in favor of domiciled legal entities, unless the exemption still applies. There are no restrictions for dividend remittance, net of retained tax, or capital repatriation to foreign investors.

Profit capitalization and dividend distribution

The Company did not distribute dividends in 2021 nor 2020.

19. INCOME FROM ORE EXTRACTION, EARTHMOVING, CONSTRUCTION SERVICES AND OTHERS

For the six-month period ended June 30, 2021 and 2020 income from ore extraction, earthmoving, construction services and others comprises the following:

	Income	
	06/30/2021	06/30/2020
	US\$000	US\$000
Mining Services		
Shougang Hierro Perú S.A. (Note 1 (c.4))	63,104	23,797
Sociedad Minera El Brocal (Note 1 (c.8))	18,577	9,513
Unión Andina de Cementos S.A.A. (Note 1 (c.1))	13,750	6,804
Minera Las Bambas S.A. (Note 1 (c.6))	5,777	11,955
Compañía Minera Coimolache S.A. (Note 1 (c.2))	11,685	7,440
Minera La Zanja S.R.L. (Note 1 (c.7))	5,151	2,509
Cobre las cruces S.L. (Note 1 (c.10))	3,625	2,179
Shahuindo S.A.C (Note 1 (c.13))	2,810	-
Cementos Pacasmayo S.A.A. (Note 1 (c.3 and c.5))	1,534	1,387
Cementos Argos S.A. (Note 1 (c.11))	1,245	954
Omya Andina S.A. (Note 1 (c.12))	372	388
Compañía de Minas Buenaventura S.A.A. (Note 1 (c.9))	-	620
Other minor services	114	17
	127,744	67,563

	Income	
	06/30/2021	06/30/2020
	US\$000	US\$000
Construction Services		
Minsur S.A. (Note 1 (c.18))	12,331	-
Compañía Minera Antamina S.A. (Note 1 (c.16))	10,467	5,031
Compañía Minera Coimolache S.A. (Note 1 (c.17))	2,044	-
Compañía Minera Ares S.A.C. (Note 1 (c.14))	4,698	1,887
Consortium Integración Vial (Note 1 (c.15))	474	263
Consortium Acciona - San Martín	253	158
Other minor services	23	-
	<u>30,290</u>	<u>7,339</u>
Total	<u><u>158,034</u></u>	<u><u>74,902</u></u>

Following, income is presented according to the timing for revenue recognition:

	06/30/2021	06/30/2020
	US\$000	US\$000
Over time (input method)	135,575	59,522
At a point in time (output method)	<u>22,459</u>	<u>15,380</u>
Total	<u><u>158,034</u></u>	<u><u>74,902</u></u>

Below we present certain information related to revenue from construction services held by the Company:

06/30/2021	Accumulated costs as of June 30, 2021 US\$000	Profit or loss of the project in 2021 US\$000	Advances received at the beginning of the project US\$000
Construction projects			
Highway Tocache Juanjui	43,440	(7,717)	9,293
Pucamarca Stage 4	21,501	1,743	-
Tantah Pad F1 E2 and HR Lookout	6,418	522	-
Consortium Acciona San Martín	26,024	4,384	1,935
Inmaculada dam	<u>12,779</u>	<u>1,112</u>	<u>-</u>
	<u>110,162</u>	<u>44</u>	<u>11,228</u>
06/30/2020	Accumulated costs as of June 30, 2020 US\$000	Profit or loss of the project in 2020 US\$000	Advances received at the beginning of the project US\$000
Construction projects			
Highway Tocache Juanjui	42,343	(6,670)	9,293
Inmaculada dam	1,698	188	-
Consortium Acciona San Martín	<u>9,405</u>	<u>1,830</u>	<u>1,935</u>
	<u>53,446</u>	<u>(4,652)</u>	<u>11,228</u>

In addition, following there is information regarding contract assets and liabilities resulting from ore extraction, earthmoving and construction services:

	<u>06/30/2021</u> US\$000	<u>12/31/2020</u> US\$000
Accumulated costs of agreements of ore extraction and construction services	427,949	321,764
Recognized profit, net of recognized losses	43,717	28,151
Invoices and services billed and to be billed	<u>(421,519)</u>	<u>(312,120)</u>
Total	<u>50,147</u>	<u>37,795</u>
Comprised by:		
Contract assets (Note 6 (d))	56,636	48,707
Contract liabilities (Note 16)	(6,489)	(10,912)

20. COST OF PROVIDED SERVICES, AND SALE OF MATERIALS AND OTHERS

This item comprises the following:

	<u>06/30/2021</u> US\$000	<u>06/30/2020</u> US\$000
Beginning inventory balance (Note 8)	15,784	18,421
Purchases	54,681	25,520
Ending inventory balance (Note 8)	(19,079)	(17,998)
Transfer to property, machinery and equipment	<u>(4,067)</u>	<u>(1,634)</u>
Inventory consumption	<u>47,319</u>	<u>24,309</u>
Personnel expenses (Note 22)	37,367	21,240
Services provided by third parties (a)	37,783	15,914
Lease of machinery and equipment (Note 12 (d))	-	843
Depreciation of Property, machinery and equipment (Note 10 (d))	10,971	7,886
Depreciation of right-of-use assets (Note 12 (b))	6,536	5,628
Sundry management charges	2,682	1,533
Taxes	<u>162</u>	<u>194</u>
Total	<u>142,820</u>	<u>77,547</u>

