Peru's mining & metals investment guide

2025/2026

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PERU Ministry of Foreign Affairs

CHAMBER OF COMMERCE CANADA-PERU

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This publication is possible due to the collaboration of information from the Canada-Peru Chamber of Commerce (CPCC) and the Ministry of Foreign Affairs.

Design and layout:
Karla Ramírez

Photos:
AdobeStock,
GettyImages,
Shutterstock, Unsplash,
Freepik

First edition: February 2025

Legal Deposit made at the National Library of Peru
N° 2025-00516
ISBN: 978-612-5043-90-0
Available at www.ey.com
https://www.gob.pe/institucion/rree/colecciones/146-guias-de-negocios-e-inversion

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2025/2026

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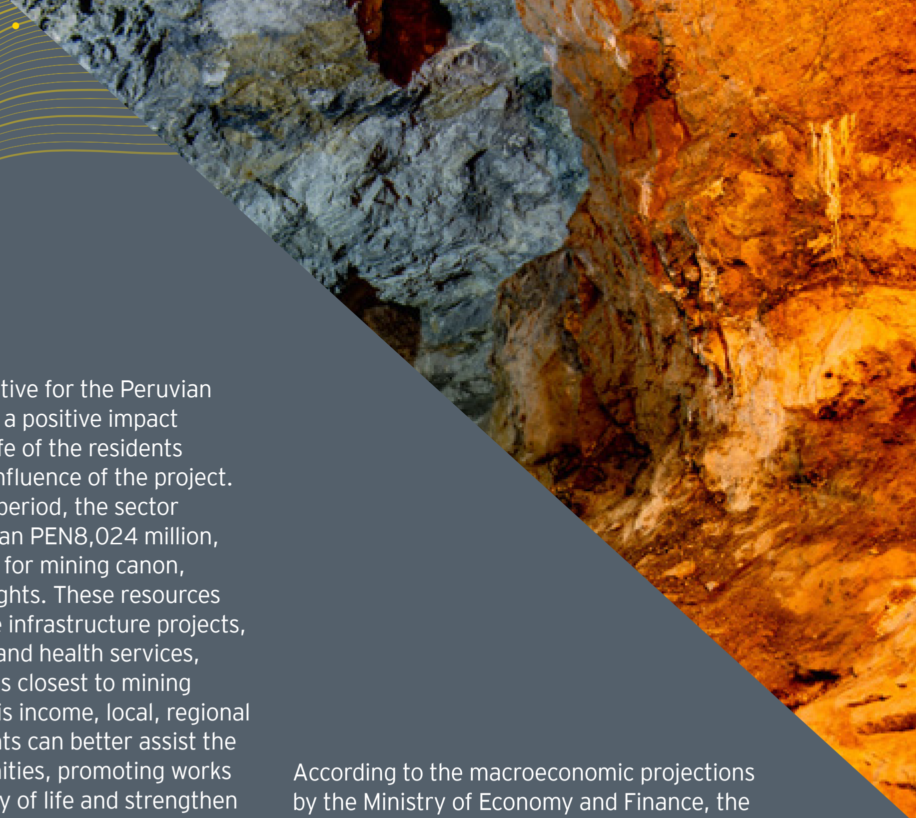
Elmer Schialer

Minister of Foreign Affairs

Peru boasts a rich mining tradition that dates back to its pre-Columbian cultures, who already understood the deep connection between caring for nature, the responsible harness of its resources, and the improvement of the well-being of the population in a habitat marked by the Andes Mountain range. Range that provides our country with majestic natural scenes and a source of unlimited mineral resources.

Nowadays, in modern Peru, the mining sector continues to be a central axis of the country's economic and social development. For instance, during the January-November 2024 period, the mining sector has recorded encouraging results that not only demonstrate its dynamism, but also its commitment to the progress of the regions and the improvement of the quality of life of Peruvians.

The accumulated production of metals shows significant positive figures, highlighting the growth in tin with 29.6%, molybdenum with an increase of 24.6%, silver with 15.1%, lead with 6.9%, gold with 6.8% and iron with 2.8%. These figures not only reflect the efficiency and productivity of the sector, but also its ability to adapt to the challenges of the global market, thus strengthening its contribution to the national economy and placing Peru as a competitive player in the international minerals market. This factor guarantees important income for the country and consolidates our image as an important supplier in a dynamic global environment, that requires strategic partners for the energy transition the world passes through.



A transcendental objective for the Peruvian government is to bring a positive impact of mining in the daily life of the residents located in the area of influence of the project. During the mentioned period, the sector has generated more than PEN8,024 million, distributed in transfers for mining canon, royalties and validity rights. These resources are essential to finance infrastructure projects, educational programs and health services, especially in the regions closest to mining activities. Thanks to this income, local, regional and central governments can better assist the needs of their communities, promoting works that improve the quality of life and strengthen the foundations for inclusive development. The rise in Peru's mining production plays a pivotal role in unlocking the potential for economic growth, improving working conditions, and boosting the family income of workers directly and indirectly involved in the industry. This factor, added to Peru's widely known free-market economic policy, respect for human rights within the framework of the Peruvian Constitution, and adherence to democratic principles, reaffirms its reliability as a trustworthy partner for all those countries interested in ensuring their energy security. For countries seeking to secure their energy future, Peru stands out as a key ally, offering stability and alignment with international standards. Furthermore, I would like to highlight that the Mining Exploration Project Portfolio includes 75 prioritized projects, valued at USD644.2 million. These projects range from early-stage exploration to advanced execution, demonstrating the immense potential and significant opportunities our country offers for investors.

According to the macroeconomic projections by the Ministry of Economy and Finance, the mining investment is expected to maintain its positive dynamism estimated to growth in an average of 3.2% for the period 2026-2028.

The promotion of mining investment is also supported by constant regulatory improvements, such as the Single Window for mining, launched in February 2024, with the aim of facilitating collaboration between public institutions, simplifying processes and ensuring compliance with deadlines for all projects. In this sense, Peru is ready to receive investments in the mining industry and will spare no effort to encourage and prioritize mining, with a strong preventive focus on early and satisfactory solutions to problems that affect or could affect the populations most directly involved.

I invite investors worldwide to consult this Mining & Metals Investment Guide 2025/2026 and use the services of our foreign service missions for any coordination that is required.

PERU Ministry of Foreign Affairs

Augusto Morelli
Director General of
Economic Promotion

The Ministry of Foreign Affairs is pleased to present the Peru's Mining & Metals Investment Guide 2025/2026, prepared in collaboration with EY Peru, which reflects the ongoing and coordinated efforts between the Ministry of Foreign Affairs and the private sector and is an opportunity to show the importance for Peru of the sector and its interrelation with other productive areas and the communities that surround the investment projects.

Peru is a country renowned for its rich cultural heritage and its high biodiversity, for which is recognized as a significant player in the global mining and agribusiness industry. At the same time, the agriculture and the mining sectors remains the cornerstones of the Peruvian economy, providing livelihoods for millions. The synergy between mining and agriculture in Peru is crucial for sustainable development, economic growth, and environmental stewardship.

In this sense, in Peru we have learned the importance of ensuring that both activities can successfully develop in a synergistic manner. This is reflected in the experience of an upcoming investment of over USD2 billion dedicated to water treatment projects for the Cajamarca region. This initiative contributes to the local community's perception and social acceptance while also demonstrating the government's firm commitment on the promotion of megaprojects that drive sustainable development, improve the quality of life for communities, and strengthen the country's economic growth.

On the other hand, it is important to highlight that Peru has consolidated a stable macroeconomic policy, evidenced by significant Gross Domestic Product (GDP) growth rates, reduction of external debt and low inflation. In this context, we offer a stable regulatory framework, reinforced by 24 Free Trade Agreements, 33 Bilateral Investment Treaties, 10 Double Taxation Agreements and others to come, ensuring a favorable environment for investment. Thanks to a range of actions undertaken by Peru over the years, we have achieved notable improvement that have made a positive impact on our internal business environment and guarantee the proper integration and participation of domestic and foreign investments.

Rendering to the macroeconomic projections by the Ministry of Economy and Finance, the mining investment is expected to maintain its positive dynamism boosting private investment, estimated to growth in an average of 3.2% for the period 2026-2028. Likewise, it is also important to highlight that Peru's geography plays a crucial role in its positioning as a key player in the mining industry. Peru is the world's second largest producer of zinc and molybdenum, third in copper, silver and mercury, fourth in tin and lead among other strategic minerals, thanks to its vast reserves.

Furthermore, according to the most recent data from the U.S. Geological Survey, Peru has 10.2% of global copper reserves, 3.9% of gold, 21.8% of silver, 8.7% of zinc, 5.2% of lead and 3.1% of tin. In addition, the Peruvian National Society of Mining, Petroleum and Energy (SNMPE) estimates that copper production will increase by 4% in the next few years. It is also important to mention that between 2026 and 2028, the construction of new mining projects would begin for a total investment commitment of USD6,885 million. For instance, we have Coroccohuayco, Ilo extension, Magistral, Trapiche, Yanacocha Sulfides and Michiquillay. Within this framework, the Ministry of Foreign Affairs is committed on promoting the attraction of foreign investment and the export of Peruvian goods and services to international markets. We believe that these are the most powerful tools to promote sustainable and inclusive economic development, create jobs and foster social welfare. As we move forward, we will continue to collaborate with the public and private sectors, international organizations, and our global partners to promote sustainable economic growth that benefits all Peruvians.

This guide is a valuable tool for investors interested in establishing a presence in our country, providing an updated outlook for the mining sector nationwide. It contains key and detailed information on the macroeconomic, legal, tax, sectorial, labor, and financial frameworks in Peru, as well as highlights the sustained economic progress that our country has achieved in the mining sector over the years.

We extend a cordial invitation to continue trusting in Peru, a country full of opportunities and an attractive destination for mining investment. Your contribution is key to the growth and success of our mining sector.

CHAMBER OF COMMERCE
CANADA-PERU

Oscar Benavides
President of the Canada-Peru Chamber of Commerce (CPCC)

Peru maintains strong mining ties with Canada, among other major mining investing countries. As one of the top global copper, zinc, and silver producer, Peru attracts Canadian investments, which boost bilateral trade. Despite its challenges, Peru's mining sector offers significant opportunities and remains attractive to foreign investors.

For instance, Peru ranks second in the world in copper reserves, third in silver production and second in zinc production. Mining accounts for 8.5% of the Peruvian GDP and 63.9% of its exports. With a current portfolio composed of 51 mining projects and USD54.6 billion in investments, mining remains a pillar of economic growth.

Nonetheless, there are challenges and some positive experiences to learn from. For instance, recent positive developments include a streamlined environmental impact assessment process that aims at reducing approval times. There are other initiatives that the Peruvian government is working on to cut the red tape and ease the challenges that permitting a project in Peru poses.

Peru offers competitive advantages. Mining costs are among the lowest in the Americas. The Canada-Peru Free Trade Agreement, in effect since 2009, provides legal protections and duty-free market access for Canadian companies. In addition, the Peruvian government has demonstrated to be committed to maintaining a stable tax regime, which reassures international investors.

Canadian expertise in sustainable mining and corporate social responsibility serves as a model for community engagement, helping to mitigate risks and foster long-term partnerships. Effective community engagement and environmental care can lead to substantial rewards in this resource-rich country.

Peru's role in the global energy transition presents compelling opportunities for investors. The country's copper reserves are essential for the energy transition, such as electric vehicle production and renewable energy infrastructure. With global copper demand projected to rise by around 70% by 2050, Peru's vast deposits have become increasingly strategic. Canada's leadership in responsible mining can further enhance this opportunity by ensuring sustainable and ethical extraction practices.

Peru offers great opportunities for global mining companies. For those considering mining investment in Peru, the message is clear: Know the challenges but acknowledge the significant rewards available to those who successfully navigate them. The fundamentals - abundant resources, competitive costs and growing global demand - remain compelling, and the Canada-Peru mining partnership is well positioned to thrive for years to come.

CHAMBER OF COMMERCE CANADA-PERU

Carla Martínez
General Manager of the Canada-Peru Chamber of Commerce (CPCC)

For more than ten years, I have been with the Canada-Peru Chamber of Commerce (CPCC), an organization dedicated to fostering long-term, mutually beneficial commercial, educational and cultural relationships between Canada and Peru. Over this period, I have witnessed firsthand a significant increase in bilateral trade, especially in mining, and its economic benefits for both countries.

2024 was noteworthy since it marked 80 years of bilateral relations and 15 years since the Canada-Peru Free Trade Agreement (CPFTA) took effect. This agreement and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) have enhanced trade growth by removing barriers, improving market access, and providing a stable investment environment.

The CPFTA safeguards international investors through reciprocal commitments and ensures access to international arbitration. This agreement has doubled trade, making Peru, in 2023, Canada's second-largest bilateral trading partner in Central and South America. Signed in 2008 and effective in 2009, the CPFTA made 97.3% of Peruvian tariffs duty-free for Canada. This agreement has significantly increased bilateral merchandise trade, with Canadian exports to Peru reaching CAD1.6 billion (Canadian Dollars) and imports from Peru making CAD4.7 billion in 2023. The CPFTA is estimated to have increased trade between Canada and Peru by 8.6% annually, showcasing its profound impact on economic growth. Trade rose by CAD545 million in 2023 due to the agreement.

Canada and Peru also benefit from the CPTPP, enacted in September 2021. This agreement, involving eleven Pacific Rim nations, enhances economic integration and promotes trade liberalization. It provides significant market access by eliminating tariffs and reducing trade barriers, giving Canadian goods 98.7% duty-free entry into Peru.

Preliminary data from Natural Resources Canada (NRCan) indicated that Canadian mining assets in Peru totalled CAD10.7 billion in 2023, making the country the sixth-largest destination for Canadian mining investments worldwide. NRCan also reported that 67 Canadian companies are operating in Peru. Mining remains the primary driver of Canadian investment in Peru. The country is ranked as the world's second-largest producer of zinc and molybdenum, the third-largest producer of copper, silver and mercury and Latin America's largest producer of zinc, tin, lead, molybdenum, mercury and selenium.

According to the Peruvian Ministry of Energy and Mines (MINEM), Canada ranked as the third-largest foreign investor in mining exploration in Peru in 2024, contributing 22.2% of total exploration investment. This amounted to USD143 million across 24 projects. The MINEM also reported that Canada is the second-largest investor in Peru's mining sector, with a total investment of USD10.3 billion, representing 18.9% of the country's mining project portfolio across nine projects. Canada's Critical Minerals Strategy, launched in 2022, underscores Peru's importance as a strategic partner in the clean energy transition. Peru produces various critical minerals essential for global decarbonization, including copper, zinc, silver, indium, and graphite–key materials for electric vehicles, batteries, and renewable energy technologies.

As global demand for responsibly sourced minerals grows, Canadian companies are well-positioned to support Peru's sustainable mining development. Opportunities are expanding for Canadian suppliers in automation, environmental engineering, geophysical instrumentation, and climate adaptation technologies.

Beyond mining, Canada and Peru have collaborated in specific sectors where Canadian expertise and interests align with local opportunities in Peru, such as agriculture and infrastructure.

April of 2024 marked a major event in Canadian investment in Peru. The Canadian Commercial Corporation signed a government-to-government agreement with the Peruvian Ministry of Agricultural Development and Irrigation for the CAD750 million Chavimochic infrastructure project. The project is expected to improve agriculture and agribusiness in northern Peru and create more than 150,000 new jobs. An Ontario-based engineering firm will provide project management services.
As we reflect on our thriving bilateral relationship, the partnership between Canada and Peru is built on strong economic and cultural ties focused on a shared prosperous future. The CPCC will continue to foster this relationship, ensuring mutual benefit and shared growth. We are the organizing entity responsible for Peru's participation in the PDAC (Prospectors & Developers Association of Canada), the world's largest mining conference held annually in Toronto, Canada. Our efforts at PDAC have not only served to strengthen the mining partnership between Canada and Peru over the years but have also fortified commercial ties with other countries around the world that participate in the conference. We will continue to be key players in this dynamic.

Shape the future
with confidence

Marcial García
Mining & Metals Leader
EY Peru

Peru is a global leader in the mining industry, which makes it a natural choice for international investors. It is one of the world's biggest producers of base and precious metals. Currently, it is the second largest producer of zinc and molybdenum in the world and stands amongst the top four producers for copper, silver, tin, lead and mercury.

Add to that, important deposits of gold and non-metallic resources such as phosphates and uranium and is unsurprising that Peru's economic fortunes have been tied to the mineralogy of the Andes Mountains for many centuries.

Despite concerns over the global economic and geopolitical environment, mining investment continues to flow into the country and is one of the key motors of economic growth.

The success of Peru's mining sector stems not only from an abundance of rich natural resources, but also from an attractive legal and tax regime designed to support the industry.

The mining industry is the key pillar of Peru's economy. Substantial inbound investment has flowed into the sector over the past 20 years, making Peru one of the most popular destinations for mining investments in the world. But Peru has much more to offer. There are 51 mining projects involving USD54.6 billion in investments waiting to be developed, along with an exploration portfolio of 75 projects entailing spending of more than USD644 million.

The mining sector has real potential for growth and further expansion. It holds golden opportunities for investors as much of the country is yet to be subjected to vast exploration, leaving an immense potential for future development. Peru also enjoys the advantage of having one of the lowest operating costs in the world and has a large pool of people trained and qualified as geologists, mining engineers and field technicians.

International investors are a crucial part of the growth and success of Peru's exploration and mining industry. Peru welcomes foreign investment with an open and stable mining regulatory environment. A foreign investment law guarantees the security of foreign and domestic investments. Furthermore, Peru is consistently undertaking measures to improve its business climate to attract more investment.

We invite you to contact us with your questions and we wish you all the best with your mining investment opportunities in Peru.

Shape the future
with confidence

Paulo Pantigoso
Country Managing Partner
EY Peru

First published in 2010, this guide has been designed with the goal of being the first and best of its kind when it comes to mining and investing. It is easily searchable and offers a balanced and objective overview of areas of potential interest to foreign mining investors.

This guide has been structured to serve as an initial step in the process of evaluating the mining landscape in Peru. This thanks to the work of several of EY Peru's leading mining industry professionals, with a combination of legal, tax, economic, financial and accounting backgrounds, to share their unique points of view and explain the key elements for a successful expansion of the international mining and metals companies in Peru.

It should be noted that in this guide we have analyzed various aspects that miners and investors around the world often consider before making critical decisions about the development of new mining operations. Here we will find a description overview of Peru's business environment, its political structure, macroeconomic profile, key indicators and prospects for the coming years, geological potential, trends in the mining and metallurgical sector, and recent developments. Likewise, this guide provides access to essential information to help foreign investors understand the rules that govern investments and the legal, tax and regulatory requirements to operate in the Peruvian mining sector.

We are assured that this material will be useful in the efforts to attract greater flows of foreign direct investment and that the flows in turn benefit the country.

HAZ CLIC PARA
IR AL DESTINO

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HAZ CLIC PARA IR AL DESTINO

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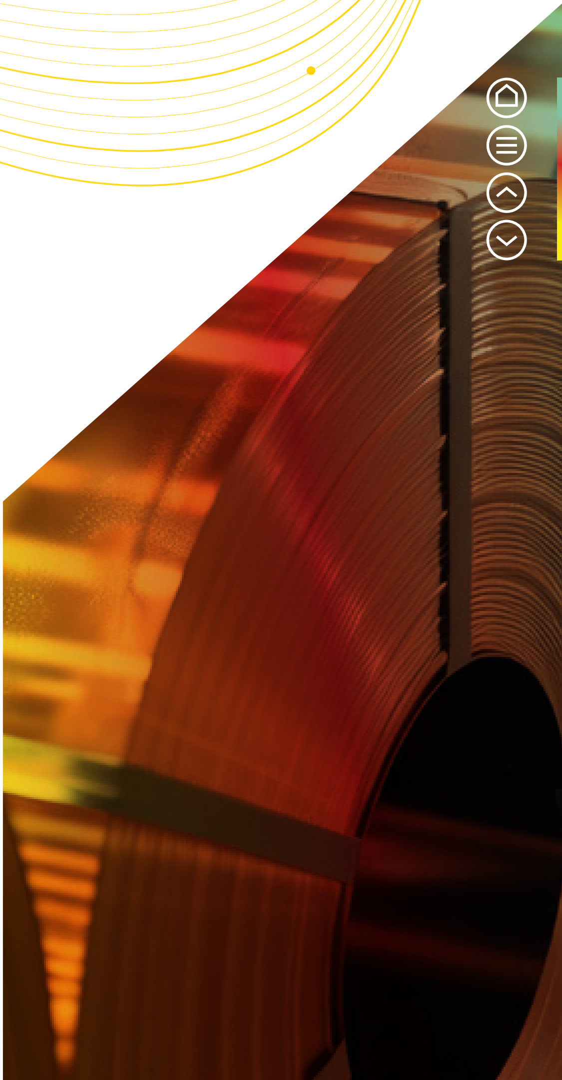
BACKGROUND INFORMATION



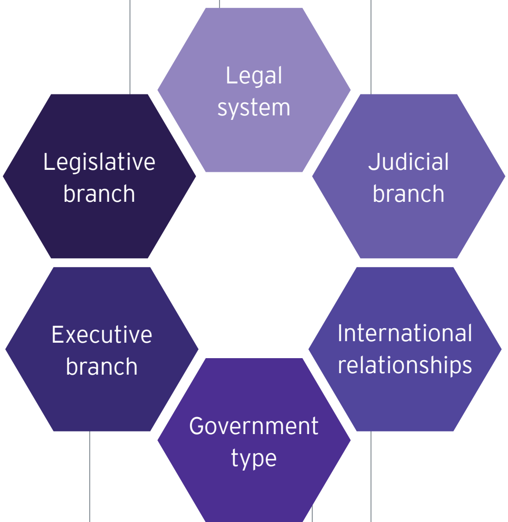
1.1 Form of government

Peru's political history, like that of most Latin American countries, has swung between civil and military governments since it gained its independence from Spain in 1821. However, there have been continuous democratic elections since 1980.

