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

Consolidated Financial Statements for the years 2012, 2011 and 2010, together with the Report of Independent Registered Public Accounting Firm

Ernst & Young

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

Consolidated Financial Statements for the years 2012, 2011 and 2010, together with the Report of Independent Registered Public Accounting Firm

Content

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated financial statements of Compañía de Minas Buenaventura S.A.A. (a Peruvian corporation) and Subsidiaries (together the "Company"), which comprise the consolidated statement of financial position as of December 31, 2012 and 2011, and the related consolidated income statement, statement of comprehensive income, statement of shareholders' equity and statement of cash flows for the years ended December 31, 2012 , 2011 and 2010. These consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have not audited the financial statements for each of the years ended December 31, 2012, 2011 and 2010 of Minera Yanacocha S.R.L (an associate in which the Company has a 43.65% interest through its subsidiary, Compañía Minera Condesa S.A.). Those statements were audited by other auditors whose reports were furnished to us and our opinion, insofar as it relates to the amounts included for Minera Yanacocha S.R.L., is based solely on the reports of the other auditors. In the consolidated financial statements of the Company, the investment on the statement of financial position amounts to US$1,585.4 and US$1,312.1 million as of December 31, 2012 and 2011, respectively; and the share in the net income of this entity amounts to US$272.9, US$279.7, and US$251.5 million for the years ended December 31, 2012, 2011 and 2010, respectively.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors on Minera Yanacocha S.R.L., the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Compañía de Minas Buenaventura S.A.A. and Subsidiaries as of December 31, 2012 and 2011, their results of operations and their cash flows for each of the years ended on December 31, 2012, 2011 and 2010, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Report of Independent Registered Public Accounting Firm (continued)

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Compañía de Minas Buenaventura S.A.A.´s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 30, 2013 expressed an unqualified opinion thereon.

Lima, Peru,
April 30, 2013

Countersigned by:

Medina, Zaldivar, Paredes & Asociados

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

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

Consolidated Statement of Financial Position

As of December 31, 2012 and 2011

	Note	2012	2011
		US$(000)	US$(000)
Asset			
Current asset			
Cash and cash equivalents	4(a)	186,712	480,968
Financial assets at fair value through profit or loss	5	54,509	52,178
Trade accounts receivable, net	6(a)	256,431	172,569
Other accounts receivable	7	108,568	48,521
Accounts receivable from associates	31(c)	22,534	47,425
Hedge derivative financial instruments	27(a)	-	1,283
Inventory, net	8(a)	163,067	149,108
Prepaid expenses		11,837	16,234
Total current asset		803,658	968,286
Other accounts receivable	7	6,702	5,570
Accounts receivable from associates	31(c)	33,377	32,262
Long-term inventory	8(a)	55,937	48,845
Investment in associates	9(a)	2,436,237	1,935,004
Mining concessions, development costs, property, plant and equipment, net	10(a)	1,134,276	830,997
Deferred income tax asset, net	24(a)	113,343	125,538
Other assets		5,123	7,047
Total assets		4,588,653	3,953,549

	Note	2012	2011
		US$(000)	US$(000)
Liabilities and shareholders' equity, net			
Current liability			
Trade accounts payable	12	199,551	142,375
Accounts payable to associates	31(c)	890	883
Other accounts payable	13	59,096	41,150
Provisions	14	71,780	91,287
Embedded derivatives for purchase and sale of concentrates , net	27(c)	4,939	7,306
Income tax payable		7,935	36,423
Financial obligations	15(a)	5,815	1,042
Total current liabilities		350,006	320,466
Other non-current provisions	14	100,041	86,528
Accounts payable to associates	31(c)	731	1,004
Financial obligations	15(a)	173,489	105,072
Total liability		624,267	513,070
Shareholders' equity, net	16		
Capital stock, net of treasury shares for US$(000)62,622		750,540	750,540
Investment shares, net of treasury shares for US$(000)762		1,399	2,019
Additional paid-in capital		219,471	225,978
Legal reserve		162,663	162,639
Other reserves		269	269
Retained earnings		2,566,787	2,034,768
Other reserves of equity		925	2,068
Shareholders' equity, net attributable to owners of the parent		3,702,054	3,178,281
Non-controlling interest		262,332	262,198
Total shareholders' equity, net		3,964,386	3,440,479
Total liabilities and shareholders' equity, net		4,588,653	3,953,549

The accompanying notes are an integral part of this consolidated statement of financial position.

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

Consolidated Income Statement

For the years ended December 31, 2012, 2011 and 2010

	Note	2012 US$(000)	2011 US$(000)	2010 US$(000)
Operating income				
Net sales	18	1,496,349	1,493,882	1,047,885
Royalty income	31(a)	67,178	62,742	55,883
Total income		1,563,527	1,556,624	1,103,768
Operating costs				
Cost of sales, without considering depreciation and amortization	19	(629,492)	(446,163)	(347,129)
Exploration in units in operation	20	(153,018)	(109,355)	(91,441)
Depreciation and amortization		(123,043)	(96,381)	(74,864)
Royalties	21	(37,667)	(60,262)	(52,270)
Total operating costs		(943,220)	(712,161)	(565,704)
Gross income		620,307	844,463	538,064
Operating expenses				
Administrative expenses	22	(99,295)	(75,170)	(107,237)
Exploring in non-operating areas	23	(95,491)	(49,593)	(36,105)
Selling expenses		(18,090)	(11,617)	(9,375)
Reversal (provision) for impairment of long-lived assets	11	(3,617)	-	13,135
Excess of workers' profit sharing	14(b)	(2,164)	(6,221)	-
Reimbursement of exploration expenses on projects		-	-	15,013
Other, net		16,584	2,513	10,653
Total operating expenses		(202,073)	(140,088)	(113,916)
Operating income		418,234	704,375	424,148
Other income (expenses), net				
Share in the results of associates under equity method	9(b)	464,239	468,363	428,885
Interest income		9,486	11,827	8,203
Interest expense		(8,290)	(11,823)	(12,271)
Net gain (loss) from currency exchange difference		1,715	(675)	(750)
Total other income, net		467,150	467,692	424,067
Income before income tax		885,384	1,172,067	848,215
Income tax	24(b)	(142,594)	(211,589)	(123,326)
Net income		742,790	960,478	724,889
Attributable to:				
Owners of the parent		684,685	858,927	660,821
Non-controlling interest		58,105	101,551	64,068
		742,790	960,478	724,889
Basic and diluted earnings per share attributable to owners of the parent, stated in U.S. dollars	25	2.69	3.38	2.60
Weighted average number of shares outstanding (common and investment), in units	25	254,232,571	254,442,328	254,442,328

The accompanying notes are an integral part of this statement.

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

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2012, 2011 and 2010

	Note	2012 US$(000)	2011 US$(000)	2010 US$(000)
Net income		742,790	960,478	724,889
Net change in unrealized gain (loss) on hedging derivative	27(b)	(1,283)	24,471	(16,345)
Income tax for the effect on change in unrealized gain (loss) on hedging derivative	27(b)	439	(7,395)	4,903
Net change in unrealized gain (loss) on other investments		(715)	(687)	477
Other comprehensive income, net of taxes		(1,559)	16,389	(10,965)
Total comprehensive income, net of taxes		741,231	976,867	713,924
Attributable to:				
Owners of the parent		683,542	866,901	656,319
Non-controlling interest		57,689	109,966	57,605
		741,231	976,867	713,924

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

For the years ended December 31, 2012, 2011 and 2010

	Attributable to owners of the parent										
	Capital stock, net of treasury shares										
	Number of shares outstanding	Common shares US$(000)	Investment shares US$(000)	Additional paid-in capital US$(000)	Legal reserve US$(000)	Other reserves US$(000)	Retained earnings US$(000)	Other reserves of equity US$(000)	Total US$(000)	Non-controlling interest US$(000)	Total equity US$(000)
Balance as of January 1, 2010	253,759,664	750,540	2,019	225,978	112,363	269	974,818	(1,404)	2,064,583	202,520	2,267,103
Net income	-	-	-	-	-	-	660,821	-	660,821	64,068	724,889
Net change in unrealized loss on hedging derivative, net of taxes	-	-	-	-	-	-	-	(4,979)	(4,979)	(6,463)	(11,442)
Net change in unrealized gain on other investments	-	-	-	-	-	-	-	477	477	-	477
Total comprehensive income of the year	-	-	-	-	-	-	660,821	(4,502)	656,319	57,605	713,924
Dividends declared and paid, note 16(d)	-	-	-	-	-	-	(117,043)	-	(117,043)	(39,176)	(156,219)
Proceeds of expire dividends	-	-	-	-	27	-	-	-	27	-	27
Capitalization of debt to minority shareholder of La Zanja	-	-	-	-	-	-	-	-	-	19,634	19,634
Transfer to legal reserve	-	-	-	-	50,243	-	(50,243)	-	-	-	-
Capitalization of debt to minority shareholder	-	-	-	-	-	-	2,659	-	2,659	(1,791)	868
Balance as of December 31, 2010	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	-	-	-	-	-	-	858,927	-	858,927	101,551	960,478
Net change in unrealized gain on hedging derivative, net of taxes	-	-	-	-	-	-	-	8,661	8,661	8,415	17,076
Net change in unrealized loss on other investments	-	-	-	-	-	-	-	(687)	(687)	-	(687)
Total comprehensive income of the year	-	-	-	-	-	-	858,927	7,974	866,901	109,966	976,867
Dividends declared and paid, note 16(d)	-	-	-	-	-	-	(142,488)	-	(142,488)	(66,736)	(209,224)
Expired dividends	-	-	-	-	6	-	-	-	6	-	6
Acquisition of non-controlling interest in El Brocal and Colquijirca, note 1(f)	-	-	-	-	-	-	(141,235)	-	(141,235)	(24,107)	(165,342)
Other acquisitions of non-controlling interests	-	-	-	-	-	-	(11,448)	-	(11,448)	4,283	(7,165)
Balance as of December 31, 2011	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	-	-	-	-	-	-	684,685	-	684,685	58,105	742,790
Net change in unrealized loss on hedging derivative, net of taxes	-	-	-	-	-	-	-	(428)	(428)	(416)	(844)
Net change in unrealized gain on other investments	-	-	-	-	-	-	-	(715)	(715)	-	(715)
Total comprehensive income of the year	-	-	-	-	-	-	684,685	(1,143)	683,542	57,689	741,231
Dividends declared and paid, note 16(d)	-	-	-	-	-	-	(152,666)	-	(152,666)	(44,881)	(197,547)
Capitalization of debt to minority shareholder of La Zanja	-	-	-	-	-	-	-	-	-	(12,674)	(12,674)
Treasury shares	-	-	(620)	(6,507)	-	-	-	-	(7,127)	-	(7,127)
Expired dividends	-	-	-	-	24	-	-	-	24	-	24
Balance as of December 31, 2012	253,759,664	750,540	1,399	219,471	162,663	269	2,566,787	925	3,702,054	262,332	3,964,386

The accompanying notes are an integral part of this consolidated statement of financial position.

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

Consolidated Statement of Cash Flows

For the years ended December 31, 2012, 2011 and 2010

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Operating activities			
Proceeds from sales	1,410,120	1,505,476	997,829
Royalty received	76,106	56,153	58,825
Value added tax (VAT) recovered	40,940	22,585	7,480
Dividends received	16,467	-	182,955
Interest received	8,606	8,528	8,098
Payments to suppliers and third parties	(838,250)	(672,479)	(473,630)
Payments to employees	(201,494)	(164,677)	(126,042)
Income tax paid	(136,336)	(111,802)	(56,251)
Payments of royalties	(38,985)	(73,776)	(55,265)
Payments of interest	(1,485)	(2,543)	(6,377)
Net cash and cash equivalents provided by operating activities	335,689	567,465	537,622
Investment activities			
Decrease in time deposits	10,121	7,814	(17,935)
Proceeds from sale of investment shares	3,658	-	-
Proceeds from sale of mining concessions, development costs, property, plant and equipment	255	7,891	694
Additions to mining concessions, development costs, property, plant and equipment	(442,927)	(317,816)	(253,275)
Contributions to associates and payments for purchase of investment shares	(58,594)	(52,182)	(19,625)
Additions to financial assets at fair value through profit or loss	-	-	(50,000)
Net cash and cash equivalents used in investment activities	(487,487)	(354,293)	(340,141)
Financing activities			
Increase in financial obligations	74,258	50,962	53,262
Dividends paid	(152,666)	(142,488)	(117,043)
Dividends paid to non-controlling shareholders	(44,881)	(66,736)	(39,176)
Capital stock reduction paid to non-controlling interest	(7,980)	-	-
Payments of financial obligations	(1,068)	(2,000)	(226,117)
Proceeds from sale of shares investments	-	60,379	-
Disbursements related to incorporation of non-controlling interests	-	(225,303)	-
Net cash and cash equivalents used in financing activities	(132,337)	(325,186)	(329,074)
Decrease in cash and cash equivalents for the period, net	(284,135)	(112,014)	(131,593)
Cash and cash equivalents at beginning of year	470,847	582,861	714,454
Cash and cash equivalents at the year-end, note 4(a)	186,712	470,847	582,861

Consolidated Statements of Cash Flows (continued)

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Reconciliation of net income to cash and cash equivalents provided by operating activities			
Net income attributable to owners of the parent	684,685	858,927	660,821
Add (less)			
Depreciation and amortization	147,449	118,322	90,021
Net income attributable to non-controlling interest	58,105	101,551	64,068
Deferred income tax, mining royalties and special mining tax	10,809	42,369	34,744
Changes in the fair value of embedded derivatives of purchase and sale of concentrates and adjustments on open liquidations	(16,592)	33,889	(20,500)
Accretion expense of the provision for closure of mining units and exploration projects	6,812	9,100	6,392
Net cost of plant and equipment retired and sold	4,120	1,858	3,136
Provision for impairment of long-lived assets	3,617	-	-
Loss (gain) from currency exchange difference	(1,715)	675	750
Share in the results of associates under equity method, net of dividends received in cash, note 9(b)	(447,772)	(468,363)	(245,930)
Provisions	(6,200)	(12,274)	74,009
Net changes in assets and liabilities accounts			
Decrease (increase) in operating assets -			
Trade accounts receivable, net	(83,862)	(11,641)	(37,978)
Other accounts receivable	(60,047)	2,552	(23,921)
Accounts receivable from associates	23,776	(40,048)	(17,773)
Inventory	(21,051)	(88,461)	(64,646)
Prepaid expenses	(4,397)	(13,244)	5,246
Increase (decrease) in operating liabilities -			
Trade accounts payable	57,176	51,001	30,017
Other accounts payable	9,264	(28,046)	(27,431)
Income tax payable	(28,488)	9,298	6,597
Net cash and cash equivalents provided by operating activities	335,689	567,465	537,622

The accompanying notes are an integral part of this statement.

1. **Identification and business activity of the Company**

   (a) Identification -

   Compañía de Minas Buenaventura S.A.A. (hereafter "Buenaventura") 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 nine mining units located in Peru: Uchucchacua, Orcopampa, Poracota, Julcani, Recuperada, Antapite, Ishihuinca Mallay and Breapampa. 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 holds interests in a number of other mining companies. The Company also owns an electric power distribution company, an electric power generation company (construction stage), a mining engineering services company, a construction services company and another company which will provide chemical processing to treat concentrates from Uchucchacua with high manganese content. See note 1(h).

   (c) Approval of consolidated financial statements -

   The consolidated financial statements as of December 31, 2012 and 2011 were approved by Management on April 30, 2013 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.

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

	Ownership in capital			
	December 31, 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), (f)	2.54	48.18	2.54	48.18
Inversiones Colquijirca S.A. (*) (f)	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.	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				
Consorcio Energético de Huancavelica S.A.	100.00	-	100.00	-
Empresa de Generación Huanza S.A. (g)	-	100.00	-	100.00
Services				
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
Industrial activities				
Procesadora Industrial Rio Seco S.A. (h)	100.00	-	100.00	-

(*) As of December 31, 2012 and 2011 Buenaventura´s participation in El Brocal common shares was 53.72 percent. Inversiones Colquijirca S.A. (hereafter "Colquijirca"), a Buenaventura´s subsidiary (99.99 percent as of December 31, 2012 and 2011), has a 51.06 percent interest in El Brocal, through which Buenaventura held an indirect participation of 48.18 percent as of December 31, 2012 and 2011. See note 1(f).

(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/day of ore. This project, will allow processing ore with lower 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.

Optimization Plant No. 1 (first stage) and the new concentrator (second stage) with additional treatment capacity of 2,000 DMT/day and 2,490 DMT/day, respectively started operations in October 2010 and January 2011.

As of December 31, 2012 and 2011, the works related to the project to expand operations, which costs have been capitalized, considering the project economic feasibility study by El Brocal's Management criteria, are the following:

	2012 US$(000)	2011 US$(000)
Mine development costs		
Expansion of Tajo Norte – Marcapunta Norte	16,429	16,429
Mining concessions, property, plant and equipment		
Expansion of refining plant capacity to 18,000 DMT/day	127,262	103,337
Optimization of crushing plant and conveyor belt	53,674	17,018
Huachacaja tailings areas	38,060	7,825
New offices and camps	16,188	13,350
Expansion of power grid	14,812	7,941
Support area	4,311	3,067
Program management	3,852	2,476
Mineral storage	2,098	2,098
Borrowing cost	334	-
Other minor activities	928	759
Total investment made	277,948	174,300

(f) Changes in the participation of Colquijirca and El Brocal -
Inversiones Colquijirca S.A.
On July and August of 2011, the Company increased its participation of 81.42 to 99.99 percent in Colquijirca; acquiring shares amounted to US$197,021,000, which was totally paid in cash as part of the investment.

The difference between price paid and the carrying amount of these shares amounted to US$166,692,000, was recorded in "Retained earnings" caption in the consolidated statement of changes in shareholders´ equity.

Sociedad Minera El Brocal S.A.A.
During the year 2011, the Company purchased and sold El Brocal´s shares. The disbursements to acquire 1.38 percent of El Brocal´s shares amounted to US$28,282,000, which was totally paid in cash at the date of consolidated statement of financial position. Revenues from the sale of 3.09 percent of El Brocal´s shares amounted to US$68,142,000.

The difference between price paid and the carry amount of these shares and the price received net of cost from shares sold, amounted to US$23,292,000, was recorded in "Retained earnings" caption in the consolidated statement of changes in shareholders´ equity.

(g) Construction of hydroelectric power station -
In November 2009, the Consorcio Energético de Huancavelica S.A. Board of Directors approved the construction of 90.6 MW capacity Huanza Hydroelectric Power Station, located in the Santa Eulalia river valley. This initial investment of US$145,000,000, is in progress since March 2010. 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 third quarter of 2013 and the estimated investment is US$180,000,000.