(a) Services provided by third parties comprise the following:

	<u>06/30/2021</u> US\$000	<u>06/30/2020</u> US\$000
Lease of machinery, equipment and others (Note 12 (d))	24,567	9,306
Maintenance and repair of machinery, equipment and others	3,559	2,266
Transportation services	2,667	1,724
Contractor's services	3,315	564
Other services provided by third parties	<u>3,675</u>	<u>2,054</u>
Total	<u>37,783</u>	<u>15,914</u>

(b) In the six-month period in June 30, 2020, during the state of emergency, the Company incurred fixed costs that did not contribute to progress in the fulfillment of the performance obligation for US\$6,246, which directly affected the cost of sales. The costs were mainly compromised of depreciation and others for US\$2,646 and US\$3,600, respectively.

21. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	<u>06/30/2021</u> US\$000	<u>06/30/2020</u> US\$000
Personnel expenses (Note 22)	4,070	4,229
Services provided by third parties (a)	1,492	1,489
Sundry management charges	623	633
Depreciation of property, machinery and equipment (Note 10 (d))	145	146
Supplies consumption	37	13
Taxes	24	22
Total	<u>6,391</u>	<u>6,532</u>

(a) Services provided by third parties comprise the following:

	<u>06/30/2021</u> US\$000	<u>06/30/2020</u> US\$000
Advisory services	367	139
Leases of machinery and equipment (Note 12(d))	675	627
Maintenance and repair of facilities	10	14
Public services	32	41
Outsourcing services	195	240
Other minor services	213	328
Total	<u>1,492</u>	<u>1,489</u>

22. PERSONNEL EXPENSES

Personnel expenses comprise the following:

	<u>06/30/2021</u> US\$000	<u>06/30/2020</u> US\$000
By nature:		
Salaries and wages	23,434	15,627
Bonuses, allowances and others	16,077	8,888
Vacations	1,926	954
Total	<u>41,437</u>	<u>25,469</u>
By cost center:		
Cost of provided services (Note 20)	37,367	21,240
Administrative expenses (Note 21)	4,070	4,229
Total	<u>41,437</u>	<u>25,469</u>
Average number of employees	<u>5,249</u>	<u>2,625</u>

23. OTHER INCOME, NET

Other income, net, comprises the following:

	<u>06/30/2021</u> US\$000	<u>06/30/2020</u> US\$000
Other income		
Profit from the sale of machinery and equipment (Note 10(f))	145	1,703
Profit from the sale of assets classified as held for sale (Note 10(g))	519	-
Insurance claims	121	3
Other income	34	76
	<u>810</u>	<u>1,782</u>
Other expenses		
Profit-sharing of employees	(53)	(35)
Administrative penalties	(72)	(44)
Other expenses	(112)	(59)
	<u>(237)</u>	<u>(138)</u>
Total	<u>573</u>	<u>1,644</u>

24. FINANCIAL EXPENSES

Financial income and expenses comprise the following:

	<u>06/30/2021</u> US\$000	<u>06/30/2020</u> US\$000
Financial expenses		
Expenses for commissions	(1,582)	(1,253)
Interests on promissory notes (a)	(1,211)	(855)
Interests on leases with financial entities (a)	(404)	(295)
Interests on loans (a)	(711)	(445)
Interests on lease agreement - leaseback	(101)	(35)
Interests on bonds (a)	(280)	(508)
Interest on lease liabilities	(1,996)	(2,241)
Other financial expenses	(1,009)	(612)
Total	<u>(7,294)</u>	<u>(6,244)</u>

(a) Corresponds to interest accrued on financial operations (Note 13 (ii)).

25. INCOME TAX

(a) Income tax regime

(i) Tax rates

The income tax rate for legal entities domiciled in Peru is 29.5%, 25% in Spain, and 32% in Colombia.

(ii) Transfer pricing

In June 2021, the Company presented the 2020 local report, and is preparing the master report and the report by country for 2020 and they will be presented in October 2021 to the Tax Administration.

Based on the analysis of operations of the Company and Subsidiaries, Management and its legal advisors consider that no significant liabilities will arise for the interim condensed consolidated financial statements as of June 30, 2021 and December 31, 2020, in relation to transfer pricing.

- (b) The income tax (expense) profit shown in the interim condensed consolidated statement of profit or loss and other comprehensive income comprises the following:

	<u>06/30/2021</u> US\$000	<u>06/30/2020</u> US\$000
Current income tax, expense	(296)	(196)
Current income tax of foreign subsidiaries, expense	(83)	(9)
Tax from previous periods, expense	-	(110)
Deferred (expense) income tax (Note 26)	<u>(1,089)</u>	<u>1,961</u>
Total	<u>(1,468)</u>	<u>1,646</u>

Income tax (expense) profit of the interim period is accrued using the effective income tax rate on the taxable income for the interim period.