On December 7, 2022, Dina Boluarte, Peru's first female president, was sworn in to govern until July 2026 – when the new general elections are due.

According to the Political Constitution of 1993, the Peruvian government consists of an executive branch, an autonomous single chamber congress of 130 members and a judicial branch. The president and congress members are directly elected by popular vote every five years. A constitutional amendment passed in 2000 prevents immediate presidential re-election but allows unlimited non-consecutive terms. Election is mandatory for all citizens between the age of 18 and 70.

Country overview



Legal system
- Based on civil law

Legislative branch
- Unicameral congress
- 130 seats
- Members elected by popular vote, for a five-year term (non consecutive reelection)

Judicial branch
- Judges are appointed by the National Judge Selection and Evaluation Board

Executive branch
- Chief of state and head of government: President Dina Boluarte Zegarra
- Elections: Every five years by popular vote (non consecutive reelection).
- Cabinet: Council of Ministers is appointed by the president

Government type
- Constitutional republic

International relationships
- Member of the United Nations since 1945, and a member of the Security Council in 2006 and 2007
- Member of the World Trade Organization (WTO) since 1995
- In 1998 became a member of the Asia Pacific Economic Cooperation (APEC) forum
- In 2011 formed the Pacific Alliance with Chile, Colombia and Mexico

Sources: Peruvian Constitution, Ministry of Foreign Affairs (MRE).

1.2

Geography

Peru, located on west central coast of South America is bordered by the Pacific Ocean to the west, Chile to the south, Bolivia and Brazil to the east, and Colombia and Ecuador to the north. With a total land area of 1.29 million of km^2, Peru is the third largest country in South America after Brazil and Argentina.

It may be divided geographically in three regions:

- **The Coast (Costa)**, which is a narrow desert strip 3,080 km long that accounts for only 11.7% of Peru's territory even when it contains approximately 59.7% of the population. Lima, the political and economical capital of the country is located in this region.
- **The Highlands (Sierra)**, which consists of the Andean Mountain Range, covers 27.9% of the territory and holds almost 25.9% of the population. This region contains the country's major mineral deposits.
- **The Amazon Jungle (Selva)**, is the largest region occupying 60.4% of Peru's territory and holds around 14.4% of the population. This region is rich in petroleum and forestry resources.

Area	Approx. 1.29 million of km^2
Climate	Varies from tropical in the amazon region to dry on the Coast temperate to very cold on the highlands
Time Zone	GMT-5 (Greenwich Mean Time minus five hours). There is no daylight saving time, and there is only one time zone throughout the entire country
Natural resources	Gold, copper, zinc, silver, gas, petroleum, fish, phosphates, timber agricultural products

Source: National Institute of Statistics and Information (INEI).

1.3
People

The estimated population of Peru for the year 2024 is 34.0 million, of which 12.5 million (approximately 36.8%) reside in Lima, the capital of the country. The labor force is estimated to be about 18.3 million.

The predominant religion is Roman Catholicism, and the main official languages are Spanish and Quechua. Aymara is also spoken in some parts of the southern Highlands Region of the country. With respect to the literacy rate, 95.2% age 15 and over can read and write.

People overview 2024

Population	34.0 million
Age structure	0-14 years: 23.9% 15-59 years: 62.2% 60 years and over: 13.9%
Growth rate	0.99%
Birth rate	16.4 births / 1,000 population
Death rate	6.3 deaths / 1000 population
Gender ratio	At birth 1.02 male / female
Life expectancy at birth	77.4 years

Source: National Institute of Statistics and Information (INEI).

1.4

Economic overview

Peru is one of the most stable economies in Latin America. It has rich deposits of copper, gold, silver, lead, zinc, natural gas and petroleum. It is also a very diverse country due to climatic, natural and cultural variations of its regions. Peru's economy reflects its varied geography, an arid coastal region, the Andes further inland, and tropical lands bordering Colombia and Brazil. Abundant mineral resources are found mainly in the mountainous areas, and Peru's coastal waters provide excellent fishing grounds.

Economic overview 2024

External debt	USD48.0 billion
Investment	22.6% of GDP (1)
Unemployment rate	5.3% (2)
Population below poverty line	29.0% (3)
Main export partners	China, United States, Canada, India, South Korea, Japan, The Netherlands, Spain, Chile and Brazil
Main export commodities	Gold, copper, silver, zinc, lead, crude oil and byproducts, coffee, potatoes, asparagus, paprika, organic bananas, quinoa, artichoke, berries, mango, cacao, textiles, fishmeal and urea
Main import partners	China, United States, Brazil, Argentina, Mexico, Chile, Colombia, Canada, Ecuador and Germany
Main import commodities	Petroleum and by-products, plastics, machinery, vehicles, iron and steel, wheat and paper

(1) Estimated. December 2024 Inflation Report.
(2) As of September 30, 2024.
(3) 2023 Projection. INEI.
Source: Central Reserve Bank of Peru (BCRP), National Institute of Statistics and Information (INEI).

Mining is the dominant sector of the Peruvian economy. Substantial investment has flowed to the sector over the past 20 years. As a result, there has been an increase in exploration and development activities. Peru is among the major producers of mineral commodities in the world. They account for more than 60% of the country's total exports. Copper and gold are the most important mineral exports by value.

In recent years, Peru has achieved significant advances in social and development indicators as well as in macroeconomic performance, with very dynamic GDP growth rates, reduction of external debt, a stable exchange rate and low inflation. Peru's rapid expansion has helped to reduce the national poverty rate from 58.7% in 2004, to 29.0% of its total population in 2023. Extreme poverty declined from 17.1% to 5.7% over the same period. It is classified as an upper middle-income economy by the World Bank, though GDP per capita is still below the Latin American average.

Peru's economy experienced significant growth in the decades leading up to the pandemic, often exceeding 4% year on year. While the economy saw a double-digit contraction in 2020 and growth rates below the Latin America average in 2022 and 2023, it is gradually recovering.

In 2024, GDP grew just over 3% driven by public spending and investment and robust private consumption. Lower inflation and higher employment boosted private consumption. Increased infrastructure investment and a higher public sector wage bill contributed to higher public spending. Improved business confidence and gradual monetary easing supported private investment.

The country's positive growth performance has much to do with the competent monetary and fiscal policy pursued since the early 2000. Public indebtedness was cut from 44.7% of GDP in 2004 to just over 34.0% in 2024, and the annual fiscal deficit continued trending downwards to roughly 3.7% of GDP, of in 2024, according to the projections of the Central Reserve Bank of Peru (BCRP).

Peru's commitment to fiscal discipline and prudent macroeconomic policies have gone hand in hand with trade and foreign direct investment (FDI) opening, operational independence of the central bank, and maximization of the revenues from the country's rich natural and mineral resources, with expenditures keeping pace.

Among the countries that invest the most in Peru the United Kingdom, Spain, Chile and the United States. Nearly a quarter of the total FDI is attracted by the mining sector and nearly half is split among the financial, communications and energy sectors.

Thanks to its strong macroeconomic performance, the main rating agencies - Standard & Poor's, Fitch and Moody's - upgraded Peruvian sovereign debt to investment grade over a decade ago. Peru also benefits from strengths such as the fairly large size of its market and its sophisticated and rather deep financial sector.

As a country rich in natural resources, Peru exports goods that are highly subject to price volatility, whereas it imports industrial goods, prices of which are less volatile. The country has benefited from a steady improvement in its terms of trade since the turn of the century, which has had a positive impact on the trade balance. Moreover, the country has engaged in several bilateral and multilateral trade agreements that have opened new markets for its exports.

Notwithstanding Peru's improvements in macroeconomic stability, it still faces a number of important challenges that hamper its competitiveness potential.

For Peru to continue to grow in a sustained fashion going forward, a number of weaknesses will need to be tackled. This will include improving the quality of the institutional environment, upgrading the country's poor infrastructure (in particular its insufficiently developed transport infrastructure network) and educational standards. Peru's overdependence on minerals and metals subjects the economy to fluctuations in world prices.

Matching or beating the GDP growth rates that are required to undertake the necessary investments and reforms will depend mainly on how much of the USD54.6 billion in mining investment for the next five to ten years actually goes ahead. Poverty levels and income and regional inequalities continue to loom as a cause of social unrest in the country. Not all Peruvians have shared in the benefits of growth, despite the government's efforts to increase social spending with the goal of reducing poverty in Peru and improving wealth distribution in the country.

1.5

Exchange rate policy

The Peruvian currency is the Sol (PEN). The Central Bank of Peru (BCRP) conducts a managed floating regime for the exchange rate of the PEN versus the US Dollar (USD). The Bank allows the market to determine the value of the currency, although it intervenes to avoid large fluctuations.

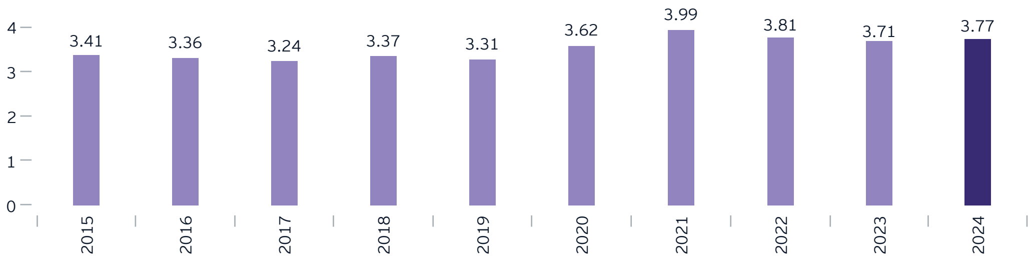
The market value of the PEN fell 1.6% against the USD in 2024 in the context of a still financially dollarized economy.

Historically, the Peruvian Sol reached an all-time high of PEN4.13 per USD in October of 2021 and a record low of PEN1.28 per USD in August of 1992.

Banks are currently (January 31, 2025) buying USD at PEN3.712 and selling USD at PEN3.720. Parallel market rates are lightly different.

There are no restrictions or limitations on holding bank accounts in foreign currency or to remit funds abroad.

Exchange rate evolution: Nuevos Soles per USD1 (end of each year)



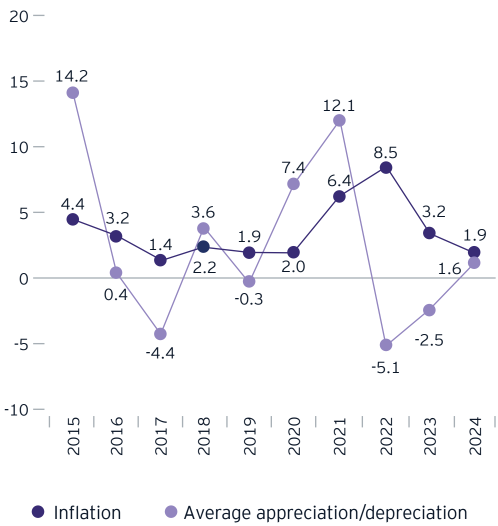
Source: Central Reserve Bank of Peru (BCRP).

1.6
Monetary policy

The BCRP started targeting inflation in 2002 and is now committed to keeping the annual inflation rate within a target range of 1% to 3%. The central bank's commitment to stable inflation has favored inflows of capital as well as exchange rate stability.

The annual inflation rate declined from 3.2% in 2023 to 1.9% in 2024, remaining among the lowest in the region. The Bank's officials also expect inflation to finish 2025 within the target range.

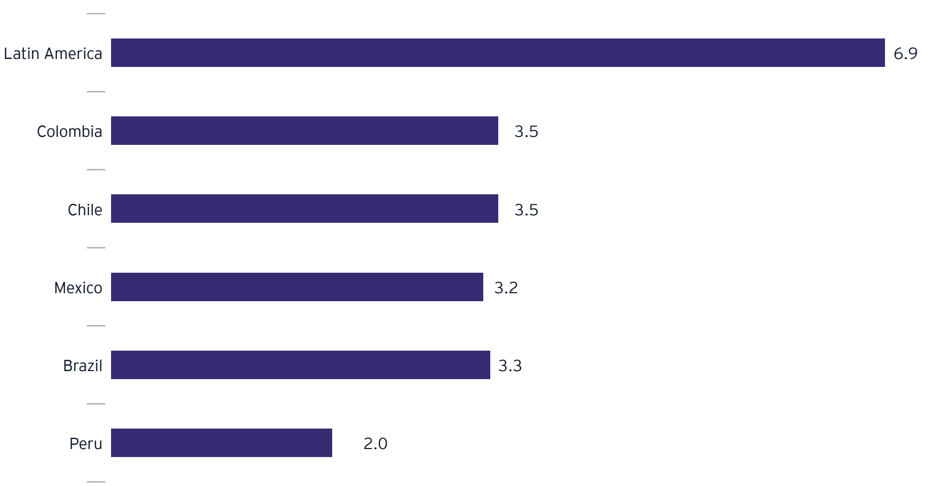
Average appreciation/depreciation and Inflation (in percentage)



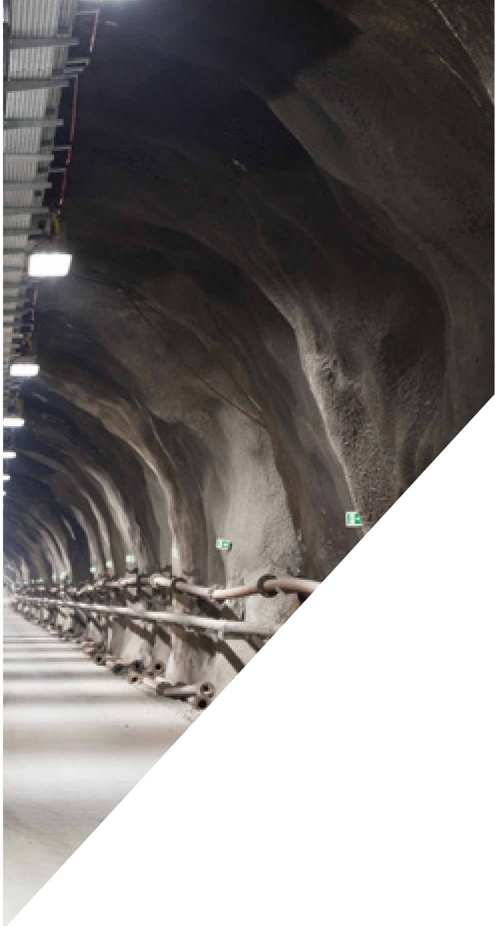
Source: Central Reserve Bank of Peru (BCRP), National Institute of Statistics and Information (INEI).

As shown in the chart below, a recent international survey indicates that Peru will have one of the lowest inflation levels of the region, with a projected inflation rate of 2.0% in 2025.

Inflation rates in Latin America (2025)



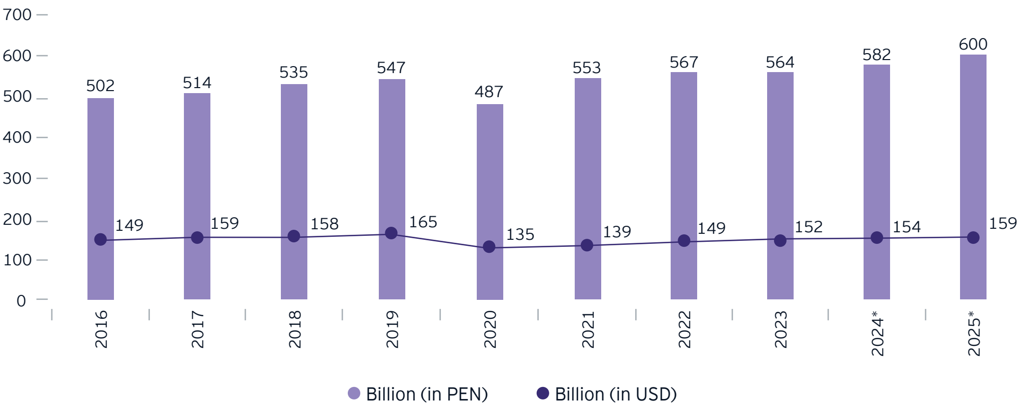
Estimate. World Economic Outlook Database, October 2024. For Peru, information is based on the December 2024 Inflation Report.
Source: International Monetary Found (IMF), Central Reserve Bank of Peru (BCRP).



1.7
Peru's GDP

According to preliminary information published by the Central Bank, Peru's economy grew 3.2% in 2024 and is expected to remain on a solid footing in 2025. As has been the case in the last two decades, the main driver of this growth will be increased mining production, particularly of copper. In the coming years, growth is expected to return to rates above the regional average, given Peru's growing consumer market, abundant natural resources, attractiveness as a tourist destination and large network of trade agreements.

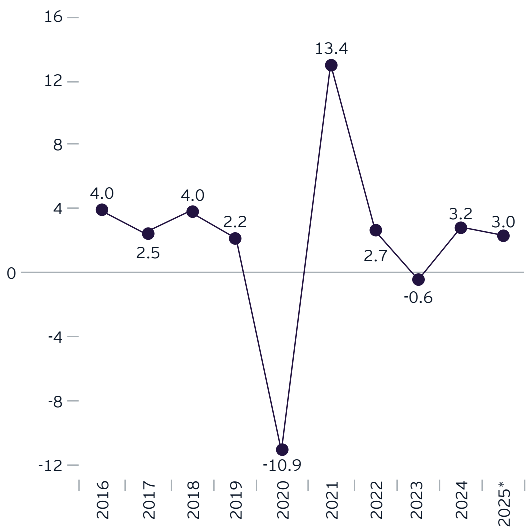
Gross Domestic Product (Constant GDP)



*Projection. December 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

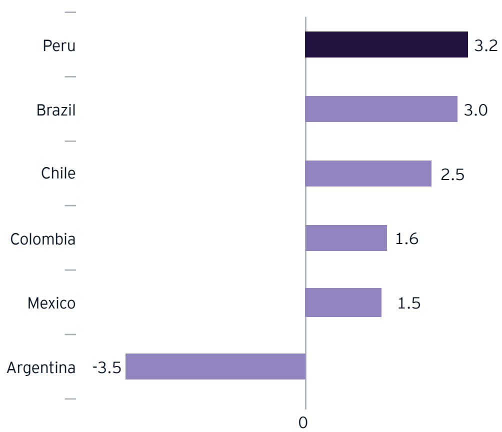
Note: The 2024 GDP measured in current price is estimated to reach USD283 billion.

Gross Domestic Product (Constant GDP) (Percentage Change)



*Projection. December 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

GDP Growth Rates of the Main Latin America Economies (estimated for 2024)



World Economic Outlook Database, October 2024. For Peru, forecasts are based in the December 2024 Inflation Report.
Source: International Monetary Found (IMF), Central Reserve Bank of Peru (BCRP).

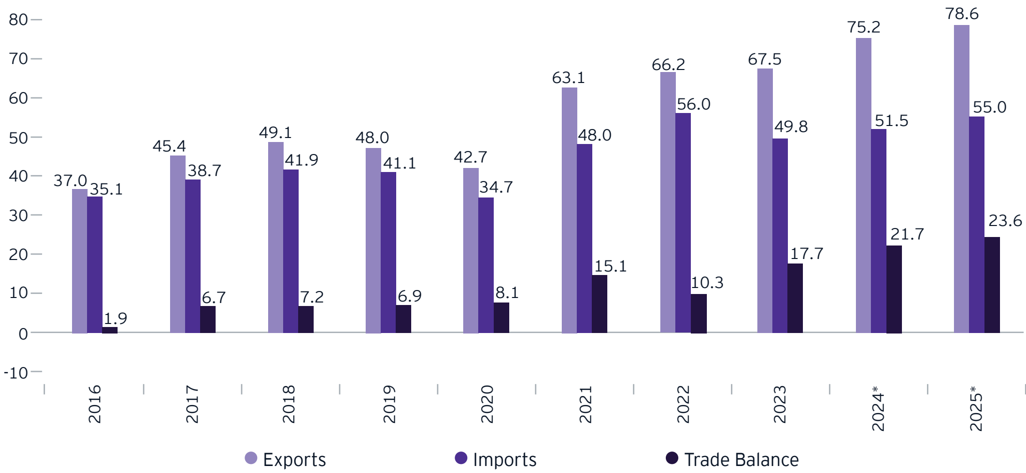
1.8
Trade balance

Economic activity has benefited from improving terms of trade. In 2024, the Peruvian trade balance reached over USD21 billion surplus, which was above the trade balance surplus of USD17.7 billion registered in 2023.

This significant growth was be due to a series of factors, such as the recovery of production and the increase in international commodity prices, especially copper and gold.

The main detraction from the external sector's contribution to growth stemmed from increasing imports, although capital goods imports have remained at healthy levels. Peru's imports are mainly composed of final and intermediate goods, as opposed to exports, in which minerals and ores account for over 60% of overseas sales.

