

Compañía de Minas Buenaventura S.A.A. and Subsidiaries

Unaudited interim consolidated financial statements as of March 31,
2017 and 2016 and for the three-month period then ended

Report on review of interim consolidated financial statements

To the Board of Directors of Compañía de Minas Buenaventura S.A.A.

Introduction

We have reviewed the accompanying interim consolidated financial statements of Compañía de Minas Buenaventura S.A.A. (a Peruvian public corporation) and Subsidiaries (together the "Group") which comprise the interim consolidated statements of financial position as of March 31, 2017, and the interim consolidated statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the three-month periods ended March 31, 2017 and 2016, and explanatory notes. The Group's Management is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards approved in Peru by the Board of Deans of the Peruvian Charter of Accountants and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

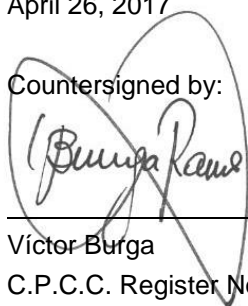
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Lima, Peru
April 26, 2017

Paredes, Burga & Asociados

Countersigned by:



Víctor Burga
C.P.C.C. Register No.14859

Compañía de Minas Buenaventura S.A.A. and Subsidiaries

Consolidated statements of financial position

As of March 31, 2017 (unaudited) and December 31, 2016 (audited)

	Note	2017 US\$(000)	2016 US\$(000)
Assets			
Current assets			
Cash and cash equivalents	3	170,584	80,544
Trade and other receivables, net	4(a)	296,323	269,089
Inventories, net	5(a)	126,658	120,947
Income tax credit		12,789	19,956
Prepaid expenses		13,190	11,392
Embedded derivatives for sale of concentrate, net		4,147	-
		<u>623,691</u>	<u>501,928</u>
Non-current assets			
Trade and other receivables, net	4(a)	151,342	166,048
Income tax credit		4,012	3,660
Inventories, net	5(a)	9,435	14,027
Investments in associates	6(a)	1,578,591	1,536,607
Mining concessions, development costs, property, plant and equipment, net	7	2,002,697	1,960,025
Investment properties, net		9,964	10,089
Deferred income tax asset, net		34,658	25,881
Prepaid expenses		28,128	30,431
Other assets		18,427	17,719
		<u>3,837,254</u>	<u>3,764,487</u>
Total assets		<u>4,460,945</u>	<u>4,266,415</u>
Liabilities and shareholders' equity, net			
Current liabilities			
Bank loans	8	190,000	55,000
Trade and other payables		279,608	273,440
Provisions		62,089	62,502
Income tax payable		10,003	8,686
Embedded derivatives for sale of concentrate, net		-	1,524
Hedge derivative financial instruments		1,017	3,863
Financial obligations	9(a)	40,683	40,110
		<u>583,400</u>	<u>445,125</u>
Non-current liabilities			
Trade and other payables		17,172	15,982
Provisions		171,983	174,190
Financial obligations	9(a)	548,220	552,232
Contingent consideration liability		19,343	19,343
Deferred income tax liabilities, net		11,749	12,330
		<u>768,467</u>	<u>774,077</u>
Total liabilities		<u>1,351,867</u>	<u>1,219,202</u>
Shareholders' equity, net			
Capital stock		750,497	750,497
Investment shares		791	791
Additional paid-in capital		218,450	218,450
Legal reserve		163,071	162,744
Other reserves		269	269
Retained earnings		1,746,340	1,690,123
Other reserves of equity		(158)	(1,783)
		<u>2,879,260</u>	<u>2,821,091</u>
Shareholders' equity, net attributable to owners of the parent		2,879,260	2,821,091
Non-controlling interest		229,818	226,122
Total shareholders' equity, net		<u>3,109,078</u>	<u>3,047,213</u>
Total liabilities and shareholders' equity, net		<u>4,460,945</u>	<u>4,266,415</u>

Compañía de Minas Buenaventura S.A.A. and Subsidiaries

Interim consolidated statements of profit or loss (unaudited) For the three-month period ended March 31, 2017 and 2016

	Note	2017 US\$(000)	2016 US\$(000)
Continuing operations			
Operating income			
Net sales of goods	11	266,289	215,080
Net sales of services	11	6,503	5,568
Royalty income	15(a)	5,470	6,685
Total operating income		<u>278,262</u>	<u>227,333</u>
Operating costs			
Cost of sales of goods, excluding depreciation and amortization	12	(136,607)	(112,672)
Cost of services, excluding depreciation and amortization		(4,713)	(2,740)
Depreciation and amortization		(44,309)	(46,838)
Exploration in operating units		(19,661)	(19,116)
Mining royalties		(6,358)	(6,168)
Total operating costs		<u>(211,648)</u>	<u>(187,534)</u>
Gross profit		<u>66,614</u>	<u>39,799</u>
Operating expenses, net			
Administrative expenses		(22,455)	(21,411)
Provision for contingencies	13	(12,482)	(885)
Selling expenses		(4,313)	(4,773)
Exploration in non-operating areas		(2,293)	(3,514)
Other, net		(1,949)	3,817
Total operating expenses, net		<u>(43,492)</u>	<u>(26,766)</u>
Operating profit		<u>23,122</u>	<u>13,033</u>
Other income (expense), net			
Share in the results of associates	6(b)	44,864	28,397
Net gain from currency exchange difference		3,003	6,379
Financial income		1,291	2,347
Financial costs		(7,212)	(7,980)
Total other income, net		<u>41,946</u>	<u>29,143</u>
Profit before income tax		<u>65,068</u>	<u>42,176</u>
Current income tax	14	(6,260)	(7,003)
Deferred income tax	14	9,719	13,792
Profit from continuing operations		<u>68,527</u>	<u>48,965</u>
Discontinued operations			
Profit from discontinued operations		7,723	2,283
Net profit		<u>76,250</u>	<u>51,248</u>
Attributable to:			
Owners of the parent		70,696	51,562
Non-controlling interest		5,554	(314)
		<u>76,250</u>	<u>51,248</u>
Basic and diluted profit per share attributable to equity holders of the parent, stated in U.S. dollars			
		<u>0.28</u>	<u>0.20</u>
Profit for continuing operations, basic and diluted per share attributable to equity holders of the parent, expressed in U.S. dollars			
		<u>0.25</u>	<u>0.19</u>