As of December 31, 2012, the investment in this project amounted to US$177,133,000 (US$119,509,000 as of December 31, 2011), and it is composed as follows:

	2012 US$(000)	2011 US$(000)
Development costs		
Concessions and other minors	2,171	2,142
Property, plant and equipment		
Water conductor system	86,967	50,468
Preliminary work	38,216	41,812
Borrowing cost	10,974	6,364
Pallca dam and water intake	9,977	1,564
Round house and yard keys	7,754	3,128
Access road	7,387	6,305
Conduction tube line – Conay river	6,445	2,189
Transmition line in 60 KV	3,293	2,766
Other minor activities	3,949	2,771
	174,962	117,367
Total included in work in progress	177,133	119,509

(h) Construction of washing plant, sulfuric acid and manganese sulfate -
At Board of Directors held on October 28, 2010, agreed the constitution of Procesadora Industrial Rio Seco S.A., in order to carry out the plant for the manganese sulfate project. 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 chemically 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$93,379,000, and it is expected to be completed in the third quarter of 2013. As of December 31, 2012, the investment in this project amounts to US$84,288,000 (US$27,606,000 as of December 31, 2011).

(i) Mallay's mining unit start up -

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 December 31, 2012, Mallay mining unit has produced 668,327 ounces of silver. Total investment in fixed assets was US$64,392,000 of which US$19,958,000 were disbursed in 2012.

(j) Breapampa's mining unit start up -

On November 2012, the Company obtained the authorization of the operation of the processing plant of Breapampa mining unit, located in the district of Chumpi, Parinacochas province, Ayacucho. The new plant has a treatment capacity of 10,000 MT / day, and it operates since November 2012. As of December 31, 2012, Breapampa mining unit has produced 5,922 ounces of gold. Total investment in fixed assets was US$52,125,000 of which US$31,560,000 were disbursed in 2012.

(k) Capital reduction of Minera La Zanja S.R.L. (La Zanja) -

On January 26, 2012, the Shareholder's meeting agreed to reduce the capital stock of La Zanja by US$27,000,000, returning cash contributions. This agreement was registered in the public records on March 30, 2012. The amount of the refund to the non-controlling interest amounted to US$4,694,000 (US$12,674,000 net disbursements of US$7,980,000).

2. Significant accounting principles

2.1. Basis of preparation -

Statement of compliance -

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS"), as issued by the International Accounting Standards Board (hereinafter "IASB") and its interpretations issued by the IFRS Interpretations Committee (hereinafter "IFRS"), effective as of December 31, 2012.

Measurement basis -

The consolidated financial statements have been prepared on a historical cost basis from the Company records, except for financial assets and liabilities at fair value through profit or loss which include the derivative financial instruments and the liability for stock appreciation rights that have been measured at fair value. The consolidated financial statements are presented in U.S. dollars and all values are rounded to the nearest thousand, except when otherwise indicated, see note 2.3(a).

Basis of consolidation -
The consolidated financial statements comprise Buenaventura's financial statements and its subsidiaries in which Buenaventura controls, which generally is represented by more than 50 percent equity participation and/or exercises control. All significant inter-company balances and transactions have been eliminated.

See note 1(d) for a list of the companies included in the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using accounting consistent principles and policies.

The shareholders' equity attributable to the non-controlling interest is shown in the consolidated statement of financial position. Earnings attributable to the non-controlling interest are shown separately in the consolidated income statement.

The Company changed the ownership interest of its subsidiaries, without a loss of control. Consequently, they are accounted for as an equity transaction.

2.2. Significant judgments, estimates and assumptions -
The preparation of consolidated financial statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of consolidated financial statements, and reported amounts of revenues and expenses to be reported for the years ended December 31, 2012, 2011 and 2010. In Management´s opinion, these estimates were made on the basis of their best knowledge of the relevant facts and circumstances at the date of preparation of consolidated financial statements; however, uncertainty about these assumptions and estimates could result in outcomes that can differ from the estimates included in the consolidated financial statement. The Company's Management does not expect that these changes would have a significant effect on the consolidated financial statements.

Company´s Management considers the following significant estimates to prepare the consolidated financial statements:

(a) Provision for closure of mining units – (note 2.3(n) and note 14(a)) -
The Company assesses its provision for closure of mining units annually. Significant estimates and assumptions are made in determining this provision, as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulations changes, costs increases as compared to the inflation rates and changes in the discount rates. These uncertainties may result in future actual expenditure differing from the

amounts currently provided. The provision at reporting date represents Management´s best estimate of the present value of future rehabilitation costs required.

(b) Determination of mineral reserves and resources -
The Company computes its reserves using methods generally applied by the mining industry in accordance with international guidelines. All reserves computed represent the estimated amounts of proved and probable ore that can be processed economically under the present conditions.

The process of estimating the amount of reserves is complex and requires making subjective decisions at the time of evaluating all the geologic, geophysical, engineering and economic information that is available. Revisions could occur in estimated reserves due to, among other things, revisions of the geologic data or assumptions, changes in assumed prices, production costs and the results of exploration activities.

Changes in estimated reserves could affect mainly the depreciation of fixed assets related directly to mining activity, provision for mine closure, assessment of the deferred asset's recoverability and the amortization period for development costs.

(c) Unit-of-production depreciation - (note 2.3(g)) -
Reserves are used in determining the depreciation and amortization of mine specific assets. This results in a depreciation or amortization charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regarded to: i) physical life limitations, and ii) present assessments of economically recoverable reserves of the mine property. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Changes are recorded prospectively.

(d) Mine development costs - (note 10 (c)) -
The application of the Company's accounting policy for exploration and mine development costs requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation. The determination of reserves and mineral resources is a complex estimation that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and mine development costs and its amortization method for development costs. The deferral policy requires Management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction, operation and sale of mineral can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

(e) Share-based payment transactions - (note 14(b)) -
The Company measures the cost of cash-settled share-based payments to employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 14(c).

(f) Impairment of non-financial assets - (note 11) -
The Company has determined that the operations of each mining unit are cash generating units, considering each mining unit operation independently.

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes a formal estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset (cash-generating unit) unless the asset does not generate cash inflows that are clearly independent of those from other assets or groups of assets. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, and others.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(g) Contingencies - (note 30) -
By their nature, contingencies will only be resolved when one or more future events do or do not occur. Determining contingencies inherently involves the exercise of judgment and estimates of the outcome of future events.

(h) Fair value of financial instruments - (note 29) -
Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(i) Production start date - (note 10(c)) -
The Company assesses the stage of each mine under development to determine when a mine moves into the production stage. The criteria used to assess the start date are

determined based on the nature of each mining project, the complexity of a plant and its location. The Company considers various relevant criteria for assessing when the mine is substantially complete and ready for its planned use. Some of the criteria used will include, but are not limited to, the following:

- Level of capital expenditure incurred compared to the original construction cost estimates.
- Completion of a reasonable period of testing of the mine plant and equipment.
- Ability to produce metal in saleable form (within specifications).
- Ability to sustain ongoing production of metal.

When a mine development project moves into the production stage, the capitalization of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalization (relating to mining asset additions or improvements), underground mine development or mineable reserve development. It is also at this point that depreciation or amortization commences.

(j) Recovery of deferred tax assets - (note 24) -
An assessment is required to determine whether deferred tax assets should be recognized in the consolidated statement of financial position. Deferred tax assets, including those resulting from unused tax losses, require Management to assess the likelihood that the Company would generate taxable earnings in future periods to apply the deferred tax assets. Estimated future taxable income is based on projections of cash flows from operations and application of the tax law existing in each jurisdiction. To the extent to which future cash flows and taxable income differ significantly from those estimated; they could have an impact on the Company's capability to realize the deferred tax assets posted as of the reporting date.

Additionally, future changes in tax law in the jurisdictions in which the Company operates could limit the Company's ability to obtain tax deductions in future periods.

(k) Inventories - (note 8) -
Inventories are classified in short and long-term according to the period of time in which Management estimates will begin the production stage of concentrate extracted of each mining unit.

Net realizable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale. Additionally, in calculating the net realizable value of the Company's long-term inventories, Management also considers the time value of money.

Classified mineral inventories –
Classified mineral contain lower grade ore than the average of the mineral treated, which have been removed from the pit of Colquijirca mining unit, and that are available to continue in the process of recovery of mineral and concentrates.

Because it is generally impracticable to determine the mineral contained in the classified mineral located in the deposit field near to the Tajo Norte by physical count, reasonable estimation method are employed. The quantity of mineral delivered to classified mineral is based on surveyed volumes of mined material and daily production records. Sampling and assaying of blasthole cuttings determine the estimated copper, lead and zinc grades of material delivered to classified mineral.

Mineral outside leach platforms inventories –
Finished and in-progress goods are measured by estimating the number of tonnes added and removed. The number of contained gold ounces is based on assay data, and the estimated recovery percentage is based on the expected processing method. Tonnages and ounces of mineral are verified by periodic surveys.

Mineral inside leach plaaforms inventories –
Because it is generally impracticable to determine the mineral contained in leach platforms by physical count, reasonable estimation method are employed. The quantity of material delivered to leach platforms based on surveyed volumes of mined material and daily production records. Sampling and assaying of blasthole cuttings determine the estimated ore grades of material delivered to leach platforms.

Recovery rates determination –
Expected ore recovery rates for leach platforms are determined by metallurgical sampling. The recoverability of ore in leach platforms, once entered into the production process, can be produced into mineral and concentrate almost immediately.

Estimated ore recovery rates are determined using laboratory tests, historical trends and other factors. Ultimate recovery of ore contained in leach platforms can vary significantly depending on several variables, including type of ore recovery, mineralogy and the size of the rocks. Processes and recovery rates are monitored continuously, and recovery rates are adjusted periodically as additional information becomes available and as related technology changes.

(l) Deferred stripping costs - (note 10) -
The costs of waste removal or overburden to access the ore body (waste removal) in an open pit drilling, incurred by the Company before the operation of the mining project begins are capitalized as deferred stripping cost and are included in ¨Mining rights, development costs and property, plant and equipment, net¨ caption in the consolidated statement of financial position. Such costs will be amortized since the project is completed, using units of production method based on proven and probable reserves.

The stripping costs incurred during the production phase of its operations are recognized as an operating expense when they are incurred. These costs of production are included as part of the cost of the inventories extracted during the period in which the stripping cost was incurred.

2.3. Summary of significant accounting principles and policies –

(a) Foreign currency translation -

Functional and presentation currency

Financial statements are presented in U.S. dollars, which is the Company's functional and presentation currency.

Transactions and balances in foreign currency

Transactions in foreign currency (any currency different from the functional currency) are initially recorded at the functional currency rate in force at the date of the transaction. The exchange rates issued by the Superintendencia de Banca y Seguros y AFP (SBS) are used in translating foreign currency. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the consolidated statement of financial position. Exchange differences resulting from the settlement of the transactions in foreign currencies and from the translation of the monetary assets and liabilities at the exchange rates at year-end are recognized in the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

(b) Financial assets -

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as: assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments. When financial assets are recognized initially, they are measured at fair value directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss which does not include transaction costs. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (conventional transactions) are recognized on the date of the transaction, that is to say, on the date on which the Company commits to sell the asset.

The Company's financial assets include cash and cash equivalents, financial assets at fair value through profit or loss, trade accounts receivable, embedded derivatives for purchase and sale of concentrates, other accounts receivable, and account receivable from associate.

Subsequent measurement -
The subsequent measurement of financial assets depends on their classification, as detailed below:

Financial assets at fair value through profit or loss -
Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Assets within this category are classified as current assets if they are held for trading or it is expected to realize them within the next twelve months counted as from the consolidated statement of financial position date. Gain or losses on investments held for trading are recognized in profit and loss. The Company has classified as financial assets at fair value through profit or loss its mutual funds of variable income, see note 5.

The Company evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Any embedded derivatives contained in commercial contracts are recorded as separated derivatives and posted at their fair value if the directly associated economic features and risks are not related to the commercial contract and the contract has not been classified as a negotiable financial asset or at fair value with a charge to results. Any gains or losses from changes in the fair value of embedded derivatives are posted in the consolidated income statement.

Loans and receivables -
The Company has the following accounts: cash and cash equivalents, trade accounts receivable, accounts receivable from associates and other accounts receivable, in this category; they are stated at the transaction value, net of an allowance for doubtful accounts when applicable.

All such instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are subsequently carried at amortized cost using the effective interest method less any provision for impairment.

The Company assesses whether as of the date of its consolidated financial statements, there is objective evidence of an impairment in the value of financial assets (such as the debtor's probability of insolvency, significant financial difficulties, failure to pay principal or interest or any observable evidence indicating that the estimated future flows associated with the loans or accounts receivable have decreased). The amount of the impairment is measured as the difference between the book value of the assets and the present value of the estimated future cash flows, discounted at the original effective interest rate if it's a fixed rate or one applicable for similar transactions if it's a variable rate. The carrying amount of the receivable is reduced by means of an allowance account. The amount of the loss must be recognized in the consolidated income statement. Impaired accounts receivable or loans are written off when they are considered uncollectible.

If the amount of the loss should decrease in a subsequent period, the Company reverses it with a credit entry to the consolidated income statement.

Held-to-maturity investments -
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's Management has the positive intention and ability to hold to maturity. After initial recognition the Company measures their held-to-maturity investments at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated income statement when the investment is disposed, had impairment or through amortization. The Company did not maintain any held-to-maturity investment as of December 31, 2012 and 2011.

Available-for-sale financial investments -
Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. After initial measurement, available for sale financial assets are measured at fair value with unrealized gains or losses being recognized directly in equity. When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the consolidated income statement. The Company did not maintain any significant available-for-sale financial investment as of December 31, 2012 and 2011.

Derecognition of financial assets -
A financial asset is derecognized when:

- The rights to receive cash flows from such asset have expired.

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to a third party under a pass-through arrangement; and

    (i) The Company has transferred substantially all of the risks and rewards of the asset or;
    (ii) Not having transferred or retained substantially all of the risks and rewards of the asset, it has transferred its control.

In the event that the Company transfers its rights to receive cash flows from an asset or has entered into a pass-through arrangement, but has not transferred substantially all the risks and rewards and still maintains control over of the asset, it must recognize the liabilities associated. Assets transferred and the liabilities associated are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets -
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and if loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with unpaid counts.

Offsetting of financial instruments -
Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position, if (i) there is a currently enforceable legal right to offset the recognized amounts and (ii) there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously.

Fair value of financial instruments -
The fair value of financial instruments that are traded in active markets is determined on each reporting date by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

In the case of financial instruments that are not traded in an active market, fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm´s length market transactions; reference to the current fair value of another instrument that is substantially same, an analysis of the adjusted flow of funds or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 29.

(c) Cash and cash equivalents -

The "Cash and cash equivalents" caption presented in the Company's consolidated statement of financial position includes all cash on hand and deposited in banks, including time deposits whose maturities are three months or more.

Furthermore, this caption presented in the Company's consolidated statements of cash flows includes cash on hand, time deposits and highly liquid investments with original maturities of three months or less.

(d) Business combinations and goodwill -

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in "Administrative expenses" caption.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Difference between price and the carrying amount is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, difference between price and the carrying amount is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, this difference is allocate to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where this difference forms part of a cash-generating unit and part of the operation within that unit is disposed of, the difference associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Difference disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(e) Investments in associates -

Investments in entities in which the Company's ownership is greater than 20 percent or exercise significant influence are accounted for using the equity method. Under this method, the investment in the associate is carried in the consolidated statement of financial position at cost plus acquisition changes in the Company's share of net assets of the associate. The amount paid in excess of the fair value of the share of net assets of the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated income statement reflects the share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the consolidated statements of changes in shareholders´ equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The reporting dates of the associates and the Company are identical and the associates' accounting policies are consistent with those used by the Company for like transactions and events in similar circumstances. The functional and presentation currency of the associates Yanacocha (through its subsidiary, Compañía Minera Condesa S.A.) and Cerro Verde is the U.S. dollar.

After the application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss of the Company's investment in associates. The Company determines at each consolidated statement of financial position date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Company calculates the amount of impairment as being the difference between the fair value of the associate and the acquisition cost and recognizes the amount in the consolidated income statement.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated income statement.

(f) Inventories -

Finished goods and products in process are valued at the lower of average cost or net realizable value. Net realizable value is defined as the estimated future sales price obtainable in the ordinary course of business, less estimated costs to complete production and bring the product to sale.

Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortization, incurred in converting materials into finished goods.

The accrual for obsolescence for spare parts and supplies are based on an item-by-item analysis completed by the Company's Management and related amounts are charged to expense in the period in which the obsolescence is deemed to have occurred.

Products in process -

Products in process represent mineral that are currently accumulated to be treated in the production of concentrate and mineral content of gold and silver deposited in the leach platforms, whose recovery is accomplished through exposure to sulfuric acid (leaching). Conversion processes for mining operations vary depending on the nature of the mineral and the specific mining operation.

Products in process material is measured based on assays of gold and silver in the minerals deposited in the platforms and daily production records.

Classified mineral

Low grade ore are placed in stockpiles to be processed in midterm until the project to expand El Brocal´s operations will be concluded (see note 1(e)). In this sense, low grade ore that is stockpiled with the expectation that is will be processed in the future is accounted for in the same way as minerals and concentrates.

According to the mine planning, classified mineral will be treated on the next three years. As consequence, the ore is accounted for as non-current inventory and measured at the lower of cost and net realizable value. Annually, the Company's Management assess the net realizable value of its non-current inventory based on the cash-flow projections obtained by the production and sales of the low grade ore stockpiled considering to: (i) the forward copper price at the year that to be expected to process the low grade ore, (ii) the future costs of processing (considering inflation rates, technological changes and other significant aspects would change), and (iii) the discount rate.

(g) Property, plant and equipment -

The property, plant and equipment, is stated at cost, net of accumulated depreciation and accumulated impairment in value. The initial cost of an asset comprises its purchase price or construction cost, including customs duties and non-reimbursable taxes, as well as any expense necessary to put such asset into operation, the initial estimates of any rehabilitation obligation and, in the case of qualifying assets, the cost of debt and any expense directly attributable to bringing the asset into operation. The capitalized value of leasing is included in this caption.

Depreciation -

Unit-of-production method

Depreciation and amortization of assets whose useful life is higher than the life of mine, is calculated base on a unit-of-production basis over the economically recoverable reserves of the mine, except in the case of assets whose useful life is shorter, in which case the straight-line method is applied.