Trade Balance (in USD billion)

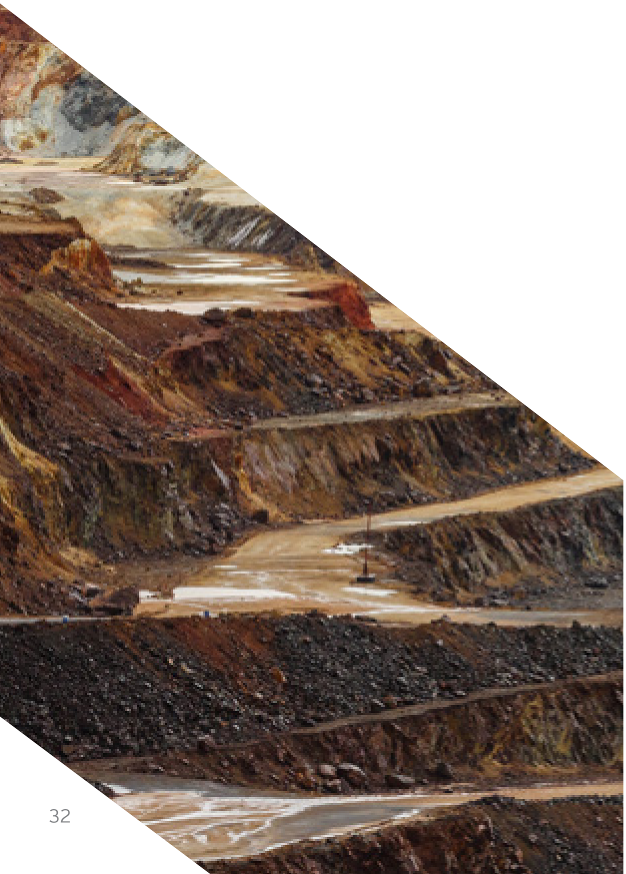


*Projection. December 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

1.9

Infrastructure access

It is expected that Peru will only realize its full economic potential after reducing its infrastructure bottlenecks. Estimates vary, but the investment required runs into billions of dollars. In the last decade, Peru has begun to take the necessary measures to improve its underprivileged infrastructure (transport facilities, electricity, water and communications) in order to promote new investments which will contribute to the development of the productive sectors of the country.



Mining is one of the sectors affected by this constraint since mining and metals companies need to have access to transportation facilities to deliver their products to national and international markets. These needs are in addition to the standard mine infrastructure. Well-developed infrastructure reduces the effect of distance between regions, with the result of truly integrating the national market and connecting it at low cost to markets of other countries and regions.

In recent years, it is not so much the lack of availability of financing but the lack of administrative capacity in the provinces for the spending shortfalls in infrastructure that contribute to feed anti-mining sentiments.

What is clear is that the private sector will need to respond to deliver the required investment in infrastructure. Doing so requires changes to historical approaches to infrastructure investment. The Peruvian government has become very proactive providing the private sector with incentives to develop investment projects. For example, Peru's tax system includes provisions to grant a form of credit against income taxes to allow third-party investors to recover capital investments made in public infrastructure. Mining and metals companies are responding by building social infrastructure and involving communities at an early stage.

1.10

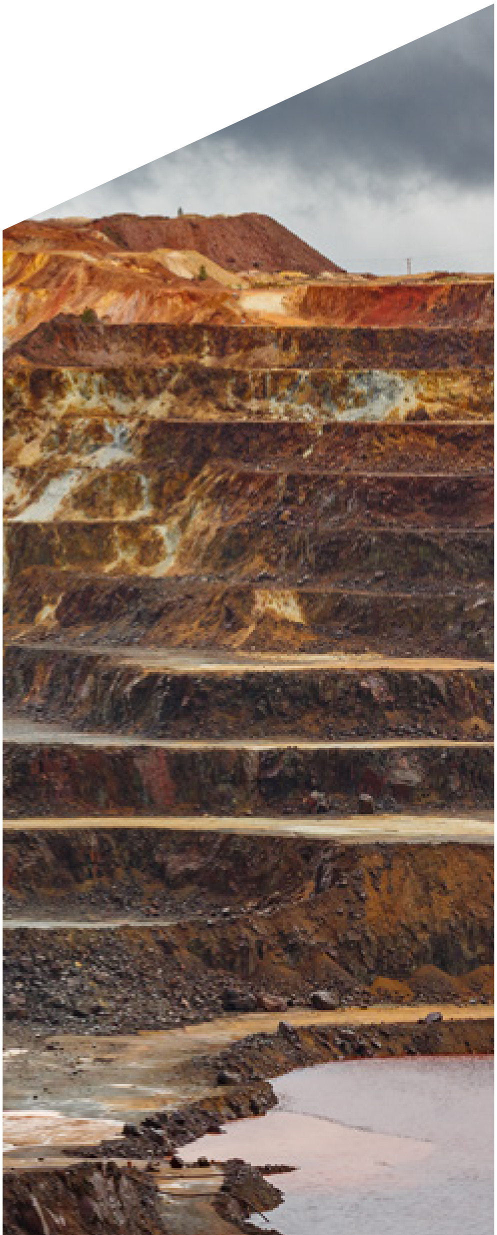
Peru's investment-grade rating

Peru has maintained its investment-grade credit rating since Moody's Investors Services raised it to that level in December 2009 matching moves made by Standard & Poor's and Fitch Ratings the previous year. The country's stable, credible, and consistent macroeconomic policies in various administrations are the key supporting factors for the investment-grade rating.

It is well known that countries with investment grade ratings gain a higher level of confidence that generates more foreign and domestic investment. The risk premium demanded by multinationals and foreign investors is slashed after the upgrade. At the same time, the investment horizon is elongated.

The same occurs with domestic investment. Local investors gain more self-confidence, thus allowing themselves to consider opportunities with lower rates of return. The impact is immediate, as consumers gain access to credit with more favourable terms.

The upgrade to investment grade has brought Peru a lot of positive attention worldwide. More importantly, it has had a positive impact on the local economy. For this reason, nowadays, many multinational corporations eye the country more seriously, as higher private investment is flowing into the country. This should contribute to alleviate a still complex social situation in Peru, by achieving improvements in employment and decreases in poverty.



Credit rating
(long term debt in foreign currency)

Country	S&P	Fitch	Moody's
Chile	A	A-	A2
Peru	BBB-	BBB	Baa1
Mexico	BBB	BBB-	Baa2
Colombia	BB+	BB+	Baa2
Uruguay	BBB+	BBB	Baa1
Paraguay	BB+	BB+	Baa3
Brazil	BB	BB	Ba1
Bolivia	CCC+	CCC	Caa3
Ecuador	B-	CCC+	Caa3
Argentina	CCC	CCC	Ca
Venezuela	N/A	N/A	C

As of January, 2025.
Source: Standard & Poor's, Fitch ratings, Moody's.

S&P / Fitch	Moody's	Feature
AAA	Aaa	Risk Free
AA+, AA, AA-	Aa1, Aa2, Aa3	High Grade
A+, A, A-	A1, A2, A3	High Repayment Capacity
BBB+, BBB, BBB-	Baa1, Baa2, Baa3	Moderate Repayment Capacity
BB+, BB, BB-	Ba1, Ba2, Ba3	Some Repayment Capacity
B+, B, B-	B1, B2, B3	Highly Uncertain Repayment Capacity
CCC+, CCC, CCC-,CC	Caa1, Caa2, Caa3	Extremely Vulnerable to Default
SD/RD	C	Default

Source: Bloomberg.

1.11

Investment promotion conditions

A.
Foreign investment legislation and trends in Peru

The Peruvian government is committed to pursuing an investor-friendly policy climate. It actively seeks to attract both foreign and domestic investment in all sectors of the economy. It has therefore taken the necessary steps to establish a consistent investmentpolicy which eliminates all obstacles for foreign investors, with the result that now Peru is considered to have one of the most open investment regimes in the world.

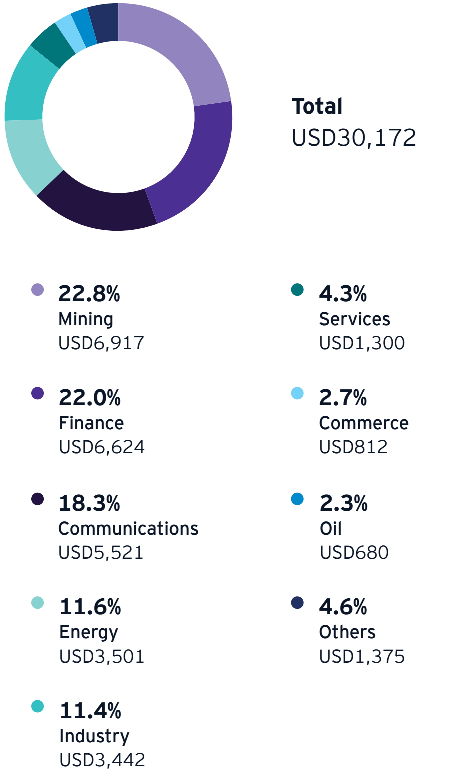
In an attempt to reduce the political risk perception of the country, Peru has adopted a legal framework for investments which offers automatic investment authorization and establishes the necessary economic stabilityrules to protect private investors from arbitrary changes in the legal terms and conditions of their ventures and reduces government interference with economic activities.

Foreign direct investment (FDI) is largely seen as a catalyst for economic growth in the future. The United Kingdom, Spain, Chile, the United States, the Netherlands, Colombia, Brazil, China and Canada appear as Peru's leading investors. FDI is concentrated in the mining, financial, telecommunications, electricity and industry sectors.

Peru guarantees foreign investors legal stability on income tax regulations and dividend distributions. Foreign investors entitled to obtain tax and legal stability are those willing to invest in the country, in a two-year term, at least USD10 million in the mining and/or hydrocarbon sectors; USD5 million in any other economic activity or to acquire more than 50% of the shares of a privatized state-owned company.

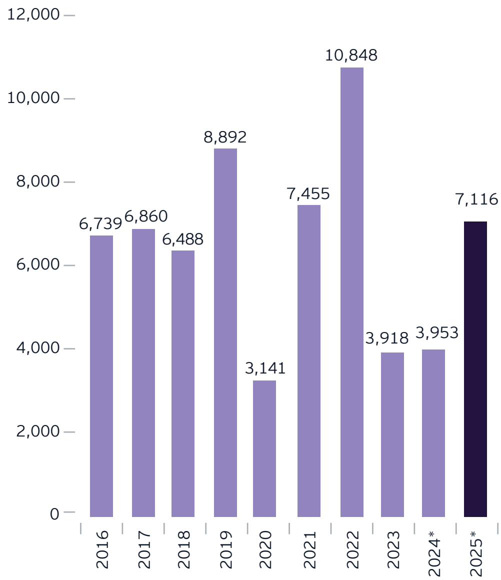
Peruvian laws, regulations, and practices do not discriminate between national and foreign companies. Accordingly, national treatment is offered to foreign investors. There are no restrictions on repatriation of earnings, international transfers of capital, or currency exchange practices. The remittance of dividends, interests and royalties has no restrictions either. Foreign currency may be used to acquire goods abroad or cover financial obligations so long as the operator is in compliance with the relevant Peruvian tax legislation.

Balance of foreign direct investment by industry 2023 (in USD million)



Source: Private Investment Promotion Agency (ProInversión).

Foreign direct investment flow (in USD Million)



*Projection. December 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

B.
Settlement of investment disputes

Foreign investors are protected against inconvertibility, expropriation, political violence and other non-commercial risks through access to the corresponding multilateral and bilateral conventions such as the Overseas Private Investment Corporation (OPIC) and the Multilateral Investment Guaranty Agency (MIGA). Also, Peru has joined the International Convention for Settlement of International Disputes (ICSID) as an alternative to settle disputes arising between investors and the government. In addition, Peru has signed more than thirty bilateral investment treaties with different countries from around the world.

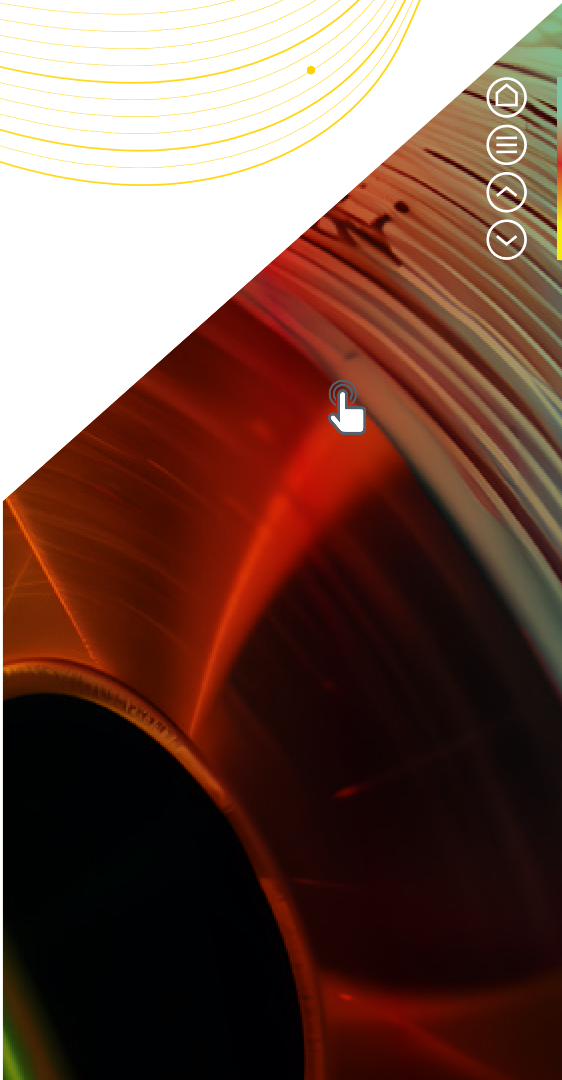
EY, in collaboration with the Ministry of Foreign Affairs (MRE), proudly presents the Peru Business and Investment Guide 2024.
This comprehensive resource brings together key information for both foreign and domestic investors and is available for free download at: https://www.ey.com/pe/investment-guides

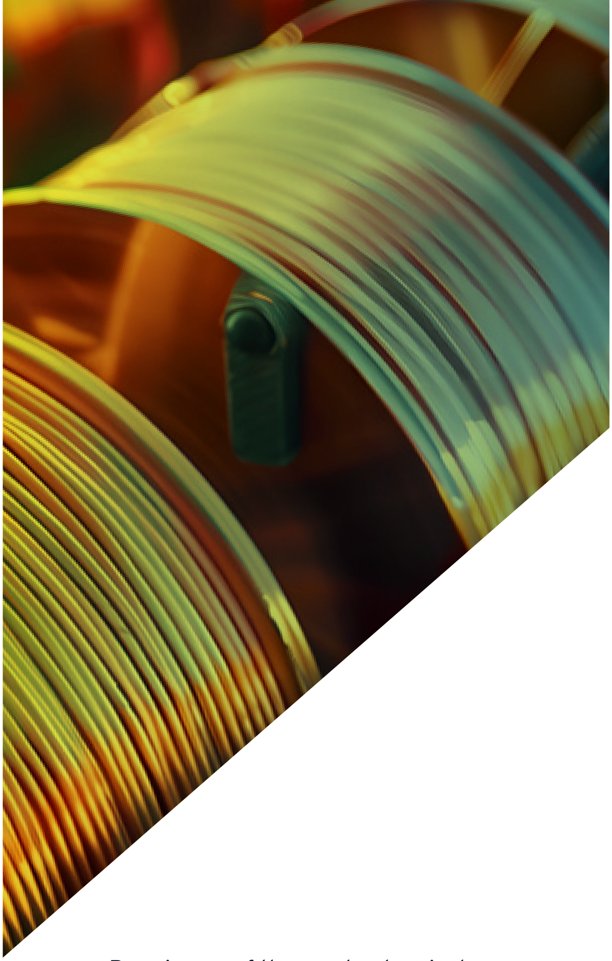
two

2

GEOLOGY AND MINING

1. Importance of Peru's mining sector
2. Mining potential
3. Recent developments and future trends in the mining industry in Peru





2.1

Importance of Peru's mining sector

The mining sector is and has always been very important to the national economy of Peru. Its well-known mining tradition dates back to the pre-Inca times, and goes on through the Inca, colonial and republican periods. In each of those stages, mining has been one of the major activities in the country's development. Traditionally it has contributed more than half of the country's export revenues.

Peru is one of the most extensively mineralized countries of the world. It currently plays host to some of the world's major mining companies, including, Glencore, Freeport-McMoRan, Rio Tinto, Anglo American, MMG, Teck, Chinalco, Nexa Resources and Barrick Gold. Since the liberalization of the industry in the 1990s local and foreign investment has been deployed to develop major modern mines.

Peru has a well recognized mineral wealth. It is considered one of the top ten richest mineral countries in the world. It is one of the world's biggest producers of base and precious metals. Currently, it is the world's second largest producer of zinc and molybdenum, third in copper, silver and mercury, and fourth in tin and lead, among other minerals. Peru has 10.2% of the world's copper reserves, 3.9% of gold, 21.8% of silver, 8.7% of zinc, 5.2% of lead and 3.1% of tin reserves, according to the most recent data published by the US Geological Survey.

Peru's metal production ranking

Ore	Latin America	World	Top positions in the world
Copper	2	3	Chile (1st), Congo (2nd)
Zinc	1	2	China (1st), Australia (3rd)
Gold	2	11	China (1st), Russia (2nd), Australia (3rd)
Silver	2	3	Mexico (1st), China (2nd)
Tin	1	4	China (1st), Indonesia (2nd), Burma (3rd)
Lead	1	4	China (1st), Australia (2nd), U.S. (3rd)
Molybdenum	1	2	China (1st), Chile (3rd)
Mercury	1	3	China (1st), Tajikistan (2nd)
Cadmium	2	9	China (1st), Republic of Korea (2nd), Japan (3rd)
Selenium	1	9	China (1st), Japan (2nd), Russia (3rd)

Source: US Geological Survey 2025, Reuters.

According to estimates, today the mining sector accounts for 8.5% of the GDP, while mineral exports represent about 63.9% of the country's total exports. Copper was the leading export metal, in terms of value, followed by gold, zinc, iron, lead, molybdenum, tin and silver. The mining sector is also important for the generation of employment for thousands of Peruvians and represents one of the main sources of fiscal revenues.

Historically, as it is today, the mining has been one of the primary taxpayers in terms of government revenues. In 2024, the industry accounted roughly 11% of government revenue. Looking to the future, the projected growth of mining is expected to continue to generate significant tax collection benefits.

It is estimated that Peru has 705 operating mines and a pile of major projects currently waiting to be developed worth USD54.6 billion. 71% are greenfield projects and 29% are brownfield projects.

According to the 2024 Portfolio of Mining Investment Projects from the Ministry of Energy and Mines, China has become the largest investor in Peruvian mining projects, accounting for 20.8% of the total estimated inflows. In this ranking, China is followed by Canada (18.9%), Mexico (17.3%), United States (14.2%) and Australia (8.3%).

Of the new mining investments expected to be developed, USD40 billion is planning to be allocated to copper projects, which represent the 73% of the total. Gold projects represent 13% (USD7 billion) and iron ore 9% (USD5 billion).

Metal mining production (in concentration stage)

Ore	2018	2019	2020	2021	2022	2023	2024*
Copper (MTF)	2,437,035	2,455,440	2,150,126	2,326,035	2,438,631	2,755,244	2,472,307
Gold (MTF)	140,210,984	128,413,463	88,053,944	97,472,716	96,733,064	100,983,396	97,605,226
Zinc (MTF)	1,474,383	1,404,382	1,334,570	1,533,124	1,369,532	1,469,127	1,158,166
Silver (MTF)	4,160,162	3,860,306	2,723,879	3,333,606	3,079,790	3,041,394	3,162,590
Lead (MTF)	289,123	308,116	241,548	264,422	255,333	273,335	264,652
Iron (MTF)	9,533,871	10,120,007	8,893,972	12,149,274	12,936,826	12,986,023	12,243,668
Tin (MTF)	18,601	19,853	20,647	26,995	28,231	26,230	29,894
Molybdenum (MTF)	28,034	30,441	32,185	34,148	31,588	33,476	37,967

*As of November, 2024
Source: Ministry of Energy and Mines (MINEM)

Mining investment by type of production (in USD million)

Type	2018	2019	2020	2021	2022	2023	2024*
Benefit plant	1,425	1,338	1,440	1,410	1,346	1,237	951
Mining equipment	661	1,041	744	751	703	855	770
Exploration	431	356	224	336	429	443	490
Infrastructure	1,081	1,339	858	1,402	1,325	1,143	930
Development and preparation	755	1,118	384	597	931	928	615
Other	609	718	677	767	631	330	424
Total	4,962	5,909	4,327	5,263	5,365	4,936	4,180

*As of November, 2024
Source: Ministry of Energy and Mines (MINEM)

2.2
Mining potential

Increasingly, Peru is being targeted for inbound investment and is perceived by international mining and metals companies as a global player. This is partly due to the scale of opportunity where most of its territory is yet to be subjected to vast exploration and partly as a result of its attractive legislation and regulatory environment.

Although Peru is endowed with large deposits of a variety of mineral resources, it is estimated that only 0.25% of the country's territory is being explored. Likewise, only a small percentage of Peru's mineral reserves are being exploited. It is estimated that only 1.50% of its territory is under exploitation. According to recent mining statistics, Peru's production rates are minimal with regards to the country's mineral potential. However, through modern techniques and equipment, a vast potential of diverse marketable minerals are increasingly becoming available from previously inaccessible regions.

Peru has numerous mineralized belts and mineral provinces, a wide variety of world-class ore deposits and a very dynamic mining community. It is regarded as one of the countries with the largest and most diversified mineral resources in the world. In addition, Peru has an excellent geographical location, in the center of South America, with easy access to the Asian and North American markets.

Within Latin America, Peru has, perhaps, the greatest untapped potential for new discoveries and production.

Peru's clear and simple mining law and excellent geological potential has helped the country to attract one of the largest budgets for minerals explorations and development in the world. However, it is believed that Peru has the capacity to double or triple current level of output, especially in base metals.

Peru's favourable geology and significant undeveloped mineral resources constitute a very important comparative feature, which has driven many mining companies to commit to invest in the country's mining sector.

The following table lists Peru's estimated reserves in 2024 of major minerals, such as copper, gold, zinc, silver, molybdenum, tin and lead. These mineral reserves represent "proven" (measured) and "probable" (indicated) categories and exclude quantities reported as "possible" (inferred). For this purpose, reserves were defined as being well delineated and economically recoverable volumes of minable ore from mines committed to production.

Metal reserves 2024

Metal	Metric Tons
Copper (in thousands)	100,000
Gold	2,500
Zinc (in thousands)	20,000
Silver	140,000
Molybdenum (in thousands)	1,900
Tin	130,000
Lead (in thousands)	5,000

Source: US Geological Survey 2025.