- (c) The movement of the current income tax asset is presented as follows:

	<u>06/30/2021</u> US\$000	<u>12/31/2020</u> US\$000
Opening balance	1,644	2,198
Current income tax (Note 25 (b))	(379)	(643)
Payments on account of income tax	707	940
Effect of exchange difference	68	(72)
Compensation of VAT credit	-	(669)
Regularization of taxes from previous periods	-	(110)
Others	<u>(53)</u>	<u>-</u>
Credit balance, net	<u>1,987</u>	<u>1,644</u>
Closing balance receivable	2,023	1,965
Closing balance payable	<u>(36)</u>	<u>(321)</u>
Total	<u>1,987</u>	<u>1,644</u>

The balances to be recovered and payable are presented in current income tax asset and other accounts payable and contract liabilities, respectively, depending on the final result of the Company and each of its subsidiaries.

- (d) Tax situation of the Company and Subsidiaries:

As of June 30, 2021, the tax situation is the same as the situation disclosed in the consolidated financial statement as of December 31, 2020.

- (e) Reconciliation of the income tax rate and tax rate:

During the six-month period ended June 30, the effective rate of income tax expense of the Company and Subsidiaries is different from the tax rate applicable to profit before taxes. The nature of this difference is due to certain items related to the determination of income tax, whose effects on applicable tax rate are summarized below (in percentages on profit before taxes):

	<u>06/30/2021</u>		<u>06/30/2020</u>	
	<u>Amount</u> US\$000	<u>Percentage</u> %	<u>Amount</u> US\$000	<u>Percentage</u> %
Profit (loss) before income tax	<u>3,521</u>	<u>100</u>	<u>(12,703)</u>	<u>100</u>
Income tax expense (profit) as per tax rates	1,039	29.5	(3,747)	(29.5)
Income tax of foreign Subsidiaries	83	2.36	(9)	(0.07)
Plus:				
Effect of non-deductible expenses	80	2.27	171	1.35
Regularization of taxes from previous periods	-	-	110	0.87
Less:				
Others	<u>266</u>	<u>7.55</u>	<u>1,829</u>	<u>14.40</u>
Income tax expense (profit)	<u>1,468</u>	<u>41.68</u>	<u>(1,646)</u>	<u>(12.96)</u>

26. DEFERRED INCOME TAX ASSET

The movement of net deferred income tax asset (liability) and the description of temporary differences that originated them in June 2021 and December 2020 was as follows:

	<u>Opening balance for the period US\$000</u>	<u>Additions (deductions) Profit/loss for the period US\$000</u>	<u>Closing balance for the period US\$000</u>
As of June 30, 2021			
DEFERRED ASSET			
Sundry provisions	1,599	1,216	2,815
Impairment estimate for accounts receivable	65	-	65
Depreciation of fixed assets with different tax rates	5,745	2,615	8,360
Impairment of investments	55	-	55
Right of use asset, net	1,676	397	2,073
Tax losses	5,255	(482)	4,773
	<u>14,395</u>	<u>3,746</u>	<u>18,141</u>
Total deferred asset			
DEFERRED LIABILITY			
Translation effect	(3,330)	(4,893)	(8,223)
Amortization of intangibles	(141)	34	(107)
Deemed cost	(33)	24	(9)
	<u>(3,504)</u>	<u>(4,835)</u>	<u>(8,339)</u>
Total deferred liability			
Deferred income tax assets, net	<u>10,891</u>	<u>(1,089)</u>	<u>9,802</u>
	<u>Opening balance for the period US\$000</u>	<u>Additions (deductions) Profit/loss for the period US\$000</u>	<u>Closing balance for the period US\$000</u>
As of December 31, 2020			
DEFERRED ASSET			
Sundry provisions	1,285	314	1,599
Impairment estimate for accounts receivable	65	-	65
Depreciation of fixed assets with different tax rates	6,859	(1,114)	5,745
Impairment of investments	55	-	55
Right of use asset, net	(281)	1,957	1,676
Tax losses	91	5,164	5,255
	<u>8,074</u>	<u>6,321</u>	<u>14,395</u>
Total deferred asset			
DEFERRED LIABILITY			
Translation effect	756	(4,086)	(3,330)
Amortization of intangibles	(251)	110	(141)
Deemed cost	(29)	(4)	(33)
	<u>476</u>	<u>(3,980)</u>	<u>(3,504)</u>
Total deferred liability			
Deferred income tax assets, net	<u>8,550</u>	<u>2,341</u>	<u>10,891</u>

27. BALANCES AND TRANSACTIONS WITH RELATED ENTITIES

The main shareholder of the Company and Subsidiaries is the Siucho family.

Commercial transactions

- (a) During the six-month period ended June 30, the Company carried out the following significant transactions with its related entities in the normal course of operations:

	<u>Sundry expenses</u>		<u>Sundry income</u>	
	<u>06/30/2021 US\$000</u>	<u>06/30/2020 US\$000</u>	<u>06/30/2021 US\$000</u>	<u>06/30/2020 US\$000</u>
Joint arrangements:				
Consortium Acciona – San Martín (Arrangement operation)	24	75	442	453
Other related entities:				
Sociedad De Cartera San Martín S.A.C.	172	144	-	-
Latin American International Management S.A.	198	196	-	-
Inmobiliaria San Antonio del Sur S.A.C.	1,373	1,446	-	-
	<u>1,767</u>	<u>1,861</u>	<u>442</u>	<u>453</u>
Total				

During the first semester of 2021 and 2020, sundry expenses mainly correspond to property rental services and debt guarantee commission.

