



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

Interim unaudited consolidated financial statements as of  
September 30, 2012 and 2011 and for the three-month and  
nine-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 September 30, 2012, and the related consolidated income statements, statement of comprehensive income and cash flows for the three and nine-month periods ended September 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  
October 24, 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 September 30, 2012 (unaudited) and December 31, 2011 (audited)

	Note	2012 US\$(000)	2011 US\$(000)		Note	2012 US\$(000)	2011 US\$(000)
<b>Asset</b>				<b>Liabilities and shareholders' equity, net</b>			
<b>Current asset</b>				<b>Current liability</b>			
Cash and cash equivalents	5(a)	280,702	470,847	Trade accounts payable		173,799	142,375
Financial assets at fair value through profit or loss		55,029	62,299	Accounts payable from entities associates	18(b)	870	883
Trade accounts receivable, net		187,129	172,569	Other accounts payable	9	61,757	40,098
Other accounts receivable		82,523	48,521	Provisions	10	52,791	91,287
Accounts receivable from entities associates	18(b)	29,916	47,425	Embedded derivatives for concentrates sales, net		-	7,306
Embedded derivatives for concentrates sales, net		5,774	-	Derivative financial instruments		177	-
Derivative financial instruments		-	1,283	Financial obligations	11	40,227	1,042
Inventory, net	6(a)	171,951	149,108	Dividends payable		865	1,052
Prepaid expenses		11,694	16,234	Income tax payable	13(c)	8,393	36,423
<b>Total current asset</b>		<b>824,718</b>	<b>968,286</b>	<b>Total current liabilities</b>		<b>338,879</b>	<b>320,466</b>
Other accounts receivable		14,664	5,570	Other long-term accounts payable	9	4,694	-
Accounts receivable from entities associates	18(b)	37,852	32,262	Other non-current provisions	10	106,850	86,528
Long-term inventory	6(a)	42,939	48,845	Accounts payable from entities associates	18(b)	799	1,004
Prepaid expenses		253	-	Financial obligations	11	119,181	105,072
Investment in associates	7(a)	2,350,797	1,935,004	<b>Total liability</b>		<b>570,403</b>	<b>513,070</b>
Mining concessions, development cost and property, plant and equipment, net	8	1,058,390	830,997	<b>Shareholders' equity, net</b>			
Deferred income tax asset, net	13(a)	107,927	125,538	Capital stock, net of treasury shares for US\$62,622,000		750,540	750,540
Other assets		5,209	7,047	Investment shares, net of treasury shares for US\$762,000		1,399	2,019
				Additional paid-in capital		219,471	225,978
				Legal reserve		162,649	162,639
				Other reserves		269	269
				Retained earnings		2,478,607	2,034,768
				Other reserves of equity		753	2,068
				Shareholders' equity, net attributable to owners of the parent		3,613,688	3,178,281
				Non-controlling interest		258,658	262,198
				<b>Total shareholders' equity, net</b>		<b>3,872,346</b>	<b>3,440,479</b>
<b>Total assets</b>		<b>4,442,749</b>	<b>3,953,549</b>	<b>Total liabilities and shareholders' equity, net</b>		<b>4,442,749</b>	<b>3,953,549</b>

The accompanying notes are an integral part of this statement.

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

### Consolidated Income Statements (unaudited)

For the three and nine-months periods ended September 30, 2012 and 2011

		For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
		2012 US\$(000)	2011 US\$(000) (Note 3)	2012 US\$(000)	2011 US\$(000) (Note 3)
<b>Operating income</b>					
Net sales	14(a)	393,987	418,130	1,084,736	1,108,912
Royalty income	18(a)	17,868	17,126	54,621	45,375
<b>Total income</b>		<u>411,855</u>	<u>435,256</u>	<u>1,139,357</u>	<u>1,154,287</u>
<b>Operating costs</b>					
Cost of sales, without considering depreciation and amortization	15	(164,106)	(114,165)	(434,961)	(322,219)
Exploration in units in operation	17	(30,341)	(29,047)	(97,153)	(75,371)
Depreciation and amortization		(32,445)	(23,241)	(84,240)	(69,175)
Royalties		(10,963)	(20,629)	(30,120)	(51,939)
<b>Total operating costs</b>		<u>(237,855)</u>	<u>(187,082)</u>	<u>(646,474)</u>	<u>(518,704)</u>
<b>Gross income</b>		<u>174,000</u>	<u>248,174</u>	<u>492,883</u>	<u>635,583</u>
<b>Operating expenses</b>					
Administrative	16	(22,856)	(22,343)	(77,652)	(58,825)
Exploring in non-operating areas	17	(27,400)	(12,827)	(73,229)	(35,527)
Selling		(5,204)	(3,285)	(12,281)	(8,138)
Other, net		2,094	4,323	1,831	7,246
<b>Total operating expenses</b>		<u>(53,366)</u>	<u>(34,132)</u>	<u>(161,331)</u>	<u>(95,244)</u>
<b>Operating income</b>		<u>120,634</u>	<u>214,042</u>	<u>331,552</u>	<u>540,339</u>
<b>Other income (expenses), net</b>					
Share in the results of entities associates under equity method	7(b)	116,298	107,696	374,304	343,853
Interest income		2,470	1,875	7,761	7,252
Interest expense		(1,502)	(1,656)	(4,682)	(5,083)
Gain (loss) from currency exchange difference		527	(529)	(254)	(1,352)
<b>Total other income, net</b>		<u>117,793</u>	<u>107,386</u>	<u>377,129</u>	<u>344,670</u>
<b>Income before income tax and non- controlling interest</b>		<u>238,427</u>	<u>321,428</u>	<u>708,681</u>	<u>885,009</u>
Income tax	13(b)	(35,069)	(81,893)	(114,342)	(176,122)
<b>Net income</b>		<u>203,358</u>	<u>239,535</u>	<u>594,339</u>	<u>708,887</u>
Attributable to :					
Non-controlling interest		17,773	30,862	48,721	77,890
Owners of the parent		185,585	208,673	545,618	630,997
		<u>203,358</u>	<u>239,535</u>	<u>594,339</u>	<u>708,887</u>
<b>Basic and diluted earnings per share attributable to owners of the parent, stated in U.S. dollars</b>		<u>0.73</u>	<u>0.82</u>	<u>2.15</u>	<u>2.48</u>
<b>Weighted average number of shares outstanding (common and investment), in units</b>	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 nine-month periods ended September 30, 2012 and 2011