Mining projects pipeline

There is an estimated USD54.6 billion of mining projects waiting to be developed in the country, although many of them are on a smaller scale than recent projects. The Ministry of Energy and Mines lists 51 main projects in different stages of development targeting a variety of metals and minerals.

About USD39.8 billion (73%) will be invested in copper projects, with gold (13%) and iron ore (9%) set for much of the rest.

The following figure and chart show which are the projects involved, distinguishing between projects under construction, projects that are in the detailed engineering stage, projects in feasibility, pre-feasibility and conceptual stages.

Construction >

Detailed Engineering >

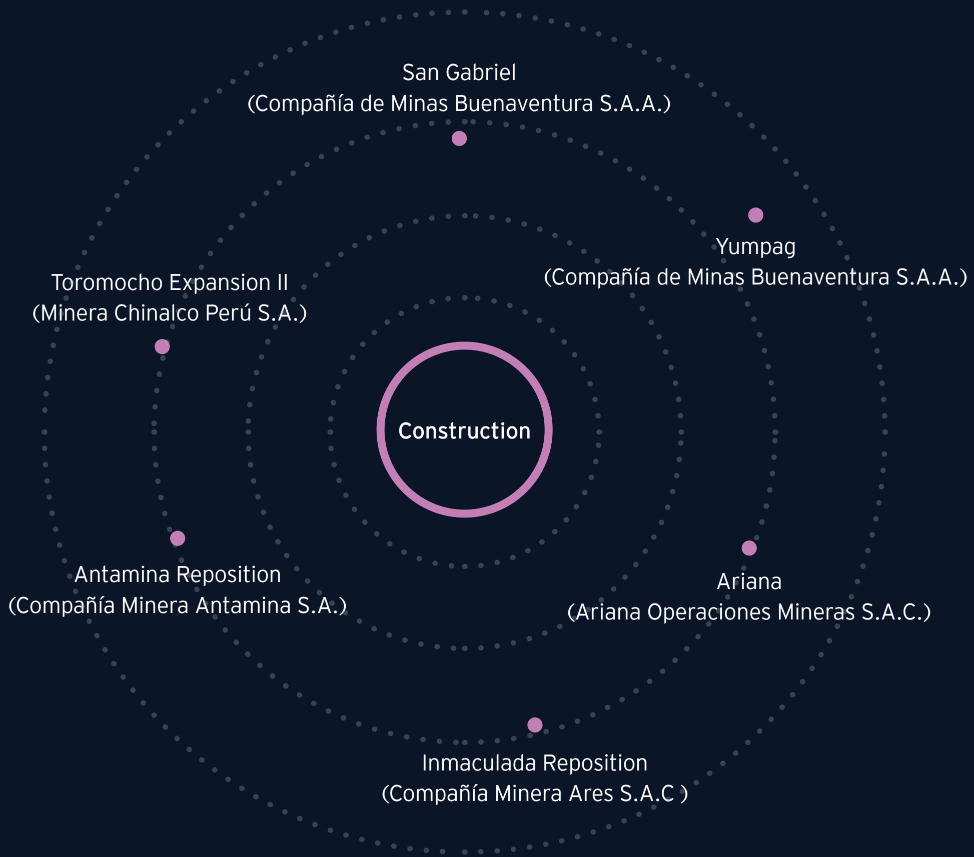
Feasibility >

Pre-feasibility >

Conceptual >

Mine Construction Projects Pipeline

Construction	Detailed Engineering	Feasibility	Pre-feasibility	Conceptual
8%	8%	30%	34%	20%
USD4.5 billion	USD4.6 billion	USD16.3 billion	USD18.5 billion	USD10.7 billion



Projects are shown in random positions / Portfolio estimated as at February 2024.
Source: Ministry of Energy and Mines (MINEM).

Mine Detailed Engineering Projects Pipeline

Construction	Detailed Engineering	Feasibility	Pre-feasibility	Conceptual
8%	8%	30%	34%	20%
USD4.5 billion	USD4.6 billion	USD16.3 billion	USD18.5 billion	USD10.7 billion

Projects are shown in random positions / Portfolio estimated as at February 2024.
Source: Ministry of Energy and Mines (MINEM).

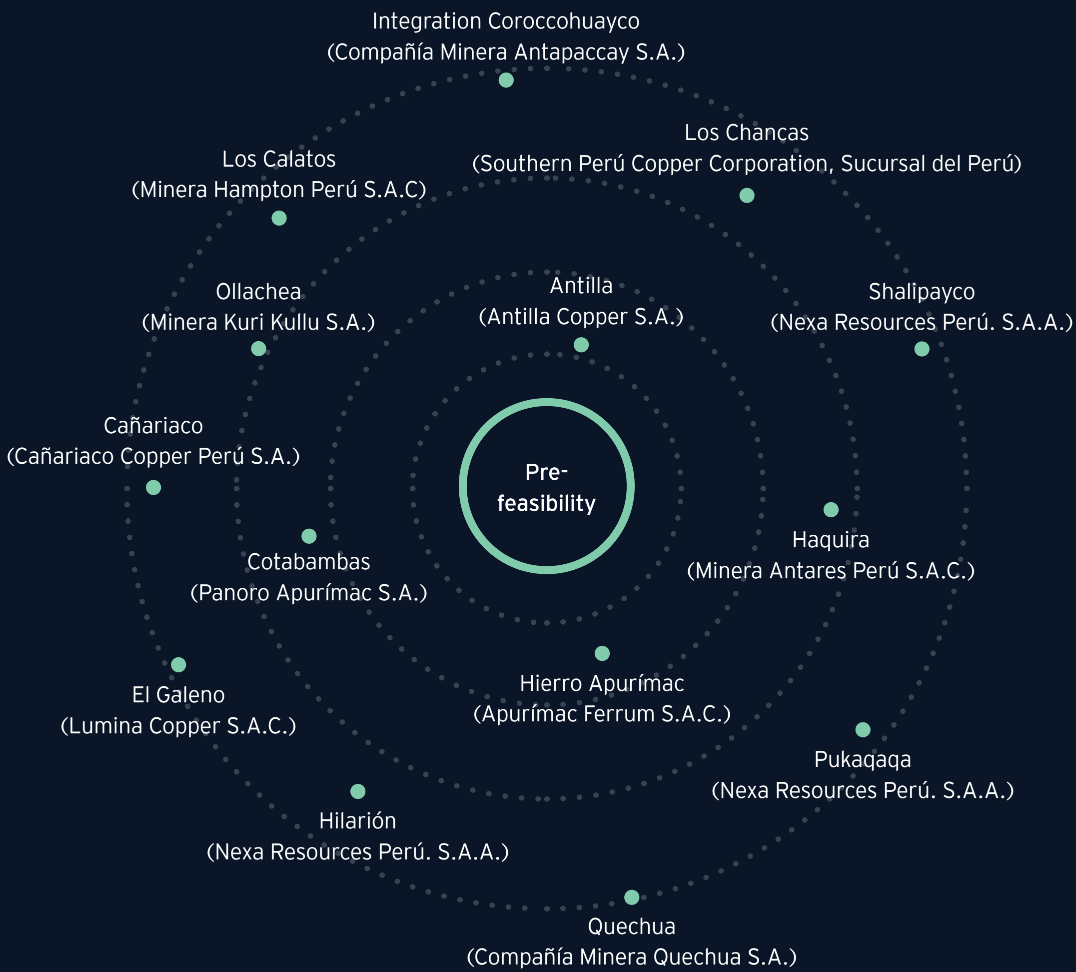
Mine Feasibility Projects Pipeline

Construction	Detailed Engineering	Feasibility	Pre-feasibility	Conceptual
8%	8%	30%	34%	20%
USD4.5 billion	USD4.6 billion	USD16.3 billion	USD18.5 billion	USD10.7 billion

Projects are shown in random positions / Portfolio estimated as at February 2024.
Source: Ministry of Energy and Mines (MINEM).

Mine Pre-feasibility Projects Pipeline

Construction	Detailed Engineering	Feasibility	Pre-feasibility	Conceptual
8%	**8%**	**30%**	**34%**	**20%**
USD4.5 billion	USD4.6 billion	USD16.3 billion	USD18.5 billion	USD10.7 billion



Projects are shown in random positions / Portfolio estimated as at February 2024.
Source: Ministry of Energy and Mines (MINEM).

Mine Conceptual Projects Pipeline

Construction	Detailed Engineering	Feasibility	Pre-feasibility	Conceptual
8%	8%	30%	34%	20%
USD4.5 billion	USD4.6 billion	USD16.3 billion	USD18.5 billion	USD10.7 billion

Projects are shown in random positions / Portfolio estimated as at February 2024.
Source: Ministry of Energy and Mines (MINEM).

Mine Construction Project Portfolio

Construction start date	Commissioning	Project	Operator	Region	Main Ore	Current stage	Aggregate investment (USD million)
2022	2025	San Gabriel	Compañía de Minas Buenaventura S.A.A.	Moquegua	Gold	Construction	470
2023	2024	Toromocho Expansion II	Minera Chinalco Perú S.A.	Junín	Copper	Construction	815
2023	2024	Yumpag	Compañía de Minas Buenaventura S.A.A.	Pasco	Silver	Construction	110
2023	2024	Inmaculada Reposition	Compañía Minera Ares S.A.C	Ayacucho	Gold	Construction	1,319
2024	2024	Antamina Reposition	Compañía Minera Antamina S.A.	Áncash	Copper	Construction	1,604
2024	2027	Corani	Bear Creek Mining S.A.C.	Puno	Silver	Detailed Engineering	579
2024	2024	Raura Reposition	Compañía Minera Raura S.A.	Huánuco	Zinc	Feasibility	76
2024	2024	Tantahuatay Reposition	Compañía Minera Coimolache S.A.	Cajamarca	Gold	Feasibility	127
2024	2024	Chalcobamba Phase I	Minera Las Bambas S.A.	Apurímac	Copper	Detailed Engineering	130
2024	2029	Huancapetí Expansion	Compañía Minera Lincuna S.A.	Áncash	Zinc	Feasibility	345
2024	2026	Romina	Compañía Minera Chungar S.A.C.	Lima	Zinc	Feasibility	150

Mine Construction Project Portfolio

Construction start date	Commissioning	Project	Operator	Region	Main Ore	Current stage	Aggregate investment (USD million)
2025	2028	Zafranal	Compañía Minera Zafranal S.A.C.	Arequipa	Copper	Feasibility	1,263
2025	2028	Pampa de Pongo	Jinzhao Mining Perú S.A.	Arequipa	Iron	Feasibility	1,781
2026	2028	Trapiche	El Molle Verde S.A.C.	Apurímac	Copper	Feasibility	1,038
2027	2028	Integration Coroccohuayco	Compañía Minera Antapaccay S.A.	Cusco	Copper	Pre-feasibility	1,500
2029	2032	Coimolache Sulfuros	Compañía Minera Coimolache S.A.	Cajamarca	Copper	Coceptual	598
To be determined	2027	Mina Justa	Marcobre S.A.C.	Ica	Copper	Coceptual	500
To be determined	2029	Ilo Expansion	Southern Perú Copper Corporation, Sucursal del Perú	Moquegua	Copper	Coceptual	1,354
To be determined	2030	Los Chancas	Southern Perú Copper Corporation, Sucursal del Perú	Apurímac	Copper	Pre-feasibility	2,600
To be determined	2032	Michiquillay	Southern Perú Copper Corporation, Sucursal del Perú	Cajamarca	Copper	Coceptual	2,500
To be determined	To be determined	Bayóvar Expansion	Compañía Minera Miski Mayo S.R.L.	Piura	Phosphates	Feasibility	450

Mine Construction Project Portfolio

Construction start date	Commissioning	Project	Operator	Region	Main Ore	Current stage	Aggregate investment (USD million)
To be determined	To be determined	Cuajone Expansion	Southern Perú Copper Corporation, Sucursal del Perú	Moquegua	Copper	Coceptual	871
To be determined	To be determined	Huachocolpa Expansion	Compañía Minera Kolpa S.A.	Huancavelica	Silver	Feasibility	167
To be determined	To be determined	Huachocolpa Expansion	Compañía Minera Kolpa S.A.	Huancavelica	Silver	Feasibility	167
To be determined	To be determined	Pachapaqui Expansion	ICM Pachapaqui S.A.C.	Áncash	Zinc	Feasibility	117
To be determined	To be determined	Antilla	Antilla Copper S.A.	Apurímac	Copper	Pre-feasibility	250
To be determined	To be determined	Ariana	Ariana Operaciones Mineras S.A.C.	Junín	Copper	Construction	140
To be determined	To be determined	Ayawilca	Tinka Resources S.A.C.	Pasco	Zinc	Coceptual	264
To be determined	To be determined	Cañariaco	Cañariaco Copper Perú S.A.	Lambayeque	Copper	Pre-feasibility	1,043
To be determined	To be determined	Cañón Florida	Nexa Resources Perú. S.A.A.	Amazonas	Zinc	Coceptual	214
To be determined	To be determined	Conga	Minera Yanacocha S.R.L.	Cajamarca	Gold	Feasibility	4,800
To be determined	To be determined	Cotabambas	Panoro Apurímac S.A.	Apurímac	Copper	Pre-feasibility	1,486
To be determined	To be determined	Don Javier	Junefield Group S.A.	Arequipa	Copper	Coceptual	600

Mine Construction Project Portfolio

Construction start date	Commissioning	Project	Operator	Region	Main Ore	Current stage	Aggregate investment (USD million)
To be determined	To be determined	El Galeno	Lumina Copper S.A.C.	Cajamarca	Copper	Pre-feasibility	3,500
To be determined	To be determined	Haquira	Minera Antares Perú S.A.C.	Apurímac	Copper	Pre-feasibility	1,860
To be determined	To be determined	Hierro Apurímac	Apurímac Ferrum S.A.C.	Apurímac	Iron	Pre-feasibility	2,900
To be determined	To be determined	Hilarión	Nexa Resources Perú. S.A.A.	Áncash	Zinc	Pre-feasibility	585
To be determined	To be determined	La Arena II	La Arena S.A.	La Libertad	Copper	Coceptual	1,364
To be determined	To be determined	Los Calatos	Minera Hampton Perú S.A.C	Moquegua	Copper	Pre-feasibility	655
To be determined	To be determined	La Granja	Minera La Granja S.A.C.	Cajamarca	Copper	Coceptual	2,400
To be determined	To be determined	Magistral	Nexa Resources Perú. S.A.A.	Áncash	Copper	Feasibility	493
To be determined	To be determined	Ollachea	Minera Kuri Kullu S.A.	Puno	Gold	Pre-feasibility	126
To be determined	To be determined	Río Seco Copper Plant	Procesadora Industrial Río Seco S.A.	Lima	Copper	Feasibility	410
To be determined	To be determined	Pukaqaqa	Nexa Resources Perú. S.A.A.	Huancavelica	Copper	Pre-feasibility	655
To be determined	To be determined	Quechua	Compañía Minera Quechua S.A.	Cusco	Copper	Pre-feasibility	1,290
To be determined	To be determined	Colquijirca Reposition	Sociedad Minera El Brocal S.A.A.	Pasco	Copper	Feasibility	431
To be determined	To be determined	Ferrobamba Reposition	Minera Las Bambas S.A.	Apurímac	Copper	Feasibility	1,753

Mine Construction Project Portfolio

Construction start date	Commissioning	Project	Operator	Region	Main Ore	Current stage	Aggregate investment (USD million)
To be determined	To be determined	Río Blanco	Rio Blanco Copper S.A.	Piura	Copper	Feasibility	2,792
To be determined	To be determined	San Luis	Reliant Ventures S.A.C.	Áncash	Silver	Feasibility	90
To be determined	To be determined	Shalipayco	Nexa Resources Perú. S.A.A.	Junín	Zinc	Pre-feasibility	91
To be determined	To be determined	Tía María	Southern Perú Copper Corporation, Sucursal del Perú	Arequipa	Copper	Detailed Engineering	1,400
To be determined	To be determined	Yanacocha Sulfuros	Minera Yanacocha S.R.L.	Cajamarca	Copper	Detailed Engineering	2,500
Total 51 projects							54,556

Projects are shown in random positions / Portfolio estimated as at February 2024.
Source: Ministry of Energy and Mines (MINEM).

Mining Exploration Project Portfolio

Project	Operator	Region	Main Ore	Environmental Impact Study approval date	Investment (USD million)
Exploration projects underway or to be executed					
Achatayhua	Achatayhua Metals Perú S.A.C.	Arequipa	Iron	1/03/21	2.0
Antamayo	Teck Perú S.A.	Áncash	Copper	7/07/23	1.0
Antarumi	Alpayana S.A.	Áncash	Copper	26/09/23	2.1
Carhuacayán	Compañía Minera Chungar S.A.C.	Junín	Zinc	7/10/21	11.1
Caylloma	Minera Bateas S.A.C.	Arequipa	Silver	17/12/21	3.7
Chacapampa	Anthony Mining S.A.C.	Apurímac	Copper	17/02/23	1.8
Colorado	Minera Yanacocha S.R.L.	Cajamarca	Gold	9/06/21	5.6
Coloso	Huarmy Colosal S.A.C.	Áncash	Gold	25/09/20	12.5
Colpayoc	Colpayoc S.A.C.	Cajamarca	Gold	14/08/23	2.1
Crespo II	Compañía Minera Crespo S.A.C.	Cusco	Silver	16/05/22	1.7
Curibaya	Magma Minerals S.A.C.	Tacna	Silver	27/07/22	4.7
El Carmen	Nexa Resources Perú S.A.A.	Ica	Copper	16/08/21	1.6
Gabán	Winshear de Perú S.A.C.	Puno	Gold	4/10/22	1.6
Jasperoide	C3 Metals Perú S.A.C.	Cusco	Copper	3/03/23	12.7
Lezard	Black Swan Minerals S.A.C.	Lima	Zinc	3/06/22	3.0
Los Chapitos	Camino Resources S.A.C.	Arequipa	Copper	14/06/23	1.3
Los Perdidos II	Nexa Resources Perú S.A.A.	Áncash	Zinc	27/04/22	6.8
María Cecilia Dos	Minera María Cecilia Ltd. - Sucursal Perú	Áncash	Copper	3/08/22	5.0
Nikolauz	Rio Tinto Mining and Exploration S.A.C.	Huánuco	Nickel	26/04/23	3.7
Oasis	Minera Anaconda Perú S.A.	Arequipa	Copper	11/05/23	8.5
Pampa Esperanza	Pampa Esperanza Resources S.A.C.	Moquegua	Copper	28/11/22	2.4
Paraíso	Oz Minerals Perú S.A.C.	Arequipa	Copper	19/03/21	3.9
Picha	Kiwanda S.A.C.	Moquegua	Copper	23/02/23	25.0
Pucasalla	Nexa Resources Perú S.A.A.	Ica	Copper	22/12/21	8.6

Mining Exploration Project Portfolio

Project	Operator	Region	Main Ore	Environmental Impact Study approval date	Investment (USD million)
Quicay II	Corporación Minera Centauro S.A.C.	Pasco	Copper	9/06/23	28.5
Quimsachata	Minsur S.A.	Arequipa	Copper	28/12/22	2.2
Sallahue Norte	Minera Las Bambas S.A.	Apurímac	Copper	30/05/23	2.1
Soledad	Chakana Resources S.A.C.	Áncash	Copper	27/12/22	23.0
Sumac Wayra	Minsur S.A.	Lima	Copper	14/07/23	7.0
Umami	Vale Exploration Perú S.A.C.	Áncash	Copper	17/11/22	2.1
Usicayos	Palamina S.A.C	Puno	Gold	23/03/23	6.4
Yumpag Carama	Compañía de Minas Buenaventura S.A.A.	Pasco	Silver	3/02/23	48.9
Exploration projects under assessment for authorization					
Alpamarca	Nexa Resources Atacocha S.A.A.	Pasco	Lead	20/12/23	3.6
Atravesado	Candelaria Resources S.A.C.	Arequipa	Copper	5/09/23	6.5
Azulccacca	Minera Las Bambas S.A.	Apurímac	Copper	18/01/24	3.6
Azulmina	Nexa Resources Perú S.A.A.	Áncash	Zinc	1/12/23	6.9
Bordebamba	Minera Las Bambas S.A.	Apurímac	Copper	14/02/24	3.6
Chaska	Vale Exploration Perú S.A.C.	Moquegua	Copper	17/06/22	3.9
Condorillo	Compañía Minera Ares S.A.C.	Ayacucho	Silver	10/07/23	2.5
Corvinón	Compañía Minera Ares S.A.C.	Tacna	Copper	18/08/22	2.3
Dorita	Sociedad Minera Reliquias S.A.C.	Huancavelica	Silver	31/08/23	5.2
Esperanza	Amaru Resources S.A.C.	Arequipa	Copper	13/11/23	1.0
Huarangayoc	Nexa Resources Perú S.A.A.	Áncash	Copper	29/02/24	4.4
Huatana	BHP World Exploration Inc. Sucursal del Perú	Huancavelica	Copper	18/01/24	1.0
Huilacollo	Vale Exploration Perú S.A.C.	Tacna	Copper	27/12/23	6.9
La Zanja	Minera La Zanja S.R.L.	Cajamarca	Gold	18/10/23	10.0
Las Defensas	Compañía Minera Poderosa S.A.	La Libertad	Gold	5/06/23	68.5

Mining Exploration Project Portfolio

Project	Operator	Region	Main Ore	Environmental Impact Study approval date	Investment (USD million)
Mara	Rio Tinto Mining and Exploration S.A.C.	Apurímac	Copper	11/09/23	16.5
Miscanthus	Sumitomo Metal Mining Perú S.A.	Ayacucho	Gold	31/03/22	1.5
Mónica Lourdes	Nexa Resources Perú S.A.A.	Ayacucho	Copper	10/11/23	6.9
Palca	Compañía Minera Poderosa S.A.	La Libertad	Gold	23/02/23	51.0
Patacancha	Nexa Resources Perú S.A.A.	Lima	Zinc	27/10/23	6.8
Quelcaya	Macusani Yellowcake S.A.C.	Puno	Lithium	4/05/23	5.6
San Martín	Hannan Metals Perú S.A.C.	San Martín	Copper	19/01/24	4.2
Sara	Nexa Resources El Porvenir S.A.C.	Pasco	Zinc	10/04/23	4.5
Silvia	Darwin Perú S.A.C.	Huánuco	Copper	25/08/23	5.0
Tambomayo	Compañía de Minas Buenaventura S.A.A.	Arequipa	Gold	31/03/22	23.9
Tassa	Teck Perú S.A.	Moquegua	Silver	1/02/24	2.8
Willay	Vale Exploration Perú S.A.C.	Arequipa	Copper	10/08/23	4.7
Projects with Environmental Management Instruments (EMI) under evaluation					
Antapata	Rio Tinto Mining and Exploration S.A.C.	Apurímac	Copper	In evaluation	11.3
Atalaya	Compañía Minera Santa Luisa S.A.	Áncash	Zinc	In evaluation	8.6
Berenguela	Aftermath Silver Peru S.A.C.	Puno	Silver	In evaluation	5.0
C.P.S. N°1	Shougang Hierro Perú S.A.A.	Ica	Iron	In evaluation	10.7
Candelaria	Candelaria Resources S.A.C.	Moquegua	Copper	In evaluation	5.3
El Padrino	Nexa Resources Perú S.A.A.	Áncash	Zinc	In evaluation	7.8
Falchani	Macusani Yellowcake S.A.C.	Puno	Lithium	In evaluation	15.0
Grace 10, Surapata y Amparo	Apumayo S.A.C.	Ayacucho	Gold	In evaluation	1.1

Mining Exploration Project Portfolio

Project	Operator	Region	Main Ore	Environmental Impact Study approval date	Investment (USD million)
María Reyna	Hudbay Perú S.A.C.	Cusco	Copper	In evaluation	13.3
Pinaya	Kaizen Discovery Perú S.A.C.	Puno	Gold	In evaluation	6.6
Pucajirca	Minera Peñoles de Perú S.A.	Áncash	Copper	In evaluation	2.5
Qanqawa	Minera Peñoles de Perú S.A.	Apurímac	Copper	In evaluation	1.2
Qoya - Chullo	BHP World Exploration Inc. Sucursal del Perú	Arequipa	Copper	In evaluation	1.3
Quellopunta	Teck Perú S.A.	Huancavelica	Copper	In evaluation	4.9
Romina 2	Compañía Minera Chungar S.A.C.	Lima	Zinc	In evaluation	28.7
Valiente	Hannan Resources Perú S.A.C.	Huánuco	Copper	In evaluation	5.2
Total 75 projects					644.2

Projects are shown in random positions / Portfolio estimated as at February 2024.
Source: Ministry of Energy and Mines (MINEM).