Compañía de Minas Buenaventura S.A.A. and Subsidiaries

Interim consolidated statements of other comprehensive income (unaudited)

For the three-month ended March 31, 2017 and 2016

	2017 US\$(000)	2016 US\$(000)
Net profit	<u>76,250</u>	<u>51,248</u>
Other comprehensive income of the period:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Unrealized results on investments	192	-
Net change in unrealized loss on cash flow hedges	2,075	(8,242)
Income tax effect	<u>(840)</u>	<u>2,308</u>
Other comprehensive income of the period	<u>1,427</u>	<u>(5,934)</u>
Total other comprehensive income, net of income tax	<u>77,677</u>	<u>45,314</u>
Attributable to:		
Owners of the parent	72,321	45,665
Non-controlling interest	<u>5,356</u>	<u>(351)</u>
	<u>77,677</u>	<u>45,314</u>

Compañía de Minas Buenaventura S.A.A. and Subsidiaries

Interim consolidated statements of changes in shareholders' equity (unaudited)

For the three-month period ended March 31, 2017

	Attributable to equity holders of the parent										
	Capital stock, net of treasury shares			Additional paid-in capital US\$(000)	Legal reserve US\$(000)	Other reserves US\$(000)	Retained earnings US\$(000)	Other reserves of equity US\$(000)	Total US\$(000)	Non- controlling interest US\$(000)	Total shareholders' equity, net US\$(000)
Number of shares outstanding	Common shares US\$(000)	Investment shares US\$(000)									
As of January 1, 2016	253,715,190	750,497	1,396	219,055	162,714	269	2,024,895	2,240	3,161,066	228,170	3,389,236
Net profit (loss)	-	-	-	-	-	-	51,562	-	51,562	(314)	51,248
Other comprehensive loss	-	-	-	-	-	-	-	(5,897)	(5,897)	(37)	(5,934)
Total other comprehensive income (loss)	-	-	-	-	-	-	51,562	(5,897)	45,665	(351)	45,314
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	(158)	(158)
Dividends declared	-	-	-	-	-	-	-	-	-	(2,080)	(2,080)
As of March 31, 2016	<u>253,715,190</u>	<u>750,497</u>	<u>1,396</u>	<u>219,055</u>	<u>162,714</u>	<u>269</u>	<u>2,076,457</u>	<u>(3,657)</u>	<u>3,206,731</u>	<u>225,581</u>	<u>3,432,312</u>
As of January 1, 2017	253,715,190	750,497	791	218,450	162,744	269	1,690,123	(1,783)	2,821,091	226,122	3,047,213
Net profit	-	-	-	-	-	-	70,696	-	70,696	5,554	76,250
Other comprehensive income (loss)	-	-	-	-	-	-	-	1,625	1,625	(198)	1,427
Total other comprehensive income (loss)	-	-	-	-	-	-	70,696	1,625	72,321	5,356	77,677
Dividends declared and not paid, note 10	-	-	-	-	-	-	(14,479)	-	(14,479)	(1,660)	(16,139)
Expired dividends	-	-	-	-	327	-	-	-	327	-	327
As of March 31, 2017	<u>253,715,190</u>	<u>750,497</u>	<u>791</u>	<u>218,450</u>	<u>163,071</u>	<u>269</u>	<u>1,746,340</u>	<u>(158)</u>	<u>2,879,260</u>	<u>229,818</u>	<u>3,109,078</u>

Compañía de Minas Buenaventura S.A.A. and Subsidiaries

Interim consolidated statements of cash flows (unaudited)

For the three-month periods ended March 31, 2017 and 2016

	Note	2017 US\$(000)	2016 US\$(000)
Operating activities			
Proceeds from sales		255,316	181,821
Proceeds from dividends	16(a)	3,073	134,015
Value added tax recovered		7,938	53,093
Royalty received		6,209	7,557
Interest received		961	1,654
Payments to suppliers and third-parties		(189,653)	(168,056)
Payments to employees		(42,720)	(35,765)
Payments of mining royalties		(4,379)	(4,469)
Payments of interest		(5,937)	(3,790)
Payment of income taxes		(11,434)	(2,157)
		<u>19,374</u>	<u>163,903</u>
Net cash and cash equivalents provided by operating activities			
Investing activities			
Proceeds from loan to third parties	15(a)	17,680	-
Proceeds from sales of mining concessions, property, plant and equipment		6,571	110
Acquisitions of mining concessions, development costs, property, plant and equipment	7	(81,612)	(52,028)
		<u>(57,361)</u>	<u>(51,918)</u>
Net cash and cash equivalents used in investing activities			
Financing activities			
Proceeds from bank loans		165,000	160,000
Payments of bank loans		(30,000)	(160,000)
Payments of financial obligations		(3,613)	(8,584)
Increase of restricted bank accounts	4	(1,691)	(4,452)
Dividends paid to non-controlling interest		(1,669)	(2,080)
Proceeds from financial obligations		-	1,186
Acquisition of non-controlling interest		-	(158)
		<u>128,027</u>	<u>(14,088)</u>
Net cash and cash equivalents (used in) provided by financing activities			
Net increase in cash and cash equivalents during the period, net		90,040	97,897
Cash and cash equivalents at beginning of period		80,544	76,588
		<u>170,584</u>	<u>174,485</u>
Cash and cash equivalents at period-end		<u>170,584</u>	<u>174,485</u>