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012 US\$(000)	2011 US\$(000) (Note 3)	2012 US\$(000)	2011 US\$(000) (Note 3)
<b>Net income</b>	<u>203,358</u>	<u>239,535</u>	<u>594,339</u>	<u>708,887</u>
Net change in unrealized gain (loss) on derivative financial instruments	(669)	18,422	(1,363)	27,563
Income tax for the effect on change in unrealized gain (loss) on derivate financial instruments	<u>201</u>	<u>(5,527)</u>	<u>409</u>	<u>(8,269)</u>
	<u>(468)</u>	<u>12,895</u>	<u>(954)</u>	<u>19,294</u>
Net change in unrealized gain (loss) on other investments	412	(810)	(1,187)	(1,203)
Income tax for the effect on change in unrealized gain on other investments	<u>(124)</u>	<u>243</u>	<u>356</u>	<u>361</u>
	<u>288</u>	<u>(567)</u>	<u>(831)</u>	<u>(842)</u>
<b>Other comprehensive income</b>	<u>(180)</u>	<u>12,328</u>	<u>(1,785)</u>	<u>18,452</u>
<b>Total comprehensive income</b>	<u>203,178</u>	<u>251,863</u>	<u>592,554</u>	<u>727,339</u>
<b>Attributable to:</b>				
Non-controlling interest	17,543	37,931	48,251	87,607
Owners of the parent	<u>185,635</u>	<u>213,932</u>	<u>544,303</u>	<u>639,732</u>
	<u>203,178</u>	<u>251,863</u>	<u>592,554</u>	<u>727,339</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 nine-month periods ended September 30, 2012 and 2011

	Attributable to owners 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, gain (loss) US\$(000)	Total US\$(000)	Non- controlling interest US\$(000)	Total equity US\$(000)
Number of shares outstanding	Common shares US\$(000)	Investment shares US\$(000)									
<b>Balance as of January 1, 2011 (note 3)</b>	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	-	-	-	-	-	-	630,997	-	630,997	77,890	708,887
Net change in unrealized gain on hedging derivative financial instruments held by El Brocal	-	-	-	-	-	-	-	9,577	9,577	9,717	19,294
Net change in unrealized gain on other investments	-	-	-	-	-	-	-	(842)	(842)	-	(842)
<b>Total comprehensive income of the year (note 3)</b>	-	-	-	-	-	-	630,997	8,735	639,732	87,607	727,339
Dividends declared and paid, notes 12(a) and 12(b)	-	-	-	-	-	-	(83,967)	-	(83,967)	(48,418)	(132,385)
Acquisition of non-controlling interest in El Brocal and Colquijirca	-	-	-	-	-	-	(142,890)	-	(142,890)	(19,244)	(162,134)
Expired dividends	-	-	-	-	6	-	-	-	6	-	6
<b>Balance as of September 30, 2011</b>	<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>1,875,152</u>	<u>2,829</u>	<u>3,019,426</u>	<u>258,737</u>	<u>3,278,163</u>
<b>Balance as of January 1, 2012</b>	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	-	-	-	-	-	-	545,618	-	545,618	48,721	594,339
Net change in unrealized loss on hedging derivative financial instruments held by El Brocal	-	-	-	-	-	-	-	(484)	(484)	(470)	(954)
Net change in unrealized gain on other investments	-	-	-	-	-	-	-	(831)	(831)	-	(831)
<b>Total comprehensive income of the year</b>	-	-	-	-	-	-	545,618	(1,315)	544,303	48,251	592,554
Dividends declared and paid, notes 12(a) and 12(b)	-	-	-	-	-	-	(101,779)	-	(101,779)	(39,117)	(140,896)
Capital stock reduction of Minera La Zanja S.R.L., note 1(f)	-	-	-	-	-	-	-	-	-	(12,674)	(12,674)
Treasury shares	-	-	(620)	(6,507)	-	-	-	-	(7,127)	-	(7,127)
Expired dividends	-	-	-	-	10	-	-	-	10	-	10
<b>Balance as of September 30, 2012</b>	<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>2,478,607</u>	<u>753</u>	<u>3,613,688</u>	<u>258,658</u>	<u>3,872,346</u>

The accompanying notes are an integral part of this statement.

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

### Consolidated Statements of Cash Flows (unaudited)

For the three and nine-month periods ended September 30, 2012 and 2011

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012 US\$(000)	2011 US\$(000)	2012 US\$(000)	2011 US\$(000) (Note 3)
<b>Operating activities</b>				
Proceeds from sales	363,513	368,652	1,057,157	1,087,941
Royalty received	19,818	13,837	55,071	37,482
Value added tax recovered	16,884	6,920	30,161	19,360
Dividends received	3,846	-	10,854	-
Interest received	1,528	1,802	6,906	6,003
Payments to suppliers and third parties	(212,513)	(182,485)	(607,692)	(533,215)
Payments to employees	(33,694)	(20,153)	(155,521)	(106,296)
Income tax paid	(31,238)	(24,914)	(107,057)	(86,431)
Payments of royalties	(9,738)	(20,829)	(29,798)	(55,638)
Payments of interest	(514)	(235)	(1,279)	(911)
<b>Net cash and cash equivalents provided by operating activities</b>	<b>117,892</b>	<b>142,595</b>	<b>258,802</b>	<b>368,295</b>
<b>Investment activities</b>				
Decrease (increase) in time deposits	2,736	(1,442)	9,582	16,493
Proceeds from sale of mining concessions, development cost and property, plant and equipment	98	7,792	119	7,792
Proceeds from sale of investment shares	-	60,379	-	60,379
Acquisition of mining concessions, development cost and property, plant and equipment	(140,213)	(69,330)	(308,920)	(178,496)
Payment for purchase of shares	(23,273)	(1,930)	(32,184)	(1,930)
Contributions to associates	(13,083)	(238,176)	(21,961)	(255,195)
<b>Net cash and cash equivalents used in investment activities</b>	<b>(173,735)</b>	<b>(242,707)</b>	<b>(353,364)</b>	<b>(350,957)</b>
<b>Financing activities</b>				
Increase in financial obligations	40,026	8,922	54,313	34,437
Dividends paid	-	-	(101,779)	(83,967)
Dividends paid to non-controlling interest	(4,942)	(22,867)	(39,117)	(48,418)
Capital stock reduction paid to non-controlling interest	(7,980)	-	(7,980)	-
Decrease in financial obligations	-	(493)	(1,020)	(1,500)
<b>Net cash and cash equivalents provided by (used in) financing activities</b>	<b>27,104</b>	<b>(14,438)</b>	<b>(95,583)</b>	<b>(99,448)</b>
Decrease in cash and cash equivalents for the period, net	(28,739)	(114,550)	(190,145)	(82,110)
Cash and cash equivalents at beginning of period	309,441	615,301	470,847	582,861
<b>Cash and cash equivalents at the period-end, note 5(a)</b>	<b>280,702</b>	<b>500,751</b>	<b>280,702</b>	<b>500,751</b>