2.3

Recent developments and future trends in the mining industry in Peru

A.
Peru has a golden opportunity in critical minerals for the clean energy transition

The present unprecedented rush of global players to create a secure supply of critical minerals for the transition to low-carbon energy sources, coupled with the projected surge in commodity prices, is putting Peru on center stage. A huge amount of mining already happening throughout the country but the potential for a lot more is great.

As the world moves away from fossil fuels, the demand for copper and other critical minerals for this transition (also called "green minerals") is expected to grow at a rate never seen before in history. This presents a unique opportunity for Peru – the world's third largest copper producer and home to huge unexplored and untapped mineral resources, which are vital to deploying clean energy technologies. The mining sector will need significant amounts of investment and capital if it is to keep up.

If Peru can respond to the anticipated commodity price boom by increasing production of these transition minerals, it will result in higher revenue for the country. Moreover, other sectors are also poised to gain advantages, leading to further economic growth and to the creation of jobs, particularly in mining areas.

B.
Peru offers a very attractive and competitive outlook for mining investors

The mining sector has been a major contributor to the Peruvian economy and a major source of tax revenues for many years, and the recent investments show that this trend will likely continue for years to come. Global demand for copper is expected to grow to meet the needs of modern society and enable the ongoing green energy transition, presenting substantive opportunities for Peru, a country endowed with roughly 10% of the world's copper reserves.

In coming years, the mining industry is expected to remain the growth engine of Peru, as it continues to be an attractive destination for mining investments.

Peru is well recognized for having an outstanding geological potential and one of the largest and most diversified mineral reserves in the world. But that is not all. The country offers mining investors significant competitive advantages, such as a clear legal framework, relatively low production costs, experienced local suppliers, highly skilled workforce, readily available cadastral and geological information, and a stable economy.

There are no restrictions on repatriation of profits or foreign exchange controls. Anyone can open and maintain foreign currency accounts in Peruvian banks and wire transfer funds abroad. This right is guaranteed by Peru's constitution. In addition, the government has announced a series of measures to cut red tape to boost investment and further support the sector's growth in the years to come.

In an industry in which logistics are fundamental for success, Peru offers an additional advantage as a new mega-port was inaugurated in 2024 by China's president Xi Jinping and his Peruvian counterpart Dina Boluarte. Built by a Chinese state-owned company, the multi-purpose Chancay port is located 70km north from Lima, the capital of the country, and is expected to transform trade between South America and Asia.

The Chancay Terminal, featuring a maximum depth of 17.8 meters, was constructed, with a USD1.3 billion investment for its initial phase, and the total investment is expected to reach nearly USD3.6 billion. When completed, it will help establish a direct passage between the west coast of South America and China, providing an important alternative for bilateral trade in minerals and other products that bypasses the Panama Canal.

As Peru continued to cement itself as one of the largest producer of copper in the world, a number of projects gathered pace across the country in 2024. The Peruvian mining sector attracted investments of about USD4.5 billion, with an emphasis on copper projects. This demonstrates that international investors are confident in the industry's future, and that Peru is still viewed as a good place to invest in mining.

Although many of them are on a smaller scale than recent projects, there are still an estimated USD54.6 billion of dollars' worth of mining projects waiting to be developed in the country The vast majority are for copper, representing 73% of the total, for an aggregate estimated investment of USD39.8 billion. Geographically, these projects are concentrated mainly in three regions: Cajamarca (30.1%), Apurimac (22%) and Arequipa (9.2%). Should the portfolio be effectively implemented, Peru's global standing in terms of production should improve.

C.
Peru launches platform to speed up permitting

The Ministry of Energy and Mines (MINEM) is working on the implementation of a one-stop digital window (ventanilla única digital), a platform designed to streamline procedures for mining exploration and operations. Under this initiative, different widespread entities, like the SENACE, INGEMMET, and the Ministry of Culture, are working together with the MINEM to simplify and speed up permitting to unblock mining investments.

D.
Mining policy

Peru has a long history of major minerals projects, and the mining industry is widely recognized as a driver of growth and a job provider.

The role of the government over exploration, mining, smelting and refining of minerals is limited to that of a regulator, promoter and overseer. The government has privatized most of its assets in the mining sector. In contrast with the situation three decades ago, large mining operations are now held by domestic and foreign privately-owned mining companies. Private domestic interests own most of the medium and small-sized mining operations.

The marketing of mineral products in Peru is unrestricted, both domestically and externally. Thus, mining companies are not under the obligation neither to satisfy the internal market before exporting its mining products nor to sell them at "official" prices or terms. Nowadays, Peru offers mining investors significant commercial advantages and ample freedom not only to sell their products to the buyer offering the best terms, but to import the machinery and equipment they might require for their mining activities at a lower cost and with less bureaucratic requirements than ever before.

Peru's approach towards its mineral sector development is showing favorable results. International mining companies perceive Peru as an attractive target for their investments. Examples include Anglo American, Rio Tinto, Glencore, Barrick Gold, Newmont, Gold Fields, Freeport- McMoRan, Grupo Mexico, Teck Resources, Minmetals, Jiangxi Copper, Aluminum Corp of China, Nexa Resources, MMG Limited, Zijun Mining Group and Shougang Corporation.

E.
Social license to operate

Achieving a social license to operate is the single most important challenge that the mining industry faces in Peru. Income and regional inequalities continue to be a source of social conflicts, which have had a negative impact on a number of mining projects. Achieving a social license to operate is one challenge, maintaining it is another. The key to both is communicating value through the concept of shared value and, more broadly, of corporate social responsibility, which must be part of mining companies' operations.

In recent years Peru has seen a number highly publicized mega projects being postponed over environmental or community concerns, strikes and anti-mining protests, including the USD4.8 billion Conga project (Minera Yanacocha) and the USD1.4 billion Tía María project (SPCC).

The need for a social license to operate is readily accepted by the mining and metals sector. By managing an effective communication process highlighting the positive impact of mining through productive, profitable and sustainable development initiatives can show the government, communities and other stakeholders how their presence in the country can create positive economic and social contributions.

Miners are taking different approaches to win over communities and ensure they maintain their “social license” during the duration of the project.

The major mining and metals organizations are trying to implement systems to share and measure the benefit of their operations, demonstrating that they not only make communities wealthier but healthier. This relies on working with local communities to create shared value, listening to what they want, rather than just coming up with initiatives that are not tailored to their needs. Community support for a project is partly dependent on its economic participation and local employment is an important element of that.

A structural change in the way proceeds from mining are allocated and spent could be an option in the future. Meanwhile, the government is increasingly seeking to fill the gap between community expectations and existing legislation which require community consultation for the development of new projects with increased regulations.

Although the International Labor Organization Convention No. 169 requires that indigenous and tribal peoples are consulted on issues that affect them, the implementing regulations attempted to exclude mining development projects from this obligation. The Supreme Court, however, has issued a binding decision providing for the application of the Convention to all indigenous persons without exceptions.

Indigenous communities should be consulted from the outset, even from pre-exploration, to indentify and ideally eliminate potential issues. Communities need to clearly see a full range of benefits from mining, from financial gain to improved infrastructure and expanded business opportunities. Many of these benefits will ensue as a result of a new mine; however, companies need to be more adept at communicating the benefits to the communities at the time of consultation.

F.
Environmental concerns

Government still faces the important challenge of formalizing illegal gold miners, who have destroyed thousands of hectares of the Amazon rain forest with mercury. It is estimated that they concentrate more than 40% of Peru's gold production. The high value of gold has made illegal mining a lucrative activity that leads not only to extensive environmental damage and deforestation, but to criminal activities associated with them. It remains to be seen whether this administration will be able to handle this ecological dilemma effectively on the short-term, restoring law and order in areas such as the Madre de Dios region, a biodiversity hotspot in the heart of the Peruvian Amazon.

3

MINING TAX AND LEGAL FRAMEWORKS

3.1

Mining terms

A.
Overview

Peru has a comprehensive legal framework that clearly defines rights, obligations and responsibilities for all stages of the development process of mineral resources. Mining operations are undertaken under a resource regime based on an administrative act, where the grant of a mining right depends on the strict compliance with the procedure laid down in the Law for the grant of that title and not on administrative discretion. The absence of administrative discretion leaves the right to mine more firmly ensured within Peru's mining legal framework than under other regimes.

The right to explore, extract, process and/or produce minerals in Peru is granted by the Peruvian government in the form of mining and processing concessions. Requirements for obtaining them are determined by law and the application and granting process are relatively simple and clear. The rights and obligations of holders of mining concessions and processing concessions are currently set forth in the General Mining Law. This law clearly determines the terms and conditions under which those mining activities are allowed in Peru; including the way in which mining rights can be obtained and maintained, how they can be lost, what are the obligations of their holders, etc. The law also makes provision for contracts permitting options over mineral rights, assignments and mortgages.

Mining concessions may be separately granted for metallic and non-metallic minerals. The same mining concession is valid for exploration and for exploitation operations; hence there is no complicated “conversion” procedure. Mining concessions are granted on a “first come, first served” basis, with provision for an auction if simultaneous claims are made. A separate processing concession is available, granting the right to concentrate, smelt or refine minerals already mined. No concession is required to trade in minerals and exports by producers are not restricted.

To obtain a mining concession, the law requires that the area is free of restrictions and that the applicant is clearly identified, able to carry out the proposed activities and pays application and license fees. The application process is managed by INGEMMET, the mining and geology institute. The terms and conditions, rights and obligations of mining concessions are not subject to any discretionary decision or negotiation. Applications are publicly disclosed and processed in the order they are filed. The successful awards are disclosed to the public in the mining cadaster, which is available on-line. This system guarantees both openness and transparency of the allocation process. Mining concessions can also be obtained through the assignment of concessions previously granted by to independent or related parties.

B.
Security of tenure

The constitutional protection of property rights and the reasonable completeness and unambiguousness of the General Mining Law in Peru gives mining and metals companies the possibility to obtain a clear and secure title for mining development.

Under Peru's current legal and regulatory regime, mining concessions have an indefinite term provided that (i) a minimum annual level of production or investment is met and (ii) an annual concession fee is paid. The irrevocability of mining rights subject to the fulfilment of these obligations provides security of tenure within the mining regime in Peru and reasonably assures the transition between the exploration and mining phases.

Failure to meet the minimum production requirement will result in the payment of a progressive penalty as from the eleventh year following the year in which the concession was granted. The loss of the mining concession and the penalty may be avoided by demonstrating investments in the mining rights of amounts at least ten times greater than the penalty to be paid. The mining concession will unfailingly be lost, however, if the minimum production requirement is not met by the thirtieth year.

In order to calculate the production and investment in each mining concession, the titleholder may create an operating unit, or "Unidad Económica Administrativa", provided the mining rights are all within a radius of five, ten or twenty kilometers, depending on the type of mineral produced.

The annual concession fee or good standing fee must be paid from the year in which the mining concession application is filed. This payment is calculated based on the area of the relevant mining concession.

- USD3/ha/yr for medium and large-scale mining producers.
- USD1/ha/yr for small mining producers; and
- USD0.5/ha/yr for artisanal mining producers.

Processing concessions enjoy the same duration and tenure as the mining concessions, subject to the payment of a fee based on nominal capacity for the processing plant or level of production. Failure to pay such processing fees or fines for two years could also result in the loss of the processing concession.

C. Mineral and surface land ownership

In Peru, as in many other countries, the state retains ownership of all subsurface land and mineral resources. The ownership of extracted mineral resources, however, is vested on the titleholders of mining concessions.

Under Peruvian law, there is a differentiation between the surface land property and that of natural resources. It is often the case that the titleholders of mining concessions (which confer them the right to explore and mine underground ore reserves in the area of the claim) are not the owners of the surface land.

Clear administrative procedures which holders of mining concessions must follow to gain access to privately owned land for mining activities have been established in the General Mining Law in order to avoid potential conflicts with third parties after a mineral deposit has been discovered. Pursuant to Peruvian regulations, all operators of mining areas in Peru are required to have an agreement with the owners of the land surface above the mining rights or to establish an easement upon such surface for mining purposes. Expropriation procedures have been considered for cases in which landowners are reluctant to allow mining companies to have access to a mineral deposit. The administrative decision originated from these procedures can only be judicially appealed by the original landowner with respect to the amount of his compensation.

D.
Right to transfer mining rights

Mining rights can be transferred by their private holders with no restrictions or requirements, other than to register the transaction with the Public Mining Register. The Mining Law clearly defines the rules for the transfer of a mining concession and regulates other so-called mining contracts, such as option contracts, concession assignment agreements, mortgages, joint venture agreements, among others. These legal definitions do not only benefit those "junior" mining companies specialized in obtaining exploration and mining rights to sell them to medium and large-sized mining companies, but it also is convenient for those mining holders who for one reason or another are no longer interested on maintaining a mining right in Peru.

E.
Size of exploration blocks / duration of exploration rights

Concessions for exploration and exploitation of mineral resources are classified into metallic and non-metallic and are granted in areas that can go from 100 hectares to 1,000 hectares per concession, except in marine zones, where the concession could reach an area of up to 10,000 hectares.

As it has been mentioned before, a concession is irrevocable, as long as its holder complies with all the obligations imposed by the Law. Among these obligations is the requirement to reach a minimum production in a ten-year term. However, if the required minimum production is not obtained on time the mining holder has the opportunity to pay a penalty in order to maintain its mining right. The flexibility of these terms gives the concession holder ample freedom to plan the magnitude and timing of investments in the concession, as well as to decide whether or not to put the property into production.

F.
Availability of mineral agreements

In Peru mining companies may enter into agreements with the government to obtain a series of guarantees and benefits. These contracts, however, do not intend to supplement or stand in place of the Mining Law. In fact, they are not even referred to the terms and conditions under which a mining concession is obtained, maintained or terminated, but rather to investment promotion issues such as the possibility to obtain judicial, tax, foreign exchange and commercial stability.

G. Options to acquire an equity participation

The Peruvian policy towards government participation in mining ventures harmonizes with the world-wide current trends. Rather than participate directly as a partner in the mineral operations, Peru shares-in its benefits through fiscal mechanisms.

H. Government policies on the sale of mineral products

The sale of mineral products is also unrestricted, both domestically and externally. Therefore, mining operators are not under the obligation neither to satisfy the internal market before exporting their mining products nor to sell them at "official" prices or terms.

I. Environmental matters

Peru has enacted a regime of environmental laws, which establishes the main environmental guidelines and principles applicable in Peru. Pursuant to these laws, the MEM and the Environmental Ministry have issued regulations mandating environmental standards for the mining industry and reviews and approves environmental studies for mining operations. These laws and related regulations significantly increased the level of environmental regulation previously in effect in Peru and established a number of environmental management standards as well as guidelines with respect to particulate emissions in air, water quality, exploration, tailings and water discharged, among other requirements.

Under these environmental regulations, new mining development and production activities are required to file and obtain approval for an Environmental Impact Study ("EIS"), which incorporates technical, environmental and social matters, before being authorized to commence operations. The Environmental Evaluation and Oversight Agency, ("OEFA") monitors environmental compliance. OEFA has the authority to carry out unexpected audits and levy fines on mining companies if they fail to comply with prescribed environmental standards.

In addition, mining companies must prepare, submit and execute plans for the closing of mines, or Closure Plans, and grant environmental guarantees to secure compliance with Closure Plans during the life of the concession. The guarantee must cover the estimated amount of the Closure Plan and may be in cash, trusts, and any other guarantee contemplated in the Banking Law.

3.2

Peruvian mining fiscal system

A.
Overview

The economic attractiveness of exploring in a country is strongly influenced by the fiscal system that applies to deposits that are discovered and subsequently developed. If tailored properly, fiscal terms are able to achieve overall objective of collecting an adequate share of the economic benefit generated by the mining industry for the government while maintaining high levels of exploration and production activities. In practice, however, it has proven extremely difficult for mining countries to implement fiscal packages that satisfy the interests of both host governments and mining companies.

The Peruvian legal framework clearly defines the fiscal regime applying to the mining sector, including restrictions for modifying tax provisions through fiscal stabilization agreements. As it has been designed, Peru's mineral sector fiscal system tends to be progressive after the mine reaches certain level of profit.

Fiscal systems which are progressive come the closest to create the flexible conditions needed to achieve the dual objective of collecting an adequate share of the economic benefit generated by the mining industry for the government while encouraging the exploration and development of valuable resources.

Progressive fiscal systems adjust to the actual profitability of each project and, therefore, they tend to enable a fair and reasonable allocation of economic benefits and risks between the mining investor and the host government, whatever the cost, price and risk scenario. Under such schemes the host government's cut, in percentage terms, is higher on large and profitable mines than on small and marginal deposits.

If the profitability of a project increases due to favourable price or cost conditions, then the host government's share of the mineral rent also increases, but if the profitability decreases as a consequence of downward movement in the price of minerals or an unexpected increment in costs, then the government take also decreases. For this reason, in practice, this kind of fiscal systems are generally preferred by mining companies.

At a glance

Income Tax rate (1) (2)	29,5%
Dividends	5.0%

Mining Royalties	1% to 12% imposed on operating mining income. A minium royalty of 1% of sales is applicable
Special Mining Tax	2% to 8.4% imposed on operating mining income
Good standing fee	USD 3/ha/yr.
Capital allowances	Accelerated depreciation, exploration write-offs
Investment incentives	Tax losses can be carried forward for 4 years or indefinitely; stabilization agreements; VAT recovery

(1) Mining companies with tax stabilization agreements are subject to a 2% premium.

(2) In addition, they must pay an 8% employee profit sharing.

B. Fiscal regime

‣ Corporate income tax

Companies that are tax resident in Peru are subject to corporation tax on their worldwide taxable income. Tax resident companies are those incorporated in Peru. Nonresident entities as well as branches and permanent establishments of foreign companies are taxed on income from Peruvian sources only.

The corporate income tax rate is 29.5%. In addition, a Dividend Tax at a rate of 5% is imposed on distributions of profits to nonresidents and individuals by resident companies and by branches, permanent establishments and agencies of foreign companies. (See Dividends in Section g).

Mining companies in Peru are subject to the general corporate income tax regime. However, if the taxpayer has signed a Stabilization Agreement, an additional 2 percentage addition is applied, meaning the combined corporate income tax rate becomes 31.5%. Companies find tax stabilization very attractive and are generally willing to pay the premium.

Taxable income is generally computed by reducing gross revenue by cost of goods sold and all expenses necessary to produce the income or maintain the source of income. Certain types of revenue, however, must be computed as specified in the tax law, and some expenses are not fully deductible for tax purposes.

Business transactions must be recorded in legally authorized books of account that are in full compliance with the International Financial Reporting Standards ("IFRS"). The books must be kept in Spanish and must be expressed in Peruvian currency. However, accounting records may be kept in foreign currency (i.e. US dollars) where a stability agreement has been entered into. (see Stability regime in Section f).

50% of income tax paid by a mine to the Central Government is to be remitted as "Canon", by the Central Government back to the regional and local authorities of the area where the mine is located.