Compañía de Minas Buenaventura S.A.A. and Subsidiaries

Notes to the interim consolidated financial statements (unaudited)

As of March 31, 2017 and 2016

1. Identification and business activity

(a) Identification -

Compañía de Minas Buenaventura S.A.A. (hereafter “Buenaventura” or “the Company”) is a publicly traded corporation incorporated in 1953 in Lima city. The Company stock is traded on the Lima and New York Stock Exchanges through American Depositary Receipts (ADRs), which represent the Company’s shares deposited in the Bank of New York. The Company’s legal domicile is at Las Begonias Street N°415, San Isidro, Lima, Peru.

(b) Business activity -

The Company and its subsidiaries (hereinafter “the Group”), directly or associated with third parties, are principally engaged in the exploration, mining, concentration, smelting and marketing of polymetallic ores and metals.

As of March 31, 2017, the Group operates directly four operating mining units in Peru (Uchucchacua, Orcopampa, Julcani and Mallay), a ramp-up stage mining unit (Tambomayo), three mining units with discontinued operations (Poracota, Recuperada and Shila-Paula) and one mining unit under development stage (San Gabriel). In addition, the Group has a controlling interest in Sociedad Minera El Brocal S.A.A. (hereinafter “El Brocal”), which operates the Colquijirca mining unit; Minera La Zanja S.R.L. (hereinafter “La Zanja”), which operates La Zanja mining unit; El Molle Verde S.A.C. (hereinafter “Molle Verde”) which operates Trapiche, a mining unit at the development stage; and other entities dedicated to energy generation and transmission services, construction and engineering services and other activities. All these activities are carried out in Peru.

2. Basis for preparation, consolidation and accounting policies

2.1. Basis of preparation and presentation -

The unaudited interim consolidated financial statements have been prepared and presented in accordance with IAS 34 - “Interim Financial Reporting”, as issued by the International Accounting Standards Board (hereinafter “IASB”).

The unaudited interim consolidated financial statements have been prepared on a historical cost basis, from the accounting records of the Group, except for financial assets and liabilities at fair value through profit or loss.

The unaudited interim consolidated financial statements are stated in U.S. dollars and all values have been rounded to the nearest thousands, except when otherwise indicated.

The unaudited interim consolidated financial statements provide comparative information for prior periods, however, do not include all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements as of December 31, 2016 and for the year then ended.

Notes to the interim consolidated financial statements (unaudited)

(continued)

2.2. New standards and interpretations adopted by the Group -

The accounting policies used by the Group for the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements as of December 31, 2016 and for the year then ended.

Certain standards and amendments apply from January 1, 2017, however, they did not impact the unaudited interim consolidated financial statements of the Group as of March 31, 2017 and, therefore, they have not been disclosed. The Group has not early adopted any standard, interpretation or modification issued and not yet effective.

3. Cash and cash equivalents

This caption is made up as follow:

	As of March 31, 2017	As of December 31, 2016
	US\$(000)	US\$(000)
Cash	523	290
Bank accounts (i)	42,606	48,754
Time deposits (ii)	127,455	31,500
	<u>170,584</u>	<u>80,544</u>

(i) Banks accounts are freely available and earn interest at floating rates based on market rates.

(ii) As of March 31, 2017 and December 31, 2016, time deposits were kept in prime financial institutions, which generated interest at annual market rates and had original maturities of less than 90 days, according to the immediate cash needs of the Group.

Notes to the interim consolidated financial statements (unaudited)

(continued)

4. Trade and other receivables, net

(a) This caption is made up as follows:

	As of March 31, 2017 US\$(000)	As of December 31, 2016 US\$(000)
Trade receivables, net		
Domestic and foreign clients	184,669	167,065
Related entities, note 15(b)	7,171	7,760
Allowance for doubtful accounts (b)	(22,680)	(22,644)
	<u>169,160</u>	<u>152,181</u>
Other receivables		
Related entities, note 15(b)	109,042	126,669
Value added tax credit	107,068	96,204
Claims to third parties	29,687	26,705
Refund application of value added tax	13,002	17,037
Tax deposits	11,403	13,479
Restricted bank accounts	3,778	2,087
Other minor	11,972	9,738
Allowance for doubtful accounts (b)	(7,447)	(8,963)
	<u>278,505</u>	<u>282,956</u>
Total trade and other receivables, net	<u>447,665</u>	<u>435,137</u>
Classification by maturity:		
Current portion	296,323	269,089
Non-current portion	151,342	166,048
	<u>447,665</u>	<u>435,137</u>
Classification by nature:		
Financial receivables	327,595	321,896
Non-financial receivables	120,070	113,241
	<u>447,665</u>	<u>435,137</u>

(b) In the opinion of Group's Management, allowance for doubtful accounts' balance is sufficient to cover adequately the risks of failure to date of the interim consolidated statements of financial position.

