

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

Interim unaudited consolidated financial statements as of June 30, 2012 and 2011 and for the three-month and six-month periods then ended

Report of Independent auditors

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

We have reviewed the accompanying consolidated financial statements of Compañía de Minas Buenaventura S.A.A. (a Peruvian company) and Subsidiaries (together the "Company and Subsidiaries"), which comprises the consolidated statement of financial position and changes in shareholders' equity as of June 30, 2012, and the related consolidated income statements, statement of comprehensive income and cash flows for the three and six-month periods ended June 30, 2012 and 2011 and other explanatory notes. Management is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on them based on our review.

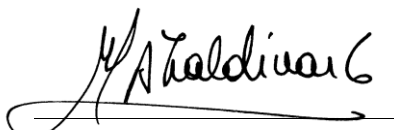
We conducted our review in accordance with International Auditing Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information is limited primarily to making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical procedures of financial information and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Consequently, it does not enable us to obtain an assurance that we would become aware of all material matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that would lead us to believe that the accompanying interim consolidated financial statements were not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Lima, Peru
July 27, 2012

Countersigned by:

Medina, Zaldívar, Paredes & Asociados



Marco Antonio Zaldívar
C.P.C.C. Register No.12477

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

Consolidated Statement of Financial Position

As of June 30, 2012 (unaudited) and December 31, 2011 (audited)

	Note	2012 US\$(000)	2011 US\$(000)		Note	2012 US\$(000)	2011 US\$(000)
Asset				Liabilities and shareholders' equity, net			
Current asset				Current liability			
Cash and cash equivalents	5(a)	309,441	470,847	Trade accounts payable		150,178	142,375
Financial assets at fair value through profit or loss		56,662	62,299	Accounts payable from entities associates	18(b)	800	883
Trade accounts receivable, net		169,323	172,569	Other accounts payable	9	72,134	40,098
Other accounts receivable		65,767	48,521	Provisions	10	55,590	91,287
Accounts receivable from entities associates	18(b)	31,912	47,425	Embedded derivatives for concentrates sales, net		6,894	7,306
Derivative financial instruments		538	1,283	Financial obligations	11	197	1,042
Inventory, net	6(a)	168,289	149,108	Dividends payable		872	1,052
Prepaid expenses		14,911	16,234	Income tax payable	13(c)	8,585	36,423
Total current asset		<u>816,843</u>	<u>968,286</u>	Total current liabilities		<u>295,250</u>	<u>320,466</u>
Other accounts receivable		10,150	5,570	Other non-current provisions	10	86,219	86,528
Accounts receivable from entities associates	18(b)	42,326	32,262	Accounts payable from entities associates	18(b)	868	1,004
Long-term inventory	6(a)	42,872	48,845	Financial obligations	11	119,184	105,072
Prepaid expenses		73	-	Total liability		<u>501,521</u>	<u>513,070</u>
Investment in associates	7(a)	2,203,045	1,935,004	Shareholders' equity, net			
Mining concessions, development cost and property, plant and equipment, net	8	942,258	830,997	Capital stock, net of treasury shares for US\$62,622,000		750,540	750,540
Deferred income tax asset, net	13(a)	112,759	125,538	Investment shares, net of treasury shares for US\$762,000		1,399	2,019
Other assets		5,301	7,047	Additional paid-in capital		219,471	225,978
Total assets		<u>4,175,627</u>	<u>3,953,549</u>	Legal reserve		162,649	162,639
				Other reserves		269	269
				Retained earnings		2,293,022	2,034,768
				Other reserves of equity, gain		703	2,068
				Shareholders' equity, net attributable to owners of the parent		<u>3,428,053</u>	<u>3,178,281</u>
				Non-controlling interest		246,053	262,198
				Total shareholders' equity, net		<u>3,674,106</u>	<u>3,440,479</u>
				Total liabilities and shareholders' equity, net		<u>4,175,627</u>	<u>3,953,549</u>

The accompanying notes are an integral part of this statement.

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

Consolidated Income Statement (unaudited)

For the three and six-month periods ended June 30, 2012 and 2011

		For the three-month periods ended June 30,		For the six-month periods ended June 30,	
		2012 US\$(000)	2011 US\$(000) (Note 3)	2012 US\$(000)	2011 US\$(000) (Note 3)
Operating income					
Net sales	14(a)	331,768	327,302	690,749	690,782
Royalty income	18(a)	18,696	15,982	36,753	28,249
Total income		<u>350,464</u>	<u>343,284</u>	<u>727,502</u>	<u>719,031</u>
Operating costs					
Cost of sales, without considering depreciation and amortization	15	(137,514)	(96,546)	(270,855)	(208,054)
Exploration in units in operation	17	(38,143)	(24,065)	(66,812)	(46,324)
Depreciation and amortization		(28,391)	(24,431)	(51,795)	(45,934)
Royalties		(9,279)	(16,987)	(19,157)	(31,310)
Total operating costs		<u>(213,327)</u>	<u>(162,029)</u>	<u>(408,619)</u>	<u>(331,622)</u>
Gross income		<u>137,137</u>	<u>181,255</u>	<u>318,883</u>	<u>387,409</u>
Operating expenses					
Administrative	16	(24,978)	(19,500)	(54,796)	(36,482)
Exploring in non-operating areas	17	(26,402)	(12,096)	(45,829)	(22,700)
Selling		(4,304)	(2,648)	(7,077)	(4,853)
Other, net		(2,042)	914	(263)	2,923
Total operating expenses		<u>(57,726)</u>	<u>(33,330)</u>	<u>(107,965)</u>	<u>(61,112)</u>
Operating income		<u>79,411</u>	<u>147,925</u>	<u>210,918</u>	<u>326,297</u>
Other income (expenses), net					
Share in the results of entities associates under equity method	7(b)	122,020	123,238	258,006	236,157
Interest income		2,542	2,042	5,291	5,377
Interest expense		(1,884)	(1,282)	(3,180)	(3,427)
Net loss from currency exchange difference		(496)	(25)	(781)	(823)
Total other income, net		<u>122,182</u>	<u>123,973</u>	<u>259,336</u>	<u>237,284</u>
Income before income tax and non- controlling interest		<u>201,593</u>	<u>271,898</u>	<u>470,254</u>	<u>563,581</u>
Income tax	13(b)	(31,598)	(48,690)	(79,273)	(94,229)
Net income		<u>169,995</u>	<u>223,208</u>	<u>390,981</u>	<u>469,352</u>
Attributable to :					
Non-controlling interest		17,434	25,654	30,948	47,028
Owners of the parent		152,561	197,554	360,033	422,324
		<u>169,995</u>	<u>223,208</u>	<u>390,981</u>	<u>469,352</u>
Basic and diluted earnings per share attributable to owners of the parent, stated in U.S. dollars					
		<u>0.60</u>	<u>0.78</u>	<u>1.42</u>	<u>1.66</u>
Weighted average number of shares outstanding (common and investment), in units					
	12(c)	<u>254,232,571</u>	<u>254,232,571</u>	<u>254,232,571</u>	<u>254,232,571</u>

The accompanying notes are an integral part of this statement.

