

Volcan Compañía Minera S.A.A. and Subsidiaries

Consolidated interim financial information (unaudited) as of
March 31, 2015 and 2014

Volcan Compañía Minera S.A.A. and Subsidiaries

Consolidated Statement of Financial Position

As of March 31, 2015 (unaudited) and as of December 31, 2014 (audited)

Assets	Note	March 31,	December 31,
		2015	2014
		US\$ (000)	US\$ (000)
Current Assets			
Cash and cash equivalents	4	198,297	174,363
Trade accounts receivable, net		74,191	83,450
Other accounts receivable		370,501	361,079
Other financial assets	6	28,715	32,528
Inventories, net	5	191,573	197,236
Total current assets		863,277	848,656
Non-Current Assets			
Other accounts receivable		40,326	40,765
Other financial assets	6	317	92
Investments in associates		4,333	4,333
Property, plant and equipment, net	7	1,254,334	1,245,825
Mining exploration and evaluation cost, net	8	761,251	767,623
Deferred income tax asset	10	97,160	89,761
Total non-current assets		2,157,721	2,148,399
Total assets		3,020,998	2,997,055
Liabilities and Net Stockholders' Equity			
Current Liabilities			
Overdrafts		45,508	16,060
Trade accounts payable		176,790	228,847
Other accounts payable		53,739	65,044
Other financial liabilities	6	123,902	96,209
Financial obligations	9	229,989	201,765
Total current liabilities		629,928	607,925
Non-Current Liabilities			
Financial obligations	9	619,932	620,270
Other financial liabilities	6	16,863	12,041
Deferred income tax liability	10	185,575	190,992
Provision for contingencies		10,713	11,171
Provision for closing of mining units		63,619	63,610
Total non-current liabilities		896,702	898,084
Total liabilities		1,526,630	1,506,009
Net Stockholders' Equity			
Issued capital	11	1,531,743	1,531,743
Treasury stock		(240,425)	(240,342)
Other capital reserves		119,837	118,731
Capital reserve		20,305	20,329
Unrealized gains (loss)	6	(21,242)	(21,931)
Retained earnings		84,150	82,516
Total net stockholders' equity		1,494,368	1,491,046
Total liabilities and net stockholders' equity, net		3,020,998	2,997,055

The accompanying notes are an integral part of this statement.

Volcan Compañía Minera S.A.A. and Subsidiaries
Consolidated Income Statement (unaudited)

	For the cumulative period from January 1 to March 31	
	2015 US\$(000)	2014 US\$(000)
Sales, Note 12	203,519	244,442
Cost of Sales, Note 13	(165,291)	(199,547)
Gross Income	<u>38,228</u>	<u>44,895</u>
Operating income (expenses)		
Administrative expenses	(10,869)	(10,782)
Selling expenses	(8,208)	(11,785)
Other income	10,017	13,836
Other expenses	(8,581)	(12,823)
	<u>(17,608)</u>	<u>(21,554)</u>
Operating income	<u>20,587</u>	<u>23,341</u>
Financial income (expenses)		
Financial income	5,147	2,529
Financial expenses	(11,644)	(6,411)
Exchange difference, net	(308)	(948)
Total other income (expenses), net	<u>(6,805)</u>	<u>(4,830)</u>
Income before income tax	<u>13,782</u>	<u>18,511</u>
Income tax, Note 10(b)	(874)	(8,458)
Net income	<u>12,908</u>	<u>10,053</u>
Net earnings per share	<u>0.003</u>	<u>0.003</u>
Weighted average of outstanding shares (in thousands)	<u>3,860,901</u>	<u>2,916,854</u>

The accompanying notes are an integral part of this statement.

Volcan Compañía Minera S.A.A. and Subsidiaries
Consolidated Statement of Comprehensive Income (unaudited)

	For the cumulative period from January 1 to March 31	
	2015 US\$(000)	2014 US\$(000)
Net income	12,908	10,053
Other comprehensive income (loss):		
Net change in gains (losses) unrealized on derivative instruments	984	(6,309)
Income Tax	(295)	1,892
Other comprehensive income (loss) net of income tax	689	(4,417)
Total comprehensive income	13,597	5,636

The accompanying notes are an integral part of this statement.