Notes to the interim consolidated financial statements (unaudited)

(continued)

5. Inventory, net

(a) This caption is made up as follows:

	As of March 31, 2017 US\$(000)	As of December 31, 2016 US\$(000)
Finished goods	11,093	12,763
Products in process	60,161	66,651
Spare parts and supplies	72,934	63,946
	<u>144,188</u>	<u>143,360</u>
Provision for impairment of value of inventory (b)	(8,095)	(8,386)
	<u>136,093</u>	<u>134,974</u>
Classification by use:		
Current portion	126,658	120,947
Non-current portion	9,435	14,027
	<u>136,093</u>	<u>134,974</u>

(b) In the opinion of Group's Management, the provision for impairment of value of inventories is sufficient to cover adequately the risks of obsolescence and slow movement of this caption to the date of the interim consolidated statements of financial position.

6. Investments in associates

(a) This caption is made up as follows:

	Share in equity	As of March 31, 2017 US\$(000)	As of December 31, 2016 US\$(000)
	2017 - 2016 %		
Sociedad Minera Cerro Verde S.A.A.	19.584	1,091,530	1,055,488
Minera Yanacocha S.R.L.	43.65	407,616	402,866
Compañía Minera Coimolache S.A.	40.095	75,926	74,734
Other minor investments		3,519	3,519
		<u>1,578,591</u>	<u>1,536,607</u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

- (b) The table below presents the net share in profit (loss) of associates for the three-month period ended March 31, 2017 and 2016:

	2017 US\$(000)	2016 US\$(000)
Sociedad Minera Cerro Verde S.A.A.	36,042	18,974
Minera Yanacocha S.R.L.	4,557	3,700
Compañía Minera Coimolache S.A.	4,265	5,723
	<u>44,864</u>	<u>28,397</u>

7. Mining concessions, development costs, property, plant and equipment, net

- (a) This caption is made up as follows:

	Cost US\$(000)	Accumulated depreciation / amortization US\$(000)	Provision for impairment of long-lived assets US\$(000)	Net cost US\$(000)
As of January 1, 2017	3,501,216	(1,510,809)	(30,382)	1,960,025
Additions (b)	89,250	(48,739)	-	40,511
Reclassification	5,024	-	-	5,024
Disposals / sales	(87,976)	74,980	10,133	(2,863)
As of March 31, 2017	<u>3,507,514</u>	<u>(1,484,568)</u>	<u>(20,249)</u>	<u>2,002,697</u>
As of January 1, 2016	3,021,340	(1,262,461)	(11,255)	1,747,624
Additions (b)	56,517	(49,582)	-	6,935
Disposals / sales	(2,478)	735	-	(1,743)
As of March 31, 2016	<u>3,075,379</u>	<u>(1,311,308)</u>	<u>(11,255)</u>	<u>1,752,816</u>

- (b) The main additions during the first quarter 2017, are related to construction and assembly of the plant of the ramp-up stage mining unit of Tambomayo for approximately US\$59.0 million (US\$28.0 million during the first quarter 2016).

8. Bank loans

As of March 31, 2017, the Group maintains bank loans amounting to US\$190 million which were obtained for working capital purposes, have current maturity and accrue interest at market annual rates ranging from 1.79% to 4.14% (as of December 31, 2016, the Group held a loan of US\$55 million, which accrued interest at market annual rates ranging from 1.92% to 4.14%). These bank loans have no guarantees.

Notes to the interim consolidated financial statements (unaudited)

(continued)

9. Financial obligations

(a) This caption is made up as follow:

	As of March 31, 2017 US\$(000)	As of December 31, 2016 US\$(000)
Compañía de Minas Buenaventura S.A.A.		
BBVA Banco Continental	61,667	61,667
Banco de Crédito del Perú	61,667	61,667
CorpBanca New York Branch	61,666	61,666
Banco Internacional del Perú	30,000	30,000
ICBC Perú Bank	25,000	25,000
Banco Latinoamericano de Comercio Exterior S.A.	20,000	20,000
Banco de Sabadell, Miami Branch	15,000	15,000
	<u>275,000</u>	<u>275,000</u>
Debt issuance costs	(2,945)	(3,119)
	<u>272,055</u>	<u>271,881</u>
Empresa de Generación Huanza S.A.		
Banco de Crédito del Perú – Finance lease	172,706	176,062
Sociedad Minera El Brocal S.A.A.		
Banco de Crédito del Perú – Leaseback	137,031	136,812
Other minor obligations	153	173
Buenaventura Ingenieros S.A.		
Banco de Crédito del Perú – Finance lease	6,917	7,361
Contacto Corredores de Seguros S.A.		
BBVA Banco Continental S.A. – Finance lease	41	53
Total financial obligations	<u>588,903</u>	<u>592,342</u>
Classification by maturity:		
Current portion	40,683	40,110
Non-current portion (b)	548,220	552,232
Total financial obligations	<u>588,903</u>	<u>592,342</u>

The compliance with the clauses described in the annual audited report is overseen by the Group's Management. As of March 31, 2017, Compañía de Minas Buenaventura S.A.A complies with the financial ratios agreed with the banks indicated in paragraph (a), except for the financial ratios agreed by Sociedad Minera El Brocal S.A.A. and Buenaventura Ingenieros S.A., for which the corresponding waivers have been obtained until December 31, 2017.