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

Consolidated Statement of Comprehensive Income (unaudited)

For the three and six-month periods ended June 30, 2012 and 2011

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012 US\$(000)	2011 US\$(000) (Note 3)	2012 US\$(000)	2011 US\$(000) (Note 3)
Net income	<u>169,995</u>	<u>223,208</u>	<u>390,981</u>	<u>469,352</u>
Net change in unrealized gain (loss) on derivative financial instruments	2,268	4,658	(694)	9,141
Income tax for the effect on change in unrealized gain (loss) on derivate financial instruments	<u>(817)</u>	<u>(1,397)</u>	<u>208</u>	<u>(2,742)</u>
	<u>1,451</u>	<u>3,261</u>	<u>(486)</u>	<u>6,399</u>
Net change in unrealized gain on other investments	(1,886)	(443)	(1,599)	(393)
Income tax for the effect on change in unrealized gain on other investments	<u>566</u>	<u>133</u>	<u>480</u>	<u>118</u>
	<u>(1,320)</u>	<u>(310)</u>	<u>(1,119)</u>	<u>(275)</u>
Other comprehensive income	<u>131</u>	<u>2,951</u>	<u>(1,605)</u>	<u>6,124</u>
Total comprehensive income	<u>170,126</u>	<u>226,159</u>	<u>389,376</u>	<u>475,476</u>
Attributable to:				
Non-controlling interest	18,149	26,409	30,708	49,676
Owners of the parent	<u>151,977</u>	<u>199,750</u>	<u>358,668</u>	<u>425,800</u>
	<u>170,126</u>	<u>226,159</u>	<u>389,376</u>	<u>475,476</u>

The accompanying notes are an integral part of this statement.

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

Consolidated Statements of Changes in Shareholders' Equity (unaudited)

For the six-month periods ended June 30, 2012 and 2011

	Attributable to owners of the parent										
	Capital stock, net of treasury shares		Investment shares US\$(000)	Additional paid- in capital US\$(000)	Legal reserve US\$(000)	Other reserves US\$(000)	Retained earnings US\$(000)	Other reserves of equity, gain (loss) US\$(000)	Total US\$(000)	Non- controlling interest US\$(000)	Total equity US\$(000)
Number of shares outstanding	Common shares US\$(000)										
Balance as of January 1, 2011 (note 3)	253,759,664	750,540	2,019	225,978	162,633	269	1,471,012	(5,906)	2,606,545	238,792	2,845,337
Net income	-	-	-	-	-	-	422,324	-	422,324	47,028	469,352
Net change in unrealized gain on hedging derivative financial instruments held by El Brocal	-	-	-	-	-	-	-	3,751	3,751	2,648	6,399
Net change in unrealized gain on other investments	-	-	-	-	-	-	-	(275)	(275)	-	(275)
Total comprehensive income of the year	-	-	-	-	-	-	422,324	3,476	425,800	49,676	475,476
Dividends declared and paid, notes 12(a) and 12(b)	-	-	-	-	-	-	(83,967)	-	(83,967)	(23,118)	(107,085)
Expired dividends	-	-	-	-	6	-	-	-	6	-	6
Balance as of June 30, 2011 (note 3)	<u>253,759,664</u>	<u>750,540</u>	<u>2,019</u>	<u>225,978</u>	<u>162,639</u>	<u>269</u>	<u>1,809,369</u>	<u>(2,430)</u>	<u>2,948,384</u>	<u>265,350</u>	<u>3,213,734</u>
Balance as of January 1, 2012	253,759,664	750,540	2,019	225,978	162,639	269	2,034,768	2,068	3,178,281	262,198	3,440,479
Net income	-	-	-	-	-	-	360,033	-	360,033	30,948	390,981
Net change in unrealized loss on hedging derivative financial instruments held by El Brocal	-	-	-	-	-	-	-	(246)	(246)	(240)	(486)
Net change in unrealized gain on other investments	-	-	-	-	-	-	-	(1,119)	(1,119)	-	(1,119)
Total comprehensive income of the year	-	-	-	-	-	-	360,033	(1,365)	358,668	30,708	389,376
Expired dividends	-	-	-	-	10	-	-	-	10	-	10
Increase of treasury shares	-	-	(620)	(6,507)	-	-	-	-	(7,127)	-	(7,127)
Dividends declared and paid, notes 12(a) and 12(b)	-	-	-	-	-	-	(101,779)	-	(101,779)	(34,179)	(135,958)
Capital stock reduction of Minera La Zanja S.R.L., note 1(f)	-	-	-	-	-	-	-	-	-	(12,674)	(12,674)
Balance as of June 30, 2012	<u>253,759,664</u>	<u>750,540</u>	<u>1,399</u>	<u>219,471</u>	<u>162,649</u>	<u>269</u>	<u>2,293,022</u>	<u>703</u>	<u>3,428,053</u>	<u>246,053</u>	<u>3,674,106</u>

The accompanying notes are an integral part of this statement.

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

Consolidated Statement of Cash Flows (unaudited)

For the three and six-month periods ended June 30, 2012 and 2011

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012 US\$(000)	2011 US\$(000)	2012 US\$(000)	2011 US\$(000) (Note 3)
Operating activities				
Proceeds from sales	299,871	322,494	693,644	719,289
Royalty received	20,845	9,495	35,253	23,645
Value added tax recovered	4,505	8,405	13,277	12,440
Dividends received	4,602	-	7,008	-
Interest received	3,333	1,721	5,378	4,201
Payments to suppliers and third parties	(239,961)	(164,473)	(395,179)	(350,730)
Payments to employees	(23,031)	(27,689)	(121,827)	(86,143)
Income tax paid	(54,343)	(31,285)	(75,819)	(61,517)
Payments of royalties	(10,377)	(19,236)	(20,060)	(34,809)
Payments of interest	(523)	(100)	(765)	(676)
Net cash and cash equivalents provided by operating activities	<u>4,921</u>	<u>99,332</u>	<u>140,910</u>	<u>225,700</u>
Investment activities				
Decrease (increase) in time deposits	(750)	3,102	6,846	17,935
Acquisition of mining concessions, development cost and property, plant and equipment	(92,215)	(66,032)	(168,686)	(109,166)
Contributions to associates	(13,047)	(7,940)	(17,789)	(17,019)
Net cash and cash equivalents used in investment activities	<u>(106,012)</u>	<u>(70,870)</u>	<u>(179,629)</u>	<u>(108,250)</u>
Financing activities				
Increase in financial obligations	4,192	14,128	14,287	25,515
Decrease in financial obligations	(1,020)	(1,007)	(1,020)	(1,007)
Dividends paid	(101,779)	(83,967)	(101,779)	(83,967)
Dividends paid to non-controlling interest	(4,953)	(2,433)	(34,175)	(25,551)
Net cash and cash equivalents used in financing activities	<u>(103,560)</u>	<u>(73,279)</u>	<u>(122,687)</u>	<u>(85,010)</u>
Increase (decrease) in cash and cash equivalents for the period, net	(204,651)	(44,817)	(161,406)	32,440
Cash and cash equivalents at beginning of period	<u>514,092</u>	<u>660,118</u>	<u>470,847</u>	<u>582,861</u>
Cash and cash equivalents at the period-end, note 5(a)	<u>309,441</u>	<u>615,301</u>	<u>309,441</u>	<u>615,301</u>