‣ Tax loss relief

Taxpayers may choose to carry forward their Peruvian tax losses in accordance with system (a) or (b) below. If a particular system is not chosen by the taxpayer, the Tax Administration applies system (a).

(a) Losses incurred in a year may be carried forward and set off against profits arising in the following 4 years; or

(b) Losses incurred in a year may be carried forward and set off against 50% of future profits of the following years indefinitely.

Generally, losses from Peruvian source income may be offset against any Peruvian source income (except for losses from certain derivative financial instruments). Foreign source losses may only be offset against foreign source income and may not be carried forward.

There is no loss carry back system in Peru.

- **Administration**

There is a mandatory year-end of 31 December. Tax returns must be filed by the end of March or beginning of April the following year, depending on the taxpayer identification number.

Companies and branches must make monthly advanced payments of their annual corporate income tax, based on the company's monthly net income. Monthly advance payments are due on the 9th to the 15th business day, according to a schedule.

- **No project-by-project ring fencing**

The accounts for income tax purposes of different mining projects owned by the same company may be consolidated. Losses from one project or concession can be set against profits from another project or concession. There is thus no ring fence between projects or concessions, only between companies even when they are members of the same group.

Stability agreements are drafted on a project-by-project basis, so it is therefore possible for different projects within the same company to be subject to different tax rates and calculation rules.

- **Capital gains tax**

Capital gains derived by Peru tax resident entities are taxed at the normal corporate income tax rate of 29.5%. This rate does not increase where a stability agreement is in place.

Capital gains obtained by non-resident entities from Peruvian sources, including the sale of unlisted shares of a Peruvian company, are generally subject to tax at a rate of 30%. The applicable domestic tax result may be overridden by the provisions of an applicable Tax Treaty.

An indirect transfer of Peruvian shares by non-resident companies is subject to tax at 30% in Peru. An indirect transfer is deemed to occur if the following conditions are met:

1. At any time during the 12 months prior to the transfer, 50% or more of the fair market value of the shares in overseas holding company transferred directly or indirectly derives from the fair market value of Peruvian shares (the "50% Market Value Test") and at least 10% of the overseas holding company's shares are transferred (itself or together with its related parties); or
2. The "value" of the Peruvian shares being indirectly transferred is at least 40,000 Peruvian Tax Units (approximately USD57 million). The value should be determined by multiplying the percentage obtained in the 50% Market Value Test by the value agreed in the Transaction.

The tax is paid directly by the non-resident seller, along with filing the relevant form. However, if 10% or more of the Peruvian company is owned directly or indirectly by the non-resident seller, the Peruvian company may be jointly responsible.

C.
Capital allowances

‣ Trade or business expenses

Corporate expenses incurred in generating taxable income are generally deductible for corporate income tax purposes, subject to certain exceptions and limitations.

‣ Tax depreciation

Companies may depreciate the acquisition cost of fixed assets for corporate income tax purposes.

A depreciation rate of 20% for mining and processing equipment and 5% for real estate is granted to mining investors who have stability agreements in place with the Peruvian government. (see Stability regime in Section f).

Where a stability agreement is not in place, the general tax rules provide that other than for buildings and constructions, tax depreciation must match accounting depreciation on the same basis (straight-line, production units, or another basis).

The maximum annual depreciation rates allowed for tax purposes under the general tax rules is restricted, as summarised in the table below.

Buildings and constructions*	5%
Vehicles	20%
Machinery and equipment for construction, mining and oil activities	20%
Machinery and equipment for other activities	10%
Data processing equipment	25%
Other fixed assets	10%

*This is a fixed rate rather than a maximum rate.

‣ Pre-operative expenses

- **General:** Pre-operative expenses are expenses incurred for a company starts generating income for mineral sales. There are a number of different types of pre-operative expenses which carry different treatments.

  General pre-operative expenses (e.g. administrative expenses) may either be expensed in the year production commences or be amortized evenly over a period of up to ten years from the year in which production commences.

- **Exploration expenses:** For pre-operative exploration expenses (e.g. drilling and surveys), taxpayers can choose to either expense these costs in the year they are incurred or amortize the costs evenly over the useful life of the mine from the year minimum production is achieved. This is an annual choice with respect to the costs incurred in each year. In one year, taxpayers may elect to capitalize their exploration costs for subsequent amortization and the next year they may claim a deduction. The annual election is irrevocable.

‣ Mineral propertiess

Costs incurred in acquiring mining concessions and investments in prospecting and/or exploration work up to the date the legally required minimum production is achieved, should be capitalized and subsequently amortized by an annual percentage based on the life of the deposit.

This percentage is calculated by dividing the total estimated proven and probable reserves by the minimum production requirement according to law.

A literal approach has resulted in the period of amortization being calculated by reference to the number of hectares of the mining site rather than the productive life of the deposit.

Accordingly, this interpretation could create situations in which the life of the deposit determined by the above formula has no correlation with the productive life of the deposit measured in real terms.

The amortization period established by the mining company must be notified to the tax administration with the first annual income tax return in which the amortization begins.

The mine operator can choose to deduct from its income the prospecting and/or exploration work during the fiscal year in which these expenditures are incurred. Expenditure for exploration incurred after the concession has reached the minimum mandatory production stage can be deducted in the fiscal year it is incurred or amortized at an annual rate based on the estimated life of the mine.

- **Feasibility studies and other evaluation expenses**

Depending on the nature and timing, feasibility studies and other evaluation expenses may either be classified as development costs or as pre-operative expenses.

Development costs are costs that relate to the access to mines (e.g. roads, ramps and ventilation systems) before a company starts generating income from mines. Preoperative expenses are other general costs relating to the period before a company starts generating income.

Where feasibility studies and other evaluation expenses are treated as development costs, these may be:

i) expensed in the year they are incurred, or

ii) amortized over a period of three years from the year they were incurred.

Where feasibility studies and other evaluation expenses are treated as preoperative expenses, these may be:

i) expensed in the year production commences, or

ii) amortized over a period of up to ten years from the year in which production commences.

- **Mine site development costs**

  Taxpayers have an annual choice of electing to deduct development costs in the year they were incurred or amortize them over a period of up to three years from the year they were incurred. Taxpayers may not change their election with respect to the development costs incurred in the year concerned.

- **Public service infrastructure costs**

  Costs incurred by mining companies in infrastructure for public use such as ports, airports, energy plants, schools, hospitals, roads or recreational facilities can be expensed as incurred, if approved by the government, after complying with specific requirements.

- **Other investments in communities**

  Many companies make other investments in communities impacted by mining for the purpose of their sustainable development, so that when the mine closes the affected communities will be able to carry on with social and alternative economic activities. These investments are often characterized as Corporate Social Responsibility ("CSR") expenditure.

  Where CSR expenditure relates to public infrastructure such as schools, road or hospital building, the mining law grants a deduction, subject to compliance with specific requirements and approval from the government. There are no specific provisions in Peru's tax law which grant a deduction for other CSR expenditure. The tax authorities generally treat CSR expenditure as non-deductible donations or charitable contributions. To reduce the risk of challenge, CSR expenditure should be derived from a contractual or legal obligation, such as to comply with the obligations assumed under the Environmental Impact Assessment required by law.

- **Rehabilitation and closure costs**

  Rehabilitation costs can only be expensed in the year they are incurred. This means that accruing for the expenditure is not deductible. Payments or bonds into a fund are not deductible. Payments to a third party are arguably not deductible until the rehabilitation has been performed. Thus, single mine companies may receive no effective tax deduction for this expenditure, given that it is generally incurred at the end of the life of the mine, at a time when often there is insufficient income to offset the deduction against. Under current tax law, Peru does not have a loss carry back system. Therefore, in cases where decommissioning activities are carried out at the end of a company's lifecycle the costs may not obtain effective tax relief.

D.
Mining taxes, duties and royalties

Mining producers may also be subject to the Mining Royalty ("MR") and Special Mining Tax ("SMT").

Each of these mining levies is calculated on operating income as determined for book purposes instead of for income tax purposes. Operating income is defined as revenues generated from the sale of mineral resources less (i) cost of goods sold ("COGS") and (ii) operating expenditures. "Book" refers to Peruvian statutory reporting and is required to be prepared under IFRS. To calculate tax base for the new levies, companies begin with statutory book operating income and make certain adjustments, such as to disallow interest expense (whether booked as part of COGS or operating expenses) and to prorate exploration expenditure over the life of the mine.

Generally, depreciation and amortization taken into account for the purposes of these levies is equal to the amount of book depreciation and amortization. However, in particular situations there are differences between book value and tax value related to assets subject to depreciation and amortization. Such differences are due to the fact that the MR and SMT do not allow depreciation and amortization related to accounting revaluations.

Mining Royalty ("MR")

In 2004, Peru implemented a mining royalty based on sales. This regime was substituted in 2011 by the MR that is currently in force.

The MR now applies to operating income, rather than sales. The MR is payable on a quarterly basis with marginal rates ranging from 1% to 12%. The royalty rate increases as the operating margin increases.

Companies must pay at least the minimum royalty rate of 1% of sales, regardless of profitability. The payments are due quarterly and are deductible for corporate income tax purposes.

Special Mining Tax ("SMT")

The SMT is a tax imposed in parallel to the MR and applies to the operating profit derived from sales of metallic mineral resources. The SMT is applied to operating mining income based on a sliding scale, with progressive marginal rates ranging from 2% to 8.40%. The payments are due quarterly and are deductible for corporate income tax purposes.

E. Indirect taxes

A 18% Value Added Tax (VAT) applies to the following transactions:

- Sale of goods within Peru
- Services performed or used within Peru
- Construction contracts performed within Peru
- First sale of real estate by the builder
- Importation of goods from outside Peru, regardless of the status of the importer
- Financing payments where the recipient entity is not a financial entity

Items which are not subject to VAT in Peru include salaries, local taxes, services offered free of charge and transfers of land.

VAT paid upon acquisition of goods or services can be deducted from VAT related to the sale of finished products or services.

Exporters are reimbursed for any VAT paid on the acquisition of goods and services. Exporters can apply such reimbursement as a credit to offset VAT or corporate income tax liabilities. If there is a remaining balance, the taxpayer will be able to offset it against other taxes collected by SUNAT.

F. Incentives

- **Early recovery VAT system**

An early recovery VAT system allows for recovery of the VAT credit in relation to acquisitions of goods and services, construction contracts, importations and other transactions if the entity requesting the refund is in the pre-operative stage and, consequently, has not begun to make any sales or exports that would enable them to recover the input VAT against output VAT.

VAT filings are made on a monthly basis, and the recovery of VAT takes place through these filings. It is common for the tax authorities to audit the refund application, which typically takes around six months. As such, on average the refund can take around seven months from the date of filing the application.

Depending on the quantum of the expenditure to which this system applies, this can have a significant favourable effect on cash flows and consequential on the net present value of the project.

The early recovery system is restricted to companies that:

i) Have obtained a Resolution from the Ministry of Energy and Mines approving the application of the regime, and

ii) Make a minimum investment commitment of USD5million on projects with a preoperative stage of at least two years.

The early recovery of VAT is available in respect of purchases of goods and services made after the date of submission of the application. VAT incurred on expenditure prior to that time cannot be recovered under this regime but can be recovered under the regular regime.

There is also an early recovery VAT system for the acquisition of goods and services required for mining exploration. Under this regime, the VAT paid is refunded without having to wait until a commercial discovery takes place or production begins. This regime includes a final waiver of VAT if the exploration is unsuccessful.

For this purpose, certain administrative requirements shall be fully met. For example, mining companies must enter into the so-called "Exploration Investment Agreement" with the Peruvian government, making a minimum investment commitment of USD0.5 million in mining exploration. In this case, VAT recovery is restricted to the VAT paid after the Agreement is signed.

- **Stability regime**

Mining companies may enter into several types of Stabilization Agreements that assure that a given set of rules, mainly about aspects of the tax regime, will remain unchanged for a certain number of years. Such stability agreements are commonly entered into by mining companies. They use standard terms and are not specifically negotiated with individual taxpayers.

Entering into stability agreements carry a price for mining companies – they come with a corporate income tax rate surcharge of 2 percentage points, resulting in a corporate income tax rate of 31.5%.

Stability under the Foreign and Private Investment Legislation

Stability contracts entered with "ProInversión" (Private Investment Promotion Agency), are generally available to (i) qualified foreign and national invertors and (ii) the company that received the investment. Such a stability contract maintains stability with respect to the corporate income tax regime and the rate of tax on distributions of profits to the parent investor.

They also guarantee the unrestricted right to remit profits abroad, free availability of foreign currency, stability of the labor hiring regime and non-discrimination between foreign and national investors. The contract is effective for 10 years. To qualify, the mining investor must invest a minimum of USD10 million within two years of entering the contract.

Stability under the General Mining Law

Mining concession holders can be entitled to a broader range of stability benefits which can be effective for 10, 12 or 15 years depending on investment size and mine production capacity. These stability agreements cover tax rates and methods to calculate tax based of all major government taxes, duties, royalties and other similar payments.

They maintain free marketing of mineral products for export or domestic sale; no foreign exchange controls in respect of foreign currency generated by exports; free convertibility into foreign exchange of local currency generated by mineral sales and non-discrimination on exchange matters.

Stability is important to investors as it reduces fiscal uncertainty. The main requirements are as follows:

- 10 year – the investment must equal at least USD20 million and be allocated to start up an operation with a production capacity of 350 to 5,000 metric tonnes per day (MTPD).
- 12 year – this agreement targets production of at least 5,000 MTPD and requires an investment of USD100 million

for a start-up operation, or USD250 million to capitalize an existing operation.

- 15 year – for mining concessions with an initial capacity of no less than 15,000 MTPD or capacity expansion plans to achieve a capacity of no less than 20,000 MTPD that require an investment program of no less than USD500 million.

Benefits under stability agreements are limited to the investment defined in the feasibility study on the basis of which the stability agreement was signed. However, companies entering into 15-year stability agreements can include subsequent investments of at least USD25 million provided that those investments are pre-approved by the Ministry of Energy and Mines.

Entering into a 15-year stability agreement allows a taxpayer to apply an annual tax depreciation rate of up to 20% (straight-line) for most mining and processing equipment, other than mine buildings and constructions which are still subject to a 5% depreciation rate. The 20% tax deprecation benefit is not limited to the amount of depreciation recorded for accounting purposes. This can reduce the present value of taxes owed and therefore increasing the overall net present value of the project.

The maximum depreciation rate of 20% needs to be approved by the General Mining Bureau. The taxpayer can elect to use a different depreciation rate each year, simply by notifying the National Superintendence of Tax Administration ("SUNAT"), so long as the 20% limit is not exceeded.

The 12 and 15-year agreements also carry the right to keep accounts for tax purposes in U.S. dollars.

Following the signing of a stability agreement there is a pre-operative phase, and once this phase is complete (and the mine is able to start producing), it must be approved by the Ministry of Energy and Mines.

The term of a 15-year stability agreement commences at the beginning of the first fiscal year in which the pre-operative phase is complete and approved. However, taxpayers may choose to take benefits of the agreement during the pre-operative phase up to 8 fiscal years before approval.

G. Withholding taxes

Dividends

A 5% Dividend Tax applies to profits distributed to nonresidents and individuals from 1 January 2017. A 4.1% rate applies to profits earned up to 31 December 2014, and a 6.8% rate applies to profits earned from 1 January 2015 to 31 December 2016. This is the case regardless of when the profits are distributed. For these purposes, the first-in, first-out rules will come into play.

The Dividend Tax applies to distributions by Peruvian companies, and Peruvian branches, permanent establishments and agencies of foreign companies. This tax is generally withheld at source.

Dividends received by one tax resident company from another tax resident company currently are not taxable.

Interest

Interest paid to non-residents is generally subject to a withholding tax at a rate of 30% but may be reduced to 10% or 15% under a tax treaty. For interest paid to unaffiliated foreign lenders, the rate is reduced to 4.99% if all the following conditions are satisfied:

- For loans in cash, the proceeds of the loan are brought into Peru as foreign currency through local banks or are used to finance the import of goods;
- The proceeds of the loan are used for business purposes in Peru;
- The participation of the foreign bank is not primarily intended to avoid the tax treatment applicable to transactions between related parties (i.e. the use of back-to-back loans is consequently precluded); and
- The interest rate does not exceed the SOFR rate plus 7% points.

‣ Technical assistance services

Payments for technical assistance services used within Peru are subject to withholding tax at a rate of 15%, regardless of the country where the services are rendered. To ensure the application of the 15% rate, the local service recipient must obtain and present to the Tax Authorities upon request a report issued by an audit firm certifying that the technical assistance was effectively provided. Otherwise a withholding tax rate of 30% applies. This is only required, however, when the fees under the corresponding agreement for the technical assistance exceeds of 140 tax units (each tax unit is equivalent to PEN5,350 in 2025).

‣ Royalties

Peruvian source royalties paid for the use of intangible property (e.g. know-how, patents, trademarks, design, model, plan, secret formula or process) are subject to withholding tax at an effective rate of 30%, but may be reduced under a tax treaty.

H.
Financing considerations

‣ Interest deductibility

Generally, interest is deductible for corporate income tax purposes (at 29.5%, or 31.5% under a stability agreement) when the operational stage begins. Interest accrued before this time is treated as a general pre-operative cost. As such, it may either be expensed in the year production commences or may be capitalized (increasing the cost basis of the relevant asset) and then amortized over a period of up to ten years from the year in which production commences (effective relief being subject to any loss limitation). Interest owed to non-resident lenders is only deductible when paid.

Once the production stage commences, expenses should be recognized on an accrual basis. The Peruvian Income Tax Law establishes a definition for the accrual basis. Interest owed to non-resident lenders, however, will only be deductible when paid.

‣ Rules that limit the level of interest expense

In Peru, there are rules to prevent base erosion and profit shifting using interest and other financial payments economically equivalent to interest, irrespective of whether the lender is resident or related to the borrower.

Under these rules, the interest that exceeds 30 percent of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) of the preceding year will not be deductible. For these purposes, the term "earnings" is defined as "taxable income after offsetting losses carried forward, plus net interest, depreciation and amortization".

The limitation applies to the entity's net interest expense after offsetting interest income. Interest that is not deducted may be carried forward for up to four years but will always be subject to the 30 percent of EBITDA limitation.

The rule also applies to other expenses incurred in connection with the raising of finance, including arrangement fees and similar costs related to the borrowing of funds.

I. Worker's profit sharing

Mining Companies are obliged to pay a worker's participation of 8% on the net profits of the Company. The total sum received by the worker must amount up to 18 times its monthly salary, and the balance must go to a special educational, social and recreational fund. Disbursements are decided by a Board comprised of representatives of Mining Companies, Peruvian government and the workers.

The amount paid is allowed as a tax deduction for corporate income tax purposes. Not all foreign governments recognize this as a creditable tax and double taxation can thus occur.

J. Other tax aspects

- **Good standing fee**

  This is also known as a Validity Tax and is calculated based on the area in mining concession from the moment the claim is filed. The fee is USD3/ha/yr and it is deductible for corporate income tax purposes.

  Reduced fees are applicable for small mining producers (USD1/ha/yr) and for artisanal mining producers (USD0.5/ha/yr).

- **Temporary net assets tax**

  The Temporary Net Assets Tax ("ITAN") is levied at 0.4% on company's net assets with value in excess of PEN 1 million (approximately USD0.27 million). It has to be paid only by taxpayers that have already started "productive operations" at 31 December of the preceding year. This means that entities on a pre-operative stage are tax exempt, until their first year of operations. They will only be subject to the ITAN the following year.

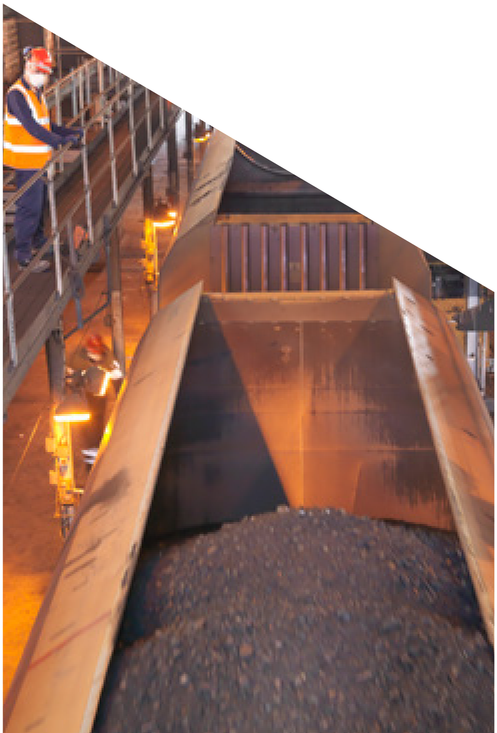
  Taxpayers are allowed to use ITAN payments as a credit to offset tax liabilities they may have. If at the end of a fiscal year the ITAN paid exceeds the annual income tax due, taxpayers can request the refund of the excess.

- **Tax on financial transactions**

The financial transaction tax is charged at a rate of 0.005% on deposits and withdrawals from Peruvian bank accounts, including checking accounts.

- **Complementary Mining Pension Fund**

Employers (i.e. mining companies) are required to contribute 0.5% of their annual income before tax to the Complementary Mining Pension Fund, while mining workers contribute 0.5% of their monthly gross salaries during their employment in order to receive defined benefits upon retirement. Contributions made by the employing company are deductible for corporate income tax purposes.



- **Regulatory fees**

Regulatory fees are imposed and collected in Peru from specific categories of regulated entities, including those operating in the mining sector. Mining companies pay these fees based on a percentage of their monthly revenues to the Supervisory Agency for Investment in Energy and Mining of Peru-OSINERMING (0.12%) and the Environmental Monitoring Agency of Peru - OEFA (0.7%) to recover the regulatory costs associated with enforcement activities, policy and rulemaking. Non-payment of regulatory fees on a timely manner may result in penalties and interests. Such fees are deductible for corporate income tax purposes

Although the amount of regulatory fees collected, during each fiscal year, should reasonably be equal to the amount appropriated for such fiscal year for the performance of the activities described above, in practice, the amount collected could be higher because of the way in which the regulatory fees have been structured.