Notes to the interim consolidated financial statements (unaudited)

(continued)

(b) The non-current portion of the financial obligations held by the Group matures as follows:

Year	As of March 31,	As of December 31,
	2017 US\$(000)	2016 US\$(000)
Between 1 to 2 years	98,902	81,057
Between 2 to 5 years	452,263	474,294
	551,165	555,351
Debt issuance costs	(2,945)	(3,119)
	<u>548,220</u>	<u>552,232</u>

10. Dividends declared and not paid

By means of Mandatory Annual Shareholders' Meeting held on March 28, 2017, a distribution of dividends was approved for US\$0.057 per share, equivalent to US\$15,711,000 (US\$14,479,000 net of treasury shares), which are unpaid as of March 31, 2017. The unpaid dividends are presented within the "Trade and other payables" caption.

During the first quarter of 2016, no dividends were declared.

11. Net sales

The table below presents the detail of net sales by metal for the three-month periods ended March 31, 2017 and 2016:

	2017 US\$(000)	2016 US\$(000)
Sales by metal		
Gold	96,412	97,582
Silver	99,864	76,381
Copper	58,962	49,127
Zinc	48,383	19,991
Lead	22,257	11,704
Manganese sulfate	2,247	1,649
	<u>328,125</u>	<u>256,434</u>
Commercial deductions	(66,155)	(54,341)
Adjustments to current period liquidations	4,597	8,117
Embedded derivatives from sale of concentrate	5,669	4,870
Hedge operations	(5,947)	-
Net sales of goods	<u>266,289</u>	<u>215,080</u>
Net sales of services	<u>6,503</u>	<u>5,568</u>
	<u>272,792</u>	<u>220,648</u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

12. Cost of sales, excluding depreciation and amortization

The cost of sales of goods is made up as follows:

	2017 US\$(000)	2016 US\$(000)
Beginning balance of finished goods and products in process, net of depreciation and amortization	46,971	77,051
Cost of production:		
Services provided by third parties	56,529	53,576
Consumption of materials and supplies	28,568	21,823
Direct labor	21,839	17,043
Electricity and water	10,527	5,456
Maintenance and repair	5,735	1,797
Rentals	3,735	1,381
Transport	2,769	2,173
Insurances	1,114	972
Cost of concentrate purchased from associate	426	-
Reversal for impairment of finished goods and product in progress	(1,664)	(1,782)
Other production expenses	4,297	1,950
Total cost of production of the period	133,875	104,389
Final balance of products in process and finished goods, net of depreciation and amortization	(44,239)	(68,768)
Cost of sales of goods, excluding depreciation and amortization	136,607	112,672

13. Provision for contingencies

During 2017, the Group recorded a provision for obligations with the communities by US\$11,597,000, mainly due to the negotiations in its units.

Notes to the interim consolidated financial statements (unaudited)

(continued)

14. Income taxes

- (a) Below is a reconciliation of tax expense and the accounting profit (loss) multiplied by the statutory tax rate:

	2017 US\$(000)	2016 US\$(000)
Profit before income tax for continued operations	65,068	42,176
Profit for discontinued operations	7,723	2,286
	<hr/>	<hr/>
Profit before income tax	72,791	44,462
Theoretical loss for income tax	21,473	12,449
Permanent items and others:		
Effect of translation into U.S. dollars	(14,944)	(17,385)
Share in the results of associates	(13,235)	(7,951)
Permanent items	1,413	4,005
Mining royalties and special mining tax	669	1,010
	<hr/>	<hr/>
Income tax benefit	(4,624)	(7,872)
Mining Royalties and Special Mining Tax	1,165	1,083
	<hr/>	<hr/>
Total income tax	(3,459)	(6,789)

- (b) As of March 31, 2017, no changes have occurred in the open tax processes of the Group compared to the ones disclosed in note 29 of the consolidated annual financial statements as of December 31, 2016.
- (c) The composition of income (expense) for income taxes shown in the consolidated statement of profit or loss for the three-month period ended March 31, 2017 and 2016 is as follows:

	2017 US\$(000)	2016 US\$(000)
Income tax		
Current	(6,260)	(7,003)
Deferred	9,719	13,792
	<hr/>	<hr/>
Total income tax	3,459	6,789

Notes to the interim consolidated financial statements (unaudited)

(continued)

15. Related parties transactions

- (a) Main transactions made by the Group with its associates during the three-month period ended March 31, 2017 and 2016 are presented below:

	2017 US\$(000)	2016 US\$(000)
Incomes:		
Royalties	5,470	6,685
Sales:		
Energy	418	408
Mineral	407	435
Supplies	-	1
Purchase:		
Supplies	10	28
Services provided:		
Administrative and management services	535	301
Engineering services	258	169
Electric power transmission	253	512
Other	-	35
Dividends received by:		
Compañía Minera Coimolache S.A.	3,073	3,065
Minera Yanacocha S.R.L.	-	130,950
Interest received from:		
Sociedad Minera Cerro Verde S.A.A.	959	1,062
Compañía Minera Coimolache S.A.	-	3
Loans collected:		
Sociedad Minera Cerro Verde S.A.A.	17,680	-

Notes to the interim consolidated financial statements (unaudited)

(continued)

- (b) As a result of the transactions indicated and other minors, the Group had the following accounts receivable and payable from/to associates:

	As of March 31, 2017 US\$(000)	As of December 31, 2016 US\$(000)
Trade and other receivables, note 4(a) -		
Trade		
Minera Yanacocha S.R.L.	6,620	7,079
Compañía Minera Coimolache S.A.	551	681
	<u>7,171</u>	<u>7,760</u>
Other		
Sociedad Minera Cerro Verde S.A.A.	108,473	126,050
Minera Yanacocha S.R.L.	554	379
Compañía Minera Coimolache S.A.	15	240
	<u>109,042</u>	<u>126,669</u>
Total trade and other receivables, net	<u>116,213</u>	<u>134,429</u>
Classification by maturity:		
Current portion	7,740	8,379
Non-current portion	108,473	126,050
	<u>116,213</u>	<u>134,429</u>
Trade and other payables -		
Trade		
Minera Yanacocha S.R.L.	767	1,347
Compañía Minera Coimolache S.A.	29	25
	<u>796</u>	<u>1,372</u>
Other payables		
Compañía Minera Coimolache S.A.	22	3
	<u>22</u>	<u>3</u>
Total trade and other payables, net	<u>818</u>	<u>1,375</u>

The trade and other receivables from related entities corresponds mainly to disbursements made to these entities in order to finance their operating activities, which generate interest at fixed market rates.

Notes to the interim consolidated financial statements (unaudited)

(continued)

16. Disclosure of information on segments

Management has determined its operating segments based on reports that the Group's Chief Operating Decision Maker (CODM) uses for making decisions. The Group is organized into business units based on its products and services, activities and geographic locations. The broad categories of the Group's business units are:

- Production and sale of minerals.
- Exploration and development activities (including ramp-up stage mining unit of Tambomayo).
- Construction and engineering services.
- Energy generation and transmission services.
- Insurance brokerage.
- Rental of mining concessions.
- Holding of investment in shares (mainly in the associate company Minera Yanacocha S.R.L. and the Group's subsidiary S.M.R.L. Chaupiloma Dos de Cajamarca).
- Industrial activities.

The CODM monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Group's consolidated financial statements. Also, the Group's financing and income taxes are managed at the corporate level and are not allocated to the operating segments.

Notes to the interim consolidated financial statements (unaudited) (continued)

	Uchucchacua (Mining operation) US\$(000)	Orcopampa (Mining operation) US\$(000)	Julcani (Mining operation) US\$(000)	Mallay (Mining operation) US\$(000)	Colquijirca (Mining operation) US\$(000)	La Zanja (Mining operation) US\$(000)	Exploration and development mining projects US\$(000)	Construction and engineering US\$(000)	Energy generation and transmission US\$(000)	Insurance brokerage US\$(000)	Rental of mining concessions US\$(000)	Holding of investment in shares US\$(000)	Industrial activities US\$(000)	Corporate US\$(000)	Sub Total US\$(000)	Adjustments and eliminations US\$(000)	Total US\$(000)
As of March 31, 2017																	
Results:																	
Continuing operations:																	
Operating income																	
Net sale of goods	63,900	54,827	17,447	10,500	76,035	39,829	-	-	-	-	-	-	2,247	34,489	299,274	(32,985)	266,289
Net sale of services	-	-	-	-	-	-	-	2,471	15,156	2,189	-	154	4,877	-	24,847	(18,344)	6,503
Royalty income	-	-	-	-	-	-	-	-	-	-	5,470	-	-	-	5,470	-	5,470
Total operating income	63,900	54,827	17,447	10,500	76,035	39,829	-	2,471	15,156	2,189	5,470	154	7,124	34,489	329,591	(51,329)	278,262