Volcan Compañía Minera S.A.A. and Subsidiaries

Statement of changes in the Net Stockholders' Equity

For the period from January 1, to March 31, 2015 and 2014 (unaudited)

	Capital Issued	Treasury stock	Other capital reserves	Capital reserve	Unrealized gains (loss)	Retained earnings	Total
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Balances as of January 1, 2014	1,427,768	(233,856)	110,736	14,209	(3,074)	159,344	1,475,127
Net income	-	-	-	-	-	10,053	10,053
Net change in gains unrealized on derivative instruments	-	-	-	-	(4,417)	-	(4,417)
Comprehensive income for the period	-	-	-	-	(4,417)	10,053	5,636
Capitalization of earnings	103,975	-	-	-	-	(103,975)	-
Allocation of dividends corresponding to 2013	-	-	-	-	-	(17,847)	(17,847)
Legal reserve allocation	-	-	7,995	-	-	(7,995)	-
Conversion effect	-	-	-	-	-	5,306	5,306
Balances as of March 31, 2014	1,531,743	(233,856)	118,731	14,209	(7,491)	44,886	1,468,222
Balances as of January 1, 2014	1,531,743	(240,342)	118,731	20,329	(21,931)	82,516	1,491,046
Net income	-	-	-	-	-	12,908	12,908
Net change in gains unrealized on derivative instruments	-	-	-	-	689	-	689
Comprehensive income for the period	-	-	-	-	689	12,908	13,597
Allocation of dividends corresponding to 2014	-	-	-	-	-	(10,168)	(10,168)
Increase (decrease) in treasury stock transactions	-	(83)	-	(24)	-	-	(107)
Legal reserve allocation	-	-	1,106	-	-	(1,106)	-
Balances as of March 31, 2015	1,531,743	(240,425)	119,837	20,305	(21,242)	84,150	1,494,368

The accompanying notes are an integral part of this statement.

Volcan Compañía Minera S.A.A. and Subsidiaries Consolidated Cash Flows Statement (unaudited)

For the period from January 1, to March 31, 2015 and 2014 (Note 2-C)

	2015	2014
	<u>US\$(000)</u>	<u>US\$(000)</u>
Operating activities		
Collection of sales proceeds	279,819	227,336
Income from hedging	461	-
Payments to suppliers and third parties	(190,499)	(266,827)
Payments to workers	(25,114)	(34,501)
Income tax payments	(24,106)	(4,564)
Royalties	-	(3,797)
Other collections (payments) from operating activities	(2,911)	45,428
	<u>37,650</u>	<u>(36,925)</u>
Cash flows (used in) operating activities		
Investing activities		
Share sales (purchase) payments	-	1,013
Disbursements for the acquisition of mining rights or the acquisition of property, plant and equipment	(30,472)	(82,090)
Disbursements for exploration and development activities	(14,997)	(31,998)
	<u>(45,469)</u>	<u>(113,075)</u>
Cash flows used in investment activities		
Financing activities		
Increase in financial obligations	191,670	136,373
Purchase of treasury stock	(107)	-
Loan amortization or payments	(134,793)	(83,693)
Interest payment	(18,391)	(16,125)
Dividends	(6,626)	(13,476)
	<u>31,753</u>	<u>23,079</u>
Cash flows from financing activities		
Increase (Decrease) in cash and cash equivalents for the period	23,934	(126,921)
Cash and cash equivalents at the beginning of the period	<u>174,363</u>	<u>182,864</u>
Cash and cash equivalents at the end of the period	<u>198,297</u>	<u>55,943</u>

The accompanying notes are an integral part of this statement.

Volcan Compañía Minera S.A.A. and Subsidiaries

Notes to the consolidated interim financial statements (unaudited)

As of March 31, 2015 and 2014

1. Identification and economic activity

(a) Identification -

Volcan Compañía Minera S.A.A. (hereinafter “the Company”, “the Parent Company” or “Volcan”) was incorporated in Perú in the city of Lima on February 1, 1998 through the merger of Volcan Compañía Minera S.A., incorporated in June 1943, and Empresa Minera Mahr Túnel S.A., a company which had been acquired by the Company under a privatization process in 1997.

The shares which make up the capital stock of the Company are listed on the Lima Stock Exchange.

The legal seat and administrative offices of the Company and its subsidiaries are located on Av. Manuel Olguín No. 375, Urbanización Los Granados, Santiago de Surco, Lima.

(b) Economic activity -

The Company is engaged, on its own behalf, in the exploration for and exploitation of mining concessions and in the extraction, concentration, treatment and comercialization of polymetallic ore. Until January 2011, it ran as part of its own structure two mining units located in the departments of Pasco and Junín, in the central highlands of Perú. In February, 2011, the Cerro de Pasco Unit was spun-off under a simple reorganization process, retaining control over this subsidiary. At these locations, the company produces zinc, copper, lead and silver concentrates.

The Company’s Management administers and runs all operations of the Company’s subsidiaries and those of the latter are subsidiaries.