The units of production are measured in recoverable metric tons of concentrate. The unit-of-production rate for the depreciation and amortization takes into account expenditures incurred to date.

Straight-line method

Depreciation of assets whose useful life is less than the mining unit life is calculated under the straight-line method of accounting considering the lower of estimated useful lives of the asset or useful life of the mining unit. The useful lives are the following:

	Years
Buildings, construction and other	Between 6 and 20
Machinery and equipment	Between 5 and 10
Transportation units	5
Furniture and fixtures	10
Computer equipment	4

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognizing an asset (calculated as the difference between the proceeds from the sale and the book value of the asset) is included in the consolidated income statement in the year the asset is derecognized.

The asset's residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Major maintenance and repairs -

Expenses on major maintenance refits or repairs comprise the cost of replacement assets or parts of assets and overhaul costs. The expense is capitalized when an asset or part of an asset that was depreciated separately is replaced and eliminated from the books and it is probable that the future economic benefits associated with such asset or part of an asset will flow to the Company during an additional period of useful life.

When the replaced part of the assets was not considered separately as a component, replacement value is used in order to estimate the book value of the assets replaced, which is immediately written off.

(h) Mining rights and concessions -
Mining rights are presented as part of the "Mining rights, development costs, property, plant and equipment, net" correspond to the mineral reserves and acquisitions of mining concessions allocated as part of the cost of non controlling interest acquisition that took place before transition date to IFRS. Mining rights are capitalized in the consolidated statement of financial position, and represent the Company's ownership of mining properties that contain the mineral reserves acquired.

Mining concessions are depreciated starting from the production phase following the units-of-production method based on proven and probable reserves. In the event that the Company abandons these concessions, the costs associated are written off in the consolidated income statement.

At the end of each year, the Company assesses each mining unit to see whether there is any indication of that the value of its mining rights has been impaired. If such indication exists, the Company estimates the recoverable amount of the assets. See note 2.2(f).

(i) Exploration and mine development costs -
Exploration costs are charged to expense as incurred. These costs primarily include costs for material and fuels used in exploration, costs of topographical surveys, drilling costs and payments made to contractors. When the Company determines that a mineral property can be economically developed by establishing the existence of proved and probable reserves, the costs incurred to develop the property, including the costs incurred to further delineate the ore body and remove topsoil, rocks and other mineral waste to initially expose the ore body are capitalized. Mine development costs are amortized using the units-of-production method, based on proven and probable reserves.

Development costs at the production phase are charged to expense as incurred.

(j) Deferred stripping costs -
Stripping costs incurred in the development of a mine before production commences are capitalized as part of the cost of constructing the mine and subsequently amortized over the life of the mine on a units-of-production basis.

Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of the mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping, (i.e. overburden and other waste removal) of the second and subsequent pits is considered to be production phase stripping relating to the combined operation.

Deferred stripping cost is included in "Mining rights, development costs, property, plant and equipment, net" caption in the consolidated statement of financial position. These form part of the total investment in the relevant cash generating units, which are reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

(k) Financial liabilities -

Initial recognition and measurement -

Financial liabilities within the scope of IAS 39 are classified as: financial liabilities at fair value through profit or loss, loans or as derivatives designated as hedging instruments, as relevant.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value, plus directly attributable transaction costs, except in the case of loans, which are recognized initially at the fair value of the cash received, less any costs directly attributable to the transaction.

The Company's financial liabilities include trade accounts payable, other liabilities, derivative financial instruments, financial obligation and embedded derivative for purchase and sale of concentrates.

Subsequent measurement -

The subsequent measurement of financial liabilities depends on their classification, as detailed below:

Financial liabilities at fair value through profit or loss -

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments as defined in IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as cash-flow hedging instruments. Any gains or losses on liabilities held for trading are recognized in the consolidated income statement. Except for the embedded derivative for sales of concentrates, the Company has not designated any financial liability at fair value through profit or loss.

Interest-bearing loans and borrowing -

After their initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Any profit or loss is recognized in the consolidated income statement when the liability is terminated, as well as through the process of amortizing the effective interest rate. Amortized costs are calculated taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Amortization of the effective interest rate is included in financial cost in the consolidated income statement.

Derecognition of financial liabilities -
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another one from the same lender on substantially different terms, or the terms are substantially modified, such replacement or amendment is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in the consolidated income statement.

(l) Leases -
The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement on its inception date. It requires consideration as to whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease if one of the following applies:

(i) There is a change in the contractual terms, other than a renewal or extension of the arrangement.
(ii) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term.
(iii) There is a change in the determination of whether fulfillment is dependent on a specific asset; or
(iv) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease starting from the date when the change of circumstances gives rise to reassessment for scenarios (i), (iii) or (iv), and at the date of the renewal or extension period for scenario (ii).

Embedded leases
All take-or-pay contracts are reviewed for indicators of a lease on inception.

(m) Share-based payments -
Senior executives of the Company are granted share appreciation rights, which can only be settled in cash. The liability for these transactions is measured at each reporting date until settlement.

According to IFRS 2 "Share-Based Payments", the cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model (see more details in note 14(c)). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured at each consolidated statement of financial position date up to and including the settlement date with changes in fair value recognized in the consolidated income statement.

(n) Provisions -

General -

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and are adjusted to reflect the best estimate available as of the date of the consolidated statement of financial position. The expense relating to any provision is presented in the consolidated income statement. When they are significant, provisions are discounted using a current rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a financial expense.

Loss contingencies are recorded in the consolidated financial statements when it is probable their occurrence and they can be reasonably estimated. In other case, they are only disclosed in notes to the consolidated financial statements.

Contingent assets are not recognized in the consolidated financial statements; however, they are disclosed in notes to the consolidated financial statements if it is probable that such contingent assets will be realized.

Provision for closure of mining units -

On initially entering the liability for this obligation, it is posted at its fair value, offset by a greater a book value for long-lived assets related to development costs and fixed assets.

The liability is subsequently increased in each period to reflect the cost of interest considered in the initial estimate of fair value and, in addition, the capitalized cost is depreciated or amortized based on the useful life of the related asset. When eliminating the liability, the Company posts any resulting gain or loss. Changes in the fair value of the obligation or the useful life of the related asset that arise from review of the initial estimates are recognized as an increase or decrease in the book value of the obligation and the related assets in accordance with IAS 16 "Property, Plant and Equipment". Any reduction in a mine closure liability and, therefore, any reduction of the related asset, may not exceed the book value of such asset. If so, any excess over book value is immediately transferred to the consolidated income statement.

If a change in estimate results in an increase in the closure liability and, therefore, an addition to the asset's book value, the Company must consider whether or not this is an indication of impairment of the asset as a whole, and conduct impairment testing pursuant to IAS 36 "Impairment of assets". Furthermore, in the case of mature mines, if the revised mining assets net of the closure provisions exceed the recoverable value, such portion of the increase is charged directly to expense. In the case of mines already closed, changes in estimated costs are recognized immediately in the consolidated income statement. Likewise, any closure liability that arises as a result of a mine's production phase must be included in expenses when incurred.

(o) Treasury shares -
The Company, through a subsidiary, has treasury shares (common and investment shares). The nominal values of these shares are presented net of the capital stock and investment shares amounts.

The effect of the dividends income arising from the treasury shares held by the subsidiary are excluded for calculating the share in subsidiary and associates income and are presented net from declared a paid dividends in the consolidated statements of changes in shareholders´ equity.

(p) Revenue recognition -
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company. Revenue is measured at the fair value of the consideration received, excluding discounts. The following specific recognition criteria must also be met before revenue is recognized:

Sales of concentrates, gold and silver -
Revenues from sales of concentrates, gold and silver are recognized when the significant risks and rewards of ownership are transferred to the buyer, and selling price are known or can be reasonably estimated.

As far as the measurement of revenues from the sale of concentrate, the Company assigns a provisional value to these sales, since they are subject to a final price adjustment at the end of a contractually-set period, which normally ranges between 30 and 180 days after delivery of the concentrate to the customer. Exposure to changes in metals price is considered to contain an embedded derivative which is required to be separated from the host commercial contract for accounting purposes. At the close of each period, the sale price used initially is adjusted in accordance with the future price for the quotation period stipulated in the contract. Adjustment of the provisional sale value is posted as an increase or decrease in net sales.

Interest received -
Financial income is recognized as interest accrues.

Income for engineering service rendered -
Income for engineering service rendered by Buenaventura Ingenieros S.A., a subsidiary of the Company, is recognized based on the progress of the current service contracts.

Income for construction services –
When the outcome of a contract can be estimated reliably, contract revenue associated with the construction contract shall be recognized by reference to the stage of completion of the contract activity at the end of the reporting period.

(q) Borrowing costs -
Borrowing costs directly relating to the acquisition, construction or production of a qualifying asset are capitalized, and added to the project's cost until such time as the assets are considered substantially ready for their planned use, that is to say, when they are capable of generating commercial production. A qualifying asset is which value is higher than US$5 millions and its substantial period is greater than 12 months. Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where surplus funds are available for a short term out of money borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalized and deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period. All other borrowing costs are recognized in the consolidated income statement in the period in which they are incurred.

(r) Income tax –
Current taxes –
Income tax
Income Tax for the current period are measured based on the separate financial statements of Buenaventura and each subsidiary in Nuevos Soles and for the amount expected to be paid to the tax authorities. The rates and laws used to compute the amount are those in force as of the date of the consolidated statement of financial position.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Mining Royalties and Special Mining Tax
Mining Royalties and Special Mining Tax are accounted for under IAS 12 "Income tax" when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on revenues less expenses after adjustments for temporary differences, rather than based on quantity produced or as a percentage of revenue. Tax rates and tax laws used to compute the amount are those that have been enacted by the end of the reporting period as of the date of the consolidated statement of financial position.

Therefore, payments made by the Company to government authority as Mining Royalties and Special Mining Tax are in the scope of IAS 12 and be considered as income tax. Both, Mining Royalties and Special Mining Tax generated deferred assets and liabilities which should be measured using average rates that have to be applied to operating income in those quarters in which the Company expects to reverse the temporary differences.

Deferred tax

The income tax, mining royalties and special mining tax for future periods are recognized using the liability method, considering the temporary differences between the taxes and accounting bases of assets and liabilities as of the date of the consolidated statement of financial position.

Deferred income tax liabilities are recognized for all taxable temporary differences, except for taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will reverse in the foreseeable future.

All deductible temporary differences and loss carryforwards generate the recognition of deferred assets to the extent that it is probable that they can be used in calculating taxable income in future years. Deferred income tax liabilities are recognized for all deductible temporary differences and tax loss carry-forwards, to the extent that is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of the deferred income tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred asset to be utilized. Unrecognized deferred assets are reassessed at each consolidated statement of financial position date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit and loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred assets and liabilities are offset if there is a legal right to set them off and the taxes deferred relate to the same entity and the same tax authority.

(s) Derivative financial instruments -

Embedded derivative

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

Derivatives designated as hedging instruments -
El Brocal subsidiary uses derivative instruments to manage its exposure to changes in metals prices. In order to manage special risks, El Brocal applies hedge accounting for those transactions that meet the specific criteria applicable.

At the inception date of the hedge relation, El Brocal formally documents the relationship between the item hedged and the hedging instrument, including the nature of the risk, the objective and the strategy to be taken to carry out the hedging, and the method to be used to estimate the effectiveness of the hedge relation.

A formal assessment is made upon beginning the hedge relation, to assure that the hedging instrument is highly effective in offsetting the risk designated in the item hedged. Hedges are formally assessed every half. A hedge is considered as highly effective if it is expected that the changes in cash flow attributed to the risk hedged during the period for which the hedge is designated are offset within a range from 80 to 125 percent.

All the hedges maintained by the Company classifies as cash flow hedges, as consequence, any gain or loss from the effective portion of the hedging instrument is initially recognized in the consolidated statement of changes in shareholders' equity in the "Other reserves of equity" caption. Any gain or loss from the ineffective portion of the hedging instrument is initially recognized in the consolidated income statement in the "Interest expenses" caption. Amounts recognized as equity transaction are transferred to the income statement when the hedge transaction affects profit or loss, such as when a forecast sale occurs and is posted in the "Net sales" caption of the consolidated income statement.

As of December 31, 2011, El Brocal subsidiary had contracted derivative instruments on metals quotes under the Asian swap and collar option modes that qualify as cash-flow hedging instruments. As of December 31, 2012, El Brocal does not have hedging financial instruments.

Current versus non-current classification -
Derivative instruments that are not designated as hedging instruments are classified as current or non-current, or are separated into a current and a non-current portion based on an assessment of the facts and circumstances (for example, the underlying cash flows).

Embedded derivatives that are not closely related to the main contract are classified consistently with the cash flows of the host contract.

Derivative instruments designated as hedging instruments are classified in accordance with the classification of the underlying element hedged. The derivative instrument is separated into a current and a non-current portion only if a reliable allocation can be made.

As of December 31, 2012, the Company has not have instruments that qualify as hedging. As of December 31, 2011, the Company held those instruments (see note 27).

(t) Impairment of non financial instruments -

The Company assesses at each reporting date whether there is an indication that an asset, determined by each individual asset (cash-generating unit) may be impaired.

A cash-generating unit is the smallest identifiable group of assets, denominated a mining unit, that generates cash inflows from continuing use that are independent of the cash inflow generated by other assets or groups of assets. In order to determine cash-generating units, the Company has determined whether there is an active market for the minerals and metals produced by a mining unit.

Impairment losses are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated income statement.

(u) Basic and diluted earnings per share -

Basic and diluted earnings per share have been calculated based on the weighted average number of common and investment shares outstanding at the date of the consolidated statement of financial position; treasury shares have been excluded from the calculation. When the number of shares is modified as a result of capitalization of retained earnings, share splits or share grouping, the net income per basic and diluted shares is adjusted retroactively for all of the periods reported. If the change occurs after the date of the consolidated financial statements, but before the financial statement are authorized for issue, the calculation of net income per basic and diluted share for all of the reported periods must be based on the new number of shares, see note 25.

(v) Workers' profit sharing -

The workers' profit sharing is calculated according to law in force at today (Legislative Decree No. 892) over the same taxable net basis used to calculate the income tax. For the Company's case, the workers' profit sharing rate is 8% over the taxable net base of current year. According to Peruvian Law the limit in the workers' profit sharing that an employee would receive is equivalent to 18 monthly wages. According to the article 3 of Law No. 28756 (and its regulation law), it has been established that excess amounts above such limit will be transferred to the "National Found for Employment's Promotion and Training ("FONDOEMPLEO", by its Spanish acronym)". Such funds are used for workers training, employment promotion and public investment projects. The excess amount is retained and paid by the Company to the Peruvian government entities (FONDO EMPLEO and regional government).

The Company recognizes the current portion of workers' profit sharing paid directly to them according to the IAS 19 "Employees Benefits" approach, considering them as benefits are all forms of consideration given by an entity in exchange for service rendered by employees. As a consequence, the Company recognized the workers' profit sharing as cost or expenses, according to their duties or function.

In the periods in which the excess over the 18 wages limit arises, the Company considers this as part to the contributions made by the Company to the Government (FONDOEMPLEO) related to the workers' profit sharing. This is classified as operating expenses in the consolidated income statement.

(w) Segments –
An operating segment is a component of an entity: (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the Company´s Management to make decisions about resources to be allocated to the segment and assess its performance, and (iii) for which discrete financial information is available. See note 26.

2.4. Reclassifications to the consolidated financial statements of prior years -
As of December 31, 2012, the Company made the following reclassifications in its consolidated financial statements for the year ended on December 31, 2011:

- In the consolidated statement of cash flows, US$164,924,000 from the net sale of investment shares to non-controlling interest (see note 1 (f)), was reclassified from cash flows related to investment activities to cash flows related financing activities.

2.5. New International Financial Reporting Standards (IFRS) internationally issued but not effective on the issuance date of the consolidated financial statements -
Improvements and interpretations issued as of December 31, 2012, include the following:

Effective the year 2012 –
There were no new standards and interpretations that were applicable to the Company for 2012..

Effective as from January 1, 2013 -
- IAS 1, Presentation of Financial Statements, effective for annual periods beginning on July 1, 2012. The amendments to IAS 1 change the grouping of items presented in the statement of comprehensive income.

- IAS 27, Separate Financial Statements (revised in 2011), effective for annual periods beginning on January 1, 2013. As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, joint arrangements and associates in separate financial statements.

- IAS 28, Investments in associates and joint ventures (revised in 2011), effective for annual periods beginning on January 1, 2013. As a consequence of the new IFRS 11 and

IFRS 12, IAS 28 Investments in Associates and Joint Ventures, describes the application of the equity method to investments in joint ventures in addition to associates.

- IFRS 9, "Financial Instruments", effective January 1, 2015, modifies the treatment and classification of financial assets established by IAS 39, "Financial Instruments: Recognition and Measurement".

- IFRS 10, "Consolidated Financial Statements", effective January 1, 2013, replaces the consolidation requirements in SIC-12, "Consolidation—Special Purpose Entities" and IAS 27, "Consolidated and Separate Financial Statements".

- IFRS 11, "Joint Arrangement", effective January 1, 2013, addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The guidance focuses on the rights and obligations of the joint arrangement, rather than its legal form (as is currently the case).

- IFRS 12, "Disclosure of Interests in Other Entities", effective January 1, 2013, is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

- IFRS 13, "Fair Value Measurement", effective January 1, 2013, defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements.

- IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine", effective January 1, 2013, clarifies when the stripping cost in the production phase should be recognized as an asset and how that asset should be measured, both initially and in subsequent periods.

Annual improvements to IFRS (issued in May 2012) -

- IAS 1, Presentation of Financial Statements, clarifies the difference between voluntary annual comparative information and the minimum required of comparative period is the previous period.

- IAS 16, Property, Plant and Equipment, clarifies that major spare parts and servicing equipments that meet the definition of property, plant and equipment are not inventories.

- IAS 32, Financial Instruments: Presentation, clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12.

Such improvements are effective for annual periods beginning on or after January 1, 2013.

Although Management does not believe the new pronouncements will have a significant impact on the Company, Management is currently evaluating their impact, if any, on the Company's consolidated financial statements for 2013.

3. Transactions in Nuevos Soles

Transactions in Nuevos Soles are completed using exchange rates published by the Superintendent of Banks, Insurance and AFP. As of December 31, 2012, the exchange rates for U.S. dollars published by this Institution were US$0.3923 for buying and US$0.3920 for selling (US$0.3711 for buying and US$0.3708 for selling as of December 31, 2011) and have been applied for the assets and liabilities accounts, respectively.