Operating costs																	
Cost of sales, excluding depreciation and amortization	(34,341)	(26,394)	(8,696)	(6,240)	(46,702)	(23,265)	-	-	-	-	-	-	(1,658)	(33,935)	(181,231)	44,624	(136,607)
Cost of services, excluding depreciation and amortization	-	-	-	-	-	-	-	(2,007)	(7,321)	-	-	-	(2,015)	-	(11,343)	6,630	(4,713)
Depreciation and amortization	(4,403)	(2,331)	(2,817)	(1,272)	(12,116)	(15,278)	(1)	(34)	(2,459)	(48)	-	(46)	(3,274)	(230)	(44,309)	-	(44,309)
Exploration in operating units	(5,134)	(8,993)	(3,307)	(1,827)	-	(400)	-	-	-	-	-	-	-	-	(19,661)	-	(19,661)
Mining royalties	(488)	(4,843)	(133)	(87)	(807)	-	-	-	-	-	-	-	-	-	(6,358)	-	(6,358)
Total operating costs	(44,366)	(42,561)	(14,953)	(9,426)	(59,625)	(38,943)	(1)	(2,041)	(9,780)	(48)	-	(46)	(6,947)	(34,165)	(262,902)	51,254	(211,648)
Gross profit (loss)	19,534	12,266	2,494	1,074	16,410	886	(1)	430	5,376	2,141	5,470	108	177	324	66,689	(75)	66,614
Operating income (expenses), net																	
Administrative expenses	(5,278)	(4,244)	(1,227)	(857)	(3,105)	(493)	(1,583)	(863)	(571)	(2,735)	(40)	(88)	(172)	(2,521)	(23,777)	1,322	(22,455)
Reversal (provision) for contingencies	(7,604)	(160)	(655)	-	-	-	(4,054)	-	(25)	-	-	-	-	16	(12,482)	-	(12,482)
Selling expenses	(778)	(161)	(110)	(260)	(2,245)	(139)	-	-	(288)	-	-	-	(292)	(40)	(4,313)	-	(4,313)
Exploration in non-operating areas	-	-	-	-	(375)	(427)	(1,238)	-	-	-	-	-	-	(950)	(2,990)	697	(2,293)
Other, net	(361)	(146)	(344)	(90)	(763)	(631)	(214)	160	863	5	-	-	162	(418)	(1,777)	(172)	(1,949)
Total operating income (expenses), net	(14,021)	(4,711)	(2,336)	(1,207)	(6,488)	(1,690)	(7,089)	(703)	(21)	(2,730)	(40)	(88)	(302)	(3,913)	(45,339)	1,847	(43,492)
Operating profit (loss)	5,513	7,555	158	(133)	9,922	(804)	(7,090)	(273)	5,355	(589)	5,430	20	(125)	(3,589)	21,350	1,772	23,122
Other income (expense), net																	
Share in the results of associates under equity method	-	-	-	-	-	-	-	-	3,443	-	-	6,074	-	50,542	60,059	(15,195)	44,864
Net gain (loss) from currency exchange difference	36	(50)	(18)	(7)	904	17	202	133	187	(36)	(63)	1	456	1,241	3,003	-	3,003
Financial income	-	-	-	-	45	47	-	-	62	-	-	-	-	1,593	1,747	(456)	1,291
Financial costs	(5)	(67)	(29)	(18)	(3,338)	(765)	(130)	(91)	(2,541)	-	(1)	-	(256)	(427)	(7,668)	456	(7,212)
Total other income (expense), net	31	(117)	(47)	(25)	(2,389)	(701)	72	42	1,151	(36)	(64)	6,075	200	52,949	57,141	(15,195)	41,946
Profit (loss) before income tax	5,544	7,438	111	(158)	7,533	(1,505)	(7,018)	(231)	6,506	(625)	5,366	6,095	75	49,360	78,491	(13,423)	65,068
Current income tax	(262)	(249)	(72)	(46)	(1,841)	(1,456)	-	-	(693)	-	(1,573)	-	(68)	-	(6,260)	-	(6,260)
Deferred income tax	-	-	-	-	3,668	2,544	-	(9)	581	-	-	-	(1,219)	4,154	9,719	-	9,719
Profit (loss) from continued operations	5,282	7,189	39	(204)	9,360	(417)	(7,018)	(240)	6,394	(625)	3,793	6,095	(1,212)	53,514	81,950	(13,423)	68,527
Discontinued operations																	
Profit from discontinued operations																	7,723
Net profit																	76,250
Other disclosures:																	
Total assets as of March 31, 2017	149,675	57,477	37,559	24,427	777,521	245,140	834,552	21,667	378,222	4,605	6,971	428,388	114,425	2,540,690	5,621,319	(1,160,374)	4,460,945
Total liability as of March 31, 2017	53,079	36,365	21,274	9,236	356,246	128,286	62,580	11,022	214,187	2,105	2,573	70	25,349	533,830	1,456,202	(104,335)	1,351,867