During the first semester of 2021 and 2020, sundry income mainly corresponds to equipment rental services and construction services as subcontractors.

- (b) These transactions, and other less relevant, resulted in the following balances receivable and payable:

	06/30/2021	12/31/2020
	US\$000	US\$000
ACCOUNTS RECEIVABLE:		
Joint arrangements:		
Consortium SMF	13	6
Consortium San Martín Vegsa C.G.	-	333
Consortium Acciona - San Martín	407	224
Consortium Integración Vial	520	146
Other related entities:		
Inmobiliaria San Antonio del Sur S.A. C.	297	297
Consortium Vial Von Humboldt	417	453
Estimate for doubtful accounts		
Joint arrangement:		
Consortium San Martín Vegsa C.G.	-	(333)
Total	<u>1,654</u>	<u>1,126</u>
Short term	1,357	829
Long term	<u>297</u>	<u>297</u>
Total	<u>1,654</u>	<u>1,126</u>
ACCOUNTS PAYABLE:		
Trade accounts payable:		
Other related entities:		
Inmobiliaria San Antonio del Sur S.A.C.	1,224	938
Latin American International Management S.A.	39	81
Sociedad de Cartera San Martín S.A.C.	34	69
Johe SA	145	157
Acciona Agua S.A Sucursal Peruana	246	3
Consortio Acciona San Martín	17	-
Acciona Agua S.A.U.	<u>11</u>	<u>9</u>
Sub- Total	1,716	1,257
Non-trade accounts payable:		
Other related entities:		
Johe SA	5	-
Consortio Acciona San Martín	8	-
Associates:		
Acciona Agua S.A Sucursal Peruana	-	191
Acciona Forwarding	<u>2</u>	<u>5</u>
Total	<u>1,731</u>	<u>1,453</u>

Balances receivable and payable are estimated to be collected and paid in cash. No guarantees have been received or granted on the balances mentioned above.

As of June 30, 2021 and December 31, 2020, the Company and Subsidiaries have not granted guarantees to financial entities on behalf of related entities.

Remuneration to key management and directors

Executive salaries, including professional fees and other benefits paid in the first semester of 2021 amounted to US\$3,472 (US\$1,933 during first semester 2020).

Key management personnel are those who have the authority and responsibility of planning, managing and controlling the entity's activities, directly or indirectly, including any director or manager (executive or not) of the entity.

Payments to the Board of Directors amounted to US\$131 and US\$141 during the first semester of 2021 and 2020, respectively.

28. NON-MONETARY TRANSACTIONS AND CONSOLIDATED STATEMENT OF CASH FLOWS

Investment and financing activities that did not result in cash disbursements and related assets and liabilities for the six-month period ended June 30 are summarized below:

	<u>06/30/2021</u> US\$000	<u>06/30/2020</u> US\$000
Acquisition of machinery and equipment under lease (right-of-use assets)	2,515	4,225
Acquisition of machinery and equipment under operating lease	-	37
Acquisition of machinery and equipment under direct credit	3,501	2,500

29. INFORMATION PER BUSINESS SEGMENTS

For management purposes, the Company and Subsidiaries present information per segment based on their business units: mining and construction.

The interim condensed financial information per business segment as of June 30 is shown in the table below:

06.30.2021	Mining US\$000	Construction US\$000	Not distributed US\$000	Total US\$000		Mining US\$000	Construction US\$000	Not distributed (I) US\$000	Total US\$000
ASSETS					LIABILITIES AND EQUITY				
CURRENT ASSETS:					CURRENT LIABILITIES:				
Cash and cash equivalents	-	-	2,560	2,560	Financial obligations	38,053	15	1,845	39,913
Trade accounts receivable, net, and contract assets	83,247	15,806	-	99,053	Trade accounts payable	89,632	9,299	4,138	103,069
Other accounts receivable	370	255	1,589	2,214	Accounts payable to related entities	147	435	1,149	1,731
Accounts receivable from related entities, net	-	1,344	13	1,357	Other accounts payable and contract liabilities	3,885	2,365	1,252	7,502
Inventories, net, and project costs	23,081	644	920	24,645	Lease liabilities	14,087	-	-	14,087
Current Income tax assets	1,963	60	-	2,023	Provision for employee benefits	46	255	9,304	9,605
Prepaid expenses	1,589	238	1,557	3,384					
	110,250	18,347	6,639	135,236	Total current liabilities	145,850	12,369	17,668	175,907
Assets classified as held for sale	689	-	-	689					
Total current assets	110,939	18,347	6,639	135,925	NON-CURRENT LIABILITIES:				
NON-CURRENT ASSETS:					Financial obligations	37,489	7	1,342	38,838
Trade accounts receivable, net	694	-	-	694	Other accounts payable	848	-	179	1,027
Accounts receivable from related entities, net	-	-	297	297	Lease liabilities	17,806	-	-	17,806
Prepaid expenses	215	2	92	309	Liabilities for joint arrangements	-	100	-	100
Property, machinery and equipment, net	92,215	2,377	7,318	101,910	Total non-current liabilities	56,143	107	1,521	57,771
Right of use assets, net	29,857	-	-	29,857	Total liabilities	201,993	12,476	19,209	233,678
Intangible assets, net	200	-	4,311	4,511	EQUITY:				
Deferred income tax asset	9,754	48	-	9,802	Issued capital stock	-	-	48,687	48,687
Other assets	151	-	-	151	Legal reserve	-	-	6,366	6,366
Total non-current assets	133,086	2,427	12,018	147,531	Translation adjustment	-	-	(6,032)	(6,032)
					Retained earnings	-	-	1,102	1,102
					Foreign currency translation of Foreign operations	-	-	(492)	(492)
					Equity deemed to the controlling entity's Owners	-	-	49,631	49,631
					Non-controlling interest	-	-	147	147
					Total equity	-	-	49,778	49,778
TOTAL	244,025	20,774	18,657	283,456	TOTAL	201,993	12,476	68,987	283,456