## Consolidated Statements of Cash Flows (unaudited) (continued)

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012 US\$(000)	2011 US\$(000)	2012 US\$(000)	2011 US\$(000) (Note 3)
<b>Reconciliation of net income to cash and cash equivalents provided by operating activities</b>				
Net income attributable to owners of the parent	185,585	208,673	545,618	630,997
<b>Add (less)</b>				
Depreciation and amortization	32,445	23,241	84,240	69,175
Net income attributable to non-controlling interest	17,773	30,862	48,721	77,890
Deferred income tax	4,396	23,269	17,175	48,065
Accretion expense of the provision for closure of mining units	988	1,417	3,405	4,169
Loss (gain) from currency exchange difference	(527)	529	254	1,352
Share in the results of associates, net of dividends received in cash, note 7(b)	(112,452)	(107,696)	(363,450)	(343,853)
Provisions	(17,846)	16,811	(137,589)	(21,473)
Provision for estimated fair value of embedded derivatives of concentrate sales and adjustments on open liquidations	(21,983)	35,099	(32,076)	44,610
<b>Net changes in assets and liabilities accounts</b>				
Decrease (increase) in operating assets -				
Trade accounts receivable	(17,806)	(75,278)	(14,560)	(55,912)
Other accounts receivable	(9,298)	26,536	(23,304)	31,842
Accounts receivable from entities	14,205	(20,727)	7,225	(33,277)
Inventory	(3,723)	(20,165)	(16,937)	(79,643)
Prepaid expenses	(21,512)	11,704	(26,747)	14,120
Increase (decrease) in operating liabilities -				
Trade accounts payable	23,621	15,703	31,424	10,274
Other accounts payable	44,218	(46,357)	163,433	(47,761)
Income tax payable	(192)	18,974	(28,030)	17,720
<b>Net cash and cash equivalents provided by operating activities</b>	<b>117,892</b>	<b>142,595</b>	<b>258,802</b>	<b>368,295</b>
<b>Transactions that did not affect cash flows:</b>				
Cost provision for closure of mining units	18,872	-	18,872	-
Borrowing cost	57	-	57	-

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 September 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 with high manganese content of Uchucchacua. See note 1(d).

##### (c) Approval of consolidated financial statements -

The consolidated financial statements as of September 30, 2012 were approved by Management on October 18, 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 October 30, 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			
	September 30, 2012		December 31, 2011	
	Direct %	Indirect %	Direct %	Indirect %
<b>Investment and mining concessions held, exploration and exploitation of minerals</b>				
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	-
<b>Electric power activity</b>				
Consortio Energético de Huancavelica S.A.	100.00	-	100.00	-
Empresa de Generación Huanza S.A. (g)	-	100.00	-	100.00
<b>Service providers</b>				
Buenaventura Ingenieros S.A.	100.00	-	100.00	-
Bisa Construcción S.A.	-	100.00	-	100.00
Contacto Corredores de Seguros S.A.	-	100.00	-	100.00
<b>Industrial activities</b>				
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. This project, will allow processing ore with lower from lead-zinc grade from Tajo Norte and copper from Marcapunta, divided in three stages:

- First: Optimization of the current plant of 5,000 DMT/day to 7,000 DMT/day.
- Second: New concentrate plant 2,490 DMT/day.
- Third: Expansion of the new plant from 2,490 DMT/day to 11,000 DMT/day.

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

(continued)

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. El Brocal Management hopes to complete the third stage of the operations expansion during the second quarter of 2013. The updated budget amounted to US\$313,043,000.

As of September 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)
<b>Mine development costs</b>		
Expansion of Tajo Norte - Marcapunta Norte	<u>16,437</u>	<u>16,429</u>
<b>Mining concessions and property, plant and equipment</b>		
Expansion of refining plant capacity to 18,000 DMT	122,179	103,337
Optimization of crushing plant and conveyor belt	32,890	17,018
Construction of Huachacaja tailings areas	23,369	7,825
New offices and camps	16,011	13,350
Expansion of power grid	11,963	7,941
Support area	4,005	3,067
Mineral storage	2,496	2,098
Program management	2,476	2,476
Borrowing cost	836	-
Other minor activities	<u>1,107</u>	<u>759</u>
<b>Total</b>	<u>233,769</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\$4,694,000 (US\$12,674,000 net of disbursements by US\$7,980,000) which is included as a liability under "Other accounts payable" in the consolidated statement of financial position as of September 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. The hydroelectric power station will start operations in the first quarter of 2013 and the investment amounted to US\$180,000,000.