Notes to the interim consolidated financial statements (unaudited) (continued)

	Uchucchacua (Mining operation) US\$(000)	Orcopampa (Mining operation) US\$(000)	Julcani (Mining operation) US\$(000)	Mallay (Mining operation) US\$(000)	Colquijirca (Mining operation) US\$(000)	La Zanja (Mining operation) US\$(000)	Exploration and development mining projects US\$(000)	Construction and engineering US\$(000)	Energy generation and transmission US\$(000)	Insurance brokerage US\$(000)	Rental of mining concessions US\$(000)	Holding of investment in shares US\$(000)	Industrial activities US\$(000)	Corporate US\$(000)	Sub Total US\$(000)	Adjustments and eliminations US\$(000)	Total US\$(000)
As of March 31, 2016																	
Results:																	
Continuing operations:																	
Operating income																	
Net sale of goods	49,269	56,895	10,910	9,425	46,012	42,217	-	-	-	-	-	-	1,650	40,799	257,177	(42,097)	215,080
Net sale of services	-	-	-	-	-	-	-	2,307	13,534	1,735	-	154	4,350	-	22,080	(16,512)	5,568
Royalty income	-	-	-	-	-	-	-	-	-	-	6,685	-	-	-	6,685	-	6,685
Total operating income	49,269	56,895	10,910	9,425	46,012	42,217	-	2,307	13,534	1,735	6,685	154	6,000	40,799	285,942	(58,609)	227,333
Operating costs																	
Cost of sales, excluding depreciation and amortization	(27,186)	(23,580)	(4,817)	(5,296)	(40,932)	(17,006)	-	-	-	-	-	-	(1,214)	(40,019)	(160,050)	47,378	(112,672)
Cost of services, excluding depreciation and amortization	-	-	-	-	-	-	-	(2,112)	(5,446)	-	-	-	(2,100)	-	(9,658)	6,918	(2,740)
Depreciation and amortization	(4,055)	(3,096)	(1,593)	(2,693)	(12,344)	(17,152)	(4)	(181)	(2,474)	-	(4)	(55)	(2,958)	(229)	(46,838)	-	(46,838)
Exploration in operating units	(6,324)	(8,600)	(2,440)	(1,748)	-	(4)	-	-	-	-	-	-	-	-	(19,116)	-	(19,116)
Mining royalties	(428)	(5,196)	(92)	(89)	-	(363)	-	-	-	-	-	-	-	-	(6,168)	-	(6,168)
Total operating costs	(37,993)	(40,472)	(8,942)	(9,826)	(53,276)	(34,525)	(4)	(2,293)	(7,920)	-	(4)	(55)	(6,272)	(40,248)	(241,830)	54,296	(187,534)
Gross profit (loss)	11,276	16,423	1,968	(401)	(7,264)	7,692	(4)	14	5,614	1,735	6,681	99	(272)	551	44,112	(4,313)	39,799
Operating income (expenses), net																	
Administrative expenses	(3,496)	(3,881)	(653)	(799)	(3,991)	(492)	(1,960)	(785)	(928)	(2,273)	(21)	(71)	(152)	(3,194)	(22,696)	1,285	(21,411)
Provision for contingencies	47	(87)	62	27	-	(875)	72	-	(189)	-	-	-	-	58	(885)	-	(885)
Exploration in non-operating areas	-	-	-	-	(336)	(590)	(1,993)	-	-	-	-	-	-	(931)	(3,850)	336	(3,514)
Selling expenses	(892)	(165)	(197)	(387)	(2,311)	(223)	-	-	(116)	-	-	-	(482)	-	(4,773)	-	(4,773)
Other, net	(55)	(45)	72	28	182	2,203	147	530	(148)	1	9	(13)	197	619	3,727	90	3,817
Total operating income (expenses), net	(4,396)	(4,178)	(716)	(1,131)	(6,456)	23	(3,734)	(255)	(1,381)	(2,272)	(12)	(84)	(437)	(3,448)	(28,477)	1,711	(26,766)
Operating profit (loss)	6,880	12,245	1,252	(1,532)	(13,720)	7,715	(3,738)	(241)	4,233	(537)	6,669	15	(709)	(2,897)	15,635	(2,602)	13,033
Other income (expense),net																	
Share in the results of associates under equity method	-	-	-	-	-	-	-	-	(1,549)	-	-	5,608	-	23,982	28,041	356	28,397
Financial costs	(40)	(67)	(38)	(15)	(2,925)	(665)	(138)	(194)	(2,457)	-	(1)	(14)	(239)	(1,725)	(8,518)	538	(7,980)
Net gain (loss) from currency exchange difference	(206)	(64)	(100)	(21)	372	224	(75)	97	33	193	(6)	(3)	369	5,566	6,379	-	6,379
Financial income	1	1	-	-	245	1	-	3	299	-	-	2	-	1,795	2,347	-	2,347
Total other income (expense), net	(245)	(130)	(138)	(36)	(2,308)	(440)	(213)	(94)	(3,674)	193	(7)	5,593	130	29,618	28,249	894	29,143
Profit (loss) before income tax	6,635	12,115	1,114	(1,568)	(16,028)	7,275	(3,951)	(335)	559	(344)	6,662	5,608	(579)	26,721	43,884	(1,708)	42,176
Current income tax	(138)	(168)	(30)	(27)	(430)	(4,295)	-	-	(21)	-	(1,888)	-	-	(6)	(7,003)	-	(7,003)
Deferred income tax	-	-	-	-	5,661	2,347	-	-	(2,653)	-	-	-	503	7,934	13,792	-	13,792
Profit (loss) from continuing operations	6,497	11,947	1,084	(1,595)	(10,797)	5,327	(3,951)	(335)	(2,115)	(344)	4,774	5,608	(76)	34,649	50,673	(1,708)	48,965
Discontinued operations																	
Profit from discontinued operations																	2,283
Profit for the year																	51,248
Other disclosures:																	
Total assets as of December 31, 2016	105,950	46,085	25,118	16,958	763,092	246,106	745,510	22,481	379,964	6,226	7,439	427,439	120,038	2,593,838	5,506,244	(1,239,829)	4,266,415
Total liability as of December 31, 2016	35,148	26,536	19,733	7,302	353,184	129,689	15,413	11,647	222,324	3,102	2,684	148	29,751	556,172	1,412,833	(193,631)	1,219,202



COLEGIO DE CONTADORES PÚBLICOS DE LIMA

AV. AREQUIPA Nº 998 Y AV. ALEJANDRO TIRADO Nº 181 - SANTA BEATRIZ - LIMA
TELEF.: 230-3000

R.U.C. 20106620106

Nº

63910

Constancia de Habilitación

La Decana y el Director Secretario del Colegio de Contadores Públicos de Lima, que suscriben, declaran que en base a los registros de la institución, se ha verificado que

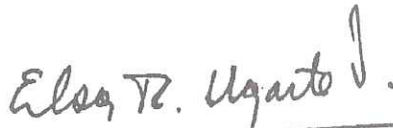
PAREDES, BURGA & ASOCIADOS SOC. CIVIL DE RESPONSABILIDAD LIMITADA
MATRICULA : 50761

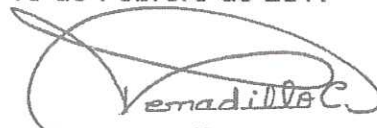
Se encuentra, hábil a fecha para el ejercicio de las funciones profesionales que le faculta la Ley Nº 13253 y su modificatoria Ley Nº 28951 y conforme al Estatuto y Reglamento Interno de este Colegio; en fe de lo cual y a solicitud de parte, se le extiende la presente constancia para los efectos y usos que estime conveniente. Esta constancia tiene vigencia hasta el

31/03/2018

Lima,

16 de Febrero de 2017


CPCC Elsa Rosario Ugarte Vásquez
Decana


CPCC Moisés Manuel Penadillo Castro
Director Secretario

Verifique su validez en: www.ccpl.org.pe

Comprobante de Pago:

Verifique la validez del comprobante de pago en: www.sunat.gob.pe

102-00001005