06.30.2021	Mining US\$000	Construction US\$000	Not distributed (i) US\$000	Total US\$000
Revenue				
Ore extraction, earthmoving, construction services and others	127,742	30,292	-	158,034
Sale of materials and others	349	27	-	376
Total revenue from ordinary activities	128,091	30,319	-	158,410
Cost of provided services, and sale of materials and others	(113,387)	(28,745)	(688)	(142,820)
Gross profit (loss)	14,704	1,574	(688)	15,590
Administrative expenses	(5,458)	(933)	-	(6,391)
Other income, net	354	(47)	266	573
Operating profit (loss)	9,600	594	(422)	9,772
Financial income	2	72	-	74
Financial expenses	(6,890)	(388)	(16)	(7,294)
Exchange difference (net)	1,037	(51)	-	986
Interest in loss of joint ventures	-	(17)	-	(17)
Profit (loss) before income tax	3,749	210	(438)	3,521
Income tax (expense) profit	(1,728)	123	137	(1,468)
Net profit (loss) for the period	2,021	333	(301)	2,053
Components of other comprehensive income that could be subsequently reclassified in the statement of profit or loss:				
Foreign currency translation of foreign operations	-	-	(287)	(287)
Total comprehensive income for the period	2,021	333	(588)	1,766

The accounting policies in relation to the reported segments are the same as the Company's accounting policies described in the annual consolidated financial statements. The profit per segment represents the profit obtained by each segment, with the respective distribution of income tax expense.

The depreciation and amortization per segment are presented below:

	Depreciation		Amortization	Total
	Right of use	Property,	Intangible	06/30/2021
	assets	machinery		
	USD\$000	and equipment	USD\$000	USD\$000
	(Note 12)	(Note 10 (d))	(Note 11)	
Mining	6,446	10,685	389	17,520
Construction	9	210	29	248
Others	81	221	-	302
General total	6,536	11,116	418	18,070

The additions of property, machinery and equipment, net, per segment are presented as follows:

	06/30/2021 USD\$000
Mining	10,720
Construction	-
Others	486
Total (Note 10)	11,206

The breakdown by country of revenue, gross profit, right of use assets, property, machinery and equipment, net, are as follows:

Country	06/30/2021			
	Peru	Spain	Colombia	Total
	US\$000	US\$000	US\$000	US\$000
Revenue	153,169	3,625	1,616	158,410
Gross profit	14,942	460	188	15,590
Right of use assets, net	29,857	-	-	29,857
Property, machinery and equipment, net	100,298	1,050	563	101,910

The customers that exceeded 10% of total revenue during the first six-month period of 2021, are as follows:

Country	Peru	
	Revenue	%
	US\$000	
Shougang Hierro Perú S.A.	63,104	39.9%
Sociedad Minera El Brocal S.A.A.	18,577	11.8%

In Colombia and Spain there are no clients that exceeded 10% of total income.

(i) The undistributed balances for the first semester of 2021 correspond mainly to the balances of financial debt for working capital and bonds, certain items of property, machinery and equipment, net, intangible assets net, cash and cash equivalents and deferred assets.

Management considers that the undistributed amounts are not related to a particular segment, since there is not a reasonable criteria for their allocation due to the following:

- Property, machinery and equipment are held in the central maintenance workshop and have not been allocated to a segment yet.
- Cash and financial obligations correspond to cash and loans for working capital that cannot be distributed.
- Intangible assets correspond to the investment in the Company's financial information system (SAP) that is used for all operations.