Consolidated Statements of Cash Flows (continued)

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012 US\$(000)	2011 US\$(000)	2012 US\$(000)	2011 US\$(000) (Note 3)
Reconciliation of net income to cash and cash equivalents provided by operating activities				
Net income attributable to owners of the parent	152,561	197,554	360,033	422,324
Add (less)				
Depreciation and amortization	28,391	24,431	51,795	45,934
Provisions	25,937	19,431	(13,542)	(38,284)
Net income attributable to non-controlling interest	17,434	25,654	30,948	47,028
Deferred income tax gain (loss)	(1,534)	7,265	12,779	24,796
Provision for estimated fair value of embedded derivatives of concentrate sales and adjustments on open liquidations	9,256	16,468	(10,093)	9,511
Loss from currency exchange difference	496	25	781	823
Share in the results of associates, net of dividends received in cash, note 7(b)	(117,418)	(123,238)	(250,998)	(236,157)
Accretion expense of the provision for closure of mining units	1,363	1,184	2,417	2,752
Net changes in assets and liabilities accounts				
Decrease (increase) in operating assets -				
Trade accounts receivable	(39,773)	(20,629)	3,246	19,366
Other accounts receivable	2,979	27,080	(14,006)	5,306
Accounts receivable from entities associates	(4,254)	(20,706)	(6,980)	(12,550)
Inventory	3,499	(32,650)	(13,214)	(59,478)
Prepaid expenses	(20,558)	3,291	(5,235)	2,416
Increase (decrease) in operating liabilities -				
Trade accounts payable	16,787	11,661	7,803	(5,429)
Income tax payable	(25,135)	(27)	(27,838)	(1,254)
Other accounts payable	(45,110)	(37,462)	13,014	(1,404)
Net cash and cash equivalents provided by operating activities	<u>4,921</u>	<u>99,332</u>	<u>140,910</u>	<u>225,700</u>

The accompanying notes are an integral part of this statement.

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

Notes to the interim consolidated financial statements (unaudited)

As of June 30, 2012 and 2011

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. Buenaventura's stock is traded on the Lima and New York Stock Exchanges through American Depositary Receipts (ADRs), which represent Company shares deposited in the Bank of New York. Buenaventura's legal domicile is at Carlos Villaran Avenue 790, Santa Catalina, Lima, Peru.

(b) Business activity -

Buenaventura (individually and in association with third parties) is engaged in the exploration, extraction, concentration, smelting and commercialization of polymetallic ores and metals.

Buenaventura directly operates eight mining units located in Peru: Uchucchacua, Orcopampa, Poracota, Julcani, Recuperada, Antapite, Ishihuinca and Mallay. In addition, the Company 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 and Compañía de Exploraciones, Desarrollo e Inversiones Mineras S.A.C. (hereinafter "Cedimin"), which operates the Shila - Paula mining unit. The Company also holds interests in a number of other mining companies. The Company also owns an electric power distribution company, an electric power generation company (in construction stage), a mining engineering services company, a construction services company and another company which will provide chemical processing to treat concentrates. See note 1(d).

(c) Approval of consolidated financial statements -

The consolidated financial statements as of June 30, 2012 were approved by Management on July 13, 2012 and will be presented for the approval of the Board of Directors and the Shareholders within the terms established by law. In Management's opinion, the accompanying consolidated financial statements will be approved without changes by the Board of Directors and Shareholders' Meetings that will be held in July 31, 2012.

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

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

	Ownership percentage as of			
	June 30, 2012		December 31, 2011	
	Direct %	Indirect %	Direct %	Indirect %
Investment and mining concessions held, exploration and exploitation of minerals				
Compañía de Exploraciones, Desarrollo e				
Inversiones Mineras S.A.C. - CEDIMIN	82.91	17.09	82.91	17.09
Compañía Minera Condesa S.A.	100.00	-	100.00	-
Compañía Minera Colquirrumi S.A.	100.00	-	100.00	-
Sociedad Minera El Brocal S.A.A. (e)	2.54	48.18	2.54	48.18
Inversiones Colquijirca S.A.	99.99	-	99.99	-
S.M.R.L. Chaupiloma Dos de Cajamarca	20.00	40.00	20.00	40.00
Minera La Zanja S.R.L. (f)	53.06	-	53.06	-
Minera Julcani S.A. de C.V.	100.00	-	100.00	-
Compañía de Minas Buenaventura Chile Ltda.	100.00	-	100.00	-
El Molle Verde S.A.C.	100.00	-	100.00	-
Electric power activity				
Consortio Energético de Huancavelica S.A.	100.00	-	100.00	-
Empresa de Generación Huanza S.A. (g)	-	100.00	-	100.00
Service providers				
Buenaventura Ingenieros S.A.	100.00	-	100.00	-
Bisa Construcciones S.A.	-	100.00	-	-
Contacto Corredores de Seguros S.A.	-	100.00	-	100.00
Industrial activities				
Procesadora Industrial Río Seco S.A. (h)	100.00	-	100.00	-

- (e) Project for the expansion of El Brocal operations -
On August 15, 2008, the Board of Directors of El Brocal approved a project to expand its operations in order to reach a treatment level of 18,000 DMT per day of ore. In October 2010 and January 2011; El Brocal concluded the first and second stages of the Project, respectively, which allowed expanding the treatment capacity of the mining unit in 9,490 DMT per day.

Notes to the interim consolidated financial statements (unaudited)

(continued)

As of June 30, 2012 and December 31, 2011, considering the economic viability of the Project, costs related jobs have been capitalized and are as follows:

	2012 US\$(000)	2011 US\$(000)
Mine development costs		
Expansion of Tajo Norte - Marcapunta Norte	<u>16,429</u>	<u>16,429</u>
Mining concessions and property, plant and equipment		
Expansion of refining plant capacity to 18,000 DMT	115,198	103,337
Optimization of crushing plant and conveyor belt	23,708	17,018
New offices and camps	15,739	13,350
Construction of Huachacaja tailings areas	14,010	7,825
Expansion of power grid	9,825	7,941
Support area	3,622	3,067
Program management	2,476	2,476
Other minor activities	<u>3,245</u>	<u>2,857</u>
Total	<u>204,252</u>	<u>174,300</u>

- (f) Capital stock reduction of Minera La Zanja S.R.L. (La Zanja) -
In Shareholders' Meeting held on January 26, 2012 agreed to reduce the capital stock of La Zanja in US\$27,000,000, through contributions return in cash. This agreement was formalized in Public Registers on March 30, 2012. The amount of the return to non-controlling interest amounted to US\$12,674,000 which is included as a liability under "Other accounts payable" in the consolidated statement of financial position as of June 30, 2012. See note 9.
- (g) Construction of hydroelectric power station -
In November 2009, the Consorcio Energético de Huancavelica S.A.'s Board of Directors approved the construction of the 90.6 MW capacity Huanza Hydroelectric Power Station, located in the Santa Eulalia river valley. This investment of US\$145,000,000, is in progress since March 2010; its construction is expected to take thirty-three months. This project is being financed with a US\$119,000,000 financial leasing agreement executed with Banco de Credito del Peru and with Consorcio Energético de Huancavelica S.A.'s own resources.