(c) Approval of consolidated financial statements -

The consolidated interim financial statements as of March 31, 2015 were approved by the Company’s Management on April 24, 2015. The consolidated financial statements as of December 31, 2014 were approved by the Shareholders’ Meeting on March 26, 2015.

- (d) The consolidated financial statements include the financial statements from the following subsidiaries:

	Percentage of direct or indirect interest in the capital	
	March 31, 2015	December 31, 2014
Subsidiaries:		
Empresa Administradora Chungar S.A.C	99.99	99.99
Empresa Explotadora de Vinchos Ltda. S.A.C	99.99	99.99
Empresa Minera Paragsha S.A.C.	99.99	99.99
Compañía Minera El Pilar S.A.C	100	100
Compañía Minera Alpamarca S.A.C. (*)	100	100
Shalca Compañía Minera S.A.C. (*)	100	100
Minera Aurífera Toruna S.A.C. (*)	80	80
Compañía Minera Huascarán S.A.C. (*)	100	100
Empresa Administradora de Cerro S.A.C.	99.99	99.99
Minera San Sebastián AMC S.R.L.	100	100
Compañía Energética del Centro S.A.C. (**)	-	100
Hidroeléctrica Huanchor S.A.C (***)	100	99.99
Compañía Hidroeléctrica Tingo S.A. (***)	99.99	-
Empresa de Generación Eléctrica Baños S.A.(***)	99.99	99.99

(*) These are, in turn, subsidiaries of Empresa Minera Paragsha S.A.C.

(**) This is, in turn, a subsidiary of Empresa Administradora Chungar S.A.C.

(***) Subsidiary engaged in the energy generation, was purchased by the Company in February 2012.

On June 6, 2014, the Company held the sale of Compañía Energética del Centro S.A.C. from Odebrecht Energía del Peru S.A. The financial result of this transaction was a net gain of \$ 8.2 million.

In June, 2014, Empresa Administradora Chungar S.A.C. purchase Compañía Hidroeléctrica Tingo S.A. The investment was of \$13.5 million.

- (e) Issuance of bonds -

By resolution of the Company's Shareholders Meeting held on November 4, 2011, approval was provided to the issuance of bonds in the aggregate amount of US\$1,100,000,000 (One Thousand One Hundred Million United States Dollars), or its equivalent in nuevos soles, to be placed at the international and/or local markets, with a first tranche in the amount of US\$600,000,000 (Six Hundred Million United States Dollars), to finance mining and power projects within the next five years. Furthermore, the Board of Directors was vested, in the broadest manner permitted by applicable laws

and the Company's bylaws, with all powers necessary for its determination of each and all terms, characteristics and conditions applicable to the issuance of bonds.

At the Company's Board Meeting held on January 16, 2012, it was agreed to approve an issuance of bonds under Regulation 144A and Regulation S of the U.S. Securities Act of the United States of America, in the aggregate amount of US\$600,000,000 (Six Hundred Million U. S. Dollars), subject to the terms and conditions determined by the attorneys-in-fact designated by the Parent Company for such purpose, and at market conditions.

On February 2, 2012, bonds were issued and all of the so-called "Senior Notes due 2022" were placed for US\$600,000,000 at the international market, at an annual rate of 5.375%, with a ten- year maturity and half-yearly installments payable from August 2, 2012 through February 2, 2022. It is worth noting that the demand for such bonds from investors interested in their acquisition reached US\$4,809 million U.S. Dollars.

These funds were mainly used in growth projects, including the Silver Oxide Plant located in the Cerro de Pasco unit and the new Alparmarca-Pallanga River unit.

2. Basis of presentation, accounting principles and practices

Basis of presentation -

The consolidated interim financial statements (unaudited) for the three-month periods ended March 31, 2015 and 2014 were prepared in accordance with IAS 34 "Interim Financial Reporting".

The consolidated interim financial statements do not include all information and disclosures required from annual consolidated financial reports and should be read together with annual consolidated financial statements for year 2014.

For a correct reading of the financial statement, certain reclassification have been made in 2014.

Accounting principles and practices -

- (a) In the preparation of the attached consolidated interim financial statements, the Company has used the same accounting criteria and principles as for its consolidated annual financial statements.

The Company has not adopted in advance any standard, interpretation or modification which had been issued but not made effective as of the date of the consolidated interim financial statements.

- (b) The functional and presentation currency used by the Company is the United States Dollar. Transactions in foreign currency (i.e. any currency other than the functional currency) are initially translated into functional currency using the exchange rates in force on the date of the transactions. Monetary assets and liabilities expressed in foreign currency are subsequently adjusted to functional currency using the exchange rate

prevailing on the date of the consolidated statement of financial position. Non-monetary assets and liabilities in foreign currency, recorded at historical costs, are translated into functional currency using the exchange rates in force on the original dates of transactions. Any gains or losses from the exchange rate differential resulting from the liquidation of such transactions and the translation of monetary assets and liabilities into foreign currency at the exchange rates prevailing as of fiscal year closing are recognized in the consolidated income statement.