As of December 31, 2012 and 2011, the Company had the following assets and liabilities denominated in Nuevos Soles:

	2012 S/.(000)	2011 S/.(000)
Asset		
Cash and cash equivalents	23,744	25,085
Other accounts receivable	54,331	60,721
Prepaid expenses	2,484	-
	80,559	85,806
Liabilities		
Trade accounts payable	(125,601)	(95,098)
Other accounts payable	(129,624)	(192,947)
Provisions	(40,908)	(24,135)
	(296,133)	(312,180)
Liability position, net	(215,574)	(226,374)

4. Cash and cash equivalents

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

	2012 US$(000)	2011 US$(000)
Cash	1,017	908
Bank accounts	67,695	71,883
Time deposits (b)	118,000	398,056
Cash balances included in the consolidated statement of cash flows	186,712	470,847
Time deposits with original maturity greater than 90 days (c)	-	10,121
	186,712	480,968

(b) The table below presents the components of time deposits as of December 31, 2012:

Currency	Original maturities	Annual interest rate %	US$(000)
U.S. dollars	From 5 to 13 days	From 1.3 to 1.70	118,000
			118,000

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	From 0.50 to 1.42	381,000
Nuevos Soles	From 42 to 90 days	From 4.05 to 4.35	17,056
			398,056

(c) As of December 31, 2011, it mainly corresponds to time deposits maintained by El Brocal and Buenaventura Ingenieros S.A.:

Currency	Original maturities	Annual interest rate %	US$(000)
U.S. dollars	From 113 to 168 days	From 0.90 to 1.07	4,000
Nuevos Soles	From 104 to 198 days	From 4.10 to 4.48	6,121
			10,121

5. Financial assets at fair value through profit or loss

Buenaventura's Management decided to invest the excess cash in mutual funds of variable income, which had been designated as financial assets at fair value through profit or loss. According to note 2.3.(b), the Company recorded in the year 2012 an increase in the net investment amounted to US$2,331,000 (US$2,024,000 in the year 2011), to profit and loss to take this investment at fair value as of December 31, 2012. The table below presents the components of this caption:

	2012 US$(000)	2011 US$(000)
Credifondo S.A. SAF	54,509	52,178
	54,509	52,178

This fund is comprised by a portfolio of investments issued by Peruvian Government and financial entities with high reputation in the local market. The outcome of the investment is variable.

6. Trade accounts receivable, net

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

	2012 US$(000)	2011 US$(000)
Johnson Matthey Limited	80,214	78,520
Louis Dreyfus Commodities Metals	48,253	19,874
Glencore Peru S.A.	45,014	32,250
Doe Run Peru S.R.L.	16,822	16,814
MCC Non Ferrous Trading Inc.	16,306	-
MRI Trading GMBH	11,805	-
N.V. Umicore	8,485	12,175
Consorcio Minero S.A. – CORMIN	7,340	9,108
Minera Suyamarca S.A.	5,045	-
BHL Peru S.A.C.	4,927	4,927
Sumitomo Corporation of America	4,367	-
Rímac Internacional Cia. Seguros y Reaseguros	4,210	-
Sudamericana Trading S.R.L.	3,358	4,197
Werco Trade AG	2,467	-
Andina Trade S.A.C.	2,458	-
Traxys Peru S.A.C.	2,002	2,452
MK Metal Trading GMBH	1,794	3,318
Sinclair Knight Merz S.A.C.	1,255	-
Compañía Minera Ares S.A.C.	1,251	-
MR Trading AG	1,080	1,478
Transportadora Callao S.A.	836	-
Hudbay Peru S.A.	695	-
Empresa Administradora Cerro S.A.	655	-
Compañía Minera Antamina S.A.	294	1,207
Glencore International A.G.	-	631
Other minors	7,239	7,359
	278,172	194,310
Allowance for doubtful accounts (b)	(21,741)	(21,741)
	256,431	172,569

The accounts receivable are denominated in U.S. dollars, have current maturities, do not accrue interest, have no specific guarantees and are unsecured.

The aging of the trade accounts receivable balance was as follows:

As of December 31, 2012:

	Not impaired US$(000)	Impaired US$(000)	Total US$(000)
Not due	256,431	-	256,431
Due			
From 1 to 120 days	-	-	-
More than 120 days	-	21,741	21,741
	256,431	21,741	278,172

As of December 31, 2011:

	Not impaired US$(000)	Impaired US$(000)	Total US$(000)
Not due	172,569	-	172,569
Due			
From 1 to 120 days	-	-	-
More than 120 days	-	21,741	21,741
	172,569	21,741	194,310

In the process of estimating the allowance for doubtful accounts, the Company's Management constantly evaluates market conditions, for which it uses analysis of aging and risk-rating reports for commercial operations.

(b) The allowance for doubtful accounts had no movement during 2012, 2011 and 2010. In the opinion of the Company's Management, the allowance for doubtful accounts is sufficient to cover the risk of non-performance as of the consolidated financial position date.

7. Other accounts receivable

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

	2012 US$(000)	2011 US$(000)
Value added tax credit	52,655	22,235
Income tax credit	24,629	1,558
Other accounts receivable to contractors	16,993	10,166
Advances to suppliers	13,929	7,457
Loans to employees	1,421	1,025
Loans to third parties	725	2,966
Other advances to employees	662	360
Claims to third parties	580	-
Warrant deposits	363	397
Interest receivable, other	47	1,497
Mining royalty credit	-	1,057
Valued added tax claimed	-	1,502
Other accounts receivable	3,266	3,871
	115,270	54,091
Less – Non current portion		
Value added tax credit	(6,695)	(5,537)
Other minors	(7)	(33)
	(6,702)	(5,570)
Current portion	108,568	48,521

8. Inventory, net

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

	2012 US$(000)	2011 US$(000)
Finished goods	31,163	19,026
Products in process (b)	148,533	140,775
Spare parts and supplies	42,552	41,205
	222,248	201,006
Provision for impairment of value of inventory (f)	(3,244)	(3,053)
	219,004	197,953
Less non-current portion (b)	(55,937)	(48,845)
Current portion	163,067	149,108

(b) The products in process include the following:

	2012 US$(000)	2011 US$(000)
Classified mineral (c)	69,149	62,052
Leach platform (d)	35,885	19,646
Ore cyanidation process	21,044	14,956
Activated coal (e)	16,269	21,541
Current mineral	4,344	18,748
Other	1,842	3,832
	148,533	140,775
Less non-current position (e)	(55,937)	(48,845)
Current position	92,596	91,930

(c) The table below presents the detail of long-term inventory which corresponds to classified mineral that is kept in Tajo Norte deposit field by the subsidiary El Brocal:

	2012		2011	
	US$(000)	DMT	US$(000)	DMT
Classified mineral				
Type II (copper mineral)	3,672	494,280	8,584	859,556
Type III (lead/zinc mineral)	65,477	2,405,266	53,468	2,828,274
Total	69,149	2,899,546	62,052	3,687,830
Non-current portion	55,937		48,845	
Current portion	13,212		13,207	

As part of the mining unit preparation to extract and treat mineral to a 18,000 DMT/per day, El Brocal´s 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.

El Brocal´s Management assessed the recoverability of its inventories in process based on the cash flow projections obtained by the production and sale of the different minerals. As of December 31, 2012 and 2011 Management has a plan to treat mineral in stock when the expansion operation plan finish, mentioned before, including the future costs of treatment and finishing, based on this plan these products will be recovery through trading.

(d) It includes gold content of mineral deposited in leach platforms, 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.

(e) 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. This material is available for the next precious metals recovery process.

(f) The provision for impairment of value of inventory had the following movement during the years 2012, 2011 and 2010:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Opening balance	3,053	5,091	3,066
Provision for impairment of finished goods, note 19	212	383	1,648
Reversal of provision	(21)	(2,413)	(339)
Provision for impairment of spare parts and Supplies	-	-	716
Write-offs	-	(8)	-
Ending balance	3,244	3,053	5,091

In the opinion of Company's Management, the provision for impairment of value of inventory adequately covers this risk as of the date of the consolidated statement of financial position.

9. Investments in associates

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

	Share in shareholders' equity		Amount	
	2012 %	2011 %	2012 US$(000)	2011 US$(000)
Investments held under the equity method				
Minera Yanacocha S.R.L. (d) and (e)	43.65	43.65	1,585,395	1,312,051
Sociedad Minera Cerro Verde S.A.A. (c), (e) and (h)	19.584	19.349	783,368	602,790
Canteras del Hallazgo S.A.C. (g)	49.00	49.00	32,423	5,237
Compañía Minera Coimolache S.A. (f)	40.095	40.095	32,365	9,879
Available-for-sale investments				
Other			2,686	5,047
			2,436,237	1,935,004

(b) The table below presents the net share in results of associates:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Minera Yanacocha S.R.L. (c)	272,851	279,726	251,497
Sociedad Minera Cerro Verde S.A.A. (c)	151,201	208,659	206,907
Compañía Minera Coimolache S.A.C. (f)	40,187	9,648	(15,859)
Canteras del Hallazgo S.A.C. (g)	-	(29,670)	(13,660)
	464,239	468,363	428,885

(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 2012, 2011 and 2010.

(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 Celendín, 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's Management has reprogrammed the development activities, focusing on recommended water sustainability activities.

(e) In order to calculate the investment amount and share in the result of Minera Yanacocha S.R.L. (hereinafter "Yanacocha") and Sociedad Minera Cerro Verde S.A.A. (hereinafter "Cerro Verde"), the Company had used the following information:

(e.1) Yanacocha -

Yanacocha issues financial statements under Generally Accepted Accounting Principles in Peru and also under U.S. GAAP for its parent. There were no significant differences between US GAAP and Peruvian GAAP for Yanacocha.

As part of the adoption to IFRS, in 2011, the Company assessed the significant differences in Yanacocha´s financial statements between U.S. GAAP and IFRS and prepared a reconciliation of equity net as of December 31, 2012, 2011 and 2010 and the net income in the years 2012, 2011 and 2010 prepared under U.S. GAAP and IFRS in order to calculate its investment and participation under IFRS in Yanacocha to these dates.

The table below presents the principal amounts under U.S. GAAP as of December 31, 2012, 2011 and 2010.

	Yanacocha		
	2012 US$(000)	2011 US$(000)	2010 US$(000)
Statement of financial position			
Total assets	4,541,535	3,787,235	2,936,994
Total liabilities	970,845	844,213	634,848
Shareholders' equity	3,570,690	2,943,022	2,302,146
Results			
Total income	2,201,815	2,002,602	1,778,260
Operating income	982,367	905,001	855,309
Net income	626,540	642,387	589,894

The table below presents the reconciliation of the shareholders´ equity prepared under U.S. GAAP with those prepared under IFRS prepared by the Company´s Management as of December 31, 2012 and 2011, and net income as of December 31, 2012, 2011 and 2010:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Shareholders´equity under U.S. GAAP	3,570,691	2,943,022	2,302,146
Reversal of deferred workers´ profit sharing	19,800	16,979	18,150
Deemed cost of property, plant and equipment	17,130	21,084	28,069
Deferred income tax for IFRS adjustments	(9,661)	(10,971)	(11,766)
Valuation of inventories	(3,123)	(1,494)	(7,307)
Shareholders´equity under IFRS	3,594,837	2,968,620	2,329,292
Net income under U.S. GAAP	626,540	642,387	589,894
Deferred income tax	4,131	(376)	6,742
Increased of depreciation for deemed cost of property, plant and equipment	(3,954)	(6,985)	(12,442)
Valuation of inventories	(1,629)	5,813	(8,027)
Net income under IFRS	625,088	640,839	576,167

(e.2) Cerro Verde

The table below presents the principal amounts in Cerro Verde as of December 31, 2012, 2011 and 2010 under IFRS.

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Statement of financial position			
Total assets	4,042,771	3,196,597	2,294,078
Total liabilities	593,063	518,959	694,839
Shareholders' equity	3,449,708	2,677,638	1,599,239
Results			
Total income	2,127,023	2,520,050	2,368,988
Operating income	1,217,274	1,559,280	1,555,834
Net income	772,070	1,078,399	1,074,393

On July 17, 2012, Cerro Verde subscribed a new Agreement of Guarantees and Measures to Promote Investments with the Government of Peru, under the General Mining Law and in connection with the Expansion of operations program. This new agreement will enable the Cerro Verde's Management to establish a tax system for the expansion and according to the management's option; it will be in force in 2014. According to this agreement, from the time it is in force, the new income tax rate will be 32 per cent.

(f) Compañía Minera Coimolache S.A.-

Compañía Minera Coimolache S.A. (hereafter "Coimolache") is located in the province of Hualgayoc, which includes the districts of Hualgayoc and Chugur in Cajamarca region and has reserves of 528,000 ounces of gold (unaudited). Coimolache started operations in the third quarter of 2011. As December 31, 2012, the production amounted to 139,253 ounces of gold and 914,779 ounces of silver (50,916 ounces of gold and 298,674 ounces of silver as of December 31, 2011).

The table below presents the main figures audited from financial statements of Coimolache, restructured according to Buenaventura's accounting practices:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Statement of financial position			
Total assets	218,380	181,372	67,948
Total liabilities	137,658	156,734	80,395
Equity, net	80,722	24,638	(12,447)
Income Statement			
Total income	262,596	79,176	-
Net income (loss)	100,229	26,886	(40,639)

(g) 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 December 31, 2012, the project is in Feasibility and Environmental Studies, which are expected to be concluded at the end of 2013 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 December 31, 2012, Buenaventura's contribution amounted to US$153,303,000 (US$97,820,000 as of December 31, 2011).

The table below presents the main figures audited from financial statements of Canteras del Hallazgo, restructured according to Buenaventura's accounting practices:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Statement of financial position			
Total assets	73,013	18,980	9,018
Total liabilities	6,842	8,292	3,468
Equity, net	66,171	10,688	5,550
Income Statement			
Total income	-	-	-
Net income (loss)	-	(59,377)	(32,030)

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

(a) Below is presented the movement in cost, depreciation and amortization, as well as the provision for accumulated impairment of long-lived assets:

	As of January 1, 2011 US$(000)	Additions US$(000)	Retirements US$(000)	Sales US$(000)	Transfers US$(000)	As of December 31, 2011 US$(000)	Additions US$(000)	Retirements US$(000)	Sales US$(000)	Transfers US$(000)	As of December 31, 2012 US$(000)
Cost											
Land	2,668	359	-	-	1,034	4,061	1,968	-	-	-	6,029
Mining land	7,215	-	-	-	-	7,215	-	-	-	-	7,215
Mining concessions	15,000	-	-	-	-	15,000	-	-	-	-	15,000
Mining concessions (b)	123,881	-	-	-	-	123,881	-	-	-	-	123,881
Development costs (c)	233,127	24,414	-	-	-	257,541	35,391	-	-	-	292,932
Buildings, construction and other	261,156	849	(1,055)	-	63,925	324,875	8,673	(612)	(12)	172,825	505,749
Machinery and equipment	304,308	36,024	(895)	(531)	27,809	366,715	76,850	(597)	(8,378)	25,331	459,921
Transportation units	9,671	1,248	(118)	(391)	753	11,163	742	(212)	(460)	734	11,967
Furniture and mixtures	10,419	215	(37)	-	175	10,772	785	-	(82)	781	12,256
Units in transit	9,284	106,667	-	-	(71,625)	44,326	49,970	(8)	-	(50,616)	43,672
Works in progress	205,693	130,212	-	(1,491)	(22,071)	312,343	268,548	-	-	(149,055)	431,836
Stripping cost	1,266	17,828	-	-	-	19,094	-	-	-	-	19,094
Mine closure costs	33,654	785	-	-	-	34,439	21,779	-	-	-	56,218
	1,217,342	318,601	(2,105)	(2,413)	-	1,531,425	464,706	(1,429)	(8,932)	-	1,985,770
Accumulated depreciation and amortization											
Mining land	2,304	-	-	-	-	2,304	898	-	-	-	3,202
Mining concessions (b)	59,943	12,269	-	-	-	72,212	3,643	-	-	-	75,855
Development costs (c)	144,386	35,930	-	-	-	180,316	40,727	-	-	-	221,043
Buildings, construction and other	142,837	29,491	(1,049)	-	-	171,279	46,130	(610)	(2)	-	216,797
Machinery and equipment	193,064	38,228	(863)	(251)	-	230,178	55,653	(215)	(4,801)	4	280,819
Transportation units	6,406	1,182	(96)	(365)	-	7,127	1,228	(122)	(462)	-	7,771
Furniture and mixtures	5,098	1,018	(35)	(1)	-	6,080	1,008	(1)	(28)	(4)	7,055
Stripping cost	223	1,171	-	-	-	1,394	891	-	-	-	2,285
Mine closure costs	19,045	1,693	-	-	-	20,738	3,512	-	-	-	24,250
	573,306	120,982	(2,043)	(617)	-	691,628	153,690	(948)	(5,293)	-	839,077
Provision for impairment of long-lived assets, note 11											
Mining concessions of Antapite (b)	2,805	-	-	-	-	2,805	-	-	-	-	2,805
Property, plant and equipment	2,432	-	-	-	-	2,432	2,303	-	-	-	4,735
Development costs (c)	3,563	-	-	-	-	3,563	1,314	-	-	-	4,877
	8,800	-	-	-	-	8,800	3,617	-	-	-	12,417
Net cost	635,236					830,997					1,134,276

(b) Mining concessions -

The table below presents the movement of the cost and accumulated amortization of the mining concessions for mining units:

	As of January 1, 2011 US$(000)	Additions US$(000)	As of December 31, 2011 US$(000)	Additions US$(000)	As of December 31, 2012 US$(000)
Cost					
Compañía de Exploraciones, Desarrollo e Inversiones Mineras S.A.C.- CEDIMIN	51,138	-	51,138	-	51,138
Inversiones Colquijirca S.A.	43,103	-	43,103	-	43,103
Sociedad Minera El Brocal S.A.A.	13,542	-	13,542	-	13,542
Inversiones Mineras del Sur S.A.	11,662	-	11,662	-	11,662
Minas Poracota S.A.	2,864	-	2,864	-	2,864
Minera Paula 49 S.A.C.	1,572	-	1,572	-	1,572
	123,881	-	123,881	-	123,881
Accumulated amortization					
Compañía de Exploraciones, Desarrollo e Inversiones Mineras S.A.C. – CEDIMIN	32,898	1,277	34,175	1,352	35,527
Inversiones Colquijirca S.A.	14,189	1,087	15,276	1,086	16,362
Sociedad Minera El Brocal S.A.A.	2,675	7,881	10,556	117	10,673
Inversiones Mineras del Sur S.A.	6,430	1,387	7,817	1,040	8,857
Minas Poracota S.A.	2,179	637	2,816	48	2,864
Minera Paula 49 S.A.C.	1,572	-	1,572	-	1,572
	59,943	12,269	72,212	3,643	75,855
Provision for impairment of mining concessions					
Inversiones Mineras del Sur S.A., note 11	2,805		2,805		2,805