	<u>Mining</u>	<u>Construction</u>	<u>Not distributed</u>	<u>Total</u>		<u>Mining</u>	<u>Construction</u>	<u>Not distributed</u>	<u>Total</u>
31.12.2020	US\$000	US\$000	US\$000	US\$000		US\$000	US\$000	(i) US\$000	US\$000
ASSETS					LIABILITIES AND EQUITY				
CURRENT ASSETS:					CURRENT LIABILITIES:				
Cash and cash equivalents	-	-	7,518	7,518	Financial obligations	34,251	330	29,830	64,411
Trade accounts receivable, net, and contract assets	67,466	14,423	-	81,889	Trade accounts payable	47,112	15,645	8,824	71,581
Other accounts receivable	290	597	1,547	2,434	Accounts payable to related entities	408	207	838	1,453
Accounts receivable from related entities, net	262	532	35	829	Other accounts payable and contract liabilities	4,303	4,243	1,545	10,091
Inventories, net, and project costs	17,626	437	445	18,508	Lease liabilities	12,728	-	-	12,728
Income tax assets	-	-	1,965	1,965	Provision for employee benefits	-	-	6,317	6,317
Prepaid expenses	1,168	374	1,749	3,291					
	<u>86,812</u>	<u>16,363</u>	<u>13,259</u>	<u>116,434</u>	Total current liabilities	<u>98,802</u>	<u>20,425</u>	<u>47,354</u>	<u>166,581</u>
Assets classified as held for sale	444	-	-	444					
Total current assets	<u>87,256</u>	<u>16,363</u>	<u>13,259</u>	<u>116,878</u>	NON-CURRENT LIABILITIES:				
NON-CURRENT ASSETS:					Financial obligations	24,375	14	6,090	30,479
Trade accounts receivable, net	654	-	-	654	Other financial liabilities	2,708	-	214	2,922
Accounts receivable from related entities, net	-	297	-	297	Lease liabilities	24,357	-	-	24,357
Prepaid expenses	-	-	233	233	Liabilities for joint arrangements	-	90	-	90
Other assets	151	-	-	151	Total non-current liabilities	<u>51,440</u>	<u>104</u>	<u>6,304</u>	<u>57,848</u>
Intangible assets, net	-	-	4,893	4,893	Total liabilities	<u>150,242</u>	<u>20,529</u>	<u>53,658</u>	<u>224,429</u>
Property, machinery and equipment, net	93,441	3,557	7,790	104,788	EQUITY:				
Right-of-use assets	33,656	-	-	33,656	Issued capital stock	-	-	48,687	48,687
Deferred income tax asset	-	-	10,891	10,891	Legal reserve	-	-	6,366	6,366
Total non-current assets	<u>127,902</u>	<u>3,854</u>	<u>23,807</u>	<u>155,563</u>	Translation adjustment	-	-	(6,032)	(6,032)
					Retained earnings	-	-	(976)	(976)
					Foreign currency translation of	-	-	(205)	(205)
					Foreign operations	-	-	-	-
					Equity deemed to the controlling entity's owners	-	-	47,840	47,840
					Non-controlling interest	-	-	172	172
					Total equity	<u>-</u>	<u>-</u>	<u>48,012</u>	<u>48,012</u>
TOTAL	<u>215,158</u>	<u>20,217</u>	<u>37,066</u>	<u>272,441</u>	TOTAL	<u>150,242</u>	<u>20,529</u>	<u>101,670</u>	<u>272,441</u>

06.30.2020	<u>Mining</u> US\$000	<u>Construction</u> US\$000	<u>Not distributed (i)</u> US\$000	<u>Total</u> US\$000
Revenue				
Ore extraction, earthmoving, construction services and others	67,563	7,339	-	74,902
Sale of materials and others	316	72	-	388
Total revenue from ordinary activities	67,879	7,411	-	75,290
Cost of provided services, and sale of materials and others	(69,719)	(6,900)	(928)	(77,547)
Gross (loss) profit	(1,840)	511	(928)	(2,257)
Administrative expenses	(5,729)	(803)	-	(6,532)
Other income, net	1,679	(35)	-	1,644
Operating loss	(5,890)	(327)	(928)	(7,145)
Financial income	153	132	-	285
Financial expenses	(5,944)	(285)	(15)	(6,244)
Exchange difference (net)	441	(40)	-	401
Loss before income tax	(11,240)	(520)	(943)	(12,703)
Income tax profit (expense)	1,550	(36)	132	1,646
Net Loss for the period	(9,690)	(556)	(811)	(11,057)
Components of other comprehensive income that could be subsequently reclassified in the statement of profit or loss:				
Foreign currency translation of foreign operations	-	-	(172)	(172)
Total comprehensive income for the period	(9,690)	(556)	(983)	(11,229)

The accounting policies in relation to the reported segments are the same as the Company's accounting policies described in the annual consolidated financial statements. The profit per segment represents the profit obtained by each segment, with the respective distribution of income tax expense.

The cost of provided services, include stoppage costs for US\$6,246.

The depreciation and amortization per segment during first semester of 2020 are as follows:

	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>	
	<u>Right of use assets</u> USD\$000 (Note 12)	<u>Property, machinery and equipment</u> USD\$ 000 (Note 10 (d))	<u>Intangible</u> USD\$000 (Note 11)	<u>06/30/2020</u> USD\$000
Mining	5,628	7,746	419	13,793
Construction	-	102	31	133
Others	-	184	-	184
General total	5,628	8,032	450	14,110

The additions of property, machinery and equipment, net, during 2020 per segment are presented as follows:

	<u>12.31.2020</u> USD\$000
Mining	9,821
Construction	86
Others	1,163
	<u>11,070</u>

The breakdown by country of revenue, gross profit, right of use assets, property, machinery and equipment, net, are as follows:

Country	Peru	Spain	Colombia	Total
	US\$000	US\$000	US\$000	US\$000
06.30.2020:				
Revenue	71,768	2,179	1,343	75,290
Gross (loss) profit	(2,641)	236	148	(2,257)
12.31.2020:				
Right of use assets, net	33,656	-	-	33,656
Property, machinery and equipment, net	103,015	1,151	622	104,788

The customers that exceeded 10% of total revenues during the first six-month period of 2020 are as follows:

Country	Peru	
	Revenue US\$000	%
Shougang Hierro Perú S.A.	23,797	31.8%
Minera Las Bambas S.A.	11,955	16.0%
Sociedad Minera el Brocal S.A.A.	9,513	12.7%

In Colombia and Spain there are no clients that exceeded 10% of total income.