Notes to the interim consolidated financial statements (unaudited)

(continued)

As of June 30, 2012 and December 31, 2011, the work related to the construction of Huanza Hydroelectric Power station is the following:

	2012 US\$(000)	2011 US\$(000)
Development cost		
Concessions and others	<u>2,171</u>	<u>2,142</u>
Property, plant and equipment		
Water conductor system	69,440	50,468
Preliminary work and advances	38,731	41,812
Borrowing cost	8,379	6,364
Access road	6,745	6,305
Pallca dam and water intake	4,667	1,564
Round house and yard keys	4,666	3,128
Transmission line in 60 KV	2,783	2,766
Conduction tube line - Conay river	2,767	2,189
Other minor activities	<u>3,029</u>	<u>2,771</u>
	<u>141,207</u>	<u>117,367</u>
Total	<u>143,378</u>	<u>119,509</u>

(h) Construction of washing plant, sulfuric acid and manganese sulfate -

The project is located in the community of Lomera in Huaral at 102 kilometers from Lima. The main objective of this project is to wash with sulfuric acid, the manganese content in the lead-silver concentrate of Uchucchacua mining unit to reduce the level of manganese and to obtain a higher value added in ore concentrate. This process will also improve and increase recovery of silver reserves. For the treatment of gaseous effluents of the process, a sulfuric acid recovery plant will be installed, that will be used for the acid wash of the concentrate.

The total estimated investment for the construction of the washing plant, the plant of sulfuric acid and manganese sulphate plant amounted to US\$80,000,000 and it is expected to be completed in the third quarter of 2012. As of June 30, 2012, the investment in this project amounted to US\$50,175,000 (US\$27,606,000 as of December 31, 2011).

(i) Start of operations of the mining unit Mallay and works in progress (Breapampa) -

On April 2, 2012, the Company obtained the authorization to operate the plant and other services of Mallay mining unit, located 15 kilometers from the Uchucchacua mining unit. The new plant has a treatment capacity of 400 MT / day, and it operates since April 2012. As of June 30, 2012, Mallay mining unit has produced 130,605 ounces of silver. Total investment in fixed assets was US\$60,859,000 of which US\$16,425,000 were disbursed in 2012.

Also, as of June 30, 2012, the disbursements related to the fixed assets of the Breapampa project amount to US\$41,499,000 of which US\$20,934,000 were made during 2012.

Notes to the interim consolidated financial statements (unaudited)

(continued)

2. Interim unaudited consolidated financial statements

Basis of presentation -

The interim unaudited consolidated financial statements for the three and six-month periods ended June 30, 2012 and 2011 had been prepared in conformity with IAS 34 "Interim Financial Reporting".

The interim consolidated financial statements does not include all the information and disclosures required in the Company's annual consolidated financial statements and should be read together with the consolidated financial statements as of December 31, 2011.

Accounting principles and practices -

The criteria and accounting basis used by the Company in preparing the accompanying interim consolidated financial statements are consistent to those used in the preparation of the Company's annual consolidated financial statements.

3. First time adoption of International Financial Reporting Standards ("IFRS")

As part of the first adoption of the International Financial Reporting Standards (IFRS) in Peru, as of October 14, 2010, through Resolution N°102-2010-EF/94.01.1, the Superintendence of Securities Market ("SMV", before CONASEV), required to all legal entities under its supervision to adopt IFRS since the year 2011.

For periods up to and including the year ended December 31, 2010, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles in Peru (Peru GAAP). The consolidated financial statements, for the year ended December 31, 2011, are the first the Company has prepared in accordance with IFRS, in which the Company has applied IFRS 1 "First Time Adoption of International Financial Reporting Standard" in the opening balance as of January 1, 2010, transition date to IFRS. The IFRS 1 application implies that all the standards are apply retrospectively at the transition date, including certain mandatory exceptions and voluntary exemptions defined in the standard. The measurements included by the Company as part of its adoption had been disclosed in note 3 of the consolidated financial statements as of December 31, 2011, 2010 and as of January 1, 2010 are equal to the ones included in the unaudited interim consolidated financial statements.

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

3.1. Reconciliation of the consolidated income statement -

Reconciliation between the income statement under the Generally Accepted Accounting Principles in Peru and IFRS for the six-month period ended June 30, 2011 is provided below:

	Balance as of 30.06.2011 under Peru GAAP US\$(000)	Remeasurements (* US\$(000)	Balance as of 30.06.2011 under IFRS US\$(000)
Operating income			
Net sales	690,782	-	690,782
Royalty income	28,249	-	28,249
Total income	<u>719,031</u>	<u>-</u>	<u>719,031</u>
Operating costs			
Cost of sales, without considering depreciation and amortization	(208,057)	3	(208,054)
Exploration in units in operation	(46,324)	-	(46,324)
Depreciation and amortization	(44,998)	(936)	(45,934)
Royalties	(31,310)	-	(31,310)
Total operating costs	<u>(330,689)</u>	<u>(933)</u>	<u>(331,622)</u>
Gross income	<u>388,342</u>	<u>(933)</u>	<u>387,409</u>
Operating expenses			
Administrative	(36,482)	-	(36,482)
Exploring in non-operating areas	(22,700)	-	(22,700)
Selling	(4,853)	-	(4,853)
Other, net	3,035	(112)	2,923
Total operating expenses	<u>(61,000)</u>	<u>(112)</u>	<u>(61,112)</u>
Operating income	<u>327,342</u>	<u>(1,045)</u>	<u>326,297</u>
Other income (expenses), net			
Share in the results of entities associates under equity method	235,314	843	236,157
Interest income	5,377	-	5,377
Interest expense	(3,427)	-	(3,427)
Net loss from currency exchange difference	(823)	-	(823)
Total other income, net	<u>236,441</u>	<u>843</u>	<u>237,284</u>
Income before income tax and non-controlling interest	<u>563,783</u>	<u>(202)</u>	<u>563,581</u>
Income tax	(94,229)	-	(94,229)
Net income	<u>469,554</u>	<u>(202)</u>	<u>469,352</u>
Attributable to:			
Non-controlling interest	47,048	(20)	47,028
Owners of the parent	422,506	(182)	422,324
	<u>469,554</u>	<u>(202)</u>	<u>469,352</u>
Basic and diluted earnings per share attributable to owners of the parent, stated in U.S. dollars	<u>1.66</u>		<u>1.66</u>
Weighted average number of shares outstanding (common and investment), in units	<u>254,232,571</u>		<u>254,232,571</u>

(*) Remeasurements are mainly explained as a consequence of the deemed cost of fixed assets and investment in associates. See note 3.5 of the consolidated financial statements as of December 31, 2011, 2010 and as of January 1, 2010.