# Notes to the interim consolidated financial statements (unaudited)

(continued)

As of September 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)
<b>Development cost</b>		
Concessions and others	<u>2,171</u>	<u>2,142</u>
<b>Property, plant and equipment</b>		
Water conductor system	77,434	50,468
Preliminary work and advances	36,245	41,812
Borrowing cost	9,701	6,364
Pallca dam and water intake	8,454	1,564
Access road	7,287	6,305
Round house and yard keys	5,217	3,128
Conduction tube line - Conay river	4,131	2,189
Transmission line in 60 KV	3,026	2,766
Other minor activities	<u>3,138</u>	<u>2,771</u>
	<u>154,633</u>	<u>117,367</u>
<b>Total</b>	<u>156,804</u>	<u>119,509</u>

- (h) Construction of washing plant, sulfuric acid and manganese sulfate (Rio Seco) -  
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 gas effluents of the process, a sulfuric acid recovery plant 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 fourth quarter of 2012. As of September 30, 2012, the investment in this project amounted to US\$68,445,000 (US\$27,606,000 as of December 31, 2011).

- (i) Start of operations of the mining unit Mallay and works in progress in 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 September 30, 2012, Mallay mining unit has produced 385,248 ounces of silver. Total investment in fixed assets was US\$63,086,000 of which US\$18,652,000 were disbursed in 2012.

# Notes to the interim consolidated financial statements (unaudited)

(continued)

In addition, as of September 30, 2012, the disbursements related to the fixed assets of the Breapampa project amount to US\$47,007,000 of which US\$26,442,000 were made during 2012.

## 2. Interim unaudited consolidated financial statements

### **Basis of presentation -**

The interim unaudited consolidated financial statements for the three and nine-month periods ended September 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 nine-month period ended September 30, 2011 is provided below:

	Balance as of 30.09.2011 under Peru GAAP US\$(000)	Remeasurements (* US\$(000)	Balance as of 30.09.2011 under IFRS US\$(000)
<b>Operating income</b>			
Net sales	1,108,912	-	1,108,912
Royalty income	45,375	-	45,375
<b>Total income</b>	<u>1,154,287</u>	<u>-</u>	<u>1,154,287</u>
<b>Operating costs</b>			
Cost of sales, without considering depreciation and amortization	(322,223)	4	(322,219)
Exploration in units in operation	(75,371)	-	(75,371)
Depreciation and amortization	(67,780)	(1,395)	(69,175)
Royalties	(51,939)	-	(51,939)
<b>Total operating costs</b>	<u>(517,313)</u>	<u>(1,391)</u>	<u>(518,704)</u>
<b>Gross income</b>	<u>636,974</u>	<u>(1,391)</u>	<u>635,583</u>
<b>Operating expenses</b>			
Administrative	(58,825)	-	(58,825)
Exploring in non-operating areas	(35,527)	-	(35,527)
Selling	(8,138)	-	(8,138)
Other, net	7,410	(164)	7,246
<b>Total operating expenses</b>	<u>(95,080)</u>	<u>(164)</u>	<u>(95,244)</u>
<b>Operating income</b>	<u>541,894</u>	<u>(1,555)</u>	<u>540,339</u>
<b>Other income (expenses), net</b>			
Share in the results of entities associates under equity method	341,764	2,089	343,853
Interest income	7,252	-	7,252
Interest expense	(5,083)	-	(5,083)
Net loss from currency exchange difference	(1,352)	-	(1,352)
<b>Total other income, net</b>	<u>342,581</u>	<u>2,089</u>	<u>344,670</u>
<b>Income before income tax and non-controlling interest</b>	<u>884,475</u>	<u>534</u>	<u>885,009</u>
Income tax	(176,122)	-	(176,122)
<b>Net income</b>	<u>708,353</u>	<u>534</u>	<u>708,887</u>
Attributable to:			
Non-controlling interest	77,831	59	77,890
Owners of the parent	630,522	475	630,997
	<u>708,353</u>	<u>534</u>	<u>708,887</u>
<b>Basic and diluted earnings per share attributable to owners of the parent, stated in U.S. dollars</b>	<u>2.48</u>		<u>2.48</u>
<b>Weighted average number of shares outstanding (common and investment), in units</b>	<u>254,232,571</u>		<u>254,232,571</u>

# Notes to the interim consolidated financial statements (unaudited)

(continued)

(\*) 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.

## 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 nine-month periods ended September 30, 2011 is provided below:

	Balance as of 30.09.2011 under Peru GAAP US\$(000)	Remeasurements US\$(000)	Balance as of 30.09.2011 under IFRS US\$(000)
<b>Net income</b>	708,353	534	708,887
Net change in unrealized gain on derivative financial instruments	27,563	-	27,563
Income tax for the effect in unrealized gain on derivative financial instruments	<u>(8,269)</u>	<u>-</u>	<u>(8,269)</u>
	<u>19,294</u>	<u>-</u>	<u>19,294</u>
Net change in unrealized loss on other investments	(1,203)	-	(1,203)
Income tax for the effect in unrealized gain on other investments	<u>361</u>	<u>-</u>	<u>361</u>
	<u>(842)</u>	<u>-</u>	<u>(842)</u>
<b>Other comprehensive income</b>	<u>18,452</u>	<u>-</u>	<u>18,452</u>
<b>Total comprehensive income</b>	<u>726,805</u>	<u>534</u>	<u>727,339</u>
<b>Attributable to:</b>			
Non-controlling interest	87,548	59	87,607
Owners of the parent	<u>639,257</u>	<u>475</u>	<u>639,732</u>
<b>Total comprehensive income</b>	<u>726,805</u>	<u>534</u>	<u>727,339</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.

# Notes to the interim consolidated financial statements (unaudited)

(continued)

## 4. Seasonality of operations

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

## 5. Cash and cash equivalents

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

	As of September 30, 2012 US\$(000)	As of December 31, 2011 US\$(000)
Cash	997	908
Bank accounts	84,891	71,883
Time deposits (b)	<u>194,814</u>	<u>398,056</u>
	<u>280,702</u>	<u>470,847</u>

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

Currency	Original maturities	Annual interest rate %	US\$(000)
U.S. Dollars	From 5 to 61 days	Between 0.50 and 3.95	190,963
Nuevos Soles	From 56 to 63 days	Between 3.98 and 4.00	<u>3,851</u>
			<u>194,814</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>



# Notes to the interim consolidated financial statements (unaudited)

(continued)

## 6. Inventory, net

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

	As of September 30, 2012 US\$(000)	As of December 31, 2011 US\$(000)
Finished goods (b)	38,741	19,026
Products in process (c)	137,247	140,775
Spare parts and supplies	42,088	41,205
	<u>218,076</u>	<u>201,006</u>
Provision for impairment of value of inventory	(3,186)	(3,053)
	<u>214,890</u>	<u>197,953</u>
Less non-current portion (c)	(42,939)	(48,845)
	<u>171,951</u>	<u>149,108</u>

(b) The increase of finished goods of US\$19,715,000 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 September 30, 2012 and December 31, 2011, the inventory of lead and silver concentrate in Uchucchacua mining unit amounted to US\$24,396,000 equivalent to 8,827 DST and US\$11,043,000 equivalent to 4,364 DST, respectively.