The standard issued and not applicable on the Company's financial statements issue date, which is anticipated to apply to such statements, is:

- IFRS 9, Financial Instruments: Classification and measurement, applicable to annual periods beginning on January 1, 2018. It amends the treatment and classification of financial assets defined in IAS 39: Financial Instruments, Recognition and Measurement.

The Company will assess the impact, if any, of the adoption of this modification and of the new International Financial Reporting Standards (IFRS) issued but not yet effective as of the date of the separate financial statements.

(c) **Cash and cash equivalents**

This heading included in the Company's statement of financial position includes all cash balances, term deposits, mutual funds, financial assets and financial investment foreing which are short-term, highly liquid and readily convertible into cash and have free availability and investment abroad.

Furthermore, for purposes of their presentation in the cash flows statement, the cash, mutual funds and term deposits with original maturities of six or less months are included, and also the financial assets at fair value through profit or loss, because of their high liquidity according to the Company's Management.

3. Seasonality of operations

The Company operates on a continuous basis, with no important fluctuations due to seasonal factors.

4. Cash and cash equivalents

Herein below is the composition of this heading:

	As of March 31 2015	As of december 31 2014
	US\$(000)	US\$(000)
Funds available:		
Cash	25	42
Fixed fund	25	41
Bank checking accounts	105,537	82,238
Term deposits (a)	29,000	29,000
Financial investments foreing	62,406	62,406
Funds subject to restriction	1,304	636
	<u>198,297</u>	<u>174,363</u>

(a) Herein below is the composition of term deposits as of March 31, 2015:

Date	Nominal currency	Original term	Annual interest rate %	As of March 31, 2015 US\$(000)
31.03.2015	U.S. Dólares	1 to 3 months	0.36%	29,000
				<u>29,000</u>

5. Inventories

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

	As of March 31 2015	As of december 31 2014
	US\$(000)	US\$(000)
Concentrates:	23,029	24,789
Raw material (extracted ore)	29,859	31,466
Miscellaneous supplies	54,097	53,638
Inventories in transit	297	382
Value of stockpiles (b)	88,779	91,449
Allowance for obsolescence of spare parts and supplies (c)	(4,488)	(4,488)
	<u>191,573</u>	<u>197,236</u>

The Company's Management estimates that the balances carried under "Inventories" do not exceed their net realization values as of March 31, 2015 and as of December 31, 2014.

- (b) In December 2014, the Company Management valued the stock piles located in Cerro de Pasco unit as US\$ 91.5 million, which has been recognized as an extraordinary income for the year.
- (c) In the opinion of the Company's Management, the allowance for obsolescence of spare parts and supplies adequately covers such risk as of March 31, 2015 and as of December 31, 2014.

6. Other financial assets (liabilities)

Here in below is the composition of receivables:

	As of March 31 2015 US\$(000)	As of December 31 2014 US\$(000)
Fair value of receivable hedge instruments	14,651	24,749
Embedded derivative related to sales of concentrates	4,470	2,918
Premiums	7,282	4,953
Fair value synthetic forward	2,629	-
	<u>29,032</u>	<u>32,620</u>
Less: non-current portion	<u>(317)</u>	<u>(92)</u>
Current portion	<u>28,715</u>	<u>32,528</u>

Here in below is the composition of payables:

Fair value of hedge derivative financial instruments	46,033	43,203
Embedded derivative related to sales of concentrates	348	1,901
Premiums	94,354	63,146
Fair value synthetic forward	30	-
	<u>140,765</u>	<u>108,250</u>
Less: non-current portion	<u>(16,863)</u>	<u>(12,041)</u>
Current portion	<u>123,902</u>	<u>96,209</u>

The Company uses derivative instruments to reduce its exposure to market risks. Such risks are primarily related to the effects of constantly fluctuating prices for the metals traded by the Company. The Company Management's intention is to maintain derivative instruments to hedge the price fluctuations of metals.

Mineral quotations hedging transactions -

As of March 31, 2015 and 2014, the Company has executed price hedging operations contracts (swaps) and zero-cost collars to hedge future cash flows from its sales. Critical hedge transaction

terms have been negotiated with agents so as to match those terms negotiated under the related commercial contracts.

The net fair value of the deferred income tax is shown under equity account “Unrealized loss” for US\$ 21,242 thousands (US\$ 21,931 thousands loss as of December 31, 2014). The net change in this account for the three-month period ended March 31, 2015 is US\$ 689 thousands.