Notes to the interim consolidated financial statements (unaudited)

(continued)

3.2. Reconciliation of the consolidated statement of comprehensive income -

Reconciliation between the consolidated statement of comprehensive income under the Generally Accepted Accounting Principles in Peru and IFRS for the six-month periods ended June 30, 2011 is provided below:

	Balance as of 30.06.2011 under Peru GAAP US\$(000)	Remeasurements US\$(000)	Balance as of 30.06.2011 under IFRS US\$(000)
Net income	469,554	(202)	469,352
Net change in unrealized gain on derivative financial instruments	9,141	-	9,141
Income tax for the effect in unrealized gain on derivative financial instruments	(2,742)	-	(2,742)
	<u>6,399</u>	<u>-</u>	<u>6,399</u>
Net change in unrealized gain on other investments	(393)	-	(393)
Income tax for the effect in unrealized gain on other investments	118	-	118
	<u>(275)</u>	<u>-</u>	<u>(275)</u>
Other comprehensive income	<u>6,124</u>	<u>-</u>	<u>6,124</u>
Total comprehensive income	<u>475,678</u>	<u>(202)</u>	<u>475,476</u>
Attributable to:			
Non-controlling interest	49,696	(20)	49,676
Owners of the parent	425,982	(182)	425,800
	<u>475,678</u>	<u>(202)</u>	<u>475,476</u>

3.3. Reconciliation of the consolidated statement of cash flows -

The IFRS adoption has no significant effects upon the reported figures in the statement of cash flow for operating, investment and financing activities.

4. Seasonality of operations

The Company and its subsidiaries operate continuously without major fluctuations due to seasonality.

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

5. Cash and cash equivalents

(a) The table below presents the components of this caption:

	As of June 30, 2012 US\$(000)	As of December 31, 2011 US\$(000)
Cash	1,413	908
Bank accounts	79,296	71,883
Time deposits (b)	<u>228,732</u>	<u>398,056</u>
	<u>309,441</u>	<u>470,847</u>

(b) The table below presents the components of time deposits as of June 30, 2012:

Currency	Original maturities	Annual interest rate %	US\$(000)
U.S. Dollars	From 5 to 79 days	Between 0.70 and 3.00	212,500
Nuevos Soles	From 13 to 16 days	Between 4.17 and 4.20	<u>16,232</u>
			<u>228,732</u>

The table below presents the components of time deposits as of December 31, 2011:

Currency	Original maturities	Annual interest rate %	US\$(000)
U.S. Dollars	From 5 to 63 days	Between 0.50 and 1.42	381,000
Nuevos Soles	From 42 to 90 days	Between 4.05 and 4.35	<u>17,056</u>
			<u>398,056</u>

6. Inventory, net

(a) The table below presents the components of this caption:

	As of June 30, 2012 US\$(000)	As of December 31, 2011 US\$(000)
Products in process	138,501	140,775
Spare parts and supplies	40,688	41,205
Finished goods (b)	<u>38,722</u>	<u>19,026</u>
	217,911	201,006
Provision for impairment of value of inventory	<u>(6,750)</u>	<u>(3,053)</u>
	211,161	197,953
Less non-current portion (c)	<u>(42,872)</u>	<u>(48,845)</u>
	<u>168,289</u>	<u>149,108</u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

- (b) The increase of finished goods of US\$19,696,000 is explained by the inventory of lead and silver concentrate in Uchucchacua mining unit, which is pending to be delivered to clients at the date of the consolidated financial statements. As of June 30, 2012 and December 31, 2011, the inventory of lead and silver concentrate in Uchucchacua mining unit amounted to US\$22,971,000 and US\$11,043,000, respectively (8,449 DST and 4,364 DST, respectively).

- (c) The products in process include the following:

	2012 US\$(000)	2011 US\$(000)
Classified mineral (i)	57,157	62,052
Current mineral	29,451	18,748
Leach pad (ii)	20,760	19,646
Activated coal (iii)	16,739	21,541
Ore cyanidation process	9,949	14,956
Other	4,445	3,832
	<u>138,501</u>	<u>140,775</u>
Less non-current position (i)	<u>(42,872)</u>	<u>(48,845)</u>
Current position	<u>95,629</u>	<u>91,930</u>

- (i) Bellow is a breakdown of classified mineral that is stored primarily in the stocks nearby to Tajo Norte of El Brocal as of June 30, 2012 and December 31, 2011:

	2012		2011	
	US\$(000)	DMT	US\$(000)	DMT
Type I and II (copper mineral)	5,092	609,260	8,584	859,556
Type III (lead/zinc mineral)	52,065	2,569,493	53,468	2,828,274
	<u>57,157</u>	<u>3,178,753</u>	<u>62,052</u>	<u>3,687,830</u>
Non-current portion	<u>42,872</u>		<u>48,845</u>	
Current portion	<u>14,285</u>		<u>13,207</u>	

As part of the mining unit preparation to extract and treat mineral to a 18,000 DMT per day, the Management decided to accumulate the material with metal content in stock nearby to Tajo Norte in order to be treated when the expansion operation plant, which is estimated to be in the first semester of 2013.

Notes to the interim consolidated financial statements (unaudited)

(continued)

- (ii) It includes gold content of mineral deposited in leach pads, whose recovery is achieved through its exposure to acid sulphuric solutions (leaching) and subsequent transfer to the electro-winning plant to produce gold bars. The recovery factor of ounces of gold contained in leach is estimated based upon metallurgical assays performed on the material treated.
- (iii) Activated coal is related to granules of precious metals with crushed coconut shell which are the result of the gold and silver recovery method through cyanide saturated solutions.

7. Investments in associates

- (a) The table below presents the components of this caption:

	Share in shareholders' equity		Amount	
	As of June 30, 2012 %	As of December 31, 2011 %	As of June 30, 2012 US\$(000)	As of December 31, 2011 US\$(000)
Investments held under equity method				
Minera Yanacocha S.R.L. (c)	43.65	43.65	1,487,047	1,312,051
Sociedad Minera Cerro Verde S.A.A.	19.406	19.349	688,837	602,790
Compañía Minera Coimolache S.A.	40.095	40.095	19,533	9,879
Canteras del Hallazgo S.A.C. (e)	49.00	49.00	1,271	5,237
Other minor investments			6,357	5,047
			<u>2,203,045</u>	<u>1,935,004</u>

- (b) The table below presents the net share in gain (loss) of associates:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012 US\$(000)	2011 US\$(000)	2012 US\$(000)	2011 US\$(000)
Minera Yanacocha S.R.L. (c) and (d)	86,578	64,930	174,731	113,141
Sociedad Minera Cerro Verde S.A.A.	33,878	65,925	78,820	136,911
Compañía Minera Coimolache S.A.	9,628	(536)	17,896	(811)
Canteras del Hallazgo S.A.C. (e)	(8,064)	(7,081)	(13,441)	(13,084)
	<u>122,020</u>	<u>123,238</u>	<u>258,006</u>	<u>236,157</u>

- (c) The investments held in Yanacocha (a gold mine located in Cajamarca, Peru), through Compañía Minera Condesa S.A., and Cerro Verde (a copper mine located in Arequipa, Peru), represent the Company's most significant investments. The share in their results has been significant in relation to the Company's net earnings in the three and six-month periods ended June 30, 2012 and 2011.