(c) The products in process include the following:

	As of September 30, 2012 US\$(000)	As of December 31, 2011 US\$(000)
Classified mineral (i)	56,889	62,052
Leach pad (ii)	28,466	19,646
Current mineral	25,768	18,748
Activated coal (iii)	17,478	21,541
Ore cyanidation process	7,148	14,956
Other	1,498	3,832
	<u>137,247</u>	<u>140,775</u>
Less non-current position (i)	(42,939)	(48,845)
	<u>94,308</u>	<u>91,930</u>

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

(continued)

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

	2012		2011	
	US\$(000)	TMS	US\$(000)	TMS
Type I and II (copper mineral)	3,672	494,280	8,584	859,556
Type III (lead/zinc mineral)	53,217	2,405,266	53,468	2,828,274
	<u>56,889</u>	<u>2,899,546</u>	<u>62,052</u>	<u>3,687,830</u>
Non-current portion	<u>42,939</u>		<u>48,845</u>	
Current portion	<u>13,950</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.

- (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.

# Notes to the interim consolidated financial statements (unaudited)

(continued)

## 7. Investments in associates

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

	Share in shareholders' equity		Amount	
	As of September 30, 2012 %	As of December 31, 2011 %	As of September 30, 2012 US\$(000)	As of December 31, 2011 US\$(000)
<b>Investments held under equity method</b>				
Minera Yanacocha S.R.L. (c) and (d)	43.65	43.65	1,552,834	1,312,051
Sociedad Minera Cerro Verde S.A.A. (c)	19.584	19.349	754,718	602,790
Compañía Minera Coimolache S.A.	40.095	40.095	29,204	9,879
Canteras del Hallazgo S.A.C. (e)	49.00	49.00	7,684	5,237
Other minor investments			6,357	5,047
			<u>2,350,797</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 September 30,		For the nine-month periods ended September 30,	
	2012 US\$(000)	2011 US\$(000)	2012 US\$(000)	2011 US\$(000)
Minera Yanacocha S.R.L. (c) and (d)	65,706	79,829	240,437	192,970
Sociedad Minera Cerro Verde S.A.A. (f)	43,747	31,757	122,567	168,668
Compañía Minera Coimolache S.A.	13,514	4,359	31,410	3,548
Canteras del Hallazgo S.A.C. (e)	(6,669)	(8,249)	(20,110)	(21,333)
	<u>116,298</u>	<u>107,696</u>	<u>374,304</u>	<u>343,853</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 nine-month periods ended September 30, 2012 and 2011.

(d) 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. As a result, Yanacocha

# Notes to the interim consolidated financial statements (unaudited)

(continued)

Management has reprogrammed the development activities, focusing on recommended water sustainability activities.

(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 September 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 September 30, 2012, shareholders' contribution amounted to US\$143,854,000 (US\$97,820,000 as of December 31, 2011).

(f) Sociedad Minera Cerro Verde S.A.A. -

On July 17, 2012, Cerro Verde signed a new "Guarantees and Measures of Investment Promotion Agreement" with the Peruvian government entities, in according with the Peruvian Mining Law ("Ley General de Minería"), for the expansion program to be executed in the mining unit "Cerro Verde". This project is pending to receive the regulatory permits and the approval of the Board of Directors of Cerro Verde.

## 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\$1,058,390,000 as of September 30, 2012, mainly due to investments in: (i) the project expansion of operations in El Brocal by US\$59,469,000, see note 1(e), (ii) construction of the hydroelectric Huanza by US\$37,295,000, see note 1(g), (iii) Breapampa project by US\$26,442,000 and (iv) putting into operation of the treatment plant of Mallay mining unit by US\$18,652,000, see note 1(i).

## 9. Other accounts payable

The "Other account payable" and "other long-term accounts payable" caption increased from US\$40,098,000 as of December 31, 2011 to US\$66,451,000 as of September 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\$4,694,000 during the first quarter of 2012, see note 1(f). Additionally, the workers' benefit accounts payable amounting to US\$4,178,000 remain pending as of September 30, 2012, which will be paid on December 2012. As of December 31, 2011, the workers' benefit accounts payable of that period was paid in full. In the same way, the vacations accounts payable amounting to US\$9,107,000 remain pending as of September 30, 2012 (US\$4,787,000 as of December 31, 2011).

# Notes to the interim consolidated financial statements (unaudited)

(continued)

## 10. Provisions

The "Provision" and "Other non-current provisions" caption decreased from US\$177,815,000 as of December 31, 2011 to US\$159,641,000 as of September 30, 2012, mainly explained by the workers' profit sharing paid during March amounted to US\$33,153,000 and the increase of this provision for the nine-month periods ended September 30, 2012. Additionally, in January 2012 stock appreciation rights were paid amounted to US\$16,732,000 and the increase of this provision in US\$7,355,000.

On July 12, 2012, El Brocal filed the Updated Mine Closure Plan of Colquijirca including the new closure obligations of the operation expansion. The main modifications relate to the update of closure of waste and tailing deposits, decommissioning and dismantling of the concentrate plant expansion of 5,000 DMT/day to 7,000 DMT/day and the effect of the new concentrate plan of 10,500 DMT/day.

The Updated Mine Closure Plan was approved by the Ministry of Energy and Mines on August 17, 2012 through the resolution R.D. N° 243-2012-MEM for a nominal value of US\$52,952,000.