(c) Mining development costs –

The table below presents the movement of the cost, accumulated amortization and provision for impairment:

	As of January 1, 2011 US$(000)	Additions US$(000)	As of December 31, 2011 US$(000)	Additions US$(000)	As of December 31, 2012 US$(000)
Cost					
Orcopampa	60,332	1,445	61,777	1,442	63,219
Uchucchacua	47,312	5,317	52,629	767	53,396
Poracota	32,035	-	32,035	-	32,035
Antapite	18,999	-	18,999	-	18,999
La Llave, note 1(e)	16,127	302	16,429	-	16,429
Shila – Paula	6,945	8,388	15,333	-	15,333
Recuperada	10,438	413	10,851	-	10,851
Julcani	7,808	2,555	10,363	2,111	12,474
La Zanja	4,578	1,342	5,920	1,648	7,568
Mallay	575	3,866	4,441	4,216	8,657
Ishihuinca	1,027	-	1,027	-	1,027
Mine closure costs	26,951	786	27,737	25,207	52,944
	233,127	24,414	257,541	35,391	292,932
Accumulated amortization					
Orcopampa	43,389	7,152	50,541	4,108	54,649
Uchucchacua	32,132	3,929	36,061	4,921	40,982
Poracota	20,153	11,479	31,632	400	32,032
Antapite	18,731	268	18,999	-	18,999
Shila – Paula	3,382	7,575	10,957	-	10,957
Recuperada	2,437	637	3,074	6,897	9,971
Julcani	961	256	1,217	695	1,912
La Zanja	4,466	1,236	5,702	3,087	8,789
Ishihuinca	1,027	-	1,027	-	1,027
Mallay	-	-	-	1,431	1,431
Mine closure costs	17,708	3,398	21,106	19,188	40,294
	144,386	35,930	180,316	40,727	221,043
Provision for impairment of mine development costs					
Shila - Paula	3,563	-	3,563	-	3,563
Recuperada	-	-	-	1,314	1,314
	3,563	-	3,563	1,314	4,877

(d) During the year 2009, the Company started the construction of Huanza Hydroelectric plant, which is expected to be completed in August 2012, date in which the asset will be transfer from work in progress to machinery and equipment. The carrying amount of this work in progress amount to US$177,133,000. This construction is financed by a long-term financial obligation, see note 15. The amount of borrowing costs capitalized as of December 31, 2012 was US$10,974,000 (US$6,364,000 as of December 31, 2011). The rate used to calculate the borrowing costs eligible for capitalization was LIBOR rate to 90 days plus 4 per cent, which is the effective interest rate of the specific loan.

The carrying value of plant and equipment held under finance leases contracts as of December 31, 2012 was US$119,000,000 (US$105,042,000 as of December 31, 2011). Additions of leasing during the year include US$13,958,000 (US$50,915,000 in 2011) and are disclosed in "Works in progress" caption. Leased assets contracts are pledged as security for the related finance lease.

11. Reversal for impairment of long-lived assets and investments in associates

Mining concessions, property, plant and equipment and development costs -

The table below presents the components and movement of the reversal for impairment of long-lived assets:

	As of January 1 and December 31, 2011 US$(000)	Additions US$(000)	As of December 31, 2012 US$(000)
Mining concessions, property, plant and equipment -			
Antapite	2,805	743	3,548
Shila-Paula	2,432	-	2,432
Recuperada	-	810	810
Poracota	-	750	750
	5,237	2,303	7,540
Development costs -			
Shila-Paula	3,563	-	3,563
Recuperada	-	1,314	1,314
	3,563	1,314	4,877
Total	8,800	3,617	12,417

As a result of the decrease in the level and quality of the reserves in some mining units, during the year 2012, the Company's Management updated its assessment of the recoverability of the book value of its long-lived assets. The provision made in the year 2012 amounts to US$3,617,000.

Assessing the impairment of long-lived assets involves comparing their respective carrying amount with their recoverable values. The recoverable value of assets is the greater of its fair value less the costs of sale or its value in use. The recoverable amount used in assessing the Antapite, Recuperada and Poracota mining unit is the fair value. The Company estimated the use value of its long-lived assets using a discounted cash-flow model. Cash flow was projected for the useful life of the mining units based on Management's expectations. This useful life depends on several variables, including the mineral reserves of each unit.

The following assumptions have been used for calculating the value in use:

(i) Production volumes: the production volumes of the Antapite, Recuperada and Poracota units are substantiated by the reserves and resources audited as of December 31, 2012, considering Management's production plan for the coming years. According to such reserves, the Poracota unit has a production horizon of one year, Antapite of two years and Recuperada of three years. Management believes that there will not be significant changes in estimated production volumes that would result in the present value of long-lived assets exceeding their recoverable value.

(ii) Discount rates: Future cash flows have been adjusted according to the specific risk assigned to this type of asset and discounted at a pre-tax rate of 6.21 per cent. The discount rate used is the Weighted Average Cost of Capital (pre-tax WACC). Management believes that there will not be significant changes in the discount rate that could increase the impairment loss.

(iii) Metals prices: The Company has used future metals prices (forward metal prices) obtained from the average of estimates made by foreign investment banks.

(iv) Operating costs: The Company has projected its operating costs in relation to its cost structure as of the date of the consolidated statement of financial position. Management believes that there will not be significant changes in estimated operating costs considered that could increase the impairment loss.

In the opinion of the Company's Management, the provision for impairment of long-lived assets covers the risk of impairment at the date of the consolidated statement of financial position.

Investments in associates -
In the case of Yanacocha (investment held through its subsidiary Compañía Minera Condesa S.A.) the Company's Management concluded that there was no objective evidence of impairment as of the consolidated statement of financial position date derived from internal and external indicators (rising trend in the international price of gold, constant level of reserves and an increase in the annual net profit reported). In addition, in the case of associate Cerro Verde, the Company's Management compared the investment's fair value according to market capitalization with the investment's book value, and determined that there was no impairment as of the consolidated statement of financial position date. On the other hand, in the case of Coimolache, and Canteras del Hallazgo, the Company´s Management concluded that there was no objective evidence of impairment as of the consolidated statement of financial position date derived from internal and external indicators. See notes 9(f) and (g).

12. Trade accounts payable

Trade accounts payable arise mainly from the acquisition of material, supplies and spare parts and services provided by third parties. These obligations are mostly denominated in U.S. dollars, have current maturities, do not accrue interest and no specific guarantees have been granted for these obligations. Trade accounts payable amount to US$199,551,000 as of December 31, 2012 (US$142,375,000 as of December 31, 2011).

13. Other accounts payable

The table below presents the components of this caption:

	2012 US$(000)	2011 US$(000)
Remuneration and similar benefits payable	17,487	19,026
Taxes payable	16,454	12,680
Royalties payable to the Peruvian State	7,350	3,755
Accounts payable to non-controlling interest	4,694	-
Dividends payable	1,928	1,052
Royalties payable to third parties	-	633
Other liabilities	11,183	4,004
	59,096	41,150

14. Provisions

The table below presents the components of this caption:

	2012 US$(000)	2011 US$(000)
Provision for closure of mining units and exploration projects (a)	99,438	81,914
Workers' profit sharing payable (b)	28,427	39,157
Stock appreciation rights (c)	28,258	43,188
Provision for labor contingencies	7,490	2,444
Board of Directors' participation, note 31(e)	2,721	3,567
Provision for environmental liabilities	1,932	6,136
Provision for security contingencies	1,717	-
Provision for community contingencies	1,613	1,409
Other provisions	225	-
	171,821	177,815

	2012 US$(000)	2011 US$(000)
Less – Non current portion		
Provision for closure of mining units and exploration projects (a)	(77,665)	(59,132)
Stock appreciation rights (b)	(22,203)	(26,457)
Provision for environmental liabilities	(173)	(939)
	(100,041)	(86,528)
Current portion	71,780	91,287

(a) Provision for closure of mining units and exploration projects -

The table below presents the movement of the provision for closure of mining units and exploration projects:

	US$(000)
Balance as of January 1, 2011	77,427
Disbursements	(13,108)
Changes in estimates (property, plant and equipment and development costs)	1,571
Changes in estimates (expenses)	6,924
Increase for accretion expense of the present value of the provision	9,100
Balance as of December 31, 2011	81,914
Disbursements	(22,485)
Changes in estimates (property, plant and equipment and development costs)	24,812
New mine closure plans (property, plant, equipment and development costs)	8,897
Changes in estimates (income)	(512)
Increase for accretion expense of the present value of the provision	6,812
Balance as of December 31, 2012	99,438

The provision for closure of mining units and exploration projects represents the present value of the closure costs that are expected to be incurred between the years 2013 and 2027. Estimates of the costs for closure of mining units are based on studies prepared by independent advisers that meet the environmental regulations in effect. The provision for closure of mining units and exploration projects corresponds mostly to activities that must be carried out for restoring the mining units and areas affected by operation and production activities. The principal works to be performed correspond to earthworks, re-vegetation efforts and dismantling of the plants. Closure budgets are reviewed regularly to take into account any significant change in the studies conducted. Nevertheless, the closure costs of mining units will depend on the market prices for the closure works required, which would reflect future economic conditions. Also, the time when the disbursements will be made depends on the useful life of the mine, which will be based on future metals prices.

As of December 31, 2012, the future value of the provision for closure of mining units and exploration projects was US$181,250,000, which has been discounted using the annual risk-free rate 4.07 percent, resulting in an updated liability of US$99,438,000 (US$127,492,000 which has been discounted using the annual risk-free rate 4.87 percent, resulting in an updated liability of US$81,914,000 as of December 31, 2011). The Company believes that this liability is sufficient to meet the current environmental protection laws approved by the Ministry of Energy and Mines.

During 2012 and 2011 the Ministry of Energy and Mines has approved the following mine closure plans:

Project name	Resolution Number	Approval date
Julcani mining unit (*)	R.D. N°046-2011-MEM-AAM	February 11, 2011
Administrative Economic Unit Esperanza 2001 (*)	R.D. N°027-2011-MEM-AAM / R.D. N°264-2011-MEM-AAM	January 27, 2011 / August 19, 2011
Orcopampa mining unit (*)	R.D. N°283-2011-MEM- AAM	September 9, 2011
Poracota mining unit (*)	R.D.N°104-2011-MEM-AAM	April 8, 2011
Angelica Rubio Chico Project	R.D.N°371-2011-MEM-AAM	April 6, 2011
Angelica Rulo project	R.D.N°111-2011-MEM-AAM	April 12, 2011
Trocancha Anchaca project	R.D.N °168-2011-MEM-AAM	June 2, 2011
Pucarumi project	R.D.N°297-2011-MEM-AAM	September 26, 2011
Breapampa mining unit	R.D.N°237-2012-MEM-AAM	July 17, 2012
Colquijirca mining unit (*)	R.D.N°243-2012-MEM	August 17, 2012

(*) Change to the initial plan.

The Company has constituted letters of credit to Ministry of Energy and Mines for US$46,608,000 (US$39,511,000 as of December 31, 2011) to secure mine closure plans for the above-mentioned units.

(b) Workers´profit sharing -

Legislative Decree N° 892 (L.D. 892), issued in 1996 and which regulates the right of workers to participate in the company's profits that performs activities generating third categories income, requires companies domiciled in Peru to compute and pay to employees, a share of the profits generated by the companies for which they work.

The worker' profit sharing is recognized as labor costs in the "Cost of sales, without considering depreciation and amortization" or "Administrative expense" of the consolidated financial statement according to the duties or function of the workers.

According to indicated to note 2.3.(v), the workers' profit sharing is paid until a limit of 18 wages. The excess is retained by the Company and this is paid to Peruvian Government entities (FONDOEMPLEO and regional government). During the year 2012, the excess between the total amounts of workers' profit sharing calculated in accordance to L.D. 892 and the limit to pay to employees amounts to US$2,164,000 as of December 31, 2012 (US$6,221,000 as of December 31, 2011), which will be transferred to FONDOEMPLEO within the period established by law. Based on the Company's accounting policy, such excess is show as operating expenses in the consolidated statement of comprehensive income.

The following table presents the movement of the workers´profit sharing:

	US$(000)
Balance as of January 1, 2011	21,442
Payments	(21,329)
Changes in estimates	39,044
Balance as of December 31, 2011	39,157
Payments	(34,014)
Changes in estimates	23,284
Balance as of December 31, 2012	28,427

(c) Stock Appreciation Rights -

Senior executives of the Company are granted share appreciation rights, which can only be settled in cash, if the executive is working for the Company at each program's settlement date. These programs are mainly structured in a ten-year term, allocated in several programs with progressive maturities. The settlement of each program is determined based on the variation of the market prices at the maturity date as compared to the price at the date of the grant, over the corresponding number of shares.

The table below presents the principal assumptions used by the Company to estimate the fair value:

	2012	**2011**
Historical volatility	48.38%	49.50%
Risk-free interest rate for the remaining period until vesting	0.16%	0.00%
Dividend yield	1.25%	1.21%
Period covered by the program	10 years	10 years
Market value of the shares at closing	US$35.95	US$38.34

The expected life of the options is based on historical and recent expectations, and does not necessarily represent patterns that indicate the executions of options that could occur. The expected volatility reflects the assumption that the historical volatility for a period similar life of the options indicates the trend in the future, which may not necessarily be the end result.

The valuation model used by the Company as of December 31, 2012 and 2011 was Turnbull & Wakeman.

The table below presents the movement of the shares subject to the compensation program for the years 2012 and 2011:

	Number of shares	
	2012	2011
Opening balance	3,593,733	3,133,250
Granted during the year	790,000	775,000
Retired during the year	(82,000)	(30,000)
Expired during the year	(332,069)	(284,517)
Ending balance	3,969,664	3,593,733

The payment obligations of shares subject to the compensation program per year are: 454,686 in 2013; 602,532 in 2014; 728,031 in 2015; 611,115 in 2016 and 1,573,300 thereafter.

The average real prices for the programs granted and expiring in the months of January 2013 and 2012 were US$34.86 and US$40.04 per share, respectively.

The table below presents the movement of the stock appreciation rights for the years 2012, 2011 and 2010:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Opening balance	43,188	69,380	41,131
Valuation (reverse) of the year	1,799	(5,693)	42,425
Payments made during the year	(16,729)	(20,499)	(14,176)
	28,258	43,188	69,380
Less - non-current portion	(22,203)	(26,457)	(49,170)
Current portion	6,055	16,731	20,210

15. Financial obligations

(a) The table below presents the detail of financial obligations: as of December 31, 2012 and 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 (c)	119,000	10 years	Leased equipment	Three-month Libor plus 4.00% (4.306% as of December 31, 2012 and 4.581% 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 - Loan (b)	120,000	4 years	None	Three-month Libor plus 3% (3.32% as of December 31, 2012)	Quarterly maturities US$2,812 and a payment of US$45,000 at the end of the loan	60,000	-
Leasing	329	2 years	Leased equipment	4.60%	Monthly maturities of US$13,569 from August 2012 to July 2014	257	-
Consorcio 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 September 2007 to June 2012	-	1,000
Other minor						47	72
						179,304	106,114
Non-current portion						(173,489)	(105,072)
Current portion						5,815	1,042

(b) 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 points).
- Guarantee: Pledge of 2 contract of sale of concentrate, one of copper and another of lead.
- Amortization: Quarterly constant maturities and a final payment of 25 percent of capital.
- Availability of the loan period: Until May 2013.

At the same time to obtain the loan described above, El Brocal Management obtained 3 bridge loans amounted to US$44,000,000 in the form of simple notes, which were disbursed on July 18, September 19, and November 14, 2012. The rate for these loans was signed by the same initial loan of US$120,000,000 (three-month Libor + 3 percent, equivalent to 3.32 percent at December 31, 2012). These notes were cancelled in November of 2012 with the first disbursement of US$60,000,000.

The interest expenses related to this loan as of December 31, 2012 amounted to US$334,000, which have been capitalized in "Mining concessions, development costs and property, plant and equipment, net" caption.

(c) On December 2, 2010 Banco de Credito (hereinafter "the Bank") executed a financial lease agreement with Consorcio Energético Huancavelica S.A., Empresa de Generación Huanza S.A. and Compañía de Minas Buenaventura S.A.A. for construction of a hydroelectric power station. This financial lease for US$119,000,000 is in favor of Empresa de Generación Huanza S.A. (hereinafter "the Lessee"). This agreement stipulates that Buenaventura commits itself as a joint surety of the Lessee, guaranteeing fulfillment of the pecuniary obligations in favor of the bank. As of December 31, 2012, the total disbursement made by the bank amounted to US$119,000,000 (US$105,042,000 as of December 31, 2011).

(d) The financial obligations held by Buenaventura and its subsidiaries mature as follows:

Year	2012 US$(000)	2011 US$(000)
2012	-	1,042
2013	5,815	15,025
2014	28,364	15,017
2015 thereafter	145,125	75,030
	179,304	106,114
Current portion	(5,815)	(1,042)
Non-current portion	173,489	105,072

16. Shareholders' equity, net

(a) Capital stock -

The Company's share capital is stated in Nuevos Soles (S/.) and consists of common shares with voting rights that represent 100 percent of the Company's issued capital. The table below presents the components of the capital stock:

	As of December 31, 2012 and 2011		
	Number of shares	Capital stock S/.(000)	Capital stock US$(000)
Common shares	274,889,924	2,748,899	813,162
Treasury shares	(21,130,260)	(211,303)	(62,622)
	253,759,664	2,537,596	750,540

The market value of common shares amounted to US$36.06 as of December 31, 2012 (US$37.78 as of December 31, 2011) and it presented a trading frequency of 97.61 percent (98.41 percent as of December 31, 2011).

(b) Investment shares -

Investment shares do not have voting rights or participate in shareholders' meetings but do participate in the distribution of dividends. The table below presents the components of investment shares:

	As of December 31, 2012		
	Number of shares	Investment shares S/.(000)	Investment shares US$(000)
Investment shares	744,640	6,827	2,019
Treasury investment shares	(271,733)	(1,640)	(620)
	472,907	5,187	1,399

	As of December 31, 2011		
	Number of shares	Investment shares S/.(000)	Investment shares US$(000)
Investment shares	744,640	7,446	2,161
Treasury investment shares	(61,976)	(619)	(142)
	682,664	6,827	2,019

The market value of investment shares amounted to US$29.41 as of December 31, 2012 (US$37.70 as of December 31, 2011) and it presented a trading frequency of 7.57 percent (12 percent as of December 31, 2011).