Notes to the interim consolidated financial statements (unaudited)

(continued)

Yanacocha is developing the Conga project, which consists of two gold-copper porphyry deposits located northeast of the Yanacocha operating area in the provinces of Celendin, Cajamarca and Hualgayoc. As of April 17, 2012, the independent experts hired by Peruvian Government, issued the international report on water component of the environmental impact study for Conga mining project, which validates essentially the environmental impact study approved in 2010 and includes recommendations for improvement. On June 22, 2012, Yanacocha's Management has approved the recommendations made by independent experts. At the date of this report, the project is suspended and Yanacocha's Management has decided to prioritize the construction of water reservoirs in the project's operation area.

- (e) **Canteras del Hallazgo S.A.C.: Chucapaca Project -**
The mining project is located in Moquegua. There are evidences of gold, copper and silver in Chucapaca project zone, at Canahuire deposit.

As of June 30, 2012, the project is in Feasibility and Environmental Studies, which are expected to be concluded at the end of 2012 and it continues with exploration works in order to dimension the magnitude of mining field. Based on investment program agreed with the other shareholder, the Company disbursed contributions which allow the project development. As of June 30, 2012, shareholders' contribution amounted to US\$117,156,000 (US\$97,820,000 as of December 31, 2011).

8. Mining concessions, development cost and property, plant and equipment, net

The "Mining rights, development costs and property, plant and equipment, net" caption increased from US\$830,997,000 as of December 31, 2011 to US\$942,258,000 as of June 30, 2012, mainly due to investments in: (i) the project expansion of operations in El Brocal for US\$29,952,000, see note 1(e), (ii) construction of the hydroelectric Huanza for US\$23,869,000, see note 1(g), (iii) Breapampa project for US\$20,934,000 and (iv) putting into operation of the treatment plant of Mallay mining unit for US\$16,425,000, see note 1(i).

9. Other accounts payable

The "Other account payable" caption increased from US\$40,098,000 as of December 31, 2011 to US\$72,134,000 as of June 30, 2012 mainly explained by the accounts payable to Newmont Mining Corporation related to reduce the capital stock of Minera La Zanja S.R.L. amount to US\$12,674,000 during the first quarter of 2012, see note 1(f). Additionally, the workers' benefit accounts payable amounting to US\$7,900,000 remain pending as of June 30, 2012, which were paid in full during the first half of July 2012. As of December 31, 2011, the workers' benefit accounts payable of that period was paid in full.

10. Provisions

The "Provision" caption decreased from US\$177,815,000 as of December 31, 2011 to US\$141,809,000 as of June 30, 2012, mainly explained by the workers' profit sharing paid during March amounted to US\$33,153,000. Additionally, in January 2012 stock appreciation rights were paid amounted to US\$16,732,000.

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

11. Financial obligations

The table below presents the detail of long-term debt as of June 30, 2012 and December 31, 2011:

	Original amount US\$(000)	Period	Guarantee	Annual interest rate	Maturities	2012 US\$(000)	2011 US\$(000)
Empresa de Generación Huanza S.A. Banco de Credito del Peru - Leasing	119,000	10 years	Leased equipment	Three-month Libor plus 4.00% (4.46% as of June 30, 2012 and 4.54% as of December 31, 2011)	Quarterly maturities to during seven years from capitalization	119,000	105,042
Sociedad Minera El Brocal S.A.A. Banco de Credito del Peru - Leasing	329	2 years	Leased equipment	4.60%	Monthly maturities of US\$13,569 from August 2012 to July 2014	329	-
Consortio Energético de Huancavelica S.A. BBVA Banco Continental - Working Capital Loan	10,000	4 years	None	Three-month Libor plus 1.25%	Quarterly maturities of US\$500,000 from June 2009 to June 2012	-	1,000
Other						52	72
						<u>119,381</u>	<u>106,114</u>
Non-current portion						<u>(119,184)</u>	<u>(105,072)</u>
Current portion						<u>197</u>	<u>1,042</u>

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

12. Shareholders' equity, net

- (a) Below is information on dividends declared and paid in the six-month periods ended June 30, 2012 and 2011:

Meeting	Date	Dividends declared and paid US\$(000)	Dividends per share US\$
2012 Dividends			
Mandatory annual shareholders' meeting	March 26, 2012	110,254	0.40
Less - Dividends granted to subsidiary		<u>(8,475)</u>	
		<u>101,779</u>	
2011 Dividends			
Mandatory annual shareholders' meeting	March 25, 2011	90,959	0.33
Less - Dividends granted to subsidiary		<u>(6,992)</u>	
		<u>83,967</u>	

- (b) As of June 30, 2012 and 2011, the dividends due to non-controlling interest are made up as follows:

	2012 US\$(000)	2011 US\$(000)
Sociedad Minera El Brocal S.A.A.	18,463	19,118
Minera La Zanja S.R.L.	10,796	-
S.M.R.L. Chaupiloma Dos de Cajamarca	<u>4,920</u>	<u>4,000</u>
	<u>34,179</u>	<u>23,118</u>

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

(c) The composition of shares effective as of June 30, 2012 and 2011, as well as the number of shares considered in the calculation of net income per basic and diluted share, are described in detail below:

	Outstanding shares as of June 30, 2012 and 2011				Number of shares (denominator in calculation of net income per share considering treasury shares acquired during 2012)			
	Common shares	Investment shares	Treasury shares		Total Shares	Common shares	Investment shares	Total shares
			Common	Investment				
Balance as of January 1, 2012 and 2011	274,889,924	744,640	(21,130,260)	(61,976)	254,442,328	253,759,664	682,664	254,442,328
Treasury shares acquired during 2012	-	-	-	(209,757)	(209,757)	-	(209,757)	(209,757)
Balance as of June 30, 2012 and 2011	<u>274,889,924</u>	<u>744,640</u>	<u>(21,130,260)</u>	<u>(271,733)</u>	<u>254,232,571</u>	<u>253,759,664</u>	<u>472,907</u>	<u>254,232,571</u>

The table below presents the computation of earnings per share as of June 30, 2012 and 2011, adjusting retroactively the number of treasury shares acquired during 2012:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012	2011	2012	2011
Net Income attributable to owners of the parent (numerator) - US\$	152,561,000	197,554,000	360,033,000	422,324,000
Shares (denominator)	<u>254,232,571</u>	<u>254,232,571</u>	<u>254,232,571</u>	<u>254,232,571</u>
Basic and diluted earnings per share - US\$	<u>0.60</u>	<u>0.78</u>	<u>1.42</u>	<u>1.66</u>