The present value as of September 30, 2012 of the mine closure budget, adjusted to a rate of 4.49 per cent amounted to US\$43,215,000, which represented an increase of provision for closure of mining units in US\$18,872,000, recorded as an asset within "Mining concessions, development cost and property, plant and equipment, net" caption. The classification of non-current portion of the provision corresponds to the disbursements expected for October 2013. The asset "Mining concessions, development cost and property, plant and equipment, net" caption will be amortized following the units-of-production method based on proven and probable reserves of El Brocal mining unit.

The effect of the increase of provision for closure of mining units of El Brocal in US\$18,872,000 is decreased by the higher disbursements related to mine closure of Buenaventura and Cedimin in approximately US\$16,551,000.

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

11. Financial obligations

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

	Original amount US\$(000)	Period	Guarantee	Annual interest rate	Maturities	2012 US\$(000)	2011 US\$(000)
<b>Empresa de Generación Huanza S.A.</b>							
Banco de Credito del Peru -							
Leasing	119,000	10 years	Leased equipment	Three-month Libor plus 4.00% (as of September 30, 2012 and 4.54% as of December 31, 2011)	Quarterly maturities to during seven years from capitalization	119,000	105,042
<b>Sociedad Minera El Brocal S.A.A.</b>							
Banco de Credito del Peru -							
Bridge loan (a)	40,000	-	None	Three-month Libor plus 3.01%	October 2012	40,057	-
Leasing	329	2 years	Leased equipment	4.60%	Monthly maturities of US\$13,569 from August 2012 to July 2014	298	-
<b>Consortio Energético de Huancavelica S.A.</b>							
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
<b>Other minors</b>							
						53	72
						<u>159,408</u>	<u>106,114</u>
<b>Non-current portion</b>						<u>(119,181)</u>	<u>(105,072)</u>
<b>Current portion</b>						<u>40,227</u>	<u>1,042</u>

(a) On September 28, 2012, El Brocal subscribed a medium-term loan contract with Banco de Credito del Peru amounted to US\$120,000,000; which was approved by El Brocal 's Board of Directors on April 23, 2012, with the following terms and conditions:

- Capital: US\$120,000,000.
- Term and annual interest rate: 4 years with a variable rate (Three-month Libor plus 3.01 points).
- Guarantee: Pledge of 2 concentrate sales contract, one of copper and another of lead.
- Amortization: Quarterly constant maturities and a final payment of 25% of capital.
- Availability of the loan period: Until March 2013.

At the same time to obtain the loan described above, El Brocal Management obtained 2 bridge loans amounted to US\$40,000,000 in the form of simple notes, which were disbursed on July 18 and September 19, 2012 and will be repaid on October 2012 once the medium-term loan will be received.

The commissions and the interest expenses related to this loan as of September 30, 2012 amounted to US\$836,000, which have been capitalized in "Mining concessions, development cost and property, plant and equipment, net" caption.

# Notes to the interim consolidated financial statements (unaudited)

(continued)

## 12. Shareholders' equity, net

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

Meeting	Date	Dividends declared and paid US\$(000)	Dividends per share US\$
<b>2012 Dividends</b>			
Mandatory annual shareholders' meeting	March 26, 2012	110,254	0.40
Less - Dividends granted to subsidiary		<u>(8,475)</u>	
		<u>101,779</u>	
<b>2011 Dividends</b>			
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 September 30, 2012 and 2011, the dividends due to non-controlling interest are made up as follows:

	2012 US\$(000)	2011 US\$(000)
S.M.R.L. Chaupiloma Dos de Cajamarca	14,820	11,900
Sociedad Minera El Brocal S.A.A.	13,502	17,270
Minera La Zanja S.R.L.	10,795	15,960
Inversiones Colquijirca S.A.	<u>-</u>	<u>3,288</u>
	<u>39,117</u>	<u>48,418</u>

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

(c) The composition of shares effective as of September 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 September 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
			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 September 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 September 30, 2012 and 2011, adjusting retroactively the number of treasury shares acquired during 2012:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012	2011	2012	2011
Net Income attributable to owners of the parent (numerator) - US\$	185,585,000	208,673,000	545,618,000	630,997,000
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>0.73</u>	<u>0.82</u>	<u>2.15</u>	<u>2.48</u>

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

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012	2011	2012	2011
Net Income attributable to owners of the parent (numerator) - US\$	185,585,000	208,673,000	545,618,000	630,997,000
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>0.73</u>	<u>0.82</u>	<u>2.15</u>	<u>2.48</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 September 30, 2012 US\$(000)	As of December 31, 2011 US\$(000)
<b>Deferred asset for income tax</b>		
Tax - loss carryforward (*)	42,811	66,310
Difference in depreciation and amortization rates	36,747	28,039
Effect for translation into U.S. dollars	13,927	9,060
Provision for closure of mining units, net	13,167	14,906
Stock appreciation rights provision	10,117	13,317
Vacations, environmental claims and other provisions	4,337	2,354
Environmental liability for Mina Santa Barbara	1,494	1,494
Embedded derivative from sale of concentrates	282	2,256
Other minor	9,709	7,483
	<u>132,591</u>	<u>145,219</u>
Less - allowance for uncertainty as to the deferred asset's recoverability	(2,830)	(3,799)
	<u>129,761</u>	<u>141,420</u>
<b>Deferred asset included in retained earnings</b>		
Derivative financial instruments	53	489
	<u>129,814</u>	<u>141,909</u>
<b>Deferred assets for mining royalties and special mining tax included in results</b>		
Exploration expenses	3,707	2,157
Embedded derivatives from sale of concentrate	-	335
Final price adjustment of open provisional liquidations	-	828
	<u>3,707</u>	<u>3,320</u>
<b>Total deferred asset</b>	<u>133,521</u>	<u>145,229</u>
<b>Deferred liability for income tax included in results</b>		-
Differences in amortization rates for development costs	(17,700)	(14,885)
Deemed cost of fixed assets	(4,712)	(3,379)
Embedded derivatives from sale of concentrate	(1,896)	(200)
Unrealized loss on financial instruments	-	(384)
Other	(241)	(245)
	<u>(24,549)</u>	<u>(19,093)</u>

# Notes to the interim consolidated financial statements (unaudited)

(continued)