The change in the equity account “Unrealized gains (loss)” is presented below:

	Hedging Financial Derivatives	Income tax	Unrealized Gains (losses)
	US\$(000)	US\$(000)	US\$(000)
Balances as of January 1, 2014	(4,392)	1,318	(3,074)
Total change in hedging derivative financial instruments	(26,938)	8,081	(18,857)
Balances as of December 31, 2014	(31,330)	9,399	(21,931)
Total change in hedging derivative financial instruments	984	(295)	689
Balances as of March 31, 2015	(30,346)	9,104	(21,242)

7. Property, Plant and Equipment, net

The activity and composition of this heading are presented below:

	Balances as of January 1, 2015	Additions	Write-offs	Adjustments	Balances as of March 31, 2015
	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)
Cost					
Land	6,337	-	-	-	6,337
Buildings and other constructions	751,954	22	-	28,120	780,096
Environmental management program infrastructure	22,846	-	-	-	22,846
Machinery and equipment	308,685	4,602	-	-	313,287
Transportation units	12,315	-	-	-	12,315
Furniture and fixtures and IT equipment	12,937	8	-	-	12,945
Miscellaneous equipment	428,379	2,533	-	-	430,912
Units in transit	-	1,389	-	(99)	1,290
Works in progress	277,131	21,918	-	(28,021)	271,028
	1,820,584	30,472	-	-	1,851,056
Accumulated depreciation					
Buildings and other constructions	(78,262)	(10,771)	-	-	(89,033)
Environmental management program infrastructure	(21,470)	(89)	-	-	(21,559)
Machinery and equipment	(241,280)	(4,681)	-	-	(245,961)
Transportation units	(10,410)	(139)	-	-	(10,549)
Furniture and fixtures and IT equipment	(6,386)	(237)	-	-	(6,623)
Miscellaneous equipment	(216,951)	(6,046)	-	-	(222,997)
	(574,759)	(21,963)	-	-	(596,722)
Net cost	1,245,825				1,254,334

8. Mining exploration and evaluation costs, net

The activity and composition of this heading are presented below:

	<u>Balances as of January 1, 2015</u>	<u>Additions</u>	<u>Write-offs</u>	<u>Adjustments</u>	<u>Balances as of March 31, 2015</u>
	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)
Mining rights and concessions	292,747	-	-	-	292,747
Exploration	308,351	1,385	-	-	309,736
Development and stripping costs	667,684	13,612	-	-	681,296
Closing of mining units	64,676	-	-	-	64,676
Other intangible assets	14,265	-	-	-	14,265
	<u>1,347,723</u>	<u>14,997</u>	-	-	<u>1,362,720</u>
<u>Accumulated amortization</u>					
Mining rights and concessions	(158,874)	(1,861)	-	-	(160,735)
Exploration	(70,414)	(3,654)	-	-	(74,068)
Development and stripping costs	(326,491)	(14,487)	-	-	(340,978)
Closing of mining units	(17,439)	(1,064)	-	-	(18,503)
Other intangible assets	(6,882)	(303)	-	-	(7,184)
	<u>(580,100)</u>	<u>(21,369)</u>	-	-	<u>(601,469)</u>
Net cost	<u><u>767,623</u></u>				<u><u>761,251</u></u>

(*) In December 2014, the Company Management recorded a provision for impairment of its assets related to the underground mine located in the Cerro de Pasco unit.

9. Financial obligations:

The activity and composition of this heading are presented below:

	Balances as of December 31, 2014	Effect Exchange difference	Loans	Payment	Balances as of March 31, 2015
	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)
Financial Institutions - leasing					
Banco de Crédito del Perú	1,077	-	-	81	996
Banco Internacional del Perú-Interbank	16,281	-	1,757	3,647	14,391
Scotiabank Perú S.A.A.	16,536	-	-	1,362	15,174
BBVA Banco Continental	1,985	-	3,504	242	5,247
Financial Institutions - loans					
Scotiabank Perú S.A.A.	40,000	-	-	40,000	-
Scotiabank Perú S.A.A.	40,000	-	-	40,000	-
Scotiabank Perú S.A.A.	-	26	79,509	-	79,535
BBVA Banco Continental	106,156	3,733	-	45,329	57,094
BBVA Banco Continental	-	-	27,500	-	27,500
ITAU UNIBANCO S.A	-	32	49,952	-	49,984
Bonds	600,000	-	-	-	600,000
	822,035	3,791	162,222	130,661	849,921
Financial obligations current	201,765				229,989
Financial obligations non-current	620,270				619,932

10. Deferred Income tax

(a) The composition of this heading, according to the items originating same, is provided below:

	As of March 31 2015	As of December 31 2014
	US\$ (000)	US\$ (000)
Deferred assets with effect on gains (losses)		
Recoverable tax losses	40,920	33,487
Allowance for impairment of assets	23,190	23,202
Provision for the closing of mining units	16,675	16,379
Contingencies	2,879	2,995
Provision mining royalty	721	922
Losses unrealized on derivative financial instruments	9,104	8,483
Vacation payments outstanding	1,569	1,764
Estimate for impairment of supplies	1,151	1,195
Embedded derivative	202	-
Sales adjustment	-	1,336
Other minor	749	-
Deferred assets	97,160	89,761
Deferred liabilities with effect on gains (losses)		
Amortization of mining rights and concessions, exploration, development and stripping costs	(154,594)	(157,515)
Value of stock piles	(24,567)	(24,700)
Sales adjustment	(1,494)	-
Estimate for values of share	(2,399)	(2,486)
Heading unpaid	(889)	(921)
Bond issuance expenses	(767)	(795)
Embedded derivative	-	(273)
Gains in fair value of derivative financial instruments and premiums	(865)	(4,258)
Other minors expensives	-	(43)
Deferred liabilities	(185,575)	(190,992)

(b) The income tax expense carried in the income statement:

	For the cumulative period from January 1 to March 31	
	2015 US\$(000)	2014 US\$(000)
Income Tax		
Current	6,964	6,091
Deferred	(8,422)	(1,527)
	(1,458)	4,564
Tax on mining royalties	2,201	3,797
Contribution to the retirement fund	131	97
Total income tax expense	874	8,458

11. Issued capital

It is represented by 1,633,414,553 class "A" shares with right to vote and 2,443,157,622 class "B" shares with no right to vote but right to preference dividend distribution; such right is not cumulative. From the total, 181,900,203 class "A" shares and 12,234,901 class "B" shares are held by subsidiary Empresa Minera Paragsha S.A.C., 23,432,075 class "A" shares by subsidiary Empresa Administradora Chungar S.A.C. and 10,270 class "A" shares by subsidiary Compañía Minera Alpamarca S.A.C and 306,283 class "A" shares by subsidiary Hidroeléctrica Huanchor S.A.C. All common shares are fully subscribed and paid and have a face value of S/. 1.00 (Nuevos Soles) per share.

Both class "A" and class "B" common shares listed in the Lima Stock Exchange were frequently traded by the stock market. As of March 31, 2015, their quotation was S/. 1.40 and S/. 0.55 per share, respectively (S/. 1.80 and S/.1.07 per share, respectively, as of March 31, 2014). As of March 31, 2015, the trading frequency for class "A" shares was 5 percent, and for class "B" shares 100 percent (for class "A" shares was 5 percent, and for class "B" shares 100 percent as of March 31, 2014).

In a meeting held on December 22, 2014, the Board of Directors, resolved the payment of dividends in cash for S/.20,993,650 (equivalent to US\$ 7,116,492), corresponding to the profit balance of the 2014 year. Such dividends have been paid on January 20, 2015.

The Mandatory Annual Shareholders' Meeting held on March 26, 2015 resolved to distribute dividends in cash to its shareholders corresponding to 2014 profit for S/. 31,490,475 (equivalent to US\$10,168,058). Such dividends will be paid on May 5, 2015.

The Mandatory Annual Shareholders' Meeting held on March 20, 2014 resolved to increase the share capital by S/. 336,615,526, (equivalent to approximately US\$ 103,975,232) corresponding to the capitalization of the profit balance of year 2013, and the capital reserve deduction, thus increasing the share capital from S/. 3,739,956,649 to S/. 4,076,572,175, which represents the delivery of 9% in paid-up shares, both for Class "A" and Class "B" shares.

It also resolved to distribute to its shareholders dividends in cash corresponding to 2013 profit for S/. 57,780,413 (equivalent to US\$ 17,847,459). Such dividends have been paid on April 22, 2014.

The Mandatory Annual Shareholders' Meeting held on March 20, 2013 approved a share capital increase by S/. 339,996,059, (equivalent to approximately US\$ 144,994,174) corresponding to the capitalization of the profit balance of year 2012, thus increasing the share capital from S/. 3,399,960,590 to S/. 3,739,956,649, which represents the delivery of 10% in paid-up shares, both for Class "A" and Class "B" shares.

It also resolved to distribute to its shareholders dividends in cash corresponding to 2012 profit by S/. 105,055,297 (equivalent to US\$ 40,205,771).

In meeting held on December 4, 2013, the Board of Directors, resolved the payment of dividends in cash for S/. 38,520,276 (equivalent to US\$ 13,826,373), corresponding to the profit balance of year 2013. Such dividends have been cancelled on January 7, 2014.