The table below presents the computation of earnings per share as of June 30, 2012 and 2011, carried out with the shares outstanding before the treasury shares acquired during 2012:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012	2011	2012	2011
Net Income attributable to owners of the parent (numerator) - US\$	152,561,000	197,554,000	360,033,000	422,324,000
Shares (denominator)	<u>254,442,328</u>	<u>254,442,328</u>	<u>254,442,328</u>	<u>254,442,328</u>
Basic and diluted earnings per share - US\$	<u>0.60</u>	<u>0.78</u>	<u>1.42</u>	<u>1.66</u>

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

13. Deferred income tax

(a) The table below presents the components of this caption, according to the items that give rise to them:

	As of June 30, 2012 US\$(000)	As of December 31, 2011 US\$(000)
Deferred asset for income tax		
Tax - loss carryforward (*)	48,781	66,310
Difference in depreciation and amortization rates	32,599	28,039
Provision for closure of mining units, net	13,845	14,906
Stock appreciation rights provision	10,131	13,317
Effect for translation into U.S. dollars	9,276	9,060
Vacations, environmental claims and other provisions	5,195	2,354
Embedded derivative from sale of concentrates	2,224	2,256
Environmental liability for Mina Santa Barbara	1,494	1,494
Other minor	8,512	7,483
	<u>132,057</u>	<u>145,219</u>
Less - allowance for uncertainty as to the deferred asset's recoverability	(3,286)	(3,799)
	<u>128,771</u>	<u>141,420</u>
Deferred asset included in retained earnings		
Derivative financial instruments	-	489
	<u>128,771</u>	<u>141,909</u>
Deferred assets for mining royalties and special mining tax included in results		
Exploration expenses	3,945	2,157
Embedded derivatives from sale of concentrate	331	335
Final price adjustment of open provisional liquidations	116	828
	<u>4,392</u>	<u>3,320</u>
Total deferred asset	<u>133,163</u>	<u>145,229</u>
Deferred liability for income tax included in results		
Differences in amortization rates for development costs	(15,215)	(14,885)
Deemed cost of fixed assets	(4,502)	(3,379)
Embedded derivatives from sale of concentrate	-	(200)
Unrealized loss on financial instruments	-	(384)
Other	(57)	(245)
	<u>(19,774)</u>	<u>(19,093)</u>
Deferred liability included in retained earnings		
Derivative financial instruments	(186)	-
	<u>(19,960)</u>	<u>(19,093)</u>

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

	As of June 30, 2012 US\$(000)	As of December 31, 2011 US\$(000)
Deferred liability for mining royalties and special mining tax included in results		
Deemed cost of fixed assets	(400)	(501)
Derivative financial instruments	(44)	(54)
Embedded derivatives from sale of concentrate	-	(43)
	<u>(444)</u>	<u>(598)</u>
Total deferred liability	<u>(20,404)</u>	<u>(19,691)</u>
Deferred asset for income tax, net	<u>112,759</u>	<u>125,538</u>

(*) According to the Company's Management projections, the total of deferred asset related to tax-loss carryforward will be consumed in 2013.

(b) Portions current and deferred income (expense) income tax shown in the consolidated statement of income for the periods of three and six-month ended June 30, 2012 and 2011 are as follows:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012 US\$(000)	2011 US\$(000)	2012 US\$(000)	2011 US\$(000)
Income tax				
Current	(28,216)	(41,425)	(53,052)	(69,433)
Deferred	(704)	(7,265)	(14,005)	(24,796)
	<u>(28,920)</u>	<u>(48,690)</u>	<u>(67,057)</u>	<u>(94,229)</u>
Mining royalties and Special Mining Tax				
Current	(4,916)	-	(13,442)	-
Deferred	2,238	-	1,226	-
	<u>(2,678)</u>	<u>-</u>	<u>(12,216)</u>	<u>-</u>
Total income tax	<u>(31,598)</u>	<u>(48,690)</u>	<u>(79,273)</u>	<u>(94,229)</u>

(c) The "Income tax liability" caption decreased from US\$36,423,000 as of December 31, 2011 to US\$8,585,000 as of June 30, 2012, mainly explained by net effect of the payments made during 2012 in US\$75,819,000 and the income tax provision during the six-month period ended June 30, 2012.

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

14. Net sales

(a) The table below presents the net sales for the three and six-month periods ended June 30, 2012 and 2011:

	For the three-month periods ended June 30,			For the six-month periods ended June 30,		
	2012 US\$(000)	2011 US\$(000)	Increase (decrease) US\$(000)	2012 US\$(000)	2011 US\$(000)	Increase (decrease) US\$(000)
Sales by product						
Gold (i)	173,327	191,657	(18,330)	391,997	359,399	32,598
Silver (ii)	137,953	110,357	27,596	228,504	227,490	1,014
Copper (iii)	6,251	33,022	(26,771)	53,991	102,673	(48,682)
Zinc	27,720	19,153	8,567	43,939	37,927	6,012
Lead	18,232	11,200	7,032	22,684	18,411	4,273
	363,483	365,389	(1,906)	741,115	745,900	(4,785)
Penalties	(28,998)	(23,055)	(5,943)	(62,081)	(56,823)	(5,258)
Final liquidations for previous year	(1,847)	(4,877)	3,030	(16,396)	2,429	(18,825)
	332,638	337,457	(4,819)	662,638	691,506	(28,868)
Embedded derivative from sale of concentrates	(6,563)	(13,382)	6,819	(351)	(3,891)	3,540
Adjustment to open provisional liquidations	(2,693)	(3,086)	393	10,444	(5,620)	16,064
Loss in hedging operations	274	(2,829)	3,103	6	(7,065)	7,071
	323,656	318,160	5,496	672,737	674,930	(2,193)
Net sales by services, electric power and other minors	8,112	9,142	(1,030)	18,012	15,852	2,160
	331,768	327,302	4,466	690,749	690,782	(33)

It then explains the main changes for the six-month period ended June 30, 2012 compared to the same period of 2011:

- (i) Increase in gold sales of US\$32,598,000 resulting from the effect of higher gold price (15 per cent increase), offsetting by the effect of lower sales volumes (5 per cent decrease). See note 19. The decline in sales of ounces of gold mining units Orcopampa and Antapite is mainly due to the lower grades in the ore treated and the poor quality of the rock.
- (ii) Increase in silver sales of US\$1,014,000 resulting from the effect of higher sales volume (17 per cent increase), offsetting by the effect of lower price of silver (15 per cent decrease). See note 19. The increase in sales of ounces of silver is mainly due to higher unit sales Uchucchacua mining, mainly due to higher grades in the ore treated.
- (iii) Decrease in copper sales of US\$48,682,000 resulting from the effect of lower sales volume (40 per cent decrease) and lower copper prices (12 per cent decrease), mainly due to lower volumes sold by the Colquijirca mining unit (44 per cent decrease). See note 19. During the six-month period ended June 30, 2011, the total ore treated in the Colquijirca mining unit was related to the production of copper concentrate, while in 2012 that mineral was processed in January.