	As of September 30, 2012 US\$(000)	As of December 31, 2011 US\$(000)
<b>Deferred liability for mining royalties and special mining tax included in results</b>		
Deemed cost of fixed assets	(449)	(501)
Final price adjustment of open provisional liquidations	(368)	-
Embedded derivatives from sale of concentrate	(241)	(43)
Derivative financial instruments	13	(54)
	<u>(1,045)</u>	<u>(598)</u>
<b>Total deferred liability</b>	<u>(25,594)</u>	<u>(19,691)</u>
<b>Deferred asset for income tax, net</b>	<u>107,927</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 expense tax shown in the consolidated statement of income for the periods of three and nine-month ended September 30, 2012 and 2011 are as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012 US\$(000)	2011 US\$(000)	2012 US\$(000)	2011 US\$(000)
<b>Income tax</b>				
Current	(25,975)	(58,624)	(79,027)	(128,057)
Deferred	(3,110)	(23,269)	(17,115)	(48,065)
	<u>(29,085)</u>	<u>(81,893)</u>	<u>(96,142)</u>	<u>(176,122)</u>
<b>Mining royalties and Special Mining Tax</b>				
Current	(4,698)	-	(18,140)	-
Deferred	(1,286)	-	(60)	-
	<u>(5,984)</u>	<u>-</u>	<u>(18,200)</u>	<u>-</u>
<b>Total income tax</b>	<u>(35,069)</u>	<u>(81,893)</u>	<u>(114,342)</u>	<u>(176,122)</u>

- (c) The "Income tax liability" caption decreased from US\$36,423,000 as of December 31, 2011 to US\$8,393,000 as of September 30, 2012, mainly explained by net effect of the payments made during 2012 in US\$107,057,000 and the income tax provision during the nine-month period ended September 30, 2012 in US\$79,027,000.

# Notes to the interim consolidated financial statements (unaudited)

(continued)

## 14. Net sales

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

	For the three-month periods ended September 30,			For the nine-month periods ended September 30,		
	2012 US\$(000)	2011 US\$(000)	Increase (decrease) US\$(000)	2012 US\$(000)	2011 US\$(000)	Increase (decrease) US\$(000)
<b>Sales by product</b>						
Gold (i)	188,848	228,626	(39,778)	580,845	588,025	(7,180)
Silver (ii)	127,184	161,738	(34,554)	355,688	389,228	(33,540)
Copper (iii)	30,395	39,053	(8,658)	84,386	141,726	(57,340)
Zinc	28,627	29,094	(467)	72,566	67,021	5,545
Lead	16,762	17,167	(405)	39,446	35,578	3,868
	<u>391,816</u>	<u>475,678</u>	<u>(83,862)</u>	<u>1,132,931</u>	<u>1,221,578</u>	<u>(88,647)</u>
Penalties	(33,933)	(34,062)	129	(96,014)	(90,885)	(5,129)
Final liquidations for previous year (iv)	<u>787</u>	<u>-</u>	<u>787</u>	<u>(15,609)</u>	<u>2,429</u>	<u>(18,038)</u>
	<u>358,670</u>	<u>441,616</u>	<u>(82,946)</u>	<u>1,021,308</u>	<u>1,133,122</u>	<u>(111,814)</u>
Embedded derivative from sale of concentrates (v)	12,801	(31,050)	43,851	12,450	(34,941)	47,391
Adjustment to open provisional liquidations (v)	9,182	(4,049)	13,231	19,626	(9,669)	29,295
Loss in hedging operations	<u>(152)</u>	<u>(1,268)</u>	<u>1,116</u>	<u>(146)</u>	<u>(8,333)</u>	<u>8,187</u>
	<u>380,501</u>	<u>405,249</u>	<u>(24,748)</u>	<u>1,053,238</u>	<u>1,080,179</u>	<u>(26,941)</u>
<b>Net sales by services, electric power and other minors</b>						
	<u>13,486</u>	<u>12,881</u>	<u>605</u>	<u>31,498</u>	<u>28,733</u>	<u>2,765</u>
	<u>393,987</u>	<u>418,130</u>	<u>(24,143)</u>	<u>1,084,736</u>	<u>1,108,912</u>	<u>(24,176)</u>

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

- (i) Decrease in gold sales of US\$7,180,000 resulting from the effect of lower sales volume (9 per cent decrease), offsetting by the effect of higher gold prices (8 per cent increase). See note 19. The decline in sales of ounces of gold mining units Poracota and Antapite is mainly due to the lower grades in the ore treated and recoverability ratio.

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

(continued)

- (ii) Decrease in silver sales of US\$33,540,000 resulting from the effect of lower silver prices (20 per cent decrease), offsetting by the effect of higher sales volume (14 per cent increase). 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\$57,340,000 resulting from the effect of lower sales volume (31 per cent decrease) and lower copper prices (12 per cent decrease), mainly due to lower volumes sold by the Colquijirca mining unit (32 per cent decrease). See note 19. During the nine-month period ended September 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 and September.
- (iv) As of September 30, 2012, the final liquidations for previous period have resulted in a loss of US\$15,609,000, due to the liquidations have been settled with lower prices than the estimates; while as of September 30, 2011, a gain of US\$2,429,000 resulted from provisional liquidations made in 2010 that were settled with higher prices in 2011.
- (v) As of September 30, 2012, the fair values of embedded derivative from sale of concentrates resulted in a gain of US\$12,450,000, mainly due to the future prices estimates for the open provisional liquidations in this date are higher than prices of provisional ones; while as September 30, 2011, the embedded derivative from sale of concentrates resulted in a loss of US\$34,941,000, due to the future prices estimates for the open provisional liquidations in these date were lower than prices of provisional ones. The same result was reflected in the final adjustment for prior period open provisional liquidations, obtaining an income for US\$19,626,000 as of September 30, 2012 and a loss for US\$9,669,000 in the same period of 2011.