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial assets and liabilities of the Company and Subsidiaries comprise the following:

	06/30/2021	12/31/2020
	US\$000	US\$000
Financial assets:		
Cash and cash equivalents	2,560	7,518
At amortized cost:		
Trade accounts receivable, net	43,111	33,836
Accounts receivable from related entities, net	1,654	1,126
Other account receivable	2,045	1,858
Total	49,370	44,338
Financial liabilities:		
At amortized cost:		
Financial obligations	78,751	94,890
Trade accounts payable	103,069	71,581
Lease liabilities	31,893	37,085
Accounts payable to related entities	1,731	1,453
Other accounts payable	943	549
Total	216,387	205,558

(b) Financial risks

During the normal course of operations, the Company and Subsidiaries are exposed to several financial risks. The Company continues to be exposed to the risks inherent to its financial instruments. These risks include market risk, exchange rate risk, credit risk, liquidity risk and capital risk management. A thorough explanation of the Company's risks and its approach to their identification, assessment and mitigation is disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

There have been no significant changes in the Company's exposure and risk management principles and processes since December 31, 2020.

(c) Fair value of financial instruments

The Company's Management considers that the carrying amount at amortized cost is similar to its fair value, since the established interests are equivalent at the rates in force in the market, and at the date of obtaining financing, transaction costs were not material. Fair value was determined by discounting future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

	06/30/2021		12/31/2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	US\$000	US\$000	US\$000	US\$000
Financial obligations:				
Promissory notes with banks	36,938	38,359	44,164	44,367
Corporate bonds	6,789	6,999	9,991	10,413
Leases with financial institution	13,261	15,752	18,041	24,522
Direct loans	21,763	22,089	22,694	22,786
	<u>78,751</u>	<u>83,199</u>	<u>94,890</u>	<u>102,088</u>

31. COMMITMENTS AND CONTINGENCIES

(a) Letters of guarantee

In order to secure obligations as of June 30, 2021, the Company has granted letters of guarantee from banks for US\$74,446, which have been issued as faithful compliance in accordance with agreements entered into with its customers (US\$62,336 as of June 30, 2020). These guarantees mature in 2021 and 2022.

(b) Contingencies

- (i) As of June 30, 2021, some legal proceedings have been filed against the Company and are classified as possible by Management and legal advisors for US\$520 (US\$903 as of December 31, 2020). In this regard, the Company and its legal advisors believe that there are sufficient arguments to provide for these claims and estimate that their final judgments will not have a material effect on the interim condensed consolidated financial statements.
- (ii) On February 5, 2019, pursuant to Resolution No. 3 issued on February 1, 2019, the Company was notified that the National Criminal Court of Appeals revoked Resolution No. 18 dated November 30, 2018 issued by the First National Court of Preliminary Investigation, which dismissed the incorporation request to include the Company as a civilly liable third party in the investigation conducted by the Supra-provincial Corporate Public Prosecutor's Office regarding influence peddling and conspiracy to commit a felony in relation to the Construction Club case, for which other entities are also being investigated. In this regard, to date, the Company is part of the preliminary investigation in progress as a civilly liable third party.

Resolution No. 5 issued by the Criminal Court of Appeals on February 18, 2020 was notified on February 20, 2020, under which Resolution No. 15 dated November 18, 2020 issued by the First Court of Preliminary Investigation was confirmed, which declared grounded the incorporation requirement of the Company as investigated party. On March 3, 2020, the Company filed an appeal against the resolution of the Criminal Court of Appeals, which is being evaluated to date. Based on the investigation records to date, and verifiable objective elements (subject matter of investigation), Management and legal advisors of the Company believe that the contingency level, as a consequence of the effects of its incorporation to the investigation as a civilly liable third party and investigated party is remote. They also estimate to obtain a positive result that allows them refusing any responsibility of the subject matters of investigation without adverse effects for the Company.

Request for civil damages:

As a result of the repeal of Provision No. 18 in February 2019, attending the appeal filed by the *Ad hoc* Prosecutor's Office, the Court of Appeals revoked Resolution No. 18 issued by the First National Court of Preliminary Investigation that dismissed the incorporation requirement of the Company as civilly liable third party. This request was

filed by the *Ad hoc* Prosecutor's Office as a civil entity on behalf of the Peruvian government, proposing the potential amount for damages of S/64,899 (equivalent to US\$16,505), which should be paid by all prosecuted parties, if a condemning judgment is issued in the future. After this, through a document dated June 13, 2019, the Prosecutor's Office sent to the Court of Preliminary Investigation a request in which it proposed to increase the temporary compensatory claim to S/168,648 (equivalent to US\$42,891). The Court notified this request to all prosecuted parties. Due to such request, the technical defense of the Company through a document dated July 19, 2019, raised an opposition against the request of the Prosecutor's Office, and they asked the Court to declare such request groundless. Now, the pertinent hearing will be rescheduled to discuss the request of the Prosecutor's Office, which will occur when delivery of notifications of prosecuted parties who live abroad are received.