Notes to the interim consolidated financial statements (unaudited)

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15. Cost of sales, excluding depreciation and amortization

The table below presents the components of this caption:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012 US\$(000)	2011 US\$(000)	2012 US\$(000)	2011 US\$(000)
Opening balance of products in process, note 6(a)	137,369	93,497	140,775	77,441
Opening balance of finished goods, note 6(a)	37,302	20,147	19,026	6,750
	<u>174,671</u>	<u>113,644</u>	<u>159,801</u>	<u>84,191</u>
Production cost				
Services provided by third parties	55,391	42,477	117,757	92,529
Consumption of materials and supplies	32,565	23,573	61,052	47,414
Direct labor	21,664	30,046	47,305	50,499
Electricity and water	7,585	8,419	14,380	16,284
Transport	3,993	3,222	7,454	5,991
Insurance	2,627	2,246	5,154	4,436
Provision for impairment of finished goods	2,730	966	4,080	340
Rentals	1,283	7,163	3,836	11,321
Cost of concentrate purchase to third parties	-	(1,581)	3,290	16,908
Maintenance and repair	1,654	1,311	3,192	2,258
Other production expenses	10,574	13,717	20,777	24,540
Total production cost of the period	<u>140,066</u>	<u>131,559</u>	<u>288,277</u>	<u>272,520</u>
Final balance of products in process	(138,501)	(122,039)	(138,501)	(122,039)
Final balance of finished goods	(38,722)	(26,618)	(38,722)	(26,618)
	<u>(177,223)</u>	<u>(148,657)</u>	<u>(177,223)</u>	<u>(148,657)</u>
Costs of sales, without considering depreciation and amortization	<u>137,514</u>	<u>96,546</u>	<u>270,855</u>	<u>208,054</u>

The production cost of the period increased 6% from US\$272,520,000 in the six-month period ended June 30, 2011 to US\$288,277,000 in the same period of 2012, mainly explained by the increase in the cost of services provided by third parties to Buenaventura, in the Uchucchacua and Orcopampa mining units as a result of the major works of deepening and exploitation in these units, as well as by higher costs for consumption of materials and supplies in Buenaventura and El Brocal as a result of higher ore volumes treated in Uchucchacua and Colquijirca mining units, respectively.

The "Cost of sales, without considering depreciation and amortization" caption increase in 30%, from US\$208,054,000 in the six-month period ended June 30, 2011 to US\$270,855,000 for the same period 2012. The increase is mainly due to the increase in the cost of production mentioned in the

Notes to the interim consolidated financial statements (unaudited)

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paragraph above, and the positive (increase) variation of the inventories as of June 30, 2011, compared to the same period 2012.

16. Administrative expense

The "Administrative expense" caption increased in US\$36,482,000 during the six-month period ended June 30, 2011 to US\$54,796,000 in the same period 2012. The increase is mainly explained by the record of long term officers' compensation of Buenaventura and Subsidiaries provision in US\$7,315,000 during the six-month period ended June 30, 2012, while in 2011 was not necessary to record any amount. Also, during the six-month period ended June 30, 2012, Buenaventura recorded a provision for labor contingences of US\$3,098,000 while in the same period of 2011, the provision was US\$180,000.

17. Exploration in units in operation and Exploring in non-operating areas

The "Exploration in units in operation" caption increased from US\$46,324,000 as of June 30, 2011 to US\$66,812,000 as of June 30, 2012, mainly explained by higher exploration, preparation and development mining costs in the mining units of Orcopampa and Uchucchacua.

The "Exploring in non-operating areas" caption increased from US\$22,700,000 as of June 30, 2011 to US\$45,829,000 as of June 30, 2012, mainly explained by the investments made during 2012 in: (i) drilling works in San Gregorio in approximately US\$6,000,000, of El Brocal; (ii) drilling works in Tambomayo in approximately US\$6,865,000, of Cedimin; and (iii) drilling works in Trapiche in approximately US\$5,389,000, of El Molle Verde S.A.C.

18. Related-party transactions

(a) The Company made the following transactions with its affiliates for the periods of three and six-month ended June 30, 2012 and 2011:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012 US\$(000)	2011 US\$(000)	2012 US\$(000)	2011 US\$(000)
Transactions with Minera Yanacocha S.R.L. :				
Paid royalties to:				
S.M.R.L. Chaupiloma Dos de Cajamarca	18,696	15,982	36,753	28,249
Services received by:				
Buenaventura Ingenieros S.A. (Implementation of specific work orders)	1,166	3,305	3,616	3,945
Consorcio Energético de Huancavelica S.A. (Electric power transmission)	226	1,197	1,166	2,394
Dividends received:				
Compañía Minera Coimolache S.A	4,602	-	7,008	-

Notes to the interim consolidated financial statements (unaudited)

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- (b) As a result of the transactions indicated in paragraph (a), the Company had the following accounts receivable and payable from related parties:

	As of June 30, 2012 US\$(000)	As of December 31, 2011 US\$(000)
Accounts receivable		
Compañía Minera Coimolache S.A. (c)	47,297	53,971
Minera Yanacocha S.R.L.	26,941	25,441
Others	-	275
	<u>74,238</u>	<u>79,687</u>
Less - non-current portion	<u>(42,326)</u>	<u>(32,262)</u>
Current portion	<u>31,912</u>	<u>47,425</u>
Accounts payable		
Compañía Minera Coimolache S.A.	1,141	1,293
Minera Yanacocha S.R.L.	527	594
	<u>1,668</u>	<u>1,887</u>
Less – non-current portion	<u>(868)</u>	<u>(1,004)</u>
Current portion	<u>800</u>	<u>883</u>

- (c) On October 18, 2010, the Shareholders' Meeting of Compañía Minera Coimolache S.A. approved the development program and financial support of Tantahuatay Project; the total budget of the project was estimated in US\$110,000,000 and the project financing structure should be: 30% shareholders' equity and 70% loans from shareholders. As of June 30, 2012, the loan generates a calculated interest with a LIBOR interest rate to 6 months plus 3%.

19. Statistical data

The following are statistics related to sales and average net contributions of transactions made by the Company in terms of three and six-month periods ended June 30, 2012 and 2011:

- (a) Volumes sold (metallic content):

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012	2011	2012	2011
Gold	107,661 OZ	126,314 OZ	234,241 OZ	246,916 OZ
Silver	4,695,060 OZ	2,768,290 OZ	7,491,711 OZ	6,379,511 OZ
Lead	9,471 MT	4,657 MT	11,589 MT	7,404 MT
Zinc	14,449 MT	8,517 MT	22,381 MT	16,451 MT
Copper	830 MT	3,832 MT	6,542 MT	10,889 MT

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(b) Average sale prices:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012 US\$	2011 US\$	2012 US\$	2011 US\$
Gold	1,619.50 / OZ	1,513.95 / OZ	1,672.83 / OZ	1,456.86 / OZ
Silver	29.41 / OZ	37.01 / OZ	30.50 / OZ	35.70 / OZ
Lead	1,928.70 / MT	2,493.59 / MT	1,957.36 / MT	2,519.42 / MT
Zinc	1,922.13 / MT	2,260.30 / MT	1,963.28 / MT	2,320.93 / MT
Copper	7,828.04 / MT	9,102.88 / MT	8,253.33 / MT	9,333.95 / MT

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