(c) Legal reserve -

The Peruvian Corporations Law (*Ley General de Sociedades)* requires that a minimum of ten percent of the distributable earnings for each period, after deducting the income tax, be transferred to a legal reserve until the latter is equal to 20 percent of the capital stock. This legal reserve can be used to offset losses or may be capitalized, with the obligation, in both cases, to replenish it.

For the year ending December 31, 2012, 2011 and 2010, the Company had not increased its legal reserve due to its legal reserve reached the limit mentioned before.

(d) Dividends declared and paid -

The table below presents the dividends declared and paid in 2012, 2011 and 2010:

Meeting	**Date**	**Dividends declared and paid** US$	**Dividend per share** US$
2012 Dividends			
Mandatory Annual Shareholders' Meeting	March 26	110,254,000	0.40
Board of Directors' Meeting	October 30	55,126,000	0.20
Less – Dividends of treasury shares		(12,714,000)	
		152,666,000	
2011 Dividends			
Mandatory Annual Shareholders' Meeting	March 25	90,959,000	0.33
Board of Directors' Meeting	October 27	63,396,000	0.23
Less – Dividends of treasury shares		(11,867,000)	
		142,488,000	
2010 Dividends			
Mandatory Annual Shareholders' Meeting	March 26	82,690,000	0.30
Board of Directors' Meeting	October 28	44,101,000	0.16
Less – Dividends of treasury shares		(9,748,000)	
		117,043,000	

The effect of declared and paid dividends by subsidiaries to non-controlling interest is made up as follows:

	2012 US$(000)	**2011** US$(000)	**2010** US$(000)
Sociedad Minera El Brocal S.A.A.	19,266	17,263	19,383
S.M.R.L. Chaupiloma Dos de Cajamarca	14,820	14,280	3,688
Minera La Zanja S.R.L.	10,795	31,919	-
Inversiones Colquijirca S.A.	-	3,274	16,105
	44,881	66,736	39,176

17. Tax Situation

(a) The Company and its subsidiaries are subject to the Peruvian tax system. As of December 31, 2012, the income tax rate was 30 percent on taxable income.

Legal entities and individuals not domiciled in Peru are subject to an additional tax of 4.1 percent on the dividends received.

Through Law N°29666, published on February 20, 2011, it is restored the 16 percent of Value Added Tax being applicable from March 1, 2011.

Additionally, through Law N°29667, published in the same date, the Financial Transactions Tax is reduced to 0.005 percent, being applicable from April 1, 2011.

(b) During the four years following the year of filing tax returns the tax authorities have the power to review and, as applicable, correct the income tax computed by the Company. The Income Tax and Value Added Tax ("IGV" by its Spanish acronym) returns for the following years are open to review by Tax Authorities:

Entity	Years open to review by Tax Authorities
Compañía de Minas Buenaventura S.A.A.	2008, 2009, 2010, 2011 and 2012
Buenaventura Ingenieros S.A.	2008, 2009, 2010, 2011 and 2012
Compañía de Exploraciones, Desarrollo e Inversiones Mineras S.A.C. – CEDIMIN	2010, 2011 and 2012
Compañía Minera Condesa S.A.	2008, 2009, 2010, 2011 and 2012
Compañía Minera Colquirrumi S.A.	2008, 2009, 2010, 2011 and 2012
Consorcio Energético de Huancavelica S.A.	2008, 2009, 2011 and 2012
Contacto Corredores de Seguros S.A.	2008, 2009, 2010, 2011 and 2012
Inversiones Colquijirca S.A.	2008, 2009, 2010, 2011 and 2012
Sociedad Minera El Brocal S.A.A.	2008, 2009, 2010, 2011 and 2012
S.M.R.L. Chaupiloma Dos de Cajamarca	2008, 2010, 2011 and 2012
Minera La Zanja S.R.L.	2008, 2009, 2010, 2011 and 2012
El Molle Verde S.A.C.	2011 and 2012
Empresa de Generación Huanza S.A.	2008, 2009, 2010, 2011 and 2012
Procesadora Industrial Rio Seco S.A.	2010, 2011 and 2012

Due to the possible interpretations that the Tax Authorities may give to legislation in effect, it is not possible to determine whether or not any of the tax audits that will perform will result in increased liabilities for the Company. For that reason any tax or surcharge that could arise from future tax audits would be applied to the income of the period in which it is determined. In Management's opinion and its legal advisors, any possible additional payment of taxes in the entities mentioned before would not have a material effect on the consolidated financial statements as of December 31, 2012 and 2011.

Buenaventura -

Buenaventura's Income Tax Returns for the 2000 and 2003 periods have been audited by Tax Authorities. As a result of the aforesaid, the Tax Administration has issued assessments denying recognition of Buenaventura's tax-loss carryforwards reported as of December 31, 2000 and 2003 amounting to S/.71,160,000 (equivalent to US$27,895,000) and S/.18,224,000 (equivalent to US$7,144,000), respectively. In October and November of 2012, the Fiscal Court resolve in favor to the Company the appeal process for the year 2000 and 2003, determining that the dividends should not be considered as taxable for purposes of determining the tax-loss carryforward.

During the year 2007, the Tax Administration audited Buenaventura's Income Tax Returns for the 2004 and 2005 periods. As a consequence of the aforementioned, the Tax Administration issued assessments denying recognition of some tax deductions by S/.77,921,000 (equivalent to US$30,545,000) in 2004 and S/.119,785,000 (equivalent to US$46,956,000) in 2005. The main objection considered as taxable income the reversal of the provision related to commercial contracts, which in that time were not deducted to calculate Income Tax. To date, the Tax Administration has issued a resolution, on the claim petition filed by the Company, to ratify the assessment made in the audit.

In July 2012, the Fiscal Court resolved the appeal process of the year 2005 determining null the resolution related to the reversal of the provision related to commercial contracts. As of the date of the consolidated financial statement, Tax Administration, through resolution, annulled the main objection of considered as taxable income the reversal of the provision related to commercial contracts, calculating a tax debt for S/.9,384,000 (equivalent to US$3,679,000), including fiscal penalty which were appealed. In Management´s opinion and its legal advisors, the Company should obtain a favorable result in the appeal process that the Company has started against the resolution.

In October 2012, the Fiscal Court resolved the appeal process of the year 2004, determining null the resolution related to the reversal of the provision related to commercial contracts. As of the date of the consolidated financial statement, Tax Administration, through resolution, annulled the main objection of considered as taxable income the reversal of the provision related to commercial contracts, calculating a tax debt for S/.246,000 (equivalent to US$96,000). As of the date of the consolidated financial statement, the debt has been paid.

During the year 2010, the Tax Administration audited Buenaventura's Income Tax and Value Added Tax for the 2006 period. As a consequence of the aforementioned, the Tax Administration does not recognize some tax deductions made by the Company amounting to S/.184,339,000 (equivalent to US$72,261,000). The main objection considered as taxable income the reversal of the provision related to commercial contracts. Also, the Tax Administration considered the explosive delivery to mining contractors as a transaction subject to Income Tax and Value Added Tax amounting to S/.12,275,000 (equivalent to US$4,812,000). To date, the Tax Administration has issued a resolution, on the claim petition filed by the Company, to ratify the assessment made in the audit.

In July 2012, the Fiscal Court resolved the appeal process of the year 2006, determining null the resolution related to the reversal of the provision related to commercial contracts and annulled the explosive delivery to mining contractors. As of the date of the consolidated financial statement, Tax Administration, through resolution, annulled the main objection of considered as taxable income the reversal of the provision related to commercial contracts, calculating a tax debt for S/.3,314,000 (equivalent to US$1,299,000). As of the date of the consolidated financial statement, the debt has been paid.

The Income Tax declared by the Company for the years 2008 to 2011 and Value Added Tax by the periods from December 2008 and December 2012, are subject to be audited by tax authorities. It is important to mention that currently the Tax Administration is auditing 2007 Income Tax. Furthermore, the Company has been notified by Tax Administration the beginning of the audit of the income tax declare by the Company for the year 2008 and Value Added Tax for the period between January and December 2008, the audit will begin in March 2013.

Due to the possible interpretations that the Tax Authorities may give to legislation in effect, it is not possible to determine whether or not any of the tax audits that will perform will result in increased liabilities for the Company. For that reason any tax or surcharge that could arise from future tax audits would be applied to the income of the period in which it is determined. However, in Management's opinion and its legal advisors, any possible additional payment of taxes would not have a material effect on the consolidated financial statements as of December 31, 2012 and 2011.

Cedimin -

Cedimin´s Income Tax Return for the 2002 period has been audited by the Tax Administration. As a result, the Tax Administration has issued assessments modifying the tax-loss carryforward declared by Cedimin. In those periods the principal objection is against having considered Cedimin´s loss of S/.22,041,000 (US$8,640,000) on the sale of Minera Huallanca S.A.C. and Minera Yanaquihua S.A. shares as non-deductible. In the opinion of Cedimin´s Management and its legal advisors, this interpretation has no legal basis, for which reason Cedimin would obtain a favorable result in the tax claim procedure initiated against the above-indicated assessment.

Condesa -

Condesa´s Income Tax Returns for the 2000, 2001 and 2003 periods have been audited by the Tax Administration. As a result of the aforesaid, the Tax Administration has issued assessments reducing the tax-loss carryforwards from previous years, which Condesa had reported in those periods, by S/.31,338,000 (US$12,285,000). For these periods, the principal objection is against having considered non-taxable income (dividends) as taxable for purposes of determining the tax-loss carryforward.

In October 2011, the Fiscal Court issued the resolutions with favourable result to Condesa. Therefore, tax-loss carryforward reported by Condesa is correctly recognized for 2000, 2001 and 2003.

Sociedad Minera El Brocal S.A.A. -

In 2006 the Tax Administration audited El Brocal Income tax return for the 2003 period, determining objections of S/.2,292,018 (equivalent to US$898,478) to net income for the period for under-reporting sales by the improper deduction of freight and insurance on mineral exports, which results in a reduction of the tax-loss carryforwards for the mentioned amount. The penalty resolution issued for this objection amounts to S/.343,803 (equivalent to US$134,772, without penalty interest) and was not accepted by El Brocal, therefore a claim was filed against the penalty. On November 30, 2010, the Tax Administration has issued a resolution No. 0150140009380, which rejected Brocal´s claim. Brocal do not agree with the scope of the resolution and a claim was presented to Fiscal Court on January 10, 2011, in accordance with the deadlines established by the Tax Code.

The Income Tax declared by the Company for the years 2008 to 2012 and Value Added Tax by the periods from December 2008, January 2010 to December 2012, are subject to be audited by tax authorities.

(c) As of December 31, 2012 and 2011, the tax-loss carryforward determined by Buenaventura amounts to approximately S/.278,391,000 and S/.595,924,000 respectively (equivalent to US$109,130,000 and US$220,958,000). In November 2010, a restated income tax return was submitted for 2009 which increased the tax-loss carryforward. As allowed by the Income Tax Law, Buenaventura has chosen a system for offsetting this loss with an annual cap equivalent to 50 percent of net future taxable income, until exhausting this amount. The amount of the tax-loss carryforward is subject to the results of the audits mentioned in the previous paragraph (b).

Buenaventura has decided to recognize a deferred income tax asset insofar as there it is more likely than not that the tax-loss carryforward can be used to offset future taxable net income. See note 24.

(d) For purposes of determining the Income Tax, the transfer prices for transactions with related companies and companies domiciled in territories with little or no taxation must be substantiated with documentation and information on the valuation methods used and the criteria considered for their determination. Tax Administration can request this information based on analysis of the Company's operations, the Company's Management and its legal advisers believe that, as a result of the application of these standards, no material contingencies will arise for the Company as of December 31, 2012 and 2011. In accordance with the Legislative Decree 1116, effective since August 1, 2012, those standards are not applicable to the determination of Value Added Tax.

(e) As mentioned in the note 2.3.(r) payments to the Government for mining royalties and special mining tax are under the scope of IAS 12, therefore, they are managed as were income tax, see detail in note 24(d).

(f) On July 9, 2011, Law No. 29741 was enacted, which created the Supplemental Retirement Mining, Metallurgy and Steel Fund as a social security fund for workers of undertakings included in such sectors. Subsequently, dated May 11, 2012, Supreme Decree No. 006-2012-TR was issued, through which approved the regulations of the Law mentioned above.

According to Article 1 of the Law, the Fund is constituted by the following contributions: (i) 0.5 percent of the annual pre-tax income of mining metallurgical and steel, and (ii) 0.5 percent monthly of gross monthly salary of each worker mining, metallurgical and steel.

18. Net sales

The Company's revenues are mostly from sales of gold and precious metals in the form of concentrates, including silver-lead, silver-gold, zinc and lead-gold-copper concentrates and ounces of gold. The table below presents the net sales to customers by geographic region and product type:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Sales by geographic region			
America	742,103	710,729	504,648
Peru	556,407	600,147	479,126
Europe	98,085	132,662	35,937
Asia	53,090	8,321	7,944
	1,449,685	1,451,859	1,027,655
Services rendered			
Peru	46,656	41,225	20,230
America	8	82	-
Asia	-	710	-
Europe	-	6	-
	1,496,349	1,493,882	1,047,885

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Sales by product			
Gold	738,477	791,387	578,582
Silver	544,947	526,380	274,624
Copper	177,573	193,215	129,444
Zinc	82,873	72,095	92,884
Lead	52,834	36,880	46,913
	1,596,704	1,619,957	1,122,447
Deductions	(147,930)	(127,957)	(112,254)
Prior-period settlements	(15,609)	2,429	(4,922)
	1,433,165	1,494,429	1,005,271
Adjustment to open provisional liquidations	14,816	(22,679)	6,630
Embedded derivatives from sale of concentrate (a)	1,776	(11,210)	13,870
Hedging operations	(72)	(8,681)	1,884
	1,449,685	1,451,859	1,027,655
Sale of services, power and other minor items	46,664	42,023	20,230
	1,496,349	1,493,882	1,047,885

(a) Embedded derivative for sales of concentrate -
Concentrates sales are based on commercial contracts, from which a provisional value based on forward quotation. The sales adjustments are considered an embedded derivative, which is required to be separated from the host commercial contract. Commercial contract are related to the quotation prices (London Metal Exchange). The embedded derivative, which does not qualify for hedge accounting, therefore, changes in the fair value are charge to profit and loss. Final quotations are settled in different months, according to the commercial contracts.

The adjustments to the provisional sale value are recorded as an adjustment in the current net sales. These adjustments resulted in higher sales by US$1,776,000, lower sales by US$11,210,000; and higher sales by US$13,870,000 in 2012, 2011 and 2010, respectively, as a result of the future behavior of metal prices trade by the Company at the cutoff date.

(b) Concentration of sales -
In 2012, the three most important customers represented 48, 15 and 8 percent of total sales (58, 21 and 6 percent of total sales in 2011). As of December 31, 2012, 68 percent of the accounts receivable is related to these customers (86 percent as of December 31, 2011). The Company's sales of gold and concentrates are delivered to investment banks and national and international well known companies. See note 28(b). Some have sales contracts that guarantee supplying them the production from the Company’s mines at prices that are based on market quotations.

19. Costs of sales, without considering depreciation and amortization

The table below presents the components of this caption:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Opening balance of products in process, note 8(a)	140,775	77,441	15,650
Opening balance of finished goods, note 8(a)	19,026	6,750	7,578
	159,801	84,191	23,228
Services provided by third parties	274,100	173,162	167,510
Consumption of materials and supplies	133,983	101,700	86,946
Direct labor	103,828	103,313	76,666
Electricity and water	29,966	35,083	20,890
Cost of concentrate purchase to third parties	18,563	16,917	12,741
Transport	16,389	13,445	10,538
Insurance	11,973	9,658	7,281
Rentals	9,835	24,542	6,697
Maintenance and repair	7,016	5,256	4,441
Provision for impairment of finished goods, note 8(f)	212	383	1,648
Other production expenses	43,522	38,314	12,734
	649,387	521,773	408,092
Final balance of products in process, note 8(a)	(148,533)	(140,775)	(77,441)
Final balance of finished goods, note 8(a)	(31,163)	(19,026)	(6,750)
	(179,696)	(159,801)	(84,191)
	629,492	446,163	347,129

20. Exploration in operating units

The table below presents the components of this caption:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Exploration expenses			
Orcopampa	49,079	33,391	28,719
Poracota	30,105	18,244	18,390
Uchucchacua	29,306	20,223	16,683
Antapite	12,222	7,271	6,346
Mallay	8,018	-	-
Recuperada	7,476	5,847	5,246
Julcani	7,327	6,563	5,105
Shila - Paula	6,371	15,482	10,688
La Zanja	2,517	2,334	264
Breapampa	308	-	-
Caraveli	236	-	-
Other	53	-	-
	153,018	109,355	91,441

21. Royalties

The table below presents the components of this caption:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Sindicato Minero de Orcopampa S.A., note 30(b)	34,863	31,882	27,572
Peruvian Goverment	2,489	28,222	24,613
Minera El Futuro de Ica S.R.L., note 30(b)	315	158	85
	37,667	60,262	52,270

22. Administrative expense

The table below presents the components of this caption:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Personnel expense	40,665	38,466	37,184
Other management expenses	28,796	17,969	8,815
Professional fees	12,307	12,116	6,490
Insurance	2,901	726	856
Board of Directors' participation	2,522	2,591	2,384
Donations	2,181	1,878	1,691
Rent	2,058	2,653	1,248
Travel and mobility	1,846	731	608
Valuation (reversed) of stock appreciation right	1,720	(5,982)	42,425
Supplies	1,669	1,162	665
Communications	989	783	903
Subscription and quote	768	976	848
Maintenance	457	729	534
Canon	377	83	83
Amortization of other assets	39	239	503
Allowance for doubtful accounts	-	50	2,000
	99,295	75,170	107,237