- **Social Security contribution**

The Peruvian Health Social Security Office (EsSalud) runs the National Health System (NHS). The employer contributes 9% of total payroll to the NHS. EsSalud provides employees disability, illness, maternity and death benefits, as well as medical care.

According to the Health Care Law, the NHS will be complemented by the health programs and plans that the employers may grant to their workers with their particular health services or with private Health Care Companies (Empresas Prestadoras de Salud - EPS) that shall be authorized to carry out such activities.

The employers may elect the healthcare plan or program for their employees; however, they shall previously submit it to their vote. Employees, who would like to remain in the NHS, may do so.

The employers that provide healthcare through the complementary plans and programs are also obliged to pay the 9% contribution to the NHS. However, employers may use a portion of the expenses incurred in healthcare as credit against the 9% contribution.

The Health Care Law and regulations also foresee a complementary insurance for workers that carry out activities that are deemed to involve a significant level of risk such as mining activities. This insurance coverage shall be provided by the employer.

Employees are also required to elect either to contribute to the National Pension System (NPS) or to the Private Pension System (PPS). The contribution rate on average is 13% of salary in the NPS and 11.37% in the PPS and is withheld from payments made to employees.

For mining employers, an additional 4% must be contributed to the PPS, with 2% payable by the employee and 2% is payable by the employer. Both pension systems provide employees retirement, disability pensions and funeral costs. Employers are responsible for withholding employees' contributions from monthly salaries.

- **Transfer pricing rules**

Peru has adopted transfer pricing rules which are largely based on the OECD guidelines. These rules also apply to transactions with unrelated entities in non-cooperative and low-tax jurisdictions or whose revenues, profits or income are subject to a preferential tax regime. Transfer pricing documentation requirements follow the three-tiered approach, set out by the OECD in the final reports under Action 13 of the BEPS Action Plan, consisting of a local file, a master file, and a Country-by Country report (CbCR).

In line with guidance issued in OECD BEPS Action 10, Peru has implemented rules on the treatment of import and export transactions that involve products, for which a quoted price is used by independent parties to set prices (i.e. commodities, such as copper, gold, silver and zinc). These rules establish that the arm's-length price for Peruvian income tax purposes must be determined under the CUP method by reference to the price quoted on a public exchange.

The actual pricing date or period of pricing dates should be used as a reference to determine the price for the transaction, as long as independent parties in comparable circumstances would have relied upon to the same pricing date. The taxpayer must provide the Peruvian tax authority (SUNAT), prior to or on the date of shipment or disembarkation, full disclosure of the key terms and conditions of the transaction, including the actual pricing date or period of pricing dates used to determine the price for the commodity being transferred.

In the event this information is not presented, it is incomplete or is inconsistent with other facts of the case, SUNAT may determine the price for the commodity transaction by reference to the quoted price on: (i) the shipment date of the commodities exported; or (ii) the disembarkation date of the commodities imported.

If the selected transfer pricing method is different from the CUP, the taxpayer needs to provide the local tax authority with the supporting documentation that explains the economic, financial and technical reasons as to why the selected transfer pricing method is the most appropriate one.

- **Tax treaties**

Peru has entered into a multilateral tax treaty with the other members of the Pacific Alliance and the Andean Community (Bolivia, Colombia and Ecuador) which calls for an exclusive taxation at source and bilateral tax treaties with Brazil, Canada, Chile, South Korea, Mexico, Portugal, Switzerland and Japan.

The principal purpose of this still reduced income tax treaty network is to prevent taxes from interfering with the free flow of international trade and investment by mitigating international double taxation with respect to certain income items. This, however, is not a static list. Some existing tax treaties are being renegotiated and others are in various stages of negotiation with countries such as Spain, China, France and the United Kingdom.

Except for the tax treaty with the other Andean Community countries, tax treaties entered into by Peru generally follow the OECD Model, although they incorporate provisions that are derived from the UN Model, to give more weight to the source principle than does the OECD Model.

Each of the treaties currently in force between Peru and other countries deals with the same matters. Many of the treaties contain common provisions addressing the same issue. It should, however, be noted that Peru's tax treaties show a remarkable degree of individuality, considering that almost every treaty is different in at least some respects. For that reason, it is essential to analyze the specific treaty that may apply to a particular tax issue.

- **Stamp Tax**

None.

- **Exchange controls**

None.

4

MISCELLANEOUS MATTERS

4.1

Starting a business in Peru

Mining activities can be carried out in Peru through a number of investment vehicles. In practice, the three forms of legal organizations most commonly used by foreign investors are the corporation (Sociedad Anónima - S.A.), limited-liability company (Sociedad Comercial de Responsabilidad Limitada - S.R.L.) and the branch (sucursal), although Peruvian company law also provides for other forms of legal entities, including two special forms of corporations: the closely held corporation (Sociedad Anónima Cerrada) and the public corporation (Sociedad Anónima Abierta).

A.
Requirements of an S.A.

A corporation (Sociedad Anónima - S.A.) is composed of shareholders whose liability is limited to the value of their shares. The S.A. is managed by a board of directors and one or more managers. To form an S.A., investors (i.e. the shareholders) must sign the deed of incorporation before a public notary and file it with the Mercantile Registry. The registrar receives the public deed and proceeds to register the company. The registrar is also interconnected with the Tax Authority (SUNAT) to register the company as a taxpayer and obtain the tax identification number (Registro Único de Contribuyente, RUC). The bureaucratic and legal steps that an investor must complete to incorporate and register a new standard SA normally take between 15-30 days. Notary fees are up to 1% of capital, depending on the company size, the length of the public deed, and the initial capital contribution. The registration fees are also paid to the notary.

The incorporation documents must include, at least, (a) the company's name; (b) business purpose and duration; (c) the company's domicile; (d) the name, nationality, marital status and residence of any individual shareholder and name, place of incorporation and address of any corporate shareholder (a minimum of two shareholders are required to set up an S.A.); (e) the names of the initial directors, managers and agents; (f) the start-up date of operations; and (h) the capital structure (the shares nominal value and the total number of shares), classes of shares, if applicable, and details of individual initial capital contributions (whether in cash or kind). Sufficient proof that a minimum of 25% of capital stock has been paid into a bank before registration must also be provided.

Requirements of a Corporation ("S.A.") in Peru

Capital

Is divided into shares which may be freely transferred unless such transfers are restricted by the corporate bylaws. There are no minimum or maximum capital requirements although issued capital must be fully subscribed and at least 25% thereof paid in upon incorporation. Capital may be supplied in cash or in kind. Value of non-monetary contributions must be reviewed and approved by a majority of the board of directors within 60 days of incorporation and may be challenged in court during the following 30 days.

An S.A. must set aside at least 10% of net profits after taxes in a legal reserve fund till this amounts to 20% of capital.

Loss of more than two-thirds of subscribed capital normally requires liquidation of the company.

Founders, shareholders

An S.A. must have a minimum of two individual or corporate shareholders, with no requirements as to their nationality or residence.

The shareholders' general meeting is the supreme body of the S.A. and has powers of decision on any subject and the exclusive power of decision with respect to dissolution, amendments of the corporate bylaws and a capital increase or reduction, among other key corporate decisions.

Board of directors

An S.A. must have a minimum of three directors, with no maximum number provided by the law. There are no requirements as to their nationality or residence. Directors need not be shareholders, and they serve one to three-year renewable terms.

Directors may be elected by cumulative voting, in which each share has as many votes as there are directors to be elected, and shareholders either accumulate their votes in favor of one candidate or distribute them among several. A quorum is half the board membership plus one. The board of directors has all the powers vested in it by law and the corporate by-laws.

Management

One or more managers are named (and removed) by the board of directors, unless bylaws stipulate naming by a general shareholders meeting. When only one manager is appointed, he/she will be the general manager. There are no nationality requirements. Legal entities can also be appointed as managers.

Types of shares

Shares must be nominative and they represent the unit into which the proprietary interests in a corporation are divided. As a general rule, each share gives the right to one vote, but non-voting shares may be issued. Different classes or series of shares may be issued, with different rights and/or obligations. Shares must be recorded in the Share Register Book.

All shares must have the same par value but may be issued at a premium or at discount from par. Corporations may purchase their own shares in certain circumstances. Bylaw restrictions on transfer of shares are permitted.

Control

An annual general meeting is required. Bylaws may specify a higher quorum and larger majorities than those laid down by law. The minimum quorum for a general meeting is 50% of capital on the first call and any number on the second call. Most decisions are taken by a simple majority of the paid-up voting shares represented. For major decisions, such as capital increases or decreases or corporate bylaw changes, the minimum quorum is two-thirds of total voting shares represented on the first call and 60% on the second call, and the decision requires in absolute majority of total voting shares represented.

B.
Closely held corporation

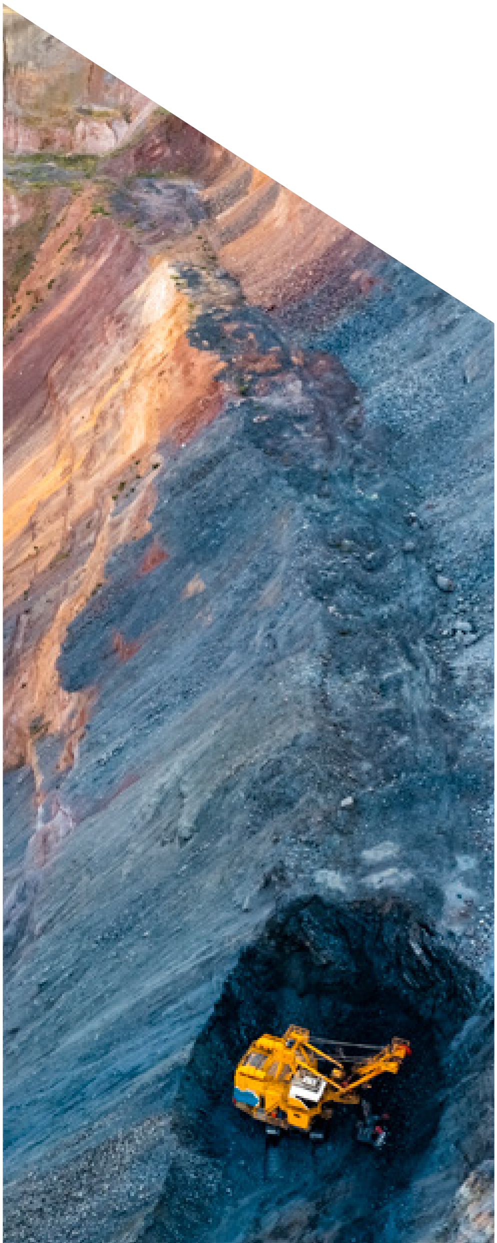
A corporation can be classified as closely held if it does not have more than 20 shareholders and its shares are not listed in the Stock Exchange. The closely held corporation has certain features found in a limited-liability company (for example, limited liability of equity owners, absence of freely transferable equity shares and no requirement for a board of directors).

C.
Public corporation

A corporation will be considered "public" where (i) it has undertaken an initial public offering (IPO) or stock market launch to sale its stock to the public; (ii) it has more than 750 shareholders; (iii) at least 35% of its shares is held by at least 175 shareholders, each of whom owns at least two per thousand (0.002%) but no more than 5% of the shares representing the corporation's capital (iv) it is incorporated as a public corporation; or (v) all the shareholders with voting rights agree unanimously to subject the company to the legal regime applicable to public corporations.

D.
Limited Liability Company

The Limited Liability Company or S.R.L. is subject to registration procedures, reporting and accounting requirements similar to those for the S.A. The minimum number of owners is two, the maximum 20, whose liability is limited to their capital contributions. At least 25% of each participant's contribution to capital must be paid in upon founding. The S.R.L.'s capital is divided into and represented by participating interests which cannot be denominated shares and which are not freely negotiable certificates. Capital holdings may be transferred outside the company only after they have been offered through the management to other partners or the company itself and they have declined to purchase the offered interests. Further restrictions on transfers may be set out in the bylaws. As a general rule, an S.R.L. is managed and represented by all its partners. However, the partner's general meeting may entrust the company's management to one or more managers who need not be partners in the S.R.L. or Peruvian citizens. Decisions are determined by a majority of capital contributions.



The main characteristics of the S.R.L. are:

Limited liability	Partners are not personally liable for the corporation's liabilities.
Centralized management	Partners general meeting and one or more managers (no board of directors is required).
Transfer of interest	Transfer of partners' interest to third parties is subject to approval by the existing partners and must be registered in the public register.
Continuity	Death, illness, bankruptcy, retirement or resignation of any partner does not cause the dissolution of the entity.

E.
Establishing a branch

Procedures for organizing a branch in Peru are similar to the procedures applicable to organizing corporations or limited liability companies. It takes between two to three weeks to register a branch once the necessary documents have been submitted to the Peruvian notary. These include copies of the parent firm's corporate charter and bylaws, minutes of the shareholders agreement to set up a branch in Peru, certification of the branch's address, assigned capital and line of business, notifications of the appointment and powers of a legal representative in Peru; and a Peruvian consul's certification that the parent company is duly constituted in the country of origin and entitled to set up a branch in a foreign country.

4.2 Customs duties

A. Rates and Tax bases

The applicable customs duties and taxes are summarized below:

Tax	Rate	Tax bases
Custom duties*	0%, 6% and 11%	Customs Value**
VAT	18%	Customs Value + customs duties

* Customs duties rates depend on the kind of items imported. Capital goods are generally subject to a 0% rate.
** The World Trade Organization (WTO) rules are applicable to arrive at customs value.

B. International Trade Agreements

Peru's development strategy is based on an economy opened to the world and competitive in its export offer. It has been a successful strategy that has permitted the country to consolidate its foreign trade as an instrument for economic development and the reduction of poverty.

International trade negotiations, which have benefited from rigorous macroeconomic management and its consequent stability, have allowed the Peruvian economy to gradually tackle and reduce its external vulnerability in times of crisis such as in the current international situation. In recent years, Peru has negotiated Free Trade Agreements (FTA) with large and medium-sized markets.

Peru has a total of 24 FTAs and economic integration agreements (TLCs & EIAs) in force with the Andean Community, Mercosur, the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation Forum (APEC), the Pacific Alliance, the European Free Trade Association (EFTA), Australia, Canada, Chile, China, South Korea, Costa Rica, Cuba, United States, Honduras, Japan, Mexico, Panama, United Kingdom, Singapore, Thailand, the European Union, Venezuela and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). With the CPTPP, it has been possible to have preferential access to four countries with which Peru did not have a trade agreement, including New Zealand, Vietnam, Brunei, and Malaysia.

This market openness and the trade agreements that Peru has signed have permitted an increase in the number of exported products and exporting companies, particularly in non-traditional exports. Despite the fact that exports of traditional products still represent 71% of the country's total exports, it is clear that the trade agreements have allowed the country to diversify its offer of non-traditional goods.

Additionally, these trade agreements are a valuable instrument for attracting direct foreign investment and boosting increased productivity in companies, as well as the transfer of technology through the lower cost of imports of capital goods and quality inputs. Trade agreements provide an incentive to the processes of convergence of international standards, which has enabled more Peruvian companies to improve their management and logistics practices.

C. Other considerations

Mining companies are not exempt from import duties, but under certain circumstances can benefit from temporary import privileges that have the effect of differing duties. The customs legislation allows the temporary import, for an 18-month period of certain capital goods without the payment of the customs duties and import taxes (e.g. machinery and equipment). For these purposes, it is necessary to grant a guarantee for the unpaid taxes (and compensatory interest) and the referred goods must be re-exported before the end of the aforementioned term.

This regime will be applicable to the extent that the goods are identifiable and destined to specific purpose in a specific location. They also need to be re-exported within a specified period of time without having undergone any change except normal depreciation arising from their use.

4.3

Labor legislation

A.
Job stability

In accordance with the Constitution, employees are protected against arbitrary dismissal.

This right, called "job stability", is granted to employees who work for the same employer for more than four hours per day in average, after a three-month trial period. Once this period is completed, the employees are regarded as permanent and can only be dismissed under circumstances concerned with their behavior at work or ability to carry out their duties.

Employers may enter into employment contracts for an undetermined period of time or for fixed terms. Temporary or fixed term contracts are expressly foreseen by Law and are basically allowed for cases such as business expansion, production increments, temporary activities, extraordinary circumstances and seasonal activities. These contracts must be entered into in writing and communicated to the labor authority.

Workers on permanent contracts are entitled to mandatory severance payments if they are dismissed without cause. In Peru, the current mandatory severance pay (a key component in ensuring job stability) is set at 1.5 monthly salaries for each year of service.

Workers under fixed term contracts are also legally entitled to a severance pay, equivalent to 1.5 monthly salaries for each month that remains pending to complete the term of the contract. In any case, the maximum severance payment is twelve salaries.

Alternatively, the employee can demand the restitution to the same job he had. The law allows collective dismissals under certain circumstances such as acts of God or force majeure, financial or technical streamlining, dissolution, bankruptcy or operating downsizing without having to grant the severance payment.

B.
Employees' benefits

Employers are required to provide the following benefits for employees:

- Family allowance equivalent to PEN113.
- One month paid vacation per year.
- One month salary bonus in July and one in December.
- One month salary per year (approximately) as severance indemnity which should be deposited in advance with a bank elected by the employee. Deposits are regarded as final payments of the accrued liability.
- Profit sharing in cash, which is calculated on the employer's taxable income and distributed among the employees. The rates are 5%, 8% and 10% depending on the employer's activity (8% for mining). This benefit does not apply to companies employing less than 20 individuals.
- Life insurance from the beginning of the labor relationship.
- All these benefits are deductible for income tax purposes.

Employers can negotiate with workers earning a monthly salary higher than 2 tax units (PEN10,700 in 2025) a total annual compensation, including all the benefits described above, except for the profit sharing.

C.
Expatriates

Expatriates working in Peru and foreign corporations carrying out activities in Peru are subject to Peruvian labor laws. As a general rule, foreign employees should not exceed 20% of total personnel. Additionally, wages paid to foreign employees should not exceed 30% of total payroll cost. Such limits can be waived for professionals and specialized technicians or management personnel of a new entrepreneurial activity or in case of a business reconversion.

No restrictions apply to foreign individuals working in Peru with Peruvian immigrant visa, individuals married to Peruvians or having Peruvian children, parents or siblings and foreign investors with a permanent investment in Peru of at least 5 tax units (PEN26,750 in 2025).

Expatriate employees should register their employment contract with the labor authorities and obtain a special non-immigrant work visa. No additional work permit is needed.

D.
Immigration

Foreigners can enter Peru under the following migratory qualifications:

Visa	Types of visa	Activities permitted
Tourist visa	Temporal	This visa does not allow to perform paid activities.
Business visa	Temporal	This visa does not allow to perform activities that can be considerate Peruvian source income. This visa allows the expatriate to sign contracts.
Work visa	Resident or Temporal	This visa allows to work in Peru. Suppose the existence of a work contract with Peruvian company duly approve by the labor ministry. This visa includes service providers.
Designated employee visa	Temporal	This is a visa that applies for an employee of a foreign company. The following documents must be submitted to the migratory authority: service agreement and the assignment letter. Those documents must be legalized by the Peruvian consulate and the Peruvian foreign minister.
Permanent visa	Resident	This visa is granted to foreign individuals that live in Peru as a resident for 3 years. This visa allows expatriates to perform activities with no restrictions.

As a general rule, income obtained for personal work or civil, commercial or any other type of business carried out within the Peruvian territory is considered to be Peruvian source income. However, non-resident individuals entering the country temporarily to perform the following activities are not taxed for revenues obtained in their home country, since they are not considered as Peruvian source income:

- Acts that precede a foreign investment or any other business;

- Supervision or control of an investment or business, (i.e. gathering data or information, meeting public or private sector personnel, etc.);

- Hiring local personnel; and,

- Signing agreements or similar documents.

Any other amount an expatriate receives in cash or in kind, as a compensation for work carried out within Peru, is considered as Peruvian source income and, consequently, will be taxable.

4.4

Accounting standards

Public Issuers

Entities under the supervision of the Superintend of Stock Markets (SMV by its acronyms in Spanish), except for financial institutions which are under the supervision of Superintend of Banks and Insurances, must prepare and file its financial statements using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Private entities

The Peruvian Business Corporation Law establishes that the financial statements of companies incorporated in Peru must follow the Peruvian GAAP and other legal provisions on the matter. The Peruvian Accounting Standards Board has established that Peruvian GAAP is equivalent to the accounting standards as issued by the IASB, duly approved by the Peruvian Accounting Standards Board. Supplementary, companies in Peru can use US GAAP by analogy.

Certain IFRS internationally in force are not immediately used in Peru since the Peruvian Accounting Standards Board takes some time in studying and introducing these standards into Peru.

IFRS for mining entities

Although the following is not a comprehensive list of the issues in mining entities, it should contribute to the understanding of the main accounting topics affecting the financial statements of the mining entities:

- Inventories

Critical spare parts are to be classified as property, plant and equipment and not as inventories. These items are subject to depreciation.

- Exploration and evaluation costs

There is diversity in acceptable accounting treatments. Some entities capitalize exploration and evaluation costs, while others record as expenses when incurred.

- Development costs

Costs incurred to develop a property, including additional costs to delineate the ore body and remove impurities it contains, are capitalized. These costs are amortized when production begins, on the units of production method over the expected useful life of the ore body.

- **Stripping costs**

  - As part of the mining operations, the entities incur waste removal costs (stripping costs) during the development and production phases. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using units of production method. The capitalization of development stripping costs ceases when mine starts production.