Prohibition order:

Pursuant to Resolution No. 2 dated March 21, 2019, the First Court of Preliminary Investigation declared the precautionary measure requirement grounded in the form of registration and prohibition order requested by the Ad Hoc Prosecutor's Office for up to S/28,961 (equivalent to US\$7,365). This means that it is prohibited to sell or levy the goods (vehicles) registered in the item of property, machinery and equipment, net, registered in Public Records in the name of the Company at the time the precautionary measure was held back. For this reason, on September 2, 2019, an appeal was filed, which was accepted and addressed to the Temporary Criminal Court of the Supreme Court of Justice of Lima, where it is being evaluated.

- (iii) On February 10, 2020, the Company was notified about Resolution No. 003-2020/ST-CLC-INDECOPI issued by the Technical Clerk's Office of the Committee on Free Competence Defense of the National Institute for Competence Defense and Protection of Intellectual Property ("INDECOPI"), which establishes to commence a disciplinary proceeding to thirty five (35) entities, including the Company, for an alleged horizontal collusion in the contracting processes of public work of highways. To date, the Technical Report of the Technical Clerk's Office that establishes that the instructional stage has been completed is available. This report provides conclusions and recommendations to the Committee on Free Competence Defense of INDECOPI regarding the Company, it is proposed to impose a fine of 12,723.93 Peruvian tax unit (approximately S/55,985 or US\$14,238), which, to date, is not final and will be the subject of discussion and questioning as part of the defending the Company, which should make a decision (first administrative instance). On April 22, 2021, the Company submitted a writ challenging the conclusions of such technical report issued by the Technical Secretary of INDECOPI (Nota 32(g)). In the oral hearing held from May 26 through May 28, 2021 the parties involved presented their oral arguments to the Committee.

It is expected that the first instance decision of the Committee could be issued in November 2021. If it is an adverse decision, it can be appealed at the Specialized Court of Competition Defense of INDECOPI, whose decision that ends the administrative instance could be issued during the second quarter of 2023.

The final decision in administrative instance can be contested through an administrative contentious proceeding at the Judiciary. It is expected that the decision of the first instance at the Judiciary could be issued during the second semester of 2025, which can also be contested through an appeal at the Higher Court of Administrative Contentious Matters. In case of an appeal at the Higher Court of Administrative Contentious Matters, the decision is estimated to be provided not before the second semester of 2026.

Based on the aforementioned, due to the status of the proceedings and that the Company's Management and legal advisors should continue exercising its defense right and submitting its dispositions for the Technical Report, at the approval date of these consolidated financial statements, with the support of its legal advisors, Management considers that this case is at a preliminary stage and the determination of more certain amounts would not be available. A possible contingency cannot be discarded at the end of the indicated term, so Management will continue monitoring this matter.

- (iv) Consortium San Martín Fima, in which the Company has an interest of 50%, has filed an appeal at the Tax Court against Administrative Resolution No. 0150140015539,

which dismisses the claim filed by the Consortium. The Tax Court ordered to continue with the collection of the tax debt as stated in Determination Resolution No. 012-003-0108867 and Fine Resolution No. 0120020033320, which were issued as a result of the alleged existence of omitted income tax due to the observations made in the inspection proceeding of income tax from 2016. The amount of the appeal is S/7,436 (equivalent to US\$1,891) and has been secured by a letter of guarantee. Management and the law firm advising in this case consider that the contingency level is possible.

- (v) Consortium San Martín Johesa, in which the Company has an interest of 53%, has filed an appeal at the Tax Court against Administrative Resolution No. 0150140015424, which dismisses the claim filed by the Consortium. The Tax Court ordered to continue with the collection of the tax debt contained in Determination Resolutions No. 012-003-0108100 and No. 012-003-0108113, and Fine Resolution No. 012-002-0033172, which were issued as a result of the alleged existence of omitted income tax due to the observations made in the inspection proceeding of income tax from 2016. The amount of the appeal is S/863 (equivalent to US\$220) and has been secured by a letter of guarantee.

Management and the law firm advising in this case consider that the contingency level is remote.

32. SUBSEQUENT EVENTS

We are not aware of any significant event that has occurred between the closing date of these interim condensed consolidated financial statements and the date these condensed consolidated financial statements were available to be issued, which may affect the financial position of the Company as of June 30, 2021. However, we describe below some relevant transactions that have occurred during such period:

- (a) On July 01, 2021, the Company received a promissory note from Banco de Crédito del Perú (BCP), for US\$612. This promissory note matures on July 13, 2021.
 - (b) On July 12, 2021, the Company received a promissory note from Banco de Crédito del Perú (BCP), for US\$2,477. This promissory note matures on September 10, 2021.
 - (c) On July 30, 2021, the Company received a promissory note from BTG Pactual S.A. (BTG), for US\$15,000. This promissory note matures on July 30, 2025.
 - (d) On August 18, 2021, the Company received a promissory note from Banco de Crédito del Perú (BCP), for US\$2,653. This promissory note matures on October 15, 2021.
-