23. Exploration in non-operating areas

The expenses by exploration area are presented below:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Projects outside of mining units			
Trapiche	16,145	4,731	1,321
San Gregorio	11,292	3,015	2,837
Focus - Chancas	6,381	1,957	104
Consolidado de Hualgayoc	5,704	1,937	2,126
Breapampa	5,571	5,565	1,486
Chiptaj - Chancas	4,360	1,813	784
Colquemayo	3,973	4,042	2,759
San Pedro Sur	2,477	-	1,940
Chacua (San Francisco)	2,209	1,612	105
Mallay	1,959	10,536	9,251
Surichata	1,088	-	-
El Faique	916	590	477
Vacas Heladas	453	736	-
La Joya	324	1,577	177
Anamaray	159	99	828
Chaje	24	206	1,042
Terciopelo	23	133	1,230
Pachuca Norte - Mexico	-	3,264	203
Other minor projects less than US$500,000	10,524	991	6,018
	73,582	42,804	32,688
Projects in mining units			
Shila	16,191	-	-
Marcapunta	3,119	6,789	3,417
Santa Barbara	2,599	-	-
	95,491	49,593	36,105

24. Deferred income tax

(a) The Company and its subsidiaries recognize the effects of timing differences between the accounting basis and the tax basis. The table below presents the components of this caption, according to the items that give rise to them:

	As of January 1, 2011 US$(000)	Credit (debit) to the consolidated Income statement US$(000)	Credit (debit) to the consolidated changes in shareholders´equity US$(000)	As of December 31, 2011 US$(000)	Credit (debit) to the consolidated Income statement US$(000)	Credit (debit) to the consolidated changes in shareholders´equity US$(000)	As of December 31, 2012 US$(000)
Deferred asset for income tax included in results							
Difference in depreciation and amortization rates	19,208	8,831	-	28,039	12,172	-	40,211
Tax – loss carryforward	125,363	(59,053)	-	66,310	(33,522)	-	32,788
Effect of translation to U.S. dollars	5,930	3,130	-	9,060	7,746	-	16,806
Provision for closure of mining units, net	13,774	1,132	-	14,906	469	-	15,375
Stock appreciation rights provision	20,862	(7,545)	-	13,317	(4,864)	-	8,453
Environmental liability for Mina Santa Barbara	1,494	-	-	1,494	127	-	1,621
Embedded derivative from sale of concentrates	1,327	929	-	2,256	(853)	-	1,403
Other minor	7,784	2,053	-	9,837	5,693	-	15,530
	195,742	(50,523)	-	145,219	(13,032)	-	132,187
Less – Allowance for deferred asset recoverability	(2,622)	(1,177)	-	(3,799)	(1,518)	-	(5,317)
	193,120	(51,700)	-	141,420	(14,550)	-	126,870
Deferred asset included in retained earnings							
Derivative financial instruments	6,957	-	(6,468)	489	-	(489)	-
	200,077	(51,700)	(6,468)	141,909	(14,550)	(489)	126,870
Deferred assets for mining royalties and special mining tax included in results							
Exploration expenses	-	2,157	-	2,157	1,319	-	3,476
Embedded derivatives from sale of concentrate	-	335	-	335	(144)	-	191
Final price adjustment of open provisional liquidations	-	828	-	828	(804)	-	24
	-	3,320	-	3,320	371	-	3,691
Total deferred asset	200,077	(48,380)	(6,468)	145,229	(14,179)	(489)	130,561
Deferred liability for income tax included in results							
Differences in amortization rates for development costs	(18,163)	3,278	-	(14,885)	1,792	-	(13,093)
Deemed cost of fixed assets	(4,848)	1,469	-	(3,379)	1,094	-	(2,285)
Unrealized loss on financial instruments	-	(384)	-	(384)	-	384	-
Other minor	(251)	6	-	(245)	(1,131)	-	(1,376)
Embedded derivatives from sale of concentrate	(2,765)	2,565	-	(200)	171	-	(29)
	(26,027)	6,934	-	(19,093)	1,926	384	(16,783)
Deferred liability for mining royalties and special mining tax							
Deemed cost of fixed assets	-	(501)	-	(501)	217	-	(284)
Adjustment to open provisional liquidations	-	-	-	-	(151)	-	(151)
Derivative financial instruments	-	(54)	-	(54)	-	54	-
Embedded derivatives from sale of concentrate	-	(43)	-	(43)	43	-	-
	-	(598)	-	(598)	109	54	(435)
Total deferred liability	(26,027)	6,336	-	(19,691)	2,035	438	(17,218)
Deferred asset, net	174,050			125,538			113,343

Buenaventura has not recognized deferred income tax liability in relation to the excess of the accounting basis over the tax basis of investments in shares due to the following:

- In the case of the Cerro Verde associate, Buenaventura has not recognized a deferred income tax asset for US$369,206,000 as of December 31, 2012 (deferred asset of US$363,097,000 as of December 31, 2011), given that Buenaventura's Management, even though only exercising significant influence over this associate, has the intention and capacity to hold this investment until its copper reserves are depleted; in this sense, Management believes that the timing differences will be reversed by means of dividends to be received in the future that, are not subject to the income tax paid by the Company. There is no legal or contractual obligation that would require the Company's Management to sell its investment in this associate (which event would result in a taxable capital gain based on current tax law).

- In the case of the Yanacocha associate, Buenaventura has not recognized a deferred income tax liability for US$236,463,000 as of December 31, 2012 (deferred liability of US$159,320,000 as of December 31, 2011), given that Buenaventura's Management, even though only exercising significant influence over this associate, has the intention and capacity to hold this investment until its gold and silver reserves are depleted; in this sense, Management believes that the timing differences will be reversed by means of dividends to be received in the future that, are not subject to the income tax paid by the Company. There is no legal or contractual obligation that would require the Company's Management to sell its investment in this associate (which event would result in a taxable capital gain based on current tax law).

(b) The table below presents the current and deferred portions of the provisions for Income Tax shown in the consolidated income statement for the years 2012, 2011 and 2010:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Income tax -			
Current			
Compañía de Minas Buenaventura S.A.A.	(37,343)	(60,091)	(38,003)
Minera La Zanja S.A.	(30,493)	(37,180)	(3,793)
S.M.R.L. Chaupiloma Dos de Cajamarca	(20,560)	(18,976)	(16,411)
Sociedad Minera El Brocal S.A.A.	(10,400)	(35,944)	(27,765)
Consorcio Energético de Huancavelica S.A.	(3,029)	(1,404)	(1,364)
Other	(4,984)	(4,867)	(1,246)
	(106,809)	(158,462)	(88,582)
Deferred			
Compañía de Minas Buenaventura S.A.A.	(27,890)	(51,544)	(29,519)
Minera La Zanja S.A.	7,463	31	(5,134)
Sociedad Minera El Brocal S.A.A.	2,457	6,335	(55)
Other	6,723	54	(36)
	(11,247)	(45,124)	(34,744)
	(118,056)	(203,586)	(123,326)
Mining royalties and Special Mining Tax -			
Current			
Compañía de Minas Buenaventura S.A.A.	(16,041)	(7,371)	-
Minera La Zanja S.A.	(5,170)	(2,176)	-
Sociedad Minera El Brocal S.A.A.	(3,765)	(1,211)	-
	(24,976)	(10,758)	-
Deferred			
Compañía de Minas Buenaventura S.A.A.	1,093	1,140	-
Minera La Zanja S.A.	(330)	1,634	-
Sociedad Minera El Brocal S.A.A.	(282)	3	-
Compañía de Exploraciones, Desarrollo e Inversiones Mineras S.A.C. - CEDIMIN	(43)	(22)	-
	438	2,755	-
	(24,538)	(8,003)	-
Total income tax	(142,594)	(211,589)	(123,326)

(c) During the years 2012, 2011 and 2010 the provisions posted for income tax in the income statement were determined as follows:

	2012 US$(000)	%	2011 US$(000)	%	2010 US$(000)	%
Income before income tax	885,384		1,172,067		848,215	
Share in the results of associates	(464,239)		(468,363)		(428,885)	
	421,145	100.0	703,704	100.0	419,330	100.0
Theoretical income tax	126,344	30.0	211,112	30.0	125,799	30.0
Expenses not deductible for tax purposes	4,578	1.1	4,856	0.7	1,963	0.5
Effect of translation to U.S. dollars	(11,716)	(2.8)	(3,130)	(0.4)	(941)	(0.2)
Mining royalties and special mining tax	(5,876)	(1.4)	(3,227)	(0.5)	-	-
Effect from currency exchange difference	(3,794)	(0.9)	(5,027)	(0.7)	-	-
Recovery of exploration expenses in Tantahuatay project	-	-	-	-	(4,504)	(1.1)
Reversal of the provision for impairment of long-lived assets	-	-	-	-	(4,867)	(1.2)
Other permanent items	8,520	2.0	(998)	(0.1)	5,876	1.4
Expense for income tax purposes	118,056	28.0	203,586	28.9	123,326	29.4
Mining royalties and Special Mining Tax	24,538	5.8	8,003	1.1	-	-
Total	142,594	33.9	211,589	30.1	123,326	29.4

(d) On September 29, 2011, Laws 29788 and 29789 modified the Mining Royalties, and created the Special Mining Tax, respectively. Both laws establishes that the payments for mining royalties and special mining tax will be calculated using the quarterly operating income. Rates are establishes based on the gross margin, which is calculated dividing the quarterly operating income over the income generated on that period. The higher amount between the mining royalty and 1 per cent of the income generated by the quarterly sales is paid. Also it is required to pre-payments in advance for the months of October, November and December 2011. Laws were effective since October 1, 2011.

25. Basic and diluted earnings per share

Basic earnings per share are computed by dividing net earnings for the period by the weighted average number of shares outstanding during the year.

In the table below is the composition of the number of shares outstanding as of December 31, 2012, 2011 and 2010, and the number of shares considered in the calculation of basic and diluted earnings per share:

	Shares outstanding as of December 31, 2012, 2011 and 2010					Shares (denominator in calculating earnings per share considering treasury shares acquired in 2012)		
	Common	Investment	Of treasury		Total	Common	Investment	Total
			Common	Investment				
Balance at January 1, 2012, 2011 and 2010	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 at December 31, 2012, 2011 and 2010	274,889,924	744,640	(21,130,260)	(271,733)	254,232,571	253,759,664	472,907	254,232,571

Computation of the earnings per share as of December 31, 2012, 2011 and 2010 is presented below:

	2012	2011	2010
Attributable net income attributable to owners of the parent (numerator) – US$	684,685,000	858,927,000	660,821,000
Shares (denominator)	254,232,571	254,442,328	254,442,328
Basic and diluted earnings per share – US$	2.69	3.38	2.60

26. Disclosure of information on segments

International Financial Reporting Standard (IFRS) 8 – "Operating Segments" requires that corporations present financial information taking into account the information reported that the chief operating decision maker uses internally for evaluating the performance of operating segments and allocating resources to those segments (a "through the eyes of management" approach).

The Company´s only reportable segment that meets the threshold for reporting is mining, these activities are executed through thirteen companies. The Company´s Management considers that these companies could be combined in one segment (mining) considering the financial performance and similar characteristic related to goods nature, production process nature, type of clients and legal environment. The electric segment, mining consulting and insurance are not significant in order to evaluate business development, reason why the Management considers mining the only reportable segment.

The Board of Directors has been identified as the responsible for approving the Company's operational decisions. The Board of Directors is responsible for allocating resources and assessing performance as a single operating unit.

27. Derivative financial instruments

Buenaventura

As of December 31, 2012 and 2011, Buenaventura had no derivative contracts.

El Brocal

El Brocal performed hedge transactions to hedge metals prices using anyone of the derivative instruments existing in the financial market for up to a term of 3 years, for a total of no more than 25 percent of the estimated metal content of its annual production each year. El Brocal Board of Directors meeting of February 23, 2007 named a Hedging Committee to be responsible for approving all hedging transactions, after their contracting and/or execution. El Brocal maintains lines of credit without margin with brokers on the London Metals Exchange (LME).

(a) Mineral quotes hedging operations -

As of December 31, 2012, the agreements related to the price hedge were already settled. These hedging derivatives held force since 2010, with the intention of covering the risk resulting from a fall in metal prices which markets El Brocal, so they signed contracts that qualify as cash flow hedging cash, which were recorded as assets or liabilities in the statement of financial position, and presented at fair value. In the case hedges were effective to offset future cash flows from the sale of the related production, changes in fair value are deferred in an equity account. The deferred amounts were reclassified to sales when the corresponding production was sold.

Cash-flow hedges operations as of December 31, 2012 were:

Metal	Monthly average amount MT	Volume amount MT	Fixed average Price per MT US$	Periods	Fair value US$(000)
Zero cost collar-option contracts					
Copper	250	2,750	7,500 – 8,415	February – December 2012	638
Copper	250	2,750	7,500 – 8,425	February – December 2012	645
Fair value of financial instruments					1,283

The net change in the equity account "Other equity reserves" for the twelve months ended as of December 31, 2012 amounts to a loss of US$844,000 (gain of US$17,076,000 as of December 31, 2011 and a loss of US$11,442,000 as of December 31, 2010).

(b) The change in the consolidated statement of comprehensive income related to hedging instruments is as follows:

	Hedge derivative financial instruments US$(000)	Income tax and mining taxes US$(000)	Net change in unrealized gain (loss) on hedging derivative financial instruments US$(000)
Balance as of January 1, 2010	(6,843)	2,053	(4,790)
Loss from hedging transactions settled during the period, note 18(a)	(1,884)	565	(1,319)
Unrealized gain on hedge derivative financial instruments	(14,461)	4,338	(10,123)
Total change in derivative financial instruments for hedging	(16,345)	4,903	(11,442)
Balance as of December 31, 2010	(23,188)	6,956	(16,232)
Gain from hedging transactions settled during the period, note 18(a)	8,681	(2,604)	6,077
Unrealized gain on hedge derivative financial instruments	15,790	(4,791)	10,999
Total change in derivative financial instruments for hedging	24,471	(7,395)	17,076
Balance as of December 31, 2011	1,283	(439)	844
Loss from hedging transactions settled during the period, note 18(a)	(72)	20	(52)
Unrealized gain on hedge derivative financial instruments	(1,211)	419	(792)
Total change in derivative financial instruments for hedging	(1,283)	439	(844)
Balance as of December 31, 2012	-	-	-

(c) Embedded derivatives from changes in the provisional prices of commercial settlements -
As of December 31, 2012 and 2011 the changes in the fair value of embedded derivatives, were present in the "Net sales" caption of the consolidated income statement. The futures quotes for the dates on which it is expected to settle the open positions as of December 31, 2012 and 2011 are taken from publications of the London Metals Exchange.

Embedded derivatives from sales of concentrate held by Buenaventura and El Brocal as of December 31, 2012:

Metal	Amount	Maturity 2013	Quotations Provisional US$	Future US$	Fair value, net US$(000)
Sale of concentrates					
Gold	37,454 DMT	January	1,651 - 1,750	1,652 - 1,740	513
Silver	2,258,731 Oz	January – April	28.70 – 34.23	30.19 – 30.26	(5,129)
Gold	179 DMT	January - March	1,686 – 1,771	1,652 – 1,654	(9)
Copper	36,076 DMT	January – April	7,491 – 8,193	7,912 – 8,067	(887)
Zinc	4,015 DMT	January – February	1,810 – 2,037	1,987 – 2,066	68
Lead	4,926 Oz	January - March	1,895 – 2,275	2,290 - 2,315	316
					(5,128)
Purchase of concentrates					
Copper	1,136 DMT	January	7,965	7,912	189
Total liability, net					(4,939)

Embedded derivatives from sales of concentrate held by Buenaventura and El Brocal as of December 31, 2011:

Metal	Amount	Maturity 2012	Quotations Provisional US$	Future US$	Fair value, net US$(000)
Gold	6,713 DMT	January – March	1,605.40 - 1,727.90	1,617.10 - 1,624.20	(296)
Silver	1,451,655 Oz	January – April	29.38 – 41.02	28.83 - 28.91	(7,713)
Copper	17,898 DMT	January – April	7,348.00 - 9,040.34	7,529.00 - 7,603.00	597
Lead	9,273 DMT	January – April	1,945.00 - 2,457.78	1,987.00 - 2,025.00	(719)
Zinc	1,581 DMT	January – March	1,914.97 - 2,011.75	1,821.25 - 1,830.25	(173)
Gold	60,458 Oz	January	1,606.50 - 1,785.00	1,640.00 - 1,810.00	1,517
Other					(519)
Total liability, net					(7,306)

28. Financial – risk management objectives and policies

The Company's Management principal financial liabilities, other than derivatives, comprise accounts payable, bank loans and overdrafts and debentures. The main purpose of these financial instruments is to manage short-term cash flow and raise finance for the Company's capital expenditure programme. The Group has various financial assets such as trade and other receivables and cash and short-term deposits that arise directly from its operations.

The Company's Management manages its exposure to key financial risks in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security. The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are market risks, comprising commodity price risk, cash flow interest rate risk and foreign currency risk and liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks that are summarized below.

The Company's Management oversees the management of financial risks. The Group's senior management is supported by a Financial Risk Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Financial Risk Committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

Financial instruments that are affected by market risks include accounts receivable, accounts payable, embedded derivatives and hedge derivative financial instruments.

The Board of Directors reviews and approves policies to manage each of these risks, which are described below:

(a) Market risk

Market risk is the risk that the fair value of the future cash flows from financial instruments should fluctuate as a result of changes in market prices. The market risks that apply to the Company include three types of risk: exchange-rate risk, risk of changes in the prices of minerals and interest-rate risk. Financial instruments affected by market risks include loans, deposits and derivative financial instruments.

The sensitivity analysis in this section relates to the positions as of December 31, 2012 and 2011, and has been prepared considering that the proportion of financial instruments in foreign currency remains constant.

(a.1) Exchange-rate risk

The Company bills the sale of its products (locally and abroad) mostly in United States dollars. Exchange-rate risk arises mainly from deposits and other accounts payable in Nuevos Soles. The Company mitigates the effect of exposure to exchange-rate risk by carrying out almost all of its transactions in its functional currency. Management retains smaller amounts in Nuevos Soles in order to cover its needs (taxes and compensation) in this currency.

As of December 31, 2012, the Company had posted a net loss of US$1,715,000 from exchange differences (a net loss of US$675,000 and US$750,000 as of December 31, 2011 and 2010), from the translation of balances in Nuevos Soles to the functional currency.

A table showing the effect on results of a reasonable change in foreign-currency exchange rates is presented below, with all other variables kept constant:

	Exchange-rate increase / decrease	**Effect on earnings before income tax** US$(000)
2012		
Exchange rate	+10%	8,854
Exchange rate	-10%	(10,563)
2011		
Exchange rate	+10%	8,638
Exchange rate	-10%	(10,333)
2010		
Exchange rate	+10%	3,032
Exchange rate	-10%	(3,617)

(a.2) Risk of prices

Risk in mineral prices

International price of minerals has an important impact on the results of the Company's operations. The price of the mineral sold by the Company has fluctuated historically and is affected by numerous factors beyond the Company's control. The Company manages this risk through the use of sales commitments with customers. The Company does not hedge its exposure to price fluctuation.