# Notes to the interim consolidated financial statements (unaudited)

(continued)

## 15. Cost of sales, excluding depreciation and amortization

The table below presents the components of this caption:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012 US\$(000)	2011 US\$(000)	2012 US\$(000)	2011 US\$(000)
Opening balance of products in process, note 6(a)	138,501	122,039	140,775	77,441
Opening balance of finished goods, note 6(a)	38,722	26,618	19,026	6,750
	<u>177,223</u>	<u>148,657</u>	<u>159,801</u>	<u>84,191</u>
<b>Production cost</b>				
Services provided by third parties	74,909	55,954	192,666	148,483
Consumption of materials and supplies	33,727	18,190	94,779	65,604
Direct labor	24,203	22,871	71,508	73,370
Electricity and water	7,953	7,091	22,333	23,375
Transport	4,045	3,045	11,499	9,036
Rentals	5,133	4,652	8,969	15,973
Cost of concentrate purchase to third parties	5,088	9	8,378	16,917
Insurance	2,652	2,155	7,806	6,591
Maintenance and repair	1,591	888	4,783	3,146
Provision for impairment of finished goods	(3,564)	(293)	516	47
Other production expenses	7,134	3,206	27,911	27,746
	<u>162,871</u>	<u>117,768</u>	<u>451,148</u>	<u>390,288</u>
<b>Total production cost of the period</b>				
Final balance of products in process, note 6(a)	(137,247)	(118,639)	(137,247)	(118,639)
Final balance of finished goods, note 6(a)	(38,741)	(33,621)	(38,741)	(33,621)
	<u>(175,988)</u>	<u>(152,260)</u>	<u>(175,988)</u>	<u>(152,260)</u>
<b>Costs of sales, without considering depreciation and amortization</b>	<u>164,106</u>	<u>114,165</u>	<u>434,961</u>	<u>322,219</u>

The production cost of the period increased 16 per cent from US\$390,288,000 in the nine-month period ended September 30, 2011 to US\$451,148,000 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 35 per cent, from US\$322,219,000 in the nine-month period ended September 30, 2011 to US\$434,961,000 for the same period 2012. The increase is mainly due to the increase in the cost of production mentioned in the paragraph above, and the higher variation (decrease) of the inventories as of September 30, 2012, compared to the same period 2011.

# Notes to the interim consolidated financial statements (unaudited)

(continued)

## 16. Administrative expense

The "Administrative expense" caption increased from US\$58,825,000 during the nine-month period ended September 30, 2011 to US\$77,652,000 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\$7,355,000 during the nine-month period ended September 30, 2012, while in 2011 was not necessary to record any amount. Also, during the nine-month period ended September 30, 2012, Buenaventura recorded expenses around US\$3,942,000, related to foreign engineering consultant services.

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

The "Exploration in units in operation" caption increased from US\$75,371,000 as of September 30, 2011 to US\$97,153,000 as of September 30, 2012, mainly explained by higher exploration, preparation and development mining costs in the mining units of Orcopampa and Poracota.

The "Exploring in non-operating areas" caption increased from US\$35,527,000 as of September 30, 2011 to US\$73,229,000 as of September 30, 2012, mainly explained by the investments made during 2012 in: (i) drilling works in San Gregorio in approximately US\$8,796,000, of El Brocal; (ii) drilling works in Tambomayo in approximately US\$11,282,000, of Cedimin; and (iii) drilling works in Trapiche in approximately US\$10,453,000, of El Molle Verde S.A.C. These activities have not made during 2011.

## 18. Related-party transactions

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

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012 US\$(000)	2011 US\$(000)	2012 US\$(000)	2011 US\$(000)
Transactions with Minera Yanacocha S.R.L. :				
<b>Paid royalties to:</b>				
S.M.R.L. Chaupiloma Dos de Cajamarca	17,868	17,126	54,621	45,375
<b>Services received by:</b>				
Buenaventura Ingenieros S.A.				
(Implementation of specific work orders)	3,614	4,573	7,230	8,518
Consorcio Energético de Huancavelica S.A.				
(Electric power transmission)	362	1,197	1,528	3,591
<b>Dividends received:</b>				
Compañía Minera Coimolache S.A.	3,846	-	10,854	-

# Notes to the interim consolidated financial statements (unaudited)

(continued)

- (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 September 30, 2012 US\$(000)	As of December 31, 2011 US\$(000)
<b>Accounts receivable</b>		
Compañía Minera Coimolache S.A. (c)	42,777	53,971
Minera Yanacocha S.R.L.	24,991	25,441
Others	-	275
	<u>67,768</u>	<u>79,687</u>
Less - non-current portion	<u>(37,852)</u>	<u>(32,262)</u>
Current portion	<u>29,916</u>	<u>47,425</u>
<b>Accounts payable</b>		
Compañía Minera Coimolache S.A.	1,078	1,293
Minera Yanacocha S.R.L.	591	594
	<u>1,669</u>	<u>1,887</u>
Less – non-current portion	<u>(799)</u>	<u>(1,004)</u>
Current portion	<u>870</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 per cent shareholders' equity and 70 per cent loans from shareholders. As of September 30, 2012, the loan generates a calculated interest with a LIBOR interest rate to 6 months plus 3%. Collections in June and August 2012 amounted to US\$8,949,000.

## 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 nine-month periods ended September 30, 2012 and 2011:

- (a) Volumes sold (metallic content):

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012	2011	2012	2011
Gold	113,563 OZ	134,836 OZ	347,400 OZ	381,469 OZ
Silver	4,392,833 OZ	4,069,550 OZ	11,882,677 OZ	10,427,079 OZ
Lead	8,391 MT	8,217 MT	19,996 MT	15,511 MT
Zinc	15,613 MT	12,114 MT	37,987 MT	28,243 MT
Copper	3,886 MT	4,383 MT	10,394 MT	15,061 MT

# Notes to the interim consolidated financial statements (unaudited)

(continued)

(b) Average sale prices:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012 US\$	2011 US\$	2012 US\$	2011 US\$
Gold	1,670.77 / OZ	1,694.92 / OZ	1,671.88 / OZ	1,542.51 / OZ
Silver	29.68 / OZ	38.99 / OZ	29.93 / OZ	37.33 / OZ
Lead	2,030.34 / MT	2,378.16 / MT	1,972.63 / MT	2,440.51 / MT
Zinc	1,867.81 / MT	2,234.84 / MT	1,909.12 / MT	2,276.29 / MT
Copper	7,989.24 / MT	9,066.39 / MT	8,119.00 / MT	9,244.19 / MT



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