12. Net Sales

(a) The table herein below provides a detail of net sales:

	For the cumulative period from January 1 to March 31	
	2015 US\$(000)	2014 US\$(000)
Net concentrate sales		
Zinc	111,786	135,322
Lead	55,763	69,194
Copper	7,395	14,739
Silver Concentrate	27,303	23,158
Silver Bars	10,502	-
Fluxes	-	9
Final settlement adjustments	(15,364)	(11,805)
	<u>197,385</u>	<u>230,617</u>
Gain (loss) realized on financial instruments	(2,139)	7,823
Sales adjustment for the current period (b)	10,026	9,399
Embedded derivatives for the current period (c)	(1,753)	(3,397)
	<u>203,519</u>	<u>244,442</u>

(b) Sales adjustment

Sales of concentrates by the Company and its Subsidiaries are based on commercial contracts whereby a provisional value is assigned to sales, to be adjusted in accordance with a forward and final quotation. The sales adjustment is regarded as an embedded derivative which must be separated from the contract. Commercial contracts are related to market prices (London Metal Exchange). The embedded derivative does not qualify as a hedging instrument; accordingly, any changes in its fair value are charged to profit and loss. As of March 31, 2015 and 2014, the Company holds embedded derivatives based on forward prices with respect to the anticipated liquidation date, since, under commercial contracts, final prices are to be established over the next months. The adjustment of the provisional sales value is recorded as an adjustment of net current sales.

Sales of concentrates include adjustments to the provisional sales value resulting from changes in the embedded derivatives fair value. Such adjustments resulted in gain for US\$ 10,026 thousands and US\$ 9,399 thousands in the three-month periods ended March 31, 2015 and 2014; respectively, and are shown as part of net sales.

(c) Embedded derivatives

As of March 31, 2015 the fair value of embedded derivatives yielded loss for US\$ 1,753 thousands (loss for US\$ 3,397 thousands as of March 31, 2014). It is shown in net sales in consolidated income statement. The future prices of our open positions as of March 31, 2015 and 2014 have been taken from the published prices by the London Metal Exchange (LME).

13. Cost of Sales

The composition of this below:

	For the cumulative period from January 1 to March 31	
	2015	2014
	US\$(000)	US\$(000)
Concentrates beginning inventory	24,789	30,299
Raw materials (extracted ore) beginning inventory	31,466	32,022
Production cost:		
Labor	15,756	16,722
Rental, power and other expenses	59,552	54,152
Supplies used	25,077	26,729
Purchase of mineral	-	2,907
Depreciation and amortization	41,261	31,064
Exceptionals	1,702	361
Purchase of concentrate	17,056	68,489
Employees' profit sharing	1,520	1,551
Less - concentrates ending inventory,	(23,029)	(33,353)
Less - raw materials (extracted ore) ending inventory)	(29,859)	(31,396)
	<u>165,291</u>	<u>199,547</u>

14. Information by business segment

For management purposes, the Company and its subsidiaries present segment information based on business units which are: Mining and Energy.

For the cumulative period from January 1 to March 31, 2015:

	Mining US\$(000)	Energy US\$(000)	Reclassifications and eliminations US\$(000)	Total US\$(000)
Sales	203,519	2,816	(2,816)	203,519
Cost of Sales	(165,291)	(1,553)	1,553	(165,291)
Gross Income	38,228	1,263	(1,263)	38,228
OPERATING INCOME (EXPENSES)				
Administrative expenses	(10,713)	(282)	126	(10,869)
Selling expenses	(8,208)	-	-	(8,208)
Other income	7,500	-	2,517	10,017
Other expenses	(7,115)	(10)	(1,456)	(8,581)
	(18,536)	(292)	1,187	(17,641)
Operating income	19,692	971	(76)	20,587
Financial income (expenses)				
Financial income	5,245	37	(135)	5,147
Financial expenses	(11,639)	(104)	99	(11,644)
Exchange difference, net	(555)	247	-	(308)
Total other income (expenses), net	(6,949)	180	(36)	(6,805)
Income before income tax	12,743	1,151	(112)	13,782
Income tax	(427)	(447)	-	(874)
Net income	12,316	704	(112)	12,908
Depreciation	21,191	772	-	21,963
Amortization	21,363	6	-	21,369
Information to March 31, 2015:				
Assets				
Current Assets				
Cash and cash equivalents	175,821	22,476	-	198,297
Trade accounts receivable, net	71,333	2,858	-	74,191
Accounts receivable to subsidiaries	16,040	18,344	(34,384)	-
Other accounts receivable	366,753	3,748	-	370,501
Other financial assets	28,715	-	-	28,715
Inventories, net	191,154	419	-	191,573
Total current assets	849,816	47,845	(34,384)	863,277
Non-Current Assets				
Other accounts receivable	40,326	-	-	40,326
Other financial assets	317	-	-	317
Investments in associates	65,981	-	(61,648)	4,333
Property, plant and equipment, net	1,205,641	48,693	-	1,254,334
Mining exploration and evaluation cost, net	751,133	86	10,032	761,251
Deferred income tax asset	96,198	962	-	97,160
Total non-current assets	2,063,398	49,741	(51,616)	2,157,721
Total assets	2,913,214	97,586	(86,000)	3,020,998
Liabilities				
Current Liabilities				
Overdrafts	45,508	-	-	45,508
Trade accounts payable	176,093	697	-	176,790
Accounts payable to subsidiaries	18,219	15,980	(34,199)	-
Other accounts payable	52,438	1,486	(185)	53,739
Other financial liabilities	123,902	-	-	123,902
Financial obligations	202,489	27,500	-	229,989
Total current liabilities	618,649	45,663	(34,384)	629,928
Non-Current Liabilities				
Financial obligations	619,932	-	-	619,932
Other financial liabilities	16,863	-	-	16,863
Deferred income tax liability	185,299	276	-	185,575
Provision for contingencies	10,713	-	-	10,713
Provision for closing of mining units	63,619	-	-	63,619
Total non-current liabilities	896,426	276	-	896,702
Total liabilities	1,515,075	45,939	(34,384)	1,526,630

For the cumulative period from January 1 to March 31, 2014:

	Mining	Energy	Reclassifications and eliminations	Total
	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Sales	244,442	2,267	(2,267)	244,442
Cost of Sales	(199,547)	(933)	933	(199,547)
Gross Income	44,895	1,334	(1,334)	44,895
OPERATING INCOME (EXPENSES)				
Administrative expenses	(10,651)	(222)	91	(10,782)
Selling expenses	(11,785)	-	-	(11,785)
Other income	11,718	-	2,118	13,836
Other expenses	(11,924)	-	(899)	(12,823)
	(22,642)	(222)	1,310	(21,554)
Operating income	22,253	1,112	(24)	23,341
Financial income (expenses)				
Financial income	2,687	-	(158)	2,529
Financial expenses	(6,410)	(159)	158	(6,411)
Exchange difference, net	(927)	(21)	-	(948)
Total other income (expenses), net	(4,650)	(180)	-	(4,830)
Income before income tax	17,603	932	(24)	18,511
Income tax	(8,109)	(349)	-	(8,458)
Net income	9,494	583	(24)	10,053
Depreciation	15,731	497	-	16,228
Amortization	16,832	6	-	16,838

Information to March 31, 2015:

Assets

Current Assets

Cash and cash equivalents	170,533	3,830	-	174,363
Trade accounts receivable, net	80,226	3,224	-	83,450
Accounts receivable to subsidiaries	17,849	10,524	(28,373)	-
Other accounts receivable	357,288	3,791	-	361,079
Other financial assets	32,528	-	-	32,528
Inventories, net	196,847	389	-	197,236
Total current assets	855,271	21,758	(28,373)	848,656

Non-Current Assets

Other accounts receivable	40,765	-	-	40,765
Other financial assets	92	-	-	92
Investments in associates	65,988	-	(61,655)	4,333
Property, plant and equipment, net	1,196,549	49,276	-	1,245,825
Mining exploration and evaluation cost, net	757,497	92	10,034	767,623
Deferred income tax asset	88,732	1,029	-	89,761
Total non-current assets	2,060,891	50,397	(51,621)	2,148,399

Total assets

2,916,162	72,155	(79,994)	2,997,055
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Liabilities

Current Liabilities

Overdrafts	16,060	-	-	16,060
Trade accounts payable	227,278	1,569	-	228,847
Accounts payable to subsidiaries	10,518	17,779	(28,297)	-
Other accounts payable	63,534	1,586	(76)	65,044
Other financial liabilities	96,209	-	-	96,209
Financial obligations	201,765	-	-	201,765
Total current liabilities	615,364	20,934	(28,373)	607,925

Non-Current Liabilities

Financial obligations	620,270	-	-	620,270
Other financial liabilities	12,041	-	-	12,041
Deferred income tax liability	190,720	272	-	190,992
Provision for contingencies	11,171	-	-	11,171
Provision for closing of mining units	63,610	-	-	63,610
Total non-current liabilities	897,812	272	-	898,084

Total liabilities

1,513,176	21,206	(28,373)	1,506,009
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