Buenaventura -

The Company does not have financial hedging instruments for managing this risk.

Embedded derivatives
The Company allocates a provisional sales value to the sales that are subject to future settlement pursuant to the commercial contracts signed with its customers. Exposure to changes in the price of metals generates an embedded derivative that must be separated from the commercial contract. At each period's closing, the value of provisional sales is adjusted in accordance with the estimated price for the quotation period stipulated in the contract. Adjustment of the provisional sale value is posted as an increase or decrease in net sales. See note 2.3(p).

The estimated change in the price for sales pending final settlement, which is disclosed within the net sales of embedded derivative to December 31, 2012, amounted to US$1,776,000 (note 27(c)). The estimate corresponding to such settlements as closed in January 2012 were reduced by 10 percent with respect to the actual value settled. In the case of settlements that still maintain their provisional value as of December 31, 2010; their estimate was also reduced by 36 percent due to the drop in metals prices since the month of January (liquidations that were closed in January 2012 were increased (greater loss) at 10 percent).

El Brocal -
As of December 31, 2012, the Company does not hold hedging instruments. Regarding future prices as of December 31, 2011 and the market value at that time of the position of derivative financial instruments contracted by the Brocal presents a sensitivity analysis of the market value of this position on a variation of around 10 percent for the relevant prices, while all other variables held constant:

	Effect on unrealized gain (loss) on hedge derivative financial instruments, net US$(000)
2011	
Increase of 10 percent in future quotes	
Hedges in effect for 2012	(2,047)
Decrease of 10 percent in future quotes	
Hedges in effect for 2012	4,661

(a.3) Interest-rate risk
The Company is exposure to interest-rate risk change especially by its long-term financial obligations.

In the case, the interest-rate subject to the long-term financial obligation changes on the order of 10 percent for LIBOR rate as of December 31, 2012 and 2011 respectively, the effect on income before income tax had not been significant. The effect is shown below:

	Increase / decrease in Libor rate (percentage points)	Assets US$(000)
2012		
Interest rate	+10.0	57
Interest rate	-10.0	(57)
2011		
Interest rate	+10.0	1
Interest rate	-10.0	(1)

(b) Credit risk -

The Company's credit risk arises from the inability of debtors to be able to fulfill their obligations, to the extent to which they are overdue. Therefore, the Company deposits its excess funds in leading financial institutions, establishes conservative credit policies and constantly evaluates conditions of the market in which it is involved, for which it uses risk-rating reports for commercial and credit transactions.

There is concentration-of-credit risk when there are changes in the economic, industrial or geographic factors that equally affect the counterparts related to the Company. The Company's gold and concentrate sales are made to companies of recognized national and international prestige. Transactions are executed with various counterparts with credit solvency, which mitigates any significant concentration of credit.

Trade accounts receivable are denominated in U.S. dollars; their due dates are the dates of emission on the proof of payment, which amounts becomes cash in days following their due dates. The Company's sales of the Company are made to domestic and foreign customers; as of December 31, 2012 it had a portfolio of 19 customers (14 customers as of December 31, 2011). See concentration of sales in note 18(b). The Company performs an assessment on those debts whose collection is estimated as a variable to determine the allowance for doubtful accounts.

Credit risk is limited to the book value of the financial assets as of the consolidated statement of financial position date. These assets consist mainly of cash and cash equivalents, trade accounts receivable, other accounts receivable and derivative financial instruments.

Collections in January 2013 amounted to US$175,358,000, which represents 68 percent of the balances receivable as of December 31, 2012.

(c) Liquidity risk -

Prudent management of liquidity risk implies maintaining sufficient cash and cash equivalents and the possibility of committing or having financing committed through an adequate number of credit sources. The Company maintains suitable levels of cash and cash equivalents; its shareholders also include companies with economic backing and it has sufficient credit capacity to allow it to have access to lines of credit in leading financial entities.

The Company continually monitors its liquidity reserves based on cash flow projections.

An analysis of the Company's financial liabilities classified according to their aging is presented below, considering the period from their due date to the consolidated statement of financial position:

	Less than 1 year US$(000)	Between 1 and 2 years US$(000)	Between 2 and 5 years US$(000)	More than 5 years US$(000)	Total US$(000)
As of December 31, 2012					
Trade accounts payable	199,551	-	-	-	199,551
Long-term debt (principal and interest)	6,116	29,832	29,712	122,925	188,585
Other accounts payable	58,603	-	-	-	58,603
Total	264,270	29,832	29,712	122,925	446,739
As of December 31, 2011					
Trade accounts payable	142,375	-	-	-	142,375
Long-term debt (principal and interest)	1,085	857	55,519	53,001	110,462
Embedded derivatives for concentrates sales	7,306	-	-	-	7,306
Other accounts payable	41,150	-	-	-	41,150
	191,916	857	55,519	53,001	301,293

(d) Capital management -

The objective is to safeguard the Company's capacity to continue as a going concern for the purpose of providing returns for shareholders, benefits for the stakeholders and maintaining an optimal structure that allows reducing the cost of capital.

The Company manages its capital structure and makes adjustments to confront changes in the market's economic conditions. The Company's policy is to finance all its short and long-term projects with its own operating resources. In order to maintain or adapt the capital structure, the Company may amend the policy for dividend payments to shareholders, return capital to its shareholders or issue new shares. There were no changes in objectives, policies or procedures during the years ending December 31, 2012 and 2011.

29. Fair value of financial instruments

Fair value is defined as the amount at which assets would be exchanged or liabilities settled between knowing and willing parties in an arm's length transaction, under the assumption is a going concern entity.

When a financial instrument is traded in a liquid and active market, its price as set in a real market transaction offers the best evidence of its fair value. When no price is set in the market or the latter may not be indicative of the instrument's fair value, the market value of another substantially similar instrument, the analysis of discounted flows or other applicable techniques may be used to determine this fair value, which is materially affected by the assumptions used. Although Management has used its best judgment in estimating the fair values of its financial instruments, any technique for making these estimates entails a certain level of inherent fragility. As a result, fair value may not be indicative of the net realizable or liquidation value of financial instruments.

Financial instruments whose fair value is similar to their book value –
For financial assets and liabilities which are liquid or have short-term maturity (less than three months), such as cash and cash equivalent, accounts receivable, other accounts receivable, accounts receivable from associates, accounts payable and other current liabilities, it is estimated that their book value is similar to their fair value.

The fair value of embedded derivatives is determined using valuation techniques using information directly observable in the market (forward prices of metals).

Financial instruments at fixed and variable rates –
The fair value of financial assets and liabilities at fixed and variable rates at amortized cost is determined by comparing the market interest rates at the time of their initial recognition to the current market rates with regard to similar financial instruments. The estimated fair value of deposits that accrue interest is determined by means of cash flows discounted using the prevailing market interest rates in the currency with similar maturities and credit risks.

Based on the foregoing, there are no significant differences between book value and fair value of financial instruments (assets and liabilities) as of December 31, 2012 and 2011.

Fair value hierarchy -
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs or data different from the quoted price of Level 1 are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The financial instruments measured at fair value used by the Company, use level 2 valuation techniques in the periods ended as of December 31, 2012 and 2011. This financial instrument is related to the embedded derivative based on the future price of copper on the expected date of settlement. As of December 31, 2012 and 2011, the balance of those items was a liability of US$4,939,000 and of US$7,306,000, respectively.

There has been no transfer between fair value levels during 2012 neither 2011.

30. Commitments and contingencies

(a) Environmental -

Buenaventura -

The Company's exploration and exploitation activities are subject to environmental protection standards.

Law No. 28090 regulates the obligations and procedures that must be met by the holders of mining activities for the preparation, filing and implementation of Mine Closure Plans, as well as the establishment of the corresponding environmental guarantees to secure fulfillment of the investments that this includes, subject to the principles of protection, preservation and recovery of the environment.

Law No. 28271 regulates environmental liabilities in mining activities. This Law has the objectives of ruling the identification of mining activity's environmental liabilities and financing the remediation of the affected areas. According to this law, environmental liabilities refer to the impact caused to the environment by abandoned or inactive mining operations.

In compliance with the above-mentioned laws, the Company presented preliminary environmental studies and Environmental Adaptation and Management Programs (EAMP) for mining units. The Ministry of Energy and Mines has approved the EAMP presented by the Company for its mining units and exploration projects. See detail of plans approved in note 14(a).

El Brocal -

In July 2012, in compliance with current environmental legislation on the closure of the mining units in operation, El Brocal commissioned a company authorized by the Peruvian government to developed a new closure plan for their production unit Colquijirca.

On July 12, 2012, the Company presented the Update Mine Closure Plan Colquijirca where new obligations include closure caused by the expansion of operations. The main changes are related to the closure update clearing deposits and tailings impoundments, decommissioning and dismantling of the concentrator plant expansion to 5,000 DMT/day to 7,000 DMT/day and 10,500 new concentrator DMT/day. The new Mine Closure Plan was approved by a nominal value of US$52,952,000.

Cerro Verde -

On September 2012, according as established by the current legal regulations, Cerro Verde presented to the Ministry of Energy and Mines an updated mine closure plan, in which the remediation and mine closure budget was updated. As a result and pursuant to the accounting policies of Cerro Verde increased the liability for mine closure remediation at US$72,512,000 and the mine closure asset by the same amount.

The increase presented in the mine closure plan in 2012 was due to the update of costs related to the future closure of platform 4B and additional deposits for clearing. Additionally, as a result of the Expansion Project, the useful life of the mine and exploration time has been significantly reduced. The Company considers that this liability is sufficient to meet the current environmental protection laws approved by the MEM. Cerro Verde has issued letters of credit to Ministry of Energy and Mines amounting to US$12,838,000 to secure mine closure plans for its mining unit.

The Company believes that the liability recorded is sufficient to meet the current regulatory environment in Peru.

(b) Leased concessions -

Sindicato Minero Orcopampa S.A. -

The Company pays 10 percent on the valued production of mineral obtained from the concessions leased by Sindicato Minero Orcopampa S.A. This concession is in force until the year 2043. See note 21.

Minera El Futuro de Ica S.R.L. -

Inminsur entered into a contract with Minera El Futuro de Ica S.R.L. to operate leased mining concessions in the department of Arequipa. The contractual terms establish that the lease is subject to payment of a royalty equivalent to seven percent of the monthly value of the sale of concentrates. As part of the merger with Buenaventura, the contract will be in force until the year 2015. See note 21.

(c) Purchase option contracts -

During the ordinary course of business, the Company executes contracts to undertake exploration works in third-party concessions. Under the terms of these contracts, the Company generally has an option to acquire the concession or to invest in it in order to earn a share in the holding company. In order to exercise these options, the Company must fulfill certain obligations during the contract term. The Company's failure to perform the obligations established therein is usually grounds for termination of these contracts.

The Company may terminate these contracts at any time during their terms, generally after having performed at least the minimum obligations established. Along this line, the Company constantly analyzes the advisability of whether or not to continue with such contractual relationships.

(d) Legal procedures -

Buenaventura -

Buenaventura is a party in legal procedures that have arisen in the normal course of its activities; nevertheless, in the opinion of Buenaventura's Management, none of these procedures, in particular or as a whole, could result in material contingencies.

Yanacocha -

Mercury spill in Choropampa

In June 2000, a transport contractor of Yanacocha spilled approximately 151 kilograms of elemental mercury near the town of Choropampa, Peru, which is located 53 miles (85 kilometers) southwest of the Yanacocha mine. Elemental mercury is not used in Yanacocha's operations but is a by-product of gold mining and was sold to a Lima firm for use in medical instruments and industrial applications. A comprehensive health and environmental remediation program was undertaken by Yanacocha in response to the incident. In August 2000, Yanacocha paid under protest a fine of S/.1.7 million (approximately US$0.5 million).

Yanacocha has entered into settlement agreements with a number of individuals impacted by the incident. As compensation for the disruption and inconvenience caused by the incident, Yanacocha entered into agreements with and provided a variety of public works in the three communities impacted by this incident. Yanacocha cannot predict the likehood of additional expenditures related to this matter.

Additional lawsuits relating to the Choropampa incident were filed against Yanacocha in the local courts of Cajamarca, Peru, in May 2002 by over 900 Peruvian citizens. A significant number of the plaintiffs in these lawsuits entered into settlement agreements with Yanacocha prior to filing such claims. In April 2008, the Peruvian Supreme Court upheld the validity of these settlement agreements, which should result in the dismissal of all claims brought by previously settled plaintiffs. Yanacocha has also entered into settlement agreements with approximately 350 additional plaintiffs. The claims asserted by approximately 212 plaintiffs remain. In December 2010, Yanacocha resolved 4 additional claims which should result in the dismissal of all claims brought by previously settled plaintiffs. Yanacocha cannot reasonably predict the final outcome or estimate the possible loss relating to such claims. The maximum additional expense related to these judicial claims is estimated at US$1.5 million.

Baños del Inca

In September 2006 the Municipality of Baños del Inca issued a declaration designating an area that includes the Carachugo Expansion and San Jose Projects as reserved and protected areas. Based on previous experience and actions taken by the Constitutional Tribunal (Peru Court of Last instance for Constitutional issues) in respect of Cerro Quilish in which it was ruled that such declaration did not affect Yanacocha's mining rights, Yanacocha believes that Baños del Inca's declaration, should not impact the Yanacocha's legal rights to exploit these concessions.
The legal proceeding is currently pending resolution in Lima's Court of First Instance.

In March 2008, the Lima Court rejected a Baños del Inca Municipality request which did not recognize Lima's Jurisdiction.

San Pablo
In February 2007 the Municipality of San Pablo issued an ordinance designating an area that includes Las Lagunas and Pozo Seco as reserved and protected areas, where Yanacocha has mining rights. Based on previous experience and actions taken by the Constitutional Tribunal in respect of Cerro Quilish in which it was ruled that such declaration did not affect Yanacocha's mining rights, Yanacocha believes that San Pablo's declaration, should not impact Yanacocha's legal rights to exploit these concessions. Yanacocha has challenged this ordinance on the grounds that, under Peruvian law, local governments lack the authority to create such areas, denying the rights granted by Yanacocha's mining concessions. The Court in the First Instance rejected the complaint based on formal grounds. The resolution of the Court was appealed before Lima's Court of Second Instance.

In November 2008, Lima's Court affirmed the ruling from the First Instance. In December 2011, Constitutional Court accepts the complaint. The process is currently pending resolution.

Clínica Internacional, Addeco, SDC Security
Workers of three contractors companies (Clínica Internacional, Adecco and SDC Security) have initiated judicial proceedings through which they demand their incorporation into Minera Yanacocha´s payroll. The workers deem they are direct employees of Yanacocha with all the rights, arguing that they receive direct orders from Minera Yanacocha and that most of the equipment they use is given by Yanacocha. All proceedings, which involve a total of 85 workers, are pending First Instance resolution.

(e) Tax procedures -
Cerro Verde –
SUNAT has assessed mining royalties on materials processed by Cerro Verde concentrator which commenced operations in late 2006. These assessments cover the period October 2006 to December 2007 and the years 2008 and 2009. SUNAT has issued rulings denying Cerro Verde's protest of the assessments. Cerro Verde has appealed these decisions and currently has three cases pending before the Peruvian Tax Tribunal. Cerro Verde is challenging these royalties because it believes its stability agreement provides an exemption for all minerals extracted from its mining concession, irrespective of the method used for processing those minerals. Although we believe our interpretation of the stability agreement is correct, if Cerro Verde is ultimately found responsible for these assessments, the amount of royalty and related interest payable would be significant. SUNAT may continue to assess mining royalties annually until this matter is resolved by the Peruvian Tax Tribunal.

31. Transactions with associates companies

(a) The Company has carried out the following transactions with its associates in the years 2012, 2011 and 2010:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Transactions with Minera Yanacocha S.R.L. :			
Paid royalties to:			
S.M.R.L. Chaupiloma Dos de Cajamarca	67,178	62,742	55,883
Services received by:			
Buenaventura Ingenieros S.A (Implementation of specific work orders)	4,440	11,579	1,575
Consorcio Energético de Huancavelica S.A. (Electric power transmission)	1,681	4,279	4,788
Transactions with Compañía Minera Coimolache S.A.:			
Received dividends	16,467	-	-
Loan	-	24,232	-
Expenses recovery of exploration projects	-	-	15,013
Contributions made to associates:			
Canteras del Hallazgo S.A.C.	26,410	32,208	16,358
Compañía Minera Coimolache S.A.	-	5,221	-

(b) Compañía Minera Coimolache S.A. ("Coimolache") -

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 percent shareholders´s equity and 70 percent loans from shareholders. The account receivable to Coimolache has been recovered and generates a calculated interest with a LIBOR interest rate to 6 months plus 3 percent. During the months of June, August and November 2012, the collections made amounted to US$13,423,000.

(c) As a result of the transactions indicated before, the Company had the following accounts receivable from associates:

	2012 US$(000)	2011 US$(000)
Accounts receivable		
Compañía Minera Coimolache S.A.	39,166	53,971
Minera Yanacocha S.R.L.	16,513	25,441
Other	232	275
	55,911	79,687
Less – non-current portion		
Compañía Minera Coimolache S.A.	(33,377)	(32,262)
Non-current portion	(33,377)	(32,262)
Current portion	22,534	47,425
Accounts payable		
Compañía Minera Coimolache S.A.	1,018	1,293
Minera Yanacocha S.R.L.	603	594
	1,621	1,887
Less – non-current portion		
Compañía Minera Coimolache S.A.	(731)	(1,004)
Current portion	890	883

(d) As of December 31, 2012 and 2011, directors, officers and employees of the Company have been involved, directly and indirectly, in credit transactions with certain subsidiaries. As of December 31, 2012 and 2011, officers and employees of the Company have been involved, directly and indirectly, in credit transactions with certain subsidiaries. As of December 31, US$1,474,000 and US$1,025,000, respectively; said loans are paid monthly and earn interest at market rates.

There are no loans to the Company's directors and key personnel guaranteed with Buenaventura or any of its Subsidiaries' shares.

(e) The Company's key executives' compensation (including the related income taxes assumed by the Company) as of December 31, 2012 and 2011:

	2012 US$(000)	2011 US$(000)
Accounts payable:		
Share-based compensation plans, note 14(c)	28,258	43,188
Directors' compensations, note 14	2,721	3,567
Salaries	1,362	4,302
Total	32,341	51,057

Disbursements by:

	2012 US$(000)	2011 US$(000)
Share-based compensation plans, note 14(c)	16,729	20,499
Salaries	10,824	8,461
Total	27,553	28,960

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