  - Stripping costs incurred during the production phase (production stripping costs) are generally considered to create two benefits, being either the production of inventory or improved access to the ore mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a stripping activity asset. This asset is subsequently depreciated using the units of production method over the expected useful life of the component identified of the ore body that has been made more accessible to the activity.

- **Impairment of long-lived assets**

  - Entities must assess, at each reporting date, whether there is an indication that an asset may be impaired. If an indication exists, or when annual impairment testing for an asset is required, the entities estimate the recoverable amount of the cash generating unit (CGU). The recoverable amount is the higher of the fair value less costs of disposal and the value in use of the CGU.

  - When the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

  - IFRS contains specific rules for the calculation of the value in use (discounted cash flows) related to key assumptions as prices, discount rate, exchange rates and capital expenditures.

  - IFRS requires the reversal of impairment losses recorded in prior years for assets subject to depreciation and amortization.

  - IFRS requires the performance of an annual impairment test for assets not subject to depreciation and amortization (for example, goodwill), independently of the existence or not of impairment indicators.

- **Depreciation of property, plant and equipment**

  - It is required to depreciate the assets using a components approach.

  - There are potential risks in connection with the accounting treatment of major maintenances.

  - Companies need to consider the use of the units-of-production method to depreciate/ amortize the assets used in the mine site, instead of using the straight-line method.

  - IFRS need to consider the estimation of the residual value of the fixed asset in order to determine the depreciable amount.

  - The residual values, useful lives and methods of depreciation must be reviewed at year-end. Any resulting impact is adjusted prospectively.

- **Functional currency**

  Most of the mining entities keep their accounting records in US dollars, which is the functional and presentation currency.

- **Decommissioning liabilities**

  - When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in present value based on a risk-free rate. In addition, the capitalized cost is depreciated and/or amortized based on the useful life of the asset.

  - Changes in the estimated timing of rehabilitation, changes to the estimated future costs or changes in the risk-free rate are dealt with prospectively by recognizing an adjustment to the rehabilitation liability and a corresponding adjustment to the related asset. Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of the asset. If it does, any excess over the carrying amount is taken immediately in the statement of profit or loss.

  - For closed mines, changes to estimated costs or risk-free rate are recognized immediately in the statement of profit or loss.

- **Revenues**

  - Revenue from sale of concentrates and metals is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

  - Contract terms for the sale of metal in concentrate to customers allow for a price adjustment based on final assay results of the metal in concentrate by the customer to determine the final content. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the quotation period). Adjustments to the sales price occurs based on movements in quoted market prices up to the date of final settlement.

  - Sales contracts for metal in concentrate that have provisional pricing features are considered to contain an embedded derivative, which is required to be separated from the host contract for accounting purposes. The host contract is the sale of metals in concentrate, and the embedded derivative is the forward contract for which the provisional sale is subsequently adjusted with final liquidations. The embedded derivative is originated by the metals prices since the date of issuance of issuance of the provisional liquidation until the date of issuance of the final settlement.

- The embedded derivative, which does not qualify for hedge accounting, is initially recognized at fair value with subsequent changes in the fair value recognized in the statements of profit or loss until final settlement. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices.

- **Financing costs**

  - IFRS requires an entity to capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. An entity shall recognize other borrowing costs as an expense in the period in which it incurs them.

  - There may be difficulties to determine the borrowing costs to be capitalized, specifically the exchange difference that is regarded as an adjustment to interest costs.

EY Peru prepared the NIIF Guide 2024-2025.
It can be downloaded for free in: https://www.ey.com/es_pe/assurance/guia-niif

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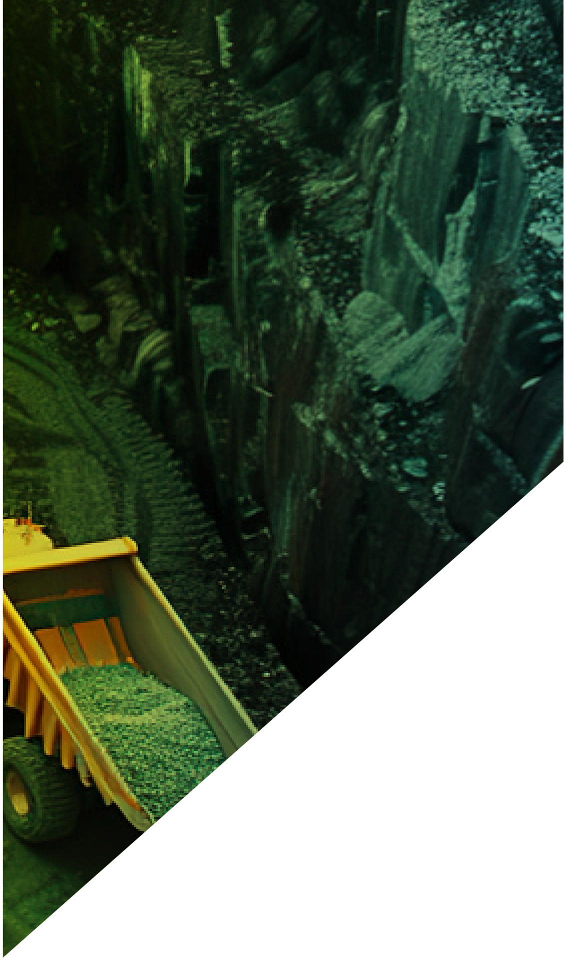
APPENDIX

Mining sector regulators and stakeholders



Mining sector regulators and stakeholders

A. Regulators

- **Presidency of the Cabinet - PCM (www.gob.pe/pcm)**

  This is the technical-administrative body covered by the Executive Law; its highest authority is the President of the Cabinet. It coordinates and conducts follow-up on the Executive's multi-sector policies and programs, coordinates actions with Congress and independent constitutional bodies, among others.

- **National Superintendency of Tax Administration - SUNAT (www.sunat.gob.pe)**

  A decentralized public entity in the Economy and Finance Sector that enjoys economic, administrative, functional, technical and financial autonomy. It is the main tax-collecting agency in the Peruvian economy.

- **Supervisory Body of Private Investment in Energy and Mines - OSINERGMIN (www.osinergmin.gob.pe)**

  This is the regulatory, supervisory body that regulates, enforces and oversees the activities undertaken by internal public- or private-law legal entities and individuals in the electricity, hydrocarbons and mining sub-sectors.

- **Ministry of Energy and Mines - MINEM (www.minem.gob.pe)**

  This is the central and governing body for the Energy and Mining Sector, a part of the Executive Branch. Its purpose is to formulate and assess national policy in matters of sustainable development in mining-power activities. It is the governing authority in environmental matters in reference to mining-energy activities.

- **Mining Council (www.minem.gob.pe)**

  Highest-level administrative court of last resort over all mining matters that are subject to resolutions by agencies under the Ministry of Energy and Mines (DGM, DGAAM, INGEMMET, and others).

- **General Mining Bureau - DGM (www.minem.gob.pe)**

  This is the MINEM Mining Line Unit responsible for ruling and promoting activities to assure the rational use of mining resources in harmony with the environment.

- **General Bureau of Mining Environmental Matters - DGAAM (www.minem.gob.pe)**

  This is the technical-regulatory body responsible for proposing and assessing the Mining Sector's environmental policy, proposing laws or issuing the necessary rules. It also focuses on promoting environmental protection activities in mining activities.

- **Geological, Mining and Metallurgical Institute - INGEMMET (www.gob.pe/ingemmet)**

  This is the public agency responsible for granting the titles to mining concessions, administrating the national mining register and processing, administrating and issuing geo-scientific information on the national territory in order to promote investment in Peru.

- **Ministry of Environment - MINAM (www.minam.gob.pe)**

  This is the environmental authority responsible for planning, promoting, coordinating, controlling and safeguarding the environment and natural heritage.

  Environmental Sector is formed by different executing and technical public agencies such as the National Service of Environmental Certification for Sustainable Investments (SENACE); Environmental Assessment and Oversight Agency (OEFA); National Service of Protected Natural Areas by the State (SERNANP); Geophysical Institute of Peru (IGP); National Service of Meteorology and Hydrology of Peru (SENAMHI); Institute of Amazonian Research of Peru (IIAP); and, National Institute of Research on Glaciers and Mountain Ecosystems (INAIGEM).

- **General Bureau of Environmental Health -DIGESA (www.digesa.minsa.gob.pe)**

  This is the technical-regulatory body in aspects related to basic sanitation, occupational health, hygienic food, zoonosis and environmental protection. It issues regulations and assesses environmental health processes in the sector. It is an entity under the Ministry of Health.

- **National Water Authority - ANA (www.gob.pe/ana)**

  Exercise technical-regulatory stewardship and establish procedures for the integrated, sustainable and multisectoral management of water resources for the benefit of water users and the general population, in a timely and effective manner.

- **Ministry of Agriculture and Irrigation – MIDAGRI (www.gob.pe/midagri)**

  This is the entity that promotes the development of organized agrarian producers in productive chains, in order to achieve an agriculture that is fully developed in terms of economic, social and environmental sustainability.

- **Hydric Resources Intendance of the National Institute of Natural Resources - INRENA's IRH**

  This is the highest technical-regulatory authority responsible for promoting, overseeing and controlling the policies, plans, programs, projects and rules on the sustainable use of hydric resources nationwide. It is part of the National Institute of Natural Resources (INRENA).

- **Technical Board of Irrigation District - ATDR**

  Operational, functional, and planning units oriented towards the conservation and development of the hydric resources within a hydrographic river basin. Their function is to administer waters for agricultural and non- agricultural uses, in accordance with approved cultivation and irrigation plans.

- **Ministry of Labor and Employment Promotion - MTPE (www.gob.pe/mtpe)**

  This is the body governing labor in Peru, with all powers necessary to lead the implementation of policies and programs for generating and improving employment, and also responsible for enforcement of legislation for labor matters.

B. Stakeholders

- **Ministry of Foreign Affairs: Directorate-General of Economic Promotion**

The Directorate-General of Economic Promotion (DPE) is the institution of the Ministry of Foreign Affairs (MRE) responsible for coordinating with Peruvian missions abroad in an effort to promote Peru as a country capable of providing goods and services in international markets, as well as positioning it as a world-renowned tourist destination, and a country with interesting business and investment opportunities in different economic sectors.

The DPE reaffirms its commitment to provide services with high standards of quality, excellence, and continuous improvement in the development of the certified processes, such as:

- Support for exporters, investors, and travel agents
- Support for trade, investment, and tourism missions
- Response to requests
- Training
- Dissemination of opportunities
- Organization of events
- Resolution of trade problems and impasses

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  (Investment Promotion Bureau)

  +51 1 204 3392
  (Tourism Promotion Bureau)
- Email: dpe@rree.gob.pe
- Website: www.gob.pe/rree

- **National Society of Mining, Oil and Energy - SNMPE (www.snmpe.org.pe)**

  Non-profit organization, groups the companies related to the mining, oil & gas and energetic activities in the country.

- **Private Investment Promotion Agency (ProInversión)**

  ProInversión is the Peruvian investment agency in charge of the promotion of business opportunities with high growth and profitability expectation in Peru. Its purpose is to promote investment unrelated to the Peruvian government by private parties in order to boost Peru's competitiveness and development and to improve the wellbeing of the population.

  Likewise, its vision is to be considered by investors and by the population as an efficient and strategic ally for the development of Peru's investments.

  ProInversión provides information to potential investors regarding the incorporation of a legal entity, identifying investment by industries, investment projects (granted and pending) among other.

  - Web page: www.proinversion.gob.pe
  - E-mail: contact@proinversion.gob.pe
  - Address: Headquarters (Lima): Paseo de la República N° 3361, floor 9, San Isidro - Lima 27.
  - Tel: +51 1 612 1200
  - Fax: +51 1 221 2941

Offices:

- Arequipa: Pasaje Belén N° 113 - Vallecito, Arequipa.

  Tel: +51 54 608 114
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- Piura: Av. Chirichigno Mz. A - Lote 2, Urb. San Eduardo, Piura.

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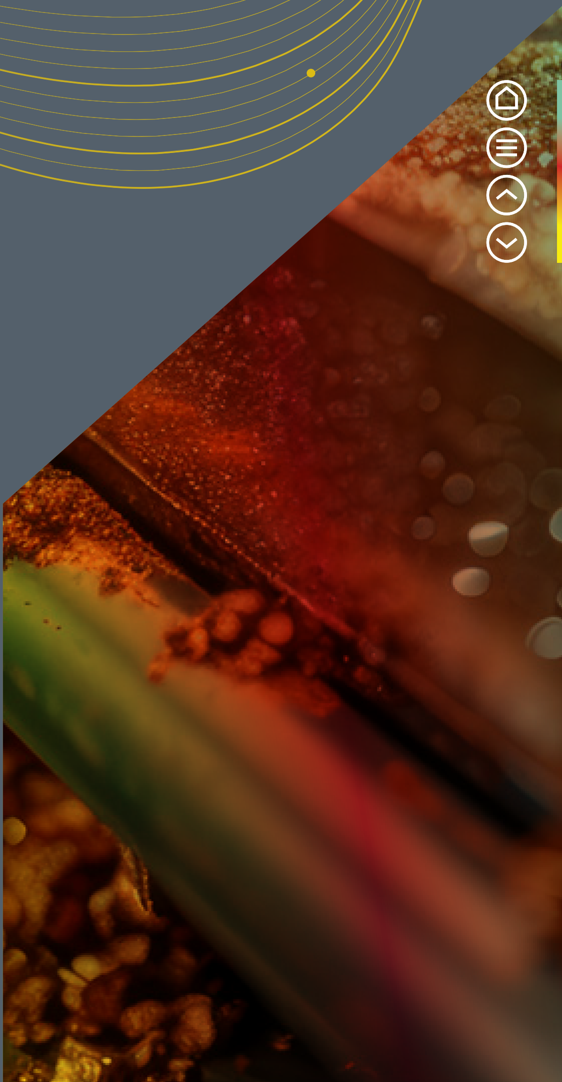
EY IN THE MINING AND METALS SECTOR

EY's strengths



EY's strengths

EY's mining and metals professionals combine technical capabilities with a thorough understanding of the industry's operating processes, strategic and operating risks, growth drivers, regulatory considerations, and market dynamics.

We use our wide experience of working with the world's largest mining and metals companies to help you to address your key business issues. This might involve helping you to overcome current sector issues such as rising costs where we can help you to streamline operational and business processes, and improve productivity on key profit drivers.

In this environment of increased sector consolidation, we can assist you with your divestment strategies, to ensure that you realize full value at exit. If you are looking to expand your operations to new regions, you can draw on our deep understanding of how to manage operational risks-both political and otherwise.

EY has a number of multi-service line solutions to help our clients meet these challenges.

A.

EY services

EY has a global focus on mining and metals, with over 14,000 specialist global professionals including mining engineers, mineral process specialists and geologists. Our global team is closely networked and share industry and technical knowledge to provide our clients with a seamless global service. Some of our specialist mining & metals based services include:

A. Sustainability and climate change

Providing an extensive range of services in areas such as sustainability reporting and assurance, sustainability strategy, environmental and social risk management, greenhouse gas emissions advisory, renewable energy, social and financial impact, legal advice and compliance assessment and climate change management.

B. Mining advisory

Improving supply chain responsiveness to demand volatility; delivering core business re-engineering (e.g. merging a number of mines into one management structure), and delivering mine-based projects aimed at reducing costs or increasing production.

C. Mining legal advisory

Legal advice on regulatory and environmental mining matters, including regulatory and environmental permits, licenses, authorizations; review and drafting of agreements, evaluation of legal mining obligations and commitments, revision of regulations applicable to the activity, among others, with a vision and understanding of the mining business.

D. Mergers and acquisitions advisory

Mergers and acquisitions, at either the holding company or asset level, require specific knowledge and skills in order to complete transactions. The knowledge and skills required relate to the regulatory environment, including the rules and regulations of each country's stock exchange, accounting, legal, structuring and taxation disciplines in addition to an understanding of transaction value-drivers.

E. Valuation and business modelling (V&BM)

Providing a range of services to companies in the mining sector including valuations for purchase price allocation/acquisition accounting, tax planning, finance and stamp duty purposes and has specialists with extensive skills ranging from valuations of businesses and intangible assets to specialised mining capital equipment and real estate.

Our valuations personnel have experience in the extraction, beneficiation, refining, smelting and processing of base metals, bauxite, coal, diamonds, gold, iron ore, limestone, mineral sands, nickel, salt, etc. Further V&BM has deep expertise in model builds and reviews and is able to construct or review life of mine cash flow models as part of an acquisition strategy.

F. Project finance advisory

Advising on the development, optimisation and implementation of finance plans covering the full range of project financing options for resources projects; non and limited recourse debt and tax effective leasing structures for coal mines, gold mines, copper mines, mineral sands producers and other resources project as well as a number of associated infrastructure projects such as preparation plants, conveyor systems and gas pipelines.

G. Transactions advisory

Our global transaction capability covers over 80 countries and comprises over 5,000 professionals. These transaction professionals work across many elements of the transaction life cycle in the deal critical areas of financial due diligence, tax due diligence, legal due diligence and structuring, valuation and business modelling and transaction integration.

H. Transaction integration

Providing commercial and operational due diligence, integration planning and methodology development, synergy assessment, and integration program management; corporate strategy advice on market opportunities and areas to exploit along the mining value chain, as well as practical operational advice in areas such as overhead and capital expenditure cost reduction, process efficiency, supply chain and procurement, and in functional areas such as finance and human resources.

B.

EY knowledge

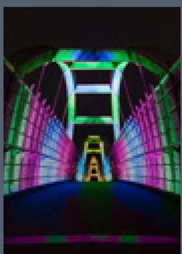
How EY's professionals are kept abreast of industry developments

To ensure our teams are abreast with the hot issues, we provide all our people with regular monthly internal training focusing on the industry, as well as subscribing to a number of specialist resources.

We have a Global Mining & Metals Community Home Space, which is a portal for our professionals to access all of our global sector content including best practice deliverables, industry insights and thought leadership.

On a monthly basis, our global network receives a monthly hot topics email, Mining and Metals News.

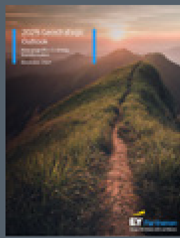
C.
EY thought leadership



Top 10 mining and metals risks in 2025 | EY - Global

In 2025, mining companies must balance capital discipline with strategic investments in critical minerals for the energy transition. Prioritizing environmental management, innovation, and collaboration will be key to ensuring a sustainable supply and turning risks into opportunities.

https://www.ey.com/en_gl/insights/energy-resources/risks-opportunities



Top 10 geopolitical risks in 2025 Geostrategic Outlook | EY - Global

The global landscape in 2025 remains shaped by geopolitical shifts, policy changes, and economic sovereignty efforts. As volatility persists, business leaders must navigate evolving regulations, trade protectionism, and ongoing geopolitical rivalries to stay competitive.

https://www.ey.com/en_gl/insights/geostrategy/2025-geostrategic-outlook#Returntothetoptoaccessthefullreport

Will growing volatility see battery investment charge ahead or power down?

As renewables proliferate and electrification grows, we will face growing challenges to system adequacy, grid management and price volatility. Battery energy storage systems (BESS) can form part of the solution, and investment in BESS is increasing.

https://www.ey.com/en_au/insights/energy-resources/four-factors-to-guide-investment-in-battery-storage

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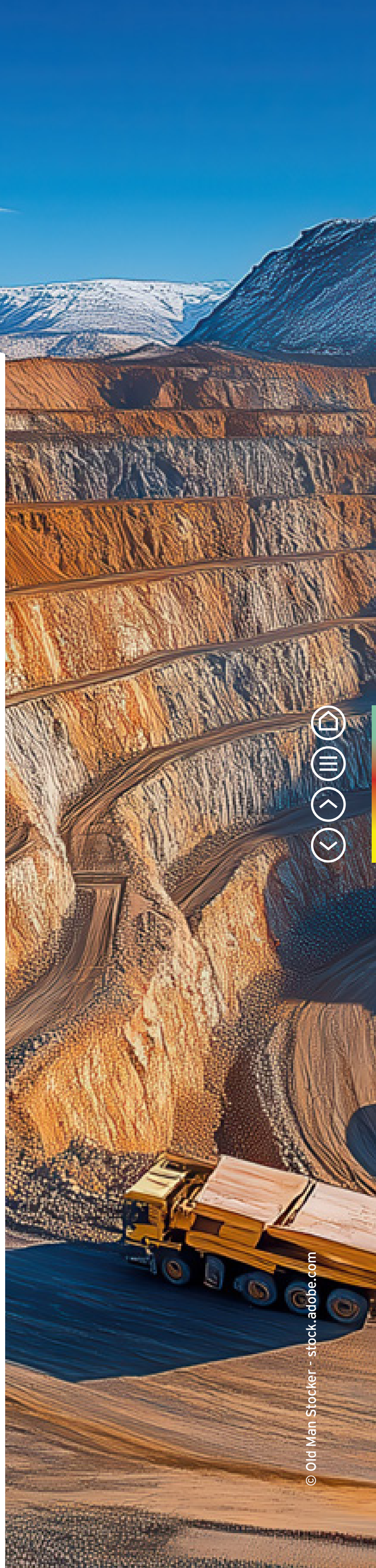
About this mining & metals investment guide 2025/2026

First published in 2010, this guide has been designed to be easily consulted and to offer a balanced and objective account of areas of potential interest to foreign mining investors. In this edition, we have chosen to leave the general structure of the 2013/2014 edition intact. We have, however, drawn from what we have learned from those who have used this reference booklet and from our own experiences, and included the most recent data available in January 2025 and some additional commentary on a variety of critical topics. The aim is to supply international exploration and mining companies (majors and juniors) with a fact base and critical information to facilitate and support their investment-making discussions and decisions.



EY | Building a better working world

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Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy & transactions. Fueled by sector insights, a globally connected, multidisciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

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Peru's mining & metals
investment guide
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ISBN: 978-612-